



**BERJAYA**

**BERJAYA SPORTS TOTO BERHAD**

[Registration No. 196901000688 (9109-K)]



**ENERGISED BY  
TRANSFORMATION**

Annual Report 2021



The corporate logo comprises the word BERJAYA in blue and a symbol made up of four outward-facing Bs in green with blue lining around the circumference and a blue dot in the centre.

BERJAYA means “success” in Bahasa Malaysia and reflects the success and Malaysian character of Berjaya Corporation’s core businesses. The four Bs of the symbol represent the strong foundations and constant synergy taking place within the Berjaya Corporation group of companies. Each B faces a different direction, depicting the varied strengths of the companies that make up the Berjaya Corporation group of companies.

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## VISION

- To be an organisation which nurtures and carries on profitable and sustainable businesses in line with the Group’s diverse business development and value creation aspirations and interests of all its stakeholders.
- To also be an organisation which maximizes the value of human capital through empowerment, growth and a commitment to excellence.

## MISSION

We strive to generate profitable returns for our shareholders from investments in core business activities:

- By providing direction, financial resources and management support for each operating unit;
- Through dynamic and innovative management, teamwork and a commitment to excellence; and
- By providing a cross-functional environment and development and upskilling opportunities for our employees to develop their full potential for both personal and professional advancements.

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## CONTENTS

<b>1</b>	Corporate Profile	<b>57</b>	Statement of Directors’ Responsibility in Respect of the Audited Financial Statements
<b>2</b>	Corporate Information	<b>58</b>	Financial Statements
<b>3</b>	Profile of Directors	<b>215</b>	List of Major Properties
<b>8</b>	Key Senior Management	<b>216</b>	Material Contracts
<b>10</b>	Chairman’s Statement	<b>216</b>	Additional Information
<b>14</b>	Group Financial Summary	<b>217</b>	Recurrent Related Party Transactions of a Revenue or Trading Nature
<b>15</b>	Group Financial Highlights	<b>220</b>	Statement of Directors’ Shareholdings
<b>16</b>	Management Discussion and Analysis	<b>222</b>	Statistics on Shareholdings
<b>18</b>	Corporate Structure	<b>225</b>	Notice of Annual General Meeting
<b>19</b>	Sustainability Statement		
<b>33</b>	Corporate Governance Overview Statement		
<b>49</b>	Statement on Risk Management and Internal Control		
<b>53</b>	Audit Committee Report		Form of Proxy

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# CORPORATE PROFILE

Berjaya Sports Toto Berhad (“BToto”) was incorporated in 1969 as Unilite Electrical Industries Berhad. The Group changed its name to Far East Asset Berhad in 1987. On 31 October 1992, the Group completed its acquisition of the entire issued and paid-up share capital of 112,522,500 ordinary shares of 50 sen each in Sports Toto Malaysia Sdn Bhd (“Sports Toto”) for a purchase consideration of RM600 million through an issue of RM390.97 million 9% nominal amount of RM1.00 Redeemable Convertible Unsecured Loan Stocks 1992/97 in the Group and the balance in cash of RM209.03 million. On 17 May 1993, the Group was renamed Berjaya Sports Toto Berhad.

The core businesses of the Group are:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- motor retailing, repair & maintenance and provision of aftersales services; and
- development, manufacturing and distribution of computerised wagering and voting systems and provision of software licences and support.

The history of Sports Toto began in 1969 when it was incorporated to run the Toto betting business. It was essentially the Government’s effort to raise funds to promote and develop sports, youth and cultural activities. Sports Toto was privatised in 1985 when its Chief Executive Officer, Tan Sri Dato’ Seri Vincent Tan Chee Yioun, through his private company acquired 70% of the paid-up capital.

Sports Toto offers 8 games which are drawn 3 days a week. In the Philippines, BToto’s subsidiary, Berjaya Philippines Inc. (“BPI”) is listed on the Philippine Stock Exchange. In the United Kingdom, BPI’s subsidiary, H.R. Owen Plc, operates a number of luxury vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London. In the United States of America (“U.S.A.”), BToto’s subsidiary, International Lottery & Totalizator Systems, Inc. provides computerised wagering equipment and systems to the online lottery and pari-mutuel racing industries worldwide and its wholly-owned subsidiary, Unisyn Voting Solutions, Inc. manufactures and distributes voting systems and machines to voting jurisdictions in the U.S.A.

Sports Toto’s financial growth over the past 35 years after its privatisation in 1985 is highlighted below:

	30/6/2021 (Million)		31/12/1985 (Million)		35 Years’ Annualised Increase
	RM	US\$	RM	US\$	(%)
Revenue	2,263.5	545.4	76.0	21.3	82.2
Pre-tax Profit	271.1	65.3	5.0	1.4	152.1
Equity Funds	264.8	63.8	1.0	0.3	753.7
Total Assets	1,316.2	317.1	12.7	3.6	293.3

Exchange rate as at 30 June 2021 : US\$1.00 : RM4.1505



The Sports Toto draw area.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

Dato' Sri Robin Tan Yeong Ching

### Chief Executive Officer

Nerine Tan Sheik Ping

### Non-Independent/Non-Executive Director

Dato' Oon Weng Boon

### Executive Directors

Seow Swee Pin  
Derek Chin Chee Seng

### Independent/Non-Executive Directors

Datuk Robert Yong Kuen Loke  
Datuk Seri Wong Chun Wai  
Poh Ying Loo  
Premshangar A/L Venugopal

## AUDIT COMMITTEE

### Chairman/Independent Non-Executive Director

Poh Ying Loo

### Independent/Non-Executive Directors

Datuk Robert Yong Kuen Loke  
Datuk Seri Wong Chun Wai

### Non-Independent/Non-Executive Director

Dato' Oon Weng Boon

## SECRETARIES

Tham Lai Heng Michelle (MAICSA No. 7013702)  
(SSM PC No. 202008001622)  
Wong Siew Guek (MAICSA No. 7042922)  
(SSM PC No. 202008001490)

## SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd  
Lot 10-04A & 10-04B  
Level 10 (West Wing)  
Berjaya Times Square  
No. 1 Jalan Imbi  
55100 Kuala Lumpur  
Tel : 03 - 2145 0533  
Fax : 03 - 2145 9702

## AUDITORS

Messrs Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

## REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)  
Berjaya Times Square  
No. 1 Jalan Imbi  
55100 Kuala Lumpur  
Tel : 03 - 2149 1999  
Fax : 03 - 2143 1685

## PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market

## STOCK SHORT NAME

BJTOTO (1562)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

# PROFILE OF DIRECTORS



## **DATO' SRI ROBIN TAN YEONG CHING**

*47 years of age, Malaysian, Male*

Chairman

Non-Independent / Executive Director

He was appointed to the Board on 1 June 2021 as an Executive Chairman. He was previously an Executive Director of the Company in 1998 and the Chief Executive Officer (CEO) of the Company from 2006 to 2018. He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom in 1995.

He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997. Currently, he is the Non-Independent Non-Executive Deputy Chairman of Berjaya Corporation Berhad and a Director of Atlan Holdings Bhd.

Currently, he is the Chairman of Berjaya Media Berhad and Informatics Education Ltd, Singapore. He is also an Executive Director of Sports Toto Malaysia Sdn Bhd, Berjaya Hartanah Berhad (formerly known as Berjaya Golf Resort Berhad), Bukit Kiara Resort Berhad and Staffield Country Resort Berhad and a Director of KDE Recreation Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

His sister, Nerine Tan Sheik Ping is also a member of the Board while his father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.



## **NERINE TAN SHEIK PING**

*45 years of age, Malaysian, Female*

Non-Independent / Chief Executive Officer

She was appointed to the Board on 1 January 2016 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2018. She graduated with a Bachelor of Science degree in Management (Second Class Honours) from the London School of Economics in 1998.

She has more than 20 years of experience in sales, marketing and business development in several operations. She started work as a Business Development Manager at Cosway (M) Sdn Bhd from January 1999 to September 2002, and was mainly responsible for overseeing the sales and marketing of Cosway products. From September 2000 to March 2003, she was appointed as an Executive Director of eCosway Sdn Bhd to oversee the development of eCosway website with a software developer.

In addition, she was also appointed as Vice President in the Marketing division of Berjaya Hotels & Resorts (M) Sdn Bhd ("BHRM") in January 1999 and was appointed as an Executive Director of Berjaya Hotels & Resorts (Singapore) Pte Ltd from January 2005 until her resignation in April 2009. During her tenure at BHRM, she was overseeing the sales and marketing functions and development of spa management for different resorts.

In February 2007, she was appointed as the General Manager (Sales & Marketing) of Sports Toto Malaysia Sdn Bhd ("Sports Toto") and was subsequently promoted as an Executive Director of Sports Toto in April 2010.

Currently, she is an Executive Director of Berjaya Corporation Berhad, Berjaya Land Berhad and Berjaya Group Berhad. She also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

Her brother, Dato' Sri Robin Tan Yeong Ching is also a member of the Board while her father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

## PROFILE OF DIRECTORS



### SEOW SWEE PIN

*64 years of age, Malaysian, Male*  
Non-Independent / Executive Director

He was appointed to the Board on 17 December 2007 as an Executive Director. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He worked with Ernst & Young from 1976 to 1984 where he last held the position of an Audit Manager.

Prior to joining Berjaya Group in 1991, he was Group Financial Controller of Island & Peninsular Berhad, Group Chief Accountant of Sime Darby Berhad and Group Chief Accountant of Lion Corporation Berhad. In 1993, he was appointed as General Manager (Finance) of Sports Toto Malaysia Sdn Bhd. He was promoted to Senior General Manager in 1996 and Executive Director in 2008.

Currently, he is also Chairman of Berjaya Philippines Inc. and Philippine Gaming Management Corporation and a Director of several other private limited companies.

Seow Swee Pin is a member of the Risk Management Committee and the Sustainability Committee of the Company.



### DEREK CHIN CHEE SENG

*63 years of age, Malaysian, Male*  
Non-Independent / Executive Director

He was appointed to the Board on 1 June 2021 as an Executive Director. He is a lawyer by training and holds a BA (Hons) Business Law degree from the City of London Polytechnic (now known as London Guildhall University) in 1981 and went on to study at The Council of Legal Education to sit the Examination for Call to the Bar in 1982. He was admitted into the Honourable Society of Lincoln's Inn and received his professional qualification as a Barrister in July 1982. Upon his return to Malaysia he chambered at the law firm of Allen & Gledhill, Kuala Lumpur and thereafter, he was admitted and enrolled as an Advocate & Solicitor of the High Court in Malaya on 15 October 1983.

He practised as an advocate and solicitor for six years at Allen & Gledhill until his departure in August 1989 to join the Berjaya Group as the Head of its Group Legal Department.

He has more than 37 years of practice and working experience in the legal field, specialising in the area of corporate and commercial law. During his tenure with the Berjaya Corporation group of companies, he has been extensively engaged in many corporate exercises and transactions, both in Malaysia and overseas.

He was an Executive Director of Berjaya Corporation Berhad until his resignation in June 2021. Currently, he is an Executive Director of Berjaya Group Berhad and a Director of Berjaya Hartanah Berhad (formerly known as Berjaya Golf Resort Berhad), Prime Credit Leasing Berhad and he also holds directorships in several other private limited companies in the Berjaya Corporation group of companies in Malaysia and overseas.

## PROFILE OF DIRECTORS



### **DATO' OON WENG BOON**

*52 years of age, Malaysian, Male*

Non-Independent / Non-Executive Director

He was appointed to the Board on 27 February 2014 as an Independent Non-Executive Director. Subsequently on 17 June 2021, he was redesignated as Non-Independent Non-Executive Director of the Company. He graduated with a Bachelor of Science (Honours) degree in Physics from University of Science Malaysia.

He founded Island LandCap Properties Group in 2001 with a vision to build innovative, premium and sustainable developments in the region that serve to elevate lifestyles and enrich communities while enhancing the environment. As a hands-on leader with acute business acumen, he is personally involved in every project from conception to completion. His undeniable passion for creating unique and distinctive properties is reflected in the elaborate design and exquisiteness of the Group's property developments. Today, he has gained wide recognition as one of the leading lifestyle developers of premier projects, setting new standards of excellence to introduce elegant lifestyles to the local sphere.

He is also a Vice President (2021-2024) for Penang Chinese Chamber of Commerce ("PCCC") and Advisor to PCCC, Young Entrepreneur Section (2021-2024). At the national level, he has been appointed as the Deputy Chairman of the Associated Chinese Chamber of Commerce Malaysia Construction, Property and Infrastructure Committee ("ACCCIM") (2021-2024) and Advisor to the Young Entrepreneur Committee (2021-2024).

Dato' Oon Weng Boon is a member of the Audit Committee, Nomination Committee, Remuneration Committee, the Risk Management Committee and the Sustainability Committee of the Company.



### **DATUK ROBERT YONG KUEN LOKE**

*69 years of age, Malaysian, Male*

Independent / Non-Executive Director

He was appointed to the Board on 1 December 1992 and is the Senior Independent Director to whom concerns relating to the Company and the Group can be conveyed. He is a Fellow member of The Institute of Chartered Accountants in England and Wales, and a member of The Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants. He is also a Council Member of the Malaysian Institute of Certified Public Accountants and presently serves as a member of its Executive Committee. He has many years of working experience in the fields of accounting, audit, treasury and financial management. He started his career in London in 1973 and worked there for more than five years with chartered accounting firms. Subsequently, he was with Price Waterhouse, Singapore from 1979 to 1982. From 1983 to 1986, he served as the Group Finance Manager in UMW Holdings Berhad and Group Treasurer in Edaran Otomobil Nasional Bhd. He joined Berjaya Group of companies in 1987 until his retirement as an Executive Director on 30 November 2007 and is currently an Independent Non-Executive Director of the Company.

He is also a Director of Berjaya Corporation Berhad, Berjaya Land Berhad, Berjaya Assets Berhad and Berjaya Media Berhad.

Datuk Robert Yong Kuen Loke is the Chairman of the Nomination Committee, Remuneration Committee, the Risk Management Committee and the Sustainability Committee as well as a member of the Audit Committee of the Company.

# PROFILE OF DIRECTORS



**DATUK SERI WONG CHUN WAI**  
60 years of age, Malaysian, Male  
Independent / Non-Executive Director

He was appointed to the Board on 1 June 2021 as an Independent Non-Executive Director. He holds a Bachelor of Arts degree from National University of Malaysia (UKM), majoring in political science and history in 1984. He was awarded an honorary doctorate in leadership from Limkokwing University in 2019.

He was an Executive Director of Star Media Group Berhad ("Star") since March 2010 and was the Group Managing Director and Chief Executive Officer (GMD & CEO) of Star since November 2013. Subsequently, he was appointed as Advisor of Star on editorial and corporate relation matters since 1 January 2019.

He served as an advisor to the Malaysian Anti-Corruption Commission in its Consultation and Prevention of Corruption Panel in 2009. In 2012, he became the first Malaysian to be elected into the board of the Paris-based World Editors Forum. He was also Chairman of the Bangkok-based Asia News Network, an alliance of twenty-one (21) media groups in Asian cities.

He was a member of supervisory council of the national news agency (BERNAMA) and had served as member of the Governance Council of the National Innovation Agency in the Prime Ministers Department. He was awarded the Lifetime Achievement Award for Leadership in Media Industry by the World Chinese Economic Forum in Chongqing, China in 2014.

He was appointed as Industry Leader/Fellow at UKM and as an adjunct professor at Northern University of Malaysia (UUM) in 2015. He was also appointed as an adjunct professor at the Social Sciences and Humanities Faculty of UKM in April 2021.

He is an Honorary Advisor (2016-2019) of the Malaysia-China Chamber of Commerce (MCCC). He is also an honorary vice-president of Limkokwing University.

Datuk Seri Wong Chun Wai is the member of Audit Committee, Nomination Committee, Remuneration Committee, the Risk Management Committee and the Sustainability Committee of the Company.



**POH YING LOO**  
59 years of age, Malaysian, Male  
Independent / Non-Executive Director

He was appointed to the Board on 17 June 2021 as an Independent Non-Executive Director. He is a fellow of Chartered Institute of Management Accountants (FCMA) & Institute of Corporate Directors Malaysia (ICDM) as well as the member of Chartered Global Management Accountants (CGMA), Malaysian Institute of Accountants (MIA) and Institute of Enterprise Risk Practitioners (IERP).

He began his career as an auditor in Ong Boon Bah & Co in 1986 and joined FACB Industries Incorporated Berhad (formerly known as Dreamland Holdings Berhad) as an Accounts Executive in February 1988. He joined CPC/AJI (M) Sdn Bhd as Assistant Accountant in January 1989 and served as the Senior Accountant until June 1996.

He joined AEON Co. (M) Bhd (AEON) as the Finance Manager in July 1996 and was subsequently promoted to the position of Financial Controller in 2002. He was the Senior General Manager in charge of Business Support in January 2008 and the Senior General Manager in charge of Corporate Finance and Investor Relations in February 2010. As the Chief Financial Officer and part of the senior management of AEON and an Executive Director in charge of corporate management, he has oversight on the company total businesses, strategies, operations and business developments. He retired from AEON on 24 June 2020 as an Executive Director, a position he had held since May 2011.

He has more than 35 years of working experience across a diverse set of industries from auditing, manufacturing and trading, before joining the retail industry. Currently, he is an Independent Non-Executive Director of UEM Sunrise Berhad.

Mr Poh Ying Loo is the Chairman of the Audit Committee and a member of the Nomination Committee, Remuneration Committee, the Risk Management Committee and the Sustainability Committee of the Company.

## PROFILE OF DIRECTORS



### **PREMSHANGAR A/L VENUGOPAL**

*51 years of age, Malaysian, Male*  
Independent / Non-Executive Director

He was appointed to the Board on 1 July 2021 as an Independent Non-Executive Director. He is a member of the Malaysian Bar Council and the Malaysian Institute of Arbitrators. Having graduated from University of London in 1993, he was admitted as an advocate and solicitor of the High Court of Malaya in 1995. He brings over twenty five years of experience as a litigator and is importantly seen as a vibrant and dynamic strategist who works to promote the best interest of his clients. He is often sought after for his expertise and deep knowledge in the Corporate and Civil litigation in vast areas of the law.

He has been a partner of the firm Lewis & Co since 1998. He is highly motivated and a creative professional in the legal and commercial environment with notable success for new concept generation and conceptualization. He encapsulates dedication, enthusiasm, drive and positive attitude required to be a valuable addition to the success of the Company.

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Save as disclosed, none of the Directors have:-

1. any family relationship with any directors and/or major shareholders of the Company;
  2. any conflict of interest with the Company;
  3. any conviction for offences within the past 5 years other than traffic offences; and
  4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
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# KEY SENIOR MANAGEMENT

## **TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN**

*69 years of age / Malaysian /  
Male*

**Managing Director/  
Chief Executive Officer of  
Sports Toto Malaysia Sdn Bhd**

*Date of Appointment:  
5 December 1988*

He is a businessman and entrepreneur with more than four decades of entrepreneurial experience and has diverse interests in property development and investment, gaming, lottery management, stockbroking, motor distribution, retailing, trading, hospitality, internet related businesses, environmental and utilities, media, food and beverage, telecommunications, insurance and education through various public and private companies, namely, Berjaya Corporation group of companies, Berjaya Assets Berhad, 7-Eleven Malaysia Holdings Berhad, Berjaya Media Berhad, Berjaya Retail Sdn Bhd, Intan Utilities Sdn Bhd, U Mobile Sdn Bhd and MOL Ventures Pte Ltd.

Currently, Tan Sri Dato' Seri Vincent Tan Chee Yioun is the Non-Independent Non-Executive Chairman of Berjaya Corporation Berhad and the Chairman of Berjaya Hills Resort Berhad, Berjaya Capital Berhad and U Mobile Sdn Bhd. He is also the Managing Director/CEO of Sports Toto Malaysia Sdn Bhd. He also holds directorships in several other private limited companies and also in Berjaya Corporation group of companies.

His children, Dato' Sri Robin Tan Yeong Ching and Ms Nerine Tan Sheik Ping are also members of the Board.

## **CHOO VEH KEN**

*48 years of age / Malaysian /  
Male*

**Chief Executive Officer  
H.R. Owen Plc**

*Date of Appointment:  
15 February 2017*

He holds a Bachelor of Commerce Degree with majors in Accounting and Economics from Deakin University, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia. He has more than 26 years of experience in financial management, accounting and administration.

As H.R. Owen Plc CEO since February 2017, he oversees operations of 17 luxury automotive dealerships and 17 automotive aftersales sites across the United Kingdom, as well as services businesses such as H.R. Owen Insurance.

H.R. Owen Plc's Ferrari operation is one of the largest in the world, and its Lamborghini showroom is one of the most successful in the world. H.R. Owen Aston Martin Cheltenham was awarded Global Dealer of the Year in 2020 and also received the UK Dealer Award for Aftersales CSI in 2020. Its Bugatti operation is only one of four to be awarded Global Partner of Excellence, and the company has been appointed the official and exclusive dealer in the UK for Rimac Automobili's new all-electric hypercar.

# KEY SENIOR MANAGEMENT

## **JEFFREY M. JOHNSON**

*60 years of age / American /  
Male*

**President –  
International Lottery & Totalizator  
Systems, Inc.  
Unisyn Voting Solutions, Inc.**

*Date of Appointment:  
1 January 2007*

He was appointed as President of International Lottery & Totalizator Systems, Inc. (“ILTS”) and Unisyn Voting Solutions, Inc. (“Unisyn”), a wholly owned subsidiary of ILTS on 1 January 2007.

He has a degree in Business Management from Palomar College and a certificate in Electronics Engineering from Coleman College in San Diego, California, U.S.A.

He began his career with ILTS as a Field Service Engineer in May 1984. During his 37 plus years with the organization, he served as Manager of Field Engineering from 1989 to 2002. From there, he was promoted to Director of Technical Operations in October 2002 and oversaw all technical departments of the company including software and hardware engineering, purchasing, logistics, manufacturing and field engineering/customer service.

During his tenure with ILTS, he has been integral in the successful startup of lottery and totalizator operations in Malaysia, Vietnam, the Philippines, Singapore, Australia, the United Kingdom, India, Brazil, Sweden, Norway and Finland.

In 2001, he was an integral part in managing the software and hardware development and design of the voting products of Unisyn. Since his appointment as President in January 2007, he has led and grown the voting business to over 250 county users in 11 states in the United States.

He presently serves on the Board of Directors of ILTS, ILTS Vietnam Company Limited and Unisyn.

Save as disclosed, none of the Key Senior Management has:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Berjaya Sports Toto Berhad ("BToto"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 30 June 2021.

## FINANCIAL RESULTS

For the financial year under review, the Group registered a revenue of RM4.8 billion and pre-tax profit of RM282.9 million, mainly attributed to revenue from Sports Toto Malaysia Sdn Bhd ("Sports Toto") and H.R. Owen Plc ("H.R. Owen"). The Group's results were negatively impacted by the COVID-19 pandemic extending from the previous financial year, which led to the implementation of various phases of lockdown measures by various countries which affected the operations of its main subsidiaries. During the implementation of the second Movement Control Order ("MCO"), all Sports Toto outlets in the country, except for those in the state of Sarawak, were temporarily closed from 13 January 2021 to 18 February 2021; whilst Sports Toto cancelled 15 draws from 1 June 2021 to 30 June 2021 upon the imposition of the total lockdown nationwide. H.R. Owen shut down its showrooms for about 4 months in compliance with the United Kingdom ("UK") government's lockdown order from 5 November 2020 to 2 December 2020 and from 5 January 2021 to 12 April 2021.

## DIVIDEND

The total dividend declared and paid for the financial year ended 30 June 2021 was 8 sen per share, amounting to approximately RM107.5 million, representing about 59.3% of the attributable profit of the Group for the financial year ended 30 June 2021.



A Sports Toto outlet.

## FUTURE PROSPECTS

Malaysia's Gross Domestic Product ("GDP") grew by 7.1% for the first half of 2021 supported by the continuous growth in the manufacturing sector and an expansion in household consumption.

The financial year under review was challenging for Sports Toto with the intermittent MCO resulting in partial closures of its operations from 13 January 2021 to 18 February 2021 and full closure of its operations from 1 June 2021 to 30 June 2021 and the cancellation of 15 draws. The closure was further extended till mid-September in line with the National Recovery Plan announced on 15 June 2021. The Number Forecast Operators ("NFOs") were allowed to reopen for business on 14 September 2021.



The new Bentley Bentayga Hybrid distributed by H.R. Owen.

Nevertheless, during the financial year under review, Sports Toto created a total of 43 millionaires and paid a total amount of RM248 million as jackpot prizes from its four jackpot games - Toto 4D Jackpot, Star Toto 6/50, Power Toto 6/55 and Supreme Toto 6/58. The Toto 4D Jackpot created numerous lucky winners who are enjoying their new-found wealth with prize monies ranging from RM1.0 million to RM23.6 million.

Amidst the challenging conditions during the financial year under review, Sports Toto has solidified its position as the market leader among all the NFOs in the country in terms of total revenue.

The company is cautiously optimistic that its business will remain resilient as it had been during past economic crises and turbulent periods and is confident that it will continue to maintain its market share in the NFO business for the upcoming financial year.

In the UK, H.R. Owen remains optimistic about the future prospects of the company and is implementing strategies to improve business operations to generate revenue growth. The company will build on its partnership with international car marques whilst gaining access to new car models. It

# CHAIRMAN'S STATEMENT

will also expand its network as a major distributor and after-sales services to drive respectable returns post COVID-19 lockdown.

In the United States of America ("U.S.A."), International Lottery & Totalizator Systems, Inc. ("ILTS") will continue to expand its market share and sharpen its competitiveness through exploring new and emerging technologies. ILTS will also capitalize on strategic alliances to gain access to new and tactically important geographical and business opportunities.



ILTS terminals at an STM outlet.



Sports Toto poster of the RM48.37 million Supreme Toto 6/58 jackpot win.

## APPRECIATION

On behalf of the Board, I would like to convey our sincere thanks and deepest appreciation to Tan Sri Dato' Seri Tan Kok Ping who retired as Chairman with effect from 1 June 2021, for his valuable contributions and support during his tenure on the Board.

We would like to welcome Derek Chin Chee Seng as Non-Independent Executive Director and Datuk Seri Wong Chun Wai as Independent Non-Executive Director with effect from 1 June 2021; and Poh Ying Loo and Premshangar A/L Venugopal as Independent Non-Executive Directors with effect from 17 June 2021 and 1 July 2021 respectively. Dato' Oon Weng Boon has been redesignated as Non-Independent Non-Executive Director with effect from 17 June 2021.

We also wish to extend our sincere appreciation to all our valued customers, shareholders, business associates, financiers, analysts, members of the media, government authorities, and other stakeholders, for their continued support and confidence in the Company.

Our heartfelt thanks also go to the management team, employees, and agents for their unwavering dedication and efforts, especially through all the challenges faced during the year.

To my fellow colleagues on the Board, I would like to express my gratitude and appreciation for your active participation and contributions. I am pleased to be back on the Board as Chairman and I look forward to working together with all of you to achieve sustainable growth for the Group.

## DATO SRI' ROBIN TAN YEONG CHING

Chairman

13 October 2021

# 主席报告

本人谨代表成功多多博彩有限公司（“成功多多博彩”）董事部，欣然向各位提呈截至2021年6月30日财政年的年度报告及经审计财务报告。

## 业绩

在检讨中的财政年，本集团分别录得总值48亿令吉的营收以及2亿8290万令吉的税前盈利，这归功于来自多多博彩马来西亚私人有限公司（“多多博彩”）和 H.R. Owen Plc（“H.R. Owen”）的营收贡献。本集团的业绩仍受到上一财政年爆发的新冠肺炎疫情的负面影响；此疫情已导致全球多国实施不同阶段的封锁措施，而这些措施也影响了本集团旗下主要子公司的营运。在次轮的行动管制令期间，国内所有的多多博彩销售站（除了砂拉越境内）从2021年1月13日开始至2月18日暂停营运，多多博彩则在2021年6月1日至6月30日实施的全国行动管制令期间取消了15次开彩。为了遵守英国政府颁布的封锁令，H.R. Owen分别在2020年11月5日至12月2日以及2021年1月5日至4月12日，关闭其展销厅长达约莫4个月之久。

## 股息

本集团在截至2021年6月30日的财政年，一共派发了每股8仙的股息，总价值约1亿零750万令吉，相等于本集团在截至2021年6月30日的财政年中，约59.3%的可分派盈利。

## 未来展望与前景

随着制造业以及家庭消费持续增长，我国在2021年上半年录得的国内生产总值增长了7.1%。

多多博彩在检讨中的财政年面临诸多挑战。当中，多多博彩因间歇式实行的行动管制令，导致其在2021年1月13日至2月18日暂停部分多多销售站的营运，并且在2021年6月1日至30日全面暂停营运，更取消了15次开彩。配合政府在2021年6月15日宣布的国家复苏计划，该公司持续暂停营运至9月中。随后，国内的测字业者获准在2021年9月14日重新营运。

尽管如此，在检讨中的财政年，多多博彩在其4个积宝游戏即多多万字积宝、星运多多六合彩（6/50）、至尊多多六合彩（6/55）和好运多多六合彩（6/58）中，派出总额高达2亿4800万令吉的积宝奖金，并一共缔造了43名百万和千万富翁。该公司派出了总值100万令吉至2360万令吉不等的多多万字积宝奖金，从而缔造了多位欢欣享受天降财富的幸运赢家。

虽然检讨中的财政年极具挑战，但是多多博彩仍凭总营收，在国内测字业保持领先的地位。

该公司保持谨慎乐观，并相信其业务将如过去般，在经济危机及动荡下能维持其韧性。该公司也有信心在下一个财政年，继续保持其在测字业的市占率。



H.R. Owen 代理的玛莎拉蒂MC20。



多多博彩正在进行游戏开彩。



H.R. Owen 代理的兰博基尼 Huracan STO。

在英国，H.R. Owen对自身的未来前景也保持乐观的态度，并且正在实施改善业务营运的策略以提高营收。该公司将与国际汽车品牌建立合作关系，并争取代理更多新车型的机会。身为1家主要汽车分销商，该公司也会扩大其网络及售后服务，以便在后疫情封锁时代提振营收。

在美国，国际博彩与赛马测彩系统有限公司（International Lottery & Totalizator Systems, Inc.）（“ILTS”）将探索崭新及新兴科技，以持续扩大其市占率并保持竞争力。ILTS也会借助策略性结盟关系，以期取得崭新及具有策略意义的地域性与商业机会。



投票机器的交付程序。

## 感谢

本人谨代表董事部，至诚感激在2021年6月1日正式荣休的主席丹斯里拿督斯里陈国平，感谢他在任期间为董事部所做出的贡献及给予的支持。

董事部也欢迎从2021年6月1日起，分别出任非独立执行董事以及独立非执行董事的陈志成和拿督斯里黄振威，以及分别从2021年6月17日和2021年7月1日开始出任独立非执行董事的裴荣裕和 Premshangar A/L Venugopal。拿督温水文从2021年6月17日开始改任非独立非执行董事。

董事部也在此向所有给予鼎力支持和信任的顾客、股东、来往商家、融资机构、分析员、媒体朋友、政府监管单位和其他单位致上诚挚的谢意。

董事部也在此深深感谢管理层、员工和代理们在深具挑战的一年中，所展现的献身精神和敬业乐业的态度。

本人也在此衷心感谢诸位董事部成员积极参与和为董事部作出贡献。本人非常高兴能重返董事部担任主席一职，也期待与诸位携手实现本集团的可持续发展目标。

拿督斯里陈永钦  
主席  
2021年10月13日



多多博彩中奖消息海报恭喜幸运赢家开心抱走总值逾1988万令吉的多多万字积宝首奖奖金。

# GROUP FINANCIAL SUMMARY

	2021	2021	2020	2019	2018	2017
	USD'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,163,510	4,829,148	4,635,664	6,693,389	5,665,331	5,731,396
Profit Before Tax	68,163	282,909	226,816	394,262	381,858	376,141
Profit For The Year / Period	45,150	187,397	133,705	229,963	241,484	246,707
Non-Controlling Interests	(1,485)	(6,163)	(1,008)	(3,115)	(8,286)	(9,576)
Profit Attributable To Owners Of The Parent	43,665	181,234	132,697	226,848	233,198	237,131
Share Capital	32,551	135,103	135,103	135,103	135,103	135,103
Reserves	167,414	694,850	634,896	598,649	623,905	654,820
Equity Funds	199,965	829,953	769,999	733,752	759,008	789,923
Treasury Shares	(4,489)	(18,631)	(32,165)	(12,320)	(12,320)	(10,061)
Net Equity Funds	195,476	811,322	737,834	721,432	746,688	779,862
Non-Controlling Interests	15,367	63,783	51,458	53,531	55,091	44,232
Total Equity	210,843	875,105	789,292	774,963	801,779	824,094
Non-Current Liabilities	75,715	314,255	265,331	21,678	26,789	20,473
Borrowings	254,490	1,056,259	1,207,553	1,120,873	1,156,671	1,143,000
Other Current Liabilities	150,752	625,698	646,791	749,157	644,369	617,678
<b>Total Equity And Liabilities</b>	<b>691,800</b>	<b>2,871,317</b>	<b>2,908,967</b>	<b>2,666,671</b>	<b>2,629,608</b>	<b>2,605,245</b>
Property, Plant & Equipment and Right-of-use Assets	151,558	629,040	518,577	191,538	183,036	214,658
Intangible Assets	170,279	706,742	691,292	688,601	768,916	788,150
Investments and Other Non-Current Assets	85,732	355,833	374,311	361,530	355,478	308,962
Current Assets	284,231	1,179,702	1,324,787	1,425,002	1,322,178	1,293,475
<b>Total Assets</b>	<b>691,800</b>	<b>2,871,317</b>	<b>2,908,967</b>	<b>2,666,671</b>	<b>2,629,608</b>	<b>2,605,245</b>
Net Assets Per Share (Cents/Sen)	14.57	60.46	55.17	53.56	55.43	57.85
Net Earnings Per Share (Cents/Sen)	3.26	13.51	9.77	16.84	17.31	17.59
Dividend Rate Per Share (Cents/Sen)	1.93	8.00	10.40**	16.00	16.00	14.00
Net Dividend Amount (USD'000/RM'000)	25,890	107,456	139,524 <sup>^^</sup>	215,520	215,520	188,716

## Notes:

Where additional shares are issued, the earnings per share is calculated based on a weighted average number of shares in issue with voting rights.

Figures for 2017 and 2018 are for 12 months ended 30 April, 2019 are for 14 months ended 30 June, and 2020 and 2021 are 12 months ended 30 June.

Exchange rate as at 30 June 2021 : US\$1.00 : RM4.1505

\*\* This figure included a share dividend of 2.4 sen per share.

<sup>^^</sup> The dividend amount included share dividend based on treasury shares book cost of RM31.8 million.

# GROUP FINANCIAL HIGHLIGHTS

## REVENUE (RM' Million)



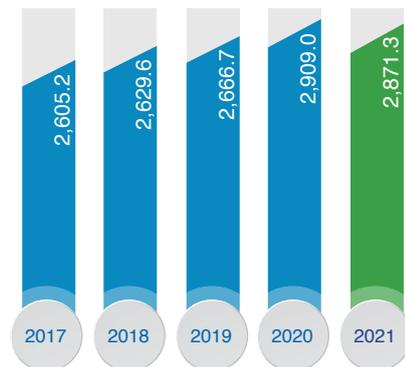
## PROFIT BEFORE TAX (RM' Million)



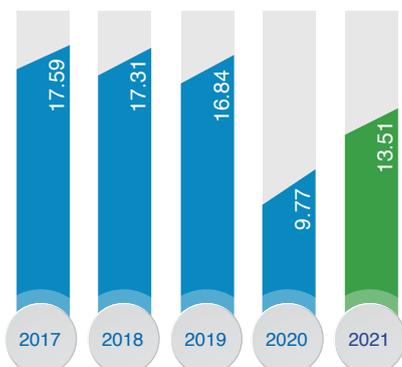
## NET EQUITY FUNDS (RM' Million)



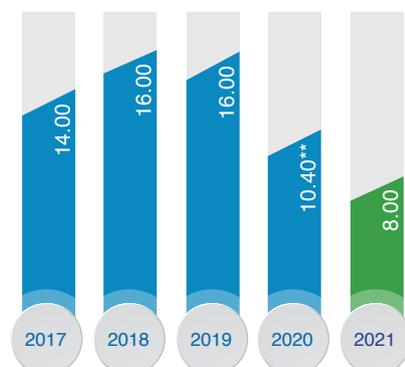
## TOTAL ASSETS (RM' Million)



## NET EARNINGS PER SHARE (Sen)



## DIVIDEND RATE PER SHARE (Sen)



\*\* This figure included a share dividend of 2.4 sen per share.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The core businesses of Berjaya Sports Toto Berhad (“BToto”) are operations of Toto betting under Sports Toto Malaysia Sdn Bhd (“Sports Toto”), luxury motor retailing under H.R. Owen Plc (“H.R. Owen”) in the United Kingdom (“UK”) as well as manufacturing, distribution of computerised wagering and voting systems and provision of software licences and support under International Lottery & Totalizator Systems, Inc. (“ILTS”) in the United States of America (“USA”).



*A Sports Toto draw in progress.*

## MALAYSIA

Sports Toto, the principal operating subsidiary of BToto, has 680 outlets operating throughout the country, offering 8 games, namely Toto 4D, Toto 4D Jackpot, Toto 4D Zodiac, Toto 5D, Toto 6D, Star Toto 6/50, Power Toto 6/55 and Supreme Toto 6/58, which are drawn three days a week.

For the financial year ended 30 June 2021, Sports Toto recorded a revenue of RM2.26 billion with 157 draws conducted, a decrease of 8.2% as compared to a revenue of RM2.47 billion in the previous financial year with 126 draws conducted. The lower revenue in the financial year under review was due to the extended impact of the COVID-19 pandemic as various Movement Control Orders were enforced by the Malaysian Government resulting in the temporary closure of Sports Toto’s operations beyond the financial year end.

While there were more draws conducted in the financial year under review as compared to the previous year, the prolonged lockdown and irregular business disruptions dampened consumer sentiment and excitement for the draws as well as causing a change in punters’ spending behaviour. Sports Toto registered a decline of 26.4% in average sales per draw compared to the previous financial year.

Sports Toto reported a profit before tax of RM271.1 million for the financial year under review as compared to RM258.2 million in the previous financial year, an increase of 5.0%. This was mainly due to marginally lower prize payouts and lower operating expenses in the financial year under review.

The business environment is expected to recover at a slower pace and customer sentiment remains weak with the surge in infections due to new and more contagious COVID-19 variants. With the recent efforts by the Malaysian Government in speeding up the vaccination rate and the launch of the National Recovery Plan, Sports Toto is cautiously optimistic that its business will remain resilient as sales outlets are allowed to resume operations again. Sports Toto is confident that it will continue to maintain its market share in the NFO business for the upcoming financial year 2022.

