

GROWTH BEYOND RECOVERY



INTEGRATED ANNUAL REPORT 2022

MAGNUM BERHAD

197501002449 (24217-M)

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Form of Proxy



This integrated annual report is available on the website at <https://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.



What We Offer



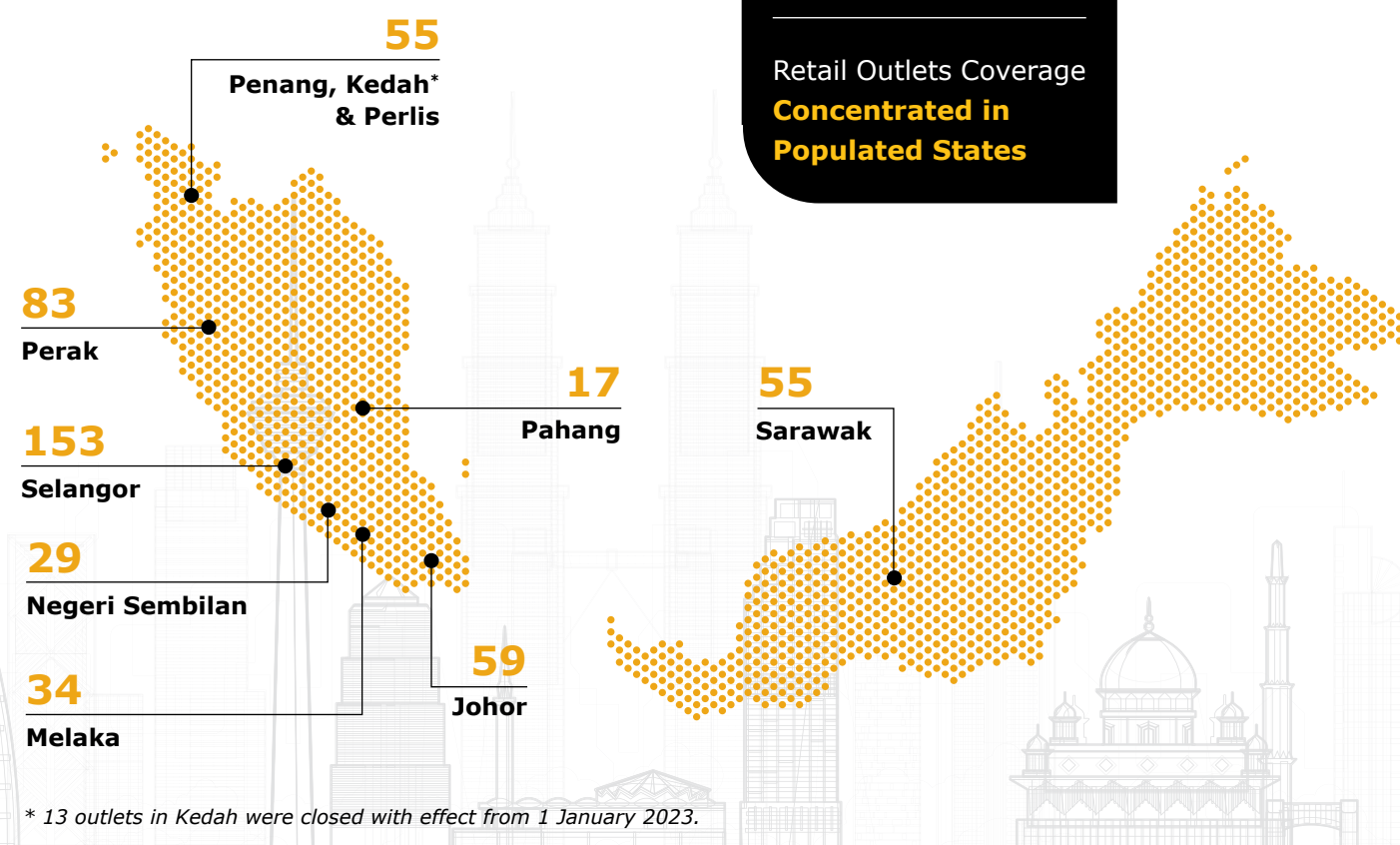
Where We Operate

Retail Network

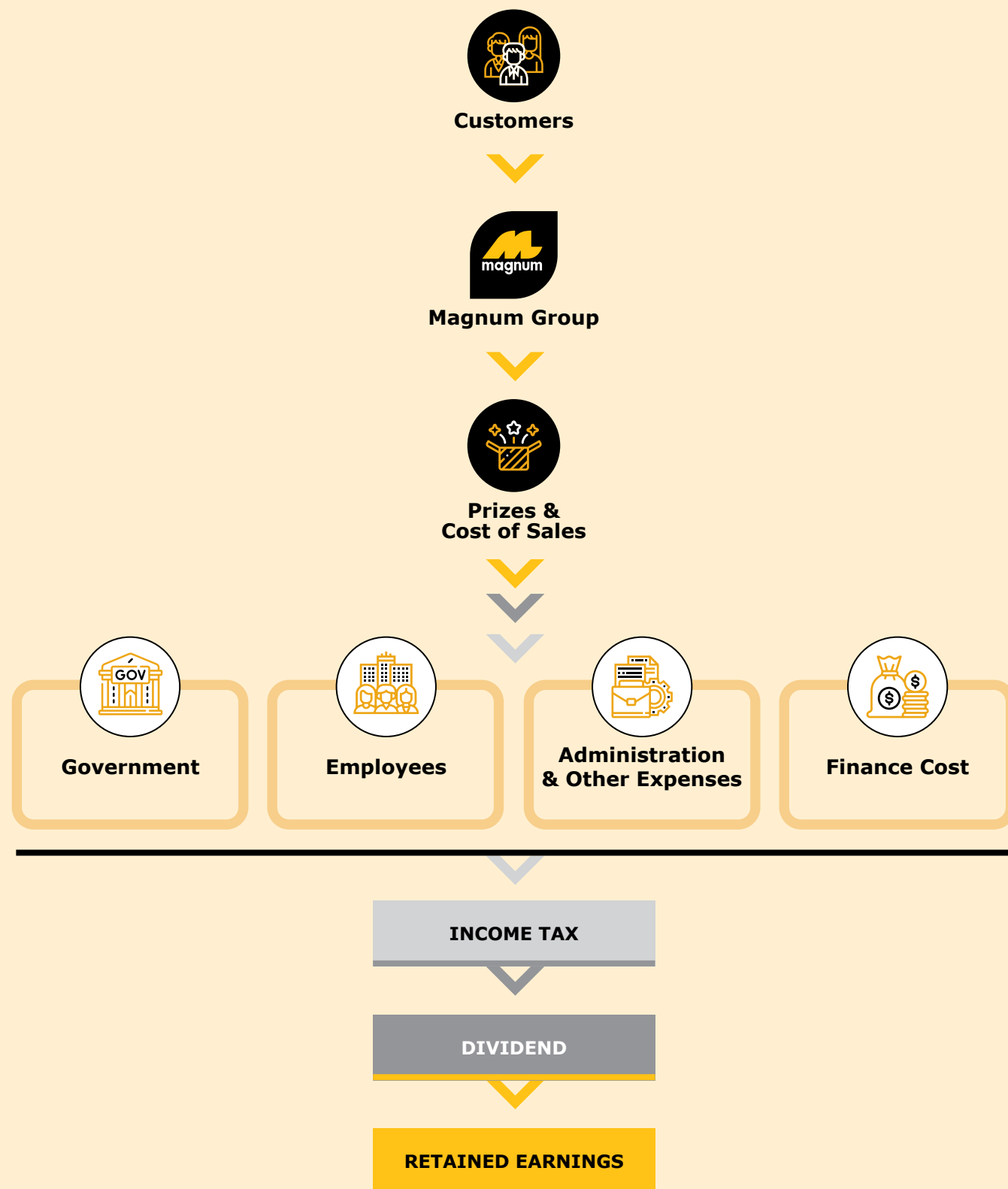
Total Retail Outlets

485

Retail Outlets Coverage
**Concentrated in
Populated States**

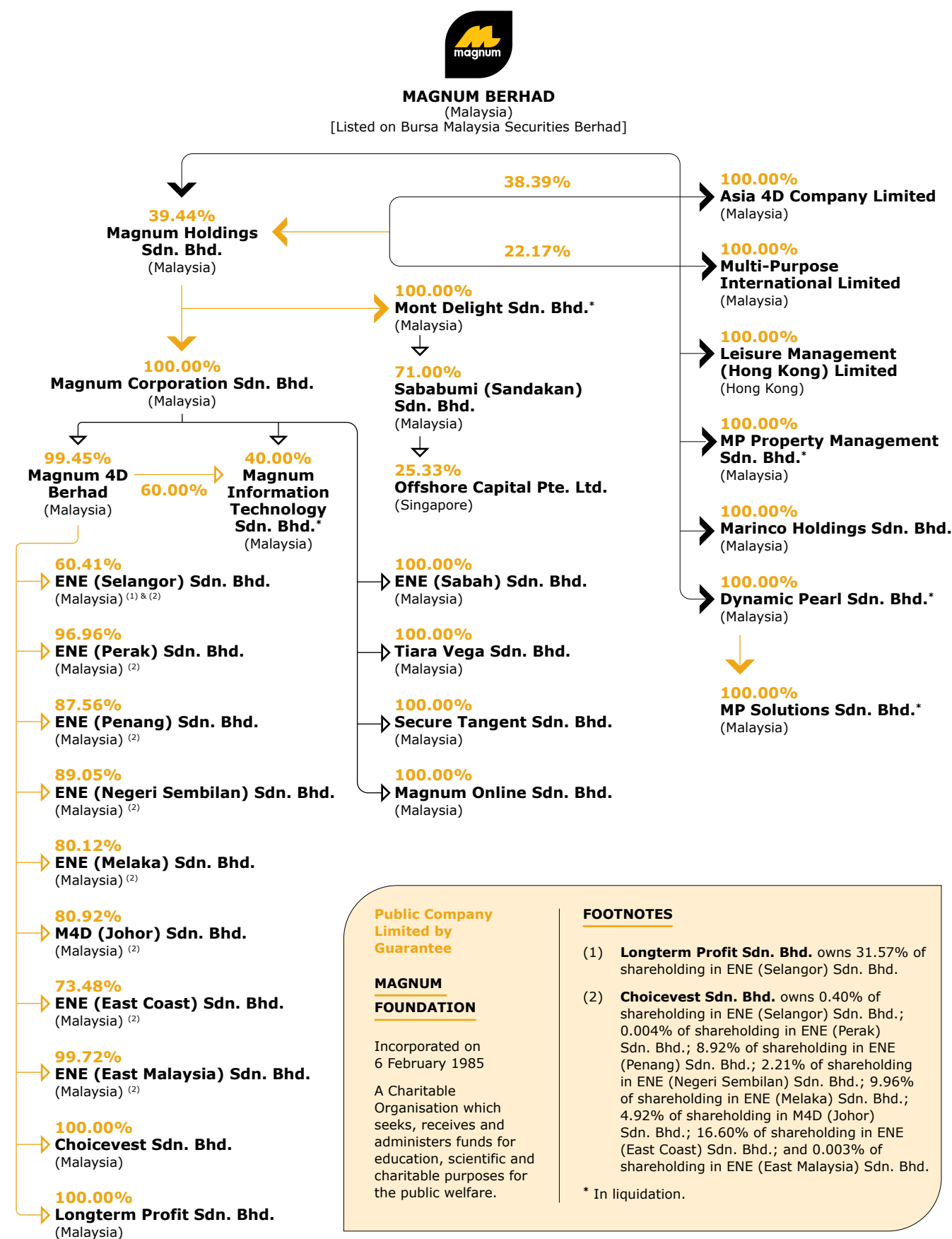


Our Business Model



Corporate Structure

as at 3 April 2023



Corporate Information

Board of Directors

TAN SRI DATO' SURIN UPATKOON
Non-Independent
Non-Executive Chairman

DATO' LAWRENCE LIM SWEE LIN
Non-Independent
Executive Director

KRIAN UPATKOON
Non-Independent
Executive Director

DATUK VIJAYARATNAM A/L V. THAMOTHARAM PILLAY
Non-Independent
Non-Executive Director

DATO' SERI LIM TIONG CHIN
Independent
Non-Executive Director

JEAN FRANCINE GOONTING
Independent
Non-Executive Director

NG SIEW HONG
Independent
Non-Executive Director

BOARD COMMITTEES

Group Audit Committee

Chairman
• **Dato' Seri Lim Tiong Chin**
Members
• **Datuk Vijeyaratnam a/l V. Thamotharam Pillay**
• **Jean Francine Goonting**

Remuneration Committee

Chairman
• **Dato' Seri Lim Tiong Chin**
Members
• **Jean Francine Goonting**
• **Ng Siew Hong**

Nomination Committee

Chairman
• **Dato' Seri Lim Tiong Chin**
Members
• **Datuk Vijeyaratnam a/l V. Thamotharam Pillay**
• **Jean Francine Goonting**

Group Risk Management Committee

Chairman
• **Jean Francine Goonting**
Members
• **Dato' Seri Lim Tiong Chin**
• **Dato' Lawrence Lim Swee Lin**

CHARTERED 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

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	59,164	60,341	65,743	62,612	65,093
Right-of-use assets	15,061	16,501	17,731	15,703	-
Investment properties	519	526	533	540	546
Investment securities	398,494	388,523	398,985	398,730	370,454
Intangible assets	2,738,287	2,738,302	2,738,317	2,738,332	2,738,347
Deferred tax assets	5,545	5,337	5,536	8,691	11,529
	3,217,070	3,209,530	3,226,845	3,224,608	3,185,969
Current assets	297,128	300,793	349,096	378,797	569,995
Total Assets	3,514,198	3,510,323	3,575,941	3,603,405	3,755,964
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	238,117	209,670	238,549	353,112	327,796
Treasury shares	(1,163)	(1,163)	(1,163)	(30,205)	(30,205)
Shareholders' fund	2,391,311	2,362,864	2,391,743	2,477,264	2,451,948
Non-controlling interests	20,266	21,329	22,862	22,645	40,722
Total equity	2,411,577	2,384,193	2,414,605	2,499,909	2,492,670
Non-current liabilities	709,334	779,961	765,570	679,707	714,737
Current liabilities	393,287	346,169	395,766	423,789	548,557
Total liabilities	1,102,621	1,126,130	1,161,336	1,103,496	1,263,294
Total Equity And Liabilities	3,514,198	3,510,323	3,575,941	3,603,405	3,755,964
GROUP RESULTS					
Revenue	2,031,100	1,259,556	1,673,153	2,705,685	2,704,254
Profit before tax	159,858	25,238	143,976	343,207	313,333
Income tax expense	(58,782)	(26,587)	(122,530)	(102,064)	(205,287)
Profit/(loss) for the financial year	101,076	(1,349)	21,446	241,143	108,046
Non-controlling interests	(471)	1,533	(219)	(1,918)	(2,657)
Profit attributable to owners of the Company	100,605	184	21,227	239,225	105,389
SELECTED RATIOS					
Basic earnings per share (sen)	7.00	0.01	1.5	16.8	7.4
Net assets per share (RM)	1.66	1.64	1.66	1.74	1.72
Dividend per share (sen)	5.0	1.5	8.5*	16.0	15.0
Return on equity (%)	4.21	0.01	0.89	9.66	4.30

* 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 "THE COMPANY"), I AM PLEASED TO PRESENT TO YOU OUR INTEGRATED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY 2022").

FOREWORD

FY 2022 was indeed a year where we still operated in an environment fraught with uncertainties and various business challenges. Although the effects of the pandemic were lingering, we were determined to acclimatise to this new reality or 'new normal'. Above all, we adopted a positive mindset, challenging our conventional methods to not just survive, but thrive.

This was a pivotal time for your Company as we worked towards business recovery. Our approach was to remain agile, to challenge the status quo, and to rapidly adapt amidst a fast-changing world. Thus, our theme, 'Growth Beyond Recovery' is a worthy representation of our dynamism to unlock new growth opportunities and drive innovation in our business.

Innovations spearheaded by the ambitious goals we set in our 'Magnum Beyond 2025' transformation plan, to produce impactful results that will drive a more sustainable future. FY 2022 was an exciting year for your Company as we saw the results of our transformation initiatives flourish across our employees in diverse areas of our business, providing the driving force behind our rapid business recovery and future growth.

Above all, the pandemic has also reshaped the landscape we operate in, and the need to accelerate technological adoption and digitalisation is no longer an option but necessary for us to compete and stay relevant. The world and our customers demand it. This is why our transformation is driven by our customers, it's their journey that is driving our strategy.

I am proud to say that your Company is truly accelerating growth, raising the bar to produce digital innovations that will continuously deliver unmatched customer experiences, and drive our goals to become a future ready organisation.

BUSINESS RESULTS

As the country transitioned into the endemic phase, it was uplifting to see life begin to return to normalcy. An opportune time indeed to further bolster and reinvigorate our business especially with the lifting of more S.O.P.s and the reopening of the country's borders.

Your Company was fortunate to operate without any further restrictions, and our revenue improved significantly, climbing by more than 61.3% to RM2.03 billion in FY 2022 as compared to RM1.26 billion in the pandemic plagued FY 2021. In tandem with this, profit before tax rose more than sixfold to RM159.86 million in FY 2022, chalking up steady gains as compared to RM25.24 million from the previous year. The profit attributable to the owners of the Company stood at RM100.61 million, translated into an EPS of 7.0 sen.

While we recovered notably in FY 2022, we nevertheless faced new challenges. A paradigm shift in consumer buying behaviour brought on by the pandemic has altered the Number Forecast Operator ("NFO") industry significantly as online purchase remains a convenient option for consumers even post pandemic. This presented a major limitation for legal NFOs, allowing illegal operators to proliferate and unabashedly cash in by bringing online gaming convenience to consumers, right at their fingertips.


REVENUE improved significantly, climbing by more than 61.3% to RM2.03 BILLION in FY 2022

Chairman's Statement (cont'd.)

While legal NFOs are also bound by strict gaming laws, these illegal operators run unregulated, beyond the control of authorities, thus presenting us with one of our most challenging business conditions in FY 2022. The threat of these illegal operators flourishing beyond control and the imminent danger they pose to consumers is all too real. Not forgetting the significant tax revenue leakage to the Nation. This is why we remain resilient in our efforts to level the playing field, calling for stricter laws to inhibit illicit gaming while also leading the charge for regulators to legalise mobile sales by legal operators.

However, in every challenge also lies a greater opportunity for growth. In every difficulty, an opportunity to learn, and in the face of disruption, innovation transpires. Our transformation initiatives encapsulate this journey of vibrant growth and evolution. Your Company remains optimistic that we are on the right path to set us apart from the competition in offering value driven services and experiences to our customers.

MAGNUM BEYOND 2025: TRANSFORMATION FOR A BETTER TOMORROW

During the year under review, we remain steadfast in our transformation journey towards attaining a better tomorrow for all stakeholders. A better tomorrow to us simply means generating new value by unlocking new growth opportunities, driving efficiencies, and delivering enhanced customer experiences, for today and well into the future. Our transformation journey required us to think big, to be agile in the face of disruptions and to reinvent ourselves for sustained growth. It was an opportunity to take a step back, to review our business processes and rethink our operating models to achieve aspirations that go beyond merely costs advantages.

I am proud to note that FY 2022 saw the efforts of our transformation initiatives achieve Group-wide adoption and acceptance and are beginning

to deliver positive results. We spearheaded our digitalisation initiatives into all core areas of our business, transforming how we meet changing customer expectations and improving how we work to achieve it.

During the year, the limitations of not having an online delivery channel for our products did not deter us, instead, it spurred us to be a game changer in various other ways. One key approach was to reimagine our customer journey by forging deeper customer connections and experiences via the enhancements to our MyMagnum 4D app. Leveraging our established user base, we launched our signature M Premium membership programme, extending value for our customers beyond our outlets and forging brand loyalty.

Understanding what our customers need and delivering it consistently is a vital necessity in our digital transformation journey, especially in reshaping our internal processes and operational efficiencies. The launch of additional communication channels such as Live Chat on our website, supported by enhanced customer service tools and training, provided the two-way communications that enabled our execution to be guided with confidence.

Applying this, I am proud to report that your Company was the first NFO in the country to offer digital payment (e-wallet)

options in our outlets with the introduction of Touch 'n Go, Shopee Pay and Sarawak Pay, meeting our customers' demand for contactless payment options.

Furthermore, we streamlined our business operations from start-to-end to be digitally enabled, wherever it matters. We modernised our field services, digitising our technical support to outlets to optimise our field-based workers by location, availability, and skills. Our Sales team is now leveraging on a smart data platform, unlocking, and integrating important enterprise data to collaborate, compete, serve customers, and make quick decisions to increase revenue generation. We developed a mobile tool for our agencies to automate and perform their daily



Magnum was the first NFO in the country to offer digital payment (e-wallet) options in our outlets with the introduction of Touch 'n Go, Shopee Pay and Sarawak Pay

Chairman's Statement

(cont'd.)

operational tasks digitally. We launched a priority-based IT Service Desk support system to provide quick resolution to all internal IT issues that affect our quality of service to our customers.

Digitalisation was imperative to increase efficiency and effectiveness as we moved into successful and holistic digital transformation projects that will deliver improved customer experiences.

At the same time, we made headway in becoming more data-driven, optimising value from data to drive our strategy. We are cognisant of the importance in defining the right transformation strategies as we strive to constantly innovate. We are leveraging on data to formulate the right strategies to pivot quickly in adapting to our customers' evolving expectations so that we remain competitive in the market.

We have truly embedded ourselves in our customers' journey, thus driving a customer-centric culture across all corners of our organisation. We are setting ourselves apart from the competition, and your Company is transforming from conventional to extraordinary, for a better tomorrow.

INVIGORATING FOOTFALL

Transitioning into the endemic phase brought more opportunities to invigorate footfall back to our outlets



and the opportunity to strengthen our commitment towards providing exceptional customer experiences. In FY 2022, we ramped up our Sales and Marketing campaigns through a host of tailored, on-ground activities and incentives.

At the crux of it all, we made outlet cleanliness and hygiene our priority. After all, first impressions do matter, and our outlets are the window our customers look through in seeing our business and the promises our brand stands for. Promises that also steered us to provide better winning payment services at our outlets, further enriching our customers' experience with us.

As the illegal online gaming landscape continues to expand, your Company is investing more efforts in differentiating ourselves through a digital-aided experience. Our focus is to entice customers back to our outlets by building deeper connection and trust to show that we care about their journey with us, from the moment they enter our outlets and beyond.

CHAMPIONING A HIGH-PERFORMANCE CULTURE

One of the hallmarks of your Company is our ability to continuously evolve and transform the way we are doing our business through the implementation of employee growth and development programmes. FY 2022 saw the introduction of a new key initiative to instill a high-performance culture of innovation and embracing change.

Towards that end, we revamped our suite of Performance Management tools and processes, empowering regional management teams to effectively motivate our frontliners as well as the chain that supports their activities. We also provided all our frontliners a friendly app to bridge their skills gap to meet performance expectations and improve customers' experiences.

Across the nation, employees collectively achieved a minimum of three trainings each this year through the new Learning and Development programmes.

We strongly believe that our business performance is the sum total of what employees achieve individually, and we will do everything in our power to ensure our employees are given every opportunity to sharpen their skills to reach their full potential.



Chairman's Statement

(cont'd.)

RAISING THE BAR, WHILE UPLIFTING LIVES

Even in challenging times, your Company never faltered in our commitment towards the community and our nation. We continued to give back to the community and strengthened our sustainability practices via our CSR arm, MagnumCares. We championed various causes from welfare and community, health and well-being, to education and environmental issues.

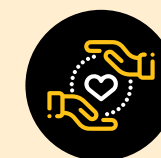
To date, MagnumCares has contributed over RM110 million, impacting over 500,000 lives from diverse communities. In addition, more than 1,300 hours were contributed by over 250 employees in FY 2022 in the newly established Magnum Volunteering Programme. Notable results include planting 500 trees and recycling 5,920 kgs of items.

A full 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. This includes details regarding our sustainability agenda and the areas of impact where your Company is building a future together with all our stakeholders, driven by a strong Environmental, Social and Governance ("ESG") presence in all our endeavours.

In championing responsible practices, our wholly owned subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB") successfully renewed the World Lottery Association – Security Control Standard ("WLA-SCS") certification, an international recognition affirming our dedication to integrity and trust. My sincerest thanks to all involved for their outstanding contributions towards achieving this eminent milestone.

Back in 2021, MCSB also became the first in Malaysia to achieve the Level 3 Responsible Gaming ("RG") certification from the World Lottery Association, demonstrating a level of commitment to RG that is recognised on the global stage. RG will always remain an important part of our DNA, and our commitment to RG was further reinforced by establishing a Gaming Calculator and Gaming Health Check tools on our website for players to introspect on their spending habits and behaviour.

Your Company is raising the bar in the gaming industry, while uplifting the lives of the community we serve.



