

BERJAYA

SPORTS TOTO BERHAD

[Formerly known as Berjaya Sports Toto Berhad]

[Registration No. 196901000688 (9109-K)]



STEADFAST VALUE

ANNUAL REPORT 2022



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.

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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Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) (“SPToto”) was incorporated in 1969 as Unilite Electrical Industries Berhad. The Company changed its name to Far East Asset Berhad in 1987. On 31 October 1992, the Company completed its acquisition of the entire issued and paid-up share capital of 112,522,500 ordinary shares of 50 sen each in STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) (“STM Lottery”) 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 of the Company and the balance in cash of RM209.03 million. On 17 May 1993, the Company was renamed Berjaya Sports Toto Berhad; and subsequently it changed to its present name on 1 April 2022.



The STM Lottery draw area.

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 STM Lottery 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. STM Lottery 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.

STM Lottery offers 8 games which are drawn 3 days a week. In the Philippines, SPToto’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. In the United States of America (“U.S.A.”), SPToto’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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Dato' Sri Robin Tan Yeong Ching

Chief Executive Officer

Nerine Tan Sheik Ping

Executive Director

Derek Chin Chee Seng

Non-Independent/Non-Executive Director

Dato' Oon Weng Boon

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

09-27 Level 9

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

CIMB Bank Berhad

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Market

STOCK SHORT NAME

SPTOTO (1562)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

PROFILE OF DIRECTORS



**DATO' SRI ROBIN TAN
YEONG CHING**

*Chairman
(Non-Independent/Executive Director)*

48 years of age, Malaysian, Male

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 7-Eleven Malaysia Holdings Berhad and Berjaya Media Berhad. He is also an Executive Director of STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) ("STM Lottery"), Berjaya Hartanah 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 the Chief Executive Officer of the Company while his father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.



**NERINE TAN
SHEIK PING**

*(Non-Independent/
Chief Executive Officer)*

46 years of age, Malaysian, Female

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 her career 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 STM Lottery and was subsequently promoted to Executive Director in April 2010.

Currently, she is an Executive Director of Berjaya Corporation 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 the Executive Chairman of the Company while her father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

PROFILE OF DIRECTORS



DEREK CHIN CHEE SENG

*(Non-Independent/
Executive Director)*

64 years of age, Malaysian, Male

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 of 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, 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.



DATO' OON WENG BOON

*(Non-Independent/
Non-Executive Director)*

53 years of age, Malaysian, Male

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 (ILPG) 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. Today, he has gained wide recognition as one of the leading lifestyle developers of premier and novel properties. Spearhead by his visionary leadership and unwavering dedication, he has grown ILPG into a diversified company with business in property development & construction, hospitality industry through the branding of Grand Orient Hotel, retail assets investment and MICE tourism (Meetings, Incentives, Conferences, and Exhibitions).

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**
*(Independent/
Non-Executive Director)*

70 years of age, Malaysian, Male

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, corporate finance, audit and assurance, 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 and was appointed as Group Executive Director with responsibilities as overall head of Group Finance, Treasury, Tax and Internal Audit. He retired in 2007 as an Executive Director and is currently serving as an Independent Non-Executive Director of the Company.

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



**DATUK SERI WONG
CHUN WAI**
*(Independent/
Non-Executive Director)*

61 years of age, Malaysian, Male

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 Minister's 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 a member of Audit Committee, Nomination Committee, Remuneration Committee, the Risk Management Committee and the Sustainability Committee of the Company.

PROFILE OF DIRECTORS



POH YING LOO
*(Independent/
Non-Executive Director)*

60 years of age, Malaysian, Male

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 also has a Global Master of Business Administration in Digital Business.

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/AJL (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.



PREMSHANGAR A/L VENUGOPAL
*(Independent/
Non-Executive Director)*

52 years of age, Malaysian, Male

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.

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.

KEY SENIOR MANAGEMENT

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

*Managing Director/
Chief Executive Officer of
STM Lottery Sdn Bhd
(formerly known as
Sports Toto Malaysia Sdn Bhd
("STM Lottery")*

70 years of age, Malaysian, Male

*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 Yiou is the Non-Independent Non-Executive Chairman of Berjaya Corporation Berhad, the Executive Chairman of Berjaya Times Square Sdn Bhd, the Chairman of Berjaya Hills Resort Berhad and U Mobile Sdn Bhd.

He is also the Managing Director/CEO of STM Lottery. 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

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

49 years of age, Malaysian, Male

*Date of appointment:
15 February 2017*

He holds a Bachelor of Commerce Degree with majors in Accounting and Economics from Deakin University, Australia, and is a member of the Malaysian Institute of Accountants and professional accounting body, CPA Australia. He has nearly 30 years of experience in financial management, accounting and administration.

As H.R. Owen Plc CEO since February 2017, he is responsible for the success of the UK's leading luxury automotive dealer group. Representing 11 of the most prestigious brands in the world, including Rolls-Royce, Ferrari, Bugatti and Lamborghini, he oversees 17 showrooms, 17 aftersales sites and a number of complementary services, including H.R. Owen Insurance. He has also welcomed exciting new brands into the H.R. Owen Group, including Rimac Automobili, Czinger and Radford.

Currently, he is spearheading an ambitious development plan that will see the opening of a multi-million-pound state-of-the-art multi-marque showroom and automotive experience centre in Hatfield, which will house showrooms for Bentley, Lamborghini and more. During his time as CEO, H.R. Owen showrooms have become renowned for their success and customer service, with Aston Martin Cheltenham recently named Aston Martin Global Dealer of the Year and the Group's Ferrari, Lamborghini and Rolls-Royce showrooms also named as the best in the world in recent years. Its Bugatti operation is only one of four globally to be awarded Global Partner of Excellence.

KEY SENIOR MANAGEMENT

JEFFREY M. JOHNSON

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

61 years of age, American, Male

*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 38 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.

CHEONG TUCK KONG

*Chief Financial Officer of
Sports Toto Berhad
(formerly known as Berjaya Sports
Toto Berhad) ("SPToto");
and General Manager (Finance)
of STM Lottery*

48 years of age, Malaysian, Male

*Date of appointment:
6 October 2022*

He is an experienced financial professional with 26 years of working experience in multi-national and local corporations across multi-disciplinary functions in financial management, accounting, investor relations, and performance management. With fundamentals in management consulting, auditing and corporate finance, he has spearheaded finance transformation in major industries comprising fast moving consumer goods, industrial products and manufacturing.

He qualified as an accountant from CPA Australia and is a member of the Malaysian Institute of Accountants. He graduated with a degree in Accounting and Finance from University of Southern Queensland in Australia in 1996 and completed the International Institute for Management Development (IMD) Global Leadership Development Program in Lausanne, Switzerland in 2013.

He joined STM Lottery as the General Manager of Finance responsible for financial accounting, treasury, strategic finance, and planning and analysis function to support the gaming operations. To further augment SPToto with its stakeholders, he is leading the investor relations function for the group.

He also holds directorships in several other private limited companies in the SPToto group of companies.

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

Dear Shareholders,

On behalf of the Board of Directors of Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) ("SPToto"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 30 June 2022.

FINANCIAL RESULTS

For the financial year under review, the Group reported an increase in revenue of 8.3% to RM5.2 billion from RM4.8 billion in the previous financial year, mainly attributed to the stronger sales registered by H.R. Owen Plc ("H.R. Owen"), though this was partly reduced by the lower revenue reported by STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) ("STM Lottery"). The Group's pre-tax profit dropped by 3.4% to RM273.3 million from RM282.9 million in the previous financial year following the lower results reported by STM Lottery.



STM Lottery newly refurbished outlet.

During the financial year under review, the Malaysian Government implemented the third Movement Control Order ("MCO") leading to STM Lottery cancelling 37 draws from 1 July 2021 to 13 September 2021. With the long hiatus, the Number Forecast Operator ("NFO") industry staged a weaker-than-expected recovery due to the strong resurgence of illegal NFOs operating defiantly throughout the MCO. The lower results reported by STM Lottery were in line with the lower revenue recorded coupled with the higher prize payout in the financial year under review. H.R. Owen resumed operations earlier after the United Kingdom ("UK") Government lifted its lockdown measures on 19 July 2021 and the company was able to ride on the post-pandemic recovery with a positive contribution to the Group's results.

Amidst these adversities during the financial year under review, STM Lottery achieved a record-breaking accumulated jackpot prize of RM97.8 million for its Supreme Toto 6/58 lotto game where a winner won RM95.0

million, while the remaining jackpot prize was won by another winner. In total, STM Lottery created 26 new millionaires and paid a total of RM270.0 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 lucky winners were euphoric with their new-found wealth ranging from RM1.0 million to RM95.0 million.

ECONOMIC, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("EESG") GOALS

The Group is committed to driving its EESG goals in environmental conservation, climate change mitigation, supply chain sustainability, business integrity, and responsible gaming. Along with this, the Group continues to support Malaysia's national sports development, community outreach programmes for the underprivileged, and forest conservation.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

Malaysia's economy grew at its fastest annual pace in the second quarter of 2022 at 8.9%, driven by expansion in domestic demand as economic and social activities normalised with the easing of COVID-19 containment measures. Nevertheless, a slowdown in global growth amidst cautious headwinds from geopolitical tensions, rising interest rates, and inflationary pressures is expected to pose a risk to the outlook for the next financial year.

As the NFO with the most lotto games and largest jackpot prizes, STM Lottery solidifies its lead in terms of revenue among all the NFOs in the country. The company is cautiously optimistic that its business will remain steadfast with the resilient nature it had during past economic crises and turbulent periods and is confident that it will maintain its position as the market leader in the NFO business for the upcoming financial year.



In the UK, H.R. Owen remains optimistic about the prospects of the company and will continue to spearhead strategies to expand its business operations and boost revenue growth. The company will build on its partnership with international car marques whilst gaining access to new car models and expanding its network as a major luxury motor retailer and aftersales services to drive respectable returns for the Group.



Ferrari 296 GTB distributed by H.R. Owen.

In the United States of America ("USA"), 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 capitalise on strategic alliances to gain access to new and tactically important geographical and business opportunities.

NOTE OF APPRECIATION

On behalf of the Board, I wish to convey our deepest appreciation to Mr Vincent Seow who retired as Executive Director on 10 November 2021 after 30 years of service. We thank him for his invaluable contributions and we wish him every success.

We would also like to extend our sincere gratitude to our customers, shareholders, business associates, financiers, analysts, members of the media, government authorities, and other stakeholders for their continued support and confidence during an exceptionally eventful year.

Our heartfelt thanks also go to the management team, employees, and agents for their unwavering dedication and innovation to rise above the challenges during the year and drive sustainable initiatives.

To my fellow colleagues on the Board, I would like to express my gratitude and appreciation for your active participation and valuable insights. With the steadfast value from all involved, I am confident the Group will continue to deliver outstanding value for our shareholders. I look forward to collaborating with all of you towards achieving sustainable growth for the Group in the financial year 2023 and beyond.

DATO' SRI ROBIN TAN YEONG CHING

Chairman

12 October 2022

致亲爱的股东们

本人谨代表多多博彩有限公司（前称为成功多多博彩有限公司）董事部，欣然向各位提呈截至2022年6月30日财政年的年度报告及经审计财务报告。

业绩

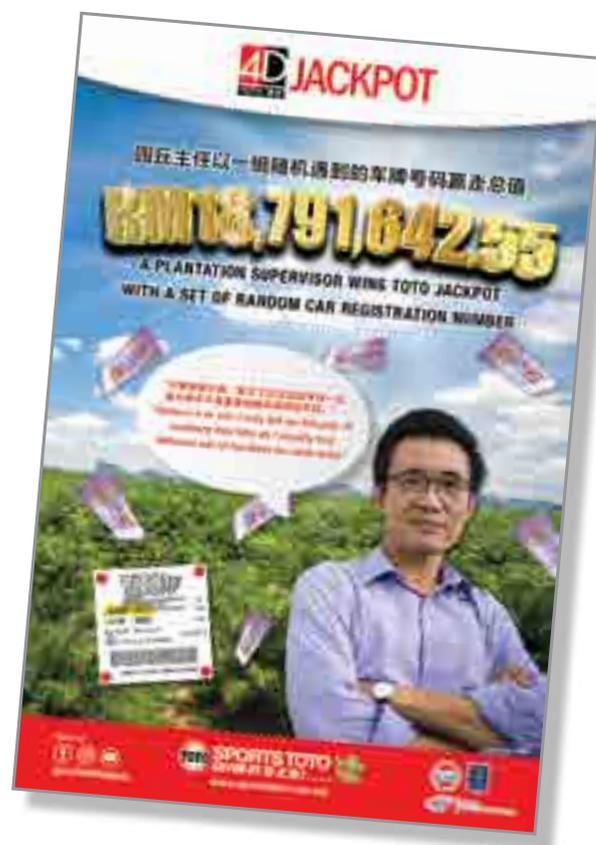
在检讨中的财政年，本集团所录得的营收从上一财政年的48亿令吉提高了8.3%至52亿令吉，主要归功于 H.R. Owen 公司（“H.R. Owen”）取得更高的销售额。然而，由于 STM Lottery 私人有限公司（前称为多多博彩马来西亚私人有限公司）（“STM Lottery”）录得较低营业额，因而抵消了一部分的整体营收。由于 STM Lottery 的营业额下降，使得本集团所录得的税前盈利从上一财政年的2亿8290万令吉减少了3.4%至2亿7330万令吉。

正当本集团在检讨中的财政年面对各种挑战之际，STM Lottery 派出了国内史上数额最高的积宝奖金，即总值 9780 万令吉的好运多多六合彩（6/58）积宝奖金。当中，1名击中该积宝奖项的幸运儿开心抱走总值9500万令吉的奖金，而其余的奖金则由另1名幸运儿赢走。总的来说，STM Lottery 一共缔造了26名百万和千万富翁，并在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2亿7000万令吉的积宝奖金。这些幸运赢家在获得100万至9500万令吉不等的天降财富时皆喜出望外，雀跃不已。



STM Lottery 旗下经营的旗舰多多销售站

在检讨中的财政年，我国政府实施第3轮行管令，迫使 STM Lottery 在2021年7月1日至9月13日期间，一共取消了37次开奖。由于长时间暂停营业以及非法测字者在行管令期间大行其道，国内测字行业的复苏步伐比预期中来得缓慢。由于 STM Lottery 录得的营收减低，加上该公司在检讨中的财政年派出更多奖金，因而取得较为下滑的业绩。随着英国政府在2021年7月19日解除封锁措施后，H.R. Owen 也提早恢复营业。该公司也受益于后疫情时代的复苏，并为本集团的整体业绩作出了正面贡献。





H.R. Owen 代理的全新玛莎拉蒂 MC20 Cielo

经济、环境、社会与治理 (“EESG”) 目标

本集团承诺，会在环保、减缓气候变化、永续供应链、经商诚信和理性投注方面，致力推动其 EESG 目标。此外，本集团也继续支持国家的体坛发展、援助弱势群体、以及森林维护。

未来展望与前景

随着政府逐步放宽新冠肺炎疫情的管控措施，令国内经济和社会活动逐渐正常化，并进一步扩大内需，随即促使我国经济在2022年次季成长8.9%，为1年来最快的增长速度。尽管如此，有鉴于地缘政治局势紧张、利率上升和通货膨胀压力3大因素，或会导致全球经济增长放缓，因此下一财政年的经济前景预计将面对一定的风险。

作为拥有最多积宝游戏和派出数额最大的积宝奖金之测字业者，STM Lottery 在营收方面继续领先其它同行。由于该公司在过去的经济危机及动荡时期皆显现出其经营业务上的韧性，因此该公司谨慎乐观地认为，其业务将能保持稳健的表现，并且有信心在下一个财政年中继续成为测字业的领头羊。

在英国，H.R. Owen 对其前景也保持乐观态度，并且会继续制定策略，扩展其业务和提高营收。该公司也将与国际汽车品牌建立合作关系，以争取代理更多新车型的机会。身为1家主要豪华汽车分销商，该公司会扩大其网络及售后服务，以为本集团带来可观的营收。

在美国，国际博彩与赛马测彩系统有限公司 (International Lottery & Totalizator Systems, Inc.) (“ILTS”) 将持续探索崭新及新兴科技，以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。

感谢

本人谨代表董事部，至诚感谢任职了30年，并在2021年11月10日卸下执行董事职务的萧瑞彬先生。董事部亦感谢他为本集团作出无私贡献，并祝他一切顺利。

董事部也向所有顾客、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，感谢各界在这个异乎寻常的1年持续给予本集团支持与信心。

董事部也在此深深感谢管理层、员工和代理们，在过去一整年展现了献身与创新精神以应对一系列的挑战，并协助推动永续发展相关的举措。

本人也在此由衷感谢诸位董事部成员积极参与并为董事部做出贡献。凭借诸位坚定不移的信念，本人相信本集团将继续为股东们创造更优异的价值。本人也期待与诸位携手合作，在2023财政年及未来共同为本集团推动并达成永续发展的成长目标。

拿督斯里陈永钦

主席

2022年10月12日

GROUP FINANCIAL SUMMARY

Description	2022	2022	Restated			
	USD'000	RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	1,188,214	5,229,328	4,829,148	4,635,664	6,693,389	5,665,331
Profit Before Tax	62,091	273,264	282,909	226,816	394,262	381,858
Profit For The Year / Period	38,676	170,215	187,397	133,705	229,963	241,484
Non-Controlling Interests	(2,120)	(9,330)	(6,163)	(1,008)	(3,115)	(8,286)
Profit Attributable To Owners Of The Parent	36,556	160,885	181,234	132,697	226,848	233,198
Share Capital	30,698	135,103	135,103	135,103	135,103	135,103
Reserves	178,025	783,489	694,850	634,896	598,649	623,905
Equity Funds	208,723	918,592	829,953	769,999	733,752	759,008
Treasury Shares	(5,368)	(23,626)	(18,631)	(32,165)	(12,320)	(12,320)
Net Equity Funds	203,355	894,966	811,322	737,834	721,432	746,688
Non-Controlling Interests	14,071	61,926	63,783	51,458	53,531	55,091
Total Equity	217,426	956,892	875,105	789,292	774,963	801,779
Other Non-Current Liabilities	63,407	279,054	313,646	265,331	21,678	26,789
Borrowings	281,242	1,237,746	1,057,419	1,207,553	1,120,873	1,156,671
Other Current Liabilities	178,850	787,117	625,267	646,791	749,157	644,369
Total Equity And Liabilities	740,925	3,260,809	2,871,437	2,908,967	2,666,671	2,629,608
Property, Plant & Equipment and Right-of-use Assets	158,018	695,437	629,040	518,577	191,538	183,036
Intangible Assets	158,283	696,603	706,742	691,292	688,601	768,916
Investments and Other Non-Current Assets	78,347	344,803	355,953	374,311	361,530	355,478
Current Assets	346,277	1,523,966	1,179,702	1,324,787	1,425,002	1,322,178
Total Assets	740,925	3,260,809	2,871,437	2,908,967	2,666,671	2,629,608
Net Assets Per Share (Cents/Sen)	15.18	66.82	60.46	55.17	53.56	55.43
Net Earnings Per Share (Cents/Sen)	2.72	11.99	13.51	9.77	16.84	17.31
Dividend Rate Per Share (Cents/Sen)	1.98	8.70*	8.00	10.40**	16.00	16.00
Net Dividend Amount (USD'000/RM'000)	26,454	116,425^	107,456	139,524^^	215,520	215,520

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 2018 are for 12 months ended 30 April, 2019 are for 14 months ended 30 June and 2020, 2021 and 2022 are for 12 months ended 30 June.

Exchange rate as at 30 June 2022 : US\$1.00 : RM4.401

* This figure included a share dividend of 1.7 sen per share.

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

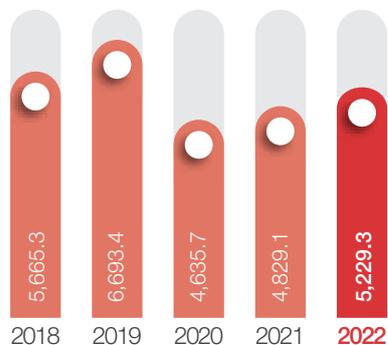
^ The dividend amount included share dividend based on treasury shares book cost of RM22.6 million.

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

GROUP FINANCIAL HIGHLIGHTS

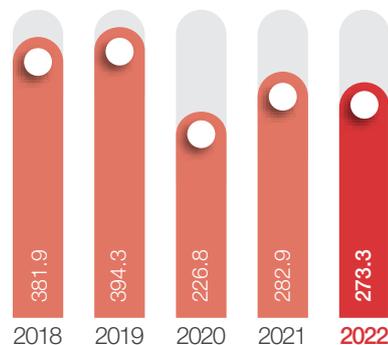
REVENUE

(RM' Million)



PROFIT BEFORE TAX

(RM' Million)



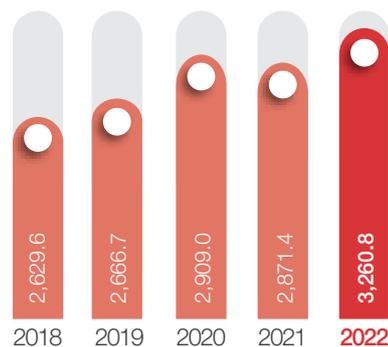
NET EQUITY FUNDS

(RM' Million)



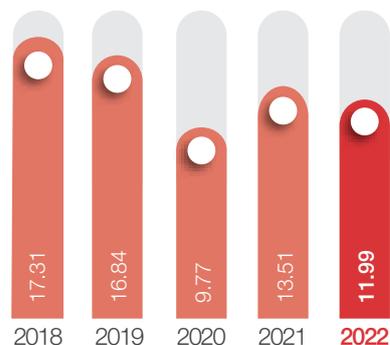
TOTAL ASSETS

(RM' Million)



NET EARNINGS PER SHARE

(Sen)



DIVIDEND RATE PER SHARE

(Sen)



* This figure included a share dividend of 1.7 sen per share.

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

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) (“SPToto”) has three main operating subsidiaries, namely STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) (“STM Lottery”), H.R. Owen Plc (“H.R. Owen”) and International Lottery & Totalizator Systems, Inc. (“ILTS”). The core businesses of the Group are operations of Toto betting comprising Digit and Lotto games; luxury motor retailing in the United Kingdom (“UK”) as well as manufacturing, distribution of computerised wagering and voting systems, and provision of software licences and support in the United States of America (“U.S.A.”).



A STM Lottery draw in progress.

MALAYSIA

STM Lottery, the principal operating subsidiary of SPToto, has approximately 680 outlets nationwide offering 8 different games. Lottery draws are conducted three (3) days a week on every Wednesday, Saturday and Sunday. The Digit games are Toto 4D, Toto 4D Jackpot, Toto 4D Zodiac, Toto 5D, and Toto 6D while the Lotto games are Star Toto 6/50, Power Toto 6/55 and Supreme Toto 6/58.

For the financial year ended 30 June 2022, STM Lottery recorded revenue of RM2.14 billion with 138 draws conducted, a decrease of 5.3% as compared to revenue of RM2.26 billion in the previous financial year with 157 draws conducted. The lower revenue in the financial year under review was mainly attributable to the imposition of the third Movement Control Order (“MCO 3.0”) from 1 June 2021 in the last financial year until 13 September 2021 in the current financial year under review.

Throughout MCO 3.0, STM Lottery was affected by the full business closure nationwide as the Number Forecast Operator (“NFO”) business was categorised as a non-essential business segment resulting in the cancellation of 37 draws in the current financial year under review. The NFO industry regained its traction at a slower pace as illegal NFOs continued to operate during the MCO period.

Notwithstanding the number of cancelled draws, the average sales per draw improved by 7.7% as compared to the previous financial year. There has been an increase in customer footfall and business volume following the gradual reopening of business sectors from September 2021 onwards.

Amongst our Jackpot games, the Supreme Toto 6/58 Jackpot game snowballed to a record-breaking RM97.8 million, while the Toto 4D Jackpot Digit game also rewarded a winner with RM18.8 million prize money.

Profit before tax for the financial year under review was RM227.8 million as compared to RM271.1 million in the previous financial year, a decrease of 16.0%. This was mainly due to the lower revenue recorded coupled with higher prize payout in the financial year under review.

STM Lottery will remain vigilant on the macroeconomic challenges, supply chain disruptions and rising global inflation which may spur headwinds to the Malaysian economic recovery. The management will continue to innovate and change towards achieving business growth and driving sustainability. STM Lottery is cautiously optimistic that its business will remain steadfast and resilient as it had during past economic crises and turbulent periods. STM Lottery is confident on its fundamentals to maintain its market share in the NFO business and accelerate profitability for its stakeholders in the upcoming financial year 2023.

THE UNITED KINGDOM

In the UK, H.R. Owen, a subsidiary of Berjaya Philippines Inc. (“BPI”), is a luxury motor retailer for prestige and specialist cars and aftersales service.

H.R. Owen has 17 showrooms and 17 service centres for Rolls-Royce, Ferrari, Bugatti, Lamborghini, Maserati, Aston Martin, Bentley, Rimac Automobili, Czinger, BAC, and Radford. H.R. Owen has also embarked on developing a state-of-the-art multi-marque showroom at Hatfield.

MANAGEMENT DISCUSSION & ANALYSIS



Artist impression of H.R. Owen flagship multi-marque showroom at Hatfield.

For the financial year ended 30 June 2022, H.R. Owen recorded revenue of £536.2 million with a total of 1,244 new prestige cars and 1,892 pre-owned cars sold, as compared to revenue of £448.5 million with 1,150 new prestige cars and 1,621 pre-owned cars sold in the previous financial year. The 19.6% increase in revenue was mainly attributed to the higher sales generated from both new and used car sectors as well as gradual supply volume recovery post COVID-19 pandemic lockdown.

H.R. Owen registered profit before tax of £15.6 million in the financial year under review as compared to profit before tax of £13.7 million in the previous financial year ended 30 June 2021. The increase was due to the higher revenue and stronger margins from the used car sector as a result of the earlier supply chain disruption in the new car sector.

H.R. Owen remains optimistic about its prospects in the medium to longer term with strong new vehicle order book due to the unique position of its operations and extensive relationships with the multi-marques it represents. The company will continuously monitor its operations and resources to adapt to global changes brought about by rising inflation and interest rates.

THE UNITED STATES OF AMERICA

In the U.S.A., 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 U.S.A.

ILTS continued to be impacted by the COVID-19 pandemic intermittently leading to supply chain constraints, parts shortages and inflationary cost pressures. This posed challenges to ILTS in meeting delivery schedules, project margins, and flexing for new projects. Amidst these, ILTS was able to secure a new contract in the Philippines for its nationwide lottery project and delivered additional lottery terminals and new games for an existing project in Vietnam.