## THE UNITED KINGDOM

In the UK, H.R. Owen, a subsidiary of Berjaya Philippines Inc. (“BPI”), is a luxury car distributor which operates a number of vehicle franchises in the prestige and specialist car market for both sales and after-sales, predominantly in Central London. The company has 17 showrooms and 17 service centres for Bugatti, Rolls-Royce, Aston Martin, Bentley, Ferrari, Maserati, Lamborghini, BAC and Rimac.

For the financial year ended 30 June 2021, H.R. Owen recorded a revenue of £448.5 million with a total of 1,150 new prestige cars and 1,621 pre-owned cars sold, as compared to a revenue of £388.7 million with 1,058 new prestige cars and 1,472 pre-owned cars sold in the previous financial year. The 15.4% increase in revenue was mainly attributed to higher sales generated from the new and used car sectors, and primarily due to the sale of new model cars during the current year coupled with the backlog order fulfilment from the earlier COVID-19 pandemic lockdown in the UK.

# MANAGEMENT DISCUSSION AND ANALYSIS

H.R. Owen registered a profit before tax of £13.7 million in the financial year under review as compared to a profit before tax of £1.9 million in the previous financial year ended 30 June 2020. The increase was due to the increased revenue and lower operating expenses incurred because of certain austerity measures undertaken by H.R. Owen coupled with support fee income received from franchises as well as certain governmental grants and business reliefs obtained arising from the lockdown.

H.R. Owen remains optimistic about its prospects in the medium to longer term due to the unique position of its operations and relationships with the brands it represents. The company has also taken sufficient measures to adapt to changes in the environment due to the pandemic, by rebalancing its resources and trading practices, especially with the UK Government phasing out COVID-19 related support in the financial year 2022.



H.R. Owen's Ferrari Showroom at Berkeley Square, London.

## THE UNITED STATES OF AMERICA

In the United States of America ("USA"), International Lottery & Totalizator Systems, Inc. ("ILTS") provides a full spectrum of lottery products and services, including wagering system software, instant ticket management, agent terminals, data communications, consulting, training, facilities management, and management support. ILTS also has a voting business segment, operated through its wholly-owned subsidiary, Unisyn Voting Solutions, Inc. ("Unisyn") which develops and markets the OpenElect® digital optical scan voting system to election jurisdictions in the USA.

ILTS recorded significantly lower revenue and profit before tax for the financial year under review. The substantial decrease was primarily due to the lower contract activities in the voting segment and the decreased turnkey lottery system sales.

For its voting business segment, Unisyn continued to make progress with additional sales through its authorized sales representatives and its own direct sales efforts to counties in many states in the USA. Unisyn has delivered more than 16,000

OpenElect® digital optical scan election systems and voting machines to more than 250 counties throughout the states of Arizona, Illinois, Indiana, Iowa, Kansas, Missouri, Ohio, Pennsylvania, Tennessee, Utah and Virginia. Its OpenElect® election systems and voting machines were implemented and successfully used to run the elections in the aforesaid states in the November 2020 USA Presidential election, state and local elections and various private elections.

ILTS will continue its research and development for new wagering and voting products to develop new high quality, secure hardware and software using state-of-the-art technology to grow its market share and maintain its competitiveness in the wagering and voting sector. One of its corporate strategies is to pursue growth through strategic alliances to gain access to new and tactically important geographical and business opportunities, and to capitalize on its existing business relationships.

## BTOTO AS A GROUP

### Liquidity and Financial Resources

The Group retained cash and cash equivalents of RM363.6 million as at 30 June 2021 (2020: RM305.0 million) with a current ratio of 1 time in the financial year under review (2020: 1.22 times). The drop in current ratio was mainly attributed to the lower current assets as at 30 June 2021 with lower inventories level maintained during the financial year as well as classification of certain Medium Term Notes to short term borrowings in accordance with the maturity dates.

BToto's total indebtedness as at 30 June 2021, comprising borrowings, vehicle stocking loans and hire purchase payables was RM1.06 billion (2020: RM1.21 billion) with lower vehicle stocking loans, which was in line with the lower inventories level as at 30 June 2021. The Group's gearing ratio in the current financial period under review was 1.21 times while it was at 1.53 times in 2020.

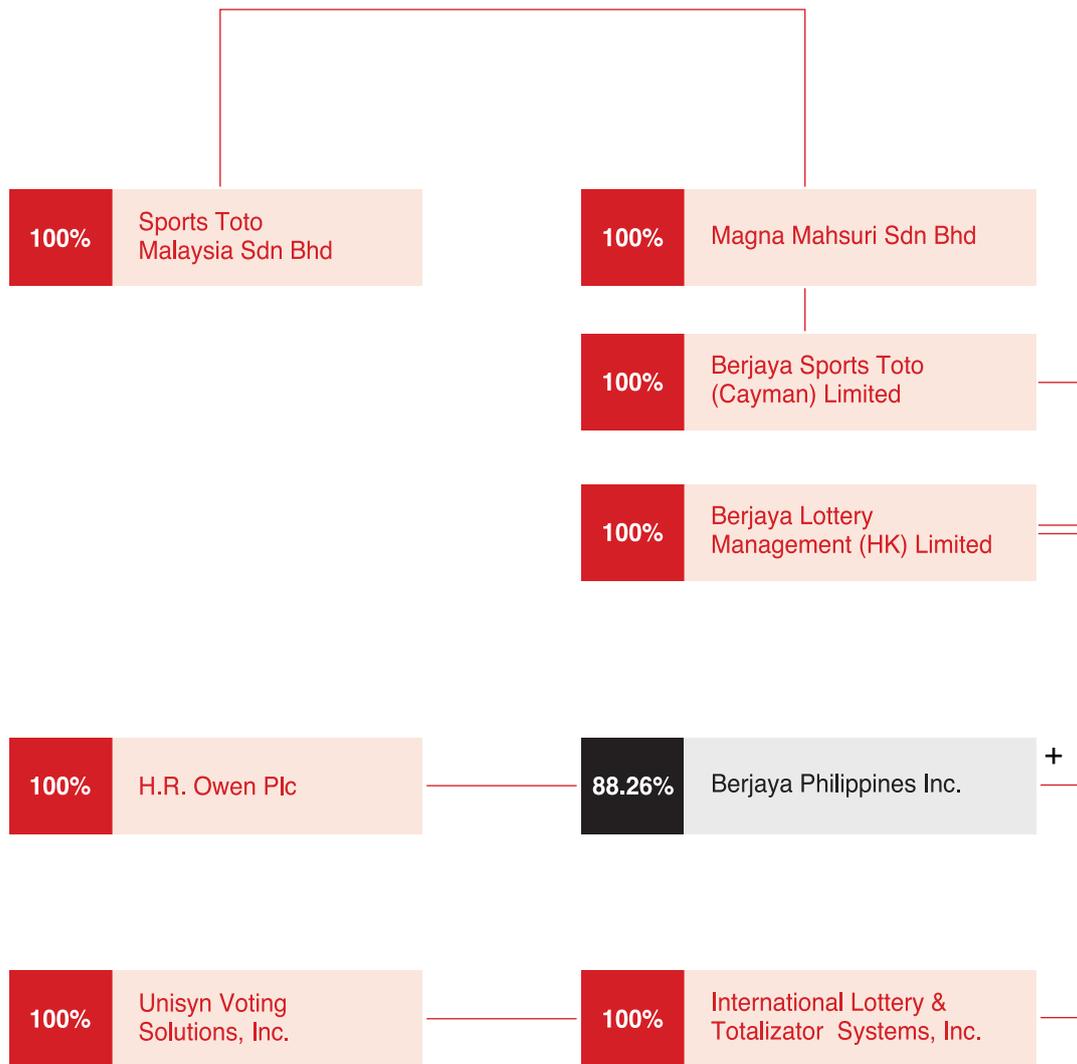


Election personnel at Jackson County, Missouri State, U.S. testing and preparing Unisyn's OpenElect® equipments for an election.

# CORPORATE STRUCTURE

of main subsidiary companies as at 1 October 2021

## BERJAYA SPORTS TOTO BERHAD



■ Listed Company

+ Combined Interest

# SUSTAINABILITY STATEMENT

## 1. REPORTING SCOPE

This Sustainability Statement for Berjaya Sports Toto Berhad (“BToto” or “the Group”) highlights the Group’s commitment to undertaking business in a responsible and sustainable manner. It covers the operations of BToto’s principal subsidiary in Malaysia, Sports Toto Malaysia Sdn Bhd (“Sports Toto”), as well as BToto’s business operations in the Philippines and United Kingdom. It is prepared in accordance with the Sustainability Reporting Guide and Toolkits from Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The information and data contained in this section focuses primarily on the operations and management of the economic, environmental, social and governance sustainability of the Group for the financial year ended 30 June 2021, and were derived from internal reporting processes, systems and records.

## 2. APPROACH TO SUSTAINABILITY

BToto strives to conduct its business operations according to pragmatic principles and practices with a long-term sustainability strategy comprising the following aspects: -



### ECONOMIC SUSTAINABILITY

The creation of long-term value for shareholders and added value for all the Group’s stakeholders.



### ENVIRONMENTAL SUSTAINABILITY

Striving towards reducing the Group’s environmental footprint by improving resource efficiency and support conservation efforts.



### SOCIAL SUSTAINABILITY

Engaging with the customers and public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through a variety of initiatives involving the Group’s monetary and non-monetary resources.



### GOVERNANCE SUSTAINABILITY

- Ensuring healthy business practices by being fully compliant with: approved policies, standard operating procedures, Malaysian and other governing laws, as well as local and international standards of corporate behaviour.
- Promoting fair engagement, accountability, and access to justice, internally and outside of the organisation.

BToto pursues sustainability goals according to the following principles: -

- Integrating sustainable values and principles within the value chain of its business operations.
- Effectively engaging stakeholders during the implementation of its sustainability initiatives.
- Regular review and assessment of its sustainability practices while keeping them aligned with the Group’s business objectives.

The COVID-19 pandemic has affected almost all sectors of economies across the globe, resulting in sustainability issues gaining more importance in the decision-making of the various stakeholder groups. BToto faced disruptive changes to its business operations as a result of the various lockdown measures implemented by governments around the world to contain the spread of the virus, with significant impacts across the four main aspects of sustainability. Whilst several key activities planned for the year were halted, BToto has nevertheless implemented various initiatives to ensure business continuity in the new normal and remains compliant with the rules and regulations set by local governments to safeguard the well-being of its employees and the various stakeholder groups.

While the global pandemic continues to affect the Group’s businesses and the communities it serves locally and internationally, the continuing impact going forward cannot be accurately estimated at this juncture. The Group strives to adapt, innovate and take the necessary steps to navigate through this challenging time.

## 3. STAKEHOLDER ENGAGEMENT

BToto maintains a good degree of communication and understanding with all its internal and external stakeholders through continuous dialogue and information-sharing.

The Group has established a series of engagement initiatives with various stakeholders through its respective operating divisions. The feedback and perspectives gathered from all the stakeholders specialised in their respective fields have been beneficial for long-term collaboration as well as the development of the Group’s business strategy and operations.

# SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT	
<b>Government and Regulators</b>	Meetings with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters that concern the customers and the general public.
<b>Customers</b>	A customer survey is conducted once every 3 years to stay updated with customers' needs and expectations for the Group's products and services. This includes regular outlet visits and other CRM tools.
<b>Employees</b>	Open communication through Berjaya Intranet on events, activities, staff promotions and key messages within the Berjaya Group. Berita Sports Toto is a quarterly newsletter that features Sports Toto's key activities, be it business or social.
<b>Suppliers</b>	Regular review of major suppliers to provide service delivery feedback and areas of improvement for the mutual benefit of both parties.
<b>Communities and non-governmental organisations</b>	Various community programmes driven through consultation and collaboration with non-governmental organisations ("NGOs") and charitable organisations.
<b>Media</b>	Regular engagement and updates with mainstream media on developments within the Group and the industry in general. Media releases relating to key business development as well as corporate social responsibility ("CSR") activities are made available to the media whenever necessary.
<b>Investors and Stock Analysts</b>	Communication via announcements to Bursa Malaysia, General Meetings, the Group's website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required.

## COMMITMENT TO STAKEHOLDERS

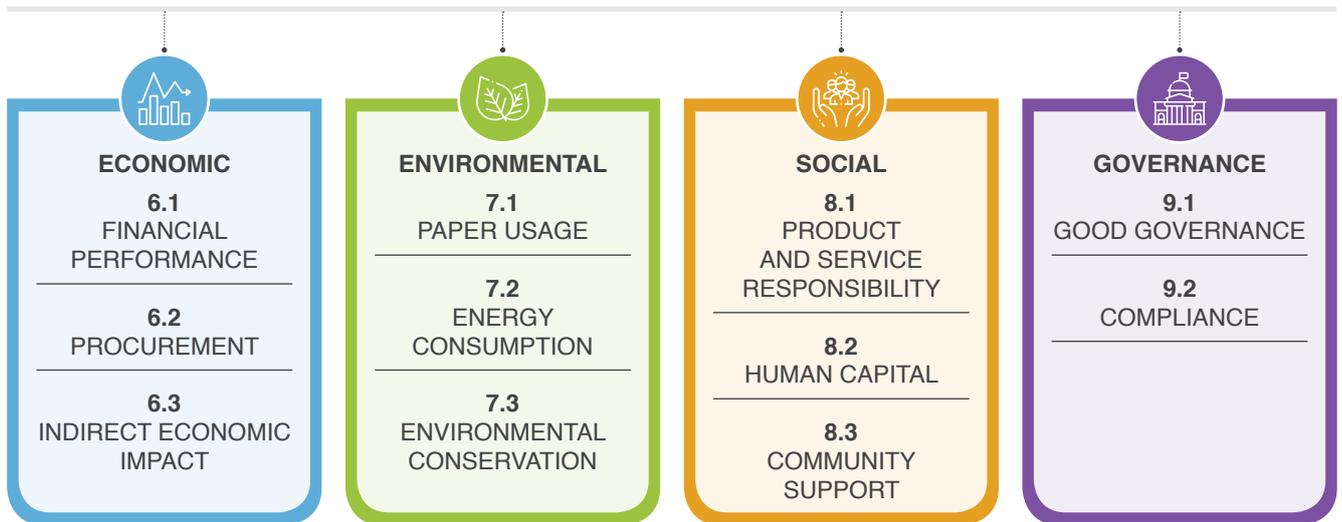
BToto's commitment to its stakeholders are outlined below:-

STAKEHOLDERS	COMMITMENT
<b>Government and Regulators</b>	➤ Operating the entire business operation with systems and procedures which are in line with regulatory requirements that ensure safety, accountability, integrity and efficiency.
	➤ Providing necessary information and working hand in hand with the authorities to counter the proliferation of illegal and unregulated gambling operations.
	➤ Echoing the Government's call for the private sector to play an active role in community development.
<b>Employees and Agents</b>	➤ Evaluating the training and development needs of all levels of employees in order to provide continuous training and up-skilling for better performance of duties and career advancement.
	➤ Providing a conducive and facilitative working environment.
<b>Customers</b>	➤ Ensuring customer confidence through the delivery of reliable and transparent communication via online and offline channels.
	➤ Providing prompt and efficient assistance to customers.
<b>Suppliers</b>	➤ Developing a structured procurement system that ensures fair play to all suppliers.
	➤ Suppliers are regularly reviewed to ensure value creation.
<b>Investors and Stock Analysts</b>	➤ Working to generate shareholder returns on a sustainable basis.
	➤ Reporting financial results on a quarterly and annual basis, and major transactions and proposals undertaken by the Group when investor interest is at stake.
<b>Communities and NGOs</b>	➤ Nurturing a collaborative relationship with various NGOs and charitable organisations to develop community programmes.

# SUSTAINABILITY STATEMENT

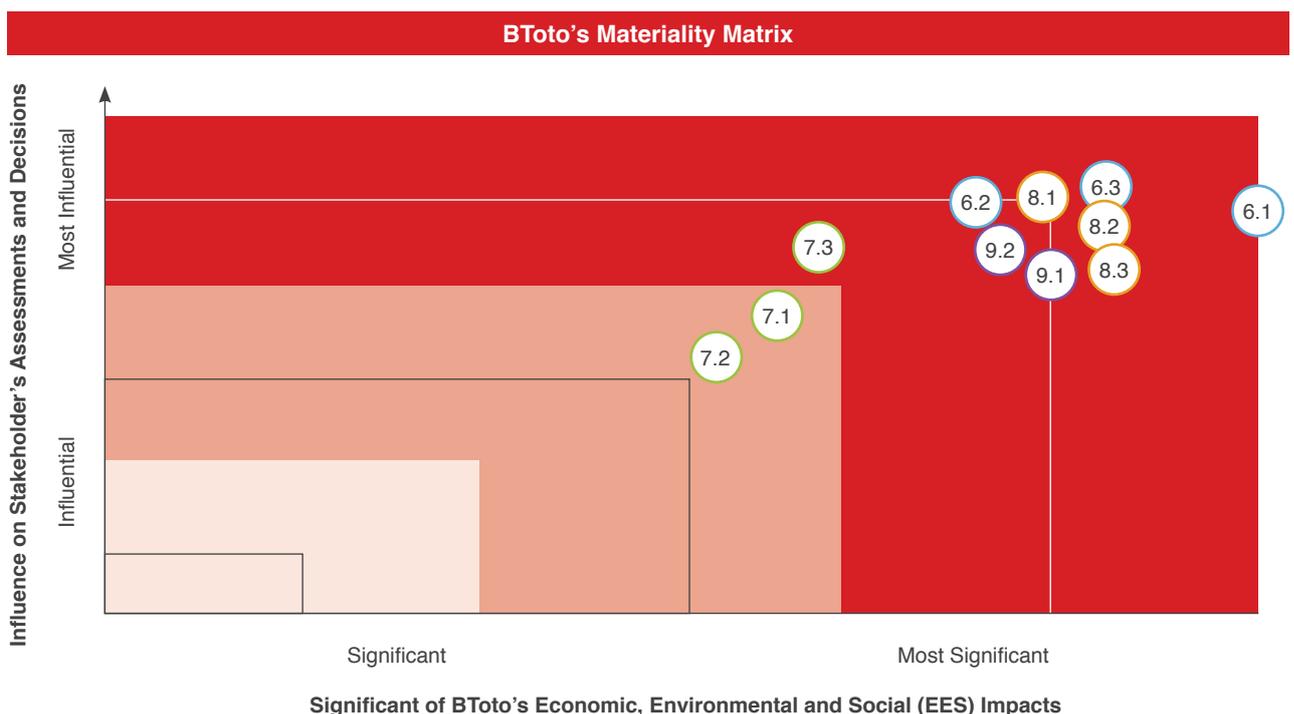
## 4. MATERIALITY

Conducting a formal materiality process helps the Group to identify and categorise prevalent sustainability issues, improve on its sustainability strategy, and set priorities and allocate resources accordingly. Material issues are defined as elements that have a significant effect on and are related to the Group's various stakeholders.



An annual materiality assessment is fundamental in the Group's approach to sustainability and identifies the significant impact of economic, environmental, social and governance factors towards the sustainability of its businesses. The materiality assessment for the Group was conducted by engaging with the relevant stakeholders which resulted in the identification of 11 material issues that impact the sustainability of the Group. These issues were mapped to the relevant sustainability pillars as illustrated below.

The Materiality Matrix displays the position of the 11 material issues relative to the degree of importance to the Group's business operations and its stakeholders. The Group reviews the Materiality Matrix on an annual basis.



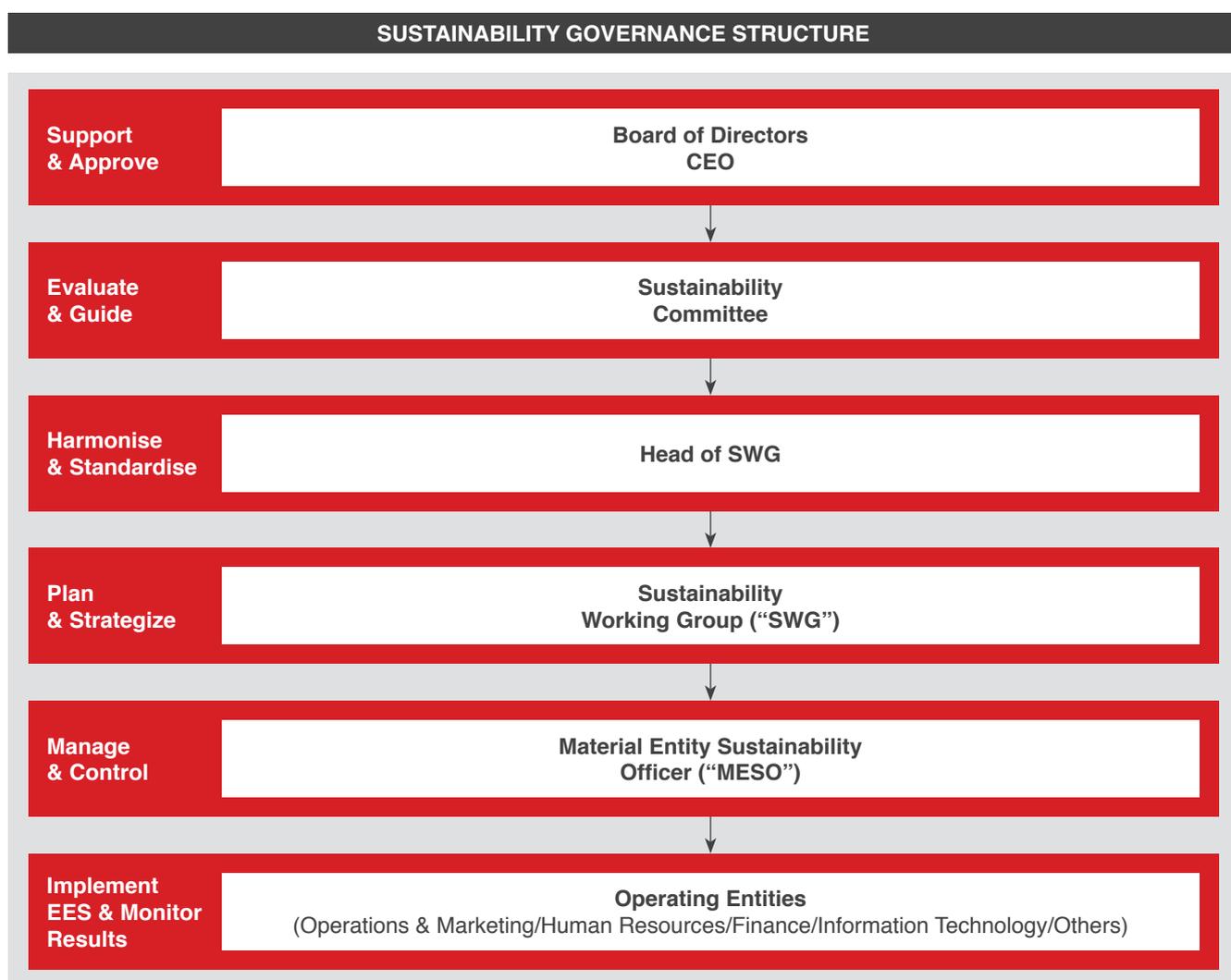
# SUSTAINABILITY STATEMENT

## 5. SUSTAINABILITY GOVERNANCE

BToto has in place a corporate governance structure and processes which are detailed in the Statement on Corporate Governance and Statement on Risk Management and Internal Control sections of this Annual Report.

The Sustainability Working Group (“SWG”) was formed in 2016 to oversee the overall planning and implementation of sustainability practices and policy continuously and systematically. BToto’s operating divisions take sustainability into consideration in their business strategy planning, operations and processes. The Group strives to develop systems to monitor the implementation of its internal control measures and sustainability measures as well as the completeness and reliability of information related to the financial, operational, safety, health and environmental management aspects of the Group. The Board and management are committed to continually refining and improving these processes over time. The financial information in this Sustainability Statement have been externally verified.

For more detailed information on the Group’s Statement on Corporate Governance and Statement on Risk Management and Internal Control, please refer to pages 33 to 52 of the BToto Annual Report 2021.



*Note: EES denotes economic, environmental and social.*

# SUSTAINABILITY STATEMENT

## 6. ECONOMIC SUSTAINABILITY

### 6.1. Financial Performance

BToto is committed to strengthening its financial position and enhancing its competitiveness through adopting good and ethical business practices, good corporate governance as well as effective capital management.

BToto's financial performance highlights for the financial year ended 30 June 2021 and its comparatives for the financial year ended 30 June 2020 are as follows:



Revenue

**RM 4.8 billion**

(FYE2020: RM4.6 billion)



Profit After Tax

**RM 187.4 million**

(FYE2020: RM133.7 million)



Dividend Distribution

**RM 107.5 million**

(FYE2020: RM139.5 million)



Return On Equity

**23.4 %**

(FYE2020: 18.2%)



Dividend Payout Rate

**59.3 %**

(FYE2020: 105.1%)

For more information on BToto's financial performance, please refer to BToto's Financial Summary and Highlights on pages 14 to 15 of the BToto Annual Report 2021.

### 6.2. Procurement Practices

BToto has in place a competitive and reliable procurement process which prioritizes the procurement of products and services from locally established business entities to generate economic value in the local community.

Sports Toto has an established key supply chain supplying consumable materials, system software, equipment and services for its Toto lottery operations. Its local procurement is largely conducted through a tender process managed by a Tender Committee which places emphasis on a reliable and cost-effective supply chain. Its procurements also adhere to standard operating

procedures to ensure fair and reliable business transactions.

Besides local procurement, Sports Toto also procures products and services from other overseas entities within the Group. For instance, its gaming system software and lottery terminals are procured from International Lottery & Totalizator Systems, Inc. ("ILTS"), a subsidiary of BToto and a leading supplier of online wagering and digital scan voting systems with installations worldwide.

Sports Toto's system software and lottery terminals supplied by ILTS are managed by its IT and Field Support departments, while its telecommunication channels are monitored by its Network Service department with reliable support from Telekom Malaysia Berhad, based on Service Level Agreements. Sports Toto also has a thermal paper supply agreement in place to ensure an uninterrupted supply and a backup plan for alternative sources of paper materials.

The procurement process, key supply chain, and operational controls enhance Sports Toto's sustainability as a responsible lottery business operator.

### 6.3. Indirect Economic Impact

BToto creates indirect economic impact by supporting local businesses and contributing to local community development.

Sports Toto has earned goodwill and acceptance as a respectable corporate entity in Malaysia through its CSR programmes and other community development projects. Its CSR initiatives focus on the core areas of community, sports and education, helping many needy communities through the provision of monetary and non-monetary support for their various causes.

Despite the challenges posed by the pandemic, Sports Toto has continued to be a good corporate citizen by contributing a series of donations during the festive seasons in order to bring cheer and alleviate hardships brought on by the pandemic.

## 7. ENVIRONMENTAL SUSTAINABILITY

BToto endeavours to reduce the negative impact of its operations on the environment through the efficient use of resources and minimising wastage in the course of conducting its businesses.

### 7.1. Paper Usage

As part of its environmental conservation initiatives, BToto strives to reduce the usage of printed materials, and endeavours to recycle materials into items of various functions.

# SUSTAINABILITY STATEMENT

Sports Toto relies heavily on the supply of thermal papers for its lottery tickets on a daily basis. The thermal papers used at Sports Toto outlets are distributed and monitored by the company through a computerised Ticket Roll & Inventory Tracking System to ensure efficiency and productivity in usage. The thermal ticket rolls are also produced with biodegradable paper cores. Recycled papers are used for bet slips at the sales outlets for environmental sustainability.

## 7.2. Energy Consumption

Even though Sports Toto's operations do not require a high level of energy consumption, the company has reduced its electricity consumption by replacing the fluorescent lights in its office premises and sales outlets throughout the country with energy-saving LED light tubes.

As part of its corporate governance practice, H.R. Owen complies with the various local regulations for its environmental responsibilities. The UK Government's mandatory energy assessment scheme, the Energy Savings Opportunity Scheme, requires H.R. Owen to measure its total energy consumption and carry out energy audits to identify cost-effective energy-saving opportunities. H.R. Owen also invested in energy-saving fit-outs on the refurbishment of its existing and new sites.

## 7.3. Environmental Conservation

Sports Toto has been supporting the Tioman Island Conservation Day ("TICD") for the last 4 consecutive years. Volunteers participated in beach and sea clean-ups and helped raise public awareness about the importance of preserving the marine ecosystem. Divers remove Crown-of-thorns starfish and algae on corals as well as planted young corals, while the non-diver participants collected trash along the beach.

Through Berjaya Philippines Inc ("BPI"), BToto supports various campaigns which promote environmental consciousness in an effort to mitigate climate change in the Philippines. During the financial year under review, BPI participated in Haribon Foundation's Forests for Life Movement by joining the Buhay Punlaan Native Tree Nursery activities in Lumban, Laguna. Forests for Life is an environmental movement to restore Philippine rainforests using native tree species such *Narra*, *Apitong*, *Lauan* and many others, which are more adaptive and have a greater chance of survival. It provides an opportunity for participants to come together and help restore the natural forests. The participants helped in soil bagging, root pruning and transplanting of native tree seedlings. BPI selected Haribon Foundation as its CSR partner for its solid reputation and commitment to environmental conservation. In addition, BPI also donated funds for seedlings that will be used for reforestation.

Sports Toto participates in the quarterly recycling programme organised by its parent company, Berjaya Corporation Berhad in collaboration with Tzu Chi Foundation. Sports Toto has placed 3 large recycling bins at its head office to collect recyclable items such as plastic bottles, papers and clothes, and on the stipulated collection day, the recyclable items will be sent to Tzu Chi Foundation.

## 8. SOCIAL SUSTAINABILITY

BToto acknowledges the importance of social sustainability by putting in place various practices related to responsible marketing and communications practices, information security and privacy, public policy and risk management, customer care, and community support.

### 8.1. Product and Service Responsibility

#### a. Marketing and Communication Practices

Sports Toto uses communication materials such as posters and leaflets, mainstream print media, websites, social media and other online applications to provide information on its products and services. For instance, being adversely affected by illegal operators, Sports Toto displays posters to educate its customers on the penalties imposed for any form of transaction with illegal operators as stipulated under the relevant gaming laws.

Sports Toto's marketing strategies include:-

- Leveraging on digital marketing, such as social media, company website and other online applications, to cater to the tech-savvy group;
- Presenting information such as product videos, inspirational posts, winning news and various mini-contests are posted on Sports Toto's social media pages and website.
- Organising monthly mini fun games and contests on the Sports Toto website for the public to participate in and win prizes.
- Product awareness campaigns and flash mob dances at several Sports Toto outlets.

Sports Toto has improved its existing mobile application by incorporating a new user interface and features to enhance customer experience when checking on draw results and updates on promotional events. Sports Toto also supports public service announcements through local radio stations to inculcate good living tips and values as well as convey festive greetings.

# SUSTAINABILITY STATEMENT

## b. Customer Care and Experience

Sports Toto's Customer Service Unit attends to customer enquiries through various communication channels, from telephone calls and mail to email correspondence, webmaster enquiries and live chats with the customers. Customers may also log into Sports Toto's website or post messages on Sports Toto's Facebook page. The standard guideline for a reply and resolution of an issue is within 3 to 5 working days, depending on the nature of the issue.

The sales counters at each Sports Toto outlet are equipped with a Customer Careline sticker with the Careline telephone number and various interfaces for customer feedback.

to enable real-time interaction with customers from 9am to 6pm on weekdays. The statistics related to communication with customers, handling of customer's enquiries and complaints are as follows:-

	Financial Year ended 30 June 2021	Financial Year ended 30 June 2020
Call in	3,339	2,730
Webmaster	1,018	1,181
Live Chat	2,594	2,118
Walk-in	31	35
Enquiry	6,764	5,592
Complaint	189	358
Sponsorship	29	114

All front-end staff in all Sports Toto sales outlets receive regular training on product knowledge, quality customer service, and selling process.

## c. IT Integrity, Cyber Security and Other Security-Related Practices

To ensure system availability and continuity, the various IT departments within BToto maintain preventive measures in their operating systems to minimize exposure to cybersecurity risk.

Sports Toto has in place a system that effectively identifies and responds to any IT integrity or cyber security issues. The network and its systems are checked on an annual basis to ensure the operating system is up-to-date to counter potential cyber threats. Sports Toto's IT department continues to be proactive in identifying potential vulnerabilities in Sports Toto's operating environment and provide timely response and recovery in the event of a cyber breach.

In addition to its upgraded firewall security measures, penetration tests are being carried out by the IT department to test the vulnerability of the systems' networks including the Toto mobile application and mobile website.



Promotional poster for Toto Lotto Games.

Sports Toto periodically communicates with its web subscribers on draw results and special draw announcements, Jackpot updates, seasonal greetings, winning stories, marketing and promotions as well as CSR activities. A live chat facility is also available on Sports Toto's website

## 8.2. Human Capital

### a. Human Resource Diversity

BToto embraces and values diversity and inclusion in the workplace as it promotes a collaborative, supportive and respectful environment among its employees.

BToto's fair employment practices, equal treatment to all employees and equal access to opportunities are essential to boosting employees' morale and

# SUSTAINABILITY STATEMENT

achieving competitive advantage through its diverse workforce. It encourages an inclusive workplace where its employees feel safe and confident to contribute their views in delivering innovative and effective business solutions.

## **b. Human Rights**

BToto practises fair employment opportunities to all employees and job applicants. Equal opportunities apply to all the Group's activities such as recruitment, hiring, compensation, assignment, training, promotion, discipline and discharge.

## **c. Occupational Safety and Health**

BToto promotes a proactive occupational safety, health and environmental philosophy and adopts best practices in building and maintaining a healthy and safe working environment. Employees' health and wellbeing have been of utmost priority since the outbreak of the COVID-19 pandemic, and communications on awareness and precautionary measures in facing the pandemic are shared with employees to prevent any chain of infection within the office premises.

The Berjaya Crisis Management and Recovery Committee was activated to spearhead the Berjaya Corporation Berhad group of companies' COVID-19 preparedness and response with emphasis on the Business Continuity Plan. A COVID-19 Incident Management Taskforce ("CIMT"), established at Berjaya Corporate Office, has played a crucial role in ensuring continuity of services and preparedness in handling issues quickly and effectively. CIMT's role and responsibilities include planning and implementation of emergency measures, as well as communicating and disseminating clear guidance and action plans to the employees at the Berjaya Corporate Office and the various subsidiaries, including BToto.

Implementing the 'new normal' during reopening of businesses, Berjaya Safety and Health COVID-19 Prevention Protocols were developed and detailed infographics and videos on 'Returning to Work' were created and displayed at strategic common locations in the office. Apart from precautionary measures, case management guidelines were also developed and cascaded to all subsidiaries to enable them to handle all COVID-19 related issues with consistency and efficiency. In August 2020, ISO-certified antimicrobial self-sanitisation technology fabric face masks were distributed to employees based at Berjaya Corporate Office to replace disposable medical face masks.

H.R. Owen ensures that all of its vehicle sites comply with the health and safety requirements. H.R. Owen has in place a Health and Safety Action Plan which includes the identification of risks and hazards by the Health and Safety Advisor. H.R. Owen is required under the Health & Safety at Work Act 1974 Section 2(8) to inform its employees of the actions that are taken to mitigate risks at the place of work. H.R. Owen conducts Workplace Risks Assessments at its vehicle sites such as The Burr Road and Jack Barclay.

## **d. Labour Practices**

### **i. Human Resource Deliverables**

BToto recognises that human capital is one of the critical enablers for driving and sustaining the Group's success and growth. As such, BToto strongly believes that human capital development and the availability of a highly resilient workforce are very important to support its continued expansion and growth.

BToto invests immense efforts in recruiting the best fits, strengthening the talent and leadership pipeline and cultivating a positive and learning culture within the organisation. BToto aims to ensure that its employees are not just engaged, but knowledgeable, productive and competitive, while enriching its work culture and environment, distinguishing the organisation as an "Employer of Choice".



Recruiting the Best Talents through Talent Acquisition Strategies.



Strengthen Talents and Leadership Pipeline through Talent Management and Succession Planning Strategies.



Cultivating a Performance Driven Culture.



Building a Learning Culture and highly agile workforce through learning and development programmes.

# SUSTAINABILITY STATEMENT



Progressively Review and Improve Human Resources Policies, Work Environment and Work Systems.



Building a Highly Engaged and Productive Workplace Culture.



Capitalising on HR Technology and Develop Digital Native Center.

## ii. **Company and Employer Branding**

### **Talent Acquisition**

BToto aims to build a strong employer brand to attract potential talents in anticipation of its future hiring needs. BToto strives to strike a balance among its diverse industries and human capital needs. Thus it is important for its Human Resource Division to consider the many business units and the different positions within those units. A thorough understanding of each company's business plans and its talent requirements, including the skills, knowledge, experiences and competencies that each position requires, is essential for effective talent acquisition strategies.

BToto seeks to get the 'right people for the right job' through robust recruitment and selection methods which include the use of competency-based interview process and behavioural assessment. BToto continues to leverage on using social media channels and other recruitment platforms to reach more talents.

Berjaya has established its employer brand locally and overseas which helps to convey to internal and external talents what distinguishes the Group from its competitors.

In December 2020, BToto's parent company, Berjaya Corporation Berhad was listed as one of Malaysia's 100 Leading Graduate Employers, for the 13<sup>th</sup> consecutive year.

### **Learning and Development**

BToto continues its efforts to build a learning culture and highly agile workforce through learning and development programmes.

Sports Toto continued to enroll its talents in Berjaya Group's leadership development programme, the Berjaya Executive Development Programme, to help its employees develop and reach their full potential.

In order to improve its customer service levels, Sports Toto provides regular training on product knowledge and service upselling for its employees and agents' frontline staff.

To encourage greater safety awareness and protection among the company's computer users, Sports Toto provided "Cyber Security Awareness Training" to equip 172 employees with the knowledge and skills required to protect themselves from cybercrime elements.

During the financial year, Sports Toto continued with Performance Management based on the Balance ScoreCard Concept ("BSC"), and e-appraisal system training for Performance ScoreCard ("PSC").

## iii. **Employee Engagement and Wellbeing**

Maintaining a high level of employee engagement is important for BToto to attract and retain talented employees and ultimately, deliver business success.

BToto also strongly believes in driving better local communication among its business units through synergy meetings and capitalising on communication channels such as the "Buzz" mobile app, "Bfamily" Intranet and the "Beritajaya" newsletter.

### The Buzz Mobile Application



**Main Features of Buzz:**

- Announcement & Events
- Contest & Surveys
- Employee-Exclusive Offer & Promotions
- Hall of Buzz (Platform to Welcome New Employees & Recognise Achievements)

BToto's engagement initiatives during the financial year under review were focused on celebrating diversity, bringing together employees from varied

# SUSTAINABILITY STATEMENT

backgrounds and levels and building camaraderie through activities that celebrate the major festivals in Malaysia, health-related activities and sports tournaments to boost motivation and teamwork.