**MagnumCares
has contributed over
RM110 MILLION
impacting over
500,000 LIVES
from
diverse communities**

GEARING AND DIVIDENDS

In light of a global rising interest rate regime, MCSB repaid a total of RM55.00 million of its Medium-Term Notes in September 2022 thus reducing the outstanding amount under MCSB's 20 years Medium-Term Notes programme from RM950.00 million to RM895.00 million.

For FY 2022, the Board had declared four interim single-tier dividends totaling 5.0 sen per share as compared to 1.5 sen per share for FY 2021.

OUR WAY FORWARD

As we surge ahead in FY 2023 on the back of a strong momentum built over FY 2022, we will continue our

drive to invest in building our digital capabilities, reskill our workforce, champion sustainability, and turn future disruptions into competitive advantages of growth.

The business environment is likely to remain challenging in FY 2023. Nevertheless, we have proven how swiftly we can adapt to the ongoing disruptions around us, exemplifying resilience, and gumption to surge forward and achieve our goals. We will remain steadfast in all our undertakings and stay true to our Vision of 'Inspiring Hope to Our Community with Passion and Innovation'.



Chairman's Statement

(cont'd.)

The leadership of Magnum will remain focused on spearheading our transformation programmes that will future proof our business model. What would certainly be here to stay is our emphasis to rely on data and digitalisation to stay relevant and competitive, and more importantly to achieve superiority in our quest for customer centricity. With the digital investments we have made to date, we are confident we are better prepared to ensure an effective response to the ever-changing gaming landscape.

We will also continue our unwavering commitment towards sustainable development and chart our growth trajectory to further include ESG factors in our business operations for a better tomorrow.

Our employees are one of our most important assets, and our investment in their growth and development will remain a top priority in FY 2023, as we further inculcate a culture of innovation and creativity.

As for FY 2023, I am determined and confident that we will meet it with the same vigour and dynamism as we did in FY 2022, to emerge stronger as we look forward towards full business recovery.

APPRECIATION AND ACKNOWLEDGEMENTS

It is heartening to note that your Company has managed to remain resilient despite the unprecedented adversities and headwinds of the last three years. Needless to say, these achievements were not without any sacrifices. For this, I would

like to express my utmost appreciation to my fellow Board members for their invaluable advice and governance, our management team, and all Magnum employees for their unwavering efforts, rising above all challenges towards our continued growth and success. Our sincerest gratitude to all our customers, shareholders, investors, bankers, sales partners, frontliners, suppliers and government authorities for their trust and continued support over the years.

On behalf of the Board, I would also like to take this opportunity to extend a warm welcome to Madam Ng Siew Hong who has joined the Board as Independent Director, effective 15 March 2023. Her strong legal experience will certainly contribute greatly as Magnum accelerates towards creating value and unlocking growth opportunities.

Looking ahead, we will continue to push forward, leveraging on our strong digital transformation strategies, our solid foundation of creating value and the stout resilience of the Magnum team to strengthen growth, sustainability and innovation towards future proofing our business. We are confident we possess the grit and tenacity to thrive and succeed in this competitive and demanding landscape.

On that note, I look forward to meeting you all at the forthcoming Annual General Meeting.

TAN SRI DATO' SURIN UPATKOON
Chairman

29 March 2023



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2022年度（截至2022年12月31日）万能及其子公司的常年财务报告。

前言

毫无疑问，2022财年依然是跌宕起伏，运营艰巨的一年。尽管疫情的影响挥之不去，但我们仍坚定信念迈入新现实或“新常态”。最重要的是，即使在严峻形势下，我们依然保持着积极的心态，挑战现有的营运模式，我们的目标不仅是为了站稳脚步，更是坚持稳中求进。

这是本公司极为关键的时刻，我们正全力以赴恢复业务。为此，我们采取了一系列的应对方案，以保持灵活变通、挑战现状，并迅速适应瞬息万变的世界。在这一过程中，我们的主题“超越复苏增长”则成为了我们面向全新发展契机和推动业务创新的有力体现。

我们的“万能2025宏愿”转型计划已成为我们引领创新的宏大目标，旨在创造影响深远的成果，并推动可持续的未来。2022财年对本公司来说是一个激动人心的里程碑，因为我们在各个业务领域的员工身上，看到了转型计划的成果，为我们的业务快速复苏和未来增长提供了强大的推动力。

最重要的是，疫情重塑了我们的营运格局，加速了技术应用和数码化已成为势在必行的趋势。对我们而言，这不仅是保持竞争力和与时俱进的必要条件，更是迎合世界和客户需求的关键所在。这就是为什么我们秉持着以客户为中心的概念，来推动我们的转型计划和战略方向。

我很自豪地说，我们的公司正在快速成长，我们不断提高数码化创新的门槛，以带来更优异的客户体验，同时也在为实现成为面向未来的企业而不断努力推进。

业务成果

随着我国逐渐过渡到地方性流行病阶段，看见人们的生活开始恢复正常，真的令人倍感振奋。特别是随着更多的标准作业程序被取消和国家边界的重新开放，这正是我们进一步加强和重振业务的最佳时机。

幸运的是，本公司能在没有任何进一步限制的情况下持续运营，我们2022财年的营收显著增长，攀升超过61.3%，达到20.3亿令吉，远高于2021财年疫情期间的12.6亿令吉。与此同时，2022财年的税前盈利增长了六倍多，达到1亿5千986万令吉，相较于上一年的2千524万令吉，本公司正稳步增长。公司持有者可分配利润为1亿零61万令吉，换算为每股盈利7.0仙。

尽管我们在2022财年实现了显著的复苏，但我们仍面临新的挑战。疫情带来的消费者购买行为模式的转变，极大地影响了字票运营商（“NFO”）的运营，因为即使在疫情结束后，消费者仍然更倾向于非法网上投注，这对合法的NFO运营构成了极大的限制。与此同时，非法字票运营商则利用消费者进行网上投注的便捷性来扩大非法业务并从中获利。

在2022财年，我们所面临的最大的商业挑战是非法字票运营商对我们合法的NFO业务造成的威胁。我们必须遵守严格的博彩法规，而这些非法字票运营商却可逃避监管，不受当局控制。他们不仅给消费者带来实实在在的危险，而且还导致国家税收大量流失。因此，我们一直致力于创造公平的竞争环境，并呼吁监管机构制定更为严格的法律以禁止非法博彩，同时积极推动网上与手机投注合法化。



**2022财年的
营收显著增长，
攀升超过
61.3%
至
20.3亿令吉**

主席献词

(延续)

然而，每一个挑战都蕴藏着更大的商机，每一个困难都是学习的契机。我们相信，颠覆会带来创新，而这充满活力的成长和进化过程，正是我们转型计划的必经之路。尽管困难重重，我们依然持乐观态度，并坚信我们正走在正确的道路上，通过不断为客户提供价值驱动的服务和体验，我们能够从竞争中脱颖而出。

万能2025宏愿：

推动企业转型，共创美好未来

回顾过去一年，我们坚定不移地推动转型计划，旨在为所有利益相关者创造更美好的明天。对我们来说，更美好的明天意味着开发新的发展机遇、提高效率及提供更优质的客户体验，为今天和未来创造新的价值。在这个转型之旅中，我们不仅要大胆思考，还需要保持灵活变通，并重塑自我，以助成长。这不仅是为了实现成本优势，更是一个让我们重新审视业务流程并重新思考运营模式的机会。

我们引以为豪地宣布，在2022财年，我们的转型计划得到了全体员工的广泛应用和认可，并且已经开始取得积极的成果。我们率先将数码化计划引入业务的所有核心领域，以满足客户不断改变的需求，同时加以改善我们实现目标的工作方式。

在这一年中，尽管我们面临了没有网上交付渠道的限制，但这并无阻止我们前进的脚步。相反，我们采取了各种其他方式来改变游戏规则。其中一个重要举措就是通过提升MyMagnum 4D手机应用程序来建立更深层次的客户联系和体验，从而重新构思我们的客户旅程。我们利用已建立的用户群，推出了标志性的M Premium会员计划，将我们的客户价值扩展到我们的投注站以外，并提升了品牌忠诚度。

了解并持续满足我们的客户需求是数码化转型过程中至关重要的条件，尤其是在重塑我们的内部流程和提升运营效率方面。我们进一步加强了客户服务工具和培训，还在网站上增设了实时对话等额外的沟通渠道，为客户提供更加方便快捷的双向沟通方式。这一举措让我们能自信地执行业务运营。

通过这项举措，我们很自豪地宣布本公司是国内第一家在投注站提供数码化支付（电子钱包）选项的NFO，接受Touch 'n Go、Shopee Pay和Sarawak Pay付款方式，以满足客户对零接触支付选项的需求。



万能是国内第一家在投注站
提供数码化支付
(电子钱包)
选项的字票运营商，
接受Touch 'n
Go、Shopee Pay和
Sarawak Pay付款方式

此外，我们全方位简化了业务运营模式，并实现了核心业务数码化。我们对零售服务进行了现代化改造，将技术支援数码化并扩展至投注站，以根据地点、可用性和技能，为销售团队提供更好的支持。同时，我们的销售团队正利用智能数据平台、积极地研发和收集市场与客户的重要数据来提升客户服务和竞争能力，并快速做出营销决策，以增加营销收入。为了提高旗下公司的运营效率，我们开发了一个数码化工具，以更有效地执行零售商的日常运营工作。我们开发了一个资讯科技系统，以快速解决客户所面对的问题，以及提供我们客户服务质量。

透过数码化转型，我们提高了工作效率和有效性，随着整体数码化转型项目的推进，我们将能为客户提供更出色的体验。

与此同时，我们在实现数据驱动、优化数据价值以推动战略方面取得了进展。我们意识到在努力创新的过程中制定完善的转型战略的重要性。因此，我们正在利用数据制定正确的战略，以便能够快速调整和适应客户不断变化的期望，从而在市场上保持竞争力。

我们已经成功融入了客户的体验旅程，并在公司各部门全力推动以客户为中心的企业文化。这一举措让我们从竞争中脱颖而出，使我们从传统走向卓越，共创美好明天。



主席献词

(延续)

客流量快速攀升

随着国内疫情过渡到地方性流行病阶段，让我们有了更多增加投注站客流量的机会，并实践我们为客户提供卓越体验的承诺。在2022财年，我们采取了一系列量身定制的门市活动和奖励计划，进一步加强了我们的销售和营销活动。

我们非常重视整洁和卫生，并将其视为我们的首要任务。我们深知第一印象很重要，我们的投注站是客户了解我们的业务和品牌承诺的途径。这些承诺也促使我们在投注站提供更好的中奖支付服务，以进一步加强我们的客户体验。

随着非法网上博彩领域的不断扩大，本公司正投入更多努力，通过数码化辅助体验突围而出。我们致力于建立更深入的联系和信任，吸引客户回到我们的投注站。我们重视整个客户体验旅程，从客户踏入投注站的那一刻起，就为客户提供出色的服务和体验。

倡导高绩效文化

本公司的标志之一，是我们致力于通过实施员工成长和发展计划，不断提升和改进我们业务的开展方式。在2022财年，我们引入了一项新的关键举措，灌输注重创新和变革的理念以营造高绩效文化。

为此，我们改进了我们的绩效管理工具和流程，旨在使区域管理团队能够更有效地激励我们的前线员工及支持员工活动的相关事务。此外，我们还为所有的前线人员提供了一个友好的应用程序，以帮助他们弥合技能差距，满足绩效预期，并提高客户体验。

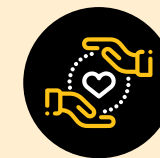
在全国范围内，我们的员工通过新的学习和发展计划，集体完成了至少三项培训。

我们坚信，我们的业务绩效是员工个人成就的总和，我们将竭尽全力确保我们的员工有机会提高技能以充分发挥潜力。

提高标准，改善生活。

即使在充满挑战的时期，本公司从未动摇过对社区和国家的承诺。我们一直致力于回馈社区，并通过我们的企业社会责任部门，万能爱心（MagnumCares）加强我们的可持续发展实践。我们支持各项关注福利和社区、健康和福祉，以及教育和环境等方面的事项，为社区和国家做出了积极的贡献。

迄今为止，万能爱心捐助了超过1亿1千万令吉，造福了来自不同社区逾500,000人的生活。此外，在2022财年，超过250名员工在新成立的万能员工志工计划（MVP）贡献了1,300多个小时。值得一提的成果包括种植500棵树和回收5,920公斤的物品。



万能爱心
捐助了超过
1亿1千万令吉，
造福了来自不同
社区逾
500,000
人的生活

所有组织、社区以及其所获得的援助或支持的类别的完整列表，可在本常年报告的可持续发展报告部分中查阅。此部分涵盖有关本公司的可持续发展议程的详细信息，在我们强大的环境、社会和治理（“ESG”）框架的推动下，本公司正在与所有利益相关者一起建设未来。

在倡导负责任博彩的实践方面，我们的全资子公司Magnum Corporation Sdn. Bhd.（“MCSB”）成功更新了世界彩票协会 - 安全控制标准（“WLA-SCS”）认证，这一国际认证肯定了我们诚信和信任的承诺。在此，我诚挚地感谢所有参与者为实现这一重要里程碑所做的杰出贡献。

早在2021年，本公司就已成为马来西亚第一家获得世界彩票协会颁发的第3级负责任博彩（“RG”）认证的公司。这认证标志着本公司在全球博彩业中对RG的承诺得到了广泛认可。RG一直是我们企业基因的重要组成部分，为了进一步强化我们对RG的承诺，我们在网站上建立了博彩计算器和博彩健康检查工具，以帮助玩家反思他们的消费习惯和行为。

本公司致力提高博彩行业的标准，同时不断改善我们所在社区的生活质量。

主席献词

(延续)



债务和股息

鉴于全球利率不断上升，MCSB在2022年9月偿还了总计5千500万令吉的中期票据，这一举措将MCSB的20年期中期票据计划下的未偿还金额，从原来的9亿5千万令吉减少至现在的8亿9千5百万令吉。

2022财年，董事会宣布了四次中期单层股息，总计每股5.0仙，而2021财年则为每股1.5仙。

我们的前进之路

我们在2022财年所建立的强劲势头，为我们在2023财年的快速增长奠定了坚实的基础。为了持续推动业务发展，我们将继续加大数码化能力的投资，重新培训员工团队，支持可持续发展，并提高公司在市场的竞争优势。

尽管2023财年的商业环境仍然充满挑战，我们已经证明了我们的快速应变能力，体现出韧性和进取心以实现我们的目标。我们将继续坚定不移地推进我们的业务，并忠于“以激情和创新为我们的社区点燃希望”的愿景。

万能的领导层将继续专注于引领转型计划，以证明我们的商业模式在未来可获得肯定。我们会坚持依靠数据和数码化来保持竞争力，不断与时俱进，并在以客户为中心的过程中取得优势。通过迄今为止的数码化投资，我们相信我们已做好更充分的准备，以有效应对不断变化的博彩领域。

我们也将坚定不移、致力支持可持续发展的大方向，并规划我们的增长轨迹，进一步将ESG因素纳入我们的业务运营中，以创造更美好的明天。

我们的员工是我们最重要的资产之一，随着我们进一步灌输变革和创新的文化，我们对他们成长和发展的投资仍将是2023财年的重中之重。

我满怀决心和信心，相信我们能以与2022财年相同的活力和动力迎接2023财年，在期待业务全面复苏的同时，我们会越变越强。

至诚感谢

令人振奋的是，尽管在过去三年中，本公司遭遇了前所未有的逆势和困境，但我们仍然保持了强大的韧性。当然，这些成就的背后蕴含着无数人的奉献和努力。为此，我要向我们的董事会成员致以崇高的敬意，感谢他们所提供的宝贵建议和治理，同时由衷感谢我们的管理团队和所有万能员工坚定不移的努力，使我们克服所有挑战，实现持续增长并达至成功。我们衷心感谢我们所有的客户、股东、投资者、银行家、销售伙伴、前线人员、供应商和政府部门多年来的信任和不断的支持。

我也想借此机会代表董事会热烈欢迎黄秀凤女士加入董事会担任独立董事，她将从2023年3月15日起担任这一职务。她丰富的法律知识将可助力万能加速发展以创造更多的价值和商机。

展望未来，我们将继续稳步前进，充分利用强大的数码化转型战略、可创造价值的坚实基础和万能团队的强大韧性，致力加强企业发展、可持续性和创新，以确保我们的业务能够面向未来。我们相信，我们拥有足够的勇气和毅力，在竞争激烈、要求严苛的领域中茁壮成长并取得成功。

最后，期待在来届的年度股东大会，我们再见！

丹斯里拿督刘锦坤

主席

2023年3月29日



Statement on Management Discussion and Analysis

OVERVIEW

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

Magnum, through its wholly owned 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 most popular Jackpot game is the 4D Jackpot game. Through its 8 gaming subsidiaries, which acts as area agents, MCSB has an agency network of 485 sales outlets.

As the worst of the financial impacts were felt in FY 2021, FY 2022 was year of recovery for us as we emerged more resilient from the wrath of the Covid-19 pandemic. Our performance however was hampered by key microtrends that reshaped the economic landscape in unprecedented ways. On a national level, cost escalation due to inflation, foreign labour shortage, the Ringgit's depreciation, and the uncertain economic climate affected the purchasing power of ordinary Malaysians. On the global stage, a weaker-than-expected global growth, heightened risk aversion in global financial markets, inventory shortages leading to supply chain disruptions, as well as the escalation of geopolitical conflicts have significantly contributed to the challenges faced in the Malaysian economy.

Through it all, we persevered. Despite being besieged by these multiple challenges in the year, our FY 2022 financial results strongly demonstrate the significance of our 'Magnum Beyond 2025' transformation programme. Since its inception, our transformation initiatives have guided our business strategies and directed our growth plans towards rejuvenating and future proofing our business model.

BUSINESS PERFORMANCE

A) Revenue

2022 was an interesting year indeed for Malaysia as various significant events reverberated throughout the country, from the uncertainty of the elections forming a unity government, the enduring shock from the pandemic and its economic complications to the widespread flooding issues faced across most of the country's major cities. Nevertheless, the country's economy gathered momentum in 2022 and Malaysia's GDP advanced by 8.7%, the strongest growth in 22 years, compared to a 3.1% rise in 2021.

Riding on this wave, the Group registered a total revenue of RM2.03 billion for the financial year ended 31 December 2022 ("FY 2022"), which is RM771.54 million higher than the previous year's revenue of RM1.26 billion, representing a commendable 61.3% increase.

The above was mainly contributed by the Gaming division. The higher gaming sales revenue was chiefly attributed to the increased number of draws conducted in FY 2022 (2022: 179 draws; 2021: 126 draws), as the

Group enjoyed a full year of uninterrupted business operations entering the endemic phase.

However, whilst Malaysians in general have settled into a 'new normal' post-pandemic, the Group has yet to fully recover the gaming sales we chalked up pre-pandemic. Even with a full year of uninterrupted gaming operations, the legal NFO industry was badly affected by the expansion of illegal online gaming activities that continue to cast a pall over business operations, eating into market share and profitability.

The rise of illegal online gaming options means anyone can play now via websites or mobile phones with the illegal operators. As the proliferation of illegal operators deprives the Government of substantial gaming tax revenues, the legal NFOs will stand firm in our efforts, urging the various Government agencies to tighten enforcement controls and clamp down on these illegal operations. The legal NFOs remain resolute in encouraging the Government to


The Group registered a total REVENUE of RM2.03 BILLION for the financial year ended 31 December 2022

Statement on Management Discussion and Analysis

(cont'd.)

quicken the process of introducing laws that impose stiffer mandatory penalties for all participants in illicit gambling activities.

In addition, it is our hope that regulators will consider allowing the legal NFOs to use modern channels to conduct our gaming operations. We will continue our efforts, lobbying for the go-ahead to implement these modern delivery channels, not only to level the playing field and curb the substantial amount of government tax being lost, but we also believe greater control can be applied in enforcing the required terms and conditions to play, especially in vetting legitimate players and filtering out those prohibited from playing.

While your Company normally benefits from at least one good 4D Jackpot run in a typical year, no such run materialised in FY 2022 as the jackpot was struck 15 times, resulting in

lower accumulative 4D Jackpot amounts. While the high number of strikes throughout the year is not statistically improbable, the outcome was that we did not enjoy a natural attraction of customers to return to the outlets during the critical recovery period of FY 2022. Thus, Management allocated significantly more resources towards sales and marketing activities as well as service training in order to reconnect with customers, while growing product loyalty towards Magnum's other gaming products.

That notwithstanding, when compared by absolute amounts on a sales-per-draw basis, the overall sales per draw for FY 2022 increased by 13.5% as compared to FY 2021. Corresponding to the lack of a good jackpot run, Magnum's 4D Jackpot game suffered a reduction in percentage terms. On the other hand, as a result of product diversification, the Magnum Life game and 4D Jackpot Gold game each recorded a strong growth in incremental sales per draw throughout the year. The 4D Classic game on the other hand also recorded a double-digit growth, signaling that Your Company is on-track in attracting customers back to our outlets.



The Magnum Life game and 4D Jackpot Gold game each recorded a strong growth in incremental sales per draw throughout the year.

Meanwhile, on 11 October 2022, the Attorney General's Chambers ("AGC") rejected our settlement proposal on the Custom Appeal Tribunal case for the dispute in relation to the determination of the value of Gaming Supply in computation of GST. In light that the AGC has rejected our settlement proposal, our lawyer's view is not to pursue the matter any further as the Court of Appeal sided with the interpretation adopted by the Royal Malaysian Customs Department, citing variable B of the GST Formula in para 8(1) in a similar case presented by STM Lottery Sdn. Bhd. Therefore, it is unlikely that the High Court will take a contrary position in our case given that the issue in dispute is identical. As such, MCSB has withdrawn the appeal accordingly.

The revenue of the Investment Holdings and Others segment was flat at RM0.23 million in FY 2022 as compared to RM0.23 million for FY 2021.

B) Costs and Expenses

In tandem with the higher gaming revenue, the total costs and expenses before finance costs of the Group increased from RM1.20 billion in FY 2021 to RM1.84 billion in FY 2022. The increase of RM636.79 million was mainly due to:

- (i) Increase of Cost of Sales amounting to RM622.79 million as the Group enjoyed uninterrupted sales operations for the full FY 2022 as compared to FY 2021 where 18 draws were allowed to operate only in the state of Sarawak during MCO 2.0 and another 52 draws were cancelled nationwide during FMCO 3.0. With higher gaming revenue for FY 2022, the Cost of Sales increased correspondingly mainly due to prizes payment.
- (ii) Other expenses in FY 2022 increased by RM5.37 million predominantly due to investments in digital initiatives and increased promotional and marketing expenses in line with the objective to recover footfall and sales, and

Statement on Management Discussion and Analysis

(cont'd.)

- (iii) The overall administrative expenses increased by RM8.63 million mainly contributed by manpower cost as a result from the expansion and upskilling of our talent pool carried out under the planned transformation programme.

C) Profit Before Tax ("PBT")

The Group's PBT for FY 2022 of RM159.86 million is a significant sixfold improvement when compared to FY 2021 PBT of RM25.24 million. The higher pre-tax profit was mainly due to higher gaming sales and lower prizes payouts. However, this was offset by higher operating expenses incurred. The higher operating expenses were mainly contributed by manpower cost and promotional and marketing expenses which resulted from the expansion of our talent pool and various sales and customer-centric initiatives under the transformation programme.

D) Profit After Tax ("PAT")

The Group registered a Profit After Tax of RM101.08 million for FY 2022 as compared to the previous year's Loss After Taxation of RM1.35 million. After accounting for the Minority Interest's share in PAT, the profit attributable to the owners of the Company was RM100.61 million or an EPS of 7.0 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 stood at RM191.36 million as at 31 December 2022 compared to a similar quantum of RM192.68 million as at 31 December 2021. This was after the Group repaid a total of RM55.00 million of its Medium-Term Notes and declared and paid a total of RM71.86 million dividends to all its shareholders in FY 2022.

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 RM175.00 million matured in September 2022. MCSB has repaid RM55.00 million of the MTN and refinanced the balance of RM120.00 million through the issuance of a new MTN series in September 2022. Therefore, after the above repayment, the total MTN stands at RM895.00 million.

After this refinancing exercise, the gearing ratio of the Group has improved to 38.0% as at end of FY 2022 as compared to 39.4% as at end of FY 2021. 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.



THE GROUP'S PBT for FY 2022 of RM159.86 MILLION is a significant sixfold improvement

PROSPECT AND MARKET OUTLOOK

Coming off a strong performance in FY 2022, the Malaysian economy's growth in 2023 is expected to expand at a more moderate pace amidst a slower global economy. Bank Negara Malaysia opines that the Malaysian economy is expected to expand by 4.0% – 5.0% in

2023. Firm domestic demand and strong growth in household spending, underpinned by sustained improvements in the labour market, realisation of large infrastructure projects and the recovery in tourism activities will continue to drive the Malaysian economy. The services and manufacturing sectors, in particular, will also continue to support growth.