For its voting business segment, Unisyn continued to make notable progress with additional sales through its authorised sales representatives and its own direct sales efforts to

counties in many states in the U.S.A. Unisyn had also developed numerous enhancements and upgrades to its OpenElect® digital optical scan election systems. More than 14,000 of its OpenElect® voting systems and products are presently installed and used in the elections of more than 250 counties in the United States throughout the states of Arizona, Illinois, Indiana, Iowa, Kansas, Missouri, Ohio, Pennsylvania, Tennessee, Utah and Virginia.

ILTS will continue its research and development for new gaming 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 capitalise on its existing business relationships.

SPTOTO AS A GROUP

Liquidity and Financial Resources

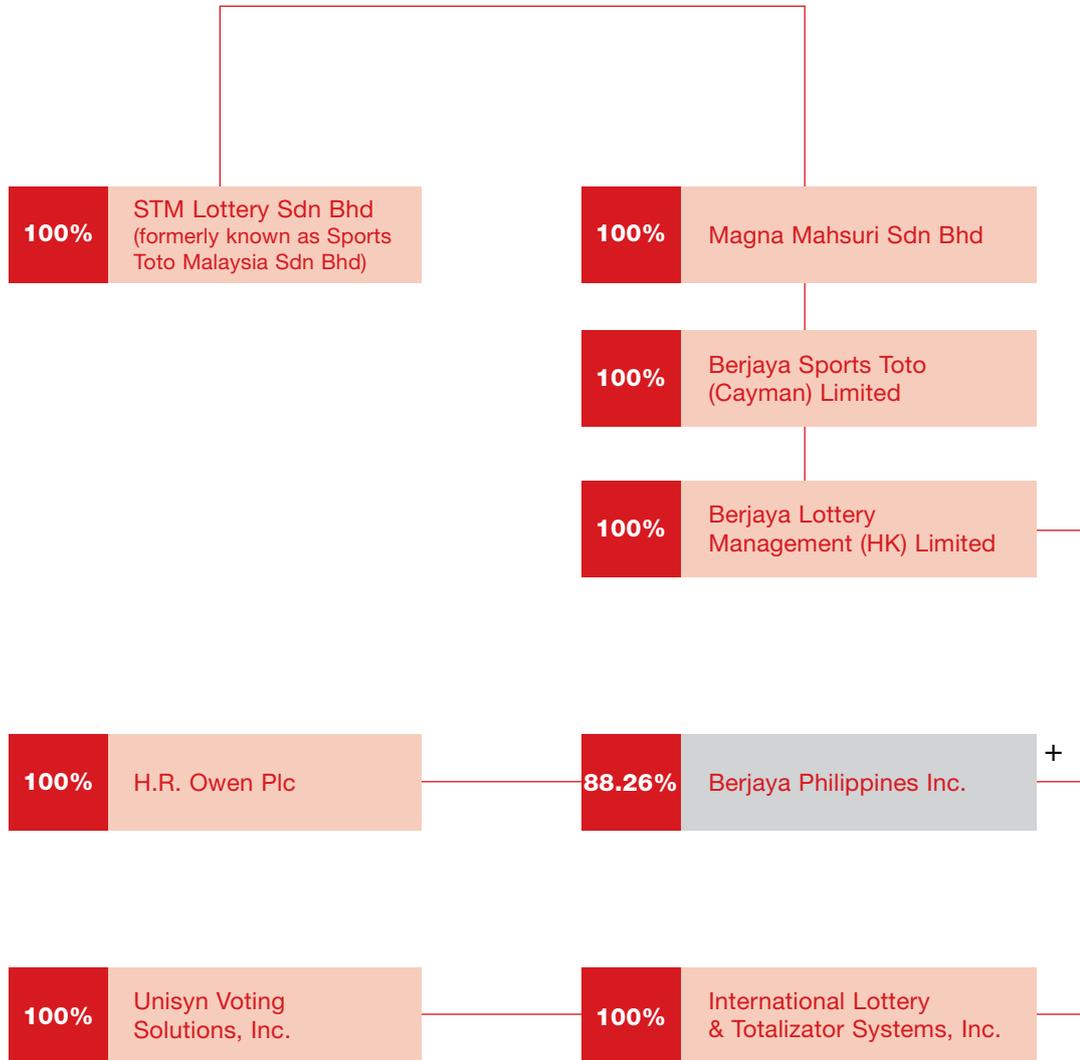
The Group retained cash and cash equivalents of RM556.9 million as at 30 June 2022 (2021: RM363.6 million) with a current ratio of 1.44 times in the financial year under review (2021: 1.0 time). The increase in current ratio was mainly attributed to higher current assets as at 30 June 2022, which included higher cash and cash equivalents, inventories and also trade receivables as businesses of subsidiaries resumed full operations in stages in the financial year under review while business operations in the last financial year ended 30 June 2021 were disrupted due to multiple phases of lockdown and restrictive measures imposed by the Governments in response to the COVID-19 pandemic. Furthermore, the lower current liabilities as at 30 June 2022 were resulted from the reclassification of certain Medium-Term Notes to long term borrowings in accordance with the maturity dates.

SPToto's total indebtedness as at 30 June 2022 was higher at RM1.24 billion (2021: RM1.06 billion) with drawdown of additional borrowings mainly for operation capital expenditures incurred during the financial year under review. The higher vehicle stocking loans in line with the higher inventories level as at 30 June 2022 have raised the total indebtedness for the financial year under review as well. The Group's gearing ratio in the current financial period under review was 1.29 times while it was at 1.21 times in the previous financial year.

CORPORATE STRUCTURE

of main subsidiary companies as at 4 October 2022

SPORTS TOTO BERHAD (formerly known as Berjaya Sports Toto Berhad)



■ Listed Company

+ Combined Interest

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) (“SPToto”) was incorporated 53 years ago and is principally engaged in operating Toto betting, luxury motor retailing and aftersales services, manufacturing and distributing computerised wagering and voting systems, and providing software licenses and support.

As a trusted entertainment provider, SPToto endeavours to promote responsible gaming and strives to become a positive contributor to society.

As a Berjaya Group entity, SPToto has a heightened responsibility and unique potential to advance the gaming industry and strive to benefit the society. Implementing a series of best practices drives transparency and sustainability across the business. This sustainability statement is the next step towards a new standard for transparency.

Reporting Scope and Boundary

This sustainability statement covers the operations of:

- SPToto’s principal subsidiary in Malaysia i.e. STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) (“STM Lottery”); and
- SPToto’s business operations in the Philippines and the United Kingdom (“UK”).

There are no changes in the reporting scope compared to the previous Financial Year. We continue to focus on the operations of SPToto’s principal subsidiary in Malaysia, STM Lottery, of which the Group has significant operational control. SPToto has omitted business operations in the United States as they were not substantial during the financial year under review and did not foresee significant Economic, Environmental, Social and Governance (“EESG”) impacts.

Reporting Cycle

Annually

Reporting Period

1 July 2021 to 30 June 2022 (“FY2022”)

Reporting Guidelines and Principles

Principle Guideline: Global Reporting Initiative (“GRI”) Standards: Core Option

Additional Guidelines:

- Bursa Malaysia’s Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia ESG Index
- United Nations Sustainable Development Goals (“UNSDGs”)

Reporting Approach

This sustainability statement summarises the sustainability performance of all strategic businesses. When defining the content, SPToto has:

- Applied the GRI reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness.
- Considered accuracy, balance, clarity, comparability, reliability and timeliness.

This statement focuses on material issues and activities in line with stakeholder concerns and relevance, following the extensive materiality assessment conducted in the second and third quarters of FY2022 and continuous stakeholder dialogue. This assessment helped the Board realign the Group’s sustainability strategy while ensuring the transparent coverage of critical topics. The Group strives for accuracy, timeliness, clarity and reliability in communication.

Reliability of Information Disclosed

The accuracy of the statement’s content has been:

- Reviewed by the Sustainability Committee; and
- Approved by the Board of Directors.

Feedback

SPToto is fully committed to listening to stakeholders and welcomes feedback on its sustainability reporting and performance. Please send comments or questions through the ‘Contact Us’ section of the corporate website (<https://www.berjaya.com/berjaya-sports-toto>).

SUSTAINABILITY AS A CORE THEME

Creating value for stakeholders, including society, employees and shareholders, is key to long-term resilience and sustainable business growth. Adopting a robust governance structure has helped integrate sustainability throughout the entire Group.

A responsible and sustainable business is a successful business, and this philosophy also applies to our industry. We always strive to set best practices for responsible gaming to maintain our integrity and contribute to local communities.

We create shared stakeholder value by delivering sustainable growth and shared value for customers, shareholders, employees and local communities. Focusing on driving a sustainable business ensures that we keep our legal and social licence to operate and maintain our customers' trust. Healthy, long-lasting customer relationships and positively contributing to our surroundings offer a clear competitive advantage. By improving this advantage and acting responsibly today, SPToto safeguards the ability to deliver value to stakeholders tomorrow.

SPToto's Sustainability Focus Areas



ECONOMIC SUSTAINABILITY

- Creating long-term shareholder value and added benefit for all stakeholders.

ENVIRONMENTAL SUSTAINABILITY

- Striving to reduce the Group's environmental footprint by improving resource efficiency and supporting conservation efforts.





SOCIAL SUSTAINABILITY

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

GOVERNANCE SUSTAINABILITY

- Ensuring healthy business practices comply with approved policies, standard operating procedures, Malaysian law and other legislation and local and international standards of corporate behaviour.
- Promoting fair engagement, accountability and access to justice, internally and externally.



Solutions-oriented Sustainability

The sustainability challenges the world faces today call for concerted and immediate action. In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, including 17 UNSDGs. Despite recognising that all 17 goals are equally important, we prioritise those that can create the most impact.

Goals	Goals Rationale as Defined by the United Nations	What We Do
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> • Foodbank project with Kechara Soup Kitchen • Festive donations to the poor and underprivileged
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Fully vaccinated staff and promotion of booster uptake • Promote healthy lifestyle changes, such as a company subsidised gym service and daily fruit provision
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Balanced female and male representation
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Tree planting campaign • Recycling campaign
	Protect, restore and promote the sustainable use of terrestrial ecosystems and sustainably managed forests, combat desertification, halt and reverse land degradation, and prevent biodiversity loss	<ul style="list-style-type: none"> • Tree planting campaign

In executing these goals, we are governed by:

- Integrating sustainable values and principles within the value chain of business operations.
- Effectively engaging stakeholders during the implementation of sustainability initiatives.
- Regularly reviewing and assessing all sustainability practices and aligning them with the Group's business objectives.

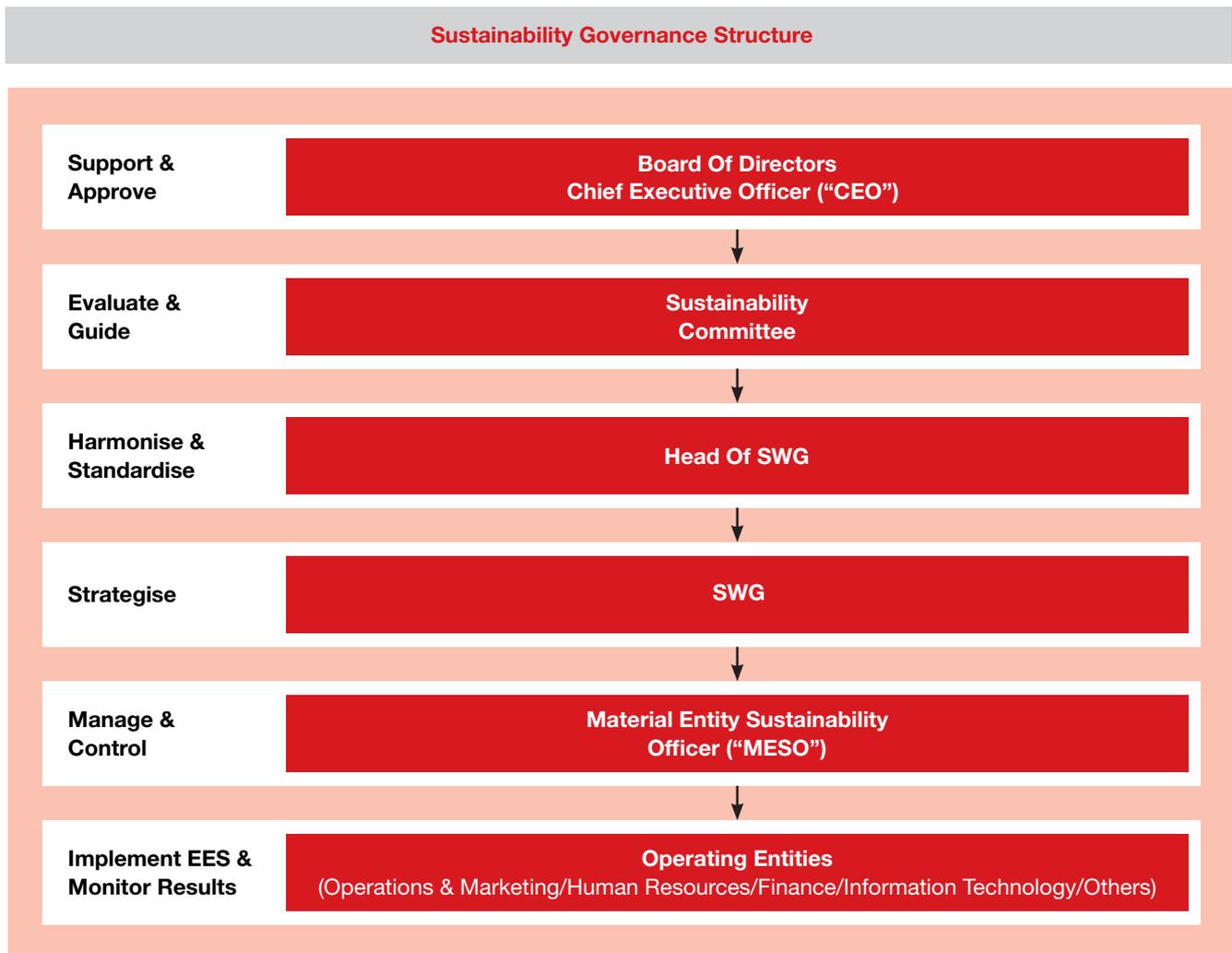


SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The Board of Directors is responsible for overall sustainability at SPToto and considering EESG matters in developing the Group’s strategy. The Sustainability Committee is an internal body for informative and advisory purposes created by the Board. While it has no executive functions, it has the power to provide information, advise and propose within its scope of action.

SPToto also established a Sustainability Working Group (“SWG”), comprising representatives from key functional areas responsible for planning and implementing sustainability practices and policy. Every operating entity head is responsible for formulating an internal control system to monitor the performance of its sustainability measures. The Board and management are committed to continually refining and improving these processes.



OUR STAKEHOLDER UNIVERSES

We cannot achieve our aspirations alone; our management approach aligns our corporate activities with societal needs. We focus on gathering feedback from stakeholders and building relationships of trust, reflecting this input in our operations. Paying particular attention to society's views, we identify opportunities and risks from the beginning and provide various options for dialogue with stakeholders. This interaction takes place throughout the year. We have introduced structures to share feedback throughout SPToto.

Stakeholder Groups	Areas of Interest	Methods of Engagement
Government and regulators 	<ul style="list-style-type: none"> • Compliance • Impact from operations • Contributions to industry advancement and nation-building 	<ul style="list-style-type: none"> • Reports and compliance • Period meetings • Regular communication • Materiality survey
Customers 	<ul style="list-style-type: none"> • Data privacy • Results announcement • Transparent processes 	<ul style="list-style-type: none"> • Customer satisfaction surveys • Regular outlet visits • Corporate website • Social media • Materiality survey
Employees 	<ul style="list-style-type: none"> • Equal opportunities • Diversity • Career progression • Benefits and rewards 	<ul style="list-style-type: none"> • Berjaya intranet • Internal communications such as a biannual newsletter • Townhall meetings • Events and functions • Employee grievance system • Materiality survey
Suppliers 	<ul style="list-style-type: none"> • Fair procurement • Efficient supply chain management 	<ul style="list-style-type: none"> • Service delivery feedback • Collaboration, training and events • Meetings and discussions • Materiality survey
Communities and non-governmental organisations 	<ul style="list-style-type: none"> • Social and economic development • Local community development • Long-term engagement 	<ul style="list-style-type: none"> • Community collaboration and consultation • Philanthropic activities • Volunteerism programmes • Events and roadshows • Materiality survey
Media 	<ul style="list-style-type: none"> • Sustainability matters • Company's performance • Compliance • News releases, updates and projections 	<ul style="list-style-type: none"> • Media releases • Regular updates • Events and roadshows • Materiality survey
Investors and stock analysts 	<ul style="list-style-type: none"> • Business performance • Risk management • Updates and projection 	<ul style="list-style-type: none"> • Results announcement meetings • Annual general meetings • Regular updates and communication • Investor roadshows • Corporate website • Briefings and updates • Materiality survey

MATERIALITY: PRIORITISING WHAT MATTERS THE MOST

SPToto identifies the EESG impact that greatly influences stakeholder assessment and decisions. Aspects that are material to SPToto's operating environment, business context and stakeholders provide the basis for selecting indicators for performance measurements.

We commissioned an external consultant to conduct a comprehensive study throughout the second and third quarters of FY2022. Employing the services of an impartial, external party secured the respondents' anonymity. The survey asked stakeholder representatives to rate the importance they placed on 16 areas of sustainability.

SUSTAINABILITY STATEMENT

Stakeholder Groups Participating in the Survey



Sustainability Topic	Description	Related UNSDGs
Economic		
Corporate governance	Manage business strategy, risk assessments and sustainability processes to build financial integrity and deliver superior performance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
Economic performance	Generate sustainable financial and economic returns and create value for stakeholders to ensure business sustainability	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Sustainable supply chain	Encourage local and sustainable procurement	8 DECENT WORK AND ECONOMIC GROWTH
Regulatory compliance	<ul style="list-style-type: none"> Comply with legal (e.g. anti-corruption and anti-competition regulations) and other core operational regulations (e.g. environment, labour, and safety and health) Manage suppliers and service providers for responsible business conduct in social and environmental areas 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Environment		
Energy management and climate change	Efficient use of energy to minimise carbon emissions	7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Resource management	Efficient use of materials such as paper and water	6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER
Waste management	Proper disposal of waste according to the requirements set by the authorities	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 14 LIFE BELOW WATER
Social		
Employee wellness, engagement and satisfaction	Attract and retain employees by creating a great place to work by providing welfare and a healthy lifestyle, and regular engagement with employees	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Occupational safety and health	Maintain an injury-free working environment for all employees by following systematic approaches to injury prevention and eliminating workplace health and safety risks	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Talent management	Provide training and education to expand employees' knowledge base for career development and improve customer service	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Upholding employees' rights	<ul style="list-style-type: none"> Promote diversity in the workplace Fair and non-discriminatory treatment of all employees Fair pay and comprehensive employee benefits Eliminate excessive working hours Zero tolerance for child, forced or compulsory labour 	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES

Sustainability Topic	Description	Related UNSDGs
Social		
Excellent customer service	<ul style="list-style-type: none"> Regular staff training to enhance customer service levels Continually assess and respond to customers' needs to enhance satisfaction 	
Responsible marketing and advertising	Approaching all marketing and promotional materials responsibly	 
Cyber security and data privacy	Protect the Group's information (including confidential business data and employee information) and customers' data privacy	
Responsible gaming	<ul style="list-style-type: none"> Initiatives to protect vulnerable groups from the adverse impact of gambling Advocate responsible gaming experience to prevent problem gaming among our customers 	  
Community investment	Enrich lives in the communities where the Company operates through various corporate social responsibility ("CSR") activities, philanthropy activities, voluntary works, charitable giving and nation-building	     

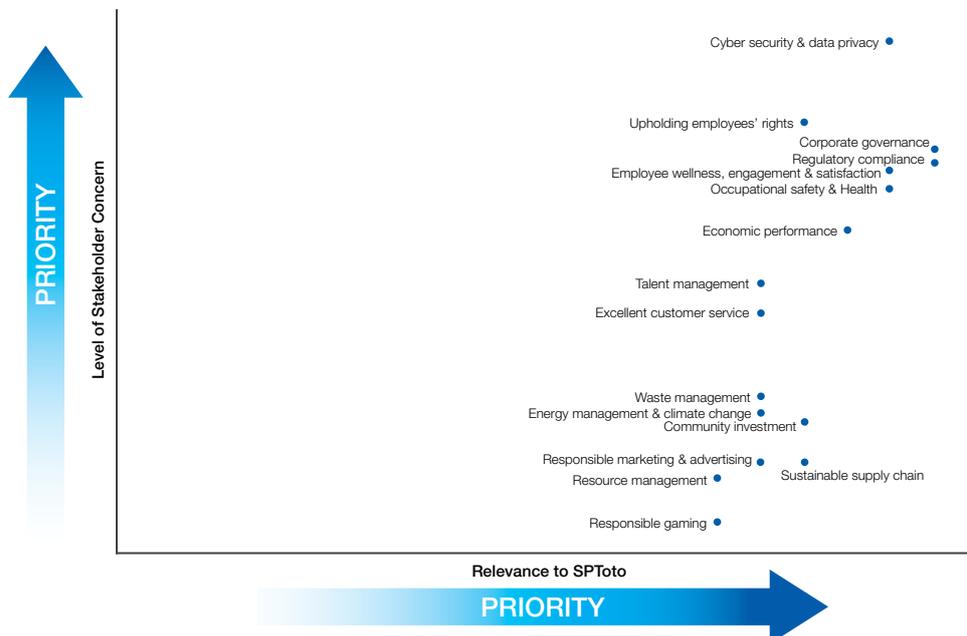
The respondents indicated the importance of each criterion from very unimportant (1) to very important (5). The survey's sample size of 334 complete stakeholder responses was sufficiently large to represent stakeholders' opinions accurately.

As the different stakeholder groups were not represented equally in the survey, we calculated a separate average score for each of the 16 areas within each group before obtaining an average of all.

88% of the Board members completed a similar survey whose responses represented SPToto.

The Sustainability Committee and Senior executives across all business divisions reviewed the process and results of the materiality matrix, which the SPToto Board of Directors then endorsed.

SPToto used the analysis results to develop a materiality matrix, as presented below.



SUSTAINABILITY STATEMENT

ECONOMIC

While we detail value creation in the financial report, the economic dimension of this sustainability statement concerns SPToto's impacts on the economic conditions of its stakeholders and economic systems at local, national and global levels.

SPToto continues to analyse the generation and distribution of added value, to consistently meet stakeholders' expectations while creating value for all other stakeholders.

For more information on the Group's financial performance, please refer to the Group Financial Summary and Highlights on pages 13 and 14 of the SPToto Annual Report 2022.

COMING BACK STRONGER

As the COVID-19 pandemic dominated the last two financial years, STM Lottery's business was intermittently interrupted. With ongoing booster vaccinations, business operations quickly normalised. SPToto remains optimistic about the resilient nature of the numbers forecast operator ("NFO") business, as noted in the past economic crises and turbulent periods.

COLLABORATION IN GROWING THE INDUSTRY

As Malaysia's largest Digit games and sole Lotto operator, we continue to play our role in contributing our expertise in advancing the nation and the industry through memberships in various industry associations. STM Lottery is an active member of the World Lottery Association ("WLA") and the Asia Pacific Lottery Association ("APLA"). Through these memberships, we work with each other in providing responsible and entertaining gaming products for our players. The WLA is an international, member-based organisation of state-authorized lotteries, sports betting operators and suppliers to the global lottery industry. With this membership, we support the two internationally recognised standards for the lottery industry: the WLA Security Control Standard ("WLA-SCS") and the WLA Responsible Gaming Framework ("WLA-RGF").

In the Philippines, the Perdana Hotel Philippines Inc. ("PHPI"), a subsidiary of Berjaya Philipines Inc. ("BPI"), is an active member of the Association of Purchasing Managers of Hotels & Restaurants of the Philippines ("APMHRP"). We are committed to promoting responsible, relevant and effective purchasing practices and ethics with other members.

BECOMING THE WORLD'S LUXURY GROWTH ENGINE

Luxury-vehicle brands stand apart. In addition to traditional comfort, convenience, entertainment and safety features,

luxury cars bristle with advanced connectivity elements, autonomous-driving options and the latest technologies. H.R. Owen Plc ("H.R. Owen") represents prestigious brands such as Aston Martin, Bentley, Bugatti, Maserati, Rolls-Royce, Ferrari, Lamborghini, Rimac Automobili, Czinger, BAC and Radford in London. H.R. Owen is amongst the first in the world to unveil new state-of-the-art technologies and designs.

Achievements and Recognitions Received during the financial year under review

- Bentley Hatfield branch has won the Bentley Retailer of the year award.
- Rolls-Royce London branch has won the Global Dealer of the year award.
- H.R.Owen becomes the first international car retail partner of US-based hypercar manufacturer Czinger Vehicles.



Bentley Hatfield Branch's Bentley Retailer of the year award.

WORKING WITH SUPPLIERS

SPToto works with multiple partners, purchasing many different goods and services. We are responsible for extending our influence throughout the value chain to improve the standards of our business partners and suppliers.

Supplier diversity is key to the Group's business strategy. We build long-term relationships with our suppliers and apply a standard procurement policy and supplier selection methods that communicate our expected health and safety, business ethics and environmental standards. Demanding our high standards from suppliers quickens progress and contributes to a more sustainable economy. We strive to build open, long-term relationships with all strategic partners and suppliers.

Independent accredited agencies and relevant authorities conduct regular audits to certify that our key processes are accurate, reliable and transparent. There have been no significant non-compliance issues concerning supplier conduct during this reporting year.

Local Sourcing and Employment

SPToto prioritises the purchase of local goods and services. We provide local suppliers and contractors with an opportunity to participate in projects and operating requirements through a competitive bidding process. The Group seeks opportunities for developing local suppliers and promoting local hiring to meet business needs.

The table below presents the percentage of local suppliers engaged during financial year under review.

	Consumable Materials	System Software	Equipment	Services
STM Lottery	98%	90%	80%	97%
H.R. Owen	-	95%	80%	100%
BPI	100%	-	100%	100%

However, certain operations require niche offerings, and SPToto seeks foreign suppliers to provide this expertise. For example, International Lottery & Totalizator Systems, Inc. (“ILTS”) specially designed our customised lottery system, unique to SPToto.

Sustainable Supply Chain

Sustainability is a collective effort; we consider suppliers critical partners, contributing to ongoing, sustainable business success. We assess suppliers’ sustainability performance and conventional selection criteria such as price, reputation, logistics and quality.

Environmental Supply Chain

SPToto is committed to its supplier sourcing assessment processes, including social and environmental elements such as energy use, greenhouse gas (“GHG”) emissions and other climate change impact measurements, water use, biodiversity impacts, pollution, waste reduction, resource use and other environmental issues.