BToto believes that understanding its employees from a holistic perspective, taking into account the totality and quality of their lives are equally important. Employees who are in a state of good health, physically and emotionally, are more motivated and will create positive energy that leads to higher productivity and a better working environment. BToto provides a range of initiatives aimed, not just at creating awareness, but also at encouraging employees to make informed choices that will impact their career and personal life, and at the same time, enhance their overall health and wellbeing.

To help employees maintain positive mental health during the pandemic, Group Human Resource Division organised 3 Virtual Talks and 1 Mini Workshop.

- On 7 September 2020, employees who attended the talk on “Step out in Style” were taught how to create a great first impression, how to look expensive within a budget, how to create a visual slimming effect and how to choose the best colours for apparel. This session attracted 82 employees.
- On 18 November 2020, 80 employees attended the talk on “The Triad to Better Manage Our Emotions” in which employees were taught how to control and manage emotions through body and mind, reduce emotions of anxiety and fear and increase emotions of confidence and courage.
- 50 employees learnt how to develop resilience, aware of change, accept reality and be optimistic about the future through a talk entitled “Resilience in times of Change and Uncertainty” on 14 December 2020.
- A total of 50 employees benefitted from the mini workshop, “The Art of Giving Feedback”, organised on 28 September 2020, where they learned how to give positive yet constructive feedback.

To show care for the health of its employees, Sports Toto provided fruits on a daily basis to staff who are based in Klang Valley, and twice yearly, dental care products were provided free-of-charge to promote good oral hygiene.

BToto strives to continuously enhance the benefits and well-being of its employees and continues to provide attractive remuneration and benefit packages to employees in order to stay competitive in the market. BToto takes into consideration the needs of different levels of employees and endeavours to ensure that its employees’ well-being are well thought out regardless of their job category in the best possible way.

BToto continues to provide financial assistance to employees and their immediate family members to alleviate their financial burden in times of crisis, such as covering the medical expenses incurred by the employee/employee’s immediate family members or in the event that the home of an employee is affected by natural disaster.



Sports Toto Chinese New Year 2021 ang pow donation campaign.



Daily necessities were handed out to Orang Asli communities in Selangor and Pahang to celebrate Christmas.

#### iv. Culture of Volunteerism

A culture of ‘giving back’ to the society is one of the most inspiring ways to engage the employees. In the financial year under review, 53 Sports Toto employees participated in various charitable events

# SUSTAINABILITY STATEMENT

across the country. The number of volunteers in the financial year under review had drastically reduced as most of the CSR projects were either postponed or cancelled due to the pandemic.

## 8.3 Community Support

### Community

In compliance with the standard operating procedures set by the National Security Council to avoid large gatherings and practise social distancing, Sports Toto organised the 34th Sports Toto Chinese New Year Ang Pow Donation Campaign differently in the financial year under review. 118 old folks' homes nationwide benefitted from this campaign.

Due to the pandemic, the campaign focused on old folks homes registered with the Social Welfare Department. Since the inception of the Chinese New Year donation campaign in 1988, Sports Toto has contributed over RM22.5 million worth of ang paws and hampers to more than 414,000 senior citizens in the country.

Despite the challenges faced during the financial period under review, Sports Toto continued to carry out various projects, wherever possible, through its "Helping Hands" CSR programme with its tagline – "Sharing, Giving and Caring". These CSR projects also enabled Sports Toto employees to practise volunteerism and give back to society through their participation. Sports Toto organised various donation campaigns for the needy during the festive seasons with the aim of sharing and caring for the underprivileged groups.

In conjunction with Deepavali celebrations, Sports Toto donated household items and daily necessities to 50 needy families through Kelab Bell Belia Tamil Bukit Beruang, a local NGO in Melaka.

Sports Toto collaborated with SEMOA, the NGO that helps to improve the living standards of indigenous communities, to deliver food items to the indigenous community in Raub to ensure that they would enjoy a warm and joyful Christmas celebration.

In conjunction with the Hari Raya celebrations, Sports Toto contributed daily necessities to 50 low-income families in Kuala Lumpur and Selangor through Kelab Kebajikan Wanita Selangor.

Sports Toto also collaborated with Kelab Darul Ehsan to host a "Buka Puasa" buffet dinner for children from several orphanages.

Sports Toto collaborated with Sin Chew Daily, a vernacular news organisation, on a face mask campaign for school children. Sports Toto donated 70,000 face masks and Sin Chew Daily helped to distribute the face masks to selected primary schools in Kedah, Selangor, Pahang and Johor to ensure that school children would be receiving their education in a safe environment.

In the Philippines, BPI collaborated with the Gawad Kalinga Community Development Foundation ("GK"), a Philippines-based poverty alleviation and nation-building organization, to build houses for Filipinos hit by calamity and poverty-stricken families. To-date, BPI has built 1,342 houses in 33 villages all over the country. BPI's contribution to GK for housing and non-housing projects amounted to Peso 208.2 million in total.

### Education

In line with the objective to promote literacy and education, Sports Toto has been supporting the "Reading My Companion" learning programme since 2012 with the distribution of storybooks and storytelling sessions for students at micro-sized Chinese primary schools. Since schools were closed due to the COVID-19 pandemic, the programme has been deferred to the financial year 2022.

Sports Toto supported the operating costs for a community education centre providing free English, Mathematics, computer and personal development lessons for underprivileged children and adults in Johor. During the financial year under review, approximately 7,300 students benefitted from the programme.

BPI is always an advocate of uplifting lives through good education. Heeding the call of the government to the private sector to share resources and help improve the state of public schools, as well as to provide some of the latest technology for teaching, BPI donated projector units and Smart TVs to public high schools, namely, Makati High School in Makati City, Pinaglabanan Elementary School in San Juan City, and Liberato Damian Elementary School in Pasig City.



Sports Toto donates 70,000 face masks to Chinese primary schools.

### Sports

Sports Toto views sports development as a key element in nation-building and fostering national unity. Since its inception in 1983, Sports Toto has made substantial annual contributions to the National Sports Council, playing its part in helping the nation to groom talent over the past 38 years. During the financial year under review, Sports Toto

# SUSTAINABILITY STATEMENT

contributed RM30 million to the National Sports Council in promoting national sports development.

Sports Toto was forced to either cancel or postpone all sports, educational, and cultural-related CSR projects due to the pandemic. The company will resume these CSR projects as soon as the pandemic is over as well as continue to look for other innovative ways to contribute to these core areas it champions.



Sports Toto's donation to Sungai Buloh Leprosy Centre in conjunction with Chinese New Year 2021.



Sharing Harvest and Gawai cheer with the underprivileged at East Malaysia.

## 9. GOVERNANCE SUSTAINABILITY

Corporate governance is an intrinsic part of the Group's businesses operations. It governs the implementation of the sustainability strategy across its businesses, manages the goal-setting and reporting processes, strengthens relations with external stakeholders, and ensures overall accountability.

### 9.1. Adherence to international standards of governance

#### a. Accreditation from the World Lottery Association ("WLA") Security Control Standard and ISO/IEC 27001:2013

Sports Toto has achieved the World Lottery Association Security Control Standard: 2016 (WLA-SCS:2016) and ISO/IEC 27001:2013 certification in December 2019. The scope of the certification covers areas such as the Management,

Development, Sales, Draw and Operation Support of Licensed Lottery Games. The certifications for WLA-SCS:2016 and ISO/IEC 27001:2013 are valid up to December 2022.

WLA-SCS:2016 is the lottery sector's only internationally recognised security standard. It combines a comprehensive information security management baseline incorporating ISO/IEC 27001:2013, a leading international standard for information security management, with additional lottery-specific security controls representing the best practices.

The accreditation indicates that Sports Toto has met the stringent requirements of ISO/IEC 27001:2013 for establishing, implementing, maintaining and continually improving its Information Security Management System, together with additional security requirements which are set forth by the WLA, including lottery specific and integrity controls.

Sports Toto's draw proceedings is one of the most important areas that is under scrutiny to prevent any form of fraud or mishandling. Sports Toto's adherence to the Lottery Draw Management guidelines and control as advocated by the WLA has further strengthened and reinforced control in the management, operations and conduct of its draws. The draw process is also consistent with the industry standard operating procedures ("SOPs") involving strict controls, such as draws are open to the public and officially observed by independent judges; draws conducted under camera-recording with a team of staff dedicated to ensuring integrity, security and accuracy of the draw results and betting data. All these SOPs are subject to internal audit and review.

Sports Toto's SOPs are regularly reviewed and updated with its internal auditors and the WLA certified auditors to improve on the processes and internal controls. The yearly review and audit at the outlets ensure that the procedures are properly complied with. Remedial actions are properly identified and taken to safeguard the company's reputation, integrity and assets.

#### b. Responsible Gaming

Sports Toto attained Level 2 of the Responsible Gaming certification from WLA in June 2020. In line with this, Sports Toto has implemented the following measures:-

- i. Established a Responsible Gaming Committee to manage matters relating to responsible gaming; and

# SUSTAINABILITY STATEMENT

- ii. Develop programmes to ensure that the marketing of the products is communicated in a manner that will promote responsible gaming.

In advocating Responsible Gaming (“RG”), every Sports Toto outlet has a public notice to prohibit minors and Muslims from betting. Sports Toto’s website, [www.sportstoto.com.my](http://www.sportstoto.com.my), and social media channels carry a ‘Be a Responsible Player’ reminder message which clearly states that Toto players must be 21 years old and above; they should bet within their financial means, and they should self-evaluate their financial status.

In line with its RG programmes to date, Sports Toto has uploaded a Responsible Gaming Framework and Principles on its official website to inform and educate customers as well as the general public on the aspects of betting in a responsible manner.

An eye-catching logo ‘Play Responsibly’ has also been created, and is featured at key customer and communications touchpoints including the website, sales outlets and offices, draw venue, promotional materials, game catalogues, Toto draw results, newsletters, staff clothing, and social media channels.

RG materials and messages are also posted on Sports Toto’s social media channels such as its official Facebook and Instagram pages, with regular ‘flash’ highlights to catch the viewers’ attention. Important updates are also communicated via print media for public awareness.

Self-evaluation questionnaires are regularly circulated to guide and educate Sports Toto stakeholders, especially its customers, on RG practices which include betting within their means, not resorting to credit or borrowings, and being responsible in ensuring that betting is treated as purely a mode of entertainment. Upon completion of each self-evaluation test, a test result with ratings will reveal and advise the customer on the status of evaluation, and if necessary, some advice on how to carry out betting activities in a responsible manner will be imparted to the customer.

An RG handbook as well as training materials on RG have been developed for Sports Toto’s retailer agents, its customer sales assistants, area sales executives, regional managers and office employees. With comprehensive RG knowledge and an inculcated RG culture, Sports Toto agents and employees are better equipped to promote and explain RG to their customers, the general public, and other stakeholders. This will, in turn, influence and create a healthier community ecosystem in

which Sports Toto operates, and mitigate any irresponsible gaming behavior while creating a better-informed society about playing responsibly.

## 9.2. Compliance

### a. Key policies and procedures

BToto employees are required to adhere to various regulatory guidelines and procedures, among others:

- i. Adequate Procedures to Curb and Prevent Bribery and Corruption – T.R.U.S.T Concept;
- ii. Guidelines on Adequate Procedures (pursuant to Section 17A under the MACC Act 2009);
- iii. Employees’ Code of Conduct;
- iv. Sustainability Practices and Policy;
- v. Whistleblowing Policy & Procedures

Additionally, Sports Toto adheres to rules and regulations set by the government authorities, such as the Malaysian Code on Corporate Governance, Companies Act 2016, Anti-Money & Laundering law (“AMLA”) and the Pool Betting Act 1967 under the Ministry of Finance.

### b. Information Security and Privacy

As a responsible corporate citizen, the information security of the company employees and customers is of utmost importance to BToto. In compliance with the Personal Data Protection Act 2010, the websites of BToto and its subsidiaries carry a privacy policy which explains clearly the methods and purposes of data collection and the use of customers’ personal information.

### c. Crisis Management and Recovery Management System (“CMRMS”)

A risk management-based framework, Crisis Management and Recovery Management System (“CMRMS”) was implemented within Sports Toto in October 2020, in line with Berjaya Group’s umbrella CMRMS framework. It contains comprehensive standard operating procedures (“SOPs”) to provide the management team, heads of department and relevant employees with the procedures and guidelines to manage major events and crises which may lead to disruptions in business and operations. The major events include natural disasters, outbreak of disease, fire, explosion, terrorism, riots and chemical attack, among others. The framework covers all material aspects of business continuity management (“BCM”) and business continuity planning (“BCP”) including process, impact analysis, implementation, maintenance and reassessment of continuity plans.

# SUSTAINABILITY STATEMENT

## **d. BCM Policy and BCP for ISO/IEC 27001:2013 & WLA-SCS:2016**

Sports Toto attained the WLA Security Control Standard: 2016 (WLA-SCS 2016) certification in December 2019, which is the only internationally-recognised security standard for number forecast operators worldwide. The accreditation signifies that Sports Toto has met the stringent requirements of the international standards (ISO/IEC 27001:2013) for establishing, implementing, maintaining and continually improving its Information Security Management System ("ISMS"), together with additional security requirements set forth by WLA, including lottery-specific security and integrity controls representing current best practices.

Within the certified ISMS SOPs and guidelines, there is a BCM policy and a BCP which provide guidelines for and address major risk events in business and operations leading to severe disruptions in lottery sales nationwide, lottery systems, draw operations, key supplies, logistics and field support.

With the BCM and BCP risk management systems in place, Sports Toto's business operations continuity can be managed with minimum disruption and in an organised manner, thereby minimising loss of sales, time and costs arising from such major setbacks.

In summary, Sports Toto has in place a robust holistic risk and crisis management system, covered by CMRMS and ISMS, which is monitored and supervised by its Internal Audit department.

## **e. Other Business Continuity and Safety SOPs**

As part of continuous improvement on its risk management framework, Sports Toto also issues supplementary SOPs or guidelines on top of its CMRMS and ISMS, to address more specifically or clearly key events arising from a crisis, as a guide for the management and staff to move on viably and safely. A case in point would be the COVID-19 pandemic that resulted in intermittent movement control and lockdowns, affecting the safety of our staff, customers, visitors, and suppliers; as well as the sales suspension by the Government. In this regard, the following SOPs and guidelines were created and circulated to all concerned individuals, placed at the company's noticeboard as well as at certain prominent places such as the main entrances to the Sports Toto's office and sales outlets.

### **i) SOPs to suspend sales on lockdown**

These SOPs were created during MCO2.0 in 2021 to guide employees on work continuity issues, such as work-from-home guidelines, staff productivity, digital transformation (e.g. deployment of notebooks, handphones, setting up of cloud services and storage), virtual meetings and communications practices.

### **ii) SOPs to prevent the spread of COVID-19**

These SOPs were created during MCO1 in 2020 to provide for the general safety of staff at work in the office. These included masks to be worn while on office premises, temperature check, hand-sanitising, regular sanitising of offices, non-toxic fumigation, social distancing notices and other safety and health protection measures. Staff and frontline personnel were provided free masks, sanitisers, and gloves.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Berjaya Sports Toto Berhad (“the Company”) recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders’ value as well as the interest of the Company.

The Board is also committed in ensuring that the Company and its subsidiaries (collectively “Group”) carries out its business operations within the required standards on corporate governance as set out in the Malaysian Code on Corporate Governance (“MCCG”).

The Board is pleased to provide an overview of the corporate governance (“CG”) practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 June 2021 (“FYE 2021”) unless otherwise stated, which are as follows:-

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG overview statement, approved by the Board, shall be read together with the CG Report 2021 (“CG Report”) of the Company which is available on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”) at [www.bursamalaysia.com](http://www.bursamalaysia.com).

The CG Report provides details on how the Company has applied each Practice, any departures thereof and the alternative measures being in place within the Company during the FYE 2021. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2021 save for the exceptions which are fully described in the CG Report.

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **Board Responsibilities**

The Board has overall responsibility for the proper conduct of the Company’s business and the strategic direction, development and control of the Group. The Board has formally adopted a Board Charter which sets out the roles and responsibilities of the Board and the Management to ensure accountability. The Board Charter is available on the Company’s website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/) and will be subject to review periodically by the Board to ensure that it remains consistent with the Board’s objectives and responsibilities.

### **Chairman and Chief Executive Officer**

During the financial year ended 30 June 2021, the Board is led by the Chairman, Tan Sri Dato’ Seri Tan Kok Ping, a Non-Independent Non-Executive Director of the Company. Subsequent to his retirement on 1 June 2021, Dato’ Sri Robin Tan Yeong Ching was appointed as Chairman of the Company on even date. The Chairman is responsible to ensure that he will preside at all Board meetings and general meetings of the Company. The Chairman is also responsible for providing leadership as well as to ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Board has delegated the day-to-day affairs of the Group’s business to the Chief Executive Officer (“CEO”) of the Company, Nerine Tan Sheik Ping.

The CEO holds the primary executive responsibility for the Group’s business performance and to manage the Group in accordance with the strategies and policies approved by the Board. The CEO will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and the associated risks involved while pursuing the corporate objectives of the Group. The CEO may delegate appropriate functions to any member of the Senior Management reporting to the CEO.

The CEO and Management meet regularly to review and monitor the performance of the Group’s operating divisions. The CEO briefs the Board on the Group’s business operations and Management’s initiatives during the quarterly Board meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Separation of Positions of the Chairman and Chief Executive Officer

The positions of the Chairman and the CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with clear division of responsibilities have ensured the balance of the power and authority and that no one has unfettered control of the Board. The roles and responsibilities of the Chairman and CEO have been formalised in the Board Charter of the Company.

## Non-Executive Directors

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

In addition, the Non-Independent Non-Executive Directors on the Board will also help to provide views and contributions from a different perspective as they are not involved in the day-to-day operations of the Group.

## Board Committees

The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversight of management and to ensure that there are appropriate checks and balances in discharging its oversight function: -

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Risk Management Committee
- v. Sustainability Committee

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance.

The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency.

Notwithstanding the above, the ultimate responsibility for decision making and oversight still lies with the Board.

## Company Secretaries

The Board is supported by the Company Secretaries, who are members of the professional body namely, The Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their terms of reference and best practices and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board Meetings and Meeting Materials

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board Meeting, the Directors will be provided with the relevant agenda and Board papers at least five (5) business days' notice or such shorter period as agreed by the Board to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others the minutes of preceding meetings of the Board and Board Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. The Board will ensure that the strategic plans of the Company and the Group supports long term value creation, including strategies on economic, environmental and social considerations underpinning sustainability as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and any new major ventures.

## Access to information and advice

The Directors have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

## Board Charter, Ethical Standards through Code of Ethics, Code of Conduct, Whistleblowing Policy and T.R.U.S.T Concept

The Board has the following in place:-

### (a) Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board, Board Committees and individual Director. The Board Charter is subject to review by the Board periodically to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. The Board Charter was recently reviewed on 20 May 2021 and a copy of the Board Charter is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

### (b) Code of Ethics for Directors

The Board has also adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

### (c) Code of Conduct and Business Ethics

The Group has established and adopted a Code of Conduct covering business ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries and associates. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation. All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

The Board will periodically review the Code of Conduct and the Code of Conduct is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## (d) Whistleblowing Policy and Procedures

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistleblowing Policy and Procedures which provides an avenue for employees, the Group's third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis and pursuant to the Malaysian Whistleblower Protection Act 2010 or other similar laws prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation.

The Whistleblowing Policy and Procedures also serves as an avenue to safeguard against the acts of bribery and corruption pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Whistleblowing Policy and Procedures, underlining its protection and reporting channels, is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

## (e) Adequate Procedures to Curb and Prevent Bribery and Corruption - T.R.U.S.T Concept

The Board has established and adopted T.R.U.S.T Concept which forms the ethos and philosophy of the top management in respect of the Group's fight against bribery and corruption in all its business dealings, transactions and such other related activities.

The T.R.U.S.T CONCEPT was formulated to set out the guidelines on adequate procedures to curb and prevent bribery and corruption and the procedures are guided by the following five (5) principles:-

- Principle I : Berjaya's Ethos and Commitment;
- Principle II : Risk Assessment;
- Principle III : Undertake Control Measures;
- Principle IV : Systematic Review, Monitoring and Enforcement; and
- Principle V : Training and Communication.

(Collectively known as T.R.U.S.T. Concept)

The establishment of this T.R.U.S.T CONCEPT demonstrates the Group's zero-tolerance approach against all forms of bribery and corruption in its daily operations and the Group takes a strong stance against such acts. The Group will take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The T.R.U.S.T CONCEPT can be accessed on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

## Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a long-term sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the communities in which it operates, the environment and the employees is set out in the Sustainability Statement in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board Composition

The Board composition of the Company represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities. As at 30 June 2021, the Board has eight (8) members comprising the CEO, three (3) Executive Directors (including the Chairman), one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

During the financial year ended 30 June 2021, Mr Chan Kien Sing has resigned as a Non-Independent Non-Executive Director of the Company on 1 February 2021. In addition, Dato' Sri Robin Tan Yeong Ching was appointed as a Non-Independent Executive Chairman of the Company on 1 June 2021 in place of Tan Sri Dato' Seri Tan Kok Ping who retired as a Non-Independent Non-Executive Director and Chairman of the Company on even date.

On 1 June 2021, Derek Chin Chee Seng was appointed as an Executive Director of the Company and Datuk Seri Wong Chun Wai was appointed as an Independent Non-Executive Director of the Company. In addition, on 17 June 2021, Mr Poh Ying Loo was appointed as an Independent Non-Executive Director of the Company and Dato' Oon Weng Boon was re-designated as Non-Independent Non-Executive Director of the Company on even date.

Subsequent to the financial year ended 30 June 2021, Mr Premshangar A/L Venugopal was appointed as an Independent Non-Executive Director of the Company on 1 July 2021.

The profiles of the current Directors of the Company are set out in pages 3 to 7 of this Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one-third (1/3) of its members to be Independent Directors.

The Board noted that Practices 4.1 and 4.2 of the MCGG has recommended for at least half of the Board members to be independent directors and the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. For Large Companies, the Board shall comprise a majority of Independent Directors.

Based on the review of the Board's composition and assessment of individual Directors during the FYE 2021, the Board is satisfied that the Independent Directors are able to exercise independent and objective judgement and act in the best interests of the Company even though they do not form a majority of the Board members.

The current Directors of the Company as at the date of this Statement are as follows:-

Name	Designation
Dato' Sri Robin Tan Yeong Ching	Chairman/Non-Independent Executive Director
Nerine Tan Sheik Ping	Chief Executive Officer
Seow Swee Pin	Executive Director
Derek Chin Chee Seng	Executive Director
Dato' Oon Weng Boon	Non-Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	Independent Non-Executive Director
Datuk Seri Wong Chun Wai	Independent Non-Executive Director
Poh Ying Loo	Independent Non-Executive Director
Premshangar A/L Venugopal	Independent Non-Executive Director

## Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate Boardroom diversity.

The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a work place environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has one (1) female Director namely, Ms Nerine Tan Sheik Ping.

The Board Diversity Policy of the Company is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

## Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the FYE 2021, the Board met five (5) times and the attendance record of the Directors at the Board meetings were as follows:-

Directors	Attendance
Tan Sri Dato' Seri Tan Kok Ping ( <i>Retired on 1 June 2021</i> )	5/5
Nerine Tan Sheik Ping	5/5
Seow Swee Pin	5/5
Dato' Oon Weng Boon	5/5
Datuk Robert Yong Kuen Loke #	5/5
Dato' Sri Robin Tan Yeong Ching ( <i>Appointed on 1 June 2021</i> )	@
Derek Chin Chee Seng ( <i>Appointed on 1 June 2021</i> )	@
Datuk Seri Wong Chun Wai # ( <i>Appointed on 1 June 2021</i> )	@
Poh Ying Loo # ( <i>Appointed on 17 June 2021</i> )	@
Chan Kien Sing ( <i>Resigned on 1 February 2021</i> )	3/3*

Note:

# Independent Non-Executive Director.

\* Reflects the attendance and the number of meetings held during the financial year since the Director held office.

@ There was no Board meeting being held subsequent to the date of his appointment up to 30 June 2021.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

## Directors' Training

All the Directors of the Company including the newly appointed Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is also regularly updated by the Company Secretaries on the latest update/amendments to the relevant regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

During the FYE 2021, the Directors had attended various training programmes and seminars, details of which were as follows:-

Directors	Title of Programmes/Seminars/Courses/Forums
Nerine Tan Sheik Ping	- Preparing the Board for a Post-COVID World
Seow Swee Pin	- New Code of Corporate Governance for Public Companies and Registered Issuers - Business Foresight Forum (BFF 2020) Evolutionary Change to Revolutionary Impact Reimagining A New World Post Covid-19 - Asia-Pacific Board Leadership Centre Webinar on Board and Audit Committee Priorities 2021
Datuk Robert Yong Kuen Loke	- MIA Webinar Series: Companies Act 2016 – Directors' Duties and Responsibilities During the Pandemic Era and Beyond - Asia- Pacific Board Leadership Centre Webinar on Board and Audit Committee Priorities 2021 - MICPA Webinar – Towards A Comprehensive System of Corporate Reporting & Long Term Value Creation
Dato' Oon Weng Boon	- Preparing the Board for a Post-COVID World - Business Foresight Forum (BFF 2020) Evolutionary Change to Revolutionary Impact Reimagining A New World Post Covid-19 - Shariah Investing Dialogue with PLCs 2021- Session 1 "Opportunities for Public Listed Companies in Shariah-Compliant Landscape" - Accelerated Digital Transformation of Legacy Companies (Webinar) - Asia-Pacific Board Leadership Centre Webinar on Board and Audit Committee Priorities 2021

The Board will, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

## Appointment to the Board

The members of the Nomination Committee, which comprises exclusively Non-Executive Directors and majority of whom are Independent Non-Executive Directors as at the date of this Statement are as follows:-

Datuk Robert Yong Kuen Loke	- Chairman/Senior Independent Non-Executive Director
Dato' Oon Weng Boon	- Member/Non-Independent Non-Executive Director
Datuk Seri Wong Chun Wai (Appointed on 17 June 2021)	- Member/Independent Non-Executive Director
Poh Ying Loo (Appointed on 17 June 2021)	- Member/Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping (Retired on 1 June 2021)	- Member/Non-Independent Non-Executive Director

During the financial year ended 30 June 2021, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo were appointed as the members of the Nomination Committee on 17 June 2021 whilst Tan Sri Dato' Sri Tan Kok Ping has retired as a Non-Independent Non-Executive Director and ceased to be the member of Nomination Committee on 1 June 2021.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out in its Terms of Reference, which is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made based on merits.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of a candidate to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidate, and in the case of a candidate proposed for appointment as Independent Non-Executive Director, the candidate's independence;
3. Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

## Annual Assessment

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Malaysia Berhad. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the FYE 2021, the Nomination Committee carried out the following activities:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the performance of each individual Director, the independence of the Independent Directors, the effectiveness of the Board and the Board Committees;
- recommending Directors who are retiring and being eligible for re-election;
- reviewed the performance of the Audit Committee and its members;
- reviewed and assessed the financial literacy of the Audit Committee members;
- recommending the appointment of additional Directors; and
- recommending the retention of Independent Directors.

## Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming Annual General Meeting ("AGM") in accordance with the provisions of the Company's Constitution and the relevant provisions of the Companies Act 2016.

Clause 117 of the Company's Constitution provides that at least one-third of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years. The Company's Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his/her appointment pursuant to Clause 107 of the Company's Constitution.

The Nomination Committee is also responsible for recommending to the Board those Directors who are retiring and are eligible to stand for re-election at the AGM.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

At the forthcoming AGM, the following Directors who are due for retirement and are eligible for re-election pursuant to Clause 117 and Clause 107 of the Company's Constitution are as follows:-

Directors	Retiring Pursuant to
i. Nerine Tan Sheik Ping	Clause 117
ii. Datuk Robert Yong Kuen Loke	Clause 117
iii. Dato' Sri Robin Tan Yeong Ching	Clause 107
iv. Derek Chin Chee Seng	Clause 107
v. Datuk Seri Wong Chun Wai	Clause 107
vi. Poh Ying Loo	Clause 107
vii. Premshangar A/L Venugopal	Clause 107

## Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of twelve (12) years. However, the retention of Independent Directors who have served a cumulative term of nine (9) years shall be subject to annual shareholders' approval in line with the best practice of the MCCG.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years.

The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgment during Board deliberations and decision-making.

Datuk Robert Yong Kuen Loke was re-designated from a Non-Independent Non-Executive Director to an Independent Non-Executive Director of the Company on 1 December 2009 and has therefore served the Company as an Independent Director for a cumulative term of more than eleven (11) years at the end of the financial year under review and will reach a cumulative term of more than 12 years at the Company's forthcoming AGM.

Following an assessment and recommendation by the Nomination Committee, the Board concluded that Datuk Robert Yong Kuen Loke had remained independent and pursuant to Practice 4.2 of the MCCG, the Board will seek approval from the shareholders of the Company at the forthcoming AGM to support the Board's decision to retain Datuk Robert Yong Kuen Loke as an Independent Non-Executive Director of the Company based on the following justifications:-

- (i) he has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and being independent, he will be able to function as a check and balance, bring an element of objectivity to the Board.
- (ii) he has been with the Company for more than 12 years and is familiar with the Company's business operations in multiple jurisdictions.
- (iii) he has remained objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (iv) he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company as well as the Chairman of Nomination Committee, Remuneration Committee, Risk Management Committee and Sustainability Committee and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board takes cognizance of the recommendation of the MCCG which states that if the Board continues to retain an Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

However, the Company will seek approval of shareholders through a single tier voting process for the ordinary resolution to retain Datuk Robert Yong Kuen Loke who has served the Company for more than twelve years at the forthcoming AGM. This is in line with the general rule on voting as provided in the Companies Act 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be passed by a simple majority for ordinary resolutions and 75% votes for special resolutions through a single tier voting process.

## Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, has assessed the independence of its Independent Non-Executive Director namely, Datuk Robert Yong Kuen Loke based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

During the financial year ended 30 June 2021, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo were newly appointed as Independent Non-Executive Directors on 1 June 2021 and 17 June 2021 respectively. Dato' Oon Weng Boon was re-designated to Non-Independent Non-Executive Director on 17 June 2021. Subsequently, Mr Premshangar A/L Venugopal was appointed as Independent Non-Executive Director on 1 July 2021.

The Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities. The Company has also fulfilled the requirement to have at least one-third of its Board members to be Independent Non-Executive Directors.

## Remuneration Policies and Procedures

The members of the Remuneration Committee which comprises exclusively Non-Executive Directors and majority of whom are Independent Non-Executive Directors are as follows:-

Datuk Robert Yong Kuen Loke ( <i>Re-designated on 17 June 2021</i> )	- Chairman/Independent Non-Executive Director
Dato' Oon Weng Boon ( <i>Re-designated on 17 June 2021</i> )	- Member/Non-Independent Non-Executive Director
Datuk Seri Wong Chun Wai ( <i>Appointed on 17 June 2021</i> )	- Member/Independent Non-Executive Director
Poh Ying Loo ( <i>Appointed on 17 June 2021</i> )	- Member/Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping ( <i>Retired on 1 June 2021</i> )	- Member/Non-Independent Non-Executive Director

During the financial year ended 30 June 2021, Tan Sri Dato' Seri Tan Kok Ping has retired as a Non-Independent Non-Executive Director of the Company and ceased as a member of Remuneration Committee on 1 June 2021. Thereupon, Datuk Robert Yong Kuen Loke, Dato' Oon Weng Boon, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo have been re-designated/appointed as the Chairman and members respectively of the Remuneration Committee on 17 June 2021.

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out in its Terms of Reference which is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

The Board has adopted a Remuneration Policy to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Executive Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and Key Senior Management are structured to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommended that the level of remuneration should reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

The Board will periodically review the Remuneration Policy and a copy is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

Details of Directors' remuneration paid or payable to all Directors of the Company (by both the Company and the Group) and categorised into appropriate components for the FYE 2021 are as follows:-

## Company

	← RM →					
	Fees	Salaries	Bonuses	Benefits in-kind	Other Emoluments	Total
<b>Executive</b>						
Seow Swee Pin	-	-	-	-	-	-
Nerine Tan Sheik Ping	-	-	-	-	-	-
Dato' Sri Robin Tan Yeong Ching <i>(Appointed on 1 June 2021)</i>	-	-	-	-	-	-
Derek Chin Chee Seng <i>(Appointed on 1 June 2021)</i>	-	-	-	-	-	-
<b>Non-Executive</b>						
Tan Sri Dato' Seri Tan Kok Ping <i>(Retired on 1 June 2021)</i>	73,425	-	52,500	6,600	422,743	555,268
Datuk Robert Yong Kuen Loke	80,000	-	13,000	12,498	187,153	292,651
Dato' Oon Weng Boon	80,000	-	-	-	23,200	103,200
Chan Kien Sing <i>(Resigned on 1 February 2021)</i>	47,123	-	20,000	1,700	166,346	235,169
Datuk Seri Wong Chun Wai <i>(Appointed on 1 June 2021)</i>	6,575	-	-	-	-	6,575
Poh Ying Loo <i>(Appointed on 17 June 2021)</i>	3,068	-	-	-	-	3,068
	<b>290,191</b>	<b>-</b>	<b>85,500</b>	<b>20,798</b>	<b>799,442</b>	<b>1,195,931</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Group

	RM					
	Fees	Salaries	Bonuses	Benefits in-kind	Other Emoluments	Total
<b>Executive</b>						
Seow Swee Pin	-	1,176,005	148,236	25,600	396,067	1,745,908
Nerine Tan Sheik Ping	-	1,547,000	195,000	13,500	209,963	1,965,463
Dato' Sri Robin Tan Yeong Ching <i>(Appointed on 1 June 2021)</i>	-	193,103	-	6,896	144,204	344,203
Derek Chin Chee Seng <i>(Appointed on 1 June 2021)</i>	-	48,067	-	2,020	9,182	59,269
<b>Non-Executive</b>						
Tan Sri Dato' Seri Tan Kok Ping <i>(Retired on 1 June 2021)</i>	73,425	-	52,500	6,600	422,743	555,268
Datuk Robert Yong Kuen Loke	80,000	-	13,000	12,498	187,153	292,651
Dato' Oon Weng Boon	80,000	-	-	-	23,200	103,200
Chan Kien Sing <i>(Resigned on 1 February 2021)</i>	47,123	-	20,000	1,700	166,346	235,169
Datuk Seri Wong Chun Wai <i>(Appointed on 1 June 2021)</i>	6,575	-	-	-	-	6,575
Poh Ying Loo <i>(Appointed on 17 June 2021)</i>	3,068	-	-	-	-	3,068
	<b>290,191</b>	<b>2,964,175</b>	<b>428,736</b>	<b>68,814</b>	<b>1,558,858</b>	<b>5,310,774</b>

## Remuneration of Key Senior Management

The number of top three (3) Key Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

	Number of Key Senior Management
RM950,001 - RM1,000,000	1
RM5,750,001 - RM5,800,000	1
RM19,950,001 - RM20,000,000	1
	3

Although the MCCG provides that the Company should disclose the detailed remuneration of the top Senior Management on a named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Senior Management due to the sensitivity of their remuneration package, privacy, competition and issue of staff poaching.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The Audit Committee of the Company comprises exclusively Non-Executive Directors and majority all of whom are Independent Non-Executive Directors. The members are as follows:-

Poh Ying Loo (Appointed on 17 June 2021)	- Chairman/Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	- Member/Independent Non-Executive Director
Dato' Oon Weng Boon (Re-designated on 17 June 2021)	- Member/Non-Independent Non-Executive Director
Datuk Seri Wong Chun Wai (Appointed on 17 June 2021)	- Member/Independent Non-Executive Director
Tan Sri Dato' Seri Tan Kok Ping (Retired on 1 June 2021)	- Member/Non-Independent Non-Executive Director

During the financial year ended 30 June 2021, Tan Sri Dato' Seri Tan Kok Ping has retired as a Non-Independent Non-Executive Director of the Company and ceased as a member of Audit Committee on 1 June 2021. Thereupon, Dato' Oon Weng Boon, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo have been re-designated/appointed as the Chairman and members respectively of the Audit Committee on 17 June 2021.

The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the Audit Committee are set out in its Terms of Reference ("TOR") and a copy is available on the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

The members of the Audit Committee possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the Audit Committee. In addition, the Audit Committee members are literate in financials and are able to understand, analyse and challenge matters under purview of the Audit Committee including the financial reporting process.

The Board is assisted by the Audit Committee to oversee the Group's and Company's financial reporting process and the quality of financial reporting and ensuring that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Company's and the Group's financial performance and prospects and ensure that the financial statements reviewed and recommended by the Audit Committee for Board's approval are prepared in accordance with the provisions of the Companies Act 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to present a true and fair view of the financial position, financial performance and cash flows of the Company and the Group. In addition, the Audit Committee reviews the annual financial statements and quarterly financial results before they are recommended to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, the Audit Committee is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, reviews any related party transactions, oversees recurrent related party transactions, risk management activities and other activities such as governance matters. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out in pages 53 to 56 of this Annual Report.

The performance of the Audit Committee is reviewed annually by the Nomination Committee. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the Audit Committee meetings.

Based on the evaluation, the Nomination Committee concluded that the Audit Committee has been effective in its performance and has carried out its duties in accordance with its TOR during the FYE 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the Audit Committee. Under the existing practice, the Audit Committee invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private meetings with the External Auditors without the presence of the Chief Executive Officer and Senior Management to enable exchange of views on issues requiring attention.

The Audit Committee has adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the Audit Committee to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the Chief Financial Officer (if any)/ Executive Director/ Head of Group Accounts or the Audit Committee for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA Policy also included a requirement for a former audit partner to observe a cooling-off period of at least two (2) years before they can be considered for appointment as a member of the Audit Committee and/or the Board.

The Board has delegated to the Audit Committee to perform an annual assessment on the quality of the audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the financial year.

To support the Audit Committee's assessment of their independence, the External Auditors will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Committee as specified in the By-Laws issued by the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants. The External Auditors have included such declaration in their presentation of the annual audit plan to the Audit Committee of the Company.

During the financial year, the amount of statutory audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the FYE 2021 were as follows:-

	Company		Group	
	FYE2021 RM'000	FYE2020 RM'000	FYE2021 RM'000	FYE2020 RM'000
Statutory audit fees paid/payable to:-				
- Ernst & Young PLT ("EY") Malaysia				
- Current financial year	119	119	402	399
- Underprovision in previous financial year	10	39	11	124
- Affiliates of EY Malaysia	-	-	12	13
<b>Total (a)</b>	<b>129</b>	<b>158</b>	<b>425</b>	<b>536</b>
Non-audit fees paid/payable to:-				
- EY Malaysia	8	8	8	8
- Affiliates of EY Malaysia	6	6	30	30
<b>Total (b)</b>	<b>14</b>	<b>14</b>	<b>38</b>	<b>38</b>
<b>% of non-audit fees (b/a)</b>	<b>10.85%</b>	<b>8.86%</b>	<b>8.94%</b>	<b>7.09%</b>

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Upon completion of the assessment, the Audit Committee will make recommendation for the re-appointment of the External Auditors to the Board. The Board upon acceptance of the recommendation, will then seek approval from the shareholders on the re-appointment of the External Auditors at the AGM.