Riding on the back of improved FY 2022 economic conditions and guided by our 'Magnum Beyond 2025' transformation programme, the road to a full recovery in FY 2023 now appears to be on track for the Group. The process of rejuvenating and future proofing our business by digitalising and streamlining all our operational processes has steered our strategy and decision making, allowing us to achieve optimal balance between business expenditure and value creation. Operating in an environment that is dynamic with evolving customer demands, the Group will also continue to invest in talent development and employ digital strategies that will take us forward in all our endeavours, to be more effective, efficient and remain relevant well into the future.

Statement on Management Discussion and Analysis

(cont'd.)

2023 started off less than ideal due to the reduced special draws and the closure of all outlets in Kedah beginning 1st January 2023. Nonetheless, we expect minimal earning impacts from these situations. The special draws come with an added tax collection on top of the normal gaming taxes imposed by regulators, which ultimately, marginally impacts our profitability. While the closure of our 13 outlets in Kedah, which makes up less than three percent of our total outlets is not expected to significantly reduce our Group's revenue, our total physical absence from the state of Kedah presents a unique opportunity for the illegal operators to fully monopolise the marketplace for NFO products in that state.

Over the years, our biggest competition and threat remains the illegal operators. To win the war against these illegal operators, Magnum will continue to innovate, creating value and differentiation in our offerings to meet our customers' evolving demands. We are raising the bar to produce digital innovations that will continuously improve overall customer experience at their every touchpoint with us. Equally important and for maximum impact, we will continue our efforts to work with Government agencies to clamp down on illegal betting activities which will then translate into more revenue for the Government as well as for the Group.

Moving forward, we will not falter in our efforts to remain a trusted and transparent company, ensuring every aspect of our business is conducted fairly, openly and with integrity. We are fully cognisant that customers' trust and loyalty go hand in hand and are crucial factors to sustain our continued future successes.

It was indeed a fruitful 2022 for us. The positive effects of our transformation initiatives reshaped how we met customers changing expectations, improved our business processes and performance. We are confident and remain optimistic that we are on the right path, accelerating new growth opportunities towards elevating the nation's gaming industry. Our on-going transformation initiatives, combined with the commitment and passion of our employees will steer us to produce tangible and positive results as we continue to build a sustainable future. We look forward to 2023, with renewed strength and purpose, ready to capture new opportunities for growth and success.

This Statement was approved by the Board on 29 March 2023.



Sustainability Statement

OVERVIEW

1



**SUSTAINABILITY
STATEMENT**

2



**SUSTAINABILITY
GOVERNANCE**

3



**KEY AWARDS AND
RECOGNITION**



**SUSTAINABILITY
STATEMENT**

At Magnum, we strive to create a continued balance in the way we conduct our business operations to best serve all our stakeholders, manage our impact to the environment, and build a more sustainable future for generations to come. This is why Magnum takes a more holistic approach to address sustainability, embedding it into everything we do. It is a harmonious balance that includes enabling opportunities for people, advancing and safeguarding communities through our services and engagements, caring for the environment while continuing to raise business standards across our operations to produce tangible results.

Magnum believes this is a continuously evolving journey for us, and we are pleased to announce that 2022 was an important year for the Group as we further solidified our commitment towards sustainable practices. The introduction of a Group-wide Sustainability Procedure enforces our pledge

to instil sustainable practices in our day-to-day operations. Enhancements to our Sustainability Framework were an important step towards infusing our sustainability aspirations with Environment, Social, Governance ("ESG") practices into our business operations. Over and above that, other Group-wide policies and guidelines are also in place to support our efforts in managing the impacts of our operations and to monitor performance.

Magnum is proud to share our journey as we report on the impact of our operations and how it creates sustainable value for all our stakeholders. Our aim, to meet the needs of the present generation without compromising the needs of our future generations.

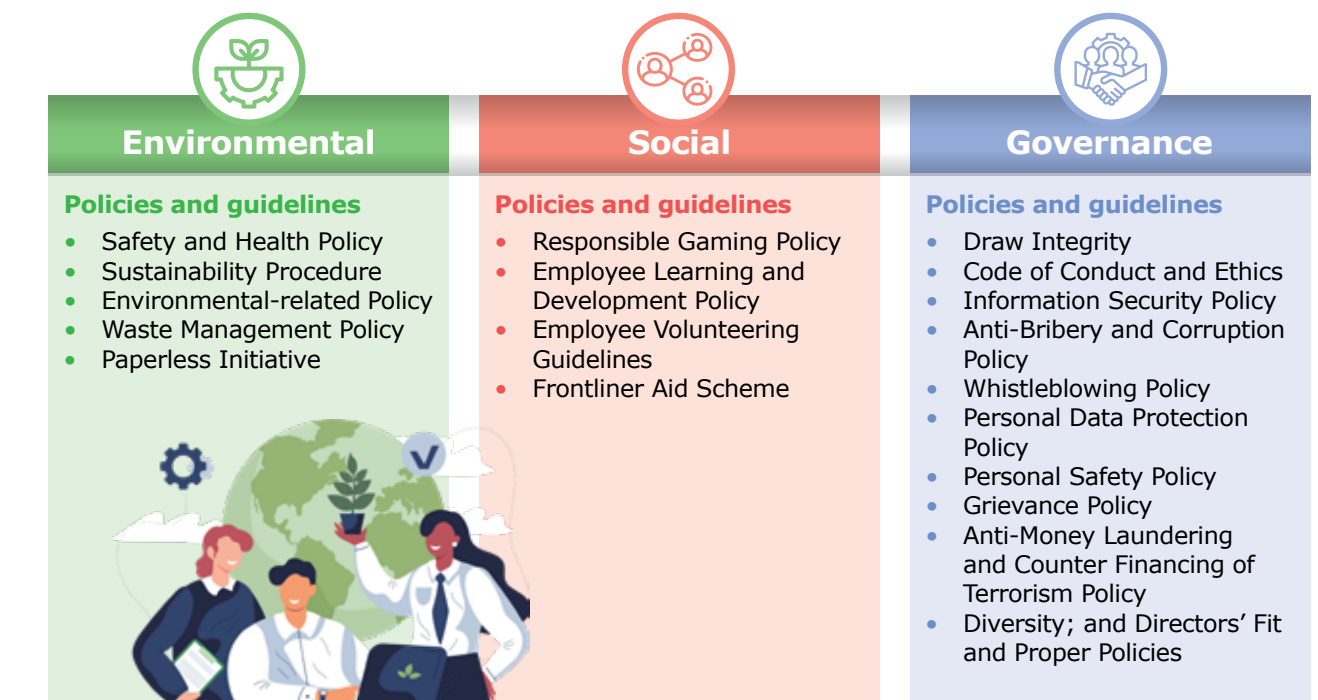
Magnum Sustainability Objectives:

- Adhere to current environmental legislations.
- Streamline business processes, creating less waste and using less energy.
- Build a better standing with our environmentally conscious customers.
- Advance Magnum's distinction with all business stakeholders.

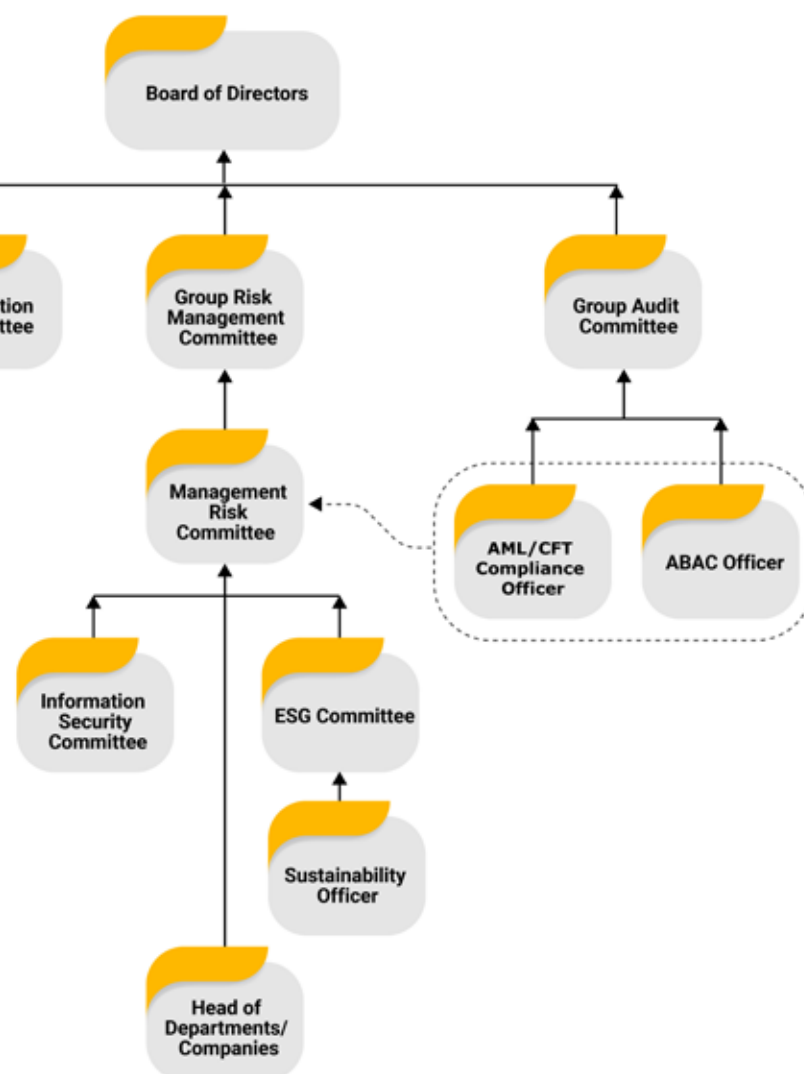


Sustainability Statement

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SUSTAINABILITY GOVERNANCE



Sustainability Statement

(cont'd.)

Robust corporate governance and clear leadership are critical to our success. Magnum Group's Corporate Governance Framework establishes a foundation for effective and responsible decision making across the Group. In line with this Framework, the Board has overall responsibility for approving and reviewing the strategic direction and significant policies of the Group, as well as establishing a sound risk management and internal control system that contributes towards long-term value creation for all our stakeholders.

Our approach to good governance is built effectively to ensure we conduct our business with integrity and accountability, while simultaneously embracing and promoting sustainable business practices. Magnum engages frequently with our key stakeholder groups to drive positive change in the communities we serve.

Board and Board-level Committees

Board of Directors (BOD)	Group Risk Management Committee	Group Audit Committee	Remuneration Committee	Nomination Committee
<ul style="list-style-type: none"> Ultimate governing body with overall Group's risk oversight responsibility. Ensure corporate objectives are supported by a sound and effective risk strategy and management. Set and approve the long-term direction and goals for sustainability. Approve plans and performance targets that are consistent with the ESG risk appetite and risk-taking activities. 	<ul style="list-style-type: none"> Review and approve sustainable risk management strategies, ESG as well as risk framework and policies. Review and approve adequacy of ESG risk management policies and framework in identifying, measuring, monitoring, and controlling ESG risks. 	<ul style="list-style-type: none"> Review 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. 	<ul style="list-style-type: none"> 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. Review and ensure that the remuneration fairly reflects the responsibilities, the expertise required by the Group and the complexity of its operations, in line with the business strategy and long-term objectives of the Group. 	<ul style="list-style-type: none"> 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. Assist the Board in reviewing its required mix of skills and experience and other qualities which Non-Executive Directors should bring to the Board.

Sustainability Statement

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Executive-level Committees

Management Risk Committee	Information Security Committee	ESG Committee
<ul style="list-style-type: none"> Review and recommend sustainable risk management strategies for BOD's approval. Review and assess adequacy of sustainable risk management framework and policies and the extent to which they operate effectively. Provide strategic direction to integrate sustainability into the Group's business strategies and operations. Oversee Magnum's due diligence and other processes to manage impacts. 	<ul style="list-style-type: none"> Review and recommend information security risk strategies for the Group. Review and assess adequacy of security risk management framework and policies, and the extent to which they operate effectively. Review the information security compliances to reduce risk. 	<ul style="list-style-type: none"> Set appropriate strategic goals and KPIs to meet the Group's long-term ESG goals. Identify, address and report on sustainability risks, including emerging risks, and mitigation plans.

Senior Management and Working-level Committees

Senior Management and Working-Level Committees
<ul style="list-style-type: none"> Ensure the management of Group risk is in line with the approved ESG risk appetite, risk strategy, risk framework, policies, procedures and risk management practices and processes established.

Working Level

Group Risk
<ul style="list-style-type: none"> Provide oversight of risk management on an enterprise-wide level by incorporating sustainability risk elements into the Group's risk strategies, frameworks and policies, with independent assessment and monitoring. Support the Group in meeting its strategic and business objectives.



Sustainability Statement

(cont'd.)

Sharper ESG Focus

Guided by the United Nation's Sustainability Development Goals ("UNSDGs"), Magnum is committed to achieve higher missions in empowering its sustainability commitments, especially towards ESG practices. In 2022, the Group Risk Management Committee pivoted the Sustainability Committee to become the ESG Committee, a reflection of the Group's commitment towards increasing its ESG focus and ensuring long-term success. The ESG Committee is led by senior management members, supported by a sub-committee made out of key working-level members. The committee is entrusted to formulate mid-term plans targeted at specific issues of growing concern, especially those involving climate change. Additionally in 2022, the committee was strengthened by the inclusion of experienced new members who strongly demonstrate passion towards sustainability. The Group commits to showcase greater efforts in driving climate impact awareness and to roll out programmes that help combat climate change and meet other relevant goals.

Incentivising Progress

The Group believes that responsible and transparent governance enables the creation of sustainable value for all stakeholders as we work towards embedding ESG and deliver sustainable outcomes across our business. This is why embedding sustainability 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 across all employee levels.



KEY AWARDS AND RECOGNITION



The Best Responsible Gaming Programme in the Country

Magnum is constantly enhancing our leadership practices in being a responsible corporate citizen.

As one of the three largest legal gaming NFOs in the industry, our size and influence throughout Malaysia puts us in an important position to address Responsible Gaming ("RG") practices within the country. Our wholly owned subsidiary, MCSB is honoured to be recognised for spearheading RG initiatives, gaining accolades by respected certification bodies such as the World Lottery Association ("WLA") as a leader in championing a reputed RG programme in Malaysia. In 2012, MCSB was the first NFO in the country to obtain WLA Level 2 RG certification. MCSB raised the bar further in late 2021 to be the first in obtaining WLA's Level 3 RG gaming certification, solidifying our commitment in facilitating responsible play and providing an environment which encourages a healthy gaming experience for all players.



FTSE4Good Bursa Malaysia Index

The FTSE4Good Bursa Malaysia Index is designed to highlight companies that demonstrate a leading approach to address ESG risks. The FTSE Russell ESG Ratings form the engine for the FTSE4Good indices, and constituents are selected from the top 200 Malaysian stocks in the FTSE Bursa Malaysia EMAS Index. In 2021, Magnum obtained its **FTSE4Good 4-star rating**, reflecting Magnum in the top 25% by ESG Ratings amongst PLCs in the FBM EMAS Index that was assessed by FTSE Russell. This recognition is a testament of our robust corporate responsibility and sound ESG practices.

Safeguarding our Information and Security System

MCSB was successfully certified against the new WLA SCS: 2020 standards in addition to being recertified against the ISO27001:2013 standards after an external audit in November 2022. This certification is the only internationally recognised security standard for the gaming sector, demonstrating our strong commitment in enforcing best practices for constantly establishing, implementing, maintaining, and continually improving an information security management structure to effectively maintain the integrity, availability, and data confidentiality vital to secure our business operations.

Sustainability Statement

(cont'd.)

EMBARKING ON OUR NEXT JOURNEY

1 Our Transformation Journey

The ‘Magnum Beyond 2025’ transformation programme was a process that began in 2020 to rejuvenate our business and sharpen our focus in improving customer centricity. Two years in, Magnum has stayed true to our mission to restructure and refocus our priorities by recognising, empathising and connecting with our customers’ needs and wants. It is amazing to see the results of our transformation journey accelerated across our business. Magnum adopted forward-leaning technologies, invested in training, and capitalised on a data-driven approach to refine our decision-making process to deliver an enhanced customer experience across all touchpoints. Magnum has truly enhanced our strategy, speed-to-market, productivity, and efficiency. Magnum is more resilient and has laid a strong foundation to future-proof our business.

2 Our Sustainability Focus



Sustainability Statement

(cont'd.)

STREAMLINING OUR SUSTAINABILITY FOCUS

- 1 Stakeholder Engagement
- 2 Materiality
- 3 Economic Sustainability – 2022 Financial Highlights
- 4 Social Sustainability
- 5 Environmental Sustainability
- 6 Our Contributions to the UNSDGs



1 Stakeholder Engagement

Our stakeholders are important to us, and it is crucial that Magnum identifies and understands what is important to them. Utilising a wide range of channels, Magnum strives to actively engage with our stakeholders by taking proactive steps to nurture these relationships and build trusted connections with them. Our stakeholders provide us with the meaningful input needed to ensure that our business strategy, activities, and operations reflect the interests, needs and expectations of all who impact and are impacted by our business, thereby creating a more sustainable future for all.

Stakeholders	Engagement Channels and Approach	Objectives for Stakeholders
Customers	<ul style="list-style-type: none"> Physical outlets and regional offices nationwide. Live chat (Magnum 4D website and MyMagnum 4D app). Customer Careline Centre. Social media platforms. Customer satisfaction (CSAT) and Net Promoter Score (NPS) surveys. Corporate announcements and publications. 	<ul style="list-style-type: none"> Enhance customer service, ensuring it is fast, simple, and convenient. Increase customer satisfaction to increase brand loyalty and brand love. Adhere to Responsible Gaming policy and enhance awareness on responsible gaming practices. Protect and educate against ticket fraud and scams. Provide a fair and trustworthy gaming environment. Protect customers’ personal data and privacy. Enhance product awareness and understanding.



Sustainability Statement

(cont'd.)

Stakeholders	Engagement Channels and Approach	Objectives for Stakeholders
Regulators 	<ul style="list-style-type: none"> Regular meetings and consultations. Regular reporting, engagement, and timely updates. Active participation and regular contribution towards industry and regulatory working groups, forums, and consultation papers. Visits and inspections. Dialogue sessions. 	<ul style="list-style-type: none"> Ensure full compliance with laws, legislative framework, and regulatory requirements to cultivate an ethical culture that complies with all regulations. Ensure accountability and integrity. 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. Ensure timely payment of taxes due. Observe strict compliance with anti-money laundering policy. Lead industry standards towards developing and incorporating ESG/ sustainability considerations.
Employees 	<ul style="list-style-type: none"> Townhall sessions with management and other engagement initiatives. Employee engagement programmes. Regular communication via various channels and platforms (e.g., emails, newsletters and portals), as well as virtual and social media channels. Training and Development programmes. Feedback platforms. 	<ul style="list-style-type: none"> A workplace that celebrates equality and a positive working environment. Support career advancement planning. Invest in learning and professional development. Reward fairly and justly through remuneration and benefits. Recognise contributions toward Company's goals and direction. Ensure flexibility and work-life balance. Equipped with the right skills, capabilities, and mindset to remain relevant. Contribution towards CSR initiatives and community development programmes.

Sustainability Statement




(cont'd.)

Stakeholders	Engagement Channels and Approach	Objectives for Stakeholders
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. 	<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 and ethical business practices. Advocate strong corporate governance and compliance. Maintain transparency and active engagement. Embed sustainability and commit to responsible business practices. Stay ahead of emerging competition. Institute effective risk management policies.
Community 	<ul style="list-style-type: none"> Community development and outreach programmes. Updates on websites, social media channels and other virtual communication platforms. Various capacity building and economic empowerment initiatives. Strategic partnerships as well as philanthropic, environmental, and educational programmes. Employee volunteering programme. 	<ul style="list-style-type: none"> Maximise the positive impact of our community initiatives to build a sustainable future for all. Give back to the community and society especially serving the vulnerable and underprivileged. Increase awareness and participation in employee driven programmes. Explore viable and impactful community driven programmes. Spread a 'caring and sharing' mindset and positivity. Support relevant UN Sustainable Development Goals (UNSDGs).



Sustainability Statement

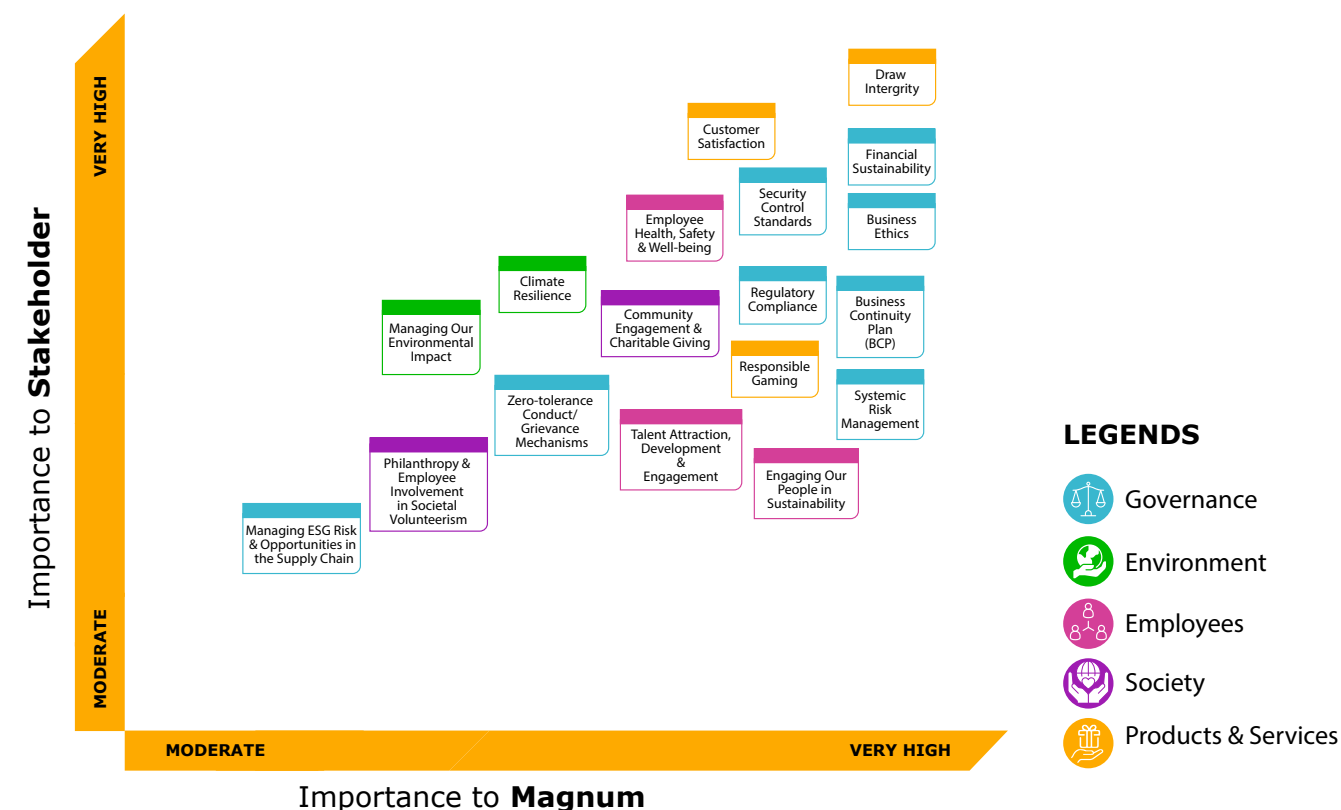
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Stakeholders	Engagement Channels and Approach	Objectives for Stakeholders
Sales Partners 	<ul style="list-style-type: none"> Agency visits. Mystery shoppers. Partner surveys. Business engagement. Regular communication (e.g., calls, emails, newsletters, chat). Training programmes. Collaboration programmes. Social events. 	<ul style="list-style-type: none"> Seek partnership in pursuing customer centricity. Provide sales and solutions support. Share practical compliance framework. Share market intelligence and ideas. Be 'Best in Class' in enriching customer experience. Provide hardware, software, and helpdesk services. Increase efficiency and productivity. Commit to integrity and accountability. Develop insights into new technologically advanced and innovative products.
Suppliers & Vendors 	<ul style="list-style-type: none"> Vendor integrity screenings. Efficient quotation requests, Request for Proposals (RFPs) for tenders and bidding. Discussions and consultations. Supplier briefings and training programmes. Regular supplier and vendor assessment. Regular meetings and site visits. 	<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. Uphold business integrity. Promote sustainable and ethical supply chain. Apply supply chain risk management. Meet high economic, ethical, and socio-environmental standards.
Media 	<ul style="list-style-type: none"> Media coverage. Website and social media updates. Press interviews. Press releases. 	<p>Release of the following information appropriately:</p> <ul style="list-style-type: none"> Company's growth and value chain developments. Corporate updates. Business performance and outlook. Current and/or future projects and directions. Corporate Social Responsibility activities. Draw results and winning stories.

Sustainability Statement

(cont'd.)

2 Materiality



STREAMLINING OUR SUSTAINABILITY FOCUS

In 2022, Magnum performed a review of these material topics to ensure that the identified issues remain relevant to our business, reflect the impact of our operations, and are aligned with stakeholder interests and concerns. Based on our assessment, Magnum has determined that our materiality matrix sufficiently reflects stakeholder interests.