We integrate environmental policies into the supply chain and communicate our expectations of major suppliers through regular communication and training relevant supplier staff. SPToto communicates our expectations of major suppliers and dealers through its normal engagement channels, such as emails and meetings.

Social Supply Chain

SPToto concretised its supply chain policy into its purchasing policy and supplier contracts. SPToto ensures that its major supply chain partners adhere to all social standards stipulated by the local labour law. SPToto also maintains good practices and policies including:

- for preventing child labour; all suppliers must adhere to the local labour law on the minimum legal working age.
- for preventing forced labour.
- for providing equal opportunities and non-discrimination.
- for promoting freedom of association according to local laws where everyone has the right to belong to any organisation of their choice.
- for supporting the right to collective bargaining and forming a union according to local law.
- for eliminating excessive working hours by offering fair overtime pay and limiting working hours.
- for meeting or exceeding minimum wage.
- a health and safety policy, code and standards on the provision of a safe and healthy workplace, complying with local laws.



SUSTAINABILITY STATEMENT

SPToto encourages major suppliers to inform workers of their social obligations in a language they can understand. SPToto communicates the social conduct expected from major suppliers through its purchasing policy, supplier contract, training and capacity building. We also work closely with our suppliers by sharing best practices to improve social performance.

SPToto engages with its major suppliers in building capacity in areas that include social issues. The Group also shares other industry players' best practices for their development through these engagement sessions. During regular meet-ups with suppliers, all parties support each other by sharing best practices.

ETHICS AND INTEGRITY

Integrity is a fundamental business philosophy deeply rooted in the corporate culture. All Board members and employees have accepted SPToto's integrity and delivery of the anti-corruption policy. They have also completed anti-corruption education and training.

Anti-Bribery and Corruption

SPToto adopts a zero-tolerance approach against all forms of bribery, fraud and corruption, including money laundering, in its daily operations. The Group takes a strong stance against any such acts. We are committed to conducting ethical business in compliance with all applicable anti-bribery, anti-fraud and anti-corruption laws and regulations in every country where companies are based.

The Board of Directors oversees our compliance with anti-corruption, including bribery policies and compliance. Every employee is responsible for preventing and reporting instances of corruption, bribery, suspicious activity or wrongdoing that may lead to bribery using our whistleblowing channels.

STM Lottery's draw proceedings are the most critical areas scrutinised to prevent any form of fraud or mishandling. Adhering to the Lottery Draw Management guidelines and control advocated by the WLA has further strengthened draw management, operations and conduct.

The draw process is consistent with the industry-standard operating procedures ("SOPs") involving strict controls. All these SOPs are subject to internal audit and review.



STM Lottery's SOPs are reviewed regularly and updated with its internal and WLA-certified auditors to improve processes and internal controls. An annual review and audit at the outlets ensure compliance with the procedures. We identify and take remedial action to safeguard the Company's reputation, integrity and assets.

The Board of Directors is primarily responsible for establishing the anti-bribery and anti-corruption programme and its effectiveness. Our commitment complies with Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

Anti-corruption and anti-bribery are extremely important; we communicate this position to all employees. Employees receive a copy of the Employee Handbook upon joining the Group. Each must sign the acknowledgement form and return it to the Human Resource Department. We remind employees of SPToto's firm opposition to corruption during regular engagement sessions and training programmes. Training for staff on the anti-corruption policy covers all elements of corruption, including bribery. Every employee is responsible for preventing and reporting instances of corruption, bribery, suspicious activity or wrongdoing that may lead to bribery by using our whistleblowing channels. This confidential and anonymous reporting mechanism covers all elements of anti-corruption and bribery. Employees involved in bribery are subject to disciplinary proceedings, including demotion, suspension, dismissal or legal actions. Heads of departments and sections must ensure that all employees adhere to the Anti-Bribery and Corruption Policy.



A keen understanding of corruption risk exposure is the foundation of an effective anti-corruption compliance programme. Corruption risks, including bribery, are essential elements in SPToto's risk register. This keen understanding helps the Company design effective mitigation strategies and strategically deploy resources to combat potential bribery, corruption and fraud, especially for high-risk operations. SPToto conducts corruption risk assessments for intermediaries, including contractors and agents. We communicate our anti-corruption policy to these intermediaries. The risk assessment aims to identify, assess, measure, and rank critical corruption and bribery risk areas with high potential or likely influence over operations and all levels of management.

We communicate our stand on anti-corruption and bribery to all employees through our code of conduct, BERJAYA's T.R.U.S.T. Concept and whistleblowing policy. All staff are made aware and comprehensively trained on the Company's anti-corruption ethos.

SPToto reflects all business dealings transparently and accurately in its business books and records. The Group implemented monitoring and enforcement procedures to ensure compliance with anti-corruption laws in its operating countries. In 2022, STM Lottery began asking suppliers to sign the anti-corruption acknowledgement voluntarily.

We issue a notice to our suppliers and vendors to apply T.R.U.S.T. Concept and Acknowledgment of Anti-Bribery and Anti-Corruption Laws in the Integrity Declaration Form.

Whistleblowing

SPToto's whistleblowing policy applies to all employees and external parties with business relationships. Individuals raising concerns or reporting non-compliance or any unethical act, including corruption and bribery, in good faith are:

- Protected from any forms of retaliation; and
- Treated with the utmost confidentiality.

Whistleblowers can directly report to the head of division, who assesses each before making recommendations to the Chief Executive Officer ("CEO"). SPToto has trained its senior officers to handle these reports such as bullying, harassment, bribery, financial irregularities and other offences.

Alternatively, whistleblowers can submit their reports directly to our senior independent director or CEO via email or letter. If the report implicates the CEO in any wrongdoing, the whistleblower should address it to another director who will refer it to the Board.

We take all reasonable steps to protect the confidentiality and identity of the whistleblower unless otherwise required by law. For more information, please refer to our Whistleblowing Policy and Procedures at <https://berjaya.com/sports-toto-berhad/assets/pdf/whistleblowing-policy-procedures-200904.pdf>.

ENVIRONMENTAL

SPToto aims to improve the quality of human life without putting unnecessary strain on the Earth's supporting ecosystems. Although our environmental footprint is not high, we do all we can to protect the planet by minimising our energy consumption, GHG emissions, waste and water usage through various related initiatives and programmes.

MATERIALS MANAGEMENT

Thermal Ticket Roll ("TTR") is one of the business's primary materials. SPToto places great importance on sourcing and selecting the highest quality and sustainable TTR. Currently, we use one of the highest-grade fully recyclable materials made from renewable fibre by International Paper Mills. These thermal papers are distributed and monitored through a computerised Ticket Roll & Inventory Tracking System to ensure efficiency and productivity in usage. Bet slips at the sales outlets use recycled paper.

Our thermal paper supplier is certified with ISO 9001 and ISO 13485 for direct thermal and thermal transfer products manufactured in Southeast Asia.

Encouraging punters to purchase advance draws with the same numbers minimises receipt printing. Reducing the ticket size has also minimised paper wastage.

Ongoing paper-reduction practices at our offices include dual-side printing, 'save paper' reminders and placing Reduce, Reuse, Recycle ("3R") corners around the office. Across our operations in Malaysia and overseas, we are moving towards a paperless office by utilising office systems such as cloud storage and electronic document management systems.

ENERGY MANAGEMENT

The Company addresses sustainable energy through energy conservation measures, including energy reduction and efficiency. SPToto is committed to managing energy use and improving efficiency.

As operations continue to grow, we are committed to promoting sound GHG reduction practices and environmental awareness in our operations.



SUSTAINABILITY STATEMENT

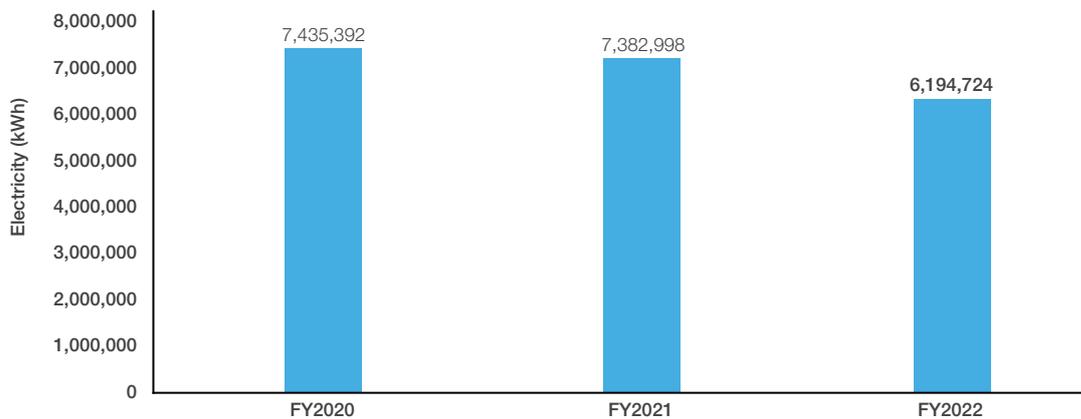
All offices have switched to LED lighting to offer a comparable or better light quality that consumes less energy than other types of lighting.

All rooms and common areas at PHPI also use LED light bulbs. LED televisions have replaced conventional sets in rooms. All BPI food and beverage (“F&B”) outlets conserve energy by maintaining clean, air-tight refrigerator door seals, using air curtains at its stores, favouring natural light and only operating certain lights during the graveyard shift. BPI’s Distribution Arm also installed 270 solar panels, with a total capacity of 99.9kWh, which have reduced our grid energy requirements significantly.

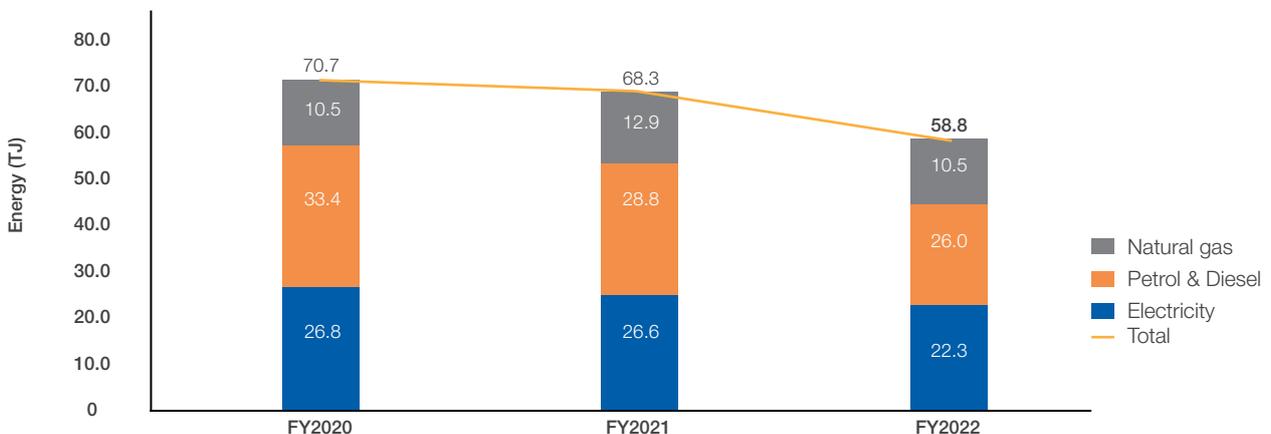
Targeting user behaviour can also achieve sustained energy savings and promote sustainable consumption. Displaying notices around our offices reminds everyone to contribute to energy conservation. We also monitor our energy profile to detect usage abnormalities and rectify them quickly.

SPToto ensures compliance with various local environmental regulations where it operates. The UK Government’s Energy Savings Opportunity Scheme (“ESOS”) requires H.R. Owen to fulfil environmental obligations by measuring its total energy consumption, conducting energy audits and investing in energy-saving fit-outs to refurbish its existing and new sites. This year, H.R. Owen conducted an ESOS audit. ESOS identified energy reduction opportunities, including reducing transport fuel consumption by an estimated 6.5% and average building utility consumption by 11.6%. The recommended measures to achieve these savings have an estimated investment cost of £143,500 with a payback period of two years.

Group Electricity Consumption (100% of Operations)



Group Energy Mix



CLIMATE CHANGE MANAGEMENT

SPToto is committed to operating in a way that protects people, the environment and local communities. Mitigating climate change risks is a significant part of this commitment. We recognise climate change’s devastating effects and associated short-term and long-term business risks. SPToto’s strong commitment to addressing this issue includes avoiding climate change’s impact by improving operations’ efficiency. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

We are committed to addressing the issue of climate change and improving efficiency through adaptation by adopting new and green technology and implementing fuel efficiency measures.

All SPToto operating entities were affected by the pandemic and a series of movement restrictions which had contributed to a lower energy consumption and GHG emission during the year under review.

Consolidation method in calculating the carbon footprint	Operational																	
Organisational boundary in calculating carbon footprint	Accounts for 100% GHG emissions where SPToto has the authority to implement operational policies																	
Scope 1 Coverage: 100% of operations	<p>Petrol and diesel are used to power company-owned vehicles. Small amounts of diesel are also used to test SPToto’s generators. H.R. Owen also consumes significant amounts of natural gas. CO₂ emissions from fuel consumption were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories. The emissions from natural gas were calculated using the UK Government GHG Conversion Factors for Company Reporting.</p>	<table border="1"> <caption>Scope 1 CO₂ Emissions (tonnes)</caption> <thead> <tr> <th>Year</th> <th>Natural gas</th> <th>Petrol & Diesel</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FY2020</td> <td>594</td> <td>2,269</td> <td>2,863</td> </tr> <tr> <td>FY2021</td> <td>658</td> <td>1,904</td> <td>2,562</td> </tr> <tr> <td>FY2022</td> <td>626</td> <td>1,740</td> <td>2,366</td> </tr> </tbody> </table>	Year	Natural gas	Petrol & Diesel	Total	FY2020	594	2,269	2,863	FY2021	658	1,904	2,562	FY2022	626	1,740	2,366
Year	Natural gas	Petrol & Diesel	Total															
FY2020	594	2,269	2,863															
FY2021	658	1,904	2,562															
FY2022	626	1,740	2,366															
Scope 2 Coverage: 100% of operations	<p>CO₂ emissions from electricity use:</p> <ul style="list-style-type: none"> • In Malaysia, were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid • In the Philippines, were derived using the combined margin emission factor published by the Department of Energy for the Luzon-Visayas Grid 2015-2017. • In the UK, were derived using the UK Government GHG Conversion Factors for Company Reporting. 	<table border="1"> <caption>Scope 2 CO₂ Emissions (tonnes)</caption> <thead> <tr> <th>Year</th> <th>Electricity</th> </tr> </thead> <tbody> <tr> <td>FY2020</td> <td>3,507</td> </tr> <tr> <td>FY2021</td> <td>3,445</td> </tr> <tr> <td>FY2022</td> <td>2,954</td> </tr> </tbody> </table>	Year	Electricity	FY2020	3,507	FY2021	3,445	FY2022	2,954								
Year	Electricity																	
FY2020	3,507																	
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SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

SPToto's operations do not generate a significant volume of waste. Generally, the waste produced in our processes is not hazardous, with paper being the primary waste generated by operations. Following our corporate policies, we sell shredded paper for recycling to paper collectors. Other recyclable types of waste are separated at their source and sent to a recycling centre.

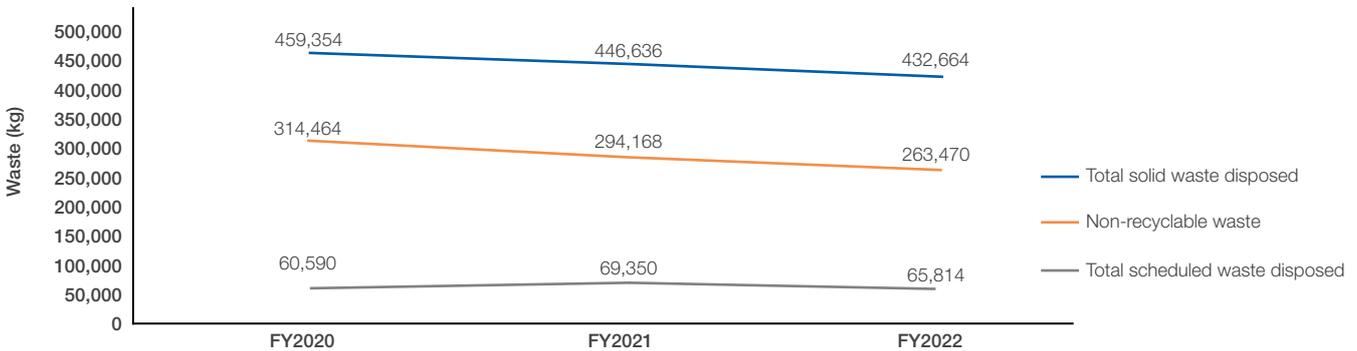
SPToto supports the Berjaya Recycling Programme, launched in September 2020. The Recycle for a Good Cause programme is a Group-wide Berjaya initiative organised in collaboration with Taiwan Buddhist Tzu-Chi Foundation Malaysia to support the "Kita1Keluarga" charity project. We channel all proceeds from the recyclable sales to the "Kita1Keluarga" Programme for Malaysian families affected by the COVID-19 pandemic. SPToto collected 460 kg of recyclable waste in 2020. SPToto collects these theme-based recyclable items quarterly and continues to explore opportunities to host or participate in other waste minimisation programmes.

In 2022, STM Lottery kickstarted a theme-based recycling campaign to encourage the 3R concept among employees. The Company conducted a series of recycling campaigns to collect old clothes, plastic bottles, aluminium cans and cardboard boxes.

At BPI, colour-coded waste disposal bags simplify recycling by separating dry, wet, residual and special wastes. A grease trap minimises wastewater pollution. BPI also banned single-use plastics such as plastic cups, plastic straws and plastic containers, replacing them with paper cups and box containers.

The UK's leading Luxury Motor Group, H.R. Owen, disposes of all hazardous wastes responsibly or recycles them using approved suppliers. Hazardous waste comprises paint, motor oil, batteries, polish, wax and contaminated rags. H.R. Owen has also eliminated single-use plastic bags for its merchandise retail and replaced them with H.R. Owen branded paper bags. We comply with the UK Government's waste disposal regulations.

Group Waste Disposal by Type



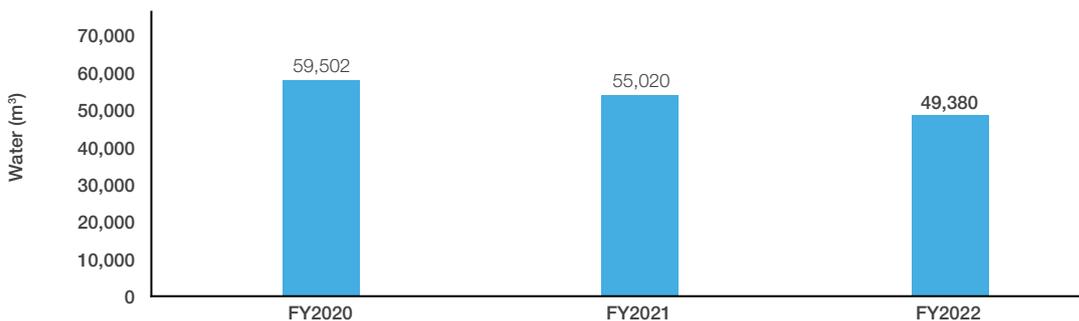
WATER MANAGEMENT

SPToto's water usage is minimal and primarily used in its offices, outlets, washrooms and offices. However, we continue to adopt water efficiency measures throughout the workplace to conserve this precious resource.

We invite employees to contribute to water-saving efforts, encouraging them to raise and discuss their ideas at team meetings.

Water closet tanks were re-levelled from 70 m³ to 60 m³ at PHPI. Pressure Reducing Valves regulate water pressure and water usage, and the hotel maintenance team checks for leaks regularly.

Group Water Consumption (100% of Operations)



SUSTAINABLE MANAGEMENT AND CONSERVATION OF LAND

Tree Planting

Biodiversity loss caused by land degradation and drought severely threaten global sustainable development. Tree planting slows climate change by removing carbon dioxide from the air and releasing oxygen into the atmosphere.

The consumption of thermal paper is inevitable in STM Lottery's business operation. STM Lottery consumed over 200 tonnes of thermal paper in the financial year under review.

STM Lottery has organised its tree-planting campaign to compensate for thermal paper consumption in February and June 2022. The Company collaborated with the Forest Research Institute Malaysia ("FRIM") environmental conservation tree planting programme by planting 40 trees. The tree-planting campaign involved 40 STM Lottery employees, including SPToto CEO cum STM Lottery Executive Director Ms Nerine Tan.



STM Lottery's tree planting campaign.

The tree planting campaign contributed to the 100 Million Tree-planting Campaign 2021-2025, part of the Greening Malaysia programme, which also supports the United Nations' Sustainable Development Goal 15 to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. STM Lottery aims to make the campaign one of its annual corporate social responsibility CSR activities.

SOCIETY

SPToto's community investments focus on stimulating economic growth, including local communities, enriching the culture and offering sustainable entertainment. Closer alignment of the business strategy and community investment produces better outcomes for the company and local communities.

Charitable giving and community engagement are part of SPToto's culture. STM Lottery's Helping Hands Programme is its flagship CSR programme with the tagline "Sharing, Giving and Caring". The Company rolls out various CSR projects through this programme which allows the employees to be involved in our corporate giving exercise that helps the society.

During the financial year under review, SPToto spent a total of RM26.5 million on community investment on which also include contribution to charity, non-governmental and non-profit organisations as well as to the National Sports Council ("NSC").



STM Lottery in collaboration with Kelab Bell Belia Tamil Bukit Beruang in Melaka on the donation and delivering of food items to the underprivileged families in conjunction with Deepavali.

SUSTAINABILITY STATEMENT

Philanthropic Corporate Social Responsibility

STM Lottery's philanthropic social responsibilities actively improve society. A series of festive donations and various CSR programmes were organised to benefit the underprivileged groups are presented below.

Type of Support	Programme Description	Beneficiary
Festive donations	We collaborated with Kelab Bell Belia Tamil Bukit Beruang in Melaka on donating and distributing food items to the underprivileged community in conjunction with Deepavali.	50 families
	We worked with SEMOA to donate and distribute food items to <i>Orang Asli</i> families and Christmas gifts for underprivileged children in Pahang.	1,000 <i>Orang Asli</i> families and 500 children
	Our 35th Annual Chinese New Year Ang Pow Campaign involved giving cash donations ranging from RM2,500 to RM10,000 and shopping vouchers worth between RM1,500 and RM5,000 to each selected home, depending on their occupancy.	123 homes that house more than 4,700 senior citizens
	During the Ramadan fasting month, we treated 50 children from an orphanage to a break-fast buffet dinner and delivered food baskets to 50 low-income families in Selangor.	50 orphans and 50 low-income families
	In conjunction with the Harvest and Gawai Festivals, we donated RM5,000 cash to each of six charitable organisations in East Malaysia.	Six charitable organisations

Food Bank Project with Kechara Soup Kitchen Society ("KSK")

Collaborating with KSK as part of STM Lottery's Helping Hands programme helps relieve some underprivileged families facing financial difficulties.

The prolonged pandemic, which led to a series of lockdowns, caused many to lose their sources of income. Through this collaboration, we contributed RM8,000 a month to buy dry provisions worth RM100 per family for one year. The dry provisions include rice, cooking oil, instant noodles, canned food, biscuits, sugar, disposable masks and soap.

The total donation of RM96,000 in the financial year under review has benefitted 768 families with RM100 food packs across Kuala Lumpur, Selangor, Pahang, Johor and Penang.

Employee volunteerism contributed to the success of this programme. Volunteerism is recognised and embedded in the individual scorecard as part of the Company's structures to facilitate employee engagement. SPToto has a specific target to enable employee engagement by making employees feel part of a community. STM Lottery has made every second Saturday of the month for its employees to participate in the monthly food distribution programmes by KSK to the homeless in Kuala Lumpur. Each trip would involve ten volunteers joining the food distribution for 400 homeless.

Flood Aid

During the flash flood that hit the nation in 2021, STM Lottery granted emergency leave to all employees whose houses were affected by the disaster. We also extended financial aid and flood relief assistance in cash contributions totalling RM30,000 to fifteen employees. We also offered emotional and psychological support to help them to return to normal life.



STM Lottery employees volunteer for the food distribution for the homeless.

We also established an Electrical and Furniture Assistance scheme, in collaboration with Singer (M) Sdn Bhd, a Berjaya subsidiary, to alleviate the employees' financial burdens incurred from their loss in the disaster.

Unity Through Sports

STM Lottery continues to support and nurture sporting excellence in the country through its annual contribution to the NSC. We contributed RM25.3 million to the NSC during the financial year under review.

Addressing the Pandemic Humanitarian Crisis

When the borders reopened as the pandemic situation improved, our hospitality arm, PHPI, played its role as a good corporate citizen in volunteering to be one of the quarantine hotels to help accommodate these workers.

Volunteers from the hotel supported the Department of Tourism's Frontline Service Unit by distributing snacks to travellers waiting for their designated quarantine hotels at the Ninoy Aquino International Airport.

COMMUNITY EDUCATION AND AWARENESS

Illegal gambling is a significant social ill affecting all walks of life today. In addressing this issue, SPToto works hand in hand with the Royal Malaysia Police on a gaming specialist course (Kursus Pakar Judi) to enhance the police officers' knowledge of illegal gambling with its negative consequences and collaborate on curbing illegal gaming. The participants were familiarised with our product games and observed a live draw to understand legalised NFO draws' integrity. We also covered current statutes and regulations and the impact of illegal NFOs on the country.

OUR PEOPLE

SPToto values the contributions of more than 1,000 employees make to the Company. In FY2022, we continued to make SPToto an excellent workplace for all employees through quality leadership, learning, engagement, diversity, equality and inclusion.

We communicate the Group's policy on labour standards to all employees. Periodically, SPToto participates in workshops or industry/topic-specific collaboration projects that provide industry solutions to improve labour standards in our operating countries. As part of our due diligence, we regularly review the labour standards of existing and new business and supply chain partners as part of due diligence. We familiarise our employees with our Code of Conduct from time to time. There were no instances of non-compliance with labour standards during this reporting period.

SPToto bases its salary and remuneration packages on the principles of fairness and reasonableness. We also recognise equal pay for equal work, in compliance with local laws. Regular peer benefit benchmarking ensures that all basic salaries and remuneration packages exceed the minimum wage required by the law and are above the industry average.