## Risk Management and Internal Control

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. Accordingly, the Directors are required to ensure that an effective system of internal control, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines is in place within the Group.

While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding the Company's assets and the shareholders' investments, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the Risk Management Committee of the Group.

The Risk Management Committee currently comprises a majority of Independent Directors as follows:-

Datuk Robert Yong Kuen Loke	- Chairman/Independent Non-Executive Director
Dato' Oon Weng Boon	- Member/Non-Independent Non-Executive Director
Datuk Seri Wong Chun Wai (Appointed on 17 June 2021)	- Member/Independent Non-Executive Director
Poh Ying Loo (Appointed on 17 June 2021)	- Member/Independent Non-Executive Director
Seow Swee Pin	- Member/Executive Director

During the financial year ended 30 June 2021, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo have been appointed as the members of the Risk Management Committee on 17 June 2021.

A Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal controls within the Group is set out on pages 49 to 52 of the Annual Report.

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

### Communication with Stakeholders

The Company strives to maintain an open transparent channel of communication with its shareholders, institutional investors, analysts and the public at large with the objective of providing as clear and complete picture of the Group's performance and financial position as possible. The provision of timely information is important to the shareholders and investors for informed decision making. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Currently, the Company's various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and through the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/) where shareholders can have easy access to the Company's corporate information such as the Board Charter, Terms of Reference of the Board Committees, Company Policies, press releases, financial information, Company announcements and others.

The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decisions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Conduct of General Meetings

The Company's AGM remains the principal forum for dialogue and interactions with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the shareholders. At each AGM, the Board presents the progress and performance of the Company's businesses and shareholders are encouraged to participate in the proceedings and question and answer session and thereafter to vote on all resolutions. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements.

The Chairman as well as the Chief Executive Officer will respond to questions posed by shareholders at the AGM. The Executive Director and other Directors will also respond when required.

The Company despatches its notice of meeting at least twenty-eight (28) days before the AGM together with a copy of an Administrative Guide to the shareholders of the Company. The Company's Annual Report and Circular to Shareholders can be viewed and downloaded by the shareholders from the website of the Company and Bursa Malaysia Securities Berhad at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/) and [www.bursamalaysia.com](http://www.bursamalaysia.com) respectively.

The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxy or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. Each item of special business included in the Notice of AGM is accompanied by a brief explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved.

The shareholders present at the general meetings are given sufficient time and opportunity to participate in the question and answer sessions with regard to the proposed resolutions, the Group's financial performance and operations.

All Board members (including all members of the Board Committees), the Senior Management and the External Auditors of the Company attended the last AGM and provided meaningful response to shareholders' queries during the meeting.

## Poll Voting

Pursuant to Clause 82 of the Constitution of the Company and Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that all resolutions set out in the notice of general meetings are voted by poll.

At the Company's previous AGM held on 8 December 2020, all the resolutions passed by the shareholders at the said AGM were voted by way of a poll. In view of the COVID-19 pandemic, the Company had leveraged on technology by conducting the Company's forthcoming AGM on a fully virtual basis through live streaming from the broadcast venue and online remote voting using the Remote Participation and Voting facilities ("RPV Facilities") provided by the Poll Administrator of the Company, SS E Solutions Sdn Bhd via Securities Services ePortal's platform at <https://sshsb.net.my/>. Shareholders who registered for remote participation via Securities Services e-Portal joined the live streaming of the proceeding of the AGM and posed questions to the Board via real time submission of typed texts and also casted their votes online via RPV Facilities.

The Administrative Guide for the AGM with detailed registration and voting procedures were distributed to shareholders. The Company had appointed SS E Solutions Sdn Bhd as poll administrators to conduct the polling process on all resolutions tabled at the AGM and Commercial Quest Sdn Bhd as the independent scrutineers to verify the poll results. The independent scrutineers announced the poll results of the AGM with details on the number of votes cast for and against for each resolution together with the respective percentages which were simultaneously displayed on the screen. The poll results were also announced to Bursa Securities on the same day by the Company. The minutes of the AGM are also available on the Company's website after they were confirmed and signed by the Chairman of the AGM.

This CG Overview Statement was approved by the Board of Directors of the Company on 13 October 2021.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of Berjaya Sports Toto Berhad (“BToto” or “the Group”) is committed to maintaining a sound system of risk management and internal control to provide a platform for the Group’s business objectives to be achieved. The Board sets out below the nature and scope of the risk management and internal controls of the Group.

## RESPONSIBILITY

The Board of BToto recognises that it is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The Board’s responsibility in relation to the system of internal control extends to all subsidiaries of the Group. In view of the limitations that are inherent in any system of internal control, the Group’s internal control system is designed to manage and achieve its business objectives. As such, the system can only provide reasonable assurance against material misstatement or loss.

The Board’s primary objective and direction in managing the Group’s principal business risks are to enhance the Group’s ability to achieve its business objectives. In order to achieve these objectives, the Board has identified, evaluated and managed the significant risks being faced by the Group by monitoring the Group’s performance and profitability at its Board meetings.

The Board has received assurance from the Chief Executive Officer and the Executive Director and is of the view that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects.

## MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The management of the Group as a whole is assigned to the Chief Executive Officer and the Executive Director.

The Executive Director and management practise ‘close to operations’ policy and have various scheduled management meetings as well as carry out regular review of financial and operations reports. These provide the platform for timely identification of the Group’s risks and systems to manage risks. The Chief Executive Officer and the Executive Director update the Board on any significant matters which require the latter’s attention.

The management of the Group’s individual operating units is assigned to local management who are accountable for the conduct and performance of their businesses within the agreed business strategy. At Sports Toto, operations are divided into regions and areas due to the dispersed locations of agents’ outlets. Regional and area offices are staffed by experienced personnel to ensure that the operations of the outlets are well controlled and in line with the operating procedures. Similarly, the overseas operations are being managed by experienced personnel in their respective country offices. Regular reporting on performance of their businesses is provided to the Executive Director of BToto who is assigned to manage the respective overseas operations. In addition, the Chief Executive Officer and the Executive Director in charge also made field visits to these overseas operations as well as to conduct periodic performance review meetings with the management personnel, thus ensuring the business plans and targets are met.

The Board does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations. The Group’s interests are served through board representations on the board of associated companies and the review of their management accounts, and enquiries thereon. These representatives provide the Board with information for timely decision making on the continuity of the Board’s investments based on the performance of the associated companies.

## RISK MANAGEMENT

A Risk Management Committee (“RMC”) has been established by the Company with the intention to further enhance the Group’s system of internal control and risk management and be in line with the Malaysian Code on Corporate Governance. The RMC together with the audit committee are entrusted with the overall responsibility to regularly review and monitor the risk management activities of the Group as well as to approve appropriate risk management procedures and measurement methodologies. This responsibility involves ensuring more effective and efficient identification, evaluation, management and reporting of the Group’s risks.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Risk Management Working Committee (“RMWC”), consisting of all heads of departments of the operating subsidiary companies, maintains a risk register which outlines the risk policies including the procedures of risk identification, risk tolerance and the evaluation and managing process. Any new risks identified or areas which exceeded the risk tolerance level defined will be evaluated with immediate action taken according to the procedures defined and promptly reported to the RMC together with a control strategy to manage the risk identified.

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses.
- The risks are then assessed based on the probability of their occurrence as well as their impact to the business units and are evaluated accordingly. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the RMC for review and deliberation.

The current members of the RMC are Datuk Robert Yong Kuen Loke (Chairman), Dato’ Oon Weng Boon, Mr. Seow Swee Pin, Datuk Seri Wong Chun Wai and Mr. Poh Ying Loo. Both Datuk Seri Wong Chun Wai and Mr. Poh Ying Loo were appointed as member of RMC on 17 June 2021.

The RMC terms of reference include, inter alia:

- To ensure that the strategic context of the risk management strategy is complete;
- To determine the overall risk management processes;
- To ensure that the short and long term risk management strategy, framework and methodology are implemented and consistently applied by all business units;
- To ensure that risk management processes are integrated into all core business processes;
- To establish risk reporting mechanism;
- To establish business benefits;
- To ensure alignment and coordination of assurance activity across the organisation; and
- To act as steering committee for the group wide risk management programme.

During the financial year ended 30 June 2021, the RMC held 4 meetings to review the reports tabled by the RMWC. The RMC had evaluated and monitored the progress of any risk factors and internal control matters relating to the operations raised by the RMWC, including assessment on pandemic risk and the anti-bribery and corruption policy.

## ANTI-BRIBERY AND CORRUPTION POLICY

In response to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group has established its Anti-Bribery and Corruption Policy, titled Adequate Procedures to Curb and Prevent Bribery and Corruption - T.R.U.S.T. Concept. The Group and affiliated companies strictly adopt a zero-tolerance policy approach against all forms of bribery and corruption in its daily operations, and take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The Adequate Procedures to Curb and Prevent Bribery and Corruption - T.R.U.S.T. Concept can be accessed on BToto’s website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

## WHISTLEBLOWING POLICY

The Group has a whistleblowing policy, which provides an avenue for employees, third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis without fear of any form of victimisation, harassment, retribution or retaliation. The whistleblowing policy is available on BToto’s website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL CONTROL PROCESSES

The key aspects of the internal control process are as follows:

- The business units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit Committee (“AC”) for approval.
- The internal auditors perform the audit and present their audit reports to the AC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.

## ASSURANCE MECHANISM

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Board has assigned the AC with the duty of reviewing and monitoring the effectiveness of the Group’s system of internal control. The AC receives assurance reports from the internal auditors on findings from their visits to the operating units, on areas for improvement identified during the course of their audit. In addition to the internal audit report, the AC also reviews the management letter presented by the external auditors and takes the necessary action to remedy any significant weaknesses to the internal control system.

The internal auditors provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group to assist the AC in monitoring and assessing the effectiveness of the internal control system. Observations from internal audits are presented to the AC together with management’s responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the AC.

The internal audit function of the gaming related segment is principally carried out by the Internal Audit Department of Sports Toto, the principal operating subsidiary of the Group. The internal audit function of the other overseas business segments is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the AC.

The Board also reviews the minutes of the meetings of the AC. The Audit Committee Report is set out on pages 53 to 56 of the Annual Report.

## KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

Some key features of BToto’s system of internal control include:

- Clear organisation structure with defined reporting lines;
- Capable workforce with clear job descriptions, and continuous training efforts;
- Monitoring mechanisms in the form of timely financial and operations reports, and scheduled management meetings;
- Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system;
- Structured procurement function to ensure approval procedures are adhered to;
- Formal operating and draw procedures which set out the expected standards for its operations;
- Surprise checks on agents to ensure compliance with the Group’s policies and procedures;
- Physical security and systems access controls;
- Independent assurance on the system of internal control from regular internal audit visits;
- Business continuity planning; and
- Succession planning to ensure that key positions in the Group are always being held by capable employees who are well aware of the Group’s risks, and operating policies and procedures.

## REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control (“SRMIC”) pursuant to the scope set out in Audit and Assurance Practice Guide (“AAPG”) 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the financial year ended 30 June 2021, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors’ SRMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

## CONCLUSION

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 size of operations of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

# AUDIT COMMITTEE REPORT

The Board of Directors of Berjaya Sports Toto Berhad (“BToto”) is pleased to present the report of the Audit Committee for the financial year ended 30 June 2021 (“FYE 2021”).

## AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The members of the Audit Committee comprise the following:-

### Poh Ying Loo

– Chairman/Independent/Non-Executive Director

### Datuk Robert Yong Kuen Loke

– Member/Independent/Non-Executive Director

### Datuk Seri Wong Chun Wai

– Member/Independent/Non-Executive Director

### Dato’ Oon Weng Boon

– Member/Non-Independent/Non-Executive Director

The Audit Committee held five (5) meetings during the FYE 2021. The details of attendance of the Audit Committee members are as follows:-

Name	Attendance
Dato’ Oon Weng Boon <sup>@</sup>	5/5
Datuk Robert Yong Kuen Loke	5/5
Poh Ying Loo <sup>#</sup>	*
Datuk Seri Wong Chun Wai <sup>##</sup>	*
Tan Sri Dato’ Seri Tan Kok Ping <sup>^</sup>	5/5

<sup>@</sup> During the financial year ended 30 June 2021, Dato’ Oon Weng Boon was re-designated as Non-Independent Non-Executive Director of the Company on 17 June 2021. Consequently, he was re-designated from Chairman to a member of Audit Committee with effect from 17 June 2021.

<sup>#</sup> Mr Poh Ying Loo was appointed as an Independent Non-Executive Director and Chairman of the Audit Committee of the Company with effect from 17 June 2021.

<sup>##</sup> Datuk Seri Wong Chun Wai was appointed as an Independent Non-Executive Director on 1 June 2021 and a member of the Audit Committee of the Company with effect from 17 June 2021.

<sup>^</sup> Tan Sri Dato’ Seri Tan Kok Ping has ceased to be a member of the Audit Committee of the Company with effect from 1 June 2021 following his retirement as a Non-Independent Non-Executive Director on 1 June 2021.

\* There was no Audit Committee Meeting being held subsequent to the date of his appointment up to 30 June 2021.

The Audit Committee meetings were convened with proper notices and agenda and these were distributed to all members of the Audit Committee with sufficient notification. The minutes of each of the Audit Committee meetings were recorded and tabled for confirmation at the next Audit Committee meeting and tabled at the Board Meeting for the Directors’ review and notation.

The Chief Executive Officer, the Executive Director, the Assistant General Manager of Internal Audit of Sports Toto Malaysia Sdn Bhd (“Sports Toto”), the General Manager of Group Internal Audit and the Head of Group Accounts and Budgets were also invited to attend the Audit Committee meetings. The External Auditors were also invited to attend three (3) of these meetings. The Audit Committee also met with the External Auditors without the presence of executive Board members and the Management. In addition, the senior management of the relevant operations was also invited to provide clarification on the follow-up audit review and the adequacy of internal controls to be implemented to adhere these issues arising from the audit reports.

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee are set out in its Terms of Reference, a copy of which is available at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

# AUDIT COMMITTEE REPORT

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the FYE 2021:-

## **Financial Reporting**

- (a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Interim Financial Statements Reviewed
18 August 2020	Fourth quarter results as well as the unaudited results of the Group for financial year ended 30 June 2020
9 October 2020	Audited financial statements of the Group for the financial year ended 30 June 2020
18 November 2020	First quarter results for financial year ended 30 June 2021
23 February 2021	Second quarter results for financial year ended 30 June 2021
20 May 2021	Third quarter results for financial year ended 30 June 2021

The above review is to ensure that BToto's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting as well as the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- (b) Reviewed the audited financial statements of the Company and the Group for the financial year ended 30 June 2020 together with the Management and the External Auditors at its meeting held on 9 October 2020 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

## **External Audit**

- (a) Evaluated the performance of the External Auditors for the financial year ended 30 June 2020 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The Audit Committee, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young PLT ("EY"), had recommended to the Board for approval of the re-appointment of EY as External Auditors for the ensuing financial year ended 30 June 2021 at its meeting held on 9 October 2020 for approval.
- (b) Discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The Audit Committee also had private discussions with EY on 18 August 2020 and 9 October 2020, without the presence of Management during the review of the financial statements for the year ended 30 June 2020 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by EY.
- (c) Reviewed with the External Auditors at the meeting held on 20 May 2021, their audit plan for the financial year ended 30 June 2021, outlining the audit scope, methodology and timetable, audit materiality, areas of audit emphasis, fraud considerations and the risk of management override, integrity, compliance and Ethics, internal control considerations, EY digital audit, important updates on transfer pricing and other tax related updates.

# AUDIT COMMITTEE REPORT

## **Internal Audit**

- (a) Reviewed four (4) Internal Audit reports on the Company's operating subsidiary namely Sports Toto, during the financial year under review. Areas covered by the Internal Audit included branch audit, audit of Head Office operating departments, software verification, bigwin processing of single and/or share jackpot winners, recalculation/verification of Toto 4D, 4D Zodiac, 5D and 6D pools reports, major operating expenses and capital expenditures, finance, information technology, credit control, vehicle inventory, general security of the premises and general observations relating to the operating conditions of the premises.
- (b) The Audit Committee then considered the findings and recommendations made including the Management's responses thereto. The Internal Audit monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses were being properly addressed.
- (c) Reviewed and approved the Internal Audit Plan for the year 2021 to ensure that the scope and coverage of the internal audit on the operations of the BToto Group is adequate and comprehensive and that all the risk areas are audited annually.
- (d) Reviewed the performance, competence and effectiveness of the internal audit functions.

## **Recurrent Related Party Transactions**

- (a) Reviewed the Circular to Shareholders in connection with the Recurrent Related Party Transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes among others, the following:-

- (i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;
- (ii) The related parties and interested Directors will be notified of the method and/or procedures of the Group;
- (iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the Audit Committee for review;
- (iv) The Audit Committee is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the related parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the Group;
- (v) The Audit Committee also reviewed the procedures and processes with regards to the RRPT on a half yearly basis to ensure that the transactions are within the approved mandate;
- (vi) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution at the extraordinary general meeting or annual general meeting to be convened for the purpose; and
- (vii) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-
  - the type of the RRPT made; and
  - the names of the related parties involved in each type of the RRPT made and their relationships with the Group.

# AUDIT COMMITTEE REPORT

## **Related Party Transactions**

The Audit Committee also reviewed transactions with related parties and/or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's business practices and policies, not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the related parties and/or interested persons (pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

During the financial year, the Audit Committee had reviewed the following related party transactions, prior to their recommendation to the Board for approval and not subject to announcement to Bursa Securities:-

- (a) proposed new thermal ticket rolls supply agreement with Berjaya Paper Trading Sdn Bhd, a subsidiary of Berjaya Group Berhad; and
- (b) proposed leasing of a motor vehicle from Cosway (HK) Limited, an indirect subsidiary of Berjaya Corporation Berhad.

## **Other Activities**

- (a) Reviewed and recommended to the Board for approval, the Audit Committee Report, Corporate Governance Report, Corporate Governance Overview Statement, Directors' Responsibility Statement in respect of the Audited Financial Statements and Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report.
- (b) Reviewed and assessed the financial literacy of Audit Committee members for the financial period ended 30 June 2020.
- (c) Assessed the adequacy of the scope, competency and performance of Internal Audit Function and its effectiveness, of the audit processes for the financial year ended 30 June 2020.

## **SUMMARY OF THE WORK OF THE INTERNAL AUDIT FUNCTION**

The primary function of Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Their role is to provide the Audit Committee with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures.

The internal audit function of the gaming related segment is principally carried out by the Internal Audit Department of Sports Toto, the principal operating subsidiary of the Group which is involved in the gaming operations. The internal audit function of the other overseas business segments is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the Audit Committee.

During the FYE 2021, the Internal Audit Department carried out various audit assignments on Sports Toto. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments, and IT audit. Audit assignments were also carried out on Philippines Gaming Management Corporation, an overseas associate. Internal audit reports were issued to the Audit Committee and the Sports Toto's Management, incorporating audit recommendations and Management's responses with regard to any audit findings on the weaknesses in the systems and controls of the operation. The Internal Audit Department also followed up with Management on the implementation of the agreed audit recommendations.

The total cost incurred for the internal audit function of the Company for the FYE 2021 was RM747,224.

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The Terms of Reference of the Audit Committee which laid down its duties is accessible via the Company's website at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/).

# STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

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



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# FINANCIAL STATEMENTS

59	Directors' Report	73	Consolidated Statement of Changes in Equity
67	Statement by Directors	75	Statement of Changes in Equity
68	Statutory Declaration	76	Consolidated Statement of Cash Flows
69	Statements of Financial Position	80	Statement of Cash Flows
71	Statements of Profit or Loss	82	Notes to the Financial Statements
72	Statements of Comprehensive Income	206	Independent Auditors' 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 30 June 2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- motor retailing, repair and maintenance and provision of aftersales and insurance services;
- development, manufacturing, distribution of computerised wagering and voting systems and provision of software support;
- property investment and development;
- operation of hotel; and
- investment holding and others.

Details of the subsidiary companies are disclosed in Note 5 to the financial statements.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the financial year	187,397	114,842
Attributable to:		
Owners of the parent	181,234	114,842
Non-controlling interests	6,163	-
	187,397	114,842

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

In the opinion of the directors, the results 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 other than those disclosed in Note 46 to the financial statements.

# DIRECTORS' REPORT

## DIVIDENDS

The amount of dividends paid by the Company since 30 June 2020 were as follows:

RM'000

In respect of the financial year ended 30 June 2020  
as reported in the Directors' Report of that year:

A third interim dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held (equivalent to a dividend of approximately 2.4 sen per share), credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 8 October 2020 31,764 #

In respect of the financial year ended 30 June 2021:

First interim single tier dividend of 4 sen per share on  
1,343,500,000 ordinary shares with voting rights, paid on 19 January 2021 53,740

Second interim single tier dividend of 2.5 sen per share on  
1,343,500,000 ordinary shares with voting rights, paid on 23 April 2021 33,588

Third interim single tier dividend of 1.5 sen per share on  
1,341,900,000 ordinary shares with voting rights, paid on 16 July 2021 20,128

107,456

# This dividend was accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 30 June 2021.

## DIRECTORS

The names of the directors of the Company in office during the financial year and up to the date of this report are:

Dato' Sri Robin Tan Yeong Ching (Appointed on 1 June 2021)  
Nerine Tan Sheik Ping  
Seow Swee Pin  
Datuk Robert Yong Kuen Loke  
Dato' Oon Weng Boon  
Derek Chin Chee Seng (Appointed on 1 June 2021)  
Datuk Seri Wong Chun Wai (Appointed on 1 June 2021)  
Poh Ying Loo (Appointed on 17 June 2021)  
Premshangar A/L Venugopal (Appointed on 1 July 2021)  
Tan Sri Dato' Seri Tan Kok Ping (Retired on 1 June 2021)  
Chan Kien Sing (Resigned on 1 February 2021)

The names of directors of subsidiaries are set out in the respective subsidiary companies' statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

# DIRECTORS' REPORT

## 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, as disclosed under Directors' Interests.

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 Company as shown in Note 30(a) to the financial statements) by reason of a contract made by the Company 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 40 to the financial statements.

The Company maintained a Directors' & Officers' Liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company and of the Group for the financial year was RM42,750. 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.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, warrants and debentures in the Company and its related corporations during the financial year were as follows:

### The Company

#### Berjaya Sports Toto Berhad ("BToto")

	At 1.7.2020/ Date of appointment	Number of ordinary shares		
		Acquired	Disposed	At 30.6.2021
Dato' Sri Robin Tan Yeong Ching	1,017,213	-	-	1,017,213
Seow Swee Pin	92,749	926 *	-	93,675
Datuk Robert Yong Kuen Loke	123,667	1,236 *	-	124,903

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D)

### Intermediate Holding Company Berjaya Land Berhad

	At 1.7.2020/ Date of appointment	Number of ordinary shares		
		Acquired	Disposed	At 30.6.2021
Dato' Sri Robin Tan Yeong Ching	600,000	-	-	600,000
	51,100,000 $\Delta$	-	-	51,100,000 $\Delta$
Nerine Tan Sheik Ping	2,000,000	-	-	2,000,000
Datuk Robert Yong Kuen Loke	360,808	-	-	360,808

### Ultimate Holding Company Berjaya Corporation Berhad ("BCorp")

	At 1.7.2020/ Date of appointment	Number of ordinary shares		
		Acquired	Disposed	At 30.6.2021
Dato' Sri Robin Tan Yeong Ching	2,381,113	-	-	2,381,113
	5,356 $\wedge$	-	-	5,356 $\wedge$
	589,471,404 $\Delta$	-	-	589,471,404 $\Delta$
Datuk Robert Yong Kuen Loke	1,051,545	42,061 $\#$	-	1,093,606
Derek Chin Chee Seng	464,240	-	-	464,240

### Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value

	At 1.7.2020/ Date of appointment			At 30.6.2021
		Acquired	Converted	
Dato' Sri Robin Tan Yeong Ching	2,620,500	-	-	2,620,500
	1,000 $\wedge$	-	-	1,000 $\wedge$
	59,374,000 $\Delta$	-	-	59,374,000 $\Delta$
Nerine Tan Sheik Ping	132,000	-	-	132,000
Datuk Robert Yong Kuen Loke	2,516,508	-	-	2,516,508

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D)

### Ultimate Holding Company

#### Berjaya Corporation Berhad ("BCorp") (Cont'd)

	At 1.7.2020/ Date of appointment	Number of Warrants 2012/2022		
		Acquired	Converted	At 30.6.2021
Dato' Sri Robin Tan Yeong Ching	2,620,500	-	-	2,620,500
	1,000 <sup>^</sup>	-	-	1,000 <sup>^</sup>
	85,000,000 <sup>Δ</sup>	-	-	85,000,000 <sup>Δ</sup>
Datuk Robert Yong Kuen Loke	170,108	-	-	170,108

### Related company

#### Berjaya Food Berhad

	Date of appointment	Number of ordinary shares		
		Acquired	Disposed	At 30.6.2021
Dato' Sri Robin Tan Yeong Ching	2,786,000	-	-	2,786,000
	2,930,000 <sup>Δ</sup>	-	-	2,930,000 <sup>Δ</sup>

#### Number of ordinary shares under Employees' Share Scheme ("ESS")

	Date of appointment	Granted	Exercised/ vested	At 30.6.2021
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### ESS Options

Dato' Sri Robin Tan Yeong Ching	1,224,000	-	-	1,224,000
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### ESS Shares

Dato' Sri Robin Tan Yeong Ching	90,000	-	-	90,000
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<sup>Δ</sup> Indirect interests pursuant to Section 8 of the Companies Act 2016.

<sup>^</sup> Indirect interests pursuant to Section 59(11)(c) of the Companies Act 2016.

\* Share dividend distribution by the Company on the basis of one (1) BToto treasury share for every one hundred (100) existing BToto ordinary shares on 8 October 2020.

# Share dividend distribution by BCorp on the basis of four (4) BCorp treasury shares for every one hundred (100) existing BCorp ordinary shares on 15 October 2020.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares, warrants and debentures in the Company or its related corporations during the financial year.

# DIRECTORS' REPORT

## DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 30(a) to the financial statements.

## SHARE CAPITAL AND TREASURY SHARES

The number and carrying amounts of treasury shares as at 30 June were as follows:

	Number of shares		Carrying amounts	
	30.6.2021 Units '000	30.6.2020 Units '000	30.6.2021 RM'000	30.6.2020 RM'000
Balance as at beginning of financial year	13,530	4,030	32,165	12,320
Distribution of treasury shares as share dividend	(13,361)	-	(31,764)	-
Acquisition of additional treasury shares during the financial year	8,961	9,500	18,230	19,845
Total treasury shares as at end of financial year (Note 21)	<u>9,130</u>	<u>13,530</u>	<u>18,631</u>	<u>32,165</u>

As at 30 June 2021, the issued share capital of the Company with voting rights was 1,341,900,000 (2020 : 1,337,500,000) ordinary shares.

## OTHER STATUTORY INFORMATION

(a) Before the statements of financial position, statements of profit or loss of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current asset which was unlikely to realise its value 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.

## OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to 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) 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 as and 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

## **SIGNIFICANT EVENT DURING THE YEAR**

Significant event during the year is disclosed in Note 46 to the financial statements.

## **AUDITORS**

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

The remuneration of the auditors of the Company and the auditors of the Group are disclosed in Note 30 to the financial statements.

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. No payment has been made to indemnify Ernst & Young PLT during the financial year and since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 October 2021

**NERINE TAN SHEIK PING**

**SEOW SWEE PIN**

# STATEMENT BY DIRECTORS

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

We, NERINE TAN SHEIK PING and SEOW SWEE PIN, being two of the directors of BERJAYA SPORTS TOTO BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 69 to 205 are drawn up in accordance with 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 position of the Group and of the Company as at 30 June 2021 and of the financial performance and the cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 October 2021

**NERINE TAN SHEIK PING**

**SEOW SWEE PIN**

# STATUTORY DECLARATION

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

I, SEOW SWEE PIN, being the director primarily responsible for the financial management of BERJAYA SPORTS TOTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 69 to 205 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 }  
SEOW SWEE PIN at Kuala Lumpur in the Federal }  
Territory on 13 October 2021 }

**SEOW SWEE PIN**  
**MIA NO. 2962**

Before me,

**ABDUL SHUKOR MD NOOR (W725)**

Commissioner for Oaths  
Kuala Lumpur, Malaysia

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	304,305	183,111	1,021	1,551
Right-of-use assets	4(a)	324,735	335,466	3,523	1,205
Investment in subsidiary companies	5	-	-	4,316,002	4,315,129
Investment in associated companies	6	104,708	119,269	4,517	5,305
Investment in joint venture	7	-	-	-	-
Long term investments	8	101,840	118,977	-	-
Investment properties	9	117,534	113,238	-	-
Deferred tax assets	10	21,824	22,827	-	-
Retirement benefit assets	22	9,927	-	-	-
Intangible assets	11	706,742	691,292	-	-
		<u>1,691,615</u>	<u>1,584,180</u>	<u>4,325,063</u>	<u>4,323,190</u>
<b>Current assets</b>					
Inventories	12	325,873	438,681	-	-
Receivables	13	470,966	559,398	31,266	727
Contract assets	14	7,471	6,631	-	-
Tax recoverable		4,108	12,309	470	418
Amounts due from subsidiary companies	15	-	-	354,974	303,803
Deposits with financial institutions	16	254,100	120,174	12,000	20,000
Cash and bank balances	16	109,655	187,594	2,678	2,042
		<u>1,172,173</u>	<u>1,324,787</u>	<u>401,388</u>	<u>326,990</u>
Non-current asset classified as held for sale	17	7,529	-	-	-
		<u>1,179,702</u>	<u>1,324,787</u>	<u>401,388</u>	<u>326,990</u>
<b>TOTAL ASSETS</b>		<u>2,871,317</u>	<u>2,908,967</u>	<u>4,726,451</u>	<u>4,650,180</u>

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	18	135,103	135,103	135,103	135,103
Reserves	19	301,744	289,300	-	-
Retained earnings	20	393,106	345,596	3,534,704	3,559,082
Equity funds		829,953	769,999	3,669,807	3,694,185
Treasury shares	21	(18,631)	(32,165)	(18,631)	(32,165)
Net equity funds		811,322	737,834	3,651,176	3,662,020
Non-controlling interests		63,783	51,458	-	-
<b>TOTAL EQUITY</b>		<b>875,105</b>	<b>789,292</b>	<b>3,651,176</b>	<b>3,662,020</b>
<b>Non-current liabilities</b>					
Retirement benefit obligations	22	608	2,267	-	-
Long term borrowings	23	505,107	772,851	-	-
Other long term liabilities	24	52,111	1,966	43	137
Lease liabilities	4(b)	232,991	242,691	1,228	23
Contract liabilities	14	162	248	-	-
Amount due to a subsidiary company	28	-	-	648,409	739,263
Deferred tax liabilities	10	28,383	18,159	-	-
		819,362	1,038,182	649,680	739,423
<b>Current liabilities</b>					
Short term borrowings	25	551,152	434,702	-	-
Provisions	26	2,128	2,696	720	720
Payables	27	420,220	434,457	21,089	1,228
Lease liabilities	4(b)	32,078	30,745	2,342	1,221
Contract liabilities	14	169,756	178,370	-	-
Amounts due to subsidiary companies	28	-	-	401,444	245,568
Tax payable		1,516	523	-	-
		1,176,850	1,081,493	425,595	248,737
<b>TOTAL LIABILITIES</b>		<b>1,996,212</b>	<b>2,119,675</b>	<b>1,075,275</b>	<b>988,160</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,871,317</b>	<b>2,908,967</b>	<b>4,726,451</b>	<b>4,650,180</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue</b>	29	4,829,148	4,635,664	153,331	161,770
Cost of sales		(4,006,030)	(3,790,046)	-	-
<b>Gross profit</b>		823,118	845,618	153,331	161,770
Selling and distribution expenses		(213,575)	(266,787)	-	-
General and administrative expenses		(292,968)	(339,135)	(14,962)	(16,029)
<b>Profit before other income and expenses</b>	30	316,575	239,696	138,369	145,741
Investment related income	31	1,942	12,452	873	-
Investment related expenses	32	(5,172)	(2,549)	(1,953)	(13,734)
Other income	33	46,640	42,446	17,455	17,914
		359,985	292,045	154,744	149,921
Finance costs	34	(60,668)	(63,316)	(39,565)	(42,337)
Share of results of associated companies		(16,408)	(1,913)	-	-
<b>Profit before tax</b>		282,909	226,816	115,179	107,584
<b>Income tax expenses</b>	35	(95,512)	(93,111)	(337)	(301)
<b>Profit for the financial year</b>		187,397	133,705	114,842	107,283
<b>Attributable to:</b>					
Owners of the parent		181,234	132,697	114,842	107,283
Non-controlling interests		6,163	1,008	-	-
		187,397	133,705	114,842	107,283
<b>Earnings per share attributable to owners of the parent - Basic (sen)</b>	36	13.51	9.77		
<b>Dividends per share (sen)</b>	37				
- First interim dividend				4.0	4.0
- Second interim dividend				2.5	4.0
- Third interim dividend				1.5	-
- Third interim dividend - share dividend				-	2.4

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit for the financial year</b>		187,397	133,705	114,842	107,283
<b>Other comprehensive income</b>					
<u>Items that may be reclassified</u>					
<u>subsequently to profit or loss</u>					
Effects of foreign exchange differences		15,833	35,726	-	-
Share of other comprehensive income/ (loss) of an associated company		180	(138)	-	-
<u>Items that will not be reclassified</u>					
<u>subsequently to profit or loss</u>					
Net changes in fair value of investments at fair value through other comprehensive income ("FVTOCI")		(20)	(23,118)	-	-
Share of associated companies' changes in fair values of FVTOCI investments		(789)	-	-	-
Actuarial gain/(loss) recognised in defined benefit pension scheme	22(ii)	11,974	(5,223)	-	-
Tax effect relating to defined benefit pension scheme	10	(2,977)	1,001	-	-
Share of other comprehensive loss of associated companies		(99)	(19)	-	-
<b>Total comprehensive income for the financial year</b>		<b>211,499</b>	<b>141,934</b>	<b>114,842</b>	<b>107,283</b>
<b>Total comprehensive income/(loss) attributable to</b>					
Owners of the parent		199,174	144,007	114,842	107,283
Non-controlling interests		12,325	(2,073)	-	-
		<b>211,499</b>	<b>141,934</b>	<b>114,842</b>	<b>107,283</b>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Attributable to Owners of the Parent											
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Reserve of non-current asset held for sale RM'000	Capital reserve RM'000	Conso- litation reserve RM'000	Distributable		Total to owners of parent company RM'000	Non- controlling interests RM'000	Total equity RM'000
								Retained earnings RM'000	Retained earnings RM'000			
<b>GROUP</b>												
As at 1 July 2019	135,103	(12,320)	80,140	(31,205)	2,147	285,306	(59,397)	321,658	721,432	53,531	774,963	
Profit for the financial year	-	-	-	-	-	-	-	132,697	132,697	1,008	133,705	
Other comprehensive income for the financial year	-	-	35,694	(20,641)	-	-	-	(3,743)	11,310	(3,081)	8,229	
<b>Total comprehensive income for the financial year</b>	-	-	35,694	(20,641)	-	-	-	128,954	144,007	(2,073)	141,934	
Effects arising from disposal of investments at FVTOCI	-	-	-	(597)	-	-	-	597	-	-	-	
Transfer of reserves	-	-	-	-	(2,147)	-	-	2,147	-	-	-	
<b>Transactions with owners</b>												
Dividends (Note 37)	-	-	-	-	-	-	-	(107,760)	(107,760)	-	(107,760)	
Purchase of treasury shares (Note 21)	-	(19,845)	-	-	-	-	-	-	(19,845)	-	(19,845)	
Total transactions with owners	-	(19,845)	-	-	-	-	-	(107,760)	(127,605)	-	(127,605)	
As at 30 June 2020	135,103	(32,165)	115,834	(52,443)	-	285,306	(59,397)	345,596	737,834	51,458	789,292	

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

## Attributable to Owners of the Parent

	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Reserve of non-current asset held for sale RM'000	Other reserves				Distributable		Total to owners of parent company RM'000	Non-controlling interests RM'000	Total equity RM'000	
						Treasury shares RM'000	Capital reserve RM'000	Conso- lidation reserve RM'000	Retained earnings RM'000	Retained earnings RM'000	Non-controlling interests RM'000				
<b>GROUP (CONT'D)</b>															
As at 1 July 2020	135,103	(32,165)	115,834	(52,443)	-	285,306	(59,397)	345,596	737,834	51,458	789,292				
Profit for the financial year	-	-	-	-	-	-	-	181,234	181,234	6,163	187,397				
Other comprehensive income for the financial year	-	-	10,826	(791)	-	-	-	7,905	17,940	6,162	24,102				
<b>Total comprehensive income for the financial year</b>	-	-	10,826	(791)	-	-	-	189,139	199,174	12,325	211,499				
Effects arising from disposal of investments at FVTOCI	-	-	-	2,409	-	-	-	(2,409)	-	-	-				
<b>Transactions with owners</b>															
Dividends (Note 37)	-	-	-	-	-	-	-	(107,456)	(107,456)	-	(107,456)				
Distribution of share dividend (Notes 21 and 37)	-	31,764	-	-	-	-	-	(31,764)	-	-	-				
Purchase of treasury shares (Note 21)	-	(18,230)	-	-	-	-	-	-	(18,230)	-	(18,230)				
Total transactions with owners	-	13,534	-	-	-	-	-	(139,220)	(125,686)	-	(125,686)				
As at 30 June 2021	135,103	(18,631)	126,660	(50,825)	-	285,306	(59,397)	393,106	811,322	63,783	875,105				

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Share capital RM'000	Treasury shares RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
<b>COMPANY</b>				
As at 1 July 2019	135,103	(12,320)	3,559,559	3,682,342
<b>Total comprehensive income for the financial year</b>	-	-	107,283	107,283
<b>Transactions with owners</b>				
Dividends (Note 37)	-	-	(107,760)	(107,760)
Purchase of treasury shares (Note 21)	-	(19,845)	-	(19,845)
Total transactions with owners	-	(19,845)	(107,760)	(127,605)
As at 30 June 2020	135,103	(32,165)	3,559,082	3,662,020
As at 1 July 2020	135,103	(32,165)	3,559,082	3,662,020
<b>Total comprehensive income for the financial year</b>	-	-	114,842	114,842
<b>Transactions with owners</b>				
Dividends (Note 37)	-	-	(107,456)	(107,456)
Distribution of share dividend (Notes 21 and 37)	-	31,764	(31,764)	-
Purchase of treasury shares (Note 21)	-	(18,230)	-	(18,230)
Total transactions with owners	-	13,534	(139,220)	(125,686)
As at 30 June 2021	135,103	(18,631)	3,534,704	3,651,176