The Group aims to ensure the continued relevance of our sustainability efforts. The material issues that are seen as critical will be integrated into and drive our sustainability strategy. In this respect, the materiality assessment will allow us to identify risks that need to be addressed, as well as opportunities for us to create a positive impact on our communities and stakeholders.

Sustainability Statement

(cont'd.)



GOVERNANCE

Material Issue	Description
FINANCIAL SUSTAINABILITY	To operate a sustainable business, the Group practices a sound and prudent, yet robust financial management to cater to the needs of business operations. The Group maintains its short and long-term financial stability by focusing on the Group's cash flow, revenue, profit margins, expenses and investments.
BUSINESS ETHICS	Organisational standards governing the actions and behaviours of the Group and individuals within it, including personal data protection, prevention of anticompetitive practices, working against corruption, extortion, money laundering and bribery.
SECURITY CONTROL STANDARDS	Operational integrity and security are critical to the success and sustainability of the Group. Stringent controls that comply with industry standards and best practices ensure that our operations and systems remain highly trusted.
BUSINESS CONTINUITY PLAN (BCP)	Business Continuity Plan (BCP) is comprehensive and ensures that major disruptions to business and lives are minimised and that we can achieve a timely recovery of services arising from a disaster or disruption of any kind.
REGULATORY COMPLIANCE	The Group upholds and ensures that all its business practices are in full compliance with all prevailing statutory requirements as required by relevant regulators from time to time.
SYSTEMIC RISK MANAGEMENT	Assessing and managing financial and business risk throughout the Group to prevent major disruptions that may harm the Group, economies, and societies at large (e.g., financial crisis).
ZERO-TOLERANCE CONDUCT/GRIEVANCE MECHANISMS	Culture of zero-tolerance towards bad conduct (internally and externally) and that employees feel free to speak up without fear of retaliation, including setting up formal channels for employees to report issues.
MANAGING ESG RISKS AND OPPORTUNITIES IN THE SUPPLY CHAIN	Efforts to ensure high ESG standards in the supply chain through relevant policies and supplier engagement practices including approaches to diversify suppliers.



Sustainability Statement

(cont'd.)



PRODUCTS AND SERVICES

Material Issue	Description
DRAW INTEGRITY	<p>Magnum has developed highly stringent and secure Draw Standard Operating Procedures ("Draw S.O.P.") to safeguard the integrity of draw proceedings.</p> <p>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 all draws.</p>
RESPONSIBLE GAMING	<p>The World Lottery Association's ("WLA") Responsible Gaming Framework ("RGF") outlines how lotteries can demonstrate their level of commitment to the WLA Responsible Gaming Principles.</p> <p>Responsible Gaming is the lottery sector's most critical element of Corporate Social Responsibility. Beyond growing revenue and returns to good causes, WLA members are required to facilitate responsible play.</p>
CUSTOMER SATISFACTION	Magnum believes that 'customer experience' is much more than merely transacting at our outlets or point of sale. Magnum's core values include placing customers at the forefront of everything we do, ensuring a complete customer experience in all our touchpoints.



ENVIRONMENT

Material Issue	Description
CLIMATE RESILIENCE	Incorporate climate risks (catastrophe losses associated with extreme weather events) into the Group's insurance policy to ensure business continuity despite catastrophic losses, if any, arising from climate risks.
MANAGING OUR ENVIRONMENTAL IMPACT	Company efforts to minimise and manage the environmental footprint of its own operations and resources usage (energy, GHG emissions, water, waste, travel and commuting, etc.)

Sustainability Statement

(cont'd.)



EMPLOYEES

Material Issue	Description
EMPLOYEE HEALTH, SAFETY AND WELL-BEING	Managing risk to employees and work safety to improve their health and well-being, including relevant training, insurance coverage and initiatives to improve work-life balance.
TALENT ATTRACTION, DEVELOPMENT AND ENGAGEMENT	Engagement, recruitment, and retention of employees with relevant skills, and the investment in and development of a talent pool of employees and leadership.
ENGAGING OUR PEOPLE IN SUSTAINABILITY	Increasing employee engagement towards sustainability, the provision of training to empower employees' decisions based on ESG issues, and employees' incentive systems that embed relevant ESG metrics.



SOCIETY

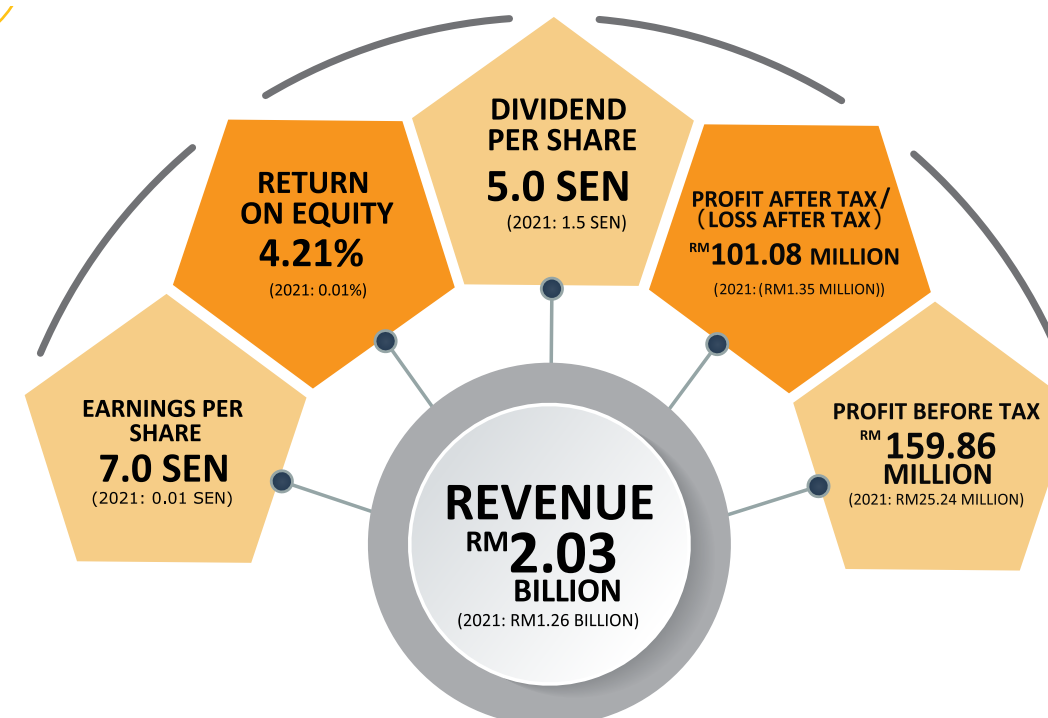
Material Issue	Description
COMMUNITY ENGAGEMENT AND CHARITABLE GIVING	Process of enhancement of economic and social activity on a local scale in a territory where the company is operating/sourcing. To us, our most meaningful work is always done in the field, alongside the Rakyat as we champion the causes of the people and help diversified groups of communities nationwide.
PHILANTHROPY AND EMPLOYEE INVOLVEMENT IN SOCIETAL VOLUNTEERISM	Corporate charitable/philanthropic support of projects aimed at creating positive social impacts including employee volunteering initiatives.



Sustainability Statement

(cont'd.)

3 Economic Sustainability - 2022 Financial Highlights



CORPORATE GOVERNANCE AND COMPLIANCE

Sound corporate governance is the cornerstone of our operations. Magnum's corporate governance adheres to the following requirements 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) 2020 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)
- Malaysia's Anti-Money Laundering and Counter Financing of Terrorism Act 2001

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 our 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.

Sustainability Statement

(cont'd.)

Draw Committee

The draw team is responsible for the conduct of the draw, and they are aided by a larger team supporting the necessary back-end processes. Every draw team is drawn from a pool of core senior Magnum management and executives. The draw itself is headed by a Head of Department/Senior Manager 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 the end of a draw. An additional layer of 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.

BUSINESS CONTINUITY PLAN

Magnum's Business Continuity Plan ("BCP") is comprehensive and ensures that major disruptions to business and lives 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 the 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/asset owners actively reviews the BCP to ensure that it is kept up-to-date and able to respond to potential changes in the business environment.

Elevated Focus Areas for 2022

Combating money laundering and terrorism is one of our key priorities and we take this responsibility very seriously. Magnum has established a 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 winning claims above a stipulated threshold winning amount, the frequency or amount of repeated or cumulative wins over a certain period, and the size of individual winning amounts. Magnum is also complying with the additional requirements imposed by Bank Negara Malaysia requiring an expanded layer of customer due diligence that includes tracking the contact numbers and job occupation of prize winners above a stipulated threshold.

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 conduits 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 reporting 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.

Sustainability Statement

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SECURITY STANDARDS AND CERTIFICATION

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

As a pioneer in the industry, MCSB is certified with the prestigious World Lottery Association: Security Control, WLA SCS:2020 standards in addition to being recertified against the ISO27001:2013 standards in November 2022. MCSB has been certified since November 2013, and has maintained this prestigious status through 2022.

4 SOCIAL RESPONSIBILITY

RESPONSIBLE GAMING

As the first and only Malaysian NFO to obtain WLA's Level 3's Responsible Gaming certification, MCSB is leading the pack in pioneering 'Playing Responsibly' practices. This certification helps ensure that global best practices are being executed and strictly adhered to throughout the organisation for our customers, partners, shareholders, communities and employees.

Responsible Gaming ("RG") 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.

MCSB will continue to provide annual trainings for all employees, sales frontliners and retail outlet partners to ensure that RG 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 RG information; information that helps them avoid the harm of excessive playing habits.

Digital Self-assessment Tools

To help further advocate RG and educate players, MCSB designed the 'Gaming Health Check' tool to help players understand their gaming habits and the necessary steps to take corrective actions where needed. In 2022, MCSB introduced another new RG tool called the 'Gaming Calculator' for players to assess their monthly gaming spending habits and take necessary precautions to avoid excessive spending behaviour. MCSB is steadfast in our commitment and responsibility to educate our players to play our games responsibly by providing useful information and tools for an improved gaming experience.

Our players can find out more information on these RG tools via our Magnum 4D website where we provide important information on RG.

Gambling Rehab Centre ("GRC"), Kuala Lumpur

MCSB has partnered with GRC Gambling Rehab Centre who specialises in rehabilitation treatment to further channel assistance for excessive players in Malaysia. Players can find more information on this centre on Magnum 4D's website.

Magnum Responsible Gaming Week ("RG Week")

MCSB is the first lottery company in Malaysia to introduce its RG Week programme to continuously educate our players on Playing Responsibly. First launched in May 2021, this is an education and awareness programme focusing on the harms of



Sustainability Statement

(cont'd.)

excessive gaming and the importance of 'playing within your limits'. RG Week is held annually and is an important platform providing informative education in hopes of minimising problem gaming in Malaysia.

Responsible Gaming Training for Employees

All employees are required to attend the RG training held annually to understand and inculcate RG best practices both on a personal level as well as on a professional level.

Over 95% of our frontliners nationwide are trained, and they are able to use RG knowledge to protect our customers better. Our Retailer training video was distributed to all frontliners, and on-ground assessments were conducted to further instill RG awareness and understanding.

Showcasing RG advertising materials in retail outlets

Several RG advertising materials were published, distributed, and uniquely displayed at our retail outlets nationwide. All advertising materials are educational in nature, promoting RG habits to ensure we encourage our customers to adopt a healthy playing behaviour.

Enhancing our social media reach



MCSB provides player education and awareness of RG through regular social media posts on our channels. The posts consist of knowledge to prevent underage gaming, the financial management of winnings, where to seek help due to problem gaming, and much more.

Supporting Rehab Centres for awareness

MCSB continues to work with active NGOs who provide professional counselling and rehabilitation for problem gamblers in the country. MCSB also helps 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.

Dedicated team of Responsible Gaming advocates

MCSB has a dedicated team of RG advocates who are tasked to help roll out programmes based on WLA's Level 3 RG framework. This passionate team also coordinates and monitors the progress of all initiatives to monitor and further expand MCSB's effort in conducting the best RG practices in Malaysia.

MCSB aims to further drive RG initiatives and will continue to play a leading role in promoting a safe and healthy environment for our players to enjoy.

EMPLOYEES – OUR 'MAGNITES'

The success of our business depends on our people. While our core values determine how we should interact, it is our everyday behaviour that demonstrates our 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 - our Magnites, make up a diverse range of ethnicities, cultural backgrounds, and professional experiences. Magnum is an inclusive organisation where every Magnite has an equal opportunity to reach his/her full potential.



Sustainability Statement

(cont'd.)

People & Culture; Everyday Practices

Our Core Values



Staying true to our core values, our employees are critical to the long-term resilience, success, and sustainability of our organisation. They are essential in enabling us to provide superior customer experience, and more importantly, execute our sustainability and digitalisation ambitions. As such, Magnum focuses on creating a caring and inclusive work environment that supports our employees' health, well-being, and safety, thus allowing them to fulfil their personal and professional goals.

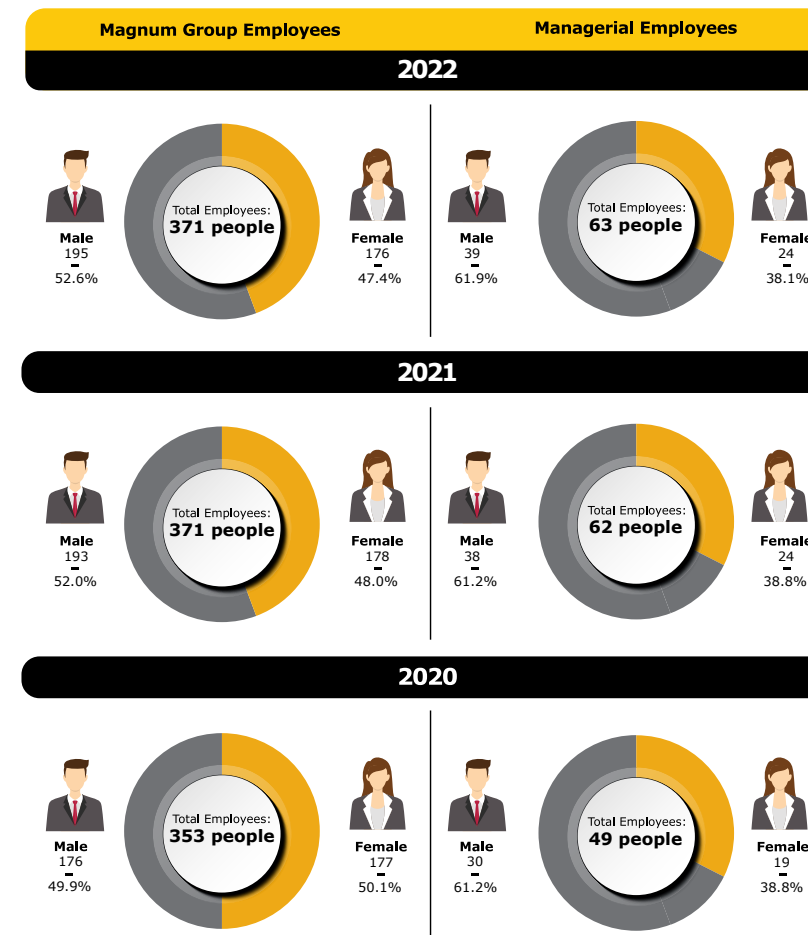
To ensure that Magnum remains agile in the face of evolving consumer preferences, shifting industry trends, and unforeseen disruptions, it is imperative that investment in our human capital alongside our technology infrastructure is continued.

Our mission will require us to

continuously develop the right competencies amongst our employees, so that we can implement Company-wide initiatives effectively and manage challenges or uncertainties with confidence, ensuring our people remain agile, flexible, and adaptable in the face of progress. Magnum will continue to enhance our employees' capabilities in key areas such as digital, customer-centricity and sustainability, so that we are better-positioned to achieve our ambitions.

Our emphasis on agility and adaptability has been instrumental throughout the pandemic and into the endemic phase, allowing us to quickly adjust to new ways of working while maintaining uninterrupted and high-quality service delivery, setting new standards along the way. Magnum will continue to keep in close contact with our employees via various engagements, well-being initiatives and learning opportunities, allowing them to thrive despite the trying circumstances.

Through these 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. Magnum also promotes regular and transparent communication through various policies and channels, such as the "open door" policy where any employee may approach any member of management on any topic, and company-wide communication of business performance updates and benchmarks, including those that promote clarity in regard to the Company's direction.



Sustainability Statement

(cont'd.)

TRAINING AND DEVELOPMENT

Magnum takes pride in our strong learning culture and continues to invest in our employees, helping them hone the skills they need to thrive and succeed. Our employees are continuously encouraged to develop themselves by enhancing their skill sets, taking on stretch assignments and embracing expanded responsibilities.

Magnum utilises learning and development programmes that can be tailored to suit the needs of employees at all levels. Effective training demands the right tools that are innovative and diverse, as well as match each person's strengths and weaknesses. 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.

In 2022, our training sessions faced restrictions due to lingering effects of the pandemic, nevertheless, Magnum pivoted to conducting training sessions either online or by limiting group sizes within safe venues. These training sessions focused on leadership, emotional intelligent (EQ), English language, motivational talks, raising customer service, including our highly acclaimed Design Thinking Workshops.

The key advantage Magnum had over the year was the ability to better align our training sessions to the goals stated in our 'Magnum Beyond 2025' transformation plan, thus, creating stronger employee focus in areas such as technology, digitalisation, sustainability, and environmental issues. In this spirit, Magnum will continue to expand our learning platforms to support a culture of continuous learning, development and growth, ensuring our employees have access to a breadth of content to enhance their skills across a range of different areas.

Sustainability Related Learning

Over the past year, Magnum focused extensively on empowering employees to be more sustainability-driven, utilising a range of internal communications methods and training programmes to drive this endeavour. Magnum's aim is to increase our employees' knowledge and understanding on sustainability, so that they better understand how their actions can lead to positive impacts and better execute our sustainability agenda.

WORKPLACE HEALTH, SAFETY AND WELL-BEING

The impact of the pandemic continued to remain a pervasive issue throughout 2022, creating numerous organisational and business-related challenges. 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.

Magnum is committed to providing a safe and healthy work environment for all Magnites, as we believe that caring for our employees allows them to flourish and be more productive. Besides measures related to managing COVID-19 risks, we have a set of established workplace safety guidelines to identify and address health and safety risks.

In the face of these challenges, Magnum retained its ability to strike a balance between ensuring business continuity and safeguarding employee welfare. In addition to our efforts to keep employees updated on COVID-19-related developments, we established policies and practices to support the health and well-being of our employees. As a result of our efforts, we were able to continue delivering high quality service to our customers throughout this challenging time.

Magnum has continuously supported our employees in overcoming the challenges caused by the pandemic, proactively establishing, and activating our Business Continuity Plan even before COVID-19 was declared a pandemic. Recognising the importance of building herd immunity and curbing the spread of COVID-19, we encouraged employees to get vaccinated, providing unrecorded leave for those obtaining their vaccination – both for the day of vaccination and the day after.

Throughout this reporting period, on the physical front, we added precautions on top of the Ministry of Health's guidelines which saw employees performing weekly COVID-19 self-tests before entering any business premise. Hybrid working arrangements and an extended Work-from-Home 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.



Sustainability Statement

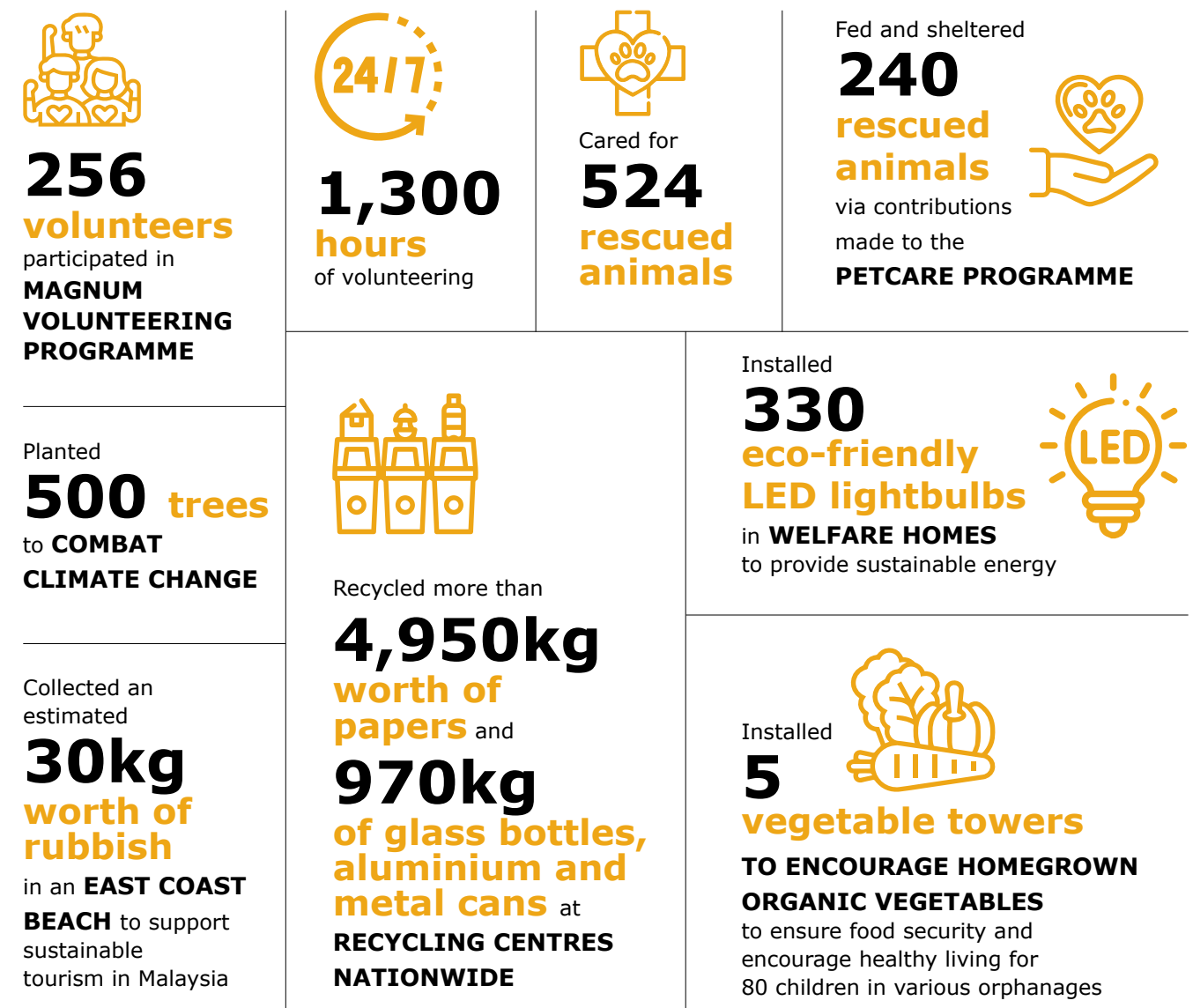
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As a result, Magnum had zero workplace related accidents, minimal COVID-19 positive reported cases and for those who were, a 100% recovery rate. Still, as Magnum celebrates these achievements, we strongly believe we must continue to remain vigilant at all times.

MAGNUM VOLUNTEERING PROGRAMME

Magnum is proud to have introduced our Magnum Volunteering Programme ("MVP"), empowering employees to participate in volunteering activities that contribute to the strength of our commitment as a responsible corporate citizen, collectively delivering greater impact to the society and environment. With a variety of volunteering activities organised, including recycling, tree planting, beach cleaning and assisting at animal shelters, our employees have embraced these activities wholeheartedly, including showing positive behaviour towards teamwork, becoming more empathetic, and improving their social skills.

In 2022, Magnum employees successfully contributed 1,300 hours of volunteering activities. Through their support, we were able to make a difference, supporting various causes that exercised ESG practices.



Sustainability Statement

(cont'd.)



CUSTOMER EXPERIENCE

We are leveraging on technologies to spearhead our digitalisation journey, not only to increase our operational efficiency and employee productivity but ultimately, to improve overall customer experience. At a customer facing front, our MyMagnum 4D app and the M Premium in-app membership programme has raised the bar in the gaming industry with how we build stronger relationships with our customers. We now offer various digital payment options in our outlets and also introduced Live Chat on our website and app, meeting our customers' needs for omnichannel payment options and support channels. Internally, we modernised our operating systems, digitised our field technical support, sharpened our sales strategies by capitalising on a smart data platform, digitally automated operational tasks performed by our agencies, and enhanced our internal IT support for quicker resolutions. Our digitalisation journey has truly increased our overall efficiency, positively impacting how we work towards delivering enhanced customer experience.

Sustainability Statement

(cont'd.)

5 ENVIRONMENTAL SUSTAINABILITY

Environmental stewardship: A business growth driver

Our environmental sustainability approach is proactive across all 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 at every step of the way too.

For Magnum and our ESG 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.

Energy

Lighting and air-conditioning our offices accounts for a large portion. Over the past 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 purchased when needed and minimises excess.