SPToto has a formal ethical code that includes the following labour standards terms:

- Policies on preventing child labour: SPToto and all suppliers must adhere to the local labour law on the minimum legal working age. SPToto and its suppliers will obtain copies of legal documentation providing the age of all workers and conduct background checks to support documentation if necessary.
- Policies on the prevention of forced labour state that work must not be performed under the threat of punishment or confiscation of belongings that the worker has not agreed.
- Policies on providing equal opportunities and non-discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement: these policies cover non-discrimination on all grounds, including race, religion, gender, age, sexual orientation, disabilities and nationality.
- Freedom of association where everyone is respected to have the freedom to belong to any organisation of their choice, in accordance with local freedom of association law.
- Right to collective bargaining and union formation, including the right to representation and discussion with the Company on employment matters.
- Mechanisms to allow employee representatives to engage with company management.
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours.
- Meeting and exceeding the minimum wage.
- A safety policy, code and practices on the provision of a safe and healthy workplace.



SUSTAINABILITY STATEMENT

COMPETITIVE BENEFITS

We offer various types of leave to support every employee's personal needs as well as insurance, car benefits, professional body membership, and mobile and mileage claims. Every employee is entitled to a staff discount when purchasing items from other BERJAYA subsidiaries. Flexible medical benefits allow employees to fully utilise their entitlement for optical, chiropractic and vaccination needs.

In compliance with the Malaysian law, we compensate workers for overtime at higher pay than the regular hourly rates.

We uphold our stand of equal pay for equal work and comply with all employment local laws. The Group's policy states that the principle of equal remuneration for work of equal value must be respected when setting different minimum wages.

As an empathetic company, SPToto has aided its employees to overcome challenges in unprecedented ways, the diagram below contains examples of assistance extended to our people to help them get through the pandemic crisis.

SPToto Assistance Given to Employees to Get Through the Pandemic Crisis

-  Employees continued to receive their incentives and bonuses during FY2022.
-  Financial aid from the staff welfare fund financially supported employees severely affected by the pandemic.
-  Employees' vaccinations, RTK and PCR tests were at the expense of the Company.
-  Additional PPE such as face masks, face shields and self-test kits are provided to all employees.
-  Service vehicles were given to operations and call centre employees who experienced challenges commuting to work (BPI).
-  Employee Assistance Programme (EAP) provides employees with unlimited access to a confidential telephone helpline, 24/7, 365 days (H.R. Owen).
-  Extended salary loans were offered to employees (BPI).

ENGAGEMENT AND TRAINING

The COVID-19 pandemic has altered the traditional workplace in many ways. The pandemic does not stop us from being connected; active engagement has become more critical than ever as the pandemic can adversely affect employee morale. SPToto promotes an open-door practice by encouraging two-way communications and inviting employees to speak up. SPToto actively engages its employees on company matters concerning the Company and its daily operations through regular engagement channels such as town hall meetings, the "Buzz" mobile app, the "Bfamily" Intranet and the "Beritajaya" newsletter.

We held many engagement and training sessions during the financial year to break the emotional pressure from working from home. A total of eight virtual catchups, in the form of lunch talks and mini-workshops, were held during the year. Examples of topics delivered include 'The Art of Change', 'How to Survive & Thrive the Impact of Covid-19', 'The Art of Negotiation' and 'Speak Up to Level Up'. There were also a series of functional training programmes conducted during the financial year under review.

STM Lottery continued to enrol its talents in Berjaya Group's leadership development programme and the Berjaya Executive Development Programme to help employees develop their skills and talent. During the pandemic, we were only able to conduct virtual courses and workshops for the employees, STM Lottery recorded total training hours of 29 hours based on the total numbers of courses and workshops conducted in FY2022.

As a company operating in the services and hospitality industries, BPI places great importance on good sales, marketing and customer service. BPI held 25 training programmes during this financial year to upskill its staff in these areas. In recognising its people's hard work and dedication despite the pandemic challenges, BPI's PJ Treat Programme celebrates and appreciates its efforts. PHPI concentrated on retraining their staff to welcome the revival of the tourism industry. Employees attended various virtual training on MICE Business Recovery and Tourism Enterprise Forum.

Over in the UK, H.R. Owen has linked employees' training attendance to their KPIs and bonuses to motivate them to participate in training programmes and improve their talent.



Sports Toto Sports Club

Sports Toto Sports club was established in 1987 and is run entirely by employees. The club organised several activities throughout the year, such as family outings, a sports day, recreational trips, festive gatherings and an annual dinner. STM Lottery fully supports the objectives of the club and contributes RM1 for every RM1 contribution on the membership fee collected.

We offer employees activities during the working week to boost employees' overall health and well-being.

SAFETY AND HEALTH

SPToto is committed to providing a safe work environment free from health and safety hazards. The responsibilities for health and safety are shared. The Company is responsible for leading a health and safety programme, for the programme's effectiveness and improvement, and for providing the safeguards required to ensure safe working conditions.

Employees are to follow all aspects of the health and safety programme, including compliance with all rules and regulations for continually practising safety while performing their duties.

SPToto aligns its health and safety practices with the internationally recognised health and safety management standards.

The Group Health and Safety Policy ensures all employees, the community and the working environment are free from safety hazards. The committee examines emergency plans, including procedures for handling major emergencies.

STM Lottery hosted a one-day first aid awareness course for 30 employees at its head office in Kuala Lumpur conducted by the St. John Ambulance of Malaysia. As employee safety is a top priority, this course prepared staff for handling health-related emergency scenarios. The programme covered first aid and emergency life rescue, including basic wounds, bandaging and choking. The participants also learned cardiopulmonary resuscitation ("CPR") and the automated external defibrillator ("AED").

At H.R. Owen, risks are re-identified based on the Health & Safety at Work Act 1974 Section 2(8) guide. The Company also assesses workplace risks at vehicle sites such as The Burr Road and Jack Barclay. H.R. Owen recorded a low risk status following a Health and safety compliance audit in July 2021. The company continues to train its employees on safety and work hazards to prevent workplace injuries. H.R. Owen has trained 31 first-aiders and 51 fire marshals to date.

Our F&B arm in the Philippines is certified with Basic Occupational Safety and Health ("OSHS") RA 11058. BPI has Occupational Safety and Health Standards as required by the Bureau of Working Conditions.

SPToto Response to COVID-19

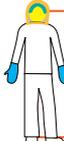
COVID-19 continued to be the central focus of our occupational safety and emergency response efforts in FY2022. We prioritised the safety of our workforce, their families and local communities in responding to this crisis.

The Berjaya Crisis Management and Recovery Committee and our COVID-19 Incident Management Taskforce ("CIMT") continued to plan and monitor the implementation of emergency measures to ensure business continuity at the corporate office and various subsidiaries, including SPToto. A range of health and safety measures kept employees safe based on guidance from the health authorities and ongoing engagement with various medical experts, industry peers and local communities.

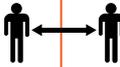
Protecting Stakeholders from COVID-19



Introduced testing protocols, hand hygiene requirements, face masks, social distancing and enhanced cleaning procedures.



Supplied daily antimicrobial self-sanitation technology fabric face masks to all employees.



Reconfigured plant layouts to allow social distancing.



Performed regular disinfection and fumigation at work stations, including the office, toilets and common areas.



Checked all workers' temperatures before entering their workplaces and dormitories.



Issued memos, guidelines and SOPs on COVID-19 prevention protocols, such as the Return to Office Guidelines.



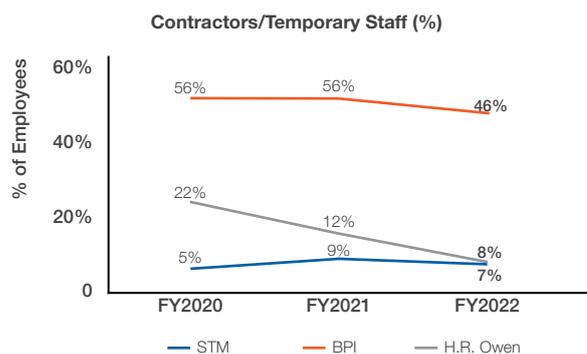
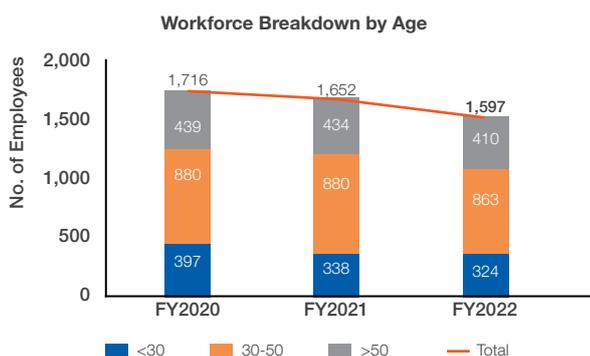
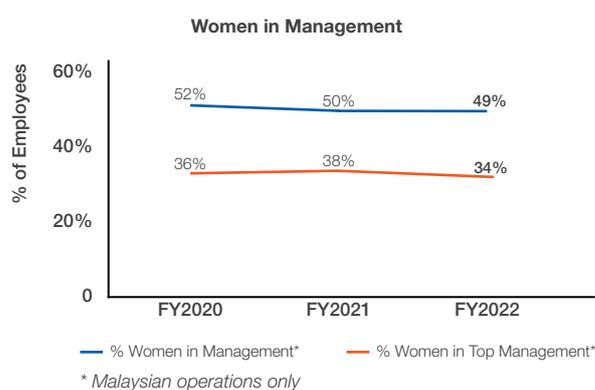
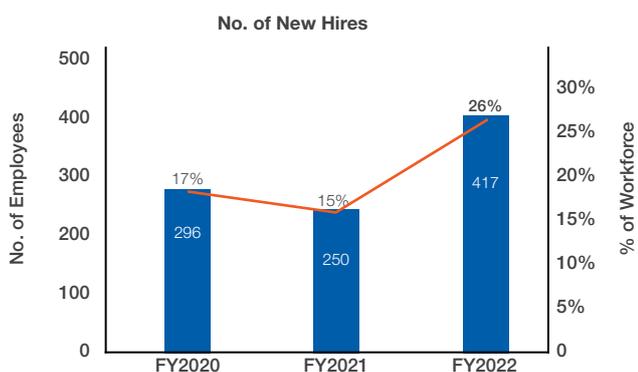
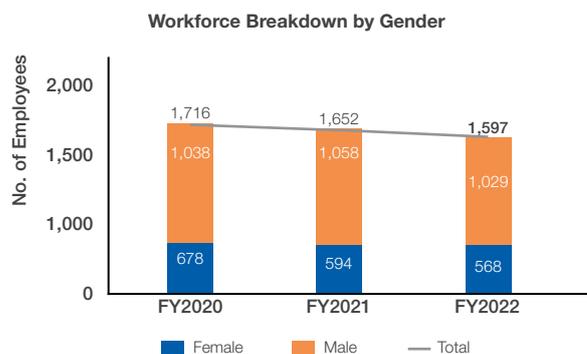
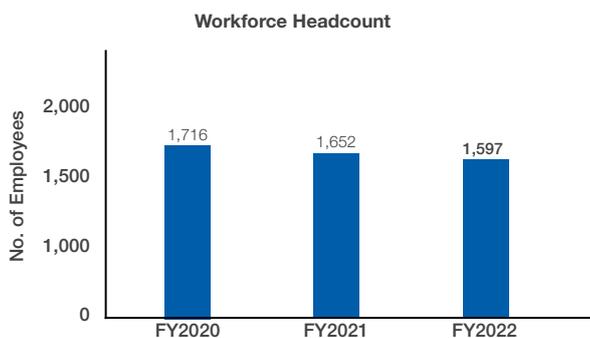
Performed 'Returning to Work' measures as part of BERJAYA Safety and Health COVID-19 Prevention Protocols.

SPToto will closely follow the recommended safety measures from the World Health Organisation ("WHO") and local governments and promptly update its procedures as necessary.

SUSTAINABILITY STATEMENT

DIVERSITY

Employees' varying backgrounds, experiences and perspectives reflect the diverse communities in which SPToto operates. A fair and inclusive culture supports diversity and helps all employees feel valued, respected, engaged and empowered to contribute to the business. We do not discriminate in our hiring practices. SPToto welcomes the employment of underprivileged groups, including those from deprived backgrounds. We hope to address youth unemployment through this initiatives as well as various placement programmes.



Employee Turnover

	FY2020	FY2021	FY2022
Total Employee Turnover Rate (%)	20%	25%	25%
Total Employee Turnover (number)	252	315	330
By Gender (number)			
Female	92	105	110
Male	160	210	220
By Age Group (number)			
<30	119	170	133
30-50	87	118	176
>50	46	27	21

HUMAN RIGHTS

Human rights are respected throughout operations and our extended value chain as we conduct business ethically and sustainably. We operate in accordance with the local human rights standards and adhere to all applicable employment and human rights laws where operations are based.

Our human rights policy is summarised in the Code of Conduct. All associates review and receive annual awareness briefings on this code as part of their training on human rights policy. These documents are available in English.

We proactively assess our human rights impacts on an ongoing basis as part of our core business processes. Evaluating the business impact and setting targets drive continuous improvement. Our actions involve avoiding, preventing and mitigating human rights issues. We have implemented human rights screening, training, and monitoring of internal operations. We adhere to all applicable employment and human rights regulations where operations are based. SPToto engages and encourages suppliers to exercise similar human rights practices.

SPToto has a formal mechanism for individuals and communities impacted by our business activities to raise their grievances, including human rights. The Group supports open communication and addresses rights to freedom of expression. Our whistleblowing channel guarantees anonymity and is available to internal and external stakeholders. We are committed to a remediation process to address adverse human rights impacts we have contributed to or caused. There were no instances of human rights violations during this reporting period.

OPERATING RESPONSIBLY

SPToto is committed to supporting its industry and local communities. We have a leadership role in balancing sustainable growth and responsible gaming while delivering innovation and excellence to keep gaming fun for all. We are committed to ensuring the integrity of our products and services. Our strict code of conduct and rigorous compliance programme helps protect players through our longstanding collaborations with industry organisations.

RESPONSIBLE MARKETING

STM Lottery is committed to responsible advertising and marketing by delivering up-to-date and transparent information to its stakeholders through various marketing platforms, including digital channels, the website, product awareness campaigns and other engagement events. The Company has issued a policy that states its commitment to responsible and transparent marketing and advertising.

STM Lottery is a member of the WLA which advocates gambling safety. Our responsible marketing strategy ensures we do not promote gaming products to Muslims and minors. The existing betting laws, regulations and directives issued by relevant authorities, including the Ministry of Finance, promote safer practices at premises where gambling activities occur. We also have formal, detailed guidelines covering advertising, marketing and promotions. We train our staff to comply with responsible conduct, marketing and promotion.

STM Lottery produces CSR and public service announcements (“PSAs”) solely for CSR or festive celebrations through local radio stations, offering practical living tips and values. We also ensure that our CSR sponsorships do not include any gambling and betting elements.

We are refining our marketing strategy to promote responsible gaming campaigns. We ensure that we market our products to the right target groups (excluding under-aged and prohibited religious groups). Several proposals are being considered, such as:

- Displaying the “Play Responsibly” tagline in all promotional materials, including our website, LED TVs in sales outlets, the draw venue, game catalogues, Toto draw results, newsletters, staff uniforms and social media platforms;
- Sharing Responsible Gaming (“RG”) tips and relevant information on our social media platforms;
- Triggering a popup that reads ‘Be a Responsible Player’ on STM Lottery’s website and social media channels;
- Providing tips on our website that encourage fun entertainment within players’ means;
- Displaying our RG sticker on the glass panels in every outlet;
- Promoting flyers to purchase betting tickets from a licensed lottery and boycott illegal operators;
- Distributing our RG handbook to all retailers and employees so they can educate customers, communities and stakeholders; and
- Developing internal and external communication activities to inform relevant stakeholders of our RG commitments.



SUSTAINABILITY STATEMENT

RESPONSIBLE GAMING (“RG”)

RG is fundamental to our business success and protects our players. It also provides a unique opportunity to reinforce the Company’s commitment to responsibly delivering growth to the gaming industry.

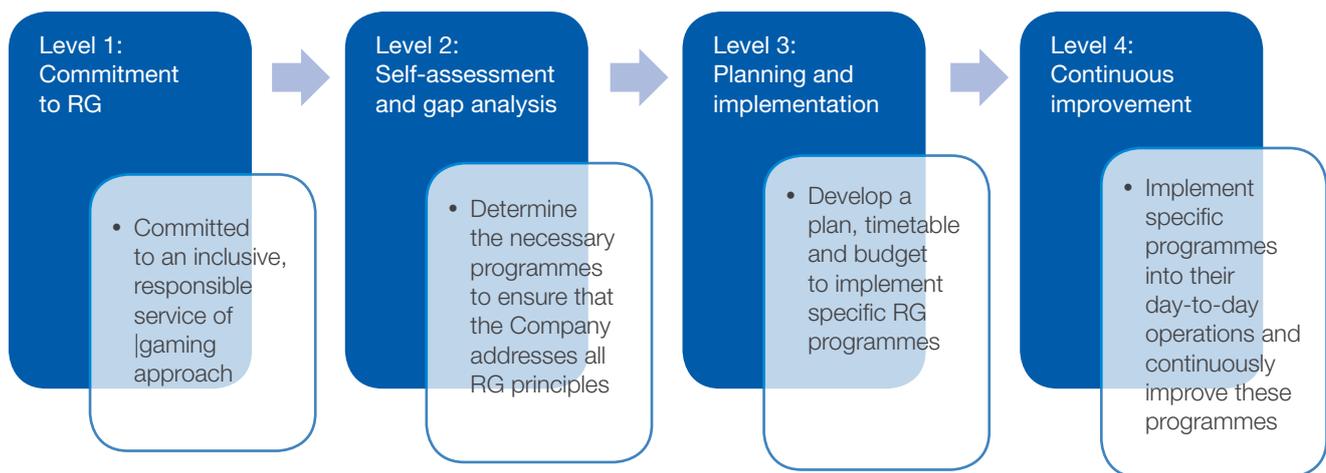
STM Lottery is aware of gaming risks and listens to the concerns of its key stakeholders. We commit to reducing the negative product impact and effects of gambling, such as financial worries, relationship difficulties, emotional effects, stress and other serious issues.

We work closely with various stakeholders, including problem gambling researchers, advocacy groups and policymakers, to support responsible gaming. STM Lottery’s comprehensive RG programme applies industry best practices and international standards to deliver safe entertainment education to customers.

STM Lottery was accorded the Certificate of Accreditation in Level 2 of the WLA-RGF in June 2020.

WLA RESPONSIBLE GAMING FRAMEWORK COVERAGE

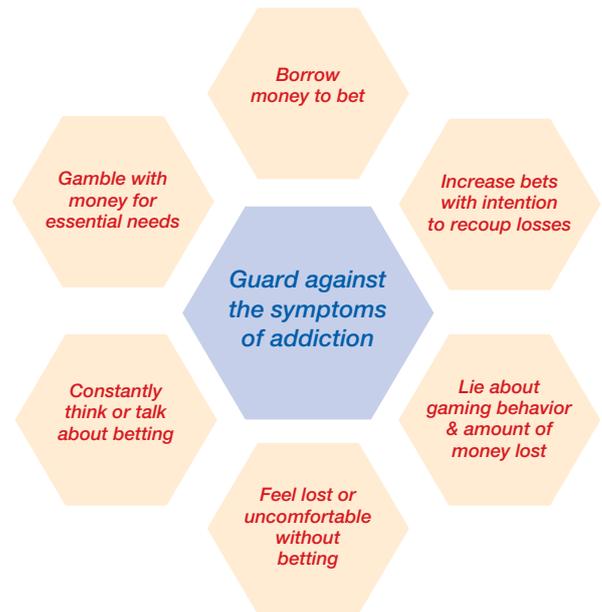
The Seven Responsible Gaming Principles serve as the WLA-RGF foundation. The WLA-RGF consists of four levels of achievement, each reflecting how well a lottery has integrated the RG Principles into its day-to-day operations. We have achieved Level 2 Accreditation.



SPToto is pursuing Level 3 WLA RG certification to demonstrate its commitment to a responsible and sustainable gaming experience. Currently, we are researching to incorporate RG elements into our advertising and marketing materials and strategies; and to offer player education, treatment referral, stakeholder engagement, reporting, measurement, and RG programmes for agents. By adopting the RG principles set by the WLA, we are committed to being vigilant in making responsible gaming an integral part of our daily operations.

WHAT IS IN THE PIPELINE

- STM Lottery is in the process of developing an RG handbook/guidelines and code of conduct for STM Lottery’s retailer agents, customer sales assistants, area sales executives, regional managers and employees. The self-evaluation questionnaires educate stakeholders, especially customers, on RG practices. Upon completing each self-evaluation test, the result with ratings advises the customer on the evaluation status and, if necessary, betting responsibly.
- STM Lottery is working towards Level 3 WLA RG certification in 2022.
- Signed Memorandum of Understanding with Gambling Rehab Centre Malaysia (“GRC”), the ‘centre’s contact and website are made available on STM Lottery’s website, so customers experiencing gaming issues know where to get help to overcome their gambling addictions.



ENHANCED CUSTOMER EXPERIENCE

The COVID-19 crisis has forced individuals and companies to make rapid changes to their lives and work. We are navigating this pandemic well by providing effective crisis response, managing supply chain disruptions, safeguarding the well-being of our employees and protecting customers. Customer experience takes on new meaning against this backdrop. We continue approaching our customer experience by creating seamless, convenient and engaging customer journeys.

Customers could not purchase betting tickets due to the pandemic and movement restriction orders. STM Lottery management quickly established a delivery service for customers to safely and conveniently purchase betting numbers at their preferred outlets. Our outlets delivered the tickets directly to the customer for a small fee.

We continue to answer queries and guide our customers in the new norm of operations during this uncertainty. Our dedicated administrators assist with enquiries daily, from 9:00 AM to 7:00 PM, as the number of questions spiked. We addressed all queries, feedback, complaints and general messages promptly.

Customer Enquiries Received in FY2022 by Type

Enquiry Type	Number Received
Call in	8,741
Webmaster	1,191
Live chat	2,187
Walk-in	10
Enquiry	12,023
Complaint	88
Sponsorship	18
Total	22,073

Our customised training programmes equipped our regional managers and customer-facing personnel such as customer service assistants and sales staff with up-to-date knowledge of the Company's procedures. We briefed staff on the latest SOPs and the new norm for operations.

With the pandemic, our F&B arm in the Philippines also advanced digital technology in its operations for greater security, safety, hygiene and efficiency. BPI implemented contactless ordering, electronic payments and a pick-up system. This dedicated online interaction method helps us to better connect with customers which eventually improves sales.

RESPONSIBLE OPERATIONS

The security of a lottery will always play a critical role in maintaining the confidence and trust of the public in its lottery games.

STM Lottery has achieved the World Lottery Association Security Control Standard: 2016 ("WLA-SCS: 2016") Standards, the only internationally recognised security standard for the lottery sector. Acquiring this standard is a testament to our effective security management structure in maintaining the integrity, availability and confidentiality of information vital to secure operations.

SUSTAINABILITY STATEMENT

Our Internal Audit Department independently checks, verifies and reviews the drawing process and highlights any discrepancies to the management.

• Draw reviewing

- We view the Toto draw process recordings to verify the draw followed the Toto Draw Operations SOP whenever the payout exceeds the threshold set by the management. We submit a report to the Executive Director upon completion of the review.

• Recalculation/verification of the payout of digit games

- We conduct independent calculations to verify digit game payouts if the payout percentage exceeds the threshold. The recalculation is cross-checked against the payout reports from the online system. We submit a recalculation report to the Executive Director upon completion.

• Jackpot Big Win Independent Verification for lotto games

- We reprocess the online database in the backup system at our Data Backup Centre to verify the number of jackpot winners and the shared amount when won. We submit a report to the Executive Director upon completing the verification.

DATA PRIVACY AND SECURITY

SPToto complies with all data security and privacy regulations wherever it operates, including the Malaysia Personal Data Protection Act 2010, Cyber Security Law, United Kingdom Data Protection Regulation Act 2018 and the Cybercrime Prevention Act 2012.

STM Lottery's robust Information Security Management System ("ISMS") governs all security concerns related to inbound, internal and outbound information flows. We do not rely solely on traditional parameter security and implement in-depth cybersecurity programmes.

We do not keep any data on customers who purchase our betting tickets. Winners' details are stored in a highly-secured room only accessible by authorised personnel. We secure customers' data through application and database-level authentication control.

Being accredited with the WLA-SCS 2016 signifies that STM Lottery has met the stringent requirements of the international standards (ISO/IEC 27001: 2013) for establishing, implementing, maintaining and continually improving its ISMS, together with additional security requirements set forth by WLA, including lottery-specific security and integrity controls representing current best practices. This accreditation subjects STM Lottery to privacy and cyber security controls such as:

- A vulnerability assessment for the lottery system, network device configuration and web application.
- Annual Information Security Awareness Training.
- An ISMS internal audit.
- An ISMS external audit.
- Upgrading hardware, software and firmware based on the vulnerability assessment and internal and external ISMS audit findings.

All staff are trained on safeguarding customer information and against information theft.

OUR COMMITMENT MOVING FORWARD

SPToto strives to incorporate EESG into its business model, which helps identify and improve its social and environmental impact, enable growth in becoming more sustainable and socially responsible. For the gaming industry, in particular, this means reducing the adverse effects of gambling and increasing its positive social and environmental impact, emphasising responsible gaming. We are committed to continue constructive dialogue with fellow NFOs and regulators to grow the industry and give back to the community, in line with our philosophy of promoting a caring and sustainable society.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Sports Toto Berhad (formerly known as 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 (“CG”) as set out in the Malaysian Code on Corporate Governance (“MCCG”).

The Board takes note of the updates on the MCCG issued by the Securities Commission Malaysia which became effective on 28 April 2021. MCCG introduces new practices and additional guidance to strengthen the CG culture of Public Listed Companies.

This CG Overview Statement provides a summary of the CG practices of the Company for the financial year ended 30 June 2022 (“FYE 2022”) and where applicable, up to the date of this CG Overview Statement with reference to the three (3) key CG principles as set out in the MCCG 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 is also in compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Company’s Corporate Governance Report 2022 (“CG Report”), which is available on its website at www.berjaya.com/sports-toto-berhad/ and on Bursa Securities’s website at www.bursamalaysia.com.

The CG Report sets out the various practices under the MCCG which 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 2022. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2022 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 roles and responsibilities of the Board in discharging its fiduciary and leadership function has been formalised in the Board Charter.

Chairman and Chief Executive Officer

The Board is led by the Chairman, Dato’ Sri Robin Tan Yeong Ching, a Non-Independent Executive Director of the Company. 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 Director on the Board will also help to provide views and contributions from a different perspective as he is 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 oversights 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

Each of the Board Committee operates within its respective terms of reference ("TOR") that also clearly define its respective functions and authorities. The TOR of the respective Board Committees also periodically reviewed by the Board Committees and approved by the Board to ensure that the TOR remains relevant and adequate in governing the responsibilities of the Committees and to reflect the latest developments in the Main Market Listing Requirements of Bursa Securities and the MCGG. These Board Committees have the authority to report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters still lies with the Board.