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	<b>GROUP</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	5,051,226	4,935,993
Payments to prize winners, suppliers and for other operating expenses	(4,047,591)	(4,130,013)
Payments for pool betting duties, gaming tax, other indirect taxes and government contributions	(424,835)	(547,781)
Payment of taxes	(82,959)	(116,561)
Refund of taxes	-	23
Other receipts	12,488	13,056
Net cash generated from operating activities	<u>508,329</u>	<u>154,717</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	309	440
Proceeds from disposal of long term investments	18,500	16,370
Proceeds from disposal of an investment property	-	30,327
Acquisition of property, plant and equipment (Note A)	(70,722)	(72,936)
Acquisition of equity interests in associated companies	(5,296)	(2,985)
Acquisition of an investment property (Note B)	(4,644)	-
Acquisition of long term investments	(2,227)	(3,007)
Cash and cash equivalents of a subsidiary company disposed	-	(9,955)
Payment for a right-of-use asset (Note C)	(9,450)	(3,208)
Payment for other intangible assets	(1,391)	(1,170)
Dividends received	3,106	1,874
Interest received	4,472	8,839
Net advances (to)/from foreign associated companies by a foreign subsidiary company	(1,833)	9,415
Other receipts arising from investments	634	558
Other payment arising from investments	(685)	(66,481)
Upliftment of deposits pledged to bank	2,878	77
Net cash used in investing activities	<u>(66,349)</u>	<u>(91,842)</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	GROUP	
	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of medium term notes	25,000	58,960
Repayment of medium term notes	(25,000)	(60,000)
Drawdown of borrowings	41,092	105,707
Repayment of borrowings	(225,408)	(20,484)
Repayment of hire purchase liabilities	(405)	(617)
Payment of lease liabilities	(39,306)	(28,045)
Interest paid	(61,431)	(62,578)
Dividends paid to shareholders of the Company	(87,322)	(168,356)
Treasury shares acquired	(18,230)	(19,845)
Net cash used in financing activities	(391,010)	(195,258)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	50,970	(132,383)
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	304,996	429,506
Effects of exchange rate changes	7,658	7,873
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR (Note D)</b>	<b>363,624</b>	<b>304,996</b>
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Note A Acquisition of property, plant and equipment</b>		
Hire purchase	547	498
Accruals for capital work-in-progress/Provision for restoration cost	18,156	720
Prepayment made in preceding financial year	57,408	-
Cash	70,722	72,936
	<b>146,833</b>	<b>74,154</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	GROUP	
	2021 RM'000	2020 RM'000
<b>Note B Acquisition of an investment property</b>		
Cash paid during the financial year	4,644	-
Deposit paid in preceding financial year	516	-
	<u>5,160</u>	<u>-</u>
<b>Note C Addition of right-of-use assets</b>		
(i) Lease liabilities (Note 4(b))	9,974	82,925
Payables	-	10,800
Cash paid for addition during the financial year	-	3,208
	<u>9,974</u>	<u>96,933</u>
(ii) Cash paid for remaining outstanding sum of acquisition in preceding financial year	9,450	-
	<u>9,450</u>	<u>-</u>
<b>Note D Cash and cash equivalents comprise the following:</b>		
Deposits with financial institutions (Note 16)	254,100	120,174
Cash and bank balances (Note 16)	109,655	187,594
	<u>363,755</u>	<u>307,768</u>
Less: Cash and cash equivalents restricted for use		
- Deposits with financial institutions	(131)	(2,772)
	<u>363,624</u>	<u>304,996</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

## Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Medium term notes RM'000	Borrowings RM'000	Hire purchase liabilities RM'000	Total RM'000
<b>2021</b>					
At beginning of financial year	273,436	797,826	409,727	1,018	1,482,007
Additional lease liabilities during the financial year	9,974	-	-	-	9,974
Additional hire purchase liabilities during the financial year	-	-	-	547	547
Reassessment	150	-	-	-	150
Termination	(1,609)	-	-	-	(1,609)
Drawdown of borrowings	-	25,000	41,092	-	66,092
Repayment of borrowings	-	(25,000)	(225,408)	-	(250,408)
Repayment of hire purchase liabilities	-	-	-	(405)	(405)
Payment of lease liabilities	(39,306)	-	-	-	(39,306)
Charge out of deferred transaction costs	-	473	-	-	473
Exchange differences	22,424	-	32,549	-	54,973
At end of financial year	265,069	798,299	257,960	1,160	1,322,488
	Lease liabilities RM'000	Medium term notes RM'000	Borrowings RM'000	Hire purchase liabilities RM'000	Total RM'000
<b>2020</b>					
At beginning of financial year	217,327	798,866	322,007	1,137	1,339,337
Additional lease liabilities during the financial year	82,925	-	-	-	82,925
Additional hire purchase liabilities during the financial year	-	-	-	498	498
Drawdown of borrowings	-	58,960	105,707	-	164,667
Repayment of borrowings	-	(60,000)	(20,484)	-	(80,484)
Repayment of hire purchase liabilities	-	-	-	(617)	(617)
Payment of lease liabilities	(28,045)	-	-	-	(28,045)
Exchange differences	1,229	-	2,497	-	3,726
At end of financial year	273,436	797,826	409,727	1,018	1,482,007

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	COMPANY	
	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment for operating expenses	(12,173)	(12,477)
Dividends received	122,650	232,359
Payment of taxes	(389)	(816)
Other receipts	17	5
Net cash generated from operating activities	110,105	219,071
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment (Note A)	(16)	(19)
Interest received	215	403
Acquisition of investment in an associated company	(1,014)	(2,061)
Advances given to subsidiary companies	(34,100)	(22,349)
Net cash used in investing activities	(34,915)	(24,026)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(87,322)	(168,356)
Interest paid	(139)	(174)
Payment of lease liabilities	(2,343)	(2,318)
Repayment of hire purchase liabilities	(116)	(109)
Treasury shares acquired	(18,230)	(19,845)
Net advances from subsidiary companies	25,596	8,211
Net cash used in financing activities	(82,554)	(182,591)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(7,364)	12,454
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	22,042	9,588
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR (Note B)</b>	14,678	22,042
<b>Note A Acquisition of property, plant and equipment</b>		
Provision for restoration cost	-	720
Cash	16	19
	16	739
<b>Note B Cash and cash equivalents comprise the following:</b>		
Deposits with financial institutions (Note 16)	12,000	20,000
Cash and bank balances (Note 16)	2,678	2,042
	14,678	22,042

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

## Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Hire purchase liabilities RM'000	Amounts due to subsidiary companies RM'000	Total RM'000
<b>2021</b>				
At beginning of financial year	1,244	253	984,831	986,328
Additional lease liabilities during the financial year	4,669	-	-	4,669
Repayment of hire purchase liabilities	-	(116)	-	(116)
Payment of lease liabilities	(2,343)	-	-	(2,343)
Net advances from a subsidiary company	-	-	25,596	25,596
Interest on advances from subsidiary companies	-	-	39,426	39,426
At end of financial year	<u>3,570</u>	<u>137</u>	<u>1,049,853</u>	<u>1,053,560</u>

	Lease liabilities RM'000	Hire purchase liabilities RM'000	Amounts due to subsidiary companies RM'000	Total RM'000
<b>2020</b>				
At beginning of financial year	3,522	362	934,457	938,341
Additional lease liabilities during the financial year	40	-	-	40
Repayment of hire purchase liabilities	-	(109)	-	(109)
Payment of lease liabilities	(2,318)	-	-	(2,318)
Net advances from a subsidiary company	-	-	8,211	8,211
Interest on advances from subsidiary companies	-	-	42,163	42,163
At end of financial year	<u>1,244</u>	<u>253</u>	<u>984,831</u>	<u>986,328</u>

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 1 ABBREVIATION AND CORPORATE INFORMATION

### 1.1 ABBREVIATION

The following abbreviations are applied throughout the financial statements:

the Group	- Berjaya Sports Toto Berhad and its subsidiary companies
BCorp	- Berjaya Corporation Berhad
BLand	- Berjaya Land Berhad
Bursa Malaysia	- Bursa Malaysia Securities Berhad
ECL	- Expected Credit Loss
H.R. Owen	- H.R. Owen Plc
MFRSs	- Malaysian Financial Reporting Standards
MTN	- Medium Term Notes
PGMC	- Philippine Gaming Management Corporation
Sports Toto	- Sports Toto Malaysia Sdn Bhd

### 1.2 CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies consist of:

- operation of Toto betting under Section 5 of the Pool Betting Act, 1967;
- motor retailing, repair and maintenance and provision of aftersales and insurance services;
- development, manufacturing, distribution of computerised wagering and voting systems and provision of software support;
- property investment and development;
- operation of hotel; and
- investment holding and others.

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

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. The principal place of business of the Company is located at Level 12, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 1 ABBREVIATION AND CORPORATE INFORMATION (CONT'D)

### 1.2 CORPORATE INFORMATION (Cont'd)

The intermediate holding and ultimate holding companies are BLand and BCorp respectively, both of which are incorporated and domiciled in Malaysia and are listed on the Main Market of Bursa Malaysia.

Related companies in the financial statements refer to member companies of the BCorp group of companies other than subsidiary companies of the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 October 2021.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiary companies and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

- (i) power over the investee (i.e. 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

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (a) Subsidiaries and basis of consolidation (cont'd)

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group has power over the investee:

- (i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) potential voting rights held by the Group, other vote holders or other parties;
- (iii) contractual arrangement with the other vote holders of the investee;
- (iv) rights arising from other contractual arrangements; and
- (v) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3: Business Combinations, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the related acquisition costs are recognised in profit or loss as incurred.

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (a) Subsidiaries and basis of consolidation (cont'd)

Any excess of the cost of business combination, as the case maybe, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses, which are not eliminated when there are indications of impairment.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (a) Subsidiaries and basis of consolidation (cont'd)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is a share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed are recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interests in subsidiary company that do not result in the Group losing control over the subsidiary company are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest at the date when control is lost;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. Any investment retained is recognised at fair value.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (b) Associated companies and joint ventures

Associated companies are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in unquoted associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and supplemented by management financial statements of the associated companies and the joint ventures made up to the Group's financial year end.

Investments in quoted associated companies which have different reporting date from the Group are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and latest quarterly financial statements made up to a period end of no more than three months difference with the Group's reporting date, announced in the respective stock exchanges.

Uniform accounting policies are adopted for like transactions and events of similar circumstances upon applying equity method of accounting.

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investment in its associated companies or the joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associated companies or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or the joint venture and its carrying value as impairment loss in profit or loss.

On acquisition of an investment in associated company or joint venture, any excess of the cost of investment over the Group's share of net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and included in the carrying amount of the investment and is not amortised.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (b) Associated companies and joint ventures (cont'd)

Any excess of the Group's share of net fair value of the associated company's or the joint venture's identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associated company's or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated company or a joint venture is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company or the joint venture after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associated companies or joint venture acquired or disposed of during the financial year, is included in the consolidated profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies or the joint ventures are eliminated to the extent of the Group's interest in the associated companies or the joint ventures.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company or joint venture, including any long-term interest that, in substance, form part of the Group's net investment in the associated company or the joint venture, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a legal and constructive obligation or has made payment on behalf of the associated company or the joint venture.

Upon loss of significant influence over the associated company or loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company or joint venture upon loss of significant influence or loss of joint control and the fair value of the retained investment and proceeds from the disposals is recognised in profit or loss.

In the Company's separate financial statements, investment in associated companies and joint ventures are stated at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (c) Intangible assets

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (ii) Dealership rights

The cost of dealership rights acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, the dealership rights are carried at cost less any accumulated impairment losses. The dealership rights are assessed and recognised based on the dealership agreements signed with the selected luxury brand car manufacturers that satisfied the criterion to be separately identified as intangible assets and highly likely to contribute significant future economic benefits. The dealership rights, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently, when indications of impairment are identified. The useful lives of dealership rights are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on prospective basis.

##### (iii) Customer relationships

The cost of customer relationships acquired in a business combination is measured at their fair value at the date of acquisition. Following the initial recognition, the customer relationships are carried at cost less accumulated amortisation and any accumulated impairment losses. The customer relationships with finite lives are amortised on a straight-line basis over their useful economic lives and assessed for impairment whenever there is an indication that the customer relationships may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (c) Intangible assets (cont'd)

##### (iv) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed yearly at each reporting date. Intangible assets with indefinite lives are not amortised, but tested for impairment annually or more frequently when indicators of impairment are identified. The useful lives of intangible assets with indefinite lives are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is made on a prospective basis.

#### (d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated but is reviewed at each reporting date to determine whether there is an indication of impairment. Capital work-in-progress are also not depreciated as these assets are not available for use.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (d) Property, plant and equipment and depreciation (cont'd)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	10% - 33%
Computer equipment	10% - 33%
Office equipment	10% - 67%
Furniture and fittings	10% - 20%
Motor vehicles	20% - 33%
Renovation	10% - 20%
Gym equipment	20%
Hotel and kitchen equipment and utensils	20%

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

#### (e) Investment properties

Investment properties are properties which are held either to earn rentals or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Right-of-use asset that meets the definition of investment property is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property is carried at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (e) Investment properties (cont'd)

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 disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with MFRS 116: Property, Plant and Equipment shall be its fair value at the date of change in use.

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income. However, if such fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

#### (f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there is any indication of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (f) Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing VIU, the estimated future cash flows 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, in the case of work-in-progress and finished goods, comprises raw materials, direct labour and an attributable proportion of production overheads. Cost is determined on the first-in first-out basis or by specific identification. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (h) Fair value measurement

The Group measures financial instruments, such as, short term investments and derivatives, and certain non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) in the principal market for the asset or liability; or
- (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or 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 a 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 uses 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, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 41.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines 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 has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) 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

##### Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

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, i.e. the date that the Group commits to purchase or sell the asset.

The classification of financial assets at initial recognition depends on:

- (i) the financial asset's contractual cash flow characteristics; and
- (ii) the Group's and the Company's business model for managing them.

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

Classification of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model. Such changes are expected to be very infrequent.

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 if the period between performance and payment is 1 year or less under practical expedient of MFRS 15: Revenue from Contracts with Customers, are measured at the transaction price determined under MFRS 15.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Financial instruments (cont'd)

##### (a) Financial assets (cont'd)

###### Subsequent measurement

Subsequent measurement of financial assets depends on its classification. The classification of financial assets are described below:

###### (i) Amortised cost

This category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, the amortised cost of a financial asset is the amount at initial recognition minus principal repayments plus cumulative amortisation using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

###### (ii) Fair value through other comprehensive income

###### Debt instruments

This category comprises investments in debt instrument, which are held within a business model whose objective is collecting contractual cash flows and selling the debt investments, and its contractual terms give rise to cash flows on specified dates that are SPPI on the principal amount outstanding. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses or reversals are recognised in profit or loss. Fair value changes are recognised in other comprehensive income.

On derecognition of these financial assets, fair value changes accumulated in other comprehensive income are recycled to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Financial instruments (cont'd)

##### (a) Financial assets (cont'd)

##### (ii) Fair value through other comprehensive income (cont'd)

###### Equity instruments

This category comprises investments in equity instrument that are not held for trading, and where the Group irrevocably elects to account for subsequent changes in the investments' fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividends clearly represent part recovery of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition of these financial assets, fair value changes and other net gains and losses accumulated in other comprehensive income are not recycled to profit or loss.

##### (iii) Fair value through profit or loss

All financial assets not classified as amortised cost or fair value through other comprehensive income as described above are classified as fair value through profit or loss. This includes derivative financial assets (except for derivatives that are designated as effective hedging instruments). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be classified as financial asset at amortised cost or at fair value through other comprehensive income, as a financial asset at fair value through profit or loss, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss. Other net gains or losses, including any interest or dividend income, are also recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Financial instruments (cont'd)

##### (a) Financial assets (cont'd)

###### 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 when:

- (i) The contractual rights to receive cash flows from the asset have expired; or
- (ii) The Group has transferred its rights to receive the cash flows from the assets and has transferred substantially all risks and rewards related to the asset; or
- (iii) The Group has transferred its rights to receive the cash flows from the assets and has not retained control of the assets; or
- (iv) The Group has assumed an obligation to pay the cash flows from the asset in full without material delay to a third party under a 'pass-through' arrangement.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, but is not able to derecognise the asset, the Group has to continue recognising the transferred asset to the extent of its continuing involvement and to 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 has retained.

##### (b) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group initially measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Financial instruments (cont'd)

#### (b) Financial liabilities (cont'd)

##### Subsequent measurement

The Group measures the financial liabilities depending on their classification, as described below:

#### (i) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

#### (ii) Fair value through profit or loss

The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated as fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. This includes derivative financial liabilities (except for derivatives that are designed as effective hedging instruments). The changes in fair value of these financial liabilities are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Financial instruments (cont'd)

#### (b) Financial liabilities (cont'd)

##### Derecognition

A financial liability is derecognised when the obligation under the liability expires, or is discharged or cancelled. 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 a replacement 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 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, or to realise the assets and settle the liabilities simultaneously.

#### (j) Impairment of financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables.

ECLs are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

ECLs are recognised in two stages. For credit exposures where there have not been a significant increase in credit risk since initial recognition, ECLs are 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 where there have 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).

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (j) Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established provision matrices that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates 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 reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group recognises impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in profit or loss and accumulated in the fair value reserve.

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

#### (k) Cash and cash equivalents

Cash comprises cash in hand, at bank and short term deposits with a maturity of three months or less. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (l) Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 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 respectively.

#### (m) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, reissuance or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

#### (o) Leases

A lease, as defined in MFRS 16: Leases, is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses at inception of a contract whether a contract is, or contains a lease in accordance to MFRS 16.

#### (i) Group as a 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.

##### 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 include the amount of lease liabilities recognised, initial direct costs incurred, estimated cost to dismantle/restore the underlying asset, and lease payments made at or before the commencement date less any lease incentives received.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (o) Leases (cont'd)

##### (i) Group as a lessee (cont'd)

###### Right-of-use assets (cont'd)

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. In the case where the lease transfers the ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset implies that the Group will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset. The depreciation period are as follows:

Hotel land and building	41 years
Buildings	1 to 74 years
Other equipment	1 to 20 years

"Lease term" refers to the non-cancellable period of a lease plus:

- (i) the period covered by an option to extend the lease if the Group is reasonably certain to exercise; and
- (ii) the period covered by an option to terminate if the Group is reasonably certain not to exercise.

The right-of-use assets are also subject to impairment as detailed in Note 2.2(f).

###### 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 termination (if the lease term reflects the Group exercising the option to terminate the lease).

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (o) Leases (cont'd)

##### (i) Group as a lessee (cont'd)

###### Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if 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 lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a reassessment (e.g. change in the lease term) or lease modification (e.g. change in scope of lease).

###### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### (ii) Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

###### Operating lease

Leases in which the Group retains substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Lease income from operating lease is accounted for on a straight-line basis or another systematic basis if another systematic basis is more representative of the pattern of benefit received. 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 lease income. The underlying asset of an operating lease is included in the statements of financial position based on the nature of the asset.

Contingent rents are recognised in profit or loss in the period which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (o) Leases (cont'd)

##### (ii) Group as a lessor (cont'd)

###### Finance lease

A finance lease is a lease contract which transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. At commencement of the contract, the Group recognises the finance lease as a receivable at an amount equal to the net investment in the lease. The net investment of a lease is the present value of the gross investments which includes fixed payments (including in-substance fixed payments) less any lease incentives payable, variable lease payments that depend on an index or a rate, residual value guarantees, exercise price of a purchase option and penalties for termination which are reasonably certain to be received.

Subsequent to the commencement date, finance income is recognised over the lease term on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Contingent rents from finance lease are recognised in profit or loss in the period which they are earned.

#### (p) Taxes

##### (i) Current tax

Current 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.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (p) Taxes (cont'd)

##### (ii) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all taxable 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 investments in subsidiary companies, associated companies and interests in joint ventures, 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 investments in subsidiary companies, associated companies and interests in joint ventures, 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 profit will allow the deferred tax assets to be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (p) Taxes (cont'd)

##### (ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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 other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

##### (iii) Indirect taxes

Indirect taxes include Gaming Tax, Sales and Service Tax and Value Added Tax.

The amount of indirect taxes payable to taxation authority is included as part of payables in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (p) Taxes (cont'd)

##### (iii) Indirect taxes (cont'd)

Indirect taxes incurred on the purchase of assets or services which cannot be recovered from the respective tax authorities are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The difference between output and input of Value Added Tax, being the amount payable to or receivable from the respective taxation authorities at the reporting date, is included in other payables or other receivables respectively in the statements of financial position.

#### (q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (r) Employee benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (r) Employee benefits (cont'd)

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Some of the Group's foreign subsidiary companies also make contributions to the statutory pension schemes of their respective countries.

##### (iii) Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

###### (a) Funded defined benefit plan

Certain foreign subsidiary companies of the Group provide funded pension benefits to its eligible employees.

The legal obligation for any benefits from this kind of pension plan remains with the Group even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long term benefit fund, as well as qualifying insurance policies.

The Group's net obligations in respect of defined benefit plans for certain foreign subsidiary companies are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The liability recognised in the statements of financial position for defined benefit plans is the discounted present value of the defined benefit obligation using an appropriate discount factor at the reporting date less the fair value of plan assets. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds. The calculation is performed by independent actuaries using the projected unit credit method.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (r) Employee benefits (cont'd)

##### (iii) Defined benefit plans (cont'd)

###### (a) Funded defined benefit plan (cont'd)

Re-measurements, comprising actuarial gains and losses, the effect of limiting a net defined benefit asset to the asset ceiling (excluding net interest, if applicable) and the return on plan assets (excluding net interest), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) the date of the plan amendment or curtailment; and
- (ii) the date that the Group recognises restructuring related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income in profit or loss.

###### (b) Unfunded defined benefit plan

Certain foreign subsidiary companies within the Group operate unfunded defined retirement benefit schemes for their eligible employees. The obligation recognised in the statements of financial position under the scheme is calculated by independent actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- (i) the date of the plan amendment or curtailment; and
- (ii) the date that the Group recognises restructuring related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs and net interest expense or income in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (r) Employee benefits (cont'd)

##### (iii) Defined benefit plans (cont'd)

###### (b) Unfunded defined benefit plan (cont'd)

The present value of the obligation under the scheme is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post-employment benefit obligation.

#### (s) Foreign currencies

##### (i) 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 financial statements are presented in RM, which is also the Company's functional currency.

##### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss of the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (s) Foreign currencies (cont'd)

##### (ii) Foreign currency transactions (cont'd)

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 recognised directly in equity.

##### (iii) Foreign operations

The results and financial position of the foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each statement of profit or loss and statement of other comprehensive income are translated at average exchange rates for the reporting period, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 May 2006 are treated as assets or 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.

Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary companies before 1 May 2006 are deemed to be assets or liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (t) Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder of a guarantee for a loss it incurs because a specified guarantee debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with ECL; and
- (ii) the amount initially recognised less cumulative amount of income recognised in accordance with principles of MFRS 15, where appropriate.

#### (u) Revenue recognition

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. A contract falls within the scope of MFRS 15 if it meets all the criteria sets out in this standard.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (u) Revenue recognition (cont'd)

- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group needs to allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.
- (v) Recognise revenue when the Group satisfies a performance obligation or as the Group is satisfying a performance obligation by transferring a promised goods or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue is recognised at the point in time at which the performance obligation is satisfied. However, where the performance obligation is satisfied over time, the Group shall recognise revenue over time if the Group's performance:

- (i) Provides benefits that the customer simultaneously receives and consumes as the Group performs; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

The recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

#### (i) Lease income

Lease income is recognised on the basis as detailed in Note 2.2(o)(ii).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (u) Revenue recognition (cont'd)

##### (ii) Dividend income

Dividend income is recognised when the shareholders' rights to receive the dividend payment are established.

##### (iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method unless recoverability is in doubt, or where a loan is considered to be non-performing in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis until all arrears have been paid.

Interest income from investments in government securities and loan stocks are recognised on a time proportion basis that takes into account the effective yield of the asset.

##### (iv) Other income

All other income are recognised on accrual basis.

#### (v) Contract assets and liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance with MFRS 9.

A contract liability is the obligation of the Group to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration such as advance payment and down payments, or the Group has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (w) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

#### (x) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants related to assets, shall be presented in the statements of financial position by setting up the grant as deferred income. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

#### (y) Segmental information

For management purposes, the Group is organised into operating segments based on their products and services which are managed by the segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format.

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include income tax expenses and items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted.

Segment assets include all operating assets used by a segment and do not include tax assets and items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of the assets. Segment liabilities comprise operating liabilities and do not include tax liabilities and items arising on investing or financing activities.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (z) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable MFRSs. Thereafter, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefit assets and financial assets) are measured in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose a separate major line of business or geographical area of operations, or is a subsidiary company acquired exclusively with a view to resale.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in Accounting Policies

On 1 July 2020, the Group adopted the following Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board:

Amendments to MFRS 3	Business Combinations (Definition of a Business)
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements (Definition of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Revised Conceptual Framework For Financial Reporting	

The Group has early adopted the Amendments to MFRS 16: Leases (COVID-19 - Related Rent Concessions beyond 30 June 2021), which is effective for financial periods beginning on or after 1 April 2021.

Adoption of the above standards did not have any significant financial impact to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Standards Issued but Not Yet Effective

At the date of authorisation for issue of these financial statements, the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRSs were issued but not yet effective and have not been applied by the Group:

#### Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 139 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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#### Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116	Property, Plant and Equipment (Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)
Amendments to MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Standards Issued but Not Yet Effective (Cont'd)

#### Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
Amendments to MFRS 101	Presentation of Financial Statements (Disclosures of Accounting Policies)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

#### Effective date yet to be determined:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)
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The Group is expected to apply the new MFRS, Amendments to MFRSs and Annual Improvements to MFRSs beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned new MFRS, Annual Improvements to MFRSs and Amendments to MFRSs are not expected to have any material impact to the financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, 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.

#### (a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### (i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn lease income or for capital appreciation or both.

Some properties comprise a portion that is held to earn lease income or for capital appreciation and another portion that is held for own use. Since these properties cannot be sold separately and the portion held for own use is insignificant, the Group has classified the whole of its properties as investment properties.

##### (ii) Useful life of intangible assets

The Group considers that the goodwill and dealership rights arising respectively, from Toto betting operations and motor dealership have indefinite useful life because they are expected to contribute to the Group's net cash flows indefinitely. The Group intends to continue the Toto betting and motor dealership operations and is confident that these rights can be maintained indefinitely. Historically, there has been no compelling challenge to the renewal of these rights.

##### (iii) Determination of lease term and incremental borrowing rate of leases

The Group assesses, by applying significant judgement at lease commencement, whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Impairment of goodwill and dealership rights

The Group determines whether goodwill and dealership rights are impaired at least on an annual basis. This requires an estimation of the VIU of the CGU to which goodwill and dealership rights are allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to the respective CGU in order to calculate the present value of those cash flows. Details of the goodwill and dealership rights are disclosed in Note 11.

The Group carries goodwill of RM547,686,000 (2020 : RM547,686,000) in respect of the licence for Toto betting operations in Malaysia ("Licence"). In regard to the impairment review of the CGU for the Licence, the Group intends to continue with the annual renewal of the Licence indefinitely and considers that the annual renewal of the Licence is expected to contribute to the Group's net cash flows indefinitely. Historically, there has been no compelling challenge to the renewal of the Licence.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

#### (b) Key sources of estimation uncertainty (cont'd)

##### (ii) Provision for ECL of trade and other receivables and contract assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The Group develops the expected loss rates based on the historical credit loss experience with trade receivables of similar credit risk characteristics, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information.

Other than trade receivables and contracts assets, the Group assesses the credit risk of other receivables at each reporting date on an individual basis, to determine whether or not there have been significant increases in credit risk since the initial recognition of these assets. To determine whether there is a significant increase in credit risks, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is a significant increase in credit risk, the Group determines the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

In assessing credit risks for purposes of applying the ECL model, the Group considers the need to incorporate forward-looking factors and to estimate the probability of default, which are likely to be judgemental and subject to estimation uncertainties.

The information about the ECLs on the Group's trade and other receivables and contract assets are disclosed in Notes 13 and 14.

##### (iii) Inventory valuations

The Group holds significant inventories of used cars in the United Kingdom. Trade guides and other publications are used to assist in the assessment of the net realisable values of these cars at the reporting date and write-downs taken as necessary.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

#### (b) Key sources of estimation uncertainty (cont'd)

##### (iv) Impairment of investment in subsidiary companies

The Company conducted an annual impairment review of its investment in subsidiary companies based on indicators of impairment. The impairment test is carried out based on assessment of the fair value less costs to sell of the investees' assets or CGU or based on the estimation of the VIU of the CGU of the investees. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to apply a discount rate that reflects the specific risk relating to respective CGU in order to calculate the present value of those cash flows. An impairment loss will be recognised if the carrying values of these CGUs are assessed to be in excess of their VIU.

The annual impairment review resulted in the Company recognising a net reversal of impairment amounting to RM873,000 (2020 : impairment loss of RM2,143,000) during the financial year in respect of its investment in subsidiary companies as disclosed in Notes 5, 31 and 32.

As at 30 June 2021, the carrying amount of investment in subsidiary companies of the Company was RM4,316,002,000 (2020 : RM4,315,129,000).

##### (v) Useful life of customer relationships

The customer relationships are recognised separately from goodwill on acquisition of a subsidiary company. The Group estimates the useful life of customer relationships to be up to 10 years which is determined based on customer attrition from the acquired relationships. The estimated useful live of customer relationships are reviewed periodically.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 3 PROPERTY, PLANT AND EQUIPMENT

### Group

	Net carrying amount as at		Additions	Disposals	Impairment	Write-off	Reclassification	Reclassified to non-current asset held for sale	Exchange differences	Depreciation	Net carrying amount as at 30 June 2021
	1 July 2020	30 June 2021									
<b>2021</b>											
Freehold land	6,916	57,408	-	-	-	-	-	(7,529)	613	-	57,408
Buildings	26,278	267	-	-	-	-	-	-	2,056	(283)	28,318
Plant and machinery	16,940	11,331	-	-	-	(118)	-	-	994	(6,242)	22,905
Computer equipment	20,661	1,040	-	(10)	-	-	(378)	-	(67)	(5,841)	15,405
Office equipment	2,476	393	-	(27)	(27)	-	-	-	(1)	(850)	1,964
Furniture and fittings	1,018	14	-	(9)	-	-	-	-	(1)	(206)	816
Motor vehicles	19,263	1,006	(477)	-	-	-	-	-	313	(4,161)	15,944
Renovation	46,487	2,370	-	-	-	-	-	-	6,181	(9,570)	45,468
Gym equipment	65	-	-	(44)	-	-	-	-	-	(21)	-
Hotel and kitchen equipment and utensils	151	24	-	-	-	-	-	-	-	(32)	143
Capital work-in-progress	42,856	72,980	-	-	-	-	378	-	(280)	-	115,934
	183,111	146,833	(477)	(90)	(145)	-	(7,529)	9,808	(27,206)		304,305

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Group (Cont'd)

	Net carrying amount as at 1 July 2019 RM'000	Additions RM'000	Disposals RM'000	Write-off RM'000	Reclassi- fication RM'000	Exchange differences RM'000	Depreciation RM'000	Net carrying amount as at 30 June 2020 RM'000
<b>2020</b>								
Freehold land	14,552	-	-	-	(7,677)	41	-	6,916
Buildings	3,046	15,726	-	-	7,677	1	(172)	26,278
Plant and machinery	16,951	6,180	-	(374)	-	87	(5,904)	16,940
Computer equipment	24,773	3,077	-	-	94	44	(7,327)	20,661
Office equipment	2,764	646	-	(5)	-	6	(935)	2,476
Furniture and fittings	1,140	99	-	(1)	-	1	(221)	1,018
Motor vehicles	19,389	5,863	(809)	(2)	-	(27)	(5,151)	19,263
Renovation	42,052	2,281	-	(6)	11,796	221	(9,857)	46,487
Gym equipment	61	22	-	-	-	-	(18)	65
Hotel and kitchen equipment and utensils	170	5	(2)	-	-	7	(29)	151
Capital work-in-progress	14,294	40,255	-	-	(11,890)	197	-	42,856
	139,192	74,154	(811)	(388)	-	578	(29,614)	183,111

As at the reporting date, a freehold land with carrying amount of RM57,408,000 (2020 : Nil) and building under capital work-in-progress amounting to RM61,329,000 (2020 : Nil) of the Group, were pledged to a financial institution for a credit facility granted to a foreign subsidiary company as disclosed in Note 25(a).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Group (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Net carrying amount RM'000
<b>2021</b>				
Freehold land	57,408	-	-	57,408
Buildings	29,137	(819)	-	28,318
Plant and machinery	65,050	(42,145)	-	22,905
Computer equipment	54,927	(39,512)	(10)	15,405
Office equipment	13,773	(11,782)	(27)	1,964
Furniture and fittings	9,016	(8,191)	(9)	816
Motor vehicles	50,254	(34,310)	-	15,944
Renovation	124,159	(78,691)	-	45,468
Gym equipment	1,142	(1,098)	(44)	-
Hotel and kitchen equipment and utensils	1,183	(1,040)	-	143
Capital work-in-progress	115,934	-	-	115,934
	<b>521,983</b>	<b>(217,588)</b>	<b>(90)</b>	<b>304,305</b>
<b>2020</b>				
Freehold land	6,916	-	-	6,916
Buildings	26,798	(520)	-	26,278
Plant and machinery	53,148	(36,208)	-	16,940
Computer equipment	54,787	(34,126)	-	20,661
Office equipment	13,482	(11,006)	-	2,476
Furniture and fittings	9,021	(8,003)	-	1,018
Motor vehicles	53,126	(33,863)	-	19,263
Renovation	124,725	(78,238)	-	46,487
Gym equipment	1,142	(1,077)	-	65
Hotel and kitchen equipment and utensils	1,166	(1,015)	-	151
Capital work-in-progress	42,856	-	-	42,856
	<b>387,167</b>	<b>(204,056)</b>	<b>-</b>	<b>183,111</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Group (Cont'd)

(a) Net carrying amount of property, plant and equipment of the Group held under hire purchase arrangements are as follows:

	2021 RM'000	2020 RM'000
Motor vehicles	1,777	1,457

### Company

	Net carrying amount as at 1 July 2020 RM'000	Additions RM'000	Depreciation RM'000	Net carrying amount as at 30 June 2021 RM'000
<b>2021</b>				
Computer equipment	12	13	(7)	18
Office equipment	49	3	(20)	32
Furniture and fittings	76	-	(39)	37
Motor vehicles	1,089	-	(197)	892
Renovation	325	-	(283)	42
	1,551	16	(546)	1,021
	Net carrying amount as at 1 July 2019 RM'000	Additions RM'000	Depreciation RM'000	Net carrying amount as at 30 June 2020 RM'000
<b>2020</b>				
Computer equipment	12	6	(6)	12
Office equipment	55	13	(19)	49
Furniture and fittings	122	-	(46)	76
Motor vehicles	1,353	-	(264)	1,089
Renovation	136	720	(531)	325
	1,678	739	(866)	1,551

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Company (Cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
<b>2021</b>			
Computer equipment	707	(689)	18
Office equipment	333	(301)	32
Furniture and fittings	5,584	(5,547)	37
Motor vehicles	2,316	(1,424)	892
Renovation	4,399	(4,357)	42
	<u>13,339</u>	<u>(12,318)</u>	<u>1,021</u>
<b>2020</b>			
Computer equipment	705	(693)	12
Office equipment	339	(290)	49
Furniture and fittings	5,598	(5,522)	76
Motor vehicles	2,316	(1,227)	1,089
Renovation	4,399	(4,074)	325
	<u>13,357</u>	<u>(11,806)</u>	<u>1,551</u>

Net carrying amount of property, plant and equipment of the Company held under hire purchase arrangements are as follows:

	2021 RM'000	2020 RM'000
Motor vehicles	<u>303</u>	<u>368</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (a) Right-of-use assets

#### Group

	Net carrying amount as at 1 July 2020		Additions	Termination	Reassessment	Impairment	Exchange differences	Depreciation	Net carrying amount as at 30 June 2021
	RM'000	RM'000							
<b>2021</b>									
Hotel land and building	59,523	-	-	-	(423)	-	(1,377)	(1,758)	55,965
Buildings	275,612	9,501	9,501	(1,595)	573	(587)	22,280	(37,747)	268,037
Motor vehicle	-	429	429	-	-	-	-	(24)	405
Other equipment	331	44	44	(4)	-	-	-	(43)	328
	335,466	9,974	9,974	(1,599)	150	(587)	20,903	(39,572)	324,735

	Net carrying amount as at 1 July 2019		Additions	Exchange differences	Depreciation	Net carrying amount as at 30 June 2020
	RM'000	RM'000				
<b>2020</b>						
Hotel land and building	57,322	-	-	3,637	(1,436)	59,523
Buildings	212,607	96,878	96,878	784	(34,657)	275,612
Other equipment	317	55	55	-	(41)	331
	270,246	96,933	96,933	4,421	(36,134)	335,466

The right-of-use assets for buildings are in respect of lease contracts for office and business premises for the operation.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### (a) Right-of-use assets (Cont'd)

#### Group (cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Net carrying amount as at 30 June 2021 RM'000
<b>2021</b>				
Hotel land and building	70,035	(14,070)	-	55,965
Buildings	337,126	(68,502)	(587)	268,037
Motor vehicles	429	(24)	-	405
Other equipment	402	(74)	-	328
	<b>407,992</b>	<b>(82,670)</b>	<b>(587)</b>	<b>324,735</b>
<b>2020</b>				
Hotel land and building				
Buildings	72,177		(12,654)	59,523
Other equipment	311,290		(35,678)	275,612
	<b>372</b>		<b>(41)</b>	<b>331</b>
	<b>383,839</b>		<b>(48,373)</b>	<b>335,466</b>

As at the reporting date, a leasehold hotel building and factory buildings of the Group, with a total net carrying amount of RM69,465,000 (2020: RM59,523,000) were pledged to financial institutions for credit facilities granted to subsidiary companies as disclosed in Note 25(a). The carrying amount of the leasehold hotel building includes capitalised right-of-use land cost of RM7,844,000 (2020 : RM9,842,000),

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### (a) Right-of-use assets (Cont'd)

#### Company

	Net carrying amount as at 1 July 2020 RM'000	Addition RM'000	Depreciation RM'000	Net carrying amount as at 30 June 2021 RM'000
<b>2021</b>				
Buildings	1,180	4,669	(2,345)	3,504
Other equipment	25	-	(6)	19
	1,205	4,669	(2,351)	3,523
<b>2020</b>				
	Net carrying amount as at 1 July 2019 RM'000	Addition RM'000	Depreciation RM'000	Net carrying amount as at 30 June 2020 RM'000
Buildings	3,521	10	(2,351)	1,180
Other equipment	1	30	(6)	25
	3,522	40	(2,357)	1,205

The right-of-use assets for buildings are in respect of lease contracts for office premises.