Paper recycling

With our increasing levels of digitalisation, office documents are stored and circulated electronically. In 2022, Magnum also introduced various digital processes to elevate online processing for internal business practices and replace paper usage. Together with a growing usage of Magnum's newly launched mobile app and leveraging on our social media channels for communication, we aim towards achieving a paperless state. We are proud to announce that we have managed to reduce approximately 50% of our office paper usage since embarking on this practice.

Magnum believes in recycling practices and empowers our employees and sales partners to recycle their wastepaper, in hopes to combat climate change. 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.

Green initiatives within our Magnum Volunteering Programme

In 2022, Magnum introduced our Magnum Volunteering Programme (MVP) for employees to partake in volunteerism activities. In this programme, we also included 'Green' initiatives which include recycling practices and tree planting activities to further empower sustainable living and education. Reaching beyond ourselves, we have also supported and collaborated with community-based NGOs on various environmental and conservation efforts while also educating our stakeholders on the importance of loving the environment.



Sustainability Statement

(cont'd.)

6

OUR CONTRIBUTIONS TO THE UNSDGs THROUGH CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

SUSTAINABLE DEVELOPMENT GOALS

THE SDGs, PART OF THE MAGNUM'S GROUP BUSINESS STRATEGY

MAIN FOCUS



INDIRECT CONTRIBUTION



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 our business challenges in 2022, MagnumCares still persisted in exploring new and effective solutions to help improve the lives of our community.

Our 2022 CSR Initiatives at a glance

We soldiered on through the many headwinds faced in 2022, never faltering in our mission to spread kindness, contribute towards the various kinds of assistance and care across a diverse group of communities.

Over
RM2.5 million
CSR contribution to the nation in 2022:

26,500+

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

6,000+

Students

450+

**Welfare homes,
schools and NGOs**

and **100+**

frontliners in need

Sustainability Statement

(cont'd.)

SUSTAINABLE DEVELOPMENT GOALS

THE SDGs, PART OF THE MAGNUM'S GROUP BUSINESS STRATEGY

We are Contributing Towards

- Assisting the extreme poor.
- Providing equal rights access to economic resources.
- Enhancing living conditions of underprivileged communities.

Our Initiatives

- MagnumCares Community Support Programme.
- Home Enhancement Programme (HEP).
- Festive donations and sponsorships to underprivileged communities (orphanages, senior homes, OKUs, and B40s).

Our Progress in 2022

- Contributions during Festivals (Chinese New Year, Gawai, and Deepavali celebrations)
 - Magnum assisted more than 450 welfare homes and charitable organisations, giving out donations, food aids and education materials, carrying out home restorations project, and various other community development programmes.
 - RM800,000 in donations was contributed to uplift the wellbeing and living conditions of welfare homes, schools, and charitable organisations.
- Home Enhancement Programme
 - Annually, Magnum implements the 3R (restore, replace, refurbish) project to improve the conditions of 8 welfare homes nationwide.



Sustainability Statement

(cont'd.)

We are Contributing Towards

- Promoting mental health and well-being.
- Treating problem gaming.
- Providing quality health coverage.

Our Initiatives

- Magnum CSR Community Support Programme and 'Cepat-cepat Tolong' Initiative.
- Magnum Volunteering Programme for employees.
- Frontliners Aid Scheme.
- Collaborations with NGOs.

Our Progress in 2022

- Magnum CSR Community Support Programme and 'Cepat-cepat Tolong' Initiative.
 - Supported 130 underprivileged individuals who are critically ill, contributing towards their medical bills, surgery, and life-threatening emergency payments.
- Magnum Volunteering Programme.
 - Magnum established the 'Magnum Volunteering Programme', empowering our employees to contribute their time in giving back to the communities. Besides increasing empathy, this programme helps increase work-life harmony and mental positivity.
 - More than 1,300 volunteering hours recorded with about 70% employee participation.
- Frontliners Aid Scheme.
 - Benefited more than 100 frontliners in supporting critical medical cases and providing education grants and awards for their children.
- Responsible Gaming (RG).
 - Organised the RG Week in May 2022 to educate players on playing responsibly to reduce excessive gaming habits.
 - Partnered with Gambling Rehab Centre to support players that required assistance in problem gambling.



Sustainability Statement

(cont'd.)

We are Contributing Towards

- Providing access to quality education.
- Enhancing skills for employment, decent jobs, and entrepreneurship.
- Providing access to education for the vulnerable.

Our Initiatives

- Empowering training and upskilling opportunities for Magnum employees.
- Academic Motivation Awards.
- Partnering with education driven NGOs to provide education materials to B40 communities and high-achieving students.
- Empowering the OKU community in developing learning skills.

Our Progress in 2022

- 98% of employees underwent upskilling and training courses.
- Supported the National Mandarin Debate Competition to inspire and strengthen more than 300 students' skills in the language.
- Awarded Academic Motivation Awards to more than 2,000 students, presenting 'Top Student' awards, 'Most Improved Student' awards, and 'Most Caring Teacher' awards.
- Donated school necessities to underprivileged students in schools.
- Supported upskilling and training programmes for the OKU community.



We are Contributing Towards

- Supporting positive economic, social, and environmental links between urban, peri-urban (suburban) and rural areas by strengthening development planning.

Our Initiatives

- Supporting Green energy consumption in welfare homes.
- Orang Asli sustainable living Initiative.



Our Progress in 2022

- Installed more than 330 eco-friendly LED light bulbs at 5 welfare homes, helping to reduce electricity cost by 15-30% in each home.
- Supported various Green community projects.
- Provided organic vegetable towers to 5 welfare homes to introduce self-sustained and homegrown organic vegetables for healthy diet while also promoting sustainable living.
- Provided chicken coops and learning sessions for 22 Orang Asli families in Pahang to introduce sustainable living practices.


Sustainability Statement

(cont'd.)

13 CLIMATE ACTION	
We are Contributing Towards	Our Progress in 2022
<ul style="list-style-type: none"> Strengthening resilience and adaptiveness towards climate-related hazards and natural disasters. 	<ul style="list-style-type: none"> Introduced the Magnum Sustainability Procedure to implement sustainability action and provide guidelines to employees on climate action initiatives which include reducing carbon emissions, paper usage and supporting green energy.
Our Initiatives	
<ul style="list-style-type: none"> Implementing sustainability actions and providing guidelines to employees with our Magnum Sustainability Procedure. Partaking in, recycling, and beach cleaning activities in our Magnum Volunteering Programme. Ingraining the 'paperless initiative' to keep track on the Group's office paper consumption. 	<ul style="list-style-type: none"> More than 4,950kg of paper and 970kg of glass bottles, aluminium and metal cans have been recycled by Magnum's employees at recycling centres nationwide. In conjunction with Magnum Sports Club trip, more than 60 employees participated in a Beach Cleaning activity in Redang island to improve sustainable tourism in Malaysia.




15 LIFE ON LAND	
We are Contributing Towards	Our Progress in 2022
<ul style="list-style-type: none"> Volunteering and caring for rescued animals. Protecting and preventing the extinction of threatened species. 	<ul style="list-style-type: none"> More than 120 Magnum employees successfully planted 500 trees to support our sustainability movement in combating climate change together with the Malaysian Nature Society (MNS).
Our Initiatives	
<ul style="list-style-type: none"> Partaking in tree planting, recycling, and animal welfare in our Magnum Volunteering Programme for employees. Adopting 7 orangutans in Sarawak. 	<ul style="list-style-type: none"> Magnum employees volunteered to care for more than 524 rescued dogs and cats in animal shelters nationwide. Fed and sheltered more than 240 rescued animals through our Pet Care Programme with SPCA Malaysia. Adopted 7 orangutans in Semengoh Wildlife Centre in Kuching, Sarawak, using the funds collected through our recycling initiatives to fund the adoption.




Sustainability Statement

(cont'd.)

16 PEACE, JUSTICE AND STRONG INSTITUTIONS	
We are Contributing Towards	Our Progress in 2022
<ul style="list-style-type: none"> Substantially reducing corruption and bribery in all their forms. Developing effective, accountable, and transparent institutions at all levels. 	<ul style="list-style-type: none"> Institutionalised Board and Executive-level sustainability committees. Obtained the highest level of Responsible Gaming certification in Malaysia (Level 3) from the World Lottery Association (WLA) to equip our stakeholders on the importance of Responsible Gaming. Successfully certified against the new WLA SCS:2020 standards and recertified against the ISO27001:2013 standards for constantly establishing, implementing, maintaining and continually improving an information security management system. Launched our first e-learning module on Anti-Bribery and Corruption (ABAC), to equip employees with an understanding of our ABAC Policy.
Our Initiatives	
<ul style="list-style-type: none"> Ensuring sound governance practices. Ensuring compliance with regulatory requirements across all our business operations. Upholding high standards of integrity and sound business ethics. 	



17 PARTNERSHIPS FOR THE GOALS	
We are Contributing Towards	Our Progress in 2022
<ul style="list-style-type: none"> Committing towards multi-stakeholder partnerships to support the achievement of the SDGs. 	<ul style="list-style-type: none"> We have collaborated with multiple programme partners to conduct internal and external programmes to support our community development initiatives. MCSB is a member of the Asian Pacific Lottery Association (APLA) and World Lottery Association (WLA). We are committed to streamline all operations processes according to their guidelines and certifications.
Our Initiatives	
<ul style="list-style-type: none"> Collaborating actively with regulators and community development programme partners. 	



This Statement was approved by the Board on 29 March 2023.

Board of Directors' Profile

Tan Sri Dato' Surin Upatkoorn

Non-Independent Non-Executive Chairman

Age: **74**

Nationality: **Thai**

Gender: **Male**

Board Meeting Attendance in 2022: **5/5**

OCCUPATION, WORKING EXPERIENCE AND QUALIFICATIONS:

Tan Sri Dato' Surin Upatkoorn was appointed Executive Director of Multi-Purpose Holdings Berhad (now known as Magnum Berhad) ("**Magnum**") on 4 August 2000. Subsequently, on 28 August 2002, he was appointed Managing Director of Magnum where he played a major role in formulating the business strategies and direction of Magnum Group and was actively involved in the policy making aspects of the operations of Magnum Group. On 26 June 2013, he relinquished his executive position and was redesignated to Non-Executive Chairman of Magnum. Tan Sri Surin does not sit on any Board 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, MWE Golf & Country Club 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: **66**

Nationality: **Malaysian**

Gender: **Male**

Board Meeting Attendance in 2022: **5/5**

OCCUPATION, WORKING EXPERIENCE AND QUALIFICATIONS:

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 redesignated 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 a Trustee of Magnum Foundation. He also sits on the Board of Directors of Malaysian South-South Corporation Berhad.

Since 21 November 2018, Dato' Lim has been the Chair, Security and Risk Management Committee of the World Lottery Association ("**WLA**"). He was appointed as an Executive Committee Member of WLA on 19 October 2022. Dato' Lim was a member of the Executive Committee of the Asia Pacific Lottery Association ("**APLA**") from November 2006 to October 2018. He also held the position of the Chairman of APLA from November 2014 to October 2018.

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 Upatkoorn

Non-Independent Executive Director

Age: **43**

Nationality: **Thai**

Gender: **Male**

Board Meeting Attendance in 2022: **5/5**

OCCUPATION, WORKING EXPERIENCE AND QUALIFICATIONS:

Krian Upatkoorn was appointed as Executive Director of Magnum Berhad ("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 Sdn. Bhd. (previously known as MWE Holdings Berhad) ("MWE") which was a public company listed on the Main Market of Bursa Malaysia Securities Berhad until October 2018. He also sits on the Board of Directors of Davex Holdings Berhad and MWE Golf & Country Club Berhad, both subsidiaries of MWE. In addition, he 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.

Board of Directors' Profile

(cont'd.)

Datuk Vijeyaratnam a/l V. Thamotharam Pillay

Non-Independent
Non-Executive Director

Age: **71**

Nationality: **Malaysian**

Gender: **Male**

Board Meeting Attendance in 2022: **5/5**

OCCUPATION, WORKING EXPERIENCE AND QUALIFICATIONS:

Datuk Vijeyaratnam a/l V. Thamotharam Pillay was appointed to the Board of Multi-Purpose Holdings Berhad (now known as Magnum Berhad) ("Magnum") on 16 November 1999. He is a member of the Nomination Committee and the Group Audit Committee of Magnum.

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

Presently, Datuk Vijeyaratnam sits on the Board of several private limited companies in Malaysia. He is also a Trustee of Magnum Foundation.

Dato' Seri Lim Tiong Chin

Independent
Non-Executive Director

Age: **70**

Nationality: **Malaysian**

Gender: **Male**

Board Meeting Attendance in 2022: **5/5**

OCCUPATION, WORKING EXPERIENCE AND QUALIFICATIONS:

Dato' Seri Lim Tiong Chin was appointed to the Board of Magnum Berhad ("Magnum") on 22 August 2017. He is the Chairman of the Group Audit Committee, the Nomination Committee and the Remuneration Committee of Magnum. He is also a member of the Group Risk Management Committee of Magnum.

Dato' Seri 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' Seri 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.

Board of Directors' Profile

(cont'd.)

Jean Francine Goonting

Independent
Non-Executive Director

Age: **55**

Nationality: **Malaysian**

Gender: **Female**

Board Meeting Attendance in 2022: **5/5**

Ng Siew Hong

Independent
Non-Executive Director

Age: **66**

Nationality: **Malaysian**

Gender: **Female**

Board Meeting Attendance in 2022:
Not applicable as she was appointed to
the Board on 15 March 2023

OCCUPATION, WORKING EXPERIENCE

AND QUALIFICATIONS:

Jean Francine Goonting was appointed to the Board of Magnum Berhad ("Magnum") on 20 August 2019. She is the Chairperson of the Group Risk Management Committee of Magnum. She is also a member of the Group Audit Committee, the Nomination Committee and the 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 30 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.

OCCUPATION, WORKING EXPERIENCE

AND QUALIFICATIONS:

Ng Siew Hong (also known as Marcia) was appointed to the Board of Magnum Berhad ("Magnum") on 15 March 2023. She is a member of the Remuneration Committee of Magnum.

Marcia graduated with a degree in law (LL.B Hons) from University of Southampton in 1989. She was admitted as a Barrister-at-law of the Lincoln's Inn, London in 1981 and as an Advocate and Solicitor of the High Court of Malaya in 1982.

Marcia is a retired lawyer. She has more than 30 years of experience in corporate and commercial legal work. She started her legal career in Rashid & Lee (now known as Shahrizat Rashid & Lee) in 1983. She was the first female legal assistant promoted to the status of a partner in the firm. During her practice in Rashid & Lee, she had led a team of lawyers in advising clients and attending to the legal documentations in a broad spectrum of transactions such as reconstruction exercise, revival of abandoned housing projects, advising landowners in negotiation with foreign companies in development/management of hotels and shopping centres, sale and purchase of land/business operations, joint ventures between landowners and developers and project development/management of commercial projects. She left Rashid & Lee in 2003.

Marcia set up her own legal practice in 2004 and subsequently became a partnership with 2 other partners (known as Marcia Ng & Associates) focusing mainly on corporate and commercial legal work, and perusal and research on the law and its implications on commercial transactions between private entities and state authorities. She retired from Marcia Ng & Associates in 2014. She currently sits on the Board of Directors of MPH Capital Berhad (a public listed company).



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 3 April 2023:

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	160,600 ^(c)	0.011
Dato' Seri 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 2022.

Key Senior Management's Profile

Dato' Lawrence Lim Swee Lin

Positions:

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

Age: **66**

Nationality: **Malaysian**

Gender: **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 redesignated 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 redesignated 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 a Trustee of Magnum Foundation. He also sits on the Board of Directors of Malaysian South-South Corporation Berhad.

Since 21 November 2018, Dato' Lim has been the Chair, Security and Risk Management Committee of the World Lottery Association ("WLA"). He was appointed as an Executive Committee Member of WLA on 19 October 2022. Dato' Lim was a member of the Executive Committee of the Asia Pacific Lottery Association ("APLA") from November 2006 to October 2018. He also held the position of the Chairman of APLA from November 2014 to October 2018.

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, Magnum Berhad, and Magnum 4D Berhad

Age: **43**

Nationality: **Thai**

Gender: **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 Sdn. Bhd. (previously known as MWE Holdings Berhad) ("MWE") which was a public company listed on the Main Market of Bursa Malaysia Securities Berhad until October 2018. He also sits on the Board of Directors of Davex Holdings Berhad and MWE Golf & Country Club Berhad, both subsidiaries of MWE. In addition, he holds directorships in various subsidiaries and associated companies in the Magnum Group and a number of other private companies.

Lum Fook Seng

Positions:

- Executive Vice President – Group Chief Financial Officer, Magnum Berhad, and Magnum Corporation Sdn. Bhd.

Age: **58**

Nationality: **Malaysian**

Gender: **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 and Administrators (ICSA)
- Diploma in Business Management from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management & Technology), Malaysia

WORKING EXPERIENCE:

Lum Fook Seng was appointed as Chief Financial Officer of Magnum Berhad and Magnum Corporation Sdn. Bhd. on 1 June 2018 and on 29 March 2023, redesignated as Executive Vice President - Group Chief Financial Officer. 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 31 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.)

Datuk Chan Chee Fai

Position:

- Executive Vice President - Group Chief Commercial Officer, Magnum 4D Berhad

Age: **59**

Nationality: **Malaysian**

Gender: **Male**

Academic/Professional Qualifications:

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

Chong Fhui

Positions:

- Executive Vice President – Group Chief Operating Officer, Magnum 4D Berhad, and Magnum Corporation Sdn. Bhd.

Age: **42**

Nationality: **Malaysian**

Gender: **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 Programme in Digital Transformation Strategies; Judge Business School, University of Cambridge, United Kingdom

WORKING EXPERIENCE:

Datuk Chan Chee Fai was appointed as Group Chief Commercial Officer of Magnum 4D Berhad in March 2021 and on 15 February 2023, redesignated as Executive Vice President - Group Chief Commercial Officer. 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 Corporate Communications, Customer Insights, Brand, Corporate Social Responsibility, Customer Service and Product Administration functions of the Group.

He has more than 30 years of working experience in various capacities including managing sales and marketing, customer service, operations, and corporate communications. He has developed comprehensive communication strategies that support the company's vision and objectives, including spearheading and establishing a dominant brand presence to internal and external stakeholders.

Datuk Chan is also entrusted to provide strategic leadership and guidance on Governmental regulations and compliance for our business.

WORKING EXPERIENCE:

Chong Fhui joined the Group on 1 July 2021 as Chief Operating Officer ("COO") of Magnum 4D Berhad and Deputy Chief Transformation Officer of Magnum Corporation Sdn. Bhd. Thereafter, he was appointed Group Chief Operating Officer, and on 15 February 2023, redesignated as Executive Vice President – Group Chief Operating Officer, overseeing National Retail and Operation, Technical Services, Human Resources, as well as the Group's Strategic Planning, and Digital Assets business functions.

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 helm 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 was 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 Retail 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.)

Julian Wong Ming Vui

Position:

- Senior Vice President - Chief Technology Officer, Magnum 4D Berhad

Age: **43**

Nationality: **Malaysian**

Gender: **Male**

Academic/Professional Qualifications:

- Bachelor of Business (Information Systems), Swinburne University of Technology, Australia
- Diploma in Information Technology, Swinburne University of Technology, Australia
- Certificate IV in Information Technology, Swinburne University of Technology, Australia

WORKING EXPERIENCE:

Julian Wong Ming Vui joined Magnum 4D Berhad as Chief Technology Officer on 20 October 2022 and on 15 February 2023, redesignated as Senior Vice President - Chief Technology Officer. His responsibility is to lead the Business Technology Solutions division in spearheading the implementation of innovative technology solutions to improve internal and external processes and efficiencies.

He carries with him more than 20 years of Information Technology experience, gained from working in global companies to local conglomerates. This includes an impressive career standing in the hospitality industry where he orchestrated and built more than 40 IT infrastructures and operating divisions across different regions to support new business expansions.

Prior to joining Magnum 4D Berhad, Julian was running the global operations for a software development company, overseeing up to 60 personnel across various countries worldwide. He strives to be a versatile Technology Business Partner to achieve maximum operational impacts with minimum resource expenditures.

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 3 April 2023:

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	–	–
Datuk Chan Chee Fai	25,250	0.002	–	–
Julian Wong Ming Vui	100	0.000	–	–

Note:

* 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 3 April 2023.

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 2022.



Corporate Governance Overview Statement

The Board of Directors ("Board") of Magnum Berhad ("Magnum" or "Company") presents this Statement to provide shareholders and other stakeholders of Magnum with an overview of the manner in which Magnum and its subsidiaries (collectively "Group") have, during the financial year ended 31 December 2022, applied the key principles and practices prescribed in the Malaysian Code on Corporate Governance 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:

- Establishing the corporate vision and mission, as well as the philosophy of the Group;
- 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;
- 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;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning for the Board and Senior Management, including appointing, training, fixing the compensation of, and where appropriate, replacing Key Senior Management;
- 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;
- 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;
- 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;
- 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;
- Review and ensure Management compliance to the World Lottery Association's Security Control Standards:2020 and ISO/IEC 27001:2013 standards, which entails putting in place an 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 on 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 2022.

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.

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



Corporate Governance Overview Statement

(cont'd.)

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, which are periodically reviewed to ensure that they are consistent with the MMLR and MCCG, 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 2022 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 ⁽¹⁾ (Non-Independent Non-Executive Director)	3/3	100
Members Dato' Seri Lim Tiong Chin ⁽²⁾ (Independent Non-Executive Director)	3/3	100
Jean Francine Goonting (Independent Non-Executive Director)	3/3	100

Notes:

(1) Redesignated from the Chairman to a member in March 2023.

(2) Redesignated from a member to the Chairman in March 2023.

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 2022 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 2021. 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 46th 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;
- formulated the Directors' Fit and Proper Policy; and
- reviewed the Board Charter.

The Board is satisfied that although the Chairman of the Nomination Committee was a Non-Independent Director, he had successfully led the Nomination Committee to perform its duties transparently and independently during 2022. The Chairman of the Nomination Committee had changed to Dato' Seri Lim Tiong Chin, an Independent Director, in March 2023.

(b) Remuneration Committee

In 2022, the Remuneration Committee consisted 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 ⁽¹⁾ (Non-Independent Non-Executive Director) 	2/2	100
<ul style="list-style-type: none"> Members Dato' Seri Lim Tiong Chin ⁽²⁾ (Independent Non-Executive Director) Jean Francine Goonting (Independent Non-Executive Director) 	2/2 2/2	100 100

Notes:

(1) Relinquished his positions as Chairman and member in March 2023 for the Company to apply Practice 1.4 of the MCGG. He was replaced by Ng Siew Hong, a newly appointed Independent Non-Executive Director, in March 2023.

(2) Redesignated from a member to the Chairman in March 2023.



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.

The Board is of the view that although the Chairman of the Board was also the Chairman of the Remuneration Committee in 2022, there was no issue regarding the check and balance as well as objectivity of any recommendations made by the Remuneration Committee. This is because all decisions are made collectively and any interested member will abstain from deliberations and decisions on matters of which he or she has an interest.

(c) Group Audit Committee

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

	No. of meetings attended/held	%
<ul style="list-style-type: none"> Chairman Dato' Seri Lim Tiong Chin (Independent Non-Executive Director) 	5/5	100
<ul style="list-style-type: none"> Members Datuk Vijeyaratnam a/l V. Thamothearam Pillay (Non-Independent Non-Executive Director) Jean Francine Goonting (Independent Non-Executive Director) 	5/5 5/5	100 100

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	%
<ul style="list-style-type: none"> Chairman Dato' Seri Lim Tiong Chin ⁽¹⁾ (Independent Non-Executive Director) 	2/2	100
<ul style="list-style-type: none"> Members Dato' Lawrence Lim Swee Lin (Non-Independent Executive Director) Jean Francine Goonting ⁽²⁾ (Independent Non-Executive Director) 	2/2 2/2	100 100

Notes:

(1) Redesignated from the Chairman to a member in March 2023.

(2) Redesignated from a member to the Chairman in March 2023

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 risk management 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 formally 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 2022, 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' Seri Lim Tiong Chin	5	5	100
Jean Francine Goonting	5	5	100

Note:

Ng Siew Hong was appointed to the Board as an Independent Non-Executive Director in March 2023 and therefore, she did not participate in any Board Meeting in 2022.

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 Board to discharge its duties effectively.

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 MMLR, 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 2022, 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 2022:

Corporate Governance Overview Statement

(cont'd.)