Company Secretaries

The Board is supported by qualified and experienced 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 advised the Board on adoption of corporate governance best practices as recommended under the MCGG. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR 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.

Board Meetings and Meeting Materials

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Other than quarterly Board Meetings, additional Board and/or Board Committee 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 and approval. 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 and/or Board Committee approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

In the intervals between Board and/or Board Committee Meetings, any matters requiring urgent Board and/or Board Committee recommendations, decisions or approvals will be sought via circular resolutions to the Board and/or Board Committee members and these are supported with all the relevant information and/or explanations required for an informed decision to be made.

For predetermined Board Meeting and/or Board Committee Meetings, the Directors will be provided with the relevant agenda and Board papers at least five (5) business days' notice except for meetings called on an ad-hoc basis for special matters or urgent proposals, reasonable notice for such meetings shall be sufficient. This enable the Board 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 also a schedule of matters reserved for Board's deliberations and decisions, which include among others, the review, evaluation, adoption and approval of the Company and the Group's policies and strategic plans. This is to 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. It also includes the review, evaluation and approval for any material acquisition and/or disposal of undertakings or assets and any new major ventures in the Group.

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, Directors' Fit and Proper Policy, 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 and approved by the Board on 23 May 2022 and a copy is available on the Company's website at www.berjaya.com/sports-toto-berhad/.

(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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(c) Directors' Fit and Proper Policy

The Group has adopted a Directors' Fit and Proper Policy which set out the fit and proper criteria for the appointment and re-election of director onto the Board of the Company and the Group.

The Policy serves as a guide to the Nomination Committee and the Board in their review and assessment of candidates that are proposed to be appointed onto the Board as well as directors who are seeking for re-election.

The Directors' Fit and Proper Policy is subject to review by the Board periodically and a copy of the Directors' Fit and Proper Policy is available on the Company's website at www.berjaya.com/sports-toto-berhad/.

(d) 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/sports-toto-berhad/.

(e) 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/sports-toto-berhad/.

(f) 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/sports-toto-berhad/.

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.

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 2022, the Board has eight (8) members comprising the CEO, two (2) Executive Directors (including the Chairman), one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors.

During the financial year ended 30 June 2022, Mr Premshangar A/L Venugopal was appointed as an Independent Non-Executive Director of the Company on 1 July 2021 and Mr Seow Swee Pin has retired as an Executive Director of the Company on 10 November 2021.

The profiles of the current Directors of the Company are set out in pages 3 to 6 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 5.2 and 5.3 of the MCCG 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 2022, 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
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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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 continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the boardroom.

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 representing about 12.5% ratio of the full Board. The Company has complied with Paragraph 15.02(1)(b) of the Main Market Listing Requirements of Bursa Securities which states that the Company must have at least one (1) female Director on Board.

The Board Diversity Policy of the Company is available on the Company's website at www.berjaya.com/sports-toto-berhad/.

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 2022, the Board met five (5) times and the attendance record of the Directors at the Board meetings were as follows:-

Directors	Attendance
Dato' Sri Robin Tan Yeong Ching	5/5
Nerine Tan Sheik Ping	5/5
Derek Chin Chee Seng	5/5
Dato' Oon Weng Boon	5/5
Datuk Robert Yong Kuen Loke [#]	5/5
Datuk Seri Wong Chun Wai [#]	4/5
Poh Ying Loo [#]	5/5
Premshangar A/L Venugopal [#] (Appointed on 1 July 2021)	5/5
Seow Swee Pin (Retired on 10 November 2021)	2/2*

Note:

[#] Independent Non-Executive Director

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

All the Directors of the Company have confirmed that they 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 Director, 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 Board and/or the Directors individually, 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.

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 2022, the Directors had attended various training programmes and seminars, details of which were as follows:-

Directors	Title of Programmes/Seminars/Courses/Forums
Dato' Sri Robin Tan Yeong Ching	- Atlan In House Training: Taxation principle and concepts for Directors
Nerine Tan Sheik Ping	- MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements
Derek Chin Chee Seng	- MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements
Datuk Robert Yong Kuen Loke	- MCCG Revision 2021 – Changing the Game in Corporate Governance by Cheryl Khor - MICPA Webinar: Setting the ESG Agenda to Achieve Sustainable Long Term Value - MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements - Audit Oversight Board Conversation with Audit Committees - MICPA Webinar: Developing Malaysia's Roadmap to Net Zero - MICPA Webinar: Banking on Islamic Finance for a Sustainable Future - MICPA Webinar: Accountants & Their Role to Reduce Carbon Emission
Dato' Oon Weng Boon	- Audit Oversight Board Conversation with Audit Committees
Datuk Seri Wong Chun Wai	- MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements
Poh Ying Loo	- Introduction to Integrated Reporting - Cyberthreats – What Boards should know? - Data Adoption and AI to Drive Better Business Decisions - Getting started with Climate Related Financial Reporting - Building experience in Climate Related Financial Reporting - Audit Oversight Board Conversation with Audit Committees - Webinar on Net Zero Emissions: The Pathway to Business Resilience
Premshangar A/L Venugopal	- Mandatory Accreditation Program for Directors of Public Listed Companies - MIA Webinar Series: Conduct of Directors and Common Breaches of Listing Requirements - Building an Inclusive Digital Economy – Empowering People and Enabling Business for a Digital Malaysia - The Malaysian Institute of Arbitrators: The Membership Upgrade Course - MIA Webinar Series: ESG Risk Management and Due Diligence

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	- Member/Independent Non-Executive Director
Poh Ying Loo	- Member/Independent Non-Executive Director

The Chairman of the Nomination Committee, Datuk Robert Yong Kuen Loke is the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out in its TOR, which is available on the Company's website at www.berjaya.com/sports-toto-berhad/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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' network, referrals from incumbent Directors and business associates, Senior Management or 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' 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 as recommended by Nomination Committee.

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 2022, 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;
- recommend to the Board the re-election of Directors who are due for retirement by rotation for shareholders' approval at the forthcoming Annual General Meeting ("AGM");
- reviewed the performance of the Audit Committee and its members;
- reviewed and assessed the financial literacy of the Audit Committee members;
- recommended to the Board the appointment of additional Director; and
- recommended to the Board the retention of Independent Director for shareholders' approval at the forthcoming AGM.

Re-election of Directors

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.

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

Directors	Retiring Pursuant to
i. Derek Chin Chee Seng	Clause 117
ii. Dato' Oon Weng Boon	Clause 117
iii. Datuk Seri Wong Chun Wai	Clause 117

The Board through the Nomination Committee has conducted an annual assessment and evaluation of the Directors who are subject to retirement at the forthcoming AGM in accordance with the provisions of the Constitution of the Company. Based on the assessment conducted, the Nomination Committee was satisfied with the performance and contribution of the Retiring Directors. The Board has accordingly endorsed the re-elections of the Retiring Directors at the forthcoming AGM as recommended by the Nomination Committee.

The information of the Directors who stand for re-election at the forthcoming AGM including their profile, details of conflict of interest (if any), position or relationship with Director and/or major shareholder are set out in the Profile of Directors in the Company's 2022 Annual Report.

Tenure of Independent Directors

Pursuant to Practice 5.3 of the MCCG, the tenure of an Independent Director does not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. The MCCG also sets out a recommendation that the Board must justify and seek shareholders' approval through a two-tier voting in the event it retains an Independent Director who has served in that capacity beyond nine (9) years.

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 twelve (12) years at the end of the financial year under review.

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 5.3 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 beyond nine (9) years, the Board should provide justification and 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 end of the financial year under review. 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 Directors namely, Datuk Robert Yong Kuen Loke, Datuk Seri Wong Chun Wai, Mr Poh Ying Loo and Mr Premshangar A/L Venugopal on an annual basis based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

The current 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	- Chairman/Independent Non-Executive Director
Dato' Oon Weng Boon	- Member/Non-Independent Non-Executive Director
Datuk Seri Wong Chun Wai	- Member/Independent Non-Executive Director
Poh Ying Loo	- Member/Independent Non-Executive Director

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/sports-toto-berhad/.

The Board has in place a Remuneration Policy that supports 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.

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 Executive Director 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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/sports-toto-berhad/.

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 2022 are as follows:-

(a) Individual Directors on a named basis

Company

	RM						
	Fees	Allowances	Salaries	Bonuses	Benefits in-kind	Other Emoluments	Total
Executive							
Dato' Sri Robin Tan Yeong Ching	-	-	-	-	-	-	-
Nerine Tan Sheik Ping	-	-	-	-	-	-	-
Derek Chin Chee Seng	-	-	-	-	-	-	-
Seow Swee Pin <i>(Retired on 10 November 2021)</i>	-	-	-	-	-	-	-
Non-Executive							
Datuk Robert Yong Kuen Loke	80,000	156,000	-	-	12,504	30,633	279,137
Dato' Oon Weng Boon	80,000	-	-	-	-	20,400	100,400
Datuk Seri Wong Chun Wai	80,000	-	-	-	-	17,600	97,600
Poh Ying Loo	80,000	-	-	-	-	23,200	103,200
Premshangar A/L Venugopal <i>(Appointed on 1 July 2021)</i>	80,000	-	-	-	-	12,400	92,400
	400,000	156,000	-	-	12,504	104,233	672,737

Group

	RM						
	Fees	Allowances	Salaries	Bonuses	Benefits in-kind	Other Emoluments	Total
Executive							
Dato' Sri Robin Tan Yeong Ching	-	1,341,996	2,241,241	96,552	79,000	374,976	4,133,765
Nerine Tan Sheik Ping	-	-	1,508,839	520,000	12,500	285,659	2,326,998
Derek Chin Chee Seng	-	-	557,887	48,067	29,808	157,004	792,766
Seow Swee Pin <i>(Retired on 10 November 2021)</i>	-	-	202,695	-	9,850	48,939	261,484
Non-Executive							
Datuk Robert Yong Kuen Loke	80,000	156,000	-	-	12,504	30,633	279,137
Dato' Oon Weng Boon	80,000	-	-	-	-	20,400	100,400
Datuk Seri Wong Chun Wai	80,000	-	-	-	-	17,600	97,600
Poh Ying Loo	80,000	-	-	-	-	23,200	103,200
Premshangar A/L Venugopal <i>(Appointed on 1 July 2021)</i>	80,000	-	-	-	-	12,400	92,400
	400,000	1,497,996	4,510,662	664,619	143,662	970,811	8,187,750

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(b) The Remuneration of top three (3) Senior Management in bands of RM50,000 on an aggregate basis

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

	Number of Key Senior Management
RM1,150,001 - RM1,200,000	1
RM9,155,001 - RM9,160,000	1
RM20,100,001 - RM20,150,000	1
	<hr/> <hr/> 3

Although the MCCG provides that the Company should disclose the detailed remuneration of the top five (5) 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.

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	- Chairman/Independent Non-Executive Director
Datuk Robert Yong Kuen Loke	- Member/Independent Non-Executive Director
Dato' Oon Weng Boon	- Member/Non-Independent Non-Executive Director
Datuk Seri Wong Chun Wai	- Member/Independent Non-Executive Director

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/sports-toto-berhad/.

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 financially literate 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 61 to 64 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 2022.

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 ("CFO") (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 three (3) 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 2022 were as follows:-

	Company		Group	
	FYE2022 RM'000	FYE2021 RM'000	FYE2022 RM'000	FYE2021 RM'000
Statutory audit fees paid/payable to:-				
- Ernst & Young PLT ("EY") Malaysia				
- Current financial year	130	119	405	402
- Underprovision in previous financial year	11	10	22	11
- Affiliates of EY Malaysia	-	-	12	12
Total (a)	141	129	439	425
Non-audit fees paid/payable to:-				
- EY Malaysia	8	8	8	8
- Affiliates of EY Malaysia	6	6	32	30
Total (b)	14	14	40	38
% of non-audit fees (b/a)	9.93%	10.85%	9.11%	8.94%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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	- Member/Independent Non-Executive Director
Poh Ying Loo	- Member/Independent Non-Executive Director
Seow Swee Pin	- Member/Executive Director
<i>(Retired on 10 November 2021)</i>	

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 57 to 60 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 of paramount importance to assist the shareholders and investors to make an informed decision making on their investments. 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.

The various channels of communications with stakeholders are through the following:-

- (i) the quarterly announcements on financial results and other periodical or relevant announcement to Bursa Securities;
- (ii) circulars and annual reports;
- (iii) general meetings of shareholders;

- (iv) meetings with investors, analysts and fund managers and briefings where appropriate; and
- (v) the Company's website at www.berjaya.com/sports-toto-berhad/ where shareholders can have easy access to the Company's corporate information such as the Board Charter, TOR 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.

Conduct of General Meetings

The Company regards the AGM as 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 will also be 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 the 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/sports-toto-berhad/ and 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 2021, all the resolutions passed by the shareholders at the said AGM were voted by way of a poll. Section 327(2) of the Companies Act 2016 provides that online meeting platform can be recognized as the meeting venue or place provided it is located in Malaysia.

In view of the Covid-19 pandemic and with the safety and well-being of the Company's shareholders, Board and its employees, the Company had leveraged on technology by conducting the Company's forthcoming AGM on a 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://sshhsb.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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 12 October 2022.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) (“SPToto” 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 SPToto 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 Chief Financial Officer 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

The management of the Group as a whole is assigned to the Chief Executive Officer and the Executive Directors who will lead the management teams.

The Executive Directors 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 Directors 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 the management who are accountable for the conduct and performance of their businesses within the agreed business strategy. For the gaming division, 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 Directors of SPToto who is assigned to manage the respective overseas operations. In addition, the Chief Executive Officer and the Executive Directors 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 current members of the RMC are Datuk Robert Yong Kuen Loke (Chairman), Dato' Oon Weng Boon, Datuk Seri Wong Chun Wai and Mr Poh Ying Loo.

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.

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.

During the financial year ended 30 June 2022, 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 SPToto's website at www.berjaya.com/sports-toto-berhad/.

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 SPToto's website at www.berjaya.com/sports-toto-berhad/.

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. The AC reviews the reports 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 STM Lottery, 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 61 to 64 of the Annual Report.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

Some key features of SPToto’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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2022, 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 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 Group’s system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) (“SPToto”) is pleased to present the report of the Audit Committee for the financial year ended 30 June 2022 (“FYE 2022”).

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 six (6) meetings during the FYE 2022. The details of attendance of the Audit Committee members are as follows:-

Name	Attendance
Poh Ying Loo	6/6
Datuk Robert Yong Kuen Loke	6/6
Datuk Seri Wong Chun Wai	5/6
Dato’ Oon Weng Boon	6/6

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 STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) (“STM Lottery”), 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 resolve those 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/sports-toto-berhad/.

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the FYE 2022:-

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
20 August 2021	Fourth quarter results as well as the unaudited results of the Group for financial year ended 30 June 2021
18 November 2021	First quarter results for financial year ended 30 June 2022
22 February 2022	Second quarter results for financial year ended 30 June 2022
23 May 2022	Third quarter results for financial year ended 30 June 2022

AUDIT COMMITTEE REPORT

The above review is to ensure that SPToto'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 2021 together with the Management and the External Auditors at its meeting held on 13 October 2021 to ensure that it presented a true and fair view of the financial position of the Group and the Company as at 30 June 2021 and of their financial performance and cash flows for the financial year then ended and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval. Prior to that, the Audit Committee had reviewed the status report on the Audit Plan for the financial year ended 30 June 2021 prepared by the External Auditors at the meeting held on 20 August 2021.

External Audit

- (a) Evaluated the performance of the External Auditors for the financial year ended 30 June 2021 covering areas such as caliber of the audit firm, quality processes/performance, audit team, audit scope, audit communication, audit governance, independence and objectivity 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 2022 at its meeting held on 13 October 2021 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 including the key audit matters which were raised in the external auditors report for the financial year ended 30 June 2021. The Audit Committee also had private discussions with EY on 20 August 2021 and 13 October 2021, without the presence of Management during the review of the financial statements for the year ended 30 June 2021 to discuss any problems/issues arising from the final audit, update on the new Malaysian Code on Corporate Governance ("MCCG") as well as the assistance given by the employees during the course of audit by EY.
- (c) Reviewed with the External Auditors at the meeting held on 23 May 2022, their audit plan for the financial year ended 30 June 2022, outlining the EY client service team, digital global audit methodology, audit timeline, scope of audit, audit emphasis, audit quality, materiality, assessment of internal control environment, fraud consideration and risk of management override of controls, digital roadmap, auditors' independence, focus on cybersecurity and sustainability, MCCG updates as well as financial reporting developments updates.

Internal Audit

- (a) Reviewed four (4) Internal Audit reports on the Company's operating subsidiary namely STM Lottery, 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, Toto 4D Zodiac, Toto 5D and Toto 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 2022 to ensure that the scope and coverage of the internal audit on the operations of the SPToto Group is adequate and comprehensive and that all the risk areas are audited annually.

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 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.

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 FYE 2022, the Audit Committee had reviewed the related party transaction on the proposed disposal of fixtures and fittings by Magna Mahsuri Sdn Bhd, a wholly-owned subsidiary of the Company to Berjaya Higher Education Sdn Bhd, a subsidiary of Berjaya Corporation Berhad prior to their recommendation to the Board for approval.

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 2021 Annual Report.

AUDIT COMMITTEE REPORT

- (b) Reviewed and assessed the financial literacy of Audit Committee members for the financial year ended 30 June 2021.
- (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 2021.
- (d) Reviewed and recommended to the Board the distribution of interim dividend for FYE 2022 based on the solvency test conducted, that the distribution of dividend was in accordance with the provision made under the Companies Act 2016.
- (e) Reviewed and approved the revised External Auditors Policy.
- (f) Reviewed and recommended to the Board for approval the revised Term of Reference of Audit Committee.

In order to discharge the above duties and responsibilities of the Audit Committee effectively, the Audit Committee members had undertaken continuous professional development and attended various seminars, training programmes and conferences during the financial year. They were also briefed by the External Auditors of the latest accounting and auditing standards applicable to the Group. This list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

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 STM Lottery, 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 2022, the Internal Audit Department carried out various audit assignments on STM Lottery. The areas audited included branch audit of company's sales offices, audit of Head Office operating departments and IT audit. Internal audit reports were issued to the Audit Committee and the STM Lottery'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 2022 was RM723,785.

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/sports-toto-berhad/.

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.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

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:

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

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

CHANGE OF NAME

The Company changed its name from Berjaya Sports Toto Berhad to Sports Toto Berhad with effect from 1 April 2022 following the Extraordinary General Meeting held on 31 March 2022 and Notice of Registration of New Name issued by the Companies Commission of Malaysia on 1 April 2022, pursuant to Section 28 of the Companies Act 2016.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	170,215	122,838
Attributable to:		
Owners of the parent	160,885	122,838
Non-controlling interests	9,330	-
	<u>170,215</u>	<u>122,838</u>

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 2021 were as follows:

RM'000

In respect of the financial year ended 30 June 2021
as reported in the Directors' Report of that year:

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 #

In respect of the financial year ended 30 June 2022:

First interim single tier dividend of 1.0 sen per share on
1,341,900,000 ordinary shares with voting rights, paid on 5 January 2022 13,419

Second interim single tier dividend of 1.0 sen per share on
1,341,900,000 ordinary shares with voting rights, paid on 22 April 2022 13,419

Third interim single tier dividend of 2.0 sen per share on
1,339,372,000 ordinary shares with voting rights, paid on 22 July 2022 26,787

53,625

The directors declared and approved on 23 August 2022:

A fourth interim dividend in respect of the
financial year ended 30 June 2022 comprising:

a) single tier cash dividend of 3.0 sen per share on 1,339,372,000
ordinary shares with voting rights, payable on 21 October 2022 40,181 *

b) share dividend via distribution of treasury shares on the basis
of 1 treasury share for every 120 existing ordinary shares held
(equivalent to a dividend of approximately 1.7 sen per share),
to be credited into the entitled depositors' securities accounts
maintained with Bursa Malaysia Depository Sdn Bhd on 21 October 2022 22,619 *

62,800

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

* The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

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
Nerine Tan Sheik Ping
Datuk Robert Yong Kuen Loke
Derek Chin Chee Seng
Dato' Oon Weng Boon
Datuk Seri Wong Chun Wai
Poh Ying Loo
Premshangar A/L Venugopal (appointed on 1 July 2021)
Seow Swee Pin (retired on 10 November 2021)

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

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the 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.

INDEMNITIES TO DIRECTORS AND OFFICERS

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 RM47,025. 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' REPORT

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

Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)

	Number of ordinary shares			At 30.6.2022
	At 1.7.2021	Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	1,017,213	-	-	1,017,213
Datuk Robert Yong Kuen Loke	124,903	-	-	124,903

Intermediate Holding Company

Berjaya Land Berhad

	Number of ordinary shares			At 30.6.2022
	At 1.7.2021	Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	600,000	-	-	600,000
	51,100,000 Δ	-	14,800,000	36,300,000 Δ
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")

	Number of ordinary shares			At 30.6.2022
	At 1.7.2021	Acquired	Disposed	
Dato' Sri Robin Tan Yeong Ching	2,381,113	2,620,500 ^{^^}	-	5,001,613
	5,356 [^]	1,000 ^{^^}	-	6,356 [^]
	589,471,404 Δ	38,084,000 ^{**}	330,000,000	318,845,404 Δ
		21,290,000 ^{^^}	-	
Nerine Tan Sheik Ping	-	132,000 ^{^^}	-	132,000
Datuk Robert Yong Kuen Loke	1,093,606	2,516,508 ^{^^}	-	3,610,614
		500	-	
Derek Chin Chee Seng	464,240	-	-	464,240

Number of 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2012/2022 of RM1.00 nominal value

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") 2012/2022 of RM1.00 nominal value			At 30.6.2022
	At 1.7.2021	Acquired	Converted	
Dato' Sri Robin Tan Yeong Ching	2,620,500	-	2,620,500 ^{^^}	-
	1,000 [^]	-	1,000 ^{^^}	-
	59,374,000 Δ	-	38,084,000 ^{**}	-
		-	21,290,000 ^{^^}	
Nerine Tan Sheik Ping	132,000	-	132,000 ^{^^}	-
Datuk Robert Yong Kuen Loke	2,516,508	-	2,516,508 ^{^^}	-

DIRECTORS' INTERESTS (CONTINUED)

Ultimate Holding Company

Berjaya Corporation Berhad ("BCorp") (Continued)

	Number of Warrants 2012/2022			
	At 1.7.2021	Acquired	Expired	At 30.6.2022
Dato' Sri Robin Tan Yeong Ching	2,620,500	-	2,620,500 *	-
	1,000 ^	-	1,000 *	-
	85,000,000 Δ	-	85,000,000 *	-
Datuk Robert Yong Kuen Loke	170,108	-	170,108 *	-

Related Company

Berjaya Food Berhad

	Number of ordinary shares			
	At 1.7.2021	Acquired	Disposed	At 30.6.2022
Dato' Sri Robin Tan Yeong Ching	2,786,000	1,224,000 @	1,350,000	2,750,000
		90,000 #	-	
	2,930,900 Δ	-	2,162,000	768,900 Δ

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

	At 1.7.2021	Granted	Exercised/ vested	At 30.6.2022
	ESS Options			
Dato' Sri Robin Tan Yeong Ching	1,224,000	-	1,224,000 @	-
ESS Shares				
Dato' Sri Robin Tan Yeong Ching	90,000	-	90,000 #	-

Δ Indirect interests pursuant to Section 8 of the Companies Act 2016.

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

^^ Mandatory conversion of BCorp ICULS 2012/2022 on basis of one (1) BCorp ICULS 2012/2022 for one (1) BCorp share upon its maturity on 22 April 2022.

* BCorp Warrants 2012/2022 expired on 22 April 2022.

** Conversion of BCorp ICULS 2012/2022 on the basis of one (1) BCorp ICULS 2012/2022 for one (1) BCorp share.

@ Shares arising from the exercise of Berjaya Food Berhad's ESS options.

Shares arising from the vesting of Berjaya Food Berhad's ESS shares.

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

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	
	30.6.2022 Units '000	30.6.2021 Units '000	30.6.2022 RM'000	30.6.2021 RM'000
Balance as at beginning of financial year	9,130	13,530	18,631	32,165
Distributed as share dividend	-	(13,361)	-	(31,764)
Acquisition of treasury shares	2,528	8,961	4,995	18,230
Total treasury shares as at end of financial year	<u>11,658</u>	<u>9,130</u>	<u>23,626</u>	<u>18,631</u>

As at 30 June 2022, the issued share capital of the Company with voting rights was 1,339,372,000 (2021: 1,341,900,000) ordinary shares.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of profit or loss of the Group and of the Company were made out, the directors took reasonable steps:
- 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
 - 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.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- 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
 - 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.