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount as at 30 June 2021 RM'000
<b>2021</b>			
Buildings	4,679	(1,175)	3,504
Other equipment	31	(12)	19
	4,710	(1,187)	3,523
<b>2020</b>			
	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount as at 30 June 2020 RM'000
Buildings	3,531	(2,351)	1,180
Other equipment	31	(6)	25
	3,562	(2,357)	1,205

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### (b) Lease liabilities

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of financial year	273,436	217,327	1,244	3,522
Additions	9,974	82,925	4,669	40
Reassessment	150	-	-	-
Termination	(1,609)	-	-	-
Interest expense in lease liabilities (Note 34)	8,856	8,221	123	148
Lease payments	(48,162)	(36,266)	(2,466)	(2,466)
Exchange differences	22,424	1,229	-	-
At end of financial year	265,069	273,436	3,570	1,244
Analysed as:				
- Non-current	232,991	242,691	1,228	23
- Current	32,078	30,745	2,342	1,221
At end of financial year	265,069	273,436	3,570	1,244

### Other information relating to lease contract

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other income from sublease (Note 33)	3,091	2,565	-	-
Expenses relating to leases of low-value assets (Note 30)	717	590	-	-

### Cash flows items

Cash flows from operating activities:

Included under payment for prize winners,  
suppliers and for other operating expenses:

- Cash outflow for expenses relating to leases of low-value assets	717	590	-	-
Cash flows from financing activities:				
Payment for lease liabilities - interests	8,856	8,221	123	148
Payment for lease liabilities	39,306	28,045	2,343	2,318
Total lease payment	48,162	36,266	2,466	2,466

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>
Unquoted shares, at cost	6,717,472	6,717,472
Less : Accumulated impairment losses	(2,401,470)	(2,402,343)
	<u>4,316,002</u>	<u>4,315,129</u>

At the reporting date, the Company conducted impairment review of the investment in its subsidiary companies.

The review gave rise to the recognition of net reversal of impairment losses of investment in certain subsidiary companies of RM873,000, as disclosed in Note 31, as the value-in-use amounts estimated by the Company exceeded the carrying values. In the previous financial year, net impairment losses of investment in certain subsidiary companies of RM2,143,000, as disclosed in Note 32, was recognised as the carrying values exceeded the value-in-use amounts estimated by the Company.

Details of the subsidiary companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2021</u>	<u>2020</u>
			%	%
<b>Subsidiary companies of Berjaya Sports Toto Berhad</b>				
Berjaya-ILTS Limited (Note a)	Hong Kong	Deregistered and dissolved	-	100
FEAB Equities Sdn Bhd	Malaysia	Investment holding	100	100
FEAB Land Sdn Bhd	Malaysia	Property development and property investment	100	100
FEAB Properties Sdn Bhd	Malaysia	Property investment and investment holding	100	100
Magna Mahsuri Sdn Bhd	Malaysia	Property investment and investment holding	100	100
Sports Toto ^^	Malaysia	Toto betting operations	100	100
Sports Toto Fitness Sdn Bhd (Note c)	Malaysia	Operation of health and fitness centre	100	100
STM Resort Sdn Bhd	Malaysia	Property investment	100	100

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2021</u> %	<u>2020</u> %
<b>Subsidiary company of FEAB Land Sdn Bhd</b>				
FEAB Realty Sdn Bhd (Note b)	Malaysia	Deregistered and dissolved	-	100
<b>Subsidiary companies of Magna Mahsuri Sdn Bhd</b>				
Berjaya Sports Toto (Cayman) Limited ("BSTC")	Cayman Islands	Investment holding	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Computer consultancy services	100	100
Sports Toto Products Sdn Bhd	Malaysia	Dormant	100	100
<b>Subsidiary company of BSTC</b>				
Berjaya Lottery Management (HK) Limited ("BLM") #	Hong Kong	Investment holding	100	100
<b>Subsidiary companies of BLM</b>				
Berjaya Philippines Inc. ("BPI") *	Philippines	Investment holding	74.20 <sup>^</sup>	74.20 <sup>^</sup>
International Lottery & Totalizator Systems, Inc. *	United States of America	Development, manufacturing, distribution of computerised wagering systems and provision of software licences and support	100	100

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2021</u> %	<u>2020</u> %
<b>Subsidiary companies of BPI</b>				
eDoc Holdings Limited *	United Kingdom	Investment holding	100	100
Floridablanca Enviro Corporation *	Philippines	Service business of protecting and cleaning the environment	100	100
H.R. Owen *	United Kingdom	Investment holding	100	100
Perdana Hotel Philippines Inc. *	Philippines	Operation of a hotel in the Philippines	100	100
<b>Subsidiary companies of International Lottery &amp; Totalizator Systems, Inc.</b>				
ILTS Vietnam Company Limited *	Socialist Republic of Vietnam	Provision of lottery technical support services	100	100
Unisyn Voting Solutions, Inc. *	United States of America	Development, manufacturing, distribution of voting systems and provision of software licences and support	100	100
<b>Subsidiary companies of H.R. Owen</b>				
Bodytechnics Limited *	United Kingdom	Maintenance and repair of motor vehicles	100	100

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2021</u> %	<u>2020</u> %
<b>Subsidiary companies of H.R. Owen (Cont'd)</b>				
Bradshaw Webb (Chelsea) Limited *	United Kingdom	Investment holding	100	100
Broughtons of Cheltenham Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
Jack Barclay Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
Hatfield 6939 Limited *	United Kingdom	Property investment	100	100
Holland Park Limited *	United Kingdom	Provision of aftersales services	100	100
H.R. Owen Dealerships Limited *	United Kingdom	Motor retailing and provision of aftersales services	100	100
H R Owen Insurance Services Limited *	United Kingdom	Provision of insurance agent and broker services	60	60
Pangbourne 6939 Limited *	United Kingdom	Property investment	100	100
Upbrook Mews Limited *	United Kingdom	Property investment	100	100
Heathrow Limited *	United Kingdom	Dormant	100	100

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2021</u> %	<u>2020</u> %
<b>Subsidiary companies of H.R. Owen (Cont'd)</b>				
H.R. Owen Investments Limited *	United Kingdom	Dormant	100	100
H.R. Owen Leasing Limited *	United Kingdom	Dormant	100	100
H.R. Owen Motor Dealerships Limited *	United Kingdom	Dormant	100	100
H.R. Owen Motor Properties Limited *	United Kingdom	Dormant	100	100
H.R. Owen Vehicle Leasing Company Limited *	United Kingdom	Dormant	100	100
London Lotus Centre Limited *	United Kingdom	Dormant	100	100
Malaya Dealerships Limited *	United Kingdom	Dormant	100	100
Netprofit.com Limited ("Netprofit") *	United Kingdom	Dormant	100 @	100 @
Shepperton 6939 Limited *	United Kingdom	Dormant	100	100

\* Audited by firms of auditors other than Ernst & Young PLT

# Audited by other member firms of Ernst & Young Global

^ The total equity interests held by the Group in BPI is 88.26% (2020 : 88.26%) and it is held by the following companies respectively:

	<u>2021</u> %	<u>2020</u> %
(i) BLM	74.20	74.20
(ii) BSTC	14.06	14.06
	<u>88.26</u>	<u>88.26</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

@ The total equity interests held by H.R. Owen group in Netprofit is 100% (2020 : 100%) and it is held by the following companies respectively:

	2021	2020
	%	%
(i) H.R. Owen	50.00	50.00
(ii) Bradshaw Webb (Chelsea) Limited	50.00	50.00
	<u>100.00</u>	<u>100.00</u>

Note a Berjaya-ILTS Limited was dissolved and had been de-registered by the Registrar of Companies, Hong Kong on 9 October 2020.

Note b FEAB Realty Sdn Bhd was dissolved and had been de-registered by the Registrar of Companies Commission of Malaysia on 8 September 2020.

Note c Subsequent to the financial year end, Sports Toto Fitness Sdn Bhd had ceased operations on 31 July 2021 and became dormant.

^^ The MTN issued by Sports Toto are secured by a third party first equitable charge over the unquoted shares of the said subsidiary company as disclosed in Note 23. The carrying value of the unquoted shares were RM3,625,624,000 (2020 : RM3,625,624,000) at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### Subsidiary companies with material non-controlling interests

The subsidiary companies with non-controlling interests of which the Group regards as material are set out below:

### Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2021 %	2020 %
BPI (on consolidated basis)	Philippines	11.74	11.74

The summarised financial information presented below is the amount before inter-company elimination and after reflecting the fair value adjustments arising from business combination.

### (i) Summarised statement of financial position

	2021 RM'000	2020 RM'000
<b><u>BPI</u></b>		
Non-current assets	911,007	800,835
Current assets	779,239	961,881
Total assets	1,690,246	1,762,716
Non-current liabilities	321,860	246,182
Current liabilities	608,754	833,460
Total liabilities	930,614	1,079,642
Net assets	759,632	683,074
Equity attributable to equity holders of the Parent	695,849	631,616
Non-controlling interests	63,783	51,458
Total equity	759,632	683,074

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5 INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### Subsidiary companies with material non-controlling interests (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	2021 RM'000	2020 RM'000
<b><u>BPI</u></b>		
Revenue	2,511,726	2,076,757
Profit for the financial year attributable to:		
Owners of the parent	39,790	1,445
Non-controlling interests	6,163	1,008
Profit for the financial year	45,953	2,453
Other comprehensive income/(loss) (net of tax) attributable to:		
- Owners of the parent	24,443	(23,360)
- Non-controlling interests	6,162	(3,081)
Other comprehensive income/(loss) for the financial year	30,605	(26,441)
Total comprehensive income/(loss) for the financial year	76,558	(23,988)
Total comprehensive income/(loss) attributable to:		
- Owners of the parent	64,233	(21,915)
- Non-controlling interests	12,325	(2,073)
Total comprehensive income/(loss) for the financial year	76,558	(23,988)

(iii) Summarised statement of cash flows

	2021 RM'000	2020 RM'000
<b><u>BPI</u></b>		
Net cash generated from/(used in):		
Operating activities	312,272	68,512
Investing activities	(143,078)	(80,954)
Financing activities	(238,549)	43,006
Net change in cash and cash equivalents	(69,355)	30,564

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	122,139	126,634	30,461	29,447
Share of post-acquisition reserves	(19,238)	(4,927)	-	-
	102,901	121,707	30,461	29,447
Exchange differences	5,641	6,274	-	-
	108,542	127,981	30,461	29,447
Less: Accumulated impairment losses	(3,834)	(8,712)	(25,944)	(24,142)
	104,708	119,269	4,517	5,305

During the current financial year, the Group and the Company recognised impairment losses amounting to RM476,000 (2020 : Nil) and RM1,802,000 (2020 : RM11,579,000) respectively as disclosed in Note 32, in respect of certain investments in unquoted associated companies as the carrying value exceeded its recoverable amount.

Certain shares in an unquoted associated company of the Group with carrying amount of RM34,399,000 (2020: RM36,563,000) are pledged for credit facilities granted to a foreign subsidiary company of the Group during the financial year as disclosed in Note 25(a).

### Movement of accumulated impairment losses:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of financial year	8,712	8,712	24,142	12,563
- Net charge for the financial year	476	-	1,802	11,579
- Written off during the financial year	(5,354)	-	-	-
At end of financial year	3,834	8,712	25,944	24,142

Details of the associated companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			2021 %	2020 %
<b>Associated companies of Berjaya Sports Toto Berhad</b>				
Berjaya Racing Management Sdn Bhd *	Malaysia	Dormant	20	20
Berjaya Lottery Vietnam Limited ("Berjaya Lottery Vietnam") (Note a)	Malaysia	Investment holding	20	20

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2021</u> %	<u>2020</u> %
<b>Associated company of FEAB Properties Sdn Bhd</b>				
Cashsystems Asia Technology Sdn Bhd *	Malaysia	Dormant, under liquidation	30	30
<b>Associated companies of BPI</b>				
PGMC *	Philippines	Leasing of online lottery equipment and provision of software support	39.99	39.99
Perdana Land Philippines Inc. *	Philippines	Acquire, develop and lease real estate	40	40
Bermaz Auto Philippines Inc. * ("BAPI")	Philippines	Selling and distribution of Mazda brand vehicles within the territory of the Philippines	28.28	28.28
Berjaya Pizza (Philippines) Inc. *	Philippines	Development and operation of "Papa John's Pizza" chain of restaurants in the Philippines	48.38	48.38
Ssangyong Berjaya Motor Philippines Inc. *	Philippines	Selling and distribution of Ssangyong brand vehicles within the territory of the Philippines	21.67	21.67
Berjaya Auto Asia Inc. * ("Berjaya Auto Asia") (Note b)	Philippines	Selling and distribution of vehicles within the territory of the Philippines	30.00	30.00

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2021</u>	<u>2020</u>
			%	%
<b>Associated companies of BPI (Cont'd)</b>				
Neptune Properties, Incorporated *	Philippines	Engage in real estate business	41.46	41.46
Chailease Berjaya Finance Corporation * ("Chailease") (Note c)	Philippines	Provision of hire purchase and loan financing services	25	25
Cosway Philippines Inc. *	Philippines	Dormant	40	40
<b>Associated company of eDoc Holdings Limited</b>				
VideoDoc Limited	United Kingdom	Deregistered and dissolved	-	20.15

\* Audited by firms of auditors other than Ernst & Young PLT and Ernst & Young Global

The following transactions occurred during the financial year:

Note a On 3 March 2021, the Company subscribed for a total of 250,000 new ordinary shares of USD1.00 each issued by Berjaya Lottery Vietnam for a total cash consideration of USD250,000 (equivalent to approximately RM1,014,000). The Company's equity interest in this associated company remains unchanged subsequent to the subscription.

Note b On 29 September 2020, BPI completed its subscription for a total of 3,030,000 new ordinary shares in Berjaya Auto Asia for a total consideration of PHP3,030,000 (equivalent to approximately RM260,000) of which the subscribed amount was paid in the previous financial year. The Group's equity interest in this associated company remains unchanged subsequent to the subscription.

Note c On 28 May 2021, BPI subscribed for a total of 50,000,000 new ordinary shares in Chailease for a total consideration of PHP50,000,000 (equivalent to approximately RM4,282,000). The Group's equity interest in this associated company remains unchanged subsequent to the subscription.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

Summarised financial information in respect of the material associated companies are set out below. The summarised financial information represents the amounts in the financial statements of the associated companies and not the Group's share of those amounts.

### (i) Summarised statement of financial position

	<b>PGMC</b> <b>RM'000</b>	<b>BAPI</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b><u>At 30 June 2021</u></b>			
Non-current assets	53,662	68,660	122,322
Current assets	57,191	129,402	186,593
Total assets	<u>110,853</u>	<u>198,062</u>	<u>308,915</u>
Non-current liabilities	3,408	44,687	48,095
Current liabilities	9,022	40,002	49,024
Total liabilities	<u>12,430</u>	<u>84,689</u>	<u>97,119</u>
Net assets	<u>98,423</u>	<u>113,373</u>	<u>211,796</u>
Group's share of net assets	<u>39,359</u>	<u>32,062</u>	<u>71,421</u>
<b><u>At 30 June 2020</u></b>			
Non-current assets	3,807	73,431	77,238
Current assets	99,928	202,209	302,137
Total assets	<u>103,735</u>	<u>275,640</u>	<u>379,375</u>
Non-current liabilities	4,083	43,078	47,161
Current liabilities	1,151	99,690	100,841
Total liabilities	<u>5,234</u>	<u>142,768</u>	<u>148,002</u>
Net assets	<u>98,501</u>	<u>132,872</u>	<u>231,373</u>
Group's share of net assets	<u>39,391</u>	<u>36,563</u>	<u>75,954</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(ii) Summarised statement of profit or loss and other comprehensive income

	PGMC RM'000	BAPI RM'000	Total RM'000
<b><u>For financial year ended 30 June 2021</u></b>			
Revenue	54,647	187,349	241,996
Profit/(loss) for the financial year	5,093	(12,289)	(7,196)
Other comprehensive loss	(277)	(2,729)	(3,006)
Total comprehensive income/(loss) for the financial year	4,816	(15,018)	(10,202)
Group's share of profit/(loss) for the financial year	2,037	(3,475)	(1,438)
Group's share of other comprehensive loss for the financial year	(111)	(772)	(883)
<b><u>For financial year ended 30 June 2020</u></b>			
Revenue	50,863	244,884	295,747
Profit for the financial year	436	5,199	5,635
Other comprehensive loss	-	(67)	(67)
Total comprehensive income for the financial year	436	5,132	5,568
Group's share of profit for the financial year	174	1,470	1,644
Group's share of other comprehensive loss for the financial year	-	(19)	(19)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies

	PGMC RM'000	BAPI RM'000	Total RM'000
<b>2021</b>			
Net assets as at 1 July 2020			
prior to equity contribution	98,501	129,290	227,791
Exchange differences	(612)	(899)	(1,511)
Profit/(loss) for the financial year	5,093	(12,289)	(7,196)
Other comprehensive loss	(277)	(2,729)	(3,006)
Dividend paid during the financial year	(4,282)	-	(4,282)
	98,423	113,373	211,796
Equity contribution from parent	-	3,770	3,770
Exchange differences	-	(12)	(12)
Net assets as at 30 June 2021	98,423	117,131	215,554
Interest in the associated companies	39.99%	28.28%	
Group's equity interests	39,359	32,062	71,421
Goodwill	-	2,337	2,337
Carrying value of the Group's interest in the associated companies	39,359	34,399	73,758
	PGMC RM'000	BAPI RM'000	Total RM'000
<b>2020</b>			
Net assets as at 1 July 2019			
prior to equity contribution	-	114,803	114,803
Net assets at the date of acquisition	92,087	-	92,087
Exchange differences	5,978	9,355	15,333
Profit for the financial year	436	5,199	5,635
Other comprehensive loss	-	(67)	(67)
	98,501	129,290	227,791
Equity contribution from parent	-	3,461	3,461
Exchange differences	-	121	121
Net assets as at 30 June 2020	98,501	132,872	231,373
Interest in the associated companies	39.99%	28.28%	
Group's equity interests	39,391	36,563	75,954
Goodwill	-	2,353	2,353
Carrying value of the Group's interest in the associated companies	39,391	38,916	78,307

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 6 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(iv) Aggregate information of associated companies that are not individually material to the Group

	2021 RM'000	2020 RM'000
The Group's share of loss for the financial year	(14,970)	(3,557)
The Group's share of other comprehensive income/(loss) for the financial year	175	(138)
The Group's share of total comprehensive loss for the financial year	<u>(14,795)</u>	<u>(3,695)</u>
Aggregate carrying amounts of the total Group's interests in these associated companies	<u>30,950</u>	<u>40,962</u>

The Group has discontinued the recognition of its share of losses of certain associated companies because the share of losses of these associated companies has exceeded the Group's interest in these associated companies. As at the reporting date, the Group's cumulative unrecognised share of losses in these associated companies amounted to PHP125,248,000 equivalent to RM10,726,000 (2020 : PHP115,136,000 equivalent to RM9,924,000).

## 7 INVESTMENT IN JOINT VENTURE

	Group	
	2021 RM'000	2020 RM'000
Unquoted share, at cost	* -	* -

Details of the joint venture are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activity</u>	<u>Equity interest</u>	
			2021 %	2020 %
FEAB Cylabs Sdn Bhd ^	Malaysia	Dormant	50	50

\* Denotes RM1

^ Audited by firms of auditors other than Ernst & Young PLT and Ernst & Young Global

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 8 LONG TERM INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
- Quoted shares in Malaysia	61,942	80,149	-	-
- Quoted shares outside Malaysia	2,130	914	-	-
- Quoted warrants in Malaysia	1,123	584	-	-
- Unquoted shares outside Malaysia	33,334	33,920	-	-
- Malaysian Government Securities	3,275	3,374	-	-
At fair value	101,804	118,941	-	-
Club memberships at cost	1,044	1,044	416	416
Less: Accumulated impairment losses	(1,008)	(1,008)	(416)	(416)
	36	36	-	-
	101,840	118,977	-	-

The investment in Malaysian Government Securities is deposited with the Malaysian Government in accordance with the Pool Betting Act, 1967 in connection with the issue of the pool betting licence and yields interest at 4.5% (2020 : 4.5%) per annum.

## 9 INVESTMENT PROPERTIES

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year	113,238	114,230
Addition during the financial year	5,160	-
Fair value adjustments (Note 32)	(1,730)	(1,020)
Exchange differences	866	28
At end of financial year	117,534	113,238
The carrying amount of investment properties held under lease terms are as follows:		
Buildings	1,650	1,650

The carrying amounts of the investment properties were valued by an independent valuer, who holds recognised qualifications and has relevant experience in valuing these types of properties. The fair values were determined based on comparison method.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 10 DEFERRED TAX (ASSETS) / LIABILITIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of financial year	(4,668)	(8,189)	-	-
Recognised in the statement of profit or loss (Note 35)	3,350	3,756	-	-
Recognised in other comprehensive income	2,977	(1,001)	-	-
Recognised directly in intangible assets (Note 11)	3,480	1,094	-	-
Exchange differences	1,420	(328)	-	-
At end of financial year	6,559	(4,668)	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(21,824)	(22,827)	-	-
Deferred tax liabilities	28,383	18,159	-	-
	6,559	(4,668)	-	-

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

### Deferred Tax Assets of the Group:

	Retirement benefit obligations RM'000	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Total RM'000
<b>2021</b>				
At beginning of financial year	(638)	(27,371)	(1,130)	(29,139)
Recognised in the statement of profit or loss	631	31	(303)	359
Exchange differences	7	45	(98)	(46)
At end of financial year	-	(27,295)	(1,531)	(28,826)
Less: set-off against deferred tax liabilities				7,002
				(21,824)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

### Deferred Tax Assets of the Group (Cont'd):

	Retirement benefit obligations RM'000	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Total RM'000
<b>2020</b>				
At beginning of financial year	-	(31,178)	(1,258)	(32,436)
Recognised in the statement of profit or loss	382	4,286	146	4,814
Recognised in other comprehensive income	(1,001)	-	-	(1,001)
Exchange differences	(19)	(479)	(18)	(516)
At end of financial year	<u>(638)</u>	<u>(27,371)</u>	<u>(1,130)</u>	<u>(29,139)</u>
Less: set-off against deferred tax liabilities				<u>6,312</u>
				<u>(22,827)</u>

### Deferred Tax Liabilities of the Group:

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Retirement benefit assets and Others RM'000	Total RM'000
<b>2021</b>					
At beginning of financial year	10,396	8,256	2,420	3,399	24,471
Recognised in the statement of profit or loss	-	4,688	(415)	(1,282)	2,991
Recognised in other comprehensive income	-	-	-	2,977	2,977
Recognised directly in intangible assets	3,480	-	-	-	3,480
Exchange differences	1,013	548	-	(95)	1,466
At end of financial year	<u>14,889</u>	<u>13,492</u>	<u>2,005</u>	<u>4,999</u>	<u>35,385</u>
Less: set-off against deferred tax assets					<u>(7,002)</u>
					<u>28,383</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

### Deferred Tax Liabilities of the Group (Cont'd):

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Retirement benefit assets and Others RM'000	Total RM'000
<b>2020</b>					
At beginning of financial year	9,274	7,810	2,694	4,469	24,247
Recognised in the statement of profit or loss	-	441	(274)	(1,225)	(1,058)
Recognised directly in intangible assets	1,094	-	-	-	1,094
Exchange differences	28	5	-	155	188
At end of financial year	<u>10,396</u>	<u>8,256</u>	<u>2,420</u>	<u>3,399</u>	<u>24,471</u>
Less: set-off against deferred tax assets					<u>(6,312)</u>
					<u>18,159</u>

### Deferred Tax Assets of the Company:

	Other payables RM'000	Unabsorbed capital allowances RM'000	Total RM'000
<b>2021</b>			
At beginning of financial year	(18)	-	(18)
Recognised in the statement of profit or loss	1	-	1
At end of financial year	<u>(17)</u>	<u>-</u>	<u>(17)</u>
Less: set-off against deferred tax liability			<u>17</u>
			<u>-</u>
<b>2020</b>			
At beginning of financial year	-	(18)	(18)
Recognised in the statement of profit or loss	(18)	18	-
At end of financial year	<u>(18)</u>	<u>-</u>	<u>(18)</u>
Less: set-off against deferred tax liability			<u>18</u>
			<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

### Deferred Tax Liability of the Company:

	<b>Accelerated capital allowances RM'000</b>
<b>2021</b>	
At beginning of financial year	18
Recognised in the statement of profit or loss	(1)
At end of financial year	17
Less: set-off against deferred tax assets	(17)
	<u>-</u>
<b>2020</b>	
At beginning of financial year	18
Recognised in the statement of profit or loss	-
At end of financial year	18
Less: set-off against deferred tax assets	(18)
	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses		
-Malaysian income tax	8,482	8,354
-foreign tax	2,760	10,768
Unabsorbed capital allowances	437	444
	<u>11,679</u>	<u>19,566</u>

Deferred tax assets have not been recognised in respect of the above unutilised tax losses and unabsorbed capital allowances of Malaysian resident entities as it is not probable that future taxable profits from a business source as defined by the Malaysian tax legislature will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

In addition, for any unutilised tax losses that originated from the year of assessment 2019 onwards are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 10 DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D)

The foreign unutilised tax losses are applicable are subjected to tax legislations of that country. Deferred tax asset in respect of foreign unutilised tax losses has not been recognised as it is not probable that future taxable profits will be available against which the unutilised foreign tax losses can be utilised.

Pursuant to the relevant tax regulation, the unrecognised tax credits at the end of reporting period will expire as follows:

	Group	
	2021 RM'000	2020 RM'000
With no expiry	3,197	11,212
Between two to five years	8,482	7,095
More than five years	-	1,259
	<u>11,679</u>	<u>19,566</u>

## 11 INTANGIBLE ASSETS

	Group	
	2021 RM'000	2020 RM'000
<b>At carrying amount:</b>		
<b>Goodwill on consolidation</b>		
At beginning of financial year	632,997	631,190
Deferred tax liability recognised - changes in tax rate (Note 10)	3,480	1,094
Exchange differences	6,137	713
At end of financial year	<u>642,614</u>	<u>632,997</u>
<b>Dealership rights</b>		
At beginning of financial year	54,712	54,557
Exchange differences	4,844	155
At end of financial year	<u>59,556</u>	<u>54,712</u>
<b>Customer relationships</b>		
At beginning of financial year	1,690	1,996
Amortisation (Note 30)	(329)	(314)
Exchange differences	140	8
At end of financial year	<u>1,501</u>	<u>1,690</u>
<b>Other intangible asset</b>		
At beginning of financial year	1,893	858
Additions	1,391	1,170
Amortisation (Note 30)	(153)	(160)
Exchange differences	(60)	25
At end of financial year	<u>3,071</u>	<u>1,893</u>
<b>Total</b>	<u>706,742</u>	<u>691,292</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 11 INTANGIBLE ASSETS (CONT'D)

### (a) Impairment test on goodwill, dealership rights and customer relationships

#### Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	Group	
	2021 RM'000	2020 RM'000
Toto betting operations	547,686	547,686
Motor dealership	82,865	72,842
Others	12,063	12,469
	<u>642,614</u>	<u>632,997</u>

#### Allocation of dealership rights and customer relationships and other intangible asset

Dealership rights and customer relationships are allocated solely to the Group's motor dealership operations. Other intangible asset is the capitalised software development costs that is allocated to the Group's manufacture and distribution of computerised wagering and voting systems operation.

#### (a) Impairment test on goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering five-year period.

The key assumptions used for value-in-use calculations are:

(i) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin and the expected future growth rate based on growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

(ii) Discount rates

The significant post-tax discount rates, applied to post-tax cash flows, used for the respective identified CGUs are in the range of 7.8% to 9.3% (2020 : 7.8% to 10.8%).

(iii) Terminal growth rates

The terminal growth rates used for the identified CGUs are estimated with reference to published research and do not exceed the long term growth rate for the countries relevant to the CGUs. The applicable terminal growth rate is in the range of 1.0% to 1.5% (2020 : 1.0% to 1.5%) of which 1.5% (2020 : 1.5%) has been applied to the Toto betting operations segment.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 11 INTANGIBLE ASSETS (CONT'D)

### (a) Impairment test on goodwill, dealership rights and customer relationships (Cont'd)

#### (a) Impairment test on goodwill (cont'd)

##### Sensitivity to changes in assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying values of the goodwill to materially exceed their recoverable amounts.

#### (b) Impairment test on dealership rights and customer relationships

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets covering five-year period.

The key assumptions used for value-in-use calculations are:

##### (i) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin and the expected future growth rate based on average growth rate achieved in the years before the budgeted year, adjusted for market and economic conditions and internal resource efficiency.

##### (ii) Discount rate

The significant post-tax discount rate, applied to post-tax cash flows, used for the identified CGUs is 10.3% (2020 : 11.8%).

##### (iii) Terminal growth rate

The terminal growth rate used for identified CGUs is estimated with reference to published research and does not exceed the long term growth rate for the country relevant to the CGUs. The applicable terminal growth rate used is 1.0% (2020 : 1.0%).

##### Sensitivity to changes in assumptions

The management believes that there are no reasonably possible change in any of the above key assumptions which would cause the carrying values of the dealership rights and customer relationships to materially exceed their recoverable amounts.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 12 INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
<b>At cost:</b>		
Vehicles	217,365	257,431
Gaming equipment components and parts	246	229
Raw materials	21,107	18,691
Work-in-progress	755	377
Ticket inventories	4,544	3,527
Parts and consumables	2,605	4,038
Finished goods and inventories for resale	809	1,302
	247,431	285,595
<b>At net realisable value:</b>		
Vehicles	60,427	135,287
Parts and consumables	18,015	17,799
	325,873	438,681

The cost of inventories recognised as an expense during the financial year amounted to RM2,175,775,000 (2020 : RM1,796,189,000).

The carrying amounts of inventories pledged for vehicle stocking loans amounted to RM255,193,000 (2020 : RM351,771,000).

## 13 RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables	177,061	189,880	-	-
Other receivables	33,033	125,805	160	-
Refundable deposits	8,947	9,367	725	725
Amounts due from associated companies	181,292	180,946	-	-
	400,333	505,998	885	725
Less : Allowance for impairment				
- trade receivables	(3,056)	(3,981)	-	-
- other receivables	(153)	(339)	-	-
- Amounts due from associated companies	(3,844)	(7,929)	-	-
	393,280	493,749	885	725
<u>Other current non-financial assets</u>				
Dividend receivable	-	-	30,381	-
Other receivables	30,863	14,840	-	-
Prepayments	46,823	50,809	-	2
	470,966	559,398	31,266	727

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 13 RECEIVABLES (CONT'D)

The Group's trade receivables are non-interest bearing with credit term ranging from 1 to 90 days (2020 : 1 to 90 days). Included in the trade receivables of the Group is an amount due from a related company to a foreign subsidiary company of the Group amounting to RM120,131,000 (2020 : RM116,971,000). The amount due from this related company is unsecured and considered as a significant concentration of credit risk to the Group.

Included in prepayments is an amount of RM11,512,000 (2020 : RM7,931,000) paid by a foreign subsidiary company to purchase a limited edition vehicle for resale at arm's length basis and in its normal commercial trading terms from its director. The total consideration for the purchase is RM23,024,000 (2020 : RM21,150,000) with a balance outstanding sum of RM11,512,000 (2020 : RM13,219,000) to complete the transaction.

### (a) Trade receivables

#### Ageing analysis of trade receivables

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

	Group	
	2021	2020
	RM'000	RM'000
Neither past due nor impaired	40,438	48,029
Past due but not impaired	133,567	137,870
Impaired	3,056	3,981
	<u>177,061</u>	<u>189,880</u>

#### 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.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM133,567,000 (2020 : RM137,870,000) that are past due at the reporting date but not impaired as there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 13 RECEIVABLES (CONT'D)

### (a) Trade receivables (Cont'd)

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables - nominal amounts	3,056	3,981
Less: Allowance for impairment	(3,056)	(3,981)
	<u>-</u>	<u>-</u>

#### Movement in allowance accounts

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	3,981	3,703
- Net (reversal)/charge for the financial year (Note 30)	(1,169)	259
- Exchange differences	244	19
At end of financial year	<u>3,056</u>	<u>3,981</u>

The Group measures allowance for impairment losses of trade receivables based on lifetime ECL.

The ECL on trade receivables are estimated by reference to historical loss experience of the trade receivables and an analysis of the trade receivable's current financial position, adjusted for forward-looking factors specific to the debtors and the general economic conditions, where applicable. The Group generally performs impairment assessment on trade receivables on an individual basis or on an account-by-account basis. However, for certain sectors, the Group has established provision matrices to facilitate the measurement of the ECL by applying provision rates based on the days past due of the trade receivable balances.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 13 RECEIVABLES (CONT'D)

### (b) Other receivables

#### Movement in allowance accounts

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	339	200
- Net (reversal)/charge for the financial year (Note 30)	(203)	140
- Exchange differences	17	(1)
At end of financial year	<u>153</u>	<u>339</u>

### (c) Amounts due from associated companies

Amounts due from associated companies of foreign subsidiary companies are unsecured, repayable on demand and interest bearing except for a total amount of RM42,194,000 (2020 : RM35,349,000) that is non-interest bearing.

#### Movement in allowance accounts

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	7,929	7,204
- Net charge for the financial year (Note 32)	2,966	836
- Written off during the financial year	(7,059)	-
- Exchange differences	8	(111)
At end of financial year	<u>3,844</u>	<u>7,929</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 14 CONTRACT ASSETS / (CONTRACT LIABILITIES)

	Group	
	2021 RM'000	2020 RM'000
<b>Contract asset</b>		
<u>Current</u>		
Wagering and voting systems contracts (a)	7,471	6,631
<b>Contract liabilities</b>		
<u>Non-current</u>		
Wagering and voting systems contracts (a)	(162)	(248)
<u>Current</u>		
Wagering and voting systems contracts (a)	(415)	(669)
Deposits received from customers for sale of motor vehicles (b)	(169,341)	(177,523)
Health and fitness services (c)	-	(178)
	<u>(169,756)</u>	<u>(178,370)</u>
	<u>(169,918)</u>	<u>(178,618)</u>

(a) Contract assets/(liabilities) from wagering and voting contracts

The movements of contract assets/(liabilities) are as follows:

	Group	
	2021 RM'000	2020 RM'000
<u>Current:</u>		
<u>Contract assets</u>		
At beginning of financial year	6,631	8,599
Add: Revenue recognised during the financial year	1,038	4,097
Less: Progress billings during the financial year	-	(6,422)
Exchange differences	(198)	357
At end of financial year	<u>7,471</u>	<u>6,631</u>
<u>Contract liabilities</u>		
At beginning of financial year	(917)	(1,197)
Add: Deferred during the financial year	(498)	(917)
Less: Revenue recognised during the financial year	808	1,218
Exchange differences	30	(21)
At end of financial year	<u>(577)</u>	<u>(917)</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 14 CONTRACT ASSETS / (CONTRACT LIABILITIES) (CONT'D)

### (a) Contract assets/(liabilities) from wagering and voting contracts (Cont'd)

Revenue from wagering and voting systems contracts are recognised over time using the input method, which represent the milestones billings, which are either structured or negotiated with contract customers to reflect the physical stage of completion of the contracts.

The transaction price allocated to the unsatisfied performance obligations as at financial year end and the timing of recognition for the remaining performance obligations are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	415	669
More than one year but not later than five years	162	248
	<u>577</u>	<u>917</u>

### (b) Contract liabilities from deposits received from customers for sale of motor vehicles

The movement of contract liabilities is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Current:</u>		
<u>Contract liabilities</u>		
At beginning of financial year	(177,523)	(151,098)
Add: Deferred during the financial year	(162,303)	(177,523)
Less: Revenue recognised during the financial year	180,496	152,328
Exchange differences	(10,011)	(1,230)
At end of financial year	<u>(169,341)</u>	<u>(177,523)</u>

Contract liabilities represent the obligations to deliver the motor vehicles to the customers for which the Group has received the considerations (i.e. customer deposits received of which the motor vehicles production phase has commenced) from the customers.

The transaction price allocated to the unsatisfied performance obligations as at financial year end and the timing of recognition for the remaining performance obligations are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within a year	<u>169,341</u>	<u>177,523</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 14 CONTRACT ASSETS / (CONTRACT LIABILITIES) (CONT'D)

(c) Contract liabilities from health and fitness services

The movement of contract liabilities is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Current:</u>		
<u>Contract liabilities</u>		
At beginning of financial year	(178)	-
Add: Deferred during the financial year	-	(178)
Less: Revenue recognised during the financial year	178	-
At end of financial year	<u>-</u>	<u>(178)</u>

Contract liabilities represent the obligations to provide services relating to health and fitness operations for which the Group has received the considerations from the customers.

The transaction price allocated to the unsatisfied performance obligations as at financial year end and the timing of recognition for the remaining performance obligations are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Within a year	<u>-</u>	<u>178</u>

## 15 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Amounts due from subsidiary companies	355,158	303,836
Less: Allowance for impairment	(184)	(33)
	<u>354,974</u>	<u>303,803</u>
Movement in allowance accounts:		
At beginning of financial year	33	253
Charge for the financial year (Note 32)	151	12
Written off	-	(232)
At end of financial year	<u>184</u>	<u>33</u>

Amounts due from subsidiary companies are unsecured, interest bearing and repayable on demand except for an amount of RM364,000 (2020 : RM401,000) which is non-interest bearing.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 16 DEPOSITS WITH FINANCIAL INSTITUTIONS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with financial institutions	254,100	120,174	12,000	20,000
Cash and bank balances	109,655	187,594	2,678	2,042
	<b>363,755</b>	<b>307,768</b>	<b>14,678</b>	<b>22,042</b>
Fixed deposits with financial institutions comprise term deposits with:				
- Licensed banks	161,690	117,530	12,000	20,000
- Other financial institutions	92,410	2,644	-	-
	<b>254,100</b>	<b>120,174</b>	<b>12,000</b>	<b>20,000</b>

Included in the Group's deposits with financial institutions are deposits of RM131,000 (2020 : RM2,772,000) which are pledged to financial institutions for facilities granted to subsidiary companies.

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

	Group		Company	
	2021	2020	2021	2020
Licensed banks	1.77%	2.00%	1.50%	1.75%
Other financial institutions	5.90%	0.78%	-	-

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2021	2020	2021	2020
Licensed banks	8 days	3 days	1 day	1 day
Other financial institutions	30 days	365 days	-	-

## 17 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

The non-current asset classified as held for sale as at 30 June 2021 represents a freehold land with carrying amount of RM7,529,000 transferred from property, plant and equipment as disclosed in Note 3. The disposal has been approved by the board of the foreign subsidiary company and is expected to be completed in the next financial year.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 18 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021	2020
	Units '000	Units '000	RM'000	RM'000
<b>Issued and fully paid:</b>				
At beginning/end of the financial year	1,351,030	1,351,030	135,103	135,103

The number of issued shares with voting rights as at 30 June are as follows:

	Number of ordinary shares	
	2021	2020
	Units '000	Units '000
Total number of issued ordinary shares	1,351,030	1,351,030
Less : Ordinary shares held as treasury shares (Note 21)	(9,130)	(13,530)
	<u>1,341,900</u>	<u>1,337,500</u>

The holders of ordinary shares (other than treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares (other than treasury shares) rank equally with regard to the Company's residual assets.