Director	Seminar/Workshop/Training Courses attended
Tan Sri Dato' Surin Upatkoorn	<ul style="list-style-type: none"> 30 November 2022: Sustainability and Its Impact On Organisations
Dato' Lawrence Lim Swee Lin	<ul style="list-style-type: none"> 9 August 2022: Advocacy Session on The Continuing Disclosure Requirements & Corporate Disclosure Policy Of Listing Requirements 30 November 2022: Sustainability and Its Impact On Organisations
Krian Upatkoorn	<ul style="list-style-type: none"> 28 March 2022: Investment Treaty Protection – A Malaysian & Singaporean Perspective 30 November 2022: Sustainability and Its Impact On Organisations
Datuk Vijeyaratnam a/l V. Thamothearam Pillay	<ul style="list-style-type: none"> 30 November 2022: Sustainability and Its Impact On Organisations
Dato' Seri Lim Tiong Chin	<ul style="list-style-type: none"> 9 August 2022: Advocacy Session on The Continuing Disclosure Requirements & Corporate Disclosure Policy Of Listing Requirements 30 November 2022: Sustainability and Its Impact On Organisations
Jean Francine Goonting	<ul style="list-style-type: none"> 13 September 2022: Advocacy Session On The Continuing Disclosure Requirements & Corporate Disclosure Policy Of Listing Requirements 30 November 2022: Sustainability And Its Impact On Organisations

Note:

Ng Siew Hong was appointed to the Board in March 2023. However, she had attended the Mandatory Accreditation Programme in October 2022.

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

In 2022, the Board had six members, which were made up of a Non-Executive Chairman, two Executive Directors and three Non-Executive Directors, of whom two are Independent Directors. The composition of these two Independent Non-Executive Directors in the Company meets the one-third and the one female director requirements for Independent Non-Executive Directors under the MMLR.

The Board had in March 2023 appointed an additional Independent Director, bringing the total number of Independent Director to three. This is equivalent to a 10% increase from 33% (in 2022, 2 Independent Directors out of 6 Board members) to the current 43% (3 Independent Directors out of 7 Board members) of the total number of Board members in the Company.

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.



Corporate Governance Overview Statement

(cont'd.)

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.

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 on the Board.

The Board had in March 2023 concurred to extend the timeframe for application of Practice 5.2 of the MCCG for 3 years i.e. by the year end of 2025.

2.2 Board Independence

In 2022, the Board comprised 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 MCCG on a policy of limiting the tenure of Independent Directors to nine years of service.

As at 31 December 2022, none of the Independent Directors in office namely, Dato' Seri Lim Tiong Chin and Jean Francine Goonting, has served the Board in such capacity for more than nine years. Each of these two Independent Directors of the Company has provided a written 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 MCCG which stated that the Board comprises at least 30% women Directors.

There was one female Director on the Board during 2022 and in March 2023, another female Director was appointed to the Board. This current new composition of women Directors made up to one third of the total 7 Board members.

The Board is of the view that the current female representation on the Board is adequate for the business model of the Group and has considered that the Company has applied Practice 5.9 of the MCCG.

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 2022 of 47.4% (2021: 48.0%) female to 52.6% (2021: 52.0%) male employees, and 38.1% (2021: 38.8%) female employees holding supervisory and managerial positions.

Corporate Governance Overview Statement

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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 2022, no new Directors were appointed to the Board. In March 2023, an additional female Independent Director was appointed to the Board.

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. 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. The board effectiveness evaluation ("BEE") exercise shall be facilitated by a professional, experienced and independent expert every three (3) years.

In line with Practice 6.1 of MCGG, the Company had in November 2022 engaged Boardroom.com Sdn Bhd ("Boardroom.com") to conduct an objective, professional and candid BEE for assessment year 2022. Boardroom.com has no other connection with the Group.



Corporate Governance Overview Statement

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The 2022 BEE exercise was carried out by Boardroom.com through directors' written self-assessment questionnaires, which are tailored-made and premised on qualitative and quantitative criteria. The assessment criterias are benchmarked against good governance practices prescribed by the regulators and best practices. Private interviews with selected Directors and reviews of the minutes of meetings held during the year 2022 were conducted to corroborate the assessment findings. Boardroom.com also benchmarked the works carried out by the Board and its Committees during the year under review against its duties and responsibilities set out the Board Charter, the Terms of Reference of each Committee and other internal policy documents.

The assessments on the Board, its Committees and individual directors including Independent Directors are based on specific criteria covering amongst others, the following areas:-

- (a) Board composition, including skills and diversity
- (b) Director's independence in accordance with the MMLR and MCGG
- (c) Efficiencies and effectiveness of board leadership
- (d) Improving meetings and information processes
- (e) Committees' responsibilities and effectiveness
- (f) Specific issues or concerns facing the Company and/or industry
- (g) Enhancement of governance guidelines
- (h) Sustainability Leadership
- (i) Director's fit and proper
- (j) Key improvements of the identified areas under the scope of Board Effectiveness Evaluation of the Company
- (k) Remuneration of the Non-Executive Directors.

The results of the BEE exercise were tabled to the Nomination Committee in March 2023. As assessed by Boardroom.com, the identified key areas of improvement are as follows:

- (1) Strategy and business development, which include ESG (Environmental, Social and Governance) and Sustainability strategies discussions in Board meetings;
- (2) Human Capital Development and Succession Management discussions in Board meetings;
- (3) Achieve a greater diversity of the Board in terms of tenure and gender;
- (4) Appointment of additional Independent Directors to the Company; and
- (5) Enhancement to the training needs analysis of Directors.

Based on the assessments conducted for the financial year 2022, 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

(cont'd.)

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, Datuk Vijeyaratnam a/l V. Thamotharam Pillay and Jean Francine Goonting, will be retiring by rotation at the forthcoming 47th Annual General Meeting and being eligible, they have offered themselves for re-elections.

Ng Siew Hong, who was appointed as an Independent Director in March 2023, will also be retiring at the forthcoming 47th Annual General Meeting and being eligible, she has offered herself for re-election.

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 2022 are as follows:

	Company			Subsidiaries			Group	
	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit -in-kind based on estimated money value (RM'000)	Directors' Fees (RM'000)	Salaries (RM'000)	Bonuses and Other Emoluments (RM'000)	Benefit -in-kind based on estimated money value (RM'000)	Total (RM'000)
Non-Executive Director								
TSU	-	-	-	50.0	-	-	-	50.0
DVJ	95.0	-	32.9	-	-	-	-	127.9
DSLTC	95.0	7.5	-	-	-	-	-	102.5
JFG	95.0	7.5	-	-	-	-	-	102.5
Executive Director								
DLSL	-	-	-	55.0	1,248.0	367.0	25.6	1,695.6
KU	-	-	-	5.0	865.2	225.9	-	1,096.1

Notes:

TSU – Tan Sri Dato' Surin Upatkoorn
DVJ – Datuk Vijeyaratnam a/l V. Thamotharam Pillay
DSLTC – Dato' Seri 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 2022 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 2022. Accordingly, the Group Audit Committee has recommended EY's re-appointment as the Company's external auditors for the financial year ending 31 December 2023.

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 affirms its overall responsibility for the Group's system of internal controls, risk management and reviewing the adequacy and integrity of these systems. The Group acknowledges its overall responsibilities for maintaining a sound system of internal controls which includes financial controls, operational and compliance controls and risk management to safeguard shareholders interest and the Company's assets.

Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls. It should be noted that the system of internal controls 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 Group Risk Management Committee ("GRMC") assumes the role in overseeing the risk management function together with the management and to ensure effectiveness of the Group's internal control systems. The GRMC also discusses with the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation and makes relevant recommendations to the Board to manage residual risks.

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 MPHB 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 role of GIA is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactory and effectively in the Group. 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 2022, internal audit engagements were conducted in accordance with its Internal Audit Charter and 2022 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 Other Stakeholders

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 other stakeholders, 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 other stakeholders 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 Executive Vice President-Group Chief Financial Officer (formerly designated as 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, key senior management, the external auditors and the relevant advisors are available to answer questions raised and give clarifications as required.

During the year 2022, the Company had conducted a virtual 46th AGM which was held on 20 May 2022 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. Five 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 one Board member, who is located 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 MCCG, the Notice of the 46th AGM dated 21 April 2022 was issued at least twenty-eight days before the meeting on 20 May 2022. 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.

The minutes of the 46th AGM which set out the summary of the key matters discussed at the AGM were made available on the Company's website, www.magnum.my, no later than 30 business days after the meeting.

The Company will 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 and refine 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 two practice areas, the Company has substantially applied the principles and best practices prescribed in the MCCG during the year 2022 and up to date:

	Application Timeframe
5.2 (Majority board members are independent directors)	3 years
8.2 (Disclosure of top 5 senior management's remuneration on named basis in bands of RM50,000)	Not disclosing

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 Statement was approved by the Board on 29 March 2023.

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 2022 were as follows:

1. Dato' Seri 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' Seri 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 line with Practice 6.1 of the Malaysian Code of Corporate Governance, the Company had in November 2022 engaged an independent expert, Boardroom.com Sdn. Bhd., to facilitate an objective and candid effectiveness evaluation of the Board and its Committees including the GAC for the year 2022.

The individual GAC members were assessed on their tenure, trustworthiness, integrity, their financial literacy and competency in performing their duties under the purview of the GAC including the financial reporting process, and reviewing and recommending the re-appointment of external and internal auditors for the subsequent financial year.

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 2022. All of the Independent Directors also satisfy the test of independence under Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

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 2022 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

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Meetings of the GAC were held with the presence of the Executive Directors, the Executive Vice President - Group Chief Financial Officer (formerly designated as Chief Financial Officer), 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 Executive Vice President - Group Chief Financial Officer 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 2022, 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 2022. The details of attendance of the GAC members are as follows:-

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

SUMMARY OF WORK DURING THE FINANCIAL YEAR 2022

During the financial year ended 31 December 2022, 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 2022:

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 Executive Vice President - Group Chief Financial Officer 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 2022 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 2022. 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 2022 and another in November 2022, 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 2022. 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 2022.

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 2022 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 AML/CFT 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 Counter Financing of Terrorism Act 2001 (AML/CFT) 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 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 and amended the Terms of Reference to reflect the relevant changes in line with the Company's application of the Malaysian Code on Corporate Governance which was published in April 2021 by the Securities Commission Malaysia.
- 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 2022, the internal audit function of the Group was outsourced to MPHB Capital Berhad's Group Internal Audit ("GIA") Department to assist the GAC in discharging its duties and responsibilities. GIA helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

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. To ensure that the responsibilities of GIA are fully discharged in accordance with the International Professional Practices Framework ("IPPF"), the GAC reviews the adequacy of the scope and resources of the internal audit function as well as the competency and experience of the Internal Auditors.

The internal audit activities undertaken by the GIA Department during the financial year ended 31 December 2022 included the following:-

- (1) Formulated the annual audit plan based on risk-based approach, which involved risk-assessment conducted by the internal audit function, and 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 the information security management system, 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 2022 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 operation 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 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, the GIA had completed all 10 planned assignments, covering areas on regional offices, operations, compliance with WLA-SCS:2020 and ISO/IEC 27001:2013 standards as well as regulatory requirements.

The costs incurred for the internal audit function of the Group for financial year ended 31 December 2022 was RM0.64 million (For the financial year ended 31 December 2021, the cost was RM0.53 million).

This Report was approved by the Board on 29 March 2023.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("Board") is committed to continuously improve the Group's risk management and internal control system and is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control systems of the Group for the financial year ended 31 December 2022. The statement is prepared in accordance with the Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirement ("MMLR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises that effective risk management and a sound internal control system are fundamental to good corporate governance. The Board acknowledges its overall and ultimate responsibility for safeguarding stakeholders' interest and maintaining a good risk management and internal control system to address all key risks the Group consider relevant and material to the operations.

The Board is equally aware that the risk management and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the Group business objectives. In this regards, such system of internal control and risk management can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

The Board, through its Group Audit Committee ("GAC") and Group Risk Management Committee ("GRMC"), ensures that Group implements adequate risk management and internal control practices. The Board has continued to improve and embedded controls throughout the Group and maintain the systems under review to ensure they remain fit for purpose.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

1. Risk Management

The Board recognises that effective risk management practices is essential to ensure proper management of the risks that may impede the achievement of the Group's business objectives. The Group has in place an enterprise risk management framework ("ERM Framework") which is embedded into the Group's processes and structure in ensuring the implementation and maintenance of risk management process is efficient and effective across the Group.

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.

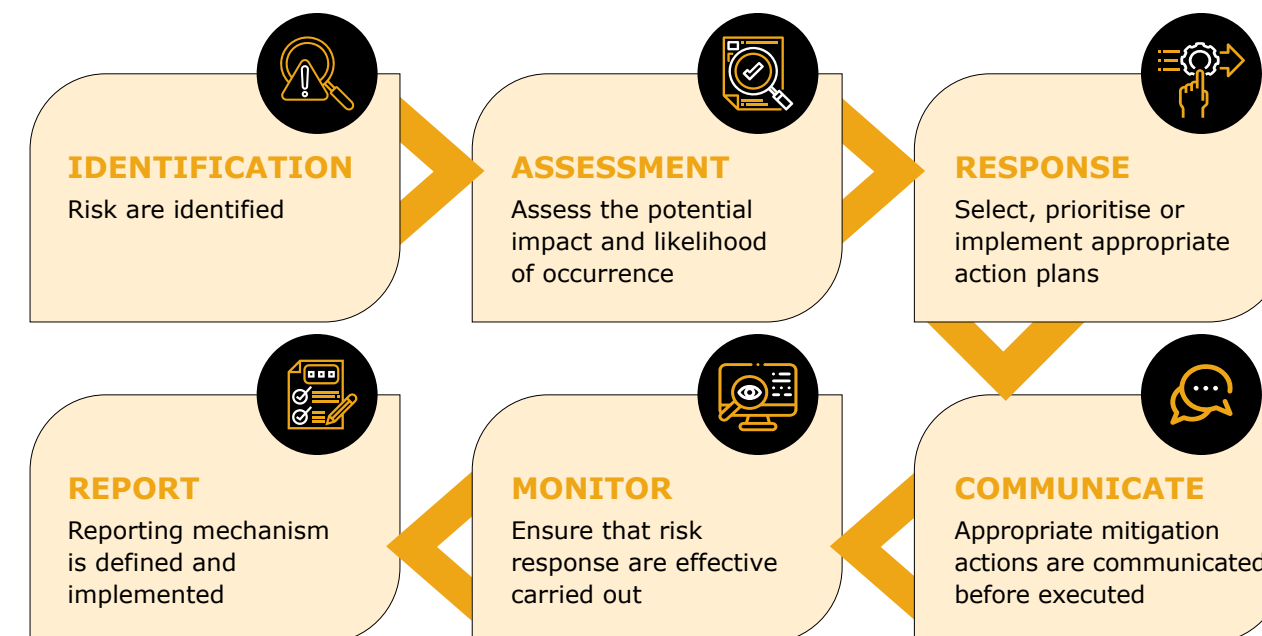
Every year, there is an audit conducted by external certified WLA Auditor, DNV to assess that we continue to comply with the World Lottery Association Security Control Standard ("WLA-SCS:2020") & International Standards Organisation ("ISO27001:2013"). The scope covers the management, operations and maintenance 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 with 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.

Statement on Risk Management and Internal Control (cont'd.)

2. Risk Management Process

The Board has established an ERM Framework to proactively identify, evaluate, monitor and communicate all relevant and potential significant risks to an acceptable level based on a set of parameters, which aims to provide an integrated, sustainable and organised approach.

The risk management process as stated in the ERM Framework is illustrated below:



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

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

Statement on Risk Management and Internal Control

(cont'd.)

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 with defined lines of responsibility, limits of authority and accountability that aligned to the Group's business objectives is in place 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.
- 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:2020 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
 - Internal policies and procedures with regards to core operations, gaming operations, finance and accounting and compliance with regulatory requirements, which are set out in standard operating manuals, 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 business activities at all times as it continues to grow.

- The Group has in place a Whistleblowing Policy to provide 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 environment. 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 Procedure adopted is in line with the enforcement of the new provision of the Malaysian Government on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") on 1 June 2020, which imposes liability on a commercial organisation for corruption committed by persons associated with the commercial organisation. This policy 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.
- Designated compliance officers are appointed to review and monitor the Group's compliance status with relevant regulatory requirements as well as to update the Group's policies in the event there is any changes to the laws and regulations. These designated compliance officers are Anti-Money Laundering And Anti-Terrorism Financing Act ("AML/CFT") Compliance Officer, ABAC Officer, Sustainability Officer, Information Security Officer and Enterprise Risk Management Officer.
- Training and development programmes are provided to equip employees with appropriate knowledge and skills to enable employees to carry out their job functions productively and effectively. Employees are encouraged to embrace the culture of continuous learning for personal competency and career development.
- Regular management committees meetings, (including monthly Management meeting, quarterly Task Force meeting and meetings for Information Security Committee ("ISC"), Management Risk Committee ("MRC"), Environmental, Social and Governance ("ESG") Committee and respective Departments) are held to raise issues, discuss, review and monitor the business development and resolve operational and management issues as well as review financial performance against the business plans, targets and budgets.
- Regular visits by Management team to each operating units as and when necessary 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.
- 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.

ASSURANCE FROM MANAGEMENT

In respect of the year ended 31 December 2022, 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 Executive Vice President - Group 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.

Statement on Risk Management and Internal Control

(cont'd.)

CONCLUSION

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 required the external auditors to consider whether the Statement on Risk Management and Internal Control covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon.

This Statement was approved by the Board on 29 March 2023.



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 2022, 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 29 March 2023.

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Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

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
Profit for the financial year	101,076	141,236
Profit attributable to:		
Owners of the Company	100,605	141,236
Non-controlling interests	471	-
	101,076	141,236

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 2021 were as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
First interim dividend of 1.5 sen per share on 1,437,178,945 ordinary shares declared on 24 February 2022 and paid on 25 March 2022	21,558
In respect of the financial year ended 31 December 2022:	
First interim dividend of 1.0 sen per share on 1,437,178,945 ordinary shares declared on 19 May 2022 and paid on 24 June 2022	14,372
Second interim dividend of 1.5 sen per share on 1,437,178,945 ordinary shares declared on 18 August 2022 and paid on 30 September 2022	21,558
Third interim dividend of 1.0 sen per share on 1,437,178,945 ordinary shares declared on 24 November 2022 and paid on 30 December 2022	14,372
	71,860

Directors' Report

(cont'd.)

DIVIDENDS (cont'd.)

Subsequent to the financial year end, the Directors had on 28 February 2023 declared a fourth interim dividend of 1.5 sen per share on 1,437,178,945 ordinary shares amounted to RM21,558,000 in respect of financial year ended 31 December 2022. The dividend will be paid on 31 March 2023.

This dividend payment will be accounted for in equity as an appropriation of retained profits during the financial year ending 31 December 2023.

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2022.

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 Upatkoon*
 Dato' Lawrence Lim Swee Lin*
 Krian Upatkoon*
 Datuk Vijeyaratnam a/l V. Thamothearam Pillay*
 Dato' Seri Lim Tiong Chin
 Jean Francine Goonting
 Ng Siew Hong (Appointed on 15 March 2023)

* 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:

Lum Fook Seng
 Beh Swan Swan (Resigned on 2 December 2022)

In accordance to Clause 90 of the Company's Constitution, Datuk Vijeyaratnam a/l V. Thamothearam Pillay and Jean Francine Goonting retire by rotation from the Board. Datuk Vijeyaratnam a/l V. Thamothearam Pillay and Jean Francine Goonting being eligible offer themselves for re-election at the forthcoming Annual General Meeting.

In accordance with Clause 97 of the Company's Constitution, Ng Siew Hong retires from the Board. Ng Siew Hong being eligible offers herself 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 below) 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.



Directors' Report

(cont'd.)

DIRECTORS' BENEFITS (cont'd.)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	2,393	15
Fees	385	285
Defined contribution plan	328	–
Estimated money value of benefit-in-kind	59	33
	3,165	333

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1.1.2022	Acquired	Disposed	31.12.2022
Tan Sri Dato' Surin Upatkoon				
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/l V. Thamothearam Pillay				
Direct interest	1,487,800	–	–	1,487,800
Indirect interest ^	60,600	100,000	–	160,600
Krian Upatkoon				
Deemed interest *	3,030,000	–	–	3,030,000
Dato' Seri 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 Casi Management Sdn. Bhd., Pinjaya Sdn. Bhd. and indirect interest held through his children.

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

^ Indirect interest held through his spouse.

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

Directors' Report

(cont'd.)

DIRECTORS' INTERESTS (cont'd.)

Tan Sri Dato' Surin Upatkoon, 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 extend.
 - (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.



Directors' Report

(cont'd.)

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 RM691,000 and RM103,000 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 2022.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2023

Dato' Lawrence Lim Swee Lin

Krian Upatkoon

Statement by Directors

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

We, Dato' Lawrence Lim Swee Lin and Krian Upatkoon, being two of the Directors of Magnum Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 101 to 168 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 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2023

Dato' Lawrence Lim Swee Lin

Krian Upatkoon

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Lum Fook Seng, being the officer primarily responsible for the financial management of Magnum Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 101 to 168 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, **Lum Fook Seng**
at Kuala Lumpur in the Federal Territory
on 29 March 2023

Lum Fook Seng

Before me,
Ong Siew Kee (Licence No. W839)
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 2022 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 168.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

Revenue and cost of sales

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

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

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

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

Independent Auditors' Report

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

Key audit matters (cont'd.)

Impairment of intangible assets

(Refer to summary of significant accounting policies in Note 2.4(b) 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.

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.



Independent Auditors' Report

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

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

Independent Auditors' Report

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 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
29 March 2023

Ng Wai San
No. 03514/08/2024 J
Chartered Accountant



Statements of Profit or Loss

For the financial year ended 31 December 2022

	Note	2022 RM'000	Group 2021 RM'000	2022 RM'000	Company 2021 RM'000
Revenue	4	2,031,100	1,259,556	145,968	101,015
Cost of sales	5	(1,715,976)	(1,093,190)	-	-
Gross profit		315,124	166,366	145,968	101,015
Other income	6	10,958	11,912	5,545	8,976
Administrative expenses		(40,410)	(31,777)	(2,242)	(2,082)
Other expenses		(80,037)	(74,670)	(3,011)	(16,420)
Operating profit		205,635	71,831	146,260	91,489
Finance costs	7	(45,777)	(46,593)	(3,690)	(9,479)
Profit before tax	8	159,858	25,238	142,570	82,010
Income tax expense	9	(58,782)	(26,587)	(1,334)	(1,600)
Profit/(loss) for the financial year		101,076	(1,349)	141,236	80,410
Profit/(loss) attributable to:					
Owners of the Company		100,605	184	141,236	80,410
Non-controlling interests		471	(1,533)	-	-
		101,076	(1,349)	141,236	80,410

	Note	2022	Group 2021
Earnings per share attributable to owners of the Company (sen per share)			
Basic	10	7.00	0.01

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 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) for the financial year	101,076	(1,349)	141,236	80,410
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	(19)	(8)	-	-
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	(324)	(312)	-	-
Other comprehensive loss for the year, net of tax	(343)	(320)	-	-
Total comprehensive income/(loss) for the financial year	100,733	(1,669)	141,236	80,410
Attributable to:				
Owners of the Company	100,262	(136)	141,236	80,410
Non-controlling interests	471	(1,533)	-	-
Total comprehensive income/(loss) for the financial year	100,733	(1,669)	141,236	80,410

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



Statements of Financial Position

As at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	59,164	60,341	50	126
Right-of-use assets	13(a)	15,061	16,501	-	-
Investment properties	14	519	526	628	635
Investment in subsidiaries	15	-	-	2,756,493	2,756,493
Investment securities	16	398,494	388,523	385,429	385,429
Intangible assets	17	2,738,287	2,738,302	-	-
Deferred tax assets	25	5,545	5,337	-	-
		3,217,070	3,209,530	3,142,600	3,142,683
Current assets					
Inventories	18	985	1,292	-	-
Investment securities	16	22,565	35,245	22,565	25,094
Receivables	19	72,957	47,117	31,635	26,103
Tax recoverable		9,264	24,463	857	778
Deposits, cash and bank balances	20	191,357	192,676	2,223	3,033
		297,128	300,793	57,280	55,008
Total assets		3,514,198	3,510,323	3,199,880	3,197,691
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	(567,479)	(567,181)	201,501	201,501
Retained profits	23	805,596	776,851	760,718	691,342
		2,391,311	2,362,864	3,115,413	3,046,037
Non-controlling interests		20,266	21,329	-	-
Total equity		2,411,577	2,384,193	3,115,413	3,046,037
Non-current liabilities					
Borrowings	24	704,114	774,006	-	-
Lease liabilities	13(b)	4,005	5,150	-	-
Deferred tax liabilities	25	1,215	805	-	-
		709,334	779,961	-	-
Current liabilities					
Amounts due to subsidiaries	26	-	-	83,905	151,104
Borrowings	24	189,930	174,982	-	-
Lease liabilities	13(b)	1,394	1,329	-	-
Payables	27	200,921	168,538	562	550
Tax payable		1,042	1,320	-	-
		393,287	346,169	84,467	151,654
Total liabilities		1,102,621	1,126,130	84,467	151,654
Total equity and liabilities		3,514,198	3,510,323	3,199,880	3,197,691

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 2022

Group	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital (Note 21) RM'000	Non-distributable — Other reserves (Note 22) RM'000	Treasury shares (Note 21) RM'000	Retained profits (Note 23) RM'000	Total RM'000		
At 1 January 2022	2,154,357	(567,181)	(1,163)	776,851	2,362,864	21,329	2,384,193
Total comprehensive income for the financial year	—	(343)	—	100,605	100,262	471	100,733
Realisation of fair value loss on Malaysian Government Securities upon maturity	—	45	—	—	45	—	45
Transactions with owners							
Dividends (Note 11)	—	—	—	(71,860)	(71,860)	(1,532)	(73,392)
Acquisition of additional shares in a subsidiary from non-controlling interests	—	—	—	—	—	(2)	(2)
Total transactions with owners	—	—	—	(71,860)	(71,860)	(1,534)	(73,394)
At 31 December 2022	2,154,357	(567,479)	(1,163)	805,596	2,391,311	20,266	2,411,577
At 1 January 2021	2,154,357	(566,861)	(1,163)	805,410	2,391,743	22,862	2,414,605
Total comprehensive income for the financial year	—	(320)	—	184	(136)	(1,533)	(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	2,362,864	21,329	2,384,193

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

Who We Are

Our Perspectives

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Statement of Changes in Equity

For the financial year ended 31 December 2022

Company	Non-distributable		Treasury shares (Note 21) RM'000	Retained profits (Note 23) RM'000	Total equity RM'000
	Share capital (Note 21) RM'000	Other reserves (Note 22) RM'000			
At 1 January 2022	2,154,357	201,501	(1,163)	691,342	3,046,037
Total comprehensive income for the financial year	—	—	—	141,236	141,236
Transactions with owners					
Dividends (Note 11)	—	—	—	(71,860)	(71,860)
At 31 December 2022	2,154,357	201,501	(1,163)	760,718	3,115,413
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

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 2022

Group	2022 RM'000	2021 RM'000
Operating activities		
Profit before tax	159,858	25,238
Adjustments for:		
Depreciation of property, plant and equipment	8,082	9,957
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	1,716	1,752
Finance costs	45,777	46,593
Amortisation of intangible assets	15	15
Gain on disposal of property, plant and equipment	(152)	(145)
Interest income	(10,255)	(9,178)
Dividend income	(142)	(143)
Property, plant and equipment written off	36	15
Rental rebates	-	(39)
Gain on lease modifications	(7)	(17)
Net unrealised loss on foreign exchange	198	160
Realisation of fair value loss on Malaysian Government Securities upon maturity	45	-
Net loss/(gain) arising from fair value changes in:		
- investment in quoted shares	2,529	(2,000)
- investment in unquoted shares	-	15,000
Operating cash flows before changes in working capital	207,707	87,215
Changes in working capital:		
decrease in inventories	307	779
(increase)/decrease in receivables	(20,356)	2,556
increase/(decrease) in payables	33,064	(29,728)
Cash flows generated from operations	220,722	60,822
Net income tax paid	(43,659)	(48,823)
Finance costs paid	(391)	(506)
Net cash flows generated from operating activities	176,672	11,493

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

(cont'd.)