OTHER STATUTORY INFORMATION (CONTINUED)

(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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial 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 12 October 2022

DATO' SRI ROBIN TAN YEONG CHING**NERINE TAN SHEIK PING**

STATEMENT BY DIRECTORS

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

We, DATO' SRI ROBIN TAN YEONG CHING and NERINE TAN SHEIK PING, being two of the directors of SPORTS TOTO BERHAD (formerly known as Berjaya Sports Toto Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 76 to 207 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 2022 and of their 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 12 October 2022

DATO' SRI ROBIN TAN YEONG CHING

NERINE TAN SHEIK PING

STATUTORY DECLARATION

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

I, Cheong Tuck Kong, being the officer primarily responsible for the financial management of SPORTS TOTO BERHAD (formerly known as Berjaya Sports Toto Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 76 to 207 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 }
CHEONG TUCK KONG at Kuala Lumpur in the Federal }
Territory on 12 October 2022 }

CHEONG TUCK KONG
MIA NO. 31306

Before me,

YM TENGKU NUR ATHIYA TENGKU FARIDDUDIN (W881)

Commissioner for Oaths
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2022

	Note	Group		Company	
			Restated		Restated
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	398,261	304,305	865	1,021
Right-of-use assets	4(a)	297,176	324,735	1,197	3,523
Investment in subsidiary companies	5	-	-	4,315,379	4,316,002
Investment in associated companies	6	103,591	104,708	2,538	4,517
Investment in joint venture	7	-	-	-	-
Long term investments	8	80,868	101,840	-	-
Investment properties	9	116,766	117,534	-	-
Deferred tax assets	10	18,284	21,944	-	-
Retirement benefit assets	22	25,294	9,927	-	-
Intangible assets	11	696,603	706,742	-	-
		<u>1,736,843</u>	<u>1,691,735</u>	<u>4,319,979</u>	<u>4,325,063</u>
Current assets					
Inventories	12	401,848	325,873	-	-
Receivables	13	535,966	470,966	81,746	31,266
Contract assets	14	4,740	7,471	-	-
Tax recoverable		15,596	4,108	416	470
Amounts due from subsidiary companies	15	-	-	387,257	354,974
Deposits with financial institutions	16	368,517	254,100	15,500	12,000
Cash and bank balances	16	190,313	109,655	4,504	2,678
		<u>1,516,980</u>	<u>1,172,173</u>	<u>489,423</u>	<u>401,388</u>
Non-current asset classified as held for sale	17	6,986	7,529	-	-
		<u>1,523,966</u>	<u>1,179,702</u>	<u>489,423</u>	<u>401,388</u>
TOTAL ASSETS		<u><u>3,260,809</u></u>	<u><u>2,871,437</u></u>	<u><u>4,809,402</u></u>	<u><u>4,726,451</u></u>

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2022

	Note	Group		Company	
		Restated		Restated	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	135,103	135,103	135,103	135,103
Reserves	19	275,904	301,744	-	-
Retained earnings	20	507,585	393,106	3,603,917	3,534,704
Equity funds		918,592	829,953	3,739,020	3,669,807
Treasury shares	21	(23,626)	(18,631)	(23,626)	(18,631)
Net equity funds		894,966	811,322	3,715,394	3,651,176
Non-controlling interests		61,926	63,783	-	-
TOTAL EQUITY		956,892	875,105	3,715,394	3,651,176
Non-current liabilities					
Retirement benefit obligations	22	455	608	-	-
Long term borrowings	23	963,534	505,836	-	43
Other long term liability	24	36,031	51,382	-	-
Lease liabilities	4(b)	212,722	232,991	18	1,228
Contract liabilities	14	84	162	-	-
Amount due to a subsidiary company	28	-	-	688,022	648,409
Deferred tax liabilities	10	29,762	28,503	-	-
		1,242,588	819,482	688,040	649,680
Current liabilities					
Short term borrowings	25	274,212	551,583	43	94
Provisions	26	15,205	2,128	720	720
Payables	27	420,099	419,789	27,798	20,995
Lease liabilities	4(b)	36,410	32,078	1,229	2,342
Contract liabilities	14	292,069	169,756	-	-
Amounts due to subsidiary companies	28	-	-	376,178	401,444
Tax payable		23,334	1,516	-	-
		1,061,329	1,176,850	405,968	425,595
TOTAL LIABILITIES		2,303,917	1,996,332	1,094,008	1,075,275
TOTAL EQUITY AND LIABILITIES		3,260,809	2,871,437	4,809,402	4,726,451

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

STATEMENTS OF PROFIT OR LOSS

for the financial year ended 30 June 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	29	5,229,328	4,829,148	158,957	153,331
Cost of sales		(4,376,067)	(4,006,030)	-	-
Gross profit		853,261	823,118	158,957	153,331
Selling and distribution expenses		(229,523)	(213,575)	-	-
General and administrative expenses		(327,283)	(292,968)	(12,859)	(14,962)
Profit before other					
income and expenses	30	296,455	316,575	146,098	138,369
Investment related income	31	1,136	1,942	-	873
Investment related expenses	32	(2,630)	(5,172)	(2,608)	(1,953)
Other income	33	34,534	46,640	19,869	17,455
		329,495	359,985	163,359	154,744
Finance costs	34	(64,972)	(60,668)	(40,054)	(39,565)
Share of results of associated companies		8,741	(16,408)	-	-
Profit before tax		273,264	282,909	123,305	115,179
Income tax expenses	35	(103,049)	(95,512)	(467)	(337)
Profit for the financial year		170,215	187,397	122,838	114,842
Attributable to:					
Owners of the parent		160,885	181,234	122,838	114,842
Non-controlling interests		9,330	6,163	-	-
		170,215	187,397	122,838	114,842
Earnings per share attributable to owners of the parent - Basic (sen)	36	11.99	13.51		
Dividends per share (sen)	37			8.7	8.0

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

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year		170,215	187,397	122,838	114,842
Other comprehensive income:					
<u>Items that may be reclassified</u>					
<u>subsequently to profit or loss</u>					
Foreign currency translation		(45,169)	15,833	-	-
Share of an associated company's currency translation differences		(416)	180	-	-
<u>Items that will not be reclassified</u>					
<u>subsequently to profit or loss</u>					
Net changes in fair value of investments classified as fair value through other comprehensive income ("FVTOCI")		11,648	(20)	-	-
Share of associated companies' changes in fair values of FVTOCI investments		26	(789)	-	-
Actuarial gain recognised in defined benefit pension scheme	22(ii)	14,848	11,974	-	-
Tax effect relating to defined benefit pension scheme	10	(3,712)	(2,977)	-	-
Share of other comprehensive items of associated companies		177	(99)	-	-
Total comprehensive income for the financial year		147,617	211,499	122,838	114,842
Attributable to:					
Owners of the parent		147,423	199,174	122,838	114,842
Non-controlling interests		194	12,325	-	-
		147,617	211,499	122,838	114,842

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

	Attributable to Owners of the Parent									
	Non-distributable				Distributable					
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Capital reserve RM'000	Conso- lidation reserve RM'000	Retained earnings RM'000	Total to owners of parent company RM'000	Non- controlling interests RM'000	Total equity RM'000
GROUP										
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
Total comprehensive income for the financial year	-	-	10,826	(791)	-	-	189,139	199,174	12,325	211,499
Effects arising from disposal of investments at FVTOCI	-	-	-	2,409	-	-	(2,409)	-	-	-
Transactions with owners										
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

	Attributable to Owners of the Parent									
	Non-distributable					Distributable				
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	FVTOCI reserve RM'000	Capital reserve RM'000	Conso- lidation reserve RM'000	Retained earnings RM'000	Total to owners of parent company RM'000	Non- controlling interests RM'000	Total equity RM'000
GROUP										
As at 1 July 2021	135,103	(18,631)	126,660	(50,825)	285,306	(59,397)	393,106	811,322	63,783	875,105
Profit for the financial year	-	-	-	-	-	-	160,885	160,885	9,330	170,215
Other comprehensive income for the financial year	-	-	(34,144)	10,697	-	-	9,985	(13,462)	(9,136)	(22,598)
Total comprehensive income for the financial year	-	-	(34,144)	10,697	-	-	170,870	147,423	194	147,617
Effects arising from disposal of investments at FVTOCI	-	-	-	2,766	-	-	(2,766)	-	-	-
Transactions with owners										
Dividends (Note 37)	-	-	-	-	-	-	(53,625)	(53,625)	-	(53,625)
Arising from increase in equity interest in a subsidiary company (Note 5)	-	-	-	-	-	(5,159)	-	(5,159)	(2,051)	(7,210)
Purchase of treasury shares (Note 21)	-	(4,995)	-	-	-	-	-	(4,995)	-	(4,995)
Total transactions with owners	-	(4,995)	-	-	-	(5,159)	(53,625)	(63,779)	(2,051)	(65,830)
As at 30 June 2022	135,103	(23,626)	92,516	(37,362)	285,306	(64,556)	507,585	894,966	61,926	956,892

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

	Share capital RM'000	Treasury shares RM'000	<u>Distributable</u> Retained earnings RM'000	Total equity RM'000
COMPANY				
As at 1 July 2020	135,103	(32,165)	3,559,082	3,662,020
Total comprehensive income for the financial year	-	-	114,842	114,842
Transactions with owners				
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
As at 1 July 2021	135,103	(18,631)	3,534,704	3,651,176
Total comprehensive income for the financial year	-	-	122,838	122,838
Transactions with owners				
Dividends (Note 37)	-	-	(53,625)	(53,625)
Purchase of treasury shares (Note 21)	-	(4,995)	-	(4,995)
Total transactions with owners	-	(4,995)	(53,625)	(58,620)
As at 30 June 2022	135,103	(23,626)	3,603,917	3,715,394

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	GROUP	
	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,597,395	5,051,226
Payments to prize winners, suppliers and for other operating expenses	(4,805,395)	(4,047,591)
Payments for pool betting duties, gaming tax, other indirect taxes and government contributions	(431,456)	(424,835)
Payment of taxes	(89,898)	(82,959)
Other receipts	9,492	12,488
Net cash from operating activities	<u>280,138</u>	<u>508,329</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1,202	309
Proceeds from disposal of long term investments	23,346	18,500
Acquisition of property, plant and equipment (Note A)	(131,228)	(70,722)
Acquisition of additional equity interest in a subsidiary company	(7,210)	-
Acquisition of equity interests in associated companies	(2,789)	(5,296)
Acquisition of an investment property (Note B)	-	(4,644)
Acquisition of long term investments	(274)	(2,227)
Payment for a right-of-use asset (Note C)	-	(9,450)
Payment for other intangible assets	(79)	(1,391)
Dividends received	6,919	3,106
Interest received	3,634	4,472
Net repayment from/(advances to) associated companies by a foreign subsidiary company	3,171	(600)
Other receipts arising from investments	795	634
Other payment arising from investments	-	(685)
Upliftment of deposits pledged to bank	-	2,878
Net cash used in investing activities	<u>(102,513)</u>	<u>(65,116)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	GROUP	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of medium term notes	330,000	25,000
Repayment of medium term notes	(330,000)	(25,000)
Drawdown of borrowings	206,388	41,092
Repayment of borrowings	(8,616)	(225,408)
Repayment of hire purchase liabilities	(463)	(405)
Payment of lease liabilities	(35,502)	(39,306)
Net repayment to an associated company by a foreign subsidiary company	(10,197)	(1,233)
Deposits in debt service reserve accounts	(1,755)	-
Interest paid	(68,529)	(61,431)
Dividends paid to shareholders of the Company	(46,973)	(87,322)
Treasury shares acquired	(4,995)	(18,230)
Net cash from/(used in) financing activities	<u>29,358</u>	<u>(392,243)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	206,983	50,970
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	363,624	304,996
Effects of exchange rate changes	(13,665)	7,658
CASH AND CASH EQUIVALENTS AS AT END OF YEAR (Note D)	<u>556,942</u>	<u>363,624</u>

	2022	2021
	RM'000	RM'000
Note A Acquisition of property, plant and equipment		
Hire purchase	311	547
Accruals for capital work-in-progress	7,126	18,156
Prepayment made in preceding financial year	-	57,408
Cash	131,228	70,722
	<u>138,665</u>	<u>146,833</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	GROUP	
	2022	2021
	RM'000	RM'000
Note B Acquisition of an investment property		
Cash paid during the financial year	-	4,644
Deposit paid in prior financial year	-	516
	-	5,160
Note C Addition of a right-of-use asset		
Cash paid for remaining outstanding sum of acquisition in prior financial year	-	9,450
Note D Cash and cash equivalents comprise the following:		
Deposits with financial institutions (Note 16)	368,517	254,100
Cash and bank balances (Note 16)	190,313	109,655
	558,830	363,755
Less: Cash and cash equivalents restricted for use	(1,888)	(131)
	556,942	363,624

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

Reconciliation of liabilities arising from financing activities:

GROUP

	Lease liabilities RM'000	Medium term notes RM'000	Borrowings RM'000	Hire purchase liabilities RM'000	Amount due to an associated company RM'000	Total RM'000
2022						
At beginning of financial year	265,069	798,299	257,960	1,160	53,343	1,375,831
Additional during the financial year	12,214	-	-	311	-	12,525
Reassessment	26,023	-	-	-	-	26,023
Termination	(505)	-	-	-	-	(505)
Drawdown of borrowings	-	330,000	206,388	-	-	536,388
Repayment of borrowings	-	(330,000)	(8,616)	-	-	(338,616)
Net repayment of advances	-	-	-	-	(10,197)	(10,197)
Repayment of hire purchase liabilities	-	-	-	(463)	-	(463)
Payment of lease liabilities	(35,502)	-	-	-	-	(35,502)
Charge out of deferred transaction costs	-	486	-	-	-	486
Exchange differences	(18,167)	-	(17,779)	-	(3,468)	(39,414)
At end of financial year	<u>249,132</u>	<u>798,785</u>	<u>437,953</u>	<u>1,008</u>	<u>39,678</u>	<u>1,526,556</u>

	Lease liabilities RM'000	Medium term notes RM'000	Borrowings RM'000	Hire purchase liabilities RM'000	Amount due to an associated company RM'000	Total RM'000
2021						
At beginning of financial year	273,436	797,826	409,727	1,018	53,210	1,535,217
Additional during the financial year	9,974	-	-	547	-	10,521
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)
Net repayment of advances	-	-	-	-	(1,233)	(1,233)
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	-	1,366	56,339
At end of financial year	<u>265,069</u>	<u>798,299</u>	<u>257,960</u>	<u>1,160</u>	<u>53,343</u>	<u>1,375,831</u>

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

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	COMPANY	
	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment for operating expenses	(9,677)	(12,173)
Dividends received	108,022	122,650
Payment of taxes	(413)	(389)
Other receipts	22	17
Net cash from operating activities	97,954	110,105
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(78)	(16)
Interest received	304	215
Acquisition of investment in an associated company	-	(1,014)
Net advances given to subsidiary companies	(12,741)	(34,100)
Net cash used in investing activities	(12,515)	(34,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(46,973)	(87,322)
Interest paid	(129)	(139)
Payment of lease liabilities	(2,344)	(2,343)
Repayment of hire purchase liabilities	(94)	(116)
Treasury shares acquired	(4,995)	(18,230)
Net (repayment to)/advances from a subsidiary company	(25,578)	25,596
Net cash used in financing activities	(80,113)	(82,554)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,326	(7,364)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,678	22,042
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note A)	20,004	14,678
Note A Cash and cash equivalents comprise the following:		
Deposits with financial institutions (Note 16)	15,500	12,000
Cash and bank balances (Note 16)	4,504	2,678
	20,004	14,678

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

Reconciliation of liabilities arising from financing activities:

COMPANY

	Lease liabilities RM'000	Hire purchase liabilities RM'000	Amounts due to subsidiary companies RM'000	Total RM'000
2022				
At beginning of financial year	3,570	137	1,049,853	1,053,560
Additional during the financial year	21	-	-	21
Repayment of hire purchase liabilities	-	(94)	-	(94)
Payment of lease liabilities	(2,344)	-	-	(2,344)
Net repayment to a subsidiary company	-	-	(25,578)	(25,578)
Interest on advances from subsidiary companies	-	-	39,925	39,925
At end of financial year	<u>1,247</u>	<u>43</u>	<u>1,064,200</u>	<u>1,065,490</u>

	Lease liabilities RM'000	Hire purchase liabilities RM'000	Amounts due to subsidiary companies RM'000	Total RM'000
2021				
At beginning of financial year	1,244	253	984,831	986,328
Additional 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>

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

1 ABBREVIATION AND CORPORATE INFORMATION

1.1 ABBREVIATION

The following abbreviations are applied throughout the financial statements:

SPToto	- Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)
the Group	- SPToto 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
STM Lottery	- STM Lottery Sdn Bhd (formerly known as 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.

The Company changed its name from Berjaya Sports Toto Berhad to Sports Toto Berhad with effect from 1 April 2022 following the Extraordinary General Meeting held on 31 March 2022 and Notice of Registration of New Name issued by the Companies Commission of Malaysia on 1 April 2022, pursuant to Section 28 of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

1 ABBREVIATION AND CORPORATE INFORMATION (CONTINUED)

1.2 CORPORATE INFORMATION (Continued)

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 12 October 2022.

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

(1) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(1) Subsidiary companies and basis of consolidation (continued)

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 acquisition-related 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 (CONTINUED)**2.2 Summary of Significant Accounting Policies (Continued)****(1) Subsidiary companies and basis of consolidation (continued)**

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(1) Subsidiary companies and basis of consolidation (continued)

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 interest 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 interest 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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(2) 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.

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 and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associated companies and joint ventures is impaired. If there is such evidence, the Group recognises the difference between the recoverable amount of the associated company or 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 the 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(2) Associated companies and joint ventures (continued)

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 an 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 ventures 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 obligations or has made payment on behalf of the associated company or the joint venture.

Upon loss of significant influence over the associated company and 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, investments in associated companies and joint ventures are stated at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(3) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(3) Intangible assets (continued)

(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.

(4) 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 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 year 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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(4) Property, plant and equipment and depreciation (continued)

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%
Hotel and kitchen equipment and utensils	20%

The residual values, 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.

(5) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(5) Investment properties (continued)

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.

(6) 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 an 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 indefinite useful lives 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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(6) Impairment of non-financial assets (continued)

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.

(7) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(8) Fair value measurement

The Group measures financial instruments, such as, short-term investments, 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 a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account 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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(9) 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 business model for managing them.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of Significant Accounting Policies (Continued)****(9) Financial instruments (continued)****(b) Financial liabilities (continued)****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 designated as effective hedging instruments). The changes in fair value of these financial liabilities are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(9) Financial instruments (continued)

(b) Financial liabilities (continued)

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.

(10) 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).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(10) Impairment of financial assets (continued)

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.

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.

(11) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(12) 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.

(13) 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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(14) 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.

(15) 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 includes 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(15) Leases (continued)

(i) Group as a lessee (continued)

Right-of-use assets (continued)

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 to 50 years
Buildings	1 to 74 years
Motor vehicle	3 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.

If the lease transfers the ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset.

The right-of-use assets are also subject to impairment assessment.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(15) Leases (continued)

(i) Group as a lessee (continued)

Lease liabilities (continued)

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(15) Leases (continued)

(ii) Group as a lessor (continued)

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 in which they are earned.

(16) 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 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(16) Taxes (continued)

(ii) Deferred tax (continued)

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(16) Taxes (continued)

(ii) Deferred tax (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(17) 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.

(18) 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(18) Employee benefits (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(18) Employee benefits (continued)

(iii) Defined benefit plans (continued)

(a) Funded defined benefit plan (continued)

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(19) 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 (i.e. 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.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of Significant Accounting Policies (Continued)****(19) Foreign currencies (continued)****(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 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.

(20) 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 guaranteed 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 the principles of MFRS 15, where appropriate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(21) 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.
- (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:

- (a) Provides benefits that the customer simultaneously receives and consumes as the Group performs; or
- (b) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(21) Revenue recognition (continued)

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(15)(ii).

(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.

(22) 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 and 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(22) Contract assets and liabilities (continued)

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.

(23) 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.

(24) 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.

(25) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (Continued)

(25) Segmental information (continued)

Segment revenues 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 expense 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.

(26) 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.

2.3 Changes in Accounting Policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following Amendments to MFRSs, effective for financial periods beginning on or after 1 January 2021:

Amendments to MFRS 4,
MFRS 7, MFRS 9,
MFRS 16 and MFRS 139

Interest Rate Benchmark Reform - Phase 2

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in Accounting Policies (Continued)

The adoption of the above Amendments to MFRSs did not have any significant effect on the financial performance or position of the Group and the Company.

2.4 Standards Issued but Not Yet Effective

At the date of authorisation 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 and the Company:

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, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 17	Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure 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 for financial periods beginning on or after 1 January 2024

Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
Amendments to MFRS 16	Leases (Lease Liability in a Sale and Leaseback)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards Issued but Not Yet Effective (Continued)

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)

The new MFRS, Amendments to MFRSs and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRS and Amendments to MFRSs.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant Accounting Estimates and Judgements (Continued)

(a) Critical judgements made in applying accounting policies (continued)

(iii) Determination of the lease term of contracts with renewal and termination options as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably not to be exercised.

The Group assesses, by applying significant judgement at lease commencement date, 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. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

(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 set out below:

(i) Impairment of goodwill and dealership rights

The Group performs an impairment test on its goodwill and dealership rights at least on an annual basis or when there is evidence of impairment. 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 choose a suitable discount rate 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 (2021: 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.5 Significant Accounting Estimates and Judgements (Continued)****(b) Key sources of estimation uncertainty (continued)****(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant Accounting Estimates and Judgements (Continued)

(b) Key sources of estimation uncertainty (continued)

(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 an impairment loss amounting to RM623,000 (2021: reversal of impairment loss of RM873,000) during the financial year in respect of its investment in subsidiary companies as disclosed in Notes 5, 31 and 32.

As at 30 June 2022, the carrying amount of investment in subsidiary companies of the Company was RM4,315,379,000 (2021: RM4,316,002,000).

(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.

(vi) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent professional valuers to perform valuations on its investment properties as at 30 June 2022. The valuation methodology commonly used is the comparison method which is based on comparable historical transactions adjusted for specific market factors such as location, size, condition, accessibility and design of the respective properties.

The details of the investment properties are disclosed in Note 9 whilst the valuation techniques and key assumptions applied on the determination of the fair values are disclosed in Note 41(a)(i).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3 PROPERTY, PLANT AND EQUIPMENT

Group

	2022						Net carrying amount at end of financial year RM'000	
	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Write-off RM'000	Reclassification RM'000	Exchange differences RM'000		Depreciation RM'000
Freehold land	57,408	-	-	-	-	(4,138)	-	53,270
Buildings	28,318	36,778	-	-	-	(1,819)	(294)	62,983
Plant and machinery	22,905	5,194	-	(23)	911	(1,315)	(6,534)	21,138
Computer equipment	15,405	1,485	(1)	(25)	458	55	(4,733)	12,644
Office equipment	1,964	2,640	(31)	(38)	-	(7)	(639)	3,889
Furniture and fittings	816	297	(3)	(13)	-	1	(183)	915
Motor vehicles	15,944	2,502	(1,127)	(25)	-	(31)	(3,465)	13,798
Renovation	45,468	7,421	(88)	(115)	-	(2,683)	(9,493)	40,510
Hotel and kitchen equipment and utensils	143	23	-	-	-	3	(29)	140
Capital work-in-progress	115,934	82,325	-	-	(1,369)	(7,916)	-	188,974
	304,305	138,665	(1,250)	(239)	-	(17,850)	(25,370)	398,261

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

	Net carrying amount at beginning of financial year	Additions	Disposals	Impairment	Write-off	Reclassification	Reclassified to non-current asset held for sale	Exchange differences	Depreciation	Net carrying amount at end of financial year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021										
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

As at the reporting date, a freehold land with carrying amount of RM53,270,000 (2021: RM57,408,000), and buildings under construction erected on the land which were categorised as capital work-in-progress amounting to RM138,510,000 (2021: RM61,329,000) and also another buildings with carrying amount of RM36,675,000 (2021: Nil) owned by a foreign subsidiary company of the Group were pledged to financial institutions for its credit facilities as disclosed in Note 23(b).

NOTES TO THE FINANCIAL STATEMENTS

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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

	Cost	Accumulated depreciation	Accumulated impairment	Net carrying amount
	RM'000	RM'000	RM'000	RM'000
As at 30 June 2022				
Freehold land	53,270	-	-	53,270
Buildings	64,061	(1,078)	-	62,983
Plant and machinery	59,601	(38,463)	-	21,138
Computer equipment	56,920	(44,266)	(10)	12,644
Office equipment	15,734	(11,845)	-	3,889
Furniture and fittings	8,607	(7,692)	-	915
Motor vehicles	48,523	(34,725)	-	13,798
Renovation	107,062	(66,552)	-	40,510
Hotel and kitchen equipment and utensils	1,140	(1,000)	-	140
Capital work-in-progress	188,974	-	-	188,974
	603,892	(205,621)	(10)	398,261

	Cost	Accumulated depreciation	Accumulated impairment	Net carrying amount
	RM'000	RM'000	RM'000	RM'000
As at 30 June 2021				
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
	521,983	(217,588)	(90)	304,305

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

(a) Net carrying amount of property, plant and equipment of the Group held under hire purchase arrangements are as follows:

	2022	2021
	RM'000	RM'000
Motor vehicles	1,533	1,777

Company

	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Write-off RM'000	Depreciation RM'000	Net carrying amount at end of financial year RM'000
2022					
Computer equipment	18	73	(2)	(11)	78
Office equipment	32	5	-	(14)	23
Furniture and fittings	37	-	-	(18)	19
Motor vehicles	892	-	-	(170)	722
Renovation	42	-	-	(19)	23
	1,021	78	(2)	(232)	865

	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Depreciation RM'000	Net carrying amount at end of financial year RM'000
2021				
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

NOTES TO THE FINANCIAL STATEMENTS

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3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (Continued)

	Cost	Accumulated depreciation	Net carrying amount
	RM'000	RM'000	RM'000
As at 30 June 2022			
Computer equipment	678	(600)	78
Office equipment	338	(315)	23
Furniture and fittings	5,584	(5,565)	19
Motor vehicles	2,316	(1,594)	722
Renovation	4,399	(4,376)	23
	13,315	(12,450)	865

	Cost	Accumulated depreciation	Net carrying amount
	RM'000	RM'000	RM'000
As at 30 June 2021			
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
	13,339	(12,318)	1,021

Net carrying amount of property, plant and equipment of the Company held under hire purchase arrangements are as follows:

	2022	2021
	RM'000	RM'000
Motor vehicles	190	303

NOTES TO THE FINANCIAL STATEMENTS

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4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

Group

	2022					2021									
	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Termination RM'000	Reassessment RM'000	Exchange differences RM'000	Depreciation RM'000	Net carrying amount at end of financial year RM'000	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Termination RM'000	Reassessment RM'000	Impairment RM'000	Exchange differences RM'000	Depreciation RM'000	Net carrying amount at end of financial year RM'000
Hotel land and building	55,965	-	-	-	(3,596)	(1,388)	50,981	59,523	-	-	(423)	-	(1,377)	(1,758)	55,965
Buildings	268,037	12,060	(18)	26,023	(15,475)	(45,115)	245,512	275,612	9,501	(1,595)	573	(587)	22,280	(37,747)	268,037
Motor vehicle	405	-	-	-	-	(143)	262	-	429	-	-	-	-	(24)	405
Other equipment	328	154	-	-	-	(61)	421	331	44	(4)	-	-	(43)	328	
	324,735	12,214	(18)	26,023	(19,071)	(46,707)	297,176	335,466	9,974	(1,599)	150	(587)	20,903	(39,572)	324,735

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

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4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) Right-of-use assets (Continued)

Group (continued)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Net carrying amount RM'000
As at 30 June 2022				
Hotel land and building	65,482	(14,501)	-	50,981
Buildings	345,637	(99,897)	(228)	245,512
Motor vehicle	429	(167)	-	262
Other equipment	542	(121)	-	421
	412,090	(114,686)	(228)	297,176

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Net carrying amount RM'000
As at 30 June 2021				
Hotel land and building	70,035	(14,070)	-	55,965
Buildings	337,126	(68,502)	(587)	268,037
Motor vehicle	429	(24)	-	405
Other equipment	402	(74)	-	328
	407,992	(82,670)	(587)	324,735

As at the reporting date, a leasehold hotel building and factory buildings of the Group, with a total net carrying amount of RM64,200,000 (2021: RM169,465,000) were pledged to financial institutions for credit facilities granted to subsidiary companies as disclosed in Note 23(b). The carrying amount of the leasehold hotel building includes capitalised right-of-use land cost of RM7,146,000 (2021: RM7,844,000).