## 19 RESERVES

	Group	
	2021	2020
	RM'000	RM'000
Capital reserve (Note a)	285,306	285,306
Consolidation reserve (Note b)	(59,397)	(59,397)
Foreign currency translation reserve (Note c)	126,660	115,834
FVTOCI reserve (Note d)	(50,825)	(52,443)
	<u>301,744</u>	<u>289,300</u>

(a) The capital reserve represents non-distributable reserve transferred from post-acquisition retained earnings arising from bonus shares issued by a subsidiary company.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 19 RESERVES (CONT'D)

- (b) The consolidation reserve comprises the consolidation effects of changes in the Group's equity interests in subsidiary companies which do not result in loss of control.
- (c) The foreign currency translation reserve represents the foreign translation differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.
- (d) The FVTOCI reserve represents the cumulative fair value changes, net of tax, if applicable, of FVTOCI financial assets until they are disposed of.

## 20 RETAINED EARNINGS

The entire retained earnings of the Company, subject to Section 131 of the Companies Act 2016 and after consideration of the implied reduction effect of treasury shares balance by the directors, is available for distribution as single tier dividends.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 21 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2021	2020	2021	2020
	Units '000	Units '000	RM'000	RM'000
At beginning of financial year	13,530	4,030	32,165	12,320
Distribution of share dividend (Note 37)	(13,361)	-	(31,764)	-
Shares bought back				
during the financial year	8,961	9,500	18,230	19,845
At end of financial year	9,130	13,530	18,631	32,165

The renewal of the Company's plan and mandate relating to the share buyback was approved by the shareholders of the Company on 8 December 2020 granting the directors of the Company the authority to buyback its own shares up to 10% of the existing total number of issued shares, inclusive of all treasury shares that have been bought back.

## 22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS)

	Group	
	2021	2020
	RM'000	RM'000
At beginning of financial year	2,267	(2,254)
Recognised in statement of profit or loss	1,244	438
Recognised in statement of other comprehensive income	(11,974)	5,223
Employer's contribution	(1,259)	(1,153)
Exchange differences	403	13
At end of financial year	(9,319)	2,267
Presented after appropriate offsetting as follows:		
Retirement benefit assets	(9,927)	-
Retirement benefit obligations	608	2,267
	(9,319)	2,267

The foreign subsidiary companies maintained separate funded and unfunded retirement plans for its eligible employees. Actuarial valuations are made regularly to update the retirement benefit obligations/(assets).

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

The amounts of retirement benefit obligation recognised in the statements of financial position are determined as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of retirement benefit obligation	80,955	75,177
Fair value of plan assets	(90,274)	(72,910)
(Surplus)/Deficit in plan assets	<u>(9,319)</u>	<u>2,267</u>

The movements in present value of the retirement benefit obligation recognised are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	75,177	72,563
Current service cost and interest cost	1,628	2,166
Actuarial (gain)/loss	(984)	2,075
Benefits paid by the plan	(2,509)	(1,840)
Past service costs	837	-
Exchange differences	6,806	213
At end of financial year	<u>80,955</u>	<u>75,177</u>

The movements in fair value of plan assets are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	72,910	74,817
Interest income	1,221	1,728
Return/(deficit) on plan assets	10,990	(3,148)
Employer's contribution	1,259	1,153
Benefits paid by the plan	(2,509)	(1,840)
Exchange differences	6,403	200
At end of financial year	<u>90,274</u>	<u>72,910</u>

The plan assets consist of the following:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity instruments	63,473	47,977
Fixed income assets	26,547	24,655
Cash in bank	254	278
	<u>90,274</u>	<u>72,910</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

The components of amounts recognised in the statements of profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

(i) Recognised in the statements of profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Current and past service costs (net of gain on settlements) recognised in directors' remuneration and employee benefit expenses	1,192	485
Net interest expense/(income) (Note 34)	52	(47)
Retirement benefits recognised in profit or loss	<u>1,244</u>	<u>438</u>

(ii) Recognised in the statements of other comprehensive income:

	Group	
	2021 RM'000	2020 RM'000
Remeasurement gain/(loss) arising from:		
Actuarial changes in financial assumptions	773	(8,744)
Actuarial changes in demographic assumptions	153	3,382
Return/(deficit) on plan assets	10,990	(3,148)
Experience adjustments arising from defined benefit obligations	58	3,287
Actuarial gain/(loss) recognised in other comprehensive income	<u>11,974</u>	<u>(5,223)</u>
Deferred tax (liabilities)/assets	<u>(2,977)</u>	<u>1,001</u>
	<u>8,997</u>	<u>(4,222)</u>
Attributable to:		
Owners of the parent *	7,941	(3,724)
Non-controlling interests	1,056	(498)
	<u>8,997</u>	<u>(4,222)</u>

\* Recognised in retained earnings through other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONT'D)

The current service and net interest costs are charged to profit or loss and presented as part of the employee benefit expenses and finance costs respectively.

The amounts recognised in other comprehensive income are included within items that would not be subsequently reclassified to profit or loss.

For the determination of retirement benefit obligation, the following actuarial assumptions were used:

	2021	2020
Discount rate	1.90%-4.50%	1.60%-4.10%

### Sensitivity analysis for retirement benefit obligation

The management is of the view that any change in the assumptions will not have significant impact to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 23 LONG TERM BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
<b>Secured:</b>		
At carrying value:		
MTN (Note a)	798,299	797,826
Portion repayable within 12 months included under short term borrowings (Note 25)	(329,736)	(24,975)
	468,563	772,851
Term loans and other bank borrowings	67,037	39,220
Portion repayable within 12 months included under short term borrowings (Note 25)	(30,493)	(39,220)
	36,544	-
Total borrowings	865,336	837,046
Portion repayable within 12 months included under short term borrowings	(360,229)	(64,195)
	505,107	772,851
<b>Maturities of long term borrowings:</b>		
Later than one year but not later than two years		
- Term loans	2,706	-
- MTN	-	329,499
	2,706	329,499
More than two years but not later than five years		
- Term loans	9,914	-
- MTN	229,278	64,855
	239,192	64,855
More than five years		
- Term loan	23,924	-
- MTN	239,285	378,497
	263,209	378,497
Total long term borrowings	505,107	772,851

	Maturity	Group	
		2021 RM'000	2020 RM'000
The maturities of the MTN as of reporting date are as follows:			
<u>Current:</u>			
4.75% p.a. fixed rate MTN	June 2021	-	24,975
4.90% p.a. fixed rate MTN	* September 2021	30,000	-
4.82% p.a. fixed rate MTN	June 2022	40,000	-
4.90% p.a. fixed rate MTN	June 2022	64,933	-
4.95% p.a. fixed rate MTN	June 2022	79,919	-
4.95% p.a. fixed rate MTN	June 2022	114,884	-
Portion repayable within one year included under short term borrowings (Note 25)		329,736	24,975

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 23 LONG TERM BORROWINGS (CONT'D)

	Maturity	Group	
		2021 RM'000	2020 RM'000
The maturities of the MTN as of reporting date are as follows: (Cont'd)			
<u>Non-current:</u>			
4.90% p.a. fixed rate MTN	September 2021	-	30,000
4.95% p.a. fixed rate MTN	June 2022	-	79,846
4.82% p.a. fixed rate MTN	June 2022	-	40,000
4.95% p.a. fixed rate MTN	June 2022	-	114,779
4.90% p.a. fixed rate MTN	June 2022	-	64,874
Portion repayable later than one year but not later than two years		-	329,499
5.14% p.a. fixed rate MTN	January 2024	25,000	25,000
4.20% p.a. fixed rate MTN	June 2024	25,000	-
5.05% p.a. fixed rate MTN	June 2024	39,888	39,855
5.25% p.a. fixed rate MTN	June 2026	139,390	-
Portion repayable later than two years but not later than five years		229,278	64,855
5.25% p.a. fixed rate MTN	June 2026	-	139,287
5.45% p.a. fixed rate MTN	June 2028	54,685	54,649
5.55% p.a. fixed rate MTN	June 2029	124,600	124,561
4.98% p.a. fixed rate MTN	June 2030	60,000	60,000
Portion repayable later than five years		239,285	378,497
		<u>798,299</u>	<u>797,826</u>

\* Subsequent to the financial year end, Sports Toto has secured and executed the subscription agreement for the new issuance of MTN from the 15-year MTN Programme to refinance the MTN amount of RM30.0 million which were due in September 2021. This tenor of this new tranche of MTN of RM30.0 million is 3 years and bears interest of 4.15% per annum.

(a) The facility amount of the MTN programme is RM800.0 million (2020 : RM800.0 million).

The MTN programme of up to RM800.0 million in nominal value was established by a wholly-owned subsidiary, Sports Toto. As at 30 June 2021, total MTN amounting to RM800.0 million (2020 : RM800.0 million) in nominal value remain outstanding.

(b) The MTN are secured by:

- (i) a third party first equitable charge over the entire issued share capital of a subsidiary company which is the issuer as disclosed in Note 5; and
- (ii) corporate guarantee provided by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 24 OTHER LONG TERM LIABILITIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Hire purchase payables (Note a)	729	644	43	137
Loan from a related party of a foreign subsidiary company (Note b)	-	1,322	-	-
Amount owing to an associated company (Note c)	51,382	-	-	-
	<u>52,111</u>	<u>1,966</u>	<u>43</u>	<u>137</u>

### (a) Hire purchase payables

The present value of hire purchase payables are summarised as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current	729	644	43	137
Current (Note 27)	431	374	94	116
	<u>1,160</u>	<u>1,018</u>	<u>137</u>	<u>253</u>

- (b) The loan from a related party of a foreign subsidiary company is unsecured, interest bearing and repayable within 12 months as at the reporting date, which is included in other payables as disclosed in Note 27.
- (c) The amount owing to an associated company by a foreign subsidiary company is unsecured and non-interest bearing. The portion repayable within 12 months from the reporting date is included in payables as disclosed in Note 27.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 25 SHORT TERM BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
<b>Secured:</b>		
Term loans (Note 23)	30,493	39,220
MTN (Note 23)	329,736	24,975
	360,229	64,195
Revolving credit facility	-	10,575
Vehicle stocking loans	190,923	359,932
	551,152	434,702

- (a) Certain term loans obtained by subsidiary companies are secured by:
- (i) a freehold land and the property under development owned by a foreign subsidiary company of the Group as disclosed in Note 3;
  - (ii) a hotel building and factory buildings of the Group as disclosed in Note 4(a);
  - (iii) parcels of land owned by a foreign subsidiary and associated companies of the Group; and
  - (iv) certain unquoted shares of an associated company held by the Group as disclosed in Note 6.
- (b) The revolving credit facility obtained by a foreign subsidiary company in the previous year was secured by fixed and floating charges over the assets of the aforesaid foreign subsidiary company.
- (c) The vehicle stocking loans of RM190,923,000 (2020 : RM359,932,000) obtained by foreign subsidiary companies are secured by fixed and floating charges on certain vehicle inventories held.

The range of interest rates per annum at the reporting date for borrowings was as follows:

	Group	
	2021 %	2020 %
<b>Secured:</b>		
Term loans	3.00 - 6.00	5.76 - 6.75
Revolving credit facility	-	2.39
Vehicle stocking loans	2.23 - 3.25	2.74 - 6.95
MTN	4.20 - 5.55	4.75 - 5.55

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 26 PROVISIONS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Sales warranty</b>				
At beginning of financial year	1,041	800	-	-
(Reversal)/provision during the financial year (Note 30)	(267)	398	-	-
Utilised during the financial year	(270)	(197)	-	-
Exchange differences	(31)	40	-	-
At end of financial year	473	1,041	-	-
<b>Restoration costs</b>				
At beginning of financial year	1,655	971	720	-
Additional provision during financial year	-	720	-	720
Reversal during the financial year	-	(36)	-	-
At end of financial year	1,655	1,655	720	720
Total	2,128	2,696	720	720

(a) Sales warranty

A foreign subsidiary company provides 3 to 12 months (2020 : 3 to 12 months) warranties on certain products and undertakes to provide repairs or replacement of items that fail to perform satisfactorily. Provision for warranties is recognised for all products under warranty at the reporting date based on past experience on the level of repairs and returns.

(b) Restoration costs

Provision for dismantlement, removal or restoration is the estimated cost of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition and use of such assets, which are capitalised and included in the cost of property, plant and equipment and right-of-use assets.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 27 PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	99,714	124,067	-	-
Other payables	25,250	44,496	269	178
Amount due to an associated company (Note 24 (c))	1,961	53,210	-	-
Accruals	180,140	152,539	556	898
Agency deposits	37,957	37,580	-	-
Hire purchase payable within 12 months (Note 24 (a))	431	374	94	116
	<b>345,453</b>	<b>412,266</b>	<b>919</b>	<b>1,192</b>
<u>Other current non-financial liabilities</u>				
Pool betting duty and other indirect taxes payable	53,799	21,242	-	-
Dividend payables	20,170	36	20,170	36
Deferred lease income	798	913	-	-
	<b>420,220</b>	<b>434,457</b>	<b>21,089</b>	<b>1,228</b>

Included in other payables is a loan from a related party of a foreign subsidiary company amounting to RM1,439,000 which is unsecured, interest bearing and repayable within 12 months from the reporting date.

Included in accruals of the Group are accrued contribution to the National Sports Council payable to the Ministry of Finance.

Agency deposits represent deposits obtained from agents for operating Toto betting outlets. These deposits are refundable upon termination of operation contracts.

The normal trade credit terms granted to the Group ranges from 1 to 184 days (2020 : 1 to 184 days).

## 28 AMOUNTS DUE TO SUBSIDIARY COMPANIES

	Company	
	2021 RM'000	2020 RM'000
Amounts due to subsidiary companies	1,049,853	984,831
Less : Amount payable within 12 months	(401,444)	(245,568)
Amount payable after 12 months	<b>648,409</b>	<b>739,263</b>

Amounts due to subsidiary companies are unsecured and interest bearing.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 29 REVENUE

Revenue of the Group and the Company are analysed into the following significant categories and the intra-group transactions are excluded:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Revenue from contract with customers:</u>				
Management fee income	-	-	300	300
Toto betting income	2,263,512	2,466,573	-	-
Sale of motor vehicles, charges for aftersales, insurance, repair and maintenance services rendered	2,501,939	2,065,903	-	-
Sale of lottery, voting systems, spare parts and licensing fee	46,696	84,792	-	-
Income from supply of goods and services from hotel operations	9,508	10,854	-	-
Income from health and fitness centre operation	1,504	1,644	-	-
	4,823,159	4,629,766	300	300
<u>Other revenue:</u>				
Dividend income	-	-	153,031	161,470
Lease income and service charges from investment properties (Note 30)	5,989	5,898	-	-
	4,829,148	4,635,664	153,331	161,770
Timing of revenue recognition:				
- at point in time	4,789,302	4,603,882	-	-
- over time	33,857	25,884	300	300
	4,823,159	4,629,766	300	300

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 30 PROFIT BEFORE OTHER INCOME AND EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit before other income and expenses is stated after charging:</b>				
Auditors' remuneration				
- Statutory audit:				
- auditors of the Company				
- current financial year	402	399	119	119
- underprovision in previous financial years	11	124	10	39
- other auditors (other than Ernst & Young PLT)				
- current financial year	1,328	1,106	-	-
- underprovision in previous financial years	-	14	-	-
- Other services				
- auditors of the Company	8	8	8	8
Amortisation of intangible assets (Note 11)	482	474	-	-
Depreciation of				
- property, plant and equipment (Note 3)	27,206	29,614	546	866
- right-of-use assets (Note 4(a))	39,572	36,134	2,351	2,357
Impairment loss on property,				
- property, plant and equipment (Note 3)	90	-	-	-
- right-of-use assets (Note 4(a))	587	-	-	-
Property, plant and equipment written off:				
- included in general and administrative expenses (Note 3)	145	388	-	-
Expenses relating to leases of low-value assets (Note 4(b))	717	590	-	-
Contribution to National Sports Council	30,116	28,692	-	-
Allowance for impairment				
- trade receivables (Note 13(a))	-	259	-	-
- other receivables (Note 13(b))	-	140	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit before other income and expenses is stated after charging (Cont'd):</b>				
Loss on disposal of				
property, plant and equipment	215	393	-	-
Unrealised loss/(gain) on foreign exchange	537	(16)	-	-
Provision for sales warranty (Note 26)	-	398	-	-
Inventories written down	27,479	12,997	-	-
Direct operating expenses of investment properties:				
- revenue generating	2,937	2,853	-	-
- non-revenue generating	194	194	-	-
Employee benefit expenses (Note b): (excluding directors)	230,586	236,168	4,149	4,653
<b>Profit before other income and expenses is stated after crediting:</b>				
Realised gain on foreign exchange	20	265	-	284
Gain on disposal of				
property, plant and equipment	47	22	-	-
Reversal of allowance for impairment				
- trade receivables (Note 13(a))	1,169	-	-	-
- other receivables (Note 13(b))	203	-	-	-
Reversal of provision for sales warranty (Note 26)	267	-	-	-
Lease income and service charges				
- included in revenue (Note 29)	5,989	5,898	-	-
- included in other income (Note 33)	4,046	3,729	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

### (a) Directors' remuneration

The aggregate directors' remuneration paid or payable to all directors of the Company, by the Company and the Group, categorised into appropriate components for the financial year received are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b><u>Directors of the Company</u></b>				
<u>Executive directors</u>				
Salaries, bonuses and other emoluments	4,067	3,410	-	-
Benefits-in-kind	48	37	-	-
<u>Non-Executive directors</u>				
Fees	290	320	290	320
Salaries, bonuses and other emoluments	885	1,224	885	1,224
Benefits-in-kind	21	12	21	12
	<u>5,311</u>	<u>5,003</u>	<u>1,196</u>	<u>1,556</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONT'D)

### (b) Employee benefit expenses

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and other allowances	200,470	200,643	3,382	3,545
Social security costs and employee insurance	13,263	16,101	180	249
Bonuses	5,080	8,260	208	422
Pension costs				
- defined contribution plans	10,540	10,728	389	437
- defined benefit plans (Note 22(i))	1,192	436	-	-
Short term compensated absences	41	-	(10)	-
Total employee benefit expenses	230,586	236,168	4,149	4,653

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 31 INVESTMENT RELATED INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividend income from investments	1,394	1,874	-	-
Gain on disposal of an investment property	-	8,578	-	-
Net gain on disposal and remeasurement loss of retained equity interest in a former subsidiary company	-	2,000	-	-
Fair value gain on FVTPL investments quoted in Malaysia	548	-	-	-
Net reversal of impairment of investment in subsidiary companies (Note 5)	-	-	873	-
	<u>1,942</u>	<u>12,452</u>	<u>873</u>	<u>-</u>

## 32 INVESTMENT RELATED EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Impairment in value of investment in subsidiary companies (Note 5)	-	-	-	2,143
Impairment in value of long term investments	-	42	-	-
Allowance for impairment in amounts due from subsidiary companies (Note 15)	-	-	151	12
Net fair value adjustments of investment properties (Note 9)	1,730	1,020	-	-
Fair value loss on FVTPL investments quoted in Malaysia	-	651	-	-
Impairment in value of investment in associated companies (Note 6)	476	-	1,802	11,579
Allowance for impairment in amounts due from associated companies (Note 13(c))	2,966	836	-	-
	<u>5,172</u>	<u>2,549</u>	<u>1,953</u>	<u>13,734</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 33 OTHER INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other income comprise:				
Interest income:				
- deposits with financial institutions	4,254	8,437	215	403
- advances to subsidiary companies	-	-	17,223	17,506
- advances to associated companies	8,404	7,266	-	-
- others	3,963	717	-	-
Others:				
- income from sublease (Notes 4(b) and 30)	3,091	2,565	-	-
- other lease income (Note 30)	955	1,164	-	-
- government grant	11,245	10,991	17	5
- other reimbursement income received by a foreign subsidiary company	6,075	7,081	-	-
- miscellaneous	8,653	4,225	-	-
	<u>46,640</u>	<u>42,446</u>	<u>17,455</u>	<u>17,914</u>

## 34 FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest on:				
- advances from subsidiary companies	-	-	39,426	42,163
- term loans	2,476	1,976	-	-
- MTN	41,001	40,904	-	-
- hire purchase	90	112	16	26
- vehicle stocking loans	7,055	11,728	-	-
- defined benefit pension scheme (Note 22(i))	52	(47)	-	-
- revolving credits	370	422	-	-
- lease interest (Note 4(b))	8,856	8,221	123	148
- charged out of deferred transaction costs	473	-	-	-
- loan related expenses	295	-	-	-
	<u>60,668</u>	<u>63,316</u>	<u>39,565</u>	<u>42,337</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 35 INCOME TAX EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current financial year tax expense:				
Malaysian income tax	75,168	78,557	337	284
Foreign tax	18,183	10,569	-	-
	93,351	89,126	337	284
Under/(over) provision in prior years				
Malaysian income tax	457	442	-	17
Foreign tax	(1,646)	(213)	-	-
	(1,189)	229	-	17
	92,162	89,355	337	301
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	2,806	3,756	-	-
Underprovision in prior years	544	-	-	-
	3,350	3,756	-	-
	95,512	93,111	337	301

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 35 INCOME TAX EXPENSES (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	282,909	226,816	115,179	107,584
Tax at Malaysian statutory tax rate of 24% (2020 : 24%)	67,898	54,436	27,643	25,820
Different tax rates in the foreign subsidiary companies	(4,791)	(714)	-	-
Expenses not deductible for tax purposes	32,602	42,206	13,037	16,923
Income not subject to tax	(1,597)	(3,538)	(40,343)	(42,459)
Effect of share of associated companies' results	3,938	459	-	-
Effect of utilisation of previously unrecognised deferred tax assets	(1,936)	(4)	-	-
Deferred tax assets not recognised during the current financial year	43	37	-	-
(Over)/underprovision of tax expense in prior financial years	(1,189)	229	-	17
Underprovision of deferred tax in prior financial years	544	-	-	-
Tax expense for the financial year	95,512	93,111	337	301

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 36 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares with voting rights in issue during the financial year excluding treasury shares held by the Company as follows:

	Group	
	2021 RM'000	2020 RM'000
Attributable to owners of the parent	181,234	132,697
Weighted average number of shares with voting rights outstanding ('000)	1,341,720	1,357,707 #
Basic earnings per share (sen)	13.51	9.77

# For the purpose of calculating earnings per share, the comparative weighted average number of shares with voting rights outstanding has been adjusted for the distribution of share dividend on the basis of 1 treasury share for every 100 ordinary shares held.

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the financial year.

## 37 DIVIDENDS PER SHARE

	Company			
	2021		2020	
	Dividends per share Sen	Amount of dividend RM'000	Dividends per share Sen	Amount of dividend RM'000
<b>Recognised during the financial year:</b>				
<u>In respect of preceding financial year</u>				
- 3rd interim - share dividend equivalent to approximately 2.4 sen per share #	2.40	31,764	-	-
<u>In respect of current financial year</u>				
- 1st interim - 4 sen single tier per share (2020 : 4 sen single tier per share)	4.00	53,740	4.00	53,880
- 2nd interim - 2.5 sen single tier per share (2020 : 4 sen single tier per share)	2.50	33,588	4.00	53,880
- 3rd interim - 1.5 sen single tier per share (2020 : share dividend equivalent to approximately 2.4 sen per share #)	1.50	20,128	-	-
		<u>139,220</u>		<u>107,760</u>

# On 18 August 2020, the directors of the Company approved a third interim dividend for the financial year ended 30 June 2020 via distribution of treasury shares on the basis of 1 treasury share for every 100 ordinary shares held (equivalent to a dividend of approximately 2.4 sen per share), which was credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 8 October 2020. This dividend was accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 30 June 2021.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 38 FINANCIAL GUARANTEE

The financial guarantees provided to financiers for subsidiary and related companies are no longer disclosed as contingent liabilities but would instead be accounted as financial liabilities if considered likely to crystallise. For the current and previous financial years, the Group and the Company have assessed the financial guarantee contracts and determined that the guarantees are not likely to be called upon by the banks.

## 39 CAPITAL AND LEASE COMMITMENTS

### (a) Capital commitments

	Group	
	2021	2020
	RM'000	RM'000
Capital expenditures:		
- Approved and contracted for	135,988	159,249
- Approved but not contracted for	5,227	7,477
	<u>141,215</u>	<u>166,726</u>

### (b) Non-cancellable operating lease commitments - Group as lessors

	Group	
	2021	2020
	RM'000	RM'000
Future minimum lease income receivable:		
Not later than one year	6,121	6,411
Later than one year but not later than five years	6,543	11,385
	<u>12,664</u>	<u>17,796</u>

The Group entered into commercial property leases on its investment properties portfolio consisting of premises and office space.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 40 SIGNIFICANT RELATED PARTY DISCLOSURES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income from:				
- subsidiary companies - (a)	-	-	17,223	17,506
- associated companies - (b)	8,404	7,266	-	-
Interest expenses to				
subsidiary companies - (a)	-	-	(39,426)	(42,163)
Advances given to subsidiary companies - (a)	-	-	(34,100)	(22,349)
Net advances from subsidiary companies - (a)	-	-	25,596	8,211
Net advances (to)/from				
associated companies - (b)	(1,833)	9,415	-	-
Procurement of Toto betting rolls, slips and other printing services from				
- Graphic Press Group Sdn Bhd - (d)	(416)	(519)	-	-
- Berjaya Paper Trading Sdn Bhd - (d)	(8,300)	(10,992)	-	-
Management fees for services rendered by				
- Berjaya Corporation Berhad - (c)	(720)	(720)	(720)	(720)
Security guard service charges by				
- Berjaya Guard Services Sdn Bhd - (d)	(4,741)	(4,643)	-	-
Lease charges by				
- Nada Embun Sdn Bhd - (d)	(1,868)	(1,868)	(296)	(296)
- Ambilan Imej Sdn Bhd - (d)	(2,534)	(2,534)	(2,534)	(2,534)
- Berjaya Times Square Sdn Bhd - (g)	(608)	(562)	-	-
- Ascot Sports Sdn Bhd - (i)	(300)	(282)	-	-
Lease income from				
- U Mobile Sdn Bhd - (e)	1,327	1,382	-	-
- Berjaya Higher Education Sdn Bhd - (d)	2,331	2,153	-	-
Share registration services rendered by				
- Berjaya Registration Services Sdn Bhd - (d)	(348)	(537)	(348)	(537)
Purchase of motor vehicles, component parts and other related products and services from				
- Auto Tulin Sdn Bhd - (i)	(969)	(1,447)	(22)	(20)
Parking charges for				
leasing of parking bays from				
- BTS Car Park Sdn Bhd - (g)	(399)	(411)	(18)	(18)
Information technology consultancy and management related services as well as purchase of hardware, software and network equipment from				
- Qinetics Services Sdn Bhd - (f)	(29)	(440)	(13)	(295)
- Qinetics MSP Sdn Bhd - (f)	(1,419)	(971)	(808)	(634)

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Aircraft leasing charges by				
- Berjaya Air Sdn Bhd - (d)	(676)	(845)	-	-
- Berjaya Jet Charter Sdn Bhd - (d)	(377)	(3,788)	-	-
Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee				
- Berjaya Gia Think Investment Technology Joint Stock Company - (d)	21,018	35,188	-	-
- Natural Avenue Sdn Bhd - (g)	690	1,846	-	-
Procurement of promotion, advertising, and publishing services charges by				
- Sun Media Corporation Sdn Bhd - (h)	(858)	(890)	(52)	(16)

Other significant related party transactions and balances have been disclosed in Notes 13, 24, 27, 29 and 30.

The nature of the related party relationships are as follows:

- (a) subsidiary companies;
- (b) associated companies of the Group;
- (c) ultimate holding company, BCorp;
- (d) related companies of BCorp Group other than subsidiary or associated companies of the Group;
- (e) a company in which a director of the Company, namely Dato' Sri Robin Tan Yeong Ching ("DSRT") has interest. A substantial shareholder of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") also has interests. TSVT is the father of DSRT and Nerine Tan Sheik Ping, directors of the Company;
- (f) a wholly owned subsidiary company of Qinetics Solutions Sdn Bhd which in turn is a subsidiary of MOL.com Sdn Bhd ("MOL"). A substantial shareholder of the Company, namely TSVT, has interests in MOL;
- (g) subsidiary companies of Berjaya Assets Berhad ("BAssets"). The Company's subsidiary, related companies of BCorp Group as well as a director of the Company, namely DSRT have interests in BAssets. A substantial shareholder of the Company, namely TSVT, also has interests in BAssets;
- (h) a subsidiary company of Berjaya Media Berhad ("BMedia"). The Company's subsidiary and related companies of BCorp Group as well as a director of the Company, namely DSRT have interests in BMedia. A substantial shareholder of the Company, TSVT also has interests in BMedia;
- (i) a company where a substantial shareholder of the Company, TSVT has interests.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

As at the reporting date, a foreign subsidiary company had deposit placements amounting to RM90,939,000 (2020 : Nil) with a foreign asset management firm of which a director of the foreign subsidiary company has an interest.

The compensation (including benefits-in-kind) of the key management personnel of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term benefits	30,188	40,804	1,153	1,492
Post-employment benefits	3,965	4,777	43	64
	<u>34,153</u>	<u>45,581</u>	<u>1,196</u>	<u>1,556</u>

## 41 FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### (a) Group's assets that are measured at fair value

- (i) The table below analyses the Group's assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

Note	Group			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b><u>At 30 June 2021</u></b>				
<b>Non-financial assets</b>				
Investment properties	9	-	-	117,534
		<u>-</u>	<u>-</u>	<u>117,534</u>
<b><u>At 30 June 2020</u></b>				
<b>Non-financial assets</b>				
Investment properties	9	-	-	113,238
		<u>-</u>	<u>-</u>	<u>113,238</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 41 FAIR VALUE MEASUREMENT (CONT'D)

### (a) Group's assets that are measured at fair value (Cont'd)

#### (ii) Description of valuation techniques used and key inputs to valuation on investment properties:

##### Comparison method

Under the 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. Investment properties valued under the comparison method, with insignificant adjustments factors, are categorised as Level 2 in the fair value hierarchy.

The investment properties which were included in the Level 3 category in the fair value hierarchy are valued using the comparison method with significant adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors"). The significant unobservable inputs for these investment properties, which are the adjustment factors, range between -62% and 54% (2020 : -55% and 49%) of the respective comparative prices.

##### Sensitivity analysis

A significant increase or decrease in each of the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment property.

#### (iii) Fair value reconciliation of investment properties measured at Level 3:

The carrying amount of investment properties categorised under Level 3 in the fair value hierarchy are as follows:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the financial year	113,238	67,328
Transfer from Level 2	-	46,902
Addition during the financial year	5,160	-
Fair value adjustment during the financial year	(1,730)	(1,020)
Exchange differences	866	28
At end of the financial year	<u>117,534</u>	<u>113,238</u>

The investment properties that are classified under Level 3 during the financial year were due to the significant adjustment factors to the comparable properties.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 41 FAIR VALUE MEASUREMENT (CONT'D)

### (b) Financial instruments that are measured at fair value

As at the reporting date, the Group held the following financial instruments carried at fair values in the statements of financial position:

		Group			
Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>At 30 June 2021</b>					
<b>Financial assets</b>					
Long term investments	8	68,470	-	33,334	101,804
<b>At 30 June 2020</b>					
<b>Financial assets</b>					
Long term investments	8	85,021	-	33,920	118,941

The Level 3 long term investments comprise certain equity securities outside Malaysia held by a foreign subsidiary company of which its market value is not quoted in an active market. The fair value of these investments are determined through discounted cash flow valuation technique. The assumptions (including discount rates and expected growth rates) applied by the Group are mainly based on historical performance of the entity, adjusted for market and economic conditions.

Fair value reconciliation of long term investments measured at Level 3:

	Group	
	2021 RM'000	2020 RM'000
<u>Other long term investments</u>		
At beginning of financial year	33,920	38,967
Addition during the financial year	861	2,354
Net fair value adjustments through other comprehensive income	(1,111)	(10,539)
Exchange differences	(336)	3,138
At end of financial year	33,334	33,920

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 42 FINANCIAL INSTRUMENTS

### (a) Classification of Financial Instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
<u>Fair value through other comprehensive income</u>					
- Long term investments	8	100,681	118,357	-	-
<u>Fair value through profit or loss</u>					
- Long term investments	8	1,123	584	-	-
<u>Amortised cost</u>					
- Receivables	13	393,280	493,749	885	725
- Amounts due from subsidiary companies	15	-	-	354,974	303,803
- Deposits with financial institutions	16	254,100	120,174	12,000	20,000
- Cash and bank balances	16	109,655	187,594	2,678	2,042
Total financial assets		858,839	920,458	370,537	326,570
Total non-financial assets		2,012,478	1,988,509	4,355,914	4,323,610
Total assets		2,871,317	2,908,967	4,726,451	4,650,180
<b>Liabilities</b>					
<u>Amortised cost</u>					
- Lease liabilities	4(b)	265,069	273,436	3,570	1,244
- Payables	27	345,453	412,266	919	1,192
- Amounts due to subsidiary companies	28	-	-	1,049,853	984,831
- Other long term liabilities	24	52,111	1,966	43	137
- Long term borrowings	23	505,107	772,851	-	-
- Short term borrowings	25	551,152	434,702	-	-
Total financial liabilities		1,718,892	1,895,221	1,054,385	987,404
Total non-financial liabilities		277,320	224,454	20,890	756
Total liabilities		1,996,212	2,119,675	1,075,275	988,160

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 42 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value are as follows:

	<u>Note</u>	
Receivables	13	*
Deposits with financial institutions	16	*
Cash and bank balances	16	*
Payables	27	*
Amounts due from/(to) subsidiary companies	15 and 28	#
Loan from a related party of a foreign subsidiary company	24 and 27	^
Amount owing to an associated company	24 and 27	#
Long term borrowings	23	^
Lease liabilities	4(b)	^
Short term borrowings	25	*

\* The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values as they are either within the normal credit terms or they have short maturity period.

^ The fair values of MTN, bank loans and loan from a related party of a foreign subsidiary company are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending at the reporting dates. The carrying amounts of borrowings and lease liabilities are reasonable approximation of fair value due to the insignificant impact of discounting.

# The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to either insignificant impact of discounting or they are floating rate instruments.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group'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 credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and equity price risk). The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

### (a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables as well as amount due from subsidiary companies. For other financial assets (including investment securities, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Credit risk or risk of counterparts defaulting, is controlled by the application of credit approval limits and monitoring procedures.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Other than those disclosed in Notes 13 and 15, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Information regarding trade and other receivables that are neither past due nor impaired and receivables that are impaired as well as the ageing analysis of trade receivables are disclosed in Note 13.

### (b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met.

The Group maintains sufficient levels of cash and the availability of funding so as to ensure that its working capital requirements are met.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity Risk (Cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities

	On demand or within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
<b>30.6.2021</b>				
<b>Financial liabilities:</b>				
<b>Group</b>				
Payables	345,022	-	-	345,022
Borrowings	570,347	368,281	307,565	1,246,193
Hire purchase payables and other payables	513	822	-	1,335
Lease liabilities	40,169	117,819	175,082	333,070
	<u>956,051</u>	<u>486,922</u>	<u>482,647</u>	<u>1,925,620</u>
<b>Company</b>				
Payables	825	-	-	825
Amounts due to subsidiary companies	438,439	667,771	-	1,106,210
Hire purchase payables	101	44	-	145
Lease liabilities	2,464	1,243	-	3,707
	<u>441,829</u>	<u>669,058</u>	<u>-</u>	<u>1,110,887</u>
<b>30.6.2020</b>				
<b>Financial liabilities:</b>				
<b>Group</b>				
Payables	411,892	-	-	411,892
Borrowings	488,086	500,557	439,024	1,427,667
Hire purchase payables and other payables	445	2,052	-	2,497
Lease liabilities	38,886	119,352	182,489	340,727
	<u>939,309</u>	<u>621,961</u>	<u>621,513</u>	<u>2,182,783</u>
<b>Company</b>				
Payables	1,076	-	-	1,076
Amounts due to subsidiary companies	280,874	764,870	-	1,045,744
Hire purchase payables	132	145	-	277
Lease liabilities	1,239	25	-	1,264
	<u>283,321</u>	<u>765,040</u>	<u>-</u>	<u>1,048,361</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Market Risk

Market 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.

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk is related to interest bearing assets and interest bearing borrowings.

The interest bearing assets are made up of deposits with licensed financial institutions and amounts due from subsidiary companies. The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank by placing them as short term deposits and actively reviewing its portfolio of deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio to mitigate the impact of interest risk. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculation purposes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Fixed rate instruments</u>				
Financial assets	392,938	260,559	12,000	20,000
Financial liabilities	1,064,528	1,072,280	608,005	534,525
<u>Floating rate instruments</u>				
Financial assets	-	-	354,558	303,402
Financial liabilities	259,399	411,049	445,555	451,803

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Market Risk (Cont'd)

#### (i) Interest Rate Risk (cont'd)

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

##### Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit before tax of the Group and the Company to be lower/higher by RM648,000 (2020 : RM1,028,000) and RM227,000 (2020 : RM371,000) respectively, assuming that all other variables remain constant.

#### (ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group predominantly operates in Malaysia even though it has a few overseas subsidiary companies. The Group has limited exposure to foreign exchange risk as the transactional currencies are mostly in the functional currencies of the respective operating entities other than exposure on the advances to a subsidiary company that was treated as net investment in a foreign operation. The Group has minimal currency transaction exposures. Such exposure mainly arises from intra-group sales and purchases which are eliminated at group level as well as cash and cash equivalents and certain receivables which are denominated in foreign currency.

##### Sensitivity analysis for currency risk

The Group's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.

#### (iii) Market Price Risk

The Group is exposed to market price risk arising from its investment in quoted securities. The quoted instruments are listed on Bursa Malaysia Securities Berhad and London Stock Exchange and are classified as FVTOCI and FVTPL financial assets.

The Group manages its market price risk arising from investment in quoted instruments by diversifying and managing its portfolio in accordance with limits set by the Group.