Group	2022 RM'000	2021 RM'000
Investing activities		
Proceeds from disposals of:		
- property, plant and equipment	210	145
- Malaysian Government Securities	10,000	-
Purchase of:		
- additional shares in a subsidiary from non-controlling interests	(2)	-
- purchase of unquoted shares in Malaysia	-	(15,000)
- property, plant and equipment	(6,999)	(4,570)
- Malaysian Government Securities	(10,145)	-
Dividend received from quoted shares	142	143
Interest received	4,771	3,794
Movement in cash deposits pledged	(74)	11,366
Net cash flows used in investing activities	(2,097)	(4,122)
Financing activities		
Net repayment of medium term notes	(55,000)	-
Transaction cost of medium term notes	(318)	-
Repayment of lease liabilities	(1,645)	(1,705)
Interest paid	(45,613)	(45,398)
Dividends paid to:		
- shareholders	(71,860)	(28,743)
- non-controlling interests	(1,532)	-
Net cash flows used in financing activities	(175,968)	(75,846)
Net decrease in cash and cash equivalents	(1,393)	(68,475)
Cash and cash equivalents at 1 January	176,270	244,745
Cash and cash equivalents at 31 December (Note 20)	174,877	176,270

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 2022

Company	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Profit before tax	142,570	82,010
Adjustments for:		
Depreciation of property, plant and equipment	76	76
Depreciation of investment properties	7	7
Net loss/(gain) arising from fair value change in investment securities	2,529	(2,000)
Unrealised loss on foreign exchange	-	1
Net allowance for ECL for amount due from subsidiaries	28	32
Dividend income	(145,968)	(101,015)
Impairment loss on investment in a subsidiary	-	15,900
Finance costs	3,690	9,479
Interest income	(5,539)	(6,976)
Operating cash flows before changes in working capital	(2,607)	(2,486)
Changes in working capital:		
(Increase)/decrease in other receivables	(6)	4
Increase in other payables	12	87
(Decrease)/increase in inter-company balances	(70,966)	27,013
Cash flows (used in)/generated from operations	(73,567)	24,618
Net tax (paid)/refund	(1,413)	2,446
Net cash flows (used in)/generated from operating activities	(74,980)	27,064
Cash flows from investing activities		
Investment in subsidiaries	-	(97,151)
Dividends received	145,968	101,015
Interest received	62	88
Net cash flows generated from investing activities	146,030	3,952
Cash flows from financing activity		
Dividends paid, representing net cash flows used in financing activity	(71,860)	(28,743)
Net (decrease)/increase in cash and cash equivalents	(810)	2,273
Cash and cash equivalents at 1 January	3,033	760
Cash and cash equivalents at 31 December (Note 20)	2,223	3,033

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 2022

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 29 March 2023.

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 2022 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 2022, the Group and the Company adopted the following amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2022.

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 Instrument	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

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 2022

(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
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial application of MFRS 17 and MFRS 9	
- Comparative information	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 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with covenants	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
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 2022

(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 2022

(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 2022

(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 2022

(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 2022

(cont'd.)

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

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

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

The following assets have specific characteristics for impairment testing:

Intangible assets

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

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

2.10 Financial instruments

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

(a) Financial assets

(i) Initial recognition and measurement

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

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

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

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

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

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

(ii) Subsequent measurement

Financial assets at amortised cost

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

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

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

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



Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Financial assets at fair value through profit or loss

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.

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.



Notes to the Financial Statements

For the financial year ended 31 December 2022

(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.)

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.

(ii) Subsequent measurement

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

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

(iii) Derecognition

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

(c) Offsetting of financial instruments

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

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

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.

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.



Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.12 Taxes (cont'd.)

(a) Current income tax (cont'd.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.12 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

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 2022

(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.

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;

Notes to the Financial Statements

For the financial year ended 31 December 2022

(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: (cont'd.)

(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.

(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.



Notes to the Financial Statements

For the financial year ended 31 December 2022

(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.)

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.22 Foreign currencies (cont'd.)

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

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:

	2022 RM	2021 RM
1 Pound Sterling	5.32	5.63
100 Philippine Peso	7.92	8.18
100 Hong Kong Dollar	56.61	53.51

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and income and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.23 Leases (cont'd.)

The Group as lessee (cont'd.)

(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
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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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

2.23 Leases (cont'd.)

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.

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.



Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

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

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 2022

(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 oversea's 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(c) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, tax recoverable and deferred tax provisions in the period in which such determination is made. Details of income tax expense and deferred tax are disclosed in Note 9 and Note 25 respectively.

The Directors of the Group and of the Company are of the opinion that total tax recoverable of RM9,264,000 and RM857,000 (2021: RM24,463,000 and RM778,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment income in respect of gross dividends from:				
- subsidiaries	–	–	145,826	100,872
- quoted shares outside Malaysia	142	143	142	143
	142	143	145,968	101,015
Sale of four digit forecast tickets	2,030,871	1,259,328	–	–
Sale of computer software and consultancy services	87	85	–	–
	2,031,100	1,259,556	145,968	101,015

5. COST OF SALES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cost of gaming activities	1,715,976	1,093,190	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

6. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Gain on disposal of property, plant and equipment	152	145	-	-
Interest income (Note 6(a))	10,255	9,178	5,539	6,976
Net gain arising from fair value change in quoted shares (Note 16)	-	2,000	-	2,000
Unrealised gain on foreign exchange	1	-	-	-
Rental rebates (Note 13(b))	-	39	-	-
Gain on lease modifications	7	17	-	-
Others	543	533	6	-
	10,958	11,912	5,545	8,976
(a) Interest income				
Interest income on:				
- short term deposits	4,266	3,199	61	89
- subsidiary	-	-	-	1,409
- Malaysian Government Securities	511	501	-	-
- investment securities	5,478	5,478	5,478	5,478
	10,255	9,178	5,539	6,976

7. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- bank overdrafts	33	210	-	-
- medium term notes	44,716	45,251	-	-
- loan from subsidiaries	-	-	3,690	9,479
- lease liabilities (Note 13(b))	296	362	-	-
Transaction costs (Note 24)	374	475	-	-
Others	358	295	-	-
	45,777	46,593	3,690	9,479

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

8. PROFIT BEFORE TAX

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of investment properties (Note 14)	7	7	7	7
Depreciation of property, plant and equipment (Note 12)	8,082	9,957	76	76
Depreciation of right-of-use assets (Note 13(a))	1,716	1,752	-	-
Directors' remuneration (Note 8(a))	3,165	2,810	333	333
Auditors' remuneration (Note 8(b))	686	636	109	105
Amortisation of intangible assets (Note 17)	15	15	-	-
Employee benefits expense (Note 8(c))	37,220	29,261	196	174
Allowance for ECL:				
- subsidiaries (Note 19(d))	-	-	28	32
Net loss arising from fair value change in:				
- quoted shares	2,529	-	2,529	-
- unquoted shares (Note 16)	-	15,000	-	-
Unrealised loss on foreign exchange	199	160	-	1
Realised loss on foreign exchange	2	-	-	-
Realisation of fair value loss on Malaysian Government Securities upon maturity	45	-	-	-
Property, plant and equipment written off	36	15	-	-
Impairment loss on investment in a subsidiary (Note 15)	-	-	-	15,900

(a) Directors' remuneration

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors' remuneration:				
- fees	50	50	-	-
- salaries and other emoluments	2,706	2,351	-	-
- benefit-in-kind	26	26	-	-
	2,782	2,427	-	-
Non-executive Directors' remuneration:				
- fees	335	335	285	285
- allowances	15	15	15	15
- benefit-in-kind	33	33	33	33
	383	383	333	333
Total Directors' remuneration	3,165	2,810	333	333
Less: Estimated money value of benefit-in-kind	(59)	(59)	(33)	(33)
Total Directors' remuneration excluding benefit-in-kind	3,106	2,751	300	300

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

8. PROFIT BEFORE TAX (cont'd.)

(a) Directors' remuneration (cont'd.)

The number of Directors of the Company whose total remuneration excluding benefit-in-kind for the Group during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2022	2021
Executive Directors:		
RM500,001 - RM1,000,000	–	1
RM100,001 - RM1,500,000	1	1
RM1,500,001 - RM2,000,000	1	–
Non-executive Directors:		
RM0 - RM50,000	1	1
RM50,001 - RM100,000	–	–
RM100,001 - RM150,000	3	3
	6	6

(b) Auditors' remuneration

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors of the Company:				
- statutory audit	691	667	103	99
- overprovision in prior years	(15)	(41)	–	–
- other services	10	10	6	6
	686	636	109	105

(c) Employee benefits expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and bonuses	32,847	25,203	155	157
Defined contribution plan	3,866	3,018	13	15
Other staff related expenses	507	1,040	28	2
	37,220	29,261	196	174

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM2,756,000 (2021: RM2,401,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2022 and 31 December 2021 are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statements of profit or loss:				
Current income tax:				
Malaysian income tax	59,338	27,789	1,330	1,600
(Over)/under provision in prior years	(758)	(1,175)	4	–
	58,580	26,614	1,334	1,600
Deferred tax (Note 25):				
Origination and reversal of temporary differences	1,417	(855)	–	–
(Over)/under provision in prior years	(1,215)	828	–	–
	202	(27)	–	–
Income tax expense	58,782	26,587	1,334	1,600

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 2022 and 31 December 2021 are as follows:

	2022 RM'000	2021 RM'000
Group		
Profit before tax	159,858	25,238
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	38,366	6,057
Income not subject to tax	(108)	(560)
Non-deductible expenses	16,750	21,437
Effect on additional Malaysian income tax rate (Cukai Makmur)	5,747	–
Overprovision of income tax in prior years	(758)	(1,175)
(Over)/under provision of deferred tax in prior years	(1,215)	828
Income tax expense	58,782	26,587
Company		
Profit before tax	142,570	82,010
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	34,217	19,682
Income not subject to tax	(35,032)	(24,724)
Non-deductible expenses	2,145	6,642
Underprovision of income tax in prior years	4	–
Income tax expense	1,334	1,600

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

9. INCOME TAX EXPENSE (cont'd.)

Reconciliations between tax expense and accounting profit (cont'd.)

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

The Finance Act 2021 gazetted on 31 December 2021 enacted Cukai Makmur on companies that generate chargeable income up in excess of RM100 million. The first RM100 million will be taxed at 24% and any excess will be taxed at 33% for year of assessment 2022.

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	
	2022 RM'000	2021 RM'000
Profit for the financial year attributable to owners of the Company	100,605	184
	2022 '000	2021 '000
Weighted average number of ordinary shares in issue	1,437,179	1,437,179
	2022 Sen	2021 Sen
Basic earnings per share	7.00	0.01

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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

11. DIVIDENDS

	Group/Company				
	Dividends in respect of year			Dividends recognised in year	
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000
Fourth interim dividend of 2.0 sen per share on 1,437,178,945 ordinary shares	-	-	28,743	-	28,743
First interim dividend of 1.5 sen per share on 1,437,178,945 ordinary shares	-	21,558	-	21,558	-
First interim dividend of 1.0 sen per share on 1,437,178,945 ordinary shares	14,372	-	-	14,372	-
Second interim dividend of 1.5 sen per share on 1,437,178,945 ordinary shares	21,558	-	-	21,558	-
Third interim dividend of 1.0 sen per share on 1,437,178,945 ordinary shares	14,372	-	-	14,372	-
	50,302	21,558	28,743	71,860	28,743

Subsequent to the financial year end, the Directors had on 28 February 2023 declared a fourth interim dividend of 1.5 sen per share on 1,437,178,945 ordinary shares amounted to RM21,558,000 in respect of financial year ended 31 December 2022. The dividend will be paid on 31 March 2023.

This dividend payment will be accounted for in equity as an appropriation of retained profits during the financial year ending 31 December 2023.

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2022.

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 2022						
Cost						
At 1 January 2022	9,580	22,151	46,816	58,831	6,191	143,569
Additions	-	-	1,056	2,541	3,402	6,999
Disposals	-	-	(506)	(7,360)	-	(7,866)
Write-off	-	-	(203)	(223)	-	(426)
Reclassification	-	-	785	622	(1,407)	-
At 31 December 2022	9,580	22,151	47,948	54,411	8,186	142,276
Accumulated depreciation						
At 1 January 2022	-	10,934	30,764	41,227	-	82,925
Depreciation charge for the year (Note 8)	-	248	3,310	4,524	-	8,082
Disposals	-	-	(463)	(7,345)	-	(7,808)
Write-off	-	-	(188)	(202)	-	(390)
At 31 December 2022	-	11,182	33,423	38,204	-	82,809

Notes to the Financial Statements

For the financial year ended 31 December 2022

(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
Accumulated impairment losses						
At 1 January 2022/ 31 December 2022	-	303	-	-	-	303
Net carrying amount						
At 31 December 2022	9,580	10,666	14,525	16,207	8,186	59,164

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
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Net carrying amount

At 31 December 2021	9,580	10,914	16,052	17,604	6,191	60,341
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Included in property, plant and equipment of the Group are fully depreciated assets which are still fully in use costing RM52,744,000 (2021: RM52,838,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

(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 2022			
Cost			
At 1 January 2022/31 December 2022	384	20	404
Accumulated depreciation			
At 1 January 2022	260	18	278
Depreciation charge for the year (Note 8)	76	-	76
At 31 December 2022	336	18	354
Net carrying amount			
At 31 December 2022	48	2	50

At 31 December 2021

Cost

At 1 January 2021/31 December 2021	384	20	404
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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
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* Depreciation charge for the year 2021 amounted to RM215.

Included in property, plant and equipment of the Company are fully depreciated assets which are still fully in use costing RM26,000 (2021: RM26,000).

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 (2021: 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 2022

(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 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/as at 1 January 2022	16,501
Additions	509
Early termination of lease contract	(233)
Depreciation charge for the year (Note 8)	(1,716)
As at 31 December 2022	15,061

(b) Lease liabilities

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

	2022 RM'000	2021 RM'000
As at 1 January	6,479	7,356
Addition	509	690
Early termination of lease contract	(240)	(185)
Accretion of interest (Note 7)	296	362
Payments	(1,645)	(1,705)
Rental rebates	-	(39)
As at 31 December	5,399	6,479
Current	1,394	1,329
Non-current	4,005	5,150
	5,399	6,479

The following are the amounts recognised in profit or loss:

	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets (Note 8)	1,716	1,752
Interest expenses on lease liabilities (Note 7)	296	362
Expenses related to short-term leases (included in other expenses)	115	38
Gain on lease modifications (Note 6)	7	17
Rental rebates (Note 6)	-	39

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

14. INVESTMENT PROPERTIES

	2022 RM'000	Group 2021 RM'000	2022 RM'000	Company 2021 RM'000
Cost				
At 1 January/at 31 December	580	580	658	658
Accumulated depreciation				
At 1 January	54	47	23	16
Depreciation charge for the year (Note 8)	7	7	7	7
At 31 December	61	54	30	23
Net carrying amount	519	526	628	635
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 (2021: 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

15. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM'000	2021 RM'000
Unquoted shares, at cost	4,036,579	3,939,428
Add: Addition (a)	–	97,151
Less: Accumulated impairment losses brought forward	(1,280,086)	(1,264,186)
Impairment losses for the year (b)	–	(15,900)
Total accumulated impairment losses	(1,280,086)	(1,280,086)
	2,756,493	2,756,493

Details of the subsidiaries are disclosed in Note 34.

(a) In previous financial year, the Company had increased its investments in 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 had 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")

In previous 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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

16. INVESTMENT SECURITIES

	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
Non-current				
Fair value through other comprehensive income				
Unquoted shares in Malaysia	385,429	385,429	385,429	385,429
Malaysian Government Securities	13,065	3,094	–	–
Fair value through profit or loss				
Unquoted shares in Malaysia*	–	–	–	–
Total non-current investment securities	398,494	388,523	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	4,642	6,793	4,642	6,793
Quoted shares outside Malaysia	17,923	18,301	17,923	18,301
Total current investment securities	22,565	35,245	22,565	25,094
Total investment securities	421,059	423,768	407,994	410,523

* In previous financial year, a wholly owned subsidiary of the Group had 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 2022 %	2021 %
Interest rate per annum	3.88 - 4.06	3.80 - 4.06

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

17. INTANGIBLE ASSETS

Group	Goodwill RM'000	Four digit gaming rights RM'000	Development cost for Jackpot games RM'000	Total RM'000
Cost				
At 1 January 2022/31 December 2022 and at 1 January 2021/31 December 2021	901,531	1,836,199	748	2,738,478
Accumulated amortisation				
At 1 January 2022	–	–	176	176
Amortisation for the year (Note 8)	–	–	15	15
At 31 December 2022	–	–	191	191
At 1 January 2021	–	–	161	161
Amortisation for the year (Note 8)	–	–	15	15
At 31 December 2021	–	–	176	176
Net carrying amount				
At 31 December 2022	901,531	1,836,199	557	2,738,287
At 31 December 2021	901,531	1,836,199	572	2,738,302

The development cost for Jackpot games represents internal development cost capitalised and have remaining amortisation period of 37 to 41 years (2021: 38 to 42 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 (2021: five-year period). As at 31 December 2022 and 2021, 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 2022

(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 10.86% (2021: 10.30%) and reflects specific risks relating to the gaming segment.

(iv) Terminal growth rate

The terminal growth rate of 1.10% (2021: 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 2022 RM'000	2021 RM'000
At cost:		
Ticket stocks	985	1,292

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM3,672,000 (2021: RM2,971,000).

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

19. RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade receivables (a)	27,935	4,701	-	-
Less: Allowance for expected credit losses ("ECL")	(2)	(2)	-	-
Trade receivables, net	27,933	4,699	-	-
Other receivables (b)	33,474	31,206	29,275	23,786
Prepayments	12,077	11,739	1,002	1,004
Amounts due from subsidiaries (c)	-	-	1,887	1,795
	45,551	42,945	32,164	26,585
Less: Allowance for ECL (d)	(527)	(527)	(529)	(482)
Other receivables, net	45,024	42,418	31,635	26,103
Total receivables	72,957	47,117	31,635	26,103
Total receivables	72,957	47,117	31,635	26,103
Add: Deposits, cash and bank balances (Note 20)	191,357	192,676	2,223	3,033
Less: Prepayments	(12,077)	(11,739)	(1,002)	(1,004)
Total financial assets carried at amortised cost	252,237	228,054	32,856	28,132

(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

The Group adopted a new agency settlement model during the year and the trade receivables amounted to RM27,933,000 represents the weekly sales collections that are due and payable, and shall be banked in on the following Monday.

In the previous year, trade receivables amounted to RM4,656,000 were 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 (2021: 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 2022

(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:

	2022 RM'000	Group 2021 RM'000
Neither past due nor impaired	-	41
Impaired	2	2
	2	43

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:

	2022 RM'000	Group Individually impaired 2021 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.

(b) Other receivables

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits	1,754	1,727	649	649
Others	31,720	29,479	28,626	23,137
	33,474	31,206	29,275	23,786

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

19. RECEIVABLES (cont'd.)

(c) Amounts due from subsidiaries

The amounts due from subsidiaries consist of amount which are unsecured, repayable on demand and non-interest bearing.

(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables				
At 1 January/ 31 December	527	527	166	166
Amount due from subsidiaries				
At 1 January	–	–	316	277
Allowance for expected credit loss during the year	–	–	28	32
Unrealised gain on foreign exchange	–	–	19	7
At 31 December	–	–	363	316
Total allowance for ECL	527	527	529	482

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	25,937	20,248	623	333
Short term deposits with financial institutions	165,420	172,428	1,600	2,700
Deposits, cash and bank balances	191,357	192,676	2,223	3,033
Less:				
Cash deposits pledged (Note 24)	(16,480)	(16,406)	–	–
Cash and cash equivalents	174,877	176,270	2,223	3,033

Included in deposits placed with financial institutions of the Group is an amount of RM16,480,000 (2021: RM16,406,000) 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	
	2022	2021	2022	2021
Interest rate (%)	0.25 - 3.05	0.25 - 2.85	1.75 - 2.90	1.72 - 2.05
Maturities (days)	1 - 365	1 - 365	1 - 35	3 - 43

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

21. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of ordinary shares	Amount	Share capital	Treasury shares
	(Issued and fully paid) 2022 '000	Treasury shares 2021 '000	(Issued and fully paid) 2022 RM'000	Treasury shares 2021 RM'000
At 1 January 2022/31 December 2022	1,437,749	(569)	2,154,357	(1,163)
At 1 January 2021/31 December 2021	1,437,749	(569)	2,154,357	(1,163)

The Company has not issued any new shares or debentures during the financial year.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Treasury Shares

The share buy-back mandate expired and was renewed at the 46th Annual General Meeting held on 20 May 2022.

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

Accordingly of the total 1,437,748,654 (2021: 1,437,748,654) issued and fully paid ordinary shares as at 31 December 2022, 569,709 (2021: 569,709) are held as treasury shares by the Company. The total cost of acquisition of the treasury shares as at 31 December 2022 amounted to RM1,163,000 (2021: 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 2022	20,832	108,370	(696,383)	(567,181)
Total other comprehensive income	–	(324)	(19)	(343)
Transfer to profit or loss	–	45	–	45
At 31 December 2022	20,832	108,091	(696,402)	(567,479)
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)
Company				
At 1 January 2021/31 December 2021 and 1 January 2022/31 December 2022	93,398	108,103	–	201,501

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

22. OTHER RESERVES (cont'd.)

(a) Capital reserve

In accordance with Article 138 of the Company's Constitution of a subsidiary, the capital reserve arose from the gain on disposal of investments transferred from retained profits in prior years.

(b) Revaluation reserve

Revaluation reserve represents the cumulative fair value changes, net of tax, of financial assets at fair value through other comprehensive income.

(c) Other reserve

Mainly represents the difference of non-controlling interest acquired and the fair value of consideration paid arising from acquisition of additional shares in subsidiaries and exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency is different from the Group's presentation currency.

23. RETAINED PROFITS

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

24. BORROWINGS

	2022 RM'000	Group 2021 RM'000
Current		
Secured:		
Medium term notes	189,930	174,982
Non-current		
Secured:		
Medium term notes	704,114	774,006
Total loans and borrowings	894,044	948,988

The remaining maturities of the borrowings are as follows:

	2022 RM'000	Group 2021 RM'000
On demand within one year	189,930	174,982
Later than 1 year and not later than 2 years	190,061	189,871
Later than 2 years and not later than 3 years	174,554	190,006
Later than 3 years and not later than 4 years	159,786	174,389
Later than 4 years	179,713	219,740
	894,044	948,988

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

24. BORROWINGS (cont'd.)

The remaining maturities of the borrowings are as follows: (cont'd.)