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) Right-of-use assets (Continued)

Company

	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Depreciation RM'000	Net carrying amount at end of financial year RM'000
2022				
Buildings	3,504	7	(2,339)	1,172
Other equipment	19	14	(8)	25
	<u>3,523</u>	<u>21</u>	<u>(2,347)</u>	<u>1,197</u>
	Net carrying amount at beginning of financial year RM'000	Additions RM'000	Depreciation RM'000	Net carrying amount at end of financial year RM'000
2021				
Buildings	1,180	4,669	(2,345)	3,504
Other equipment	25	-	(6)	19
	<u>1,205</u>	<u>4,669</u>	<u>(2,351)</u>	<u>3,523</u>

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 RM'000
As at 30 June 2022			
Buildings	4,676	(3,504)	1,172
Other equipment	45	(20)	25
	<u>4,721</u>	<u>(3,524)</u>	<u>1,197</u>

	Cost RM'000	Accumulated depreciation RM'000	Net carrying amount RM'000
As at 30 June 2021			
Buildings	4,679	(1,175)	3,504
Other equipment	31	(12)	19
	<u>4,710</u>	<u>(1,187)</u>	<u>3,523</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of financial year	265,069	273,436	3,570	1,244
Additions	12,214	9,974	21	4,669
Reassessment	26,023	150	-	-
Termination	(505)	(1,609)	-	-
Interest expense in lease liabilities (Note 34)	9,202	8,856	122	123
Lease payments	(44,704)	(48,162)	(2,466)	(2,466)
Exchange differences	(18,167)	22,424	-	-
At end of financial year	249,132	265,069	1,247	3,570
Analysed as:				
- Non-current	212,722	232,991	18	1,228
- Current	36,410	32,078	1,229	2,342
At end of financial year	249,132	265,069	1,247	3,570

Other information relating to lease contract

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other income from sublease (Note 33)	3,120	3,091	-	-
Gain on lease termination (Note 33)	487	10	-	-
Expenses relating to leases of low-value assets (Note 30)	569	717	-	-

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	569	717	-	-
Cash flows from financing activities:				
Payment for lease liabilities - interests	9,202	8,856	122	123
Payment for lease liabilities - principal	35,502	39,306	2,344	2,343
Total lease payment	44,704	48,162	2,466	2,466

5 INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost	6,717,472	6,717,472
Less : Accumulated impairment losses	<u>(2,402,093)</u>	<u>(2,401,470)</u>
	<u>4,315,379</u>	<u>4,316,002</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 impairment losses of investment in certain subsidiary companies of RM623,000, as disclosed in Note 32, as the carrying values exceeded the value-in-use amounts estimated by the Company. In the previous financial year, net reversal of impairment losses of investment in certain subsidiary companies of RM873,000 was recognised as disclosed in Note 31, as the value-in-use amounts estimated by the Company exceeded the carrying values.

Details of the subsidiary companies are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	Equity interest	
			2022	2021
			%	%
Subsidiary companies of SPToto				
FEAB Equities Sdn Bhd (Note a)	Malaysia	Dormant, under strike-off process	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
STM Lottery ^^	Malaysia	Toto betting operations	100	100
Sports Toto Fitness Sdn Bhd * (Note b)	Malaysia	Operation of health and fitness centre, ceased operation and became dormant during the financial year	100	100

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2022</u> %	<u>2021</u> %
Subsidiary companies of SPToto (Continued)				
STM Resort Sdn Bhd	Malaysia	Property investment	100	100
Subsidiary companies of Magna Mahsuri Sdn Bhd				
Berjaya Sports Toto (Cayman) Limited ("BSTC")	Cayman Islands	Investment holding	100	100
Sports Toto Apparel Sdn Bhd	Malaysia	Dormant, under liquidation	100	100
Sports Toto Computer Sdn Bhd	Malaysia	Computer consultancy services	100	100
Sports Toto Products Sdn Bhd	Malaysia	Dormant, under liquidation	100	100
Subsidiary company of BSTC				
Berjaya Lottery Management (HK) Limited ("BLM") #	Hong Kong	Investment holding	100	100
Subsidiary companies of BLM				
Berjaya Philippines Inc. ("BPI") *	Philippines	Investment holding	74.20 ^	74.20 ^
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

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2022</u> %	<u>2021</u> %
Subsidiary companies of BPI				
eDoc Holdings Limited *	United Kingdom	Dormant	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
Subsidiary companies of International Lottery & Totalizator Systems, Inc.				
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
Subsidiary companies of H.R. Owen				
Bodytechnics Limited *	United Kingdom	Maintenance and repair of motor vehicles	100	100

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			<u>2022</u> %	<u>2021</u> %
Subsidiary companies of H.R. Owen (Continued)				
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 * (Note c)	United Kingdom	Provision of insurance agent and broker services	95	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

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity interest</u>	
			2022 %	2021 %
Subsidiary companies of H.R. Owen (Continued)				
H.R. Owen Investments Limited *	United Kingdom	Dormant	100	100
Malaya Dealerships Limited *	United Kingdom	Dormant	100	100
Shepperton 6939 Limited *	United Kingdom	Dormant	100	100
H.R. Owen Leasing Limited * (Note d)	United Kingdom	Dormant, under strike-off process	100	100
H.R. Owen Motor Dealerships Limited * (Note d)	United Kingdom	Dormant, under strike-off process	100	100
H.R. Owen Motor Properties Limited * (Note d)	United Kingdom	Dormant, under strike-off process	100	100
H.R. Owen Vehicle Leasing Company Limited * (Note d)	United Kingdom	Dormant, under strike-off process	100	100
London Lotus Centre Limited * (Note d)	United Kingdom	Dormant, under strike-off process	100	100
Netprofit.com Limited ("Netprofit") * (Note d)	United Kingdom	Dormant, under strike-off process	100 @	100 @

* Audited by firms of auditors other than Ernst & Young PLT

Audited by other member firms of Ernst & Young Global

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

[^] The total equity interests held by the Group in BPI is 88.26% (2021: 88.26%) and it is held by the following companies respectively:

	2022	2021
	%	%
(i) BLM	74.20	74.20
(ii) BSTC	14.06	14.06
	<u>88.26</u>	<u>88.26</u>

[@] The total equity interests held by H.R. Owen group in Netprofit is 100% (2021: 100%) and it is held by the following companies respectively:

	2022	2021
	%	%
(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 FEAB Equities Sdn Bhd, a wholly-owned subsidiary company of the Group filed its application for strike-off to Companies Commission of Malaysia on 18 July 2022.

Note b Sports Toto Fitness Sdn Bhd, a wholly-owned subsidiary company of the Group ceased operation on 31 July 2021 and became dormant.

Note c On 30 July 2021, H.R. Owen, acquired a further 35% equity interests in its subsidiary company, H R Owen Insurance Services Limited ("H R Owen Insurance"), for a total consideration of £1.35 million (equivalent to approximately RM7.21 million). Consequently its total equity interests in H R Owen Insurance increased from 60% to 95%.

Note d The following wholly-owned subsidiary companies of H.R. Owen were dissolved subsequent to the financial year end:

- London Lotus Centre Limited was dissolved on 26 July 2022;
- H.R. Owen Leasing Limited, H.R. Owen Motor Dealerships Limited, H.R. Owen Motor Properties Limited and H.R. Owen Vehicle Leasing Company Limited were dissolved on 9 August 2022; and
- Netprofit was dissolved on 20 September 2022.

^{^^} The MTN issued by STM Lottery are secured by a third party first equitable charge over the unquoted shares of the said subsidiary company as disclosed in Note 23(a). The carrying value of the unquoted shares were RM3,625,624,000 (2021: RM3,625,624,000) at the reporting date.

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

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	2022 %	2021 %
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, where applicable.

(i) Summarised statement of financial position

	2022 RM'000	2021 RM'000
<u>BPI</u>		
Non-current assets	957,407	911,007
Current assets	976,210	779,239
Total assets	<u>1,933,617</u>	<u>1,690,246</u>
Non-current liabilities	362,887	321,860
Current liabilities	776,517	608,754
Total liabilities	<u>1,139,404</u>	<u>930,614</u>
Net assets	<u>794,213</u>	<u>759,632</u>
Equity attributable to equity holders of the Parent	732,287	695,849
Non-controlling interests	61,926	63,783
Total equity	<u>794,213</u>	<u>759,632</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Subsidiary companies with material non-controlling interests (Continued)

(ii) Summarised statement of profit or loss and other comprehensive income

	2022	2021
	RM'000	RM'000
<u>BPI</u>		
Revenue	3,020,563	2,511,726
Profit for the financial year attributable to:		
Owners of the parent	68,358	39,790
Non-controlling interests	9,330	6,163
Profit for the financial year	77,688	45,953
Other comprehensive income (net of tax) attributable to:		
- Owners of the parent	(26,763)	24,443
- Non-controlling interests	(9,136)	6,162
Other comprehensive income for the financial year	(35,899)	30,605
Total comprehensive income for the financial year	41,789	76,558
Total comprehensive income attributable to:		
- Owners of the parent	41,595	64,233
- Non-controlling interests	194	12,325
Total comprehensive income for the financial year	41,789	76,558

(iii) Summarised statement of cash flows

	2022	2021
	RM'000	RM'000
<u>BPI</u>		
Net cash from/(used in):		
Operating activities	107,136	312,272
Investing activities	(107,796)	(143,078)
Financing activities	100,964	(238,549)
Net change in cash and cash equivalents	100,304	(69,355)

6 INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	124,928	122,139	30,461	30,461
Share of post-acquisition reserves	(16,493)	(19,238)	-	-
	108,435	102,901	30,461	30,461
Exchange differences	(1,041)	5,641	-	-
	107,394	108,542	30,461	30,461
Less: Accumulated impairment losses	(3,803)	(3,834)	(27,923)	(25,944)
	103,591	104,708	2,538	4,517

The Company recognised impairment losses of RM1,979,000 (2021: RM1,802,000) during the current financial year while the Group recognised RM476,000 impairment losses in the previous financial year 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 RM34,020,000 (2021: RM34,399,000) are pledged for credit facilities granted to a foreign subsidiary company of the Group during the financial year as disclosed in Note 23(b).

Movement of accumulated impairment losses:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	3,834	8,712	25,944	24,142
- Net charge for the financial year (Note 32)	-	476	1,979	1,802
- Written off during the financial year	-	(5,356)	-	-
Exchange differences	(31)	2	-	-
At end of financial year	3,803	3,834	27,923	25,944

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>	
			2022	2021
			%	%
Associates of SPToto				
Berjaya Racing Management Sdn Bhd	Malaysia	Dormant	20	20
Berjaya Lottery Vietnam Limited	Malaysia	Investment holding	20	20

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2022</u> %	<u>2021</u> %
Associate of				
FEAB Properties Sdn Bhd				
Cashsystems Asia Technology Sdn Bhd	Malaysia	Dormant, under liquidation	30	30
Associates of BPI				
Philippine Gaming Management Corporation ("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. ("BAAI") (Note a)	Philippines	Selling and distribution of vehicles within the territory of the Philippines	19.98	30.00

6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Equity Interest</u>	
			<u>2022</u>	<u>2021</u>
			%	%
Associates of BPI (Continued)				
Neptune Properties, Incorporated	Philippines	Engage in real estate business	41.46	41.46
Chailease Berjaya Finance Corporation	Philippines	Provision of hire purchase and loan financing services	25	25
Cosway Philippines Inc.	Philippines	Dormant	40	40

Note a On 26 July 2021, BPI subscribed for a total of 34,829,989 new ordinary shares in BAAI for a total consideration of PHP34,829,989 (equivalent to approximately RM2,789,000) and its equity interest in this associated company remains unchanged subsequent to the subscription.

Subsequently on 17 January 2022, BAAI called for additional new shares subscription and BPI renounced its rights to subscribe. With this, the Group's equity interest in BAAI diluted from 30% to 19.98% and recognised a gain on deemed disposal of RM162,000 (2021: Nil) during the current financial year as disclosed in Note 31.

Although the Group holds less than 20% of the voting shares in BAAI, the Group exercises significant influence by virtue of its ability to participate in the financial and operating policy decisions of this company by way of board representations.

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6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

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

	PGMC	BAPI	Total
	RM'000	RM'000	RM'000
<u>At 30 June 2022</u>			
Non-current assets	39,096	64,783	103,879
Current assets	75,676	131,781	207,457
Total assets	114,772	196,564	311,336
Non-current liabilities	3,582	45,071	48,653
Current liabilities	10,999	38,925	49,924
Total liabilities	14,581	83,996	98,577
Net assets	100,191	112,568	212,759
Group's share of net assets	40,066	31,834	71,900
<u>At 30 June 2021</u>			
Non-current assets	53,662	68,660	122,322
Current assets	57,191	129,402	186,593
Total assets	110,853	198,062	308,915
Non-current liabilities	3,408	44,687	48,095
Current liabilities	9,022	40,002	49,024
Total liabilities	12,430	84,689	97,119
Net assets	98,423	113,373	211,796
Group's share of net assets	39,359	32,062	71,421

6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(ii) Summarised statement of profit or loss and other comprehensive income

	PGMC	BAPI	Total
	RM'000	RM'000	RM'000
<u>For financial year ended 30 June 2022</u>			
Revenue	81,932	194,547	276,479
Profit for the financial year	22,881	6,231	29,112
Other comprehensive income	395	67	462
Total comprehensive income for the financial year	23,276	6,298	29,574
Group's share of profit for the financial year	9,150	1,762	10,912
Group's share of other comprehensive income for the financial year	158	19	177
	PGMC	BAPI	Total
	RM'000	RM'000	RM'000
<u>For financial year ended 30 June 2021</u>			
Revenue	54,647	187,349	241,996
Profit/(loss) for the financial year	5,093	(12,289)	(7,196)
Other comprehensive income	(277)	(2,729)	(3,006)
Total comprehensive income 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 income for the financial year	(111)	(772)	(883)

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6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(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
<u>2022</u>			
Net assets as at 1 July 2021			
prior to equity contribution	98,423	113,373	211,796
Exchange differences	(6,642)	(7,103)	(13,745)
Profit for the financial year	22,881	6,231	29,112
Other comprehensive income	395	67	462
Dividend paid during the financial year	(14,866)	-	(14,866)
	<u>100,191</u>	<u>112,568</u>	<u>212,759</u>
Equity contribution from parent	-	3,899	3,899
Exchange differences	-	(245)	(245)
Net assets as at 30 June 2022	<u>100,191</u>	<u>116,222</u>	<u>216,413</u>
Interest in the associated companies	39.99%	28.28%	
Group's equity interests	40,066	31,834	71,900
Goodwill	-	2,186	2,186
Carrying value of the Group's interest in the associated companies	<u>40,066</u>	<u>34,020</u>	<u>74,086</u>
	PGMC RM'000	BAPI RM'000	Total RM'000
<u>2021</u>			
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 income	(277)	(2,729)	(3,006)
Dividend paid during the financial year	(4,282)	-	(4,282)
	<u>98,423</u>	<u>113,373</u>	<u>211,796</u>
Equity contribution from parent	-	3,770	3,770
Exchange differences	-	(12)	(12)
Net assets as at 30 June 2021	<u>98,423</u>	<u>117,131</u>	<u>215,554</u>
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	<u>39,359</u>	<u>34,399</u>	<u>73,758</u>

6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(iv) Aggregate information of associated companies that are not individually material to the Group

	2022	2021
	RM'000	RM'000
The Group's share of loss for the financial year	(2,171)	(14,970)
The Group's share of other comprehensive income for the financial year	(390)	175
The Group's share of total comprehensive income for the financial year	(2,561)	(14,795)
Aggregate carrying amounts of the total Group's interests in these associated companies	29,505	30,950

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 PHP135,354,000 equivalent to RM10,838,000 (2021: PHP125,248,000 equivalent to RM10,726,000).

7 INVESTMENT IN JOINT VENTURE

	Group	
	2022	2021
	RM'000	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>	Equity interest	
			2022	2021
			%	%
FEAB Cylabs Sdn Bhd	Malaysia	Deregistered and dissolved	-	50

* Denotes RM1

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8 LONG TERM INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value:				
- Quoted shares in Malaysia	44,395	61,942	-	-
- Quoted shares outside Malaysia	-	2,130	-	-
- Quoted warrants in Malaysia	314	1,123	-	-
- Unquoted shares outside Malaysia	33,083	33,334	-	-
- Malaysian Government Securities	3,040	3,275	-	-
	80,832	101,804	-	-
At cost:				
Club memberships	981	1,044	353	416
Less: Accumulated impairment losses	(945)	(1,008)	(353)	(416)
	36	36	-	-
	80,868	101,840	-	-

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% (2021: 4.5%) per annum.

Further details on fair value hierarchy and classification of equity investments are disclosed in Notes 41 and 42 respectively.

9 INVESTMENT PROPERTIES

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	117,534	113,238
Addition	-	5,160
Fair value adjustments, net (Note 32)	-	(1,730)
Exchange differences	(768)	866
At end of financial year	116,766	117,534
The carrying amount of investment property held under lease term is as follows:		
Building	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.

10 DEFERRED TAX (ASSETS) / LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of financial year	6,559	(4,668)	-	-
Recognised in profit or loss (Note 35)	2,646	3,350	-	-
Recognised in other comprehensive income	3,712	2,977	-	-
Recognised directly in				
intangible assets (Note 11)	-	3,480	-	-
Exchange differences	(1,439)	1,420	-	-
At end of financial year	11,478	6,559	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(18,284)	(21,944)	-	-
Deferred tax liabilities	29,762	28,503	-	-
	11,478	6,559	-	-

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
2022				
At beginning of financial year	(120)	(27,295)	(1,531)	(28,946)
Recognised in profit or loss	(20)	4,401	(1,490)	2,891
Recognised in other comprehensive income	19	-	-	19
Exchange differences	3	517	56	576
At end of financial year	(118)	(22,377)	(2,965)	(25,460)
Less: set-off against deferred tax liabilities				7,176
				(18,284)

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10 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

Deferred Tax Assets of the Group (Continued):

	Retirement benefit obligations RM'000	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Total RM'000
2021				
At beginning of financial year	(638)	(27,371)	(1,130)	(29,139)
Recognised in profit or loss	511	31	(303)	239
Exchange differences	7	45	(98)	(46)
At end of financial year	<u>(120)</u>	<u>(27,295)</u>	<u>(1,531)</u>	<u>(28,946)</u>
Less: set-off against deferred tax liabilities				<u>7,002</u>
				<u>(21,944)</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
2022					
At beginning of financial year	14,889	13,492	2,005	5,119	35,505
Recognised in profit or loss	-	(226)	-	(19)	(245)
Recognised in other comprehensive income	-	-	-	3,693	3,693
Exchange differences	(1,074)	(683)	-	(258)	(2,015)
At end of financial year	<u>13,815</u>	<u>12,583</u>	<u>2,005</u>	<u>8,535</u>	<u>36,938</u>
Less: set-off against deferred tax assets					<u>(7,176)</u>
					<u>29,762</u>

10 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

Deferred Tax Liabilities of the Group (Continued):

	Intangible assets RM'000	Accelerated capital allowances RM'000	Investment properties RM'000	Retirement benefit assets and others RM'000	Total RM'000
2021					
At beginning of financial year	10,396	8,256	2,420	3,399	24,471
Recognised in profit or loss	-	4,688	(415)	(1,162)	3,111
Recognised in other comprehensive income	-	-	-	2,977	2,977
Recognised 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>5,119</u>	<u>35,505</u>
Less: set-off against deferred tax assets					<u>(7,002)</u>
					<u>28,503</u>

Deferred Tax Assets of the Company:

	Other payables RM'000
2022	
At beginning/end of financial year	(17)
Less: set-off against deferred tax liability	<u>17</u>
	<u>-</u>
2021	
At beginning of financial year	(18)
Recognised in profit or loss	<u>1</u>
At end of financial year	<u>(17)</u>
Less: set-off against deferred tax liability	<u>17</u>
	<u>-</u>

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10 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

Deferred Tax Liability of the Company:

	Accelerated capital allowances RM'000
<u>2022</u>	
At beginning/end of financial year	17
Less: set-off against deferred tax assets	(17)
	<u>-</u>
<u>2021</u>	
At beginning of financial year	18
Recognised in profit or loss	(1)
At end of financial year	17
Less: set-off against deferred tax assets	(17)
	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022	2021
	RM'000	RM'000
Unutilised tax losses		
-Malaysian income tax	8,947	9,010
-foreign tax	6,171	6,549
Unabsorbed capital allowances	488	437
	<u>15,606</u>	<u>15,996</u>

Deferred tax assets have not been recognised in respect of the items above as it is not probable that future taxable profits will be available against which the items above can be utilised.

The Malaysia Finance Act 2018 gazetted on 27 December 2018 imposed a time limitation to restrict the carry forward of the unutilised tax losses to a maximum period of 7 consecutive Year of Assessment ("YA"), effective YA 2019. Based on the latest Malaysia Finance Act 2021, gazetted on 31 December 2021, the time limit for the carry forward of the unutilised tax losses has been extended from 7 years to 10 years. As a result of this change, the unutilised tax losses accumulated up to the YA 2018 are allowed to be carried forward for 10 consecutive years of assessment (i.e. from YA 2019 to 2028). Any balance of the unutilised tax losses thereafter shall be disregarded.

10 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

The foreign unutilised tax losses applicable to foreign incorporated subsidiary companies are pre-determined by and subject to the tax legislation of the respective countries. 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 unutilised tax losses and unabsorbed capital allowances at the end of reporting period will expire as follows:

	Group	
	2022	2021
	RM'000	RM'000
With no expiry	3,268	3,197
Within 12 months	1,648	711
More than 12 months	10,690	12,088
	<u>15,606</u>	<u>15,996</u>

11 INTANGIBLE ASSETS

	Group	
	2022	2021
	RM'000	RM'000
At carrying amount:		
Goodwill on consolidation		
At beginning of financial year	642,614	632,997
Deferred tax liability recognised - changes in tax rate (Note 10)	-	3,480
Exchange differences	(5,383)	6,137
At end of financial year	<u>637,231</u>	<u>642,614</u>
Dealership rights		
At beginning of financial year	59,556	54,712
Exchange differences	(4,293)	4,844
At end of financial year	<u>55,263</u>	<u>59,556</u>
Customer relationships		
At beginning of financial year	1,501	1,690
Amortisation (Note 30)	(331)	(329)
Exchange differences	(93)	140
At end of financial year	<u>1,077</u>	<u>1,501</u>
Other intangible asset		
At beginning of financial year	3,071	1,893
Addition	79	1,391
Amortisation (Note 30)	(293)	(153)
Exchange differences	175	(60)
At end of financial year	<u>3,032</u>	<u>3,071</u>
Total	<u>696,603</u>	<u>706,742</u>

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11 INTANGIBLE ASSETS (CONTINUED)

	Group	
	2022	2021
	RM'000	RM'000
Cost		
Goodwill on consolidation	637,231	642,614
Dealership rights	55,263	59,556
Customer relationships	3,151	3,396
Other intangible asset	3,994	3,653
	699,639	709,219
Accumulated Amortisation		
Customer relationships	(2,074)	(1,895)
Other intangible asset	(962)	(582)
	(3,036)	(2,477)
Net carrying amounts	696,603	706,742

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	
	2022	2021
	RM'000	RM'000
Toto betting operations	547,686	547,686
Motor dealership	76,891	82,865
Others	12,654	12,063
	637,231	642,614

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.

11 INTANGIBLE ASSETS (CONTINUED)

Impairment test on goodwill, dealership rights and customer relationships (Continued)

(a) Impairment test on goodwill (continued)

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 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% (2021: 7.8% to 9.3%).

(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% (2021: 1.0% to 1.5%) of which 1.5% (2021: 1.5%) has been applied to the Toto betting operations segment.

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 post-tax discount rate, applied to post-tax cash flows, used for the identified CGUs is 10.3% (2021: 10.3%).

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11 INTANGIBLE ASSETS (CONTINUED)

Impairment test on goodwill, dealership rights and customer relationships (Continued)

(b) Impairment test on dealership rights and customer relationships (continued)

(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% (2021: 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.

12 INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
At cost:		
Vehicles	263,825	217,365
Gaming equipment components and parts	321	246
Raw materials	27,728	21,107
Work-in-progress	761	755
Ticket inventories	3,026	4,544
Parts and consumables	7,388	2,605
Finished goods and inventories for resale	1,585	809
	<u>304,634</u>	<u>247,431</u>
At net realisable value:		
Vehicles	81,294	60,427
Parts and consumables	15,920	18,015
	<u>401,848</u>	<u>325,873</u>

The cost of inventories recognised as an expense during the financial year amounted to RM2,604,664,000 (2021: RM2,175,775,000).

The carrying amounts of inventories pledged for vehicle stocking loans amounted to RM325,519,000 (2021: RM255,193,000) as disclosed in Note 25(a).

13 RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	227,436	177,061	-	-
Other receivables	46,189	41,804	5	160
Refundable deposits	2,829	8,947	725	725
Amounts due from associated companies	172,877	181,292	-	-
	449,331	409,104	730	885
Less : Allowance for impairment				
- trade receivables	(2,250)	(3,056)	-	-
- other receivables	(191)	(153)	-	-
- Amounts due from associated companies	(5,416)	(3,844)	-	-
	441,474	402,051	730	885
<u>Other current non-financial assets</u>				
Dividend receivable	-	-	81,016	30,381
Other receivables	45,299	30,863	-	-
Prepayments	49,193	38,052	-	-
	535,966	470,966	81,746	31,266

The Group's trade receivables are non-interest bearing with credit term ranging from 1 to 90 days (2021: 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 RM136,557,000 (2021: RM120,131,000). 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 RM10,682,000 (2021: RM11,512,000) 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 RM21,363,000 (2021: RM23,024,000) with a balance outstanding sum of RM10,681,000 (2021: RM11,512,000) 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	
	2022 RM'000	2021 RM'000
Current	65,939	40,438
1 to 30 days	19,756	9,695
31 to 60 days	6,016	6,364
61 to 90 days	10,292	3,098
More than 90 days	123,183	114,410
	159,247	133,567
Impaired	2,250	3,056
	227,436	177,061

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13 RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

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:

	Group	
	2022 RM'000	2021 RM'000
<u>Individually impaired</u>		
Trade receivables - nominal amounts	2,250	3,056
Less: Allowance for impairment	(2,250)	(3,056)
	<u>-</u>	<u>-</u>

Movement in allowance accounts

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	3,056	3,981
- Net reversal for the financial year (Note 30)	(672)	(1,169)
- Exchange differences	(134)	244
At end of financial year	<u>2,250</u>	<u>3,056</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.