##### Sensitivity analysis for market price risk

At the reporting date, if the various stock indices had been 1% (2020 : 1%) higher/lower, with all other variables held constant, the Group's FVTOCI reserve would have been RM1,007,000 (2020 : RM1,184,000) higher/lower arising as a result of increase/decrease in the fair value of equity instruments designated as FVTOCI financial assets. The Group's profit or loss would have been RM11,000 (2020 : RM6,000) higher/lower arising as a result of increase/decrease in the fair value of instruments designated as FVTPL financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 44 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year end.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. The Group and the Company include within debt, borrowings and hire purchase payables. The gearing ratios at reporting date are as follows:

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Long term borrowings	23	505,107	772,851	-	-
Hire purchase payables	24	1,160	1,018	137	253
Short term borrowings	25	551,152	434,702	-	-
Total debts		1,057,419	1,208,571	137	253
Total equity		875,105	789,292	3,651,176	3,662,020
<b>Gearing ratio</b>		<b>1.21</b>	<b>1.53</b>	- *	- *

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

\* The amount is negligible as the Company does not have borrowings other than hire purchase payables.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 45 SEGMENT INFORMATION

### (a) Business Segments:

	External RM'000	Inter- segment RM'000	Total RM'000
<b>Revenue</b>			
<b>2021</b>			
Toto betting	2,263,512	-	2,263,512
Motor vehicle dealership	2,501,939	279	2,502,218
Others	63,697	7,206	70,903
Inter-segment elimination	-	(7,485)	(7,485)
	<u>4,829,148</u>	<u>-</u>	<u>4,829,148</u>
<b>2020</b>			
Toto betting	2,466,573	-	2,466,573
Motor vehicle dealership	2,065,903	-	2,065,903
Others	103,188	4,526	107,714
Inter-segment elimination	-	(4,526)	(4,526)
	<u>4,635,664</u>	<u>-</u>	<u>4,635,664</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 45 SEGMENT INFORMATION (CONT'D)

### (a) Business Segments (Cont'd):

	2021 RM'000	2020 RM'000
<b>Results</b>		
Toto betting	276,542	256,776
Motor vehicle dealership	70,229	(2,100)
Others	(7,977)	4,074
Inter-segment elimination	(7,274)	(3,040)
	<u>331,520</u>	<u>255,710</u>
Unallocated corporate expenses	(14,945)	(16,014)
Profit before other income and expenses	316,575	239,696
Investment related income	1,942	12,452
Investment related expenses	(5,172)	(2,549)
Other income	46,640	42,446
Finance costs	(60,668)	(63,316)
Share of results of associated companies	(16,408)	(1,913)
Profit before tax	<u>282,909</u>	<u>226,816</u>
Income tax expenses	(95,512)	(93,111)
Profit for the financial year	<u>187,397</u>	<u>133,705</u>
Non-controlling interests	(6,163)	(1,008)
Profit attributable to owners of the Parent	<u><u>181,234</u></u>	<u><u>132,697</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 45 SEGMENT INFORMATION (CONT'D)

### (a) Business Segments (Cont'd):

	2021		2020	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Assets and Liabilities</b>				
Toto betting	1,823,116	251,149	1,720,451	199,514
Motor vehicle dealership	1,198,959	565,465	1,224,150	568,310
Others	733,885	454,349	753,503	426,123
Inter-segment elimination	(1,051,820)	(386,243)	(985,151)	(303,753)
	<u>2,704,140</u>	<u>884,720</u>	<u>2,712,953</u>	<u>890,194</u>
Investment in associated companies	104,708	-	119,269	-
Unallocated assets/liabilities	62,469	1,111,492	76,745	1,229,481
	<u>2,871,317</u>	<u>1,996,212</u>	<u>2,908,967</u>	<u>2,119,675</u>

	Capital expenditure RM'000	Depre- ciation/ amortisation RM'000	Right-of-use assets, Property, plant and equipment written off/ impairment RM'000	Other impairment loss RM'000	Other non-cash expenses RM'000
<b>Other information</b>					
<b>2021</b>					
Toto betting	8,139	16,626	26	-	-
Motor vehicle dealership	132,354	45,092	118	-	28,723
Others	13,337	5,382	678	3,442	537
Unallocated items	4,685	2,897	-	-	-
Inter-segment	(1,708)	(2,737)	-	-	-
	<u>156,807</u>	<u>67,260</u>	<u>822</u>	<u>3,442</u>	<u>29,260</u>
<b>2020</b>					
Toto betting	9,444	20,677	12	42	-
Motor vehicle dealership	104,133	41,328	374	-	13,715
Others	57,088	5,966	2	836	517
Unallocated items	779	3,223	-	-	-
Inter-segment	(357)	(4,972)	-	-	-
	<u>171,087</u>	<u>66,222</u>	<u>388</u>	<u>878</u>	<u>14,232</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 45 SEGMENT INFORMATION (CONT'D)

### (b) Geographical Segments:

	Group	
	2021 RM'000	2020 RM'000
<b>Total Revenue From External Customers</b>		
Malaysia	2,271,005	2,475,967
The United Kingdom	2,501,939	2,065,903
Others	56,204	93,794
	<u>4,829,148</u>	<u>4,635,664</u>
<b>Segment Assets</b>		
Malaysia	955,364	926,280
The United Kingdom	992,602	1,125,053
Others	923,351	857,634
	<u>2,871,317</u>	<u>2,908,967</u>
<b>Capital Expenditure</b>		
Malaysia	11,845	24,803
The United Kingdom	132,354	104,133
Others	12,608	42,151
	<u>156,807</u>	<u>171,087</u>

Segment information is presented in respect of the Group's business segments.

The geographical segmental information is prepared based on the location of assets. The segment revenue by geographical location of customers does not differ materially from the segment revenue by geographical location of assets.

Unallocated items refer to items relating to income tax, investing or financing activities and items that cannot be reasonably allocated to individual segments.

Other non-cash expenses mainly include unrealised loss on foreign exchange, inventories written down, provision for sales warranty, provision for retirement benefit obligations and allowance for impairment.

Inter-segment transactions/items are eliminated on consolidation.

Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

Other business segments include property investment and development and investment holding, development, manufacturing and distribution of computerised wagering and voting systems, operation of hotel, operation of health and fitness centre as well as service business of protecting and cleaning the environment, none of which are of a sufficient size to be reported separately.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 46 SIGNIFICANT EVENT DURING THE YEAR

The World Health Organisation declared the Covid-19 as a pandemic on 11 March 2020. The Covid-19 pandemic remains fluid and continuing to evolve locally and globally to date. In order to curb the spread of the Covid-19 outbreak, the Malaysian Government as well as the governments of the respective countries where the Group has business operations have implemented multiple phases of lockdown or restrictive measures and this has disrupted the Group's operations.

The Group's principal subsidiary, Sports Toto's operations were partially and fully closed when the Movement Control Order ("MCO") 2.0 was imposed from 13 January 2021 to 18 February 2021 and subsequently MCO 3.0 from 1 June 2021, respectively. The closure was further extended until September 2021 in line with the National Recovery Plan and Sports Toto was only allowed to resume business on 14 September 2021. Similarly, H.R. Owen shut down its showrooms for about 4 months during the financial year in compliance with the lockdown measures implemented by the UK government.

The ultimate impact of the Covid-19 is highly uncertain. Nevertheless, the management will continue to monitor the development and impact of Covid-19 on the Group's operations and their financial performance. The Group will also be taking appropriate and timely measures to minimise the potential impact from Covid-19 when more economic and social sectors are reopened, as the governments adopt the practice of living with the virus as the new normal.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Berjaya Sports Toto Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 205.

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 30 June 2021, and of their financial performance and cash flows for the financial 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 *Auditors' 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 audit 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 financial 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 for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## Key audit matters (Cont'd)

### Key audit matters in respect of the audit of the financial statements of the Group

#### a) Toto betting revenue and related cost of sales

(Refer to summary of significant accounting policies in Note 2.2(u), and the disclosure of revenue in Note 29 to the financial statements.)

The Group is involved in the Toto betting operations where revenue is derived from a large volume of individually insignificant transactions. The Group relies heavily on its information technology system to account for such revenue. During the financial year, the Group recognised revenue of approximately RM2.26 billion from Toto betting operations, which accounted for 46.9% of the Group's revenue. The related cost of sales from Toto betting operations was RM1.79 billion, which accounted for 44.7% of the Group's cost of sales.

The amounts recognised for revenue and cost of sales from Toto betting operations is a key audit matter because the amounts recognised are significant to the financial statements, and they involve large volume of transactions which are processed by the Group's information technology system.

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of recording of revenue and cost of sales;
- evaluated the operating effectiveness of automated controls over revenue and cost of sales processes by involving our internal experts in testing the operating effectiveness of the automated controls over the revenue and cost of sales processes. We also tested the accuracy of interface between the sales terminal system and the betting operating system, and related calculation of prize payment in the financial information system;
- evaluated the effectiveness of the non-automated controls in place to ensure accuracy of revenue and cost of sales recognised, including the timely posting of revenue and cost of sales to the general ledger in the financial information system;
- evaluated transactions recorded close to the financial year end, including draw sales after financial year end, to establish whether those transactions were recorded in the correct accounting period;
- performed reconciliation of cash receipts to revenue recorded in the financial statements; and
- reviewed and assessed the adequacy of the Group's disclosure relating to revenue and cost of sales.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## Key audit matters (Cont'd)

### Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

#### b) Impairment of goodwill and intangible assets

(Refer to summary of significant accounting policies in Note 2.2(f), significant accounting estimates and judgement in Note 2.5(b)(i), and the disclosure of intangible assets in Note 11 to the financial statements.)

Goodwill and dealership rights with an indefinite useful life, amounting to RM642.6 million and RM59.6 million, formed 41.5% and 24.5% of non-current assets and total assets respectively of the Group as at 30 June 2021. Of these amounts, goodwill of RM547.7 million has been allocated to the Toto betting operations in Malaysia, whilst goodwill and dealership rights of RM142.4 million have been allocated to the motor dealership operations in the United Kingdom.

Goodwill and indefinite life dealership rights are subject to an annual impairment test. The Group estimated the recoverable amount of the respective cash generating units ("CGUs") (or CGU group) based on their respective values-in-use ("VIU"). Estimating the VIU of the CGUs (or CGU group) involved estimates made by management relating to the future net cash flows that would be derived from the CGUs, and discounting them at an appropriate rate.

The cash flow forecasts, included a number of significant judgements and estimates, such as:

- in respect of the Toto betting operations, the revenue growth rate, payout ratio, discount rate and terminal growth rate applicable; and
- in respect of the motor dealership operations, the forecast sales volume and pricing, inflationary effects on the cost of purchase of motor vehicles, discount rate and terminal growth rate.

We considered this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the respective CGUs (or CGU group). The accounting policies for goodwill and dealership rights are disclosed in Note 2.2(c) to the financial statements.

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs (or CGU group);
- evaluated, with the involvement of our internal valuation experts, the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## Key audit matters (Cont'd)

### Key audit matters in respect of the audit of the financial statements of the Group (Cont'd)

#### b) Impairment of goodwill and intangible assets (cont'd)

- evaluated the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- evaluated whether key assumptions which comprised the revenue growth rate and payout ratio for the Toto betting operations, and the forecast sales volume and pricing and inflationary effects on the cost of purchase of motor vehicles for the motor dealership operations, as well as terminal growth rates, were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in the respective countries in which the CGU (or CGU group) operates;
- assessed, with the involvement of our internal valuation experts, whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific international markets in which the Group operates or equivalent data for peer companies; and
- analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test was most sensitive. The disclosures on key assumptions and sensitivities are included in Note 11 to the financial statements.

### Key audit matters in respect of the audit of the financial statements of the Company

#### a) Impairment assessment of investment in subsidiary companies

(Refer to summary of significant accounting policies in Note 2.2(f), significant accounting estimates and judgement in Note 2.5(b)(iv), and disclosure of investment in subsidiary companies in Note 5 to the financial statements.)

As at 30 June 2021, the carrying amount of the investment in subsidiary companies of the Company amounted to RM4.32 billion, representing 99.8% and 91.3% of total non-current assets and total assets respectively of the Company as at 30 June 2021.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## Key audit matters (Cont'd)

### Key audit matters in respect of the audit of the financial statements of the Company (Cont'd)

#### a) Impairment assessment of investment in subsidiary companies (cont'd)

The Company reviewed the investment in subsidiary companies for indications of impairment. Accordingly, the Company performed an impairment assessment to determine the recoverable amounts of investment in subsidiary companies with indications of impairment. The Company estimated the recoverable amount of the respective CGUs based on their respective VIU. Estimating the VIU of the CGUs involved estimates made by the management relating to the future net cash flows that will be derived from the CGUs, and discounting them at an appropriate rate. The cash flow forecasts, included a number of significant judgements and estimates such as the revenue growth rate, payout ratio, discount rate and terminal growth rate.

We considered this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management judgements about future market and economic conditions and changes in assumptions made may lead to a significant change in the recoverable amount of the investment in subsidiary companies.

Our procedures to address this area of focus included, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- evaluated, with the involvement of our internal valuation experts, the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- evaluated the basis of preparing the cash flow forecasts taking into consideration the assessment of management's historical budgeting accuracy;
- evaluated whether key assumptions which comprised the revenue growth rate and payout ratio for the Toto betting operations were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth;

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## Key audit matters (Cont'd)

### Key audit matters in respect of the audit of the financial statements of the Company (Cont'd)

- a) Impairment assessment of investment in subsidiary companies (cont'd)
- assessed, with the involvement of our internal valuation experts, whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific market in which the respective subsidiary company operates or equivalent data for peer companies; and
  - analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test was most sensitive.

### 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 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' reports, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## **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:

- (a) 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;
- (b) 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;
- (c) 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 BERJAYA SPORTS TOTO BERHAD

## **Auditors' responsibilities for the audit of the financial statements (Cont'd)**

- (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;
- (e) 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; and
- (f) 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 safeguards 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA SPORTS TOTO BERHAD

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 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

13 October 2021

### Tseu Tet Khong @ Tsau Tet Khong

03374/06/2022 J

Chartered Accountant

# LIST OF MAJOR PROPERTIES

AS AT 30 JUNE 2021

Location	Tenure	Date of Acquisition	Age of Building	Size	Description/ Existing Use	Fair Value RM'000	Net Carrying Amount RM'000
No. 1 , Jalan 3/91A Taman Shamelin Perkasa 56100 Kuala Lumpur Malaysia	Leasehold expiring 11/9/2082	19.06.2020	18 years	13,519 sq. ft.	2.5 storey semi-detached factory - Under renovation for sales office, service centre and storage	N/A	7,000
No. 3 , Jalan 3/91A Taman Shamelin Perkasa 56100 Kuala Lumpur Malaysia	Leasehold expiring 11/9/2082	19.06.2020	18 years	12,583 sq. ft.	2.5 storey semi-detached factory - Under renovation for sales office, service centre and storage	N/A	6,500
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur Malaysia	Freehold	06.01.1998	18 years	104,844 sq. ft.	One floor of office space of an integrated commercial development for rental	65,556	N/A
14 Station Road, Pangbourne Reading RG8 7AN United Kingdom	Freehold	20.07.2018	-	7,350 sq. ft.	Aftersales service centre	N/A	8,165
F130, 1st Floor, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur Malaysia	Freehold	24.08.2011	44 years	645.83 sq. ft.	1 unit of retail shophot for rental	5,800	N/A
7835 Makati Avenue Corner Eduque Street Makati City, Philippines 1209	Freehold	4.12.2009	20 years	586 sq. m	Hotel - 223 guest rooms	N/A	55,965
Trackspeed House Portsmouth Road, Ripley, Woking, Surrey GU23 6HB United Kingdom	Freehold	16.12.2019	41 years	32,670 sq. ft.	Showroom and sales office	N/A	16,985
The Ranges, Shepperton, Surrey, United Kingdom	Freehold	05.03.2015	-	69 acres	Vacant land	N/A	7,529
22A Upbrook Mews, Bayswater London W2 3HG United Kingdom	Freehold	22.09.2016	141 years	1,422 sq. ft.	4 storey mid terraced mews style house - vacant	10,648	N/A
Plot 5000A Hatfield Business Park Hatfield AL10 9WN United Kingdom	Freehold	23.12.2020	-	5.4 acres	Land with temporary showrooms currently on site and permanent building consisting Headquarter office, multi- brand showrooms and aftersales centres under construction	N/A	57,408

N/A denotes Not Applicable

# MATERIAL CONTRACTS

Other than as disclosed in Notes 13, 27, 29, 30, 39 and 40 of the financial statements for the financial year ended 30 June 2021, neither Berjaya Sports Toto Berhad nor any of its subsidiaries has entered into any material contracts involving directors and major shareholders.

# ADDITIONAL INFORMATION

The amount of non-audit fees incurred for services rendered to the Group by the Company's auditors, or a firm affiliated to the auditors' firm, for the financial year ended 30 June 2021 amounted to RM38,000 (2020 : RM38,000).

# RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The aggregate value of transactions conducted pursuant to shareholders' mandate were as follows :

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
<b>Berjaya Corporation Berhad and/or its unlisted subsidiary companies</b>			
Berjaya Corporation Berhad	Management fees for services rendered that include, inter-alia, the provision of finance, secretarial, internal audit and general administrative services	Berjaya Sports Toto Berhad	720
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	Berjaya Sports Toto Berhad	348
Berjaya Higher Education Sdn Bhd	Rental income for renting of premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(2,331)
Inter-Pacific Trading Sdn Bhd	Purchase of stationery products	Berjaya Sports Toto Berhad Group	145
Graphic Press Group Sdn Bhd	Procurement of printing services	Berjaya Sports Toto Berhad Group	416
Prime Credit Leasing Berhad	Receipt of leasing and hire purchase facilities	Berjaya Sports Toto Berhad Group	548
Ambilan Imej Sdn Bhd	Rental for renting of office premises at part of Level 12, Berjaya Times Square	Berjaya Sports Toto Berhad	2,534
Stephens Properties Sdn Bhd	Rental for renting of storage space at Wisma Cosway	Berjaya Sports Toto Berhad	5
E.V.A. Management Sdn Bhd	Receipt of human resources management and other related services	Berjaya Sports Toto Berhad Group	94
Berjaya Gia Think Investment Technology Joint Stock Company	Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee	International Lottery & Totalizator Systems, Inc.	(21,018)
Berjaya Paper Trading Sdn Bhd	Procurement of Toto betting rolls and other printing services	Sports Toto Malaysia Sdn Bhd	8,300

# RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
<b>Berjaya Land Berhad and/or its unlisted subsidiary companies</b>			
Berjaya Langkawi Beach Resort Sdn Bhd	Rental for renting of villa at Berjaya Langkawi Resort	Berjaya Sports Toto Berhad	180
	Rental income for renting of restaurant at Pulau Langkawi	FEAB Properties Sdn Bhd	(60)
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	Berjaya Sports Toto Berhad Group	4,741
	Rental income for renting of apartment at Apartment Block, Plaza Berjaya	FEAB Properties Sdn Bhd	(25)
Nada Embun Sdn Bhd	Rental for renting of office premises at part of Level 13, Berjaya Times Square	Sports Toto Malaysia Sdn Bhd Berjaya Sports Toto Berhad	1,868
Berjaya Air Sdn Bhd	Dry lease charges for aircraft leasing facilities	Sports Toto Malaysia Sdn Bhd	676
Berjaya Jet Charter Sdn Bhd	Charter fees for aircraft leasing facilities	Berjaya Sports Toto Berhad Group	377
Nural Enterprise Sdn Bhd	Rental for renting of apartment at Apartment Block, Plaza Berjaya	Sports Toto Malaysia Sdn Bhd	19
<b>Berjaya Assets Berhad and/or its unlisted subsidiary companies</b>			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and support services as well as receipt of licensing fee	International Lottery & Totalizator Systems, Inc.	(690)
BTS Car Park Sdn Bhd	Parking charges for leasing of parking bays	Berjaya Sports Toto Berhad Group	399
Berjaya Times Square Sdn Bhd	Rental for renting of shoplot and office premises at part of Level 6 and Level 8, Berjaya Times Square	Sports Toto Fitness Sdn Bhd Sports Toto Malaysia Sdn Bhd	608

# RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
<b>Other related parties</b>			
U Mobile Sdn Bhd	Rental income for renting of office premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	(1,327)
Roda Indah Motors Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	43
Qinetics Services Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	Berjaya Sports Toto Berhad Group	29
Qinetics MSP Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	Berjaya Sports Toto Berhad Group	1,419
Ascot Sports Sdn Bhd	Rental for renting of office premises at part of Level 10, Berjaya Times Square	Sports Toto Malaysia Sdn Bhd Sports Toto Computer Sdn Bhd	300
Auto Tulin Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	Berjaya Sports Toto Berhad Group	969
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	Berjaya Sports Toto Berhad Group	858
ACES Property management Sdn Bhd	Receipt of property management services	Magna Mahsuri Sdn Bhd	32

# STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 1 OCTOBER 2021

## THE COMPANY

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	1,017,213	0.08	-	-
Seow Swee Pin	93,675	0.01	-	-
Datuk Robert Yong Kuen Loke	124,903	0.01	-	-

## PENULTIMATE HOLDING COMPANY BERJAYA LAND BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	600,000	0.01	51,100,000 <sup>#</sup>	1.04
Nerine Tan Sheik Ping	2,000,000	0.04	-	-
Datuk Robert Yong Kuen Loke	360,808	0.01	-	-

## ULTIMATE HOLDING COMPANY BERJAYA CORPORATION BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,381,113	0.05	617,555,404 <sup>#</sup> 5,356 <sup>@</sup>	12.01 0.00
Derek Chin Chee Seng	464,240	0.01	-	-
Datuk Robert Yong Kuen Loke	1,093,606	0.02	-	-

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,620,500	0.56	31,290,000 <sup>#</sup> 1,000 <sup>@</sup>	6.73 0.00
Nerine Tan Sheik Ping	132,000	0.03	-	-
Datuk Robert Yong Kuen Loke	2,516,508	0.54	-	-

	Number of Warrants 2012/2022			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,620,500	0.37	85,000,000 <sup>#</sup> 1,000 <sup>@</sup>	12.14 0.00
Datuk Robert Yong Kuen Loke	170,108	0.02	-	-

# STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 1 OCTOBER 2021

## RELATED COMPANY BERJAYA FOOD BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	2,786,000	0.78	2,930,900 <sup>#</sup>	0.82

	Number of ordinary shares under Employees' Share Scheme ("ESS")			
	Direct Interest	%	Deemed Interest	%
<u>ESS Options</u>				
Dato' Sri Robin Tan Yeong Ching	1,224,000	0.34	-	-
<u>ESS Shares</u>				
Dato' Sri Robin Tan Yeong Ching	90,000	0.03	-	-

<sup>#</sup> Indirect interests pursuant to Section 8 of the Companies Act 2016.

<sup>@</sup> Indirect interests pursuant to Section 59(11)(c) of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interests in the shares, warrants and debentures of the Company or its related corporations as at 1 October 2021.

# STATISTICS ON SHAREHOLDINGS

AS AT 1 OCTOBER 2021

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	5,327	11.24	179,089	0.01
100 - 1,000	4,531	9.56	2,112,526	0.16
1,001 - 10,000	28,646	60.47	93,563,883	6.97
10,001 - 100,000	8,121	17.14	196,620,543	14.65
100,001 - 67,094,999	749	1.58	928,713,045	69.21
67,095,000 and above	1	0.00	120,710,914	9.00
<b>Total</b>	<b>47,375</b>	<b>100.00</b>	<b>1,341,900,000</b>	<b>100.00</b>

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2021

	NAME OF SHAREHOLDERS	NO. OF SHARES	(%)
1	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd	120,710,914	9.00
2	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Exempt An For AIA Bhd.	43,755,862	3.26
3	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Berjaya Land Berhad	41,392,045	3.08
4	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Berjaya Land Berhad	38,151,275	2.84
5	<b>Affin Hwang Nominees (Tempatan) Sdn. Bhd.</b> Pledged Securities Account For Berjaya Land Berhad	34,693,500	2.59
6	<b>RHB Capital Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (Berjaya Land)	26,517,959	1.98
7	<b>Citigroup Nominees (Tempatan) Sdn Bhd</b> Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	26,363,869	1.96
8	<b>Alliancegroup Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (7008486)	24,240,000	1.81
9	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For B.L.Capital Sdn Bhd (BLB-RC4-Conglo)	22,212,889	1.66
10	<b>Cartaban Nominees (Tempatan) Sdn Bhd</b> PAMB For Prulink Equity Fund	21,427,298	1.60
11	<b>RHB Nominees (Tempatan) Sdn Bhd</b> Bank Of China (Malaysia) Berhad Pledged Securities Account For Gateway Benefit Sdn Bhd	18,180,000	1.35
12	<b>UOB Kay Hian Nominees (Tempatan) Sdn Bhd</b> UOB Kay Hian Credit (M) Sdn Bhd For Berjaya Land Berhad	16,915,600	1.26
13	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account - Ambank (M) Berhad For Gateway Benefit Sdn Bhd	16,160,000	1.20

# STATISTICS ON SHAREHOLDINGS

AS AT 1 OCTOBER 2021

	NAME OF SHAREHOLDERS	NO. OF SHARES	(%)
14	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Berjaya Land Berhad (BLB-RC5-Conglo2)	16,005,488	1.19
15	<b>UOB Kay Hian Nominees (Tempatan) Sdn Bhd</b> Exempt An For UOB Kay Hian Pte Ltd ( A/C Clients )	15,651,079	1.17
16	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Berjaya Land Berhad (GB-RC3-Conglo2)	15,400,000	1.15
17	<b>Amsec Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account - Ambank (M) Berhad For Berjaya Land Berhad	14,941,000	1.11
18	<b>HLIB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Berjaya Corporation Berhad	13,629,950	1.02
19	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (GB-RC3-Conglo2)	13,600,000	1.01
20	<b>ABB Nominee (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (GBSB RC1/RC2)	12,807,125	0.95
21	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (49486 SFIN)	12,627,935	0.94
22	<b>HSBC Nominees (Asing) Sdn Bhd</b> JPMCB NA For Vanguard Emerging Markets Stock Index Fund	11,568,943	0.86
23	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (BLB-RC5-Conglo2)	11,009,000	0.82
24	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Gateway Benefit Sdn Bhd (BLB-RC4-Conglo)	9,690,110	0.72
25	<b>Bizurai Bijak (M) Sdn Bhd</b>	8,433,500	0.63
26	<b>HSBC Nominees (Asing) Sdn Bhd</b> JPMCB NA For Vanguard Total International Stock Index Fund	8,253,128	0.62
27	<b>Cartaban Nominees (Asing) Sdn Bhd</b> Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	8,073,722	0.60
28	<b>CIMB Group Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)	7,991,588	0.60
29	<b>HLB Nominees (Tempatan) Sdn Bhd</b> Pledged Securities Account For Inter-Pacific Securities Sdn Bhd (PJCAC)	7,200,000	0.54
30	<b>Citigroup Nominees (Asing) Sdn Bhd</b> CBNY For Norges Bank (FI 17)	7,185,404	0.54
		<b>644,789,183</b>	<b>48.06</b>

# STATISTICS ON SHAREHOLDINGS

AS AT 1 OCTOBER 2021

## LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 OCTOBER 2021

Names of Substantial Shareholder	No. of Ordinary Shares			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	292,671,086	21.81	-	-
Berjaya Land Berhad	221,528,997	16.51	323,718,874 (a)	24.12
Teras Mewah Sdn Bhd	-	-	545,247,871 (b)	40.63
Juara Sejati Sdn Bhd	-	-	562,772,871 (c)	41.94
Berjaya Group Berhad	19,088,998	1.42	598,823,905 (d)	44.63
Berjaya Corporation Berhad	33,866,154	2.52	617,912,903 (e)	46.05
Tan Sri Dato' Seri Vincent Tan Chee Yioun	10,408,695	0.78	656,734,948 (f)	48.94

### Notes:

- (a) Deemed interested by virtue of its 100% interests in Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd and B.L. Capital Sdn Bhd.
- (b) Deemed interested by virtue of its interest in Berjaya Land Berhad.
- (c) Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.
- (d) Deemed interested by virtue of its 100% interests in Bizurai Bijak (M) Sdn Bhd, Teras Mewah Sdn Bhd and Juara Sejati Sdn Bhd.
- (e) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (f) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, B & B Enterprise Sdn Bhd and Berjaya VTCY Sdn Bhd, his interest in Berjaya Assets Berhad, the holding company of Berjaya Bright Sdn Bhd and his deemed interest in Berjaya Retail Sdn Bhd.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Berjaya Sports Toto Berhad will be conducted on a fully virtual basis from the broadcast venue (“Broadcast Venue”) at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 8 December 2021 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 June 2021 and the Directors' and Auditors' Reports thereon.

### As Ordinary Business:-

2. To approve the payment of Directors' fees amounting to RM290,194.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2021. Resolution 1
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM527,000.00 for the period from 9 December 2021 until the next Annual General Meeting of the Company to be held in 2022. Resolution 2
4. To re-elect the following Directors retiring pursuant to Clause 117 of the Company's Constitution:-
  - a) Nerine Tan Sheik Ping Resolution 3
  - b) Datuk Robert Yong Kuen Loke Resolution 4
5. To re-elect the following Directors retiring pursuant to Clause 107 of the Company's Constitution:-
  - a) Dato' Sri Robin Tan Yeong Ching Resolution 5
  - b) Derek Chin Chee Seng Resolution 6
  - c) Datuk Seri Wong Chun Wai Resolution 7
  - d) Poh Ying Loo Resolution 8
  - e) Premshangar A/L Venugopal Resolution 9
6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 10

### As Special Business:-

7. To consider and, if thought fit, pass the following Ordinary Resolutions :-

**(i) Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

“THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Resolution 11

**(ii) Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

“THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 25

# NOTICE OF ANNUAL GENERAL MEETING

October 2021 (“Proposed Mandate”) which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.”

Resolution 12

## **(iii) Proposed Renewal of Authority for the Company to Purchase Its Own Shares**

“THAT, subject always to the Companies Act 2016, (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Exchange”) and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company (“BToto Shares”) through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-
  - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

# NOTICE OF ANNUAL GENERAL MEETING

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BToto Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BToto Shares so purchased by the Company in the following manner :-

- (a) cancel all the BToto Shares so purchased; or
- (b) retain all the BToto Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force.”

Resolution 13

#### (iv) Proposed Retention of Independent Non-Executive Director

“THAT Datuk Robert Yong Kuen Loke be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than twelve (12) years.”

Resolution 14

By Order of the Board  
THAM LAI HENG MICHELLE  
SSM PC No. 202008001622 (MAICSA 7013702)  
Secretary

Kuala Lumpur  
25 October 2021

#### NOTES:

##### 1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016 (“CA 2016”). Hence, this item on the Agenda is not put forward for voting.

##### 2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Directors is the same as the previous financial year ended 30 June 2020. The Directors' fees for the newly appointed Directors namely, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo were pro-rated from the date of their appointment up to 30 June 2021. Whilst the Directors' fees for Tan Sri Dato' Seri Tan Kok Ping and Mr Chan Kien Sing were pro-rated from 1 July 2020 until their retirement/resignation as Directors of the Company respectively.

##### 3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the CA 2016 provides that “fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting (“AGM”) for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 9 December 2021 until the next AGM of the Company under Resolution 2.

The current Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances, benefits-in-kind and other emoluments.

# NOTICE OF ANNUAL GENERAL MEETING

In determining the estimated amount of remuneration payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors (“Board”), Board Committees and General Meetings of the Company, assuming full attendance by all the Non-Executive Directors. The estimated amount of remuneration also caters for unforeseen circumstances, for examples, the appointment of additional Directors, additional unscheduled Board meetings and/or Board Committees meetings.

In the event, where the payment of Directors’ remuneration (excluding Directors’ fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders’ approval will be sought at the next AGM.

## 4. Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the CA 2016

Resolution 11 is proposed for the purpose of granting a renewed general mandate (“General Mandate”) and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 8 December 2020 and which will lapse at the conclusion of the Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

## 5. Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 12, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Proposed Shareholders’ Mandate”). Detailed information on the Proposed Shareholders’ Mandate is set out under Part A of the Circular/Statement to Shareholders dated 25 October 2021 which can be viewed and downloaded from the website of the Company at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/) and/or Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com>.

## 6. Proposed Renewal of Authority for the Company to Purchase Its Own Shares

Resolution 13, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company (“Proposed Share Buy-Back Renewal”). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 25 October 2021 which can be viewed and downloaded from the website of the Company at [www.berjaya.com/berjaya-sports-toto/](http://www.berjaya.com/berjaya-sports-toto/) and/or Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com>.

## 7. Proposed Retention of Independent Non-Executive Director

Resolution 14 is proposed pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance and if passed, will allow Datuk Robert Yong Kuen Loke to be retained and to continue to act as an Independent Non-Executive Director.

The full details of the Board’s justifications for the retention of Datuk Robert Yong Kuen Loke is set out in the Corporate Governance Overview Statement in the Company’s 2021 Annual Report.

## 8. Proxy and Entitlement of Attendance

- (i) As part of the measures to curb the spread of COVID-19, the Annual General Meeting (“AGM”) of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) facilities provided by SS E Solutions Sdn Bhd which are available on Securities Services e-Portal (“SSeP”) at <https://sshbsb.net.my/login.aspx>. **Please follow the procedures provided in the Administrative Guide for the AGM of the Company in order to register, participate and vote remotely via RPV facilities.**

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) The main and only venue of the AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM of the Company to be present at the main venue of the AGM of the Company in Malaysia.
- (iii) Shareholders/proxy/corporate representatives from the public **WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the AGM of the Company.
- (iv) A member of the Company who is entitled to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPV facilities is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
- (v) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- (vi) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- (vii) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- (viii) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- (ix) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting, **i.e. latest by Monday, 6 December 2021 at 10.00 a.m.**
- (x) Only members whose names appear in the Record of Depositors as at 1 December 2021 shall be entitled to participate and/or vote at the AGM or appoint a proxy to participate and/or vote in his/her stead via RPV facilities.

## 9. Poll Voting

Pursuant to Clause 82 of the Constitution of the Company and Paragraph 8.92A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. The Company has appointed Poll Administrator and Independent Scrutineers to conduct the polling process and verify the results of the poll respectively.

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# FORM OF PROXY

# BERJAYA SPORTS TOTO BERHAD

[Registration No. 196901000688 (9109-K)]

I/We \_\_\_\_\_  
(Name in full)

I.C. or Company No. \_\_\_\_\_ CDS Account No. \_\_\_\_\_  
(New and Old I.C. Nos.)

of \_\_\_\_\_  
(Address)

being a member/members of BERJAYA SPORTS TOTO BERHAD hereby appoint:

\_\_\_\_\_ I.C. No. \_\_\_\_\_  
(Name in full) (New and Old I.C. Nos.)

of \_\_\_\_\_  
(Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue held at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur ("Broadcast Venue") on Wednesday, 8 December 2021 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
RESOLUTION 1	- To approve payment of Directors' Fees.		
RESOLUTION 2	- To approve payment of Directors' Remuneration (excluding Directors' Fees) for the period from 9 December 2021 until the next Annual General Meeting of the Company.		
RESOLUTION 3	- To re-elect Nerine Tan Sheik Ping as Director.		
RESOLUTION 4	- To re-elect Datuk Robert Yong Kuen Loke as Director.		
RESOLUTION 5	- To re-elect Dato' Sri Robin Tan Yeong Ching as Director.		
RESOLUTION 6	- To re-elect Derek Chin Chee Seng as Director.		
RESOLUTION 7	- To re-elect Datuk Seri Wong Chun Wai as Director.		
RESOLUTION 8	- To re-elect Mr Poh Ying Loo as Director.		
RESOLUTION 9	- To re-elect Mr Premshangar A/L Venugopal as Director.		
RESOLUTION 10	- To re-appoint Auditors.		
RESOLUTION 11	- To approve authority to issue and allot shares.		
RESOLUTION 12	- To renew and to seek shareholders' mandate for Recurrent Related Party Transactions.		
RESOLUTION 13	- To renew authority for the Company to purchase its own shares.		
RESOLUTION 14	- To approve the proposed retention of Datuk Robert Yong Kuen Loke as an Independent Non-Executive Director.		

No. of Shares Held

Signature(s)/Common Seal of Member(s)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

## NOTES:

- As part of the measures to curb the spread of COVID-19, the Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn Bhd which are available on Securities Services e-Portal ("SSeP") at <https://sshbsb.net.my/login.aspx>. Please follow the procedures provided in the Administrative Guide for the AGM of the Company in order to register, participate and vote remotely via RPV facilities.
- The main and only venue of the AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM of the Company to be present at the main venue of the AGM of the Company in Malaysia.
- Shareholders/proxy/corporate representatives from the public WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT at the Broadcast Venue on the day of the AGM of the Company.
- A member of the Company who is entitled to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPV facilities is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
- A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
- An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.
- The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting, i.e. latest by Monday, 6 December 2021 at 10.00 a.m.
- Only members whose names appear in the Record of Depositors as at 1 December 2021 shall be entitled to participate and/or vote at the AGM or appoint a proxy to participate and/or vote in his/her stead via RPV facilities.
- Pursuant to Clause 82 of the Constitution of the Company and Paragraph 8.92A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. The Company has appointed Poll Administrator and Independent Scrutineers to conduct the polling process and verify the results of the poll respectively.

Fold this flap for sealing

Affix  
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**THE COMPANY SECRETARY**  
**BERJAYA SPORTS TOTO BERHAD**  
LOT 13-01A, LEVEL13 (EAST WING)  
BERJAYA TIMES SQUARE  
NO. 1, JALAN IMBI  
55100 KUALA LUMPUR

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## GROUP ADDRESSES

### **Sports Toto Malaysia Sdn Bhd**

Lot 13-01, Level 13 (East Wing)  
Berjaya Times Square  
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55100 Kuala Lumpur  
Tel : 03-2148 9888  
Fax : 03-2141 9581  
Email : [webmaster@sportstoto.com.my](mailto:webmaster@sportstoto.com.my)  
[www.sportstoto.com.my](http://www.sportstoto.com.my)

### **Berjaya Lottery Management (HK) Limited**

Level 54, Hopewell Centre  
183 Queen's Road East, Hong Kong  
Tel : 852-2980 1888

### **International Lottery & Totalizator Systems, Inc.**

2310 Cousteau Court  
Vista (San Diego)  
California 92081-8346  
U.S.A.  
Tel : 1 (760) 598 1655  
Fax : 1 (760) 598 0219  
Email : [mktg@ilts.com](mailto:mktg@ilts.com)  
[www.ilts.com](http://www.ilts.com)

### **Berjaya Philippines Inc.**

9th Floor, Rufino Pacific Tower  
6784 Ayala Ave., cor V.A. Rufino Street, Makati City  
Metro Manila, Philippines  
Tel : 632-8811 0668  
Fax : 632-8811 2293  
[www.berjaya.com.ph](http://www.berjaya.com.ph)

### **H.R. Owen Plc**

Melton Court  
25-27 Old Brompton Road  
London SW7 3TD  
Tel : 44-20-7245 1122  
[www.hrowen.co.uk](http://www.hrowen.co.uk)

For further information, please contact:

#### **The Company Secretary**

Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur  
Tel : 03-2149 1999  
Fax : 03-2143 1685  
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