	2022 RM'000	Group 2021 RM'000
At 1 January	948,988	948,513
Net repayment	(55,000)	-
Transaction cost capitalised	(318)	-
Amortisation of transaction costs (Note 7)	374	475
At 31 December	894,044	948,988
Due within a year	189,930	174,982
Due within two to five years	704,114	714,003
Due more than five years	-	60,003
	894,044	948,988

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 2022, total MTN amounting to RM895,000,000 (2021: RM950,000,000) in nominal value remain outstanding.

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

Series	Maturity	Tenure	2022 RM'000	Group 2021 RM'000
5.40% p.a. fixed rate MTN	September 2022	5 years	-	50,000
5.45% p.a. fixed rate MTN	September 2022	4 years	-	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	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	15,000
3.61% p.a. fixed rate MTN	September 2025	4 years	50,000	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	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	60,000
5.40% p.a. fixed rate MTN	September 2027	5 years	120,000	-
			895,000	950,000

The MTN is secured by the following:

- first and third party charges over all the shares directly or indirectly, legally and beneficially owned by MCSB in Magnum 4D Berhad ("M4DB");
- first and third party charges over all the shares held directly or indirectly, legally and beneficially owned by M4DB in certain gaming subsidiaries; and
- all monies deposited or held in Cash Deposit Account (Note 20).

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

24. BORROWINGS (cont'd.)

Reconciliation of movement in liabilities to cash flows arising from financing activities:

	Lease liabilities RM'000 (Note 13(b))	Borrowings RM'000	Accrual of MTN interest RM'000	Total RM'000
At 1 January 2022	6,479	948,988	14,083	969,550
Changes from financing cash flows				
Repayment of lease liabilities	(1,645)	-	-	(1,645)
Interest paid	-	-	(45,613)	(45,613)
Repayment of borrowings	-	(55,000)	-	(55,000)
Transaction cost paid	-	(318)	-	(318)
Total changes from financing cash flows	(1,645)	(55,318)	(45,613)	(102,576)
Other changes				
Accretion of interest	296	-	44,716	45,012
Additional lease liabilities	509	-	-	509
Early termination of lease contract	(240)	-	-	(240)
Rental rebates	-	-	-	-
Transaction costs (Note 7)	-	374	-	374
At 31 December 2022	5,399	894,044	13,186	912,629
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 2022

(cont'd.)

25. DEFERRED TAX ASSETS/(LIABILITIES)

	2022 RM'000	Group 2021 RM'000
At 1 January	4,532	4,505
Recognised in profit or loss (Note 9)	(202)	27
At 31 December	4,330	4,532
Presented after appropriate offsetting as follows:		
Deferred tax assets (a)	5,545	5,337
Deferred tax liabilities (b)	(1,215)	(805)
	4,330	4,532

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 2022	4,876	8,570	13,446
Recognised in profit or loss	(891)	(491)	(1,382)
At 31 December 2022	3,985	8,079	12,064
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

(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 2022	(3,190)	(5,724)	(8,914)
Recognised in profit or loss	533	647	1,180
At 31 December 2022	(2,657)	(5,077)	(7,734)
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)

Notes to the Financial Statements

For the financial year ended 31 December 2022

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26. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand except for amounts owing to subsidiaries of RM80,600,000 (2021: RM138,529,000) which bears interest ranging 1.95% - 2.75% per annum (2021: 1.95% - 5.50% per annum).

27. PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade payables (a)	148,857	115,257	-	-
Other payables and accruals (b)	49,622	49,824	560	548
Provisions (c)	2,442	3,457	2	2
Total payables	200,921	168,538	562	550
Add:				
- Loans and borrowings (Note 24)	894,044	948,988	-	-
- Amounts due to subsidiaries (Note 26)	-	-	83,905	151,104
- Lease liabilities (Note 13(b))	5,399	6,479	-	-
Less: Provisions	(2,442)	(3,457)	(2)	(2)
Total financial liabilities carried at amortised cost	1,097,922	1,120,548	84,465	151,652

(a) Trade payables

The normal trade credit terms granted to the Group is 30 days (2021: 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	3,457	3,302	2	4
(Reversal)/charged to profit or loss	(491)	260	-	-
Utilisation of provisions	(524)	(105)	-	(2)
As at 31 December	2,442	3,457	2	2

Notes to the Financial Statements

For the financial year ended 31 December 2022

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28. CAPITAL COMMITMENTS

	2022 RM'000	Group 2021 RM'000
Capital expenditure approved and contracted for:		
Plant and equipment	355	1,803
Renovation	171	810
	526	2,613
Capital expenditure approved and not contracted for:		
Renovation	2,294	-
	2,294	-

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>With subsidiaries:</u>				
Dividend income	-	-	(145,826)	(100,872)
Interest income receivable on loan	-	-	-	(1,409)
Interest expense payable on loans	-	-	3,690	9,479
<u>With other related parties:</u>				
Insurance premium payable	930	856	140	172
Management fees payable	720	440	52	77
Professional fees payable	1,230	1,047	1,193	1,037
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 Capital Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial interest.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

29. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd.)

(b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel includes all the Directors of the Group and certain members of senior management of the Group and the Company.

The remuneration and compensation of the Directors of the Company and other members of key management during the financial year were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	5,741	5,217	333	333
Post-employment benefits:				
- Defined contribution plan	674	668	-	-
- Other long-term benefits	15	145	-	-
	6,430	6,030	333	333

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 2022

(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 2022	
Pound Sterling	42
Philippine Peso	5,866
At 31 December 2021	
Pound Sterling	170
Philippine Peso	6,044

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 21% (2021: 18%) 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
2022						
Group						
Trade, other payables and accruals	198,479	-	-	-	-	198,479
Lease liabilities	1,635	1,592	1,461	850	424	5,962
Loans and borrowings	229,202	222,637	197,614	176,565	189,618	1,015,636
Total undiscounted financial liabilities	429,316	224,229	199,075	177,415	190,042	1,220,077
Company						
Payables, representing total undiscounted financial liabilities	84,465	-	-	-	-	84,465

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (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						
Group						
Trade, other payables and accruals	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
Company						
Payables, representing total undiscounted financial liabilities	151,652	–	–	–	–	151,652

(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 2022

(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 RM35,630,000 (2021: RM38,339,000). A decrease of 10% on the market price could have an impact of approximately RM2,257,000 (2021: RM2,509,000) and RM1,307,000 (2021: RM1,325,000) 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 2022

(cont'd.)

31. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Fair value measurements (cont'd.)

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 2022

Group					
At 31 December 2022	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income					
- Unquoted shares in Malaysia	31 December 2022	385,429	-	-	385,429
- Malaysian Government Securities	31 December 2022	13,065	13,065	-	-
Current assets					
Financial assets at fair value through profit or loss					
- Quoted securities	31 December 2022	22,565	22,565	-	-

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2021

Group					
At 31 December 2021	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income					
- Unquoted shares in Malaysia	31 December 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	-	-

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 2022

(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 2022

Company					
At 31 December 2022	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income					
- Unquoted shares in Malaysia	31 December 2022	385,429	-	-	385,429
Current asset					
Financial assets at fair value through profit or loss					
- Quoted securities	31 December 2022	22,565	22,565	-	-

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2021

Company					
At 31 December 2021	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income					
- Unquoted shares in Malaysia	31 December 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	-	-

There has been no transfer between Level 1, Level 2 and Level 3 for the financial year under review.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2022

(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: (cont'd.)

(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.

The gearing ratios as at 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Payables	200,921	168,538	562	550
Amounts due to subsidiaries	–	–	83,905	151,104
Borrowings	894,044	948,988	–	–
Lease liabilities	5,399	6,479	–	–
Less:				
Deposits, cash and bank balances	(191,357)	(192,676)	(2,223)	(3,033)
Net debt	909,007	931,329	82,244	148,621
Equity attributable to owners of the Company	2,391,311	2,362,864	3,115,413	3,046,037
Gearing ratio	38.0%	39.4%	2.6%	4.9%

Notes to the Financial Statements

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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.

	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
31 December 2022				
Revenue				
External	2,030,871	229	–	2,031,100
Inter-segment	–	143,713	(143,713)	–
Total revenue	2,030,871	143,942	(143,713)	2,031,100
Results				
Segment results	209,156	143,882	(147,403)	205,635
Finance costs				(45,777)
Profit before tax				159,858
Income tax expense				(58,782)
Profit for the year				101,076
Assets and liabilities				
Segment assets	3,063,443	5,406,185	(4,970,239)	3,499,389
Unallocated corporate assets				14,809
Total assets				3,514,198
Segment liabilities	1,096,824	84,566	(81,026)	1,100,364
Unallocated corporate liabilities				2,257
Total liabilities				1,102,621
Other information				
Capital expenditure	6,999	–	–	6,999
Depreciation on investment properties, property, plant and equipment	8,003	86	–	8,089
Depreciation on right-of-use assets	1,539	177	–	1,716
Amortisation of intangible assets	15	–	–	15
Net change arising from fair value in quoted shares	–	2,529	–	2,529
Non-cash expenses other than depreciation, amortisation and impairment losses	272	7	–	279

Notes to the Financial Statements

For the financial year ended 31 December 2022

(cont'd.)

33. SEGMENT INFORMATION (cont'd.)

	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
31 December 2021				
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	88,356	(108,671)	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 value in:				
- quoted shares	-	(2,000)	-	(2,000)
- unquoted shares	-	15,000	-	15,000
Non-cash expenses other than depreciation, amortisation and impairment losses	173	2	-	175

Notes to the Financial Statements

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(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

	2022 RM'000	Group 2021 RM'000
Property, plant and equipment written off (Note 8)	36	15
Realisation of fair value loss on Malaysian Government Securities upon maturity (Note 8)	45	-
Net unrealised loss on foreign exchange (Note 6 and Note 8)	198	160
	279	175

- C. Capital expenditure consist of:

	2022 RM'000	Group 2021 RM'000
Property, plant and equipment (Note 12)	6,999	4,570

Notes to the Financial Statements

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34. SUBSIDIARIES

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group# 2022	% of ownership interest held by non-controlling interests# 2021	% of ownership interest held by non-controlling interests# 2022	% of ownership interest held by non-controlling interests# 2021
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 2022

(cont'd.)

34. SUBSIDIARIES (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group# 2022	% of ownership interest held by non-controlling interests# 2021	% of ownership interest held by non-controlling interests# 2022	% of ownership interest held by non-controlling interests# 2021
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 2022

(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	
	2022 RM'000	2021 RM'000
Non current assets	74,915	80,621
Current assets	429,748	457,051
Total assets	504,663	537,672
Non current liabilities	7,342	8,721
Current liabilities	62,786	44,761
Total liabilities	70,128	53,482
Net assets	434,535	484,190
Total equity	434,535	484,190
Attributable to non-controlling interests	20,266	21,329

(ii) Summarised consolidated statement of comprehensive income:

	Magnum 4D Berhad Group	
	2022 RM'000	2021 RM'000
Revenue	204,197	126,296
Profit for the year	40,552	10,918
Profit/(loss) attributable to non-controlling interests	471	(1,533)
Dividend paid to non-controlling interests	1,532	-

(iii) Summarised consolidated statement of cash flows:

	Magnum 4D Berhad Group	
	2022 RM'000	2021 RM'000
Net cash generated/(used in) from operating activities	83,983	(30,996)
Net cash generated from investing activities	1,494	11,885
Net cash used in financing activities	(92,265)	(22,682)
Net decrease in cash and cash equivalents	(6,788)	(41,793)
Cash and cash equivalents at 1 January	136,409	178,202
Cash and cash equivalents at 31 December	129,621	136,409

Top 10 List of Properties Owned by Magnum Group

As At 31 December 2022

LOCATION	TENURE	RESIDUAL LEASE (YEARS)	EXPIRY DATE	APPROX. AREA	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE (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	80	1,540	10.12.1980
17 & 19 Jalan Maharajalela 50150 Kuala Lumpur	Freehold	-	-	248.95 sq.m.	Commercial 4-Storey Shophouse	44	1,536	15.11.1972
SELANGOR								
Unit No. 038 P.T. No. 36922 Bandar Kinrara	Freehold	-	-	3,320 sq.ft.	Residential Double Storey Semi-Detached	20	1,231	16.5.2002
PERAK								
No. 1 & 1A Hala Datuk 5 Jalan Dato 30000 Ipoh	Freehold	-	-	3,692 sq.ft.	Commercial Double Storey Corner Shopoffice	15	1,906	15.10.2014
PENANG								
Lot PT 18 HS(D) 6800 Bandar Bukit Bendera Daerah Timor Laut Mukim 12 District of Barat Daya	Leasehold	33	2055	3,921.40 sq.m.	Residential Double Storey Bungalow	-	2,734	31.12.2002
2, Jalan Bahaudin Tanjung Bungah 11200 Penang	Freehold	-	-	5,438 sq.ft.	Residential Single Storey Bungalow	35	2,172	26.09.1979
294 & 296 Vantage Point Jalan Jelutong 11600 Penang	Freehold	-	-	6,846 sq.ft.	Commercial 3-Storey Shoplot	19	4,920	20.11.2014
NEGERI SEMBILAN								
14 Jalan Era Square 2 Era Square 70200 Seremban	Freehold	-	-	1,541 sq.ft.	Commercial 3-Storey Office	19	1,236	31.03.2013
SARAWAK								
Lot 12227 Block 16 KCLD P1B-6-1 Jalan Datuk Tawi Sli (Trinity Hub) 93250 Kuching Sarawak	Leasehold	-	-	6,716.73 sq.ft.	Commercial 3-Storey Office Building	7	4,656	01.03.2016
UNITED KINGDOM								
Flat No 3 Whaddon House William Mews London SW1X9HG	Leasehold	82	2104	1,144 sq.ft.	Residential Apartment & Parking Space	42	6,720	22.11.2010

Analysis of Equity Securities

As At 3 April 2023

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	0.07	849,353,365	59.08
SIZE OF HOLDINGS				
Less than 100 shares	3,518	8.58	109,487	0.01
100 to 1,000 shares	5,504	13.43	2,897,553	0.20
1,001 to 10,000 shares	23,498	57.32	84,471,765	5.88
10,001 to 100,000 shares	7,669	18.71	192,210,168	13.36
100,001 to less than 5% of issued shares	805	1.96	720,565,007	50.12
5% and above of issued shares	2	0.00	437,494,674	30.43
TOTAL	40,996	100.00	1,437,748,654	100.00

THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 3 APRIL 2023

	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.	HLB Nominees (Tempatan) Sdn. Bhd Qualifier: Pledged securities account for MWE Holdings Sdn. Bhd. (PJCAC)	45,189,098	3.14
5.	Cartaban Nominees (Asing) Sdn. Bhd Qualifier: Exempt An for Union Bancaire Privee, UBP SA, Singapore Branch	36,365,319	2.53
6.	Shamara Finance Limited	28,553,978	1.99
7.	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged securities account for MWE Holdings Sdn. Bhd. (30-00098-000)	21,500,000	1.50
8.	Allamanda Growth Limited	21,462,500	1.49
9.	Asmara Land Sdn. Bhd.	20,641,572	1.43
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	20,271,241	1.41
11.	Multi-Purpose Capital Holdings Berhad	19,210,200	1.34
12.	HSBC Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for Credit Suisse (SG BR-TST-Asing)	15,838,572	1.10



Analysis of Equity Securities

As At 3 April 2023

(cont'd.)

	Name	Shareholdings	%
13.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Qualifier: Sakarin Uppatthangkul	12,327,050	0.86
14.	Cartaban Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for State Street Bank & Trust Company (West CLT OD67)	11,778,336	0.82
15.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: CBLDN For Union Bancaire Privee	8,534,500	0.60
16.	T C Holdings Sendirian Berhad	8,231,500	0.57
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Exempt An for AIA Bhd.	8,037,620	0.56
18.	Tan Hua Tong	7,729,000	0.54
19.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Qualifier: Suthera Uppaputthangkul	7,699,384	0.53
20.	Aitacom Holdings Sdn. Bhd.	7,070,000	0.49
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (LSF)	6,975,700	0.48
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	6,612,641	0.46
23.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB For Kuah Hun Liang (PB)	6,443,810	0.45
24.	Cartaban Nominees (Asing) Sdn. Bhd. Qualifier: SSBT Fund J724 For SPDR S&P Emerging Markets ETF	6,436,043	0.45
25.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	6,174,559	0.43
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.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for UBS AG Singapore (Foreign)	5,842,933	0.41
29.	Khan Asset Management Sdn. Bhd.	5,555,000	0.39
30.	Lawrence Lim Swee Lin	5,235,664	0.36
	TOTAL	849,353,365	59.08

Analysis of Equity Securities

As At 3 April 2023

(cont'd.)

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 3 APRIL 2023

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 MPH 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 3 APRIL 2023

(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 Vijayaratham a/l V. Thamoatham Pillay	1,487,800	0.104	160,600 ^(c)	0.011
Dato' Seri Lim Tiong Chin	4,984,350	0.347	10,617,120 ^(d)	0.739
Jean Francine Goonting	–	–	–	–
Ng Siew Hong	–	–	–	–

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 3 April 2023.

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 2022.

2. Audit And Non-Audit Fees

During the financial year ended 31 December 2022, 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	553,415	98,800	652,215
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	557,265	105,400	662,665

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 2022 or entered into since the end of the previous financial year.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting ("47th 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, 19 May 2023 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 2022 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 2022. **(Resolution 1)**
 - (b) To approve the payment of the Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of up to an amount of RM100,000 for the period from 19 May 2023 until the next Annual General Meeting of the Company. **(Resolution 2)**
3. (a) To re-elect the Director, Datuk Vijeyaratnam A/L V. Thamothearam Pillay, who is retiring by rotation in accordance with Clause 90 of the Constitution of the Company. **(Resolution 3)**
 - (b) To re-elect the Director, Jean Francine Goonting, who is retiring by rotation in accordance with Clause 90 of the Constitution of the Company. **(Resolution 4)**
 - (c) To re-elect the Director, Ng Siew Hong, who is retiring in accordance with Clause 97 of the Constitution of the Company. **(Resolution 5)**
4. To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to fix their remuneration. **(Resolution 6)**

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 7)

"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 8)

"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-Sixth Annual General Meeting of the Company held on 20 May 2022, 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 2022, the audited retained profits of the Company amounted to approximately RM760.72 million;

AND THAT authority is hereby given to the Directors to decide in their absolute discretion to deal in any of the following manners the shares in the Company purchased by the Company pursuant to the Proposed Share Buy-Back Renewal:

- (i) to cancel the shares purchased; or
- (ii) to retain the shares purchased as treasury shares, to be either distributed as share dividends to the shareholders and/or re-sold on the open market of the Bursa Securities and/or subsequently cancelled; or
- (iii) a combination of (i) and (ii) above; or in any other manners as allowed by the Companies Act 2016;

AND THAT such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or 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;

Notice of Annual General Meeting

(cont'd.)

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."

- To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

BY ORDER OF THE BOARD

LEONG KUAN YING (SSM PC No.: 201908000848 (MAICSA 7041318))
NG SOOK YEE (SSM PC No.: 201908002432 (MAICSA 7020643))
 Chartered Secretaries

Kuala Lumpur
 20 April 2023

NOTES:-

VIRTUAL 47TH AGM

- The 47th 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 in line with the 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 7 April 2022 (including any amendments that may be made from time to time).
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 58 of the Company's Constitution which require the Chairman of the Meeting to be present at the main venue of the meeting.
- Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys WILL NOT BE ALLOWED to be physically present nor will be admitted at the Broadcast Venue on the day of the 47th 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 47th AGM via the RPV provided by Metra. Please follow the procedures as set out in the ADMINISTRATIVE GUIDE for the 47th 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.



Notice of Annual General Meeting

(cont'd.)

PROXY

- A member whose name appears in the Record of Depositors on **10 MAY 2023** shall be regarded as a member entitled to participate at the meeting or to appoint proxy to participate on its behalf at the meeting.
- A proxy may but need not be a member of the Company.
- 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.
- 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.
- 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.
- 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.
- 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.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited to the Company not less than 48 hours before the time for holding the meeting:
 - In hard copy form: The form of proxy duly completed and signed 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; or
 - In electronic means: The proxy appointment must be made electronically via Metra's Portal at www.metramanagement.com.my. Please refer to the procedures provided in the ADMINISTRATIVE GUIDE for the 47th AGM which is made available on the Company's website at www.magnum.my.

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 2022 (*Year 2021: 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 19 May 2023 to the next Annual General Meeting.

Notice of Annual General Meeting

(cont'd.)

The total estimated amount of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors is calculated based on the number of scheduled Board's and Board Committees' meetings, and other benefits such as club memberships and cars for the Non-Executive Chairman and Directors, including allocation of additional allowances to any new Non-Executive Directors to be appointed during the period from 19 May 2023 until the next Annual General Meeting in 2024.

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 47th 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 2022 under the Corporate Governance Overview Statement.

3. Resolutions 3, 4 and 5 – 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.

Clause 97 of the Constitution of the Company provides that the Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next Annual General Meeting and shall be eligible for re-election.

The proposed ordinary Resolutions 3, 4 and 5 are to seek shareholders' approvals for the re-elections of Datuk Vijeyaratnam A/L V. Thamotharam Pillay, Jean Francine Goonting and Ng Siew Hong respectively as Directors of the Company. Datuk Vijeyaratnam A/L V. Thamotharam Pillay, Jean Francine Goonting and Ng Siew Hong, 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 2023 conducted the assessments and considered the results of the assessment on areas which includes commitment, contributions and the overall performance of the retiring Directors. The Board is satisfied that these Directors have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The retiring Directors have also confirmed that they have satisfied all the requirements set out in the Directors' Fit and Proper Policy.

The Board has endorsed the Nomination Committee's recommendation to seek shareholders' approval for the re-elections of the retiring Directors namely, Datuk Vijeyaratnam A/L V. Thamotharam Pillay, Jean Francine Goonting and Ng Siew Hong at the 47th AGM. The profile of the respective Directors is set out in the Company's Integrated Annual Report 2022.

4. Resolution 6 – Re-appointment of Ernst & Young PLT (Firm No. AF: 0039) as Auditors of the Company and Audit Fees

The proposed ordinary Resolution 6 is to re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix the remuneration of the external auditors for the financial year 2023. The Board had at a meeting held in March 2023 approved the recommendation by the Group Audit Committee ("GAC") on the re-appointment of Ernst & Young PLT as Auditors of the Company for the ensuing financial year 2023. 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 7 – Renewal of the Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed ordinary Resolution 7 is a renewal of the mandate obtained from the members at the last Annual General Meeting held on 20 May 2022, and if passed, will give the Directors of the Company, from the date of the 47th 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 20 May 2022 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 8 – Renewal of the Authority for the Company to purchase its own shares

The proposed ordinary Resolution 8 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 20 April 2023, 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.

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 47th 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 47th Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 47th 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 47th AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the 47th AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**the Purposes**"); (ii) warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.



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

FORM OF PROXY

CDS ACCOUNT NUMBER

NO. OF SHARES

I/We _____ Tel No. _____
(FULL NAME IN BLOCK CAPITALS)

I.C No. _____ (old) _____ (new) / Co. No. _____

of _____
(ADDRESS)

being a member/members of **MAGNUM BERHAD**, hereby appoint :-

Using a member/member of the firm's identity, notes, approval			
Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

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-Seventh Annual General Meeting ("**47th 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, 19 May 2023 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 2022		
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 19 May 2023 until the next Annual General Meeting of the Company		
3.	The re-election of Datuk Vijeyaratnam A/L V. Thamothearam Pillay as a Director of the Company		
4.	The re-election of Jean Francine Goonting as a Director of the Company		
5.	The re-election of Ng Siew Hong as a Director of the Company		
6.	The re-appointment of Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023 and the authority for the Board of Directors to fix their remuneration		
7.	The renewal of the authority for the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	The renewal of the authority for the Company to purchase its own shares		

* Please indicate with an "X" in the space provided on how you wish your votes to be cast. If you do not do so, your proxy shall vote or abstain from voting at his/her discretion.

Dated this _____ day of _____, 2023

Signature(s) of Shareholder/
Joint Shareholders

Notes:

1. The 47th 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 in line with the 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 7 April 2022 (including any amendments that may be made from time to time).
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 58 of the Company's Constitution 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 nor will be admitted at the Broadcast Venue on the day of the 47th 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 47th AGM via the RPV provided by Metra.
4. A member whose name appears in the Record of Depositors as at **10 MAY 2023** 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. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited to the Company not less than 48 hours before the time for holding the meeting:
 - (i) In hard copy form: The form of proxy duly completed and signed 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; or
 - (ii) In electronic means: The proxy appointment must be made electronically via Metra's Portal at www.metramanagement.com.my. Please refer to the procedures provided in the ADMINISTRATIVE GUIDE for the 47th AGM which is made available on the Company's website at www.magnum.my.
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.

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 47th 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 47th 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 47th AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the 47th 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 or e-vouchers.



有万能，有惊喜，有快乐
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