13 RECEIVABLES (CONTINUED)

(b) Other receivables

Other receivables that are impaired

Included in the allowance for impairment of other receivables are provision for individually impaired receivables which have been fully provided for as at the end of the reporting date.

Movement in allowance accounts

	Group	
	2022	2021
	RM'000	RM'000
At beginning of financial year	153	339
- Net charge/(reversal) for the financial year (Note 30)	47	(203)
- Exchange differences	(9)	17
At end of financial year	191	153

(c) Amounts due from associated companies

Amounts due from associated companies of foreign subsidiary company are unsecured, repayable on demand and interest bearing except for a total amount of RM46,202,000 (2021: RM42,455,000) that is non-interest bearing.

Movement in allowance accounts

	Group	
	2022	2021
	RM'000	RM'000
At beginning of financial year	3,844	7,929
- Net charge for the financial year (Note 32)	1,879	2,966
- Written off	-	(7,059)
- Exchange differences	(307)	8
At end of financial year	5,416	3,844

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14 CONTRACT ASSETS / (CONTRACT LIABILITIES)

	Group	
	2022	2021
	RM'000	RM'000
Contract asset		
<u>Current</u>		
Wagering and voting systems contracts (a)	4,740	7,471
Contract liabilities		
<u>Non-current</u>		
Wagering and voting systems contracts (a)	(84)	(162)
<u>Current</u>		
Wagering and voting systems contracts (a)	(12,918)	(415)
Deposits received from customers for sale of motor vehicles (b)	(279,151)	(169,341)
	<u>(292,069)</u>	<u>(169,756)</u>
	<u>(292,153)</u>	<u>(169,918)</u>

(a) Contract assets/(liabilities) from wagering and voting contracts

The movements of contract assets/(liabilities) are as follows:

	Group	
	2022	2021
	RM'000	RM'000
<u>Current:</u>		
<u>Contract assets</u>		
At beginning of financial year	7,471	6,631
Add: Revenue recognised during the financial year	1,046	1,038
Less: Progress billings during the financial year	(4,271)	-
Exchange differences	494	(198)
At end of financial year	<u>4,740</u>	<u>7,471</u>
<u>Contract liabilities</u>		
At beginning of financial year	(577)	(917)
Add: Deferred during the financial year	(12,833)	(498)
Less: Revenue recognised during the financial year	508	808
Exchange differences	(100)	30
At end of financial year	<u>(13,002)</u>	<u>(577)</u>

14 CONTRACT ASSETS / (CONTRACT LIABILITIES) (CONTINUED)

(a) Contract assets/(liabilities) from wagering and voting contracts (Continued)

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:

	Group	
	2022	2021
	RM'000	RM'000
Within one year	12,918	415
More than one year but not later than five years	84	162
	13,002	577

(b) Contract liabilities from deposits received from customers for sale of motor vehicles

The movement of contract liabilities is as follows:

	Group	
	2022	2021
	RM'000	RM'000
<u>Current:</u>		
<u>Contract liabilities</u>		
At beginning of financial year	(169,341)	(177,523)
Add: Deferred during the financial year	(283,587)	(162,303)
Less: Revenue recognised during the financial year	171,631	180,496
Exchange differences	2,146	(10,011)
At end of financial year	(279,151)	(169,341)

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:

	Group	
	2022	2021
	RM'000	RM'000
Within a year	279,151	169,341

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14 CONTRACT ASSETS / (CONTRACT LIABILITIES) (CONTINUED)

(c) Contract liabilities from health and fitness services

The movement of contract liabilities is as follows:

	Group	
	2022 RM'000	2021 RM'000
<u>Current:</u>		
<u>Contract liabilities</u>		
At beginning of financial year	-	(178)
Less: Revenue recognised during the financial year	-	178
At end of financial year	-	-

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 fitness operations had ceased operations on 31 July 2021.

15 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2022 RM'000	2021 RM'000
Amounts due from subsidiary companies	387,405	355,158
Less: Allowance for impairment	(148)	(184)
	<u>387,257</u>	<u>354,974</u>
<u>Movement in allowance accounts:</u>		
At beginning of financial year	184	33
Charge for the financial year (Note 32)	6	151
Written off	(42)	-
At end of financial year	<u>148</u>	<u>184</u>

Amounts due from subsidiary companies are unsecured, interest bearing and repayable on demand except for an amount of RM519,000 (2021: RM364,000) which is non-interest bearing.

16 DEPOSITS WITH FINANCIAL INSTITUTIONS, CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with financial institutions	368,517	254,100	15,500	12,000
Cash and bank balances	190,313	109,655	4,504	2,678
	558,830	363,755	20,004	14,678
Fixed deposits with financial institutions comprise term deposits with:				
- Licensed banks	256,391	161,690	15,500	12,000
- Other financial institutions	112,126	92,410	-	-
	368,517	254,100	15,500	12,000

The amounts which are restricted in usage and do not form part of cash and cash equivalents are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Monies held in debt service reserve accounts	1,755	-	-	-
Deposits pledged for other facilities granted by financial institutions	133	131	-	-
	1,888	131	-	-

The weighted average effective interest rates per annum of deposits at the reporting date were as follows:

	Group		Company	
	2022	2021	2022	2021
Licensed banks	2.01%	1.77%	1.75%	1.50%
Other financial institutions	5.94%	5.90%	-	-

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2022	2021	2022	2021
Licensed banks	10 days	8 days	1 day	1 day
Other financial institutions	31 days	30 days	-	-

17 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

The non-current asset classified as held for sale as at 30 June 2022 represents a freehold land with carrying amount of RM6,986,000 (2021: RM7,529,000) transferred from property, plant and equipment in the previous financial year as disclosed in Note 3. The disposal is still in the process of completion.

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18 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Units '000	2021 Units '000	2022 RM'000	2021 RM'000
Issued and fully paid:				
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	
	2022 Units '000	2021 Units '000
	Total number of issued ordinary shares	1,351,030
Less : Ordinary shares held as treasury shares (Note 21)	(11,658)	(9,130)
	<u>1,339,372</u>	<u>1,341,900</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	
	2022 RM'000	2021 RM'000
Capital reserve (Note a)	285,306	285,306
Consolidation reserve (Note b)	(64,556)	(59,397)
Foreign currency translation reserve (Note c)	92,516	126,660
Fair value through other comprehensive income ("FVTOCI") reserve (Note d)	(37,362)	(50,825)
	<u>275,904</u>	<u>301,744</u>

(a) The capital reserve represents non-distributable reserve transferred from post-acquisition retained earnings arising from bonus shares issued by a subsidiary company.

(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, is available for distribution as single tier dividends.

21 TREASURY SHARES

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	Units '000	Units '000	RM'000	RM'000
At beginning of financial year	9,130	13,530	18,631	32,165
Distribution of share dividend (Note 37)	-	(13,361)	-	(31,764)
Shares bought back				
during the financial year	2,528	8,961	4,995	18,230
At end of financial year	11,658	9,130	23,626	18,631

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 2021 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	
	2022	2021
	RM'000	RM'000
At beginning of financial year	(9,319)	2,267
Recognised in profit or loss	(19)	1,244
Recognised in other comprehensive income	(14,848)	(11,974)
Employer's contribution	(1,187)	(1,259)
Exchange differences	534	403
At end of financial year	(24,839)	(9,319)
Presented after appropriate offsetting as follows:		
Retirement benefit assets	(25,294)	(9,927)
Retirement benefit obligations	455	608
	(24,839)	(9,319)

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).

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22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONTINUED)

The amounts of retirement benefit obligation recognised in the statements of financial position are determined as follows:

	Group	
	2022 RM'000	2021 RM'000
Present value of retirement benefit obligation	54,516	80,955
Fair value of plan assets	(79,355)	(90,274)
Surplus in plan assets	(24,839)	(9,319)

The movements in present value of the retirement benefit obligation recognised are as follows:

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	80,955	75,177
Current service cost and interest cost	1,570	1,628
Actuarial gain	(20,491)	(984)
Benefits paid by the plan	(1,467)	(2,509)
Past service costs	-	837
Exchange differences	(6,051)	6,806
At end of financial year	54,516	80,955

The movements in fair value of plan assets are as follows:

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	90,274	72,910
Interest income	1,589	1,221
(Deficit)/return on plan assets	(5,643)	10,990
Employer's contribution	1,187	1,259
Benefits paid by the plan	(1,467)	(2,509)
Exchange differences	(6,585)	6,403
At end of financial year	79,355	90,274

The plan assets consist of the following:

	Group	
	2022 RM'000	2021 RM'000
Equity instruments	58,402	63,473
Fixed income assets	20,732	26,547
Cash in bank	221	254
	79,355	90,274

22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONTINUED)

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	
	2022	2021
	RM'000	RM'000
Current and past service costs (net of gain on settlements) recognised in employee benefit expenses (Note 30(b))	152	1,192
Net interest (income)/expense (Notes 33 and 34)	(171)	52
Retirement benefits recognised in profit or loss	(19)	1,244

(ii) Recognised in the statements of comprehensive income:

	Group	
	2022	2021
	RM'000	RM'000
Remeasurement gain/(loss) arising from:		
Actuarial changes in financial assumptions	21,531	773
Actuarial changes in demographic assumptions	108	153
(Deficit)/return on plan assets	(5,643)	10,990
Experience adjustments arising from defined benefit obligations	(1,148)	58
Actuarial gain recognised in other comprehensive income	14,848	11,974
Deferred tax liabilities	(3,712)	(2,977)
	11,136	8,997
Attributable to:		
Owners of the parent *	9,829	7,941
Non-controlling interests	1,307	1,056
	11,136	8,997

* Recognised in retained earnings through other comprehensive income.

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22 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONTINUED)

The current service and net interest (income)/costs are charged to profit or loss and presented as part of the employee benefit expenses and interest income or 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:

	2022	2021
Discount rate	3.80%-6.71%	1.90%-4.50%

Sensitivity analysis for retirement benefit obligation

Should the discount rate decrease by 0.25% with all other variables held constant, the retirement benefit obligation liabilities would increase by 4.1%.

23 LONG TERM BORROWINGS

	Group		Company	
	2022 RM'000	Restated 2021 RM'000	2022 RM'000	Restated 2021 RM'000
Secured:				
At carrying value:				
MTN (Note a)	798,785	798,299	-	-
Portion repayable within 12 months included under short term borrowings (Note 25)	-	(329,736)	-	-
	798,785	468,563	-	-
Term loans (Note b)	131,230	67,037	-	-
Portion repayable within 12 months included under short term borrowings (Note 25)	(17,152)	(30,493)	-	-
	114,078	36,544	-	-
Hire purchase payables (Note c)	1,008	1,160	43	137
Portion repayable within 12 months included under short term borrowings (Note 25)	(337)	(431)	(43)	(94)
	671	729	-	43
Revolving credit (Note d)	50,000	-	-	-
Total borrowings	981,023	866,496	43	137
Portion repayable within 12 months included under short term borrowings (Note 25)	(17,489)	(360,660)	(43)	(94)
	963,534	505,836	-	43
Maturities of long term borrowings:				
Later than one year but not later than two years				
- Term loans	11,464	2,706	-	-
- Hire purchase payables	283	281	-	43
- MTN	89,923	-	-	-
	101,670	2,987	-	43
More than two years but not later than five years				
- Term loans	25,025	9,914	-	-
- Hire purchase payables	388	448	-	-
- Revolving credit	50,000	-	-	-
- MTN	369,499	229,278	-	-
	444,912	239,640	-	-
Later than five years				
- Term loans	77,589	23,924	-	-
- MTN	339,363	239,285	-	-
	416,952	263,209	-	-
Total long term borrowings	963,534	505,836	-	43

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23 LONG TERM BORROWINGS (CONTINUED)

	Maturity	Group	
		2022 RM'000	2021 RM'000
The maturities of the MTN as at reporting date are as follows:			
<u>Current:</u>			
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
<u>Non-current:</u>			
5.14% p.a. fixed rate MTN	January 2024	25,000	25,000
4.20% p.a. fixed rate MTN	June 2024	25,000	25,000
5.05% p.a. fixed rate MTN	June 2024	39,923	39,888
4.15% p.a. fixed rate MTN	September 2024	30,000	-
4.99% p.a. fixed rate MTN	June 2025	200,000	-
5.25% p.a. fixed rate MTN	June 2026	139,499	139,390
Portion repayable later than one year but not later than five years		459,422	229,278
5.45% p.a. fixed rate MTN	June 2028	54,723	54,685
5.65% p.a. fixed rate MTN	June 2029	100,000	-
5.55% p.a. fixed rate MTN	June 2029	124,640	124,600
4.98% p.a. fixed rate MTN	June 2030	60,000	60,000
Portion repayable later than five years		339,363	239,285
		<u>798,785</u>	<u>798,299</u>

(a) The facility amount of the MTN programme is RM800 million (2021: RM800 million).

The MTN programme of up to RM800 million in nominal value was established by a wholly-owned subsidiary, STM Lottery. As at 30 June 2022, total MTN amounting to RM800 million (2021: RM800 million) in nominal value remain outstanding.

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.

23 LONG TERM BORROWINGS (CONTINUED)

- (b) The term loans obtained by subsidiary companies are secured by:
- (i) freehold land together with the properties under construction erected on the land and also another buildings owned by a foreign subsidiary company of the Group as disclosed in Note 3;
 - (ii) a leasehold hotel building and other factory buildings of the Group as disclosed in Note 4(a);
 - (iii) parcels of land, office and commercial condominium units owned by foreign associated companies of the Group;
 - (iv) certain unquoted shares of an associated company held by the Group as disclosed in Note 6; and
 - (v) debt service reserve bank account.
- (c) Hire purchase payables

The present value of hire purchase payables are summarised as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current	671	729	-	43
Current (Note 25)	337	431	43	94
	1,008	1,160	43	137

- (d) The revolving credit facility amounting to RM50,000,000 (2021: Nil) in nominal value obtained by a subsidiary company during the financial year is secured by corporate guarantee by the Company and first party charge over a debt service reserve bank account.

The range of interest rates per annum at the reporting date for borrowings was as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Secured:				
MTN	4.15 - 5.65	4.20 - 5.55	-	-
Term loans	2.80 - 6.00	3.00 - 6.00	-	-
Hire purchase payables	4.75 - 5.25	4.75 - 5.25	4.75	4.75
Revolving credit	4.52	-	-	-
	4.52	-	-	-

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24 OTHER LONG TERM LIABILITY

Other long term liability represents amount owing to an associated company by a foreign subsidiary company which is unsecured and non-interest bearing, as below:

	Group		Company	
	2022	Restated 2021	2022	Restated 2021
	RM'000	RM'000	RM'000	RM'000
Amount owing to an associated company	39,678	53,343	-	-
Less: Amount payable within 12 months (Note 27)	(3,647)	(1,961)	-	-
	<u>36,031</u>	<u>51,382</u>	<u>-</u>	<u>-</u>

25 SHORT TERM BORROWINGS

	Group		Company	
	2022	Restated 2021	2022	Restated 2021
	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans (Note 23)	17,152	30,493	-	-
Hire purchase payables (Note 23)	337	431	43	94
MTN (Note 23)	-	329,736	-	-
	<u>17,489</u>	<u>360,660</u>	<u>43</u>	<u>94</u>
Vehicle stocking loans (Note a)	256,723	190,923	-	-
	<u>274,212</u>	<u>551,583</u>	<u>43</u>	<u>94</u>

(a) The vehicle stocking loans of RM256,723,000 (2021: RM190,923,000) obtained by foreign subsidiary companies are secured by fixed and floating charges on certain vehicle inventories held as disclosed in Note 12. The vehicle stocking loans are interest bearing with floating interest rates ranging from 3.24% to 4.63% (2021: 2.23% to 3.25%) per annum.

26 PROVISIONS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sales warranty				
At beginning of financial year	473	1,041	-	-
Net reversal during the financial year (Note 30)	(262)	(267)	-	-
Utilised during the financial year	(4)	(270)	-	-
Exchange differences	17	(31)	-	-
At end of financial year	224	473	-	-
Restoration costs				
At beginning of financial year	1,655	1,655	720	720
Net provision during the financial year	14,021	-	-	-
Exchange differences	(695)	-	-	-
At end of financial year	14,981	1,655	720	720
Total	15,205	2,128	720	720

(a) Sales warranty

A foreign subsidiary company provides 3 to 12 months (2021: 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 use of such assets, which are capitalised and included in the cost of property, plant and equipment and right-of-use assets.

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27 PAYABLES

	Group		Company	
	2022	Restated 2021	2022	Restated 2021
	RM'000	RM'000	RM'000	RM'000
Trade payables	96,299	99,714	-	-
Other payables	34,154	25,250	336	269
Amount due to an associated company (Note 24)	3,647	1,961	-	-
Accruals	151,743	180,140	640	556
Agency deposits	39,148	37,957	-	-
	324,991	345,022	976	825
<u>Other current non-financial liabilities</u>				
Pool betting duty and other indirect taxes payable	67,808	53,799	-	-
Dividend payables	26,822	20,170	26,822	20,170
Deferred lease income	478	798	-	-
	420,099	419,789	27,798	20,995

In the previous financial year, a loan from a related party of a foreign subsidiary company amounting to RM1,439,000 which was unsecured and interest bearing was included in other payables. The loan was fully settled during the current financial year.

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 (2021: 1 to 184 days).

28 AMOUNTS DUE TO SUBSIDIARY COMPANIES

	Company	
	2022	2021
	RM'000	RM'000
Amounts due to subsidiary companies	1,064,200	1,049,853
Less : Amount payable within 12 months	(376,178)	(401,444)
Amount payable after 12 months	688,022	648,409

Amounts due to subsidiary companies are unsecured and interest bearing.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Revenue from contract with customers:</u>				
Management fee income	-	-	300	300
Toto betting income	2,143,092	2,263,512	-	-
Sale of motor vehicles, charges for aftersales, insurance, repair and maintenance services rendered	3,012,563	2,501,939	-	-
Sale of lottery, voting systems, spare parts and licensing fee	60,153	46,696	-	-
Income from supply of goods and services from hotel operations	7,725	9,508	-	-
Income from health and fitness centre operation	-	1,504	-	-
	5,223,533	4,823,159	300	300
<u>Other revenue:</u>				
Dividend income	-	-	158,657	153,031
Lease income and service charges from investment properties (Note 30)	5,795	5,989	-	-
	5,229,328	4,829,148	158,957	153,331
<u>Timing of revenue recognition:</u>				
- at point in time	5,187,626	4,789,302	-	-
- over time	35,907	33,857	300	300
	5,223,533	4,823,159	300	300

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30 PROFIT BEFORE OTHER INCOME AND EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before other income and expenses is stated after charging:				
Auditors' remuneration				
- Statutory audit:				
- auditors of the Company (Ernst & Young PLT)				
- current financial year	405	402	130	119
- underprovision in previous financial years	22	11	11	10
- other auditors				
- current financial year	1,441	1,328	-	-
- Other services				
- auditors of the Company	8	8	8	8
Amortisation of intangible assets (Note 11)	624	482	-	-
Depreciation of				
- property, plant and equipment (Note 3)	25,370	27,206	232	546
- right-of-use assets (Note 4(a))	46,707	39,572	2,347	2,351
Impairment loss on				
- 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)	239	145	2	-
Expenses relating to leases of low-value assets (Note 4(b))	569	717	-	-
Contribution to National Sports Council	25,306	30,116	-	-
Allowance for impairment				
- other receivables (Note 13(b))	47	-	-	-
Loss on disposal of property, plant and equipment	459	215	-	-
Loss on foreign exchange (net)	1,700	517	-	-
Inventories written down	23,689	27,479	-	-
Employee benefit expenses (Note b): (excluding directors)	222,486	230,586	3,349	4,149

30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before other income and expenses is stated after crediting:				
Gain on disposal of property, plant and equipment	411	47	-	-
Reversal of allowance for impairment				
- trade receivables (Note 13(a))	672	1,169	-	-
- other receivables (Note 13(b))	-	203	-	-
Net reversal of provision for sales warranty (Note 26)	262	267	-	-
Lease income and service charges				
- included in revenue (Note 29)	5,795	5,989	-	-
	5,795	5,989	-	-

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30 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONTINUED)

(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 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Directors of the Company</u>				
<u>Executive directors</u>				
Salaries, bonuses and other emoluments	7,384	4,067	-	-
Benefits-in-kind	131	48	-	-
<u>Non-Executive directors</u>				
Fees	400	290	400	290
Emoluments	260	885	260	885
Benefits-in-kind	13	21	13	21
	<u>8,188</u>	<u>5,311</u>	<u>673</u>	<u>1,196</u>

(b) Employee benefit expenses

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and other allowances	196,123	200,470	2,784	3,382
Social security costs and employee insurance	15,656	13,263	171	180
Bonuses	1,840	5,080	101	208
Pension costs				
- defined contribution plans	8,798	10,540	321	389
- defined benefit plans (Note 22(i))	152	1,192	-	-
Short term compensated absences	(83)	41	(28)	(10)
Total employee benefit expenses	<u>222,486</u>	<u>230,586</u>	<u>3,349</u>	<u>4,149</u>

31 INVESTMENT RELATED INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Dividend income from investments	974	1,394	-	-
Gain on deemed disposal of an associated company (Note 6)	162	-	-	-
Fair value gain on fair value through profit or loss ("FVTPL") investments quoted in Malaysia	-	548	-	-
Net reversal of impairment of investment in subsidiary companies (Note 5)	-	-	-	873
	<u>1,136</u>	<u>1,942</u>	<u>-</u>	<u>873</u>

32 INVESTMENT RELATED EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impairment in value of investment in a subsidiary company (Note 5)	-	-	623	-
Allowance for impairment in amounts due from subsidiary companies (Note 15)	-	-	6	151
Net fair value adjustments of investment properties (Note 9)	-	1,730	-	-
Fair value loss on FVTPL investments quoted in Malaysia	751	-	-	-
Impairment in value of investment in associated companies (Note 6)	-	476	1,979	1,802
Allowance for impairment in amounts due from associated companies (Note 13(c))	1,879	2,966	-	-
	<u>2,630</u>	<u>5,172</u>	<u>2,608</u>	<u>1,953</u>

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33 OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other income comprise:				
Interest income:				
- deposits with financial institutions	3,435	4,254	304	215
- advances to subsidiary companies	-	-	19,543	17,223
- advances to associated companies	6,958	8,404	-	-
- defined benefit pension scheme (Note 22(i))	171	-	-	-
- others	6,933	3,963	-	-
Others:				
- income from sublease (Notes 4(b))	3,120	3,091	-	-
- other lease income	1,408	955	-	-
- gain on lease termination (Note 4(b))	487	10	-	-
- government grant	2,408	11,245	22	17
- other reimbursement income received by a foreign subsidiary company	93	6,075	-	-
- miscellaneous	9,521	8,643	-	-
	34,534	46,640	19,869	17,455

34 FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest on:				
- advances from subsidiary companies	-	-	39,925	39,426
- term loans	4,071	2,476	-	-
- MTN	40,687	41,001	-	-
- hire purchase	100	90	7	16
- vehicle stocking loans	8,114	7,055	-	-
- defined benefit pension scheme (Note 22(i))	-	52	-	-
- revolving credits	719	370	-	-
- lease interest (Note 4(b))	9,202	8,856	122	123
- charged out of deferred transaction costs	486	473	-	-
- loan related expenses	1,593	295	-	-
	64,972	60,668	40,054	39,565

35 INCOME TAX EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current financial year tax expense:				
Malaysian income tax	77,947	75,168	472	337
Withholding tax	293	-	-	-
Foreign tax	20,905	18,183	-	-
	99,145	93,351	472	337
(Over)/under provision in prior years				
Malaysian income tax	(17)	457	(5)	-
Foreign tax	1,275	(1,646)	-	-
	1,258	(1,189)	(5)	-
	100,403	92,162	467	337
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	2,011	2,806	-	-
Underprovision in prior years	635	544	-	-
	2,646	3,350	-	-
	103,049	95,512	467	337

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

Pursuant to Finance Act 2021, a special one-off tax termed as "Cukai Makmur" or "Prosperity Tax" has been introduced for companies other than small and medium enterprises in Malaysia, where a 33% corporate income tax rate will be levied on chargeable income exceeding RM100 million for the year of assessment 2022.

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35 INCOME TAX EXPENSES (CONTINUED)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	273,264	282,909	123,305	115,179
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	65,583	67,898	29,593	27,643
Effect of "Prosperity Tax"	14,555	-	-	-
Different tax rates in the foreign subsidiary companies	(7,009)	(4,791)	-	-
Expenses not deductible for tax purposes	30,335	32,602	12,663	13,037
Income not subject to tax	(116)	(1,597)	(41,784)	(40,343)
Effect of share of associated companies' results	(2,098)	3,938	-	-
Effect of utilisation of previously unrecognised deferred tax assets	(144)	(1,936)	-	-
Deferred tax assets not recognised during the current financial year	50	43	-	-
Under/(over) provision of tax expense in prior financial years	1,258	(1,189)	(5)	-
Underprovision of deferred tax in prior financial years	635	544	-	-
Tax expense for the financial year	103,049	95,512	467	337

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	
	2022 RM'000	2021 RM'000
Attributable to owners of the parent	160,885	181,234
Weighted average number of shares with voting rights outstanding ('000)	1,341,343	1,341,720
Basic earnings per share (sen)	11.99	13.51

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares during the financial year.

37 DIVIDENDS PER SHARE

	Company			
	2022		2021	
	Dividends per share Sen	Amount of dividend RM'000	Dividends per share Sen	Amount of dividend RM'000
Recognised during the financial year:				
<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 - 1.0 sen single tier per share (2021: 4.0 sen single tier per share)	1.00	13,419	4.00	53,740
2nd interim - 1.0 sen single tier per share (2021: 2.5 sen single tier per share)	1.00	13,419	2.50	33,588
3rd interim - 2.0 sen single tier per share (2021: 1.5 sen single tier per share)	2.00	26,787	1.50	20,128
	4.00	53,625	8.00	107,456
To be recognised in next financial year:				
4th interim *:				
- 3.0 sen single tier per share (2021: Nil)	3.00	40,181	-	-
- Share dividend equivalent to approximately 1.7 sen per share (2021: Nil)	1.70	22,619	-	-
	8.70	116,425	8.00	107,456

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37 DIVIDENDS PER SHARE (CONTINUED)

* On 23 August 2022, the directors of the Company approved a total fourth interim dividend of 4.7 sen per share for the financial year ended 30 June 2022. This comprised a cash dividend of 3.0 sen per share and a share dividend equivalent to 1.7 sen per share via distribution of treasury shares on the basis of 1 treasury share for every 120 ordinary shares held which will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 21 October 2022. These dividends will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

38 FINANCIAL GUARANTEE

The financial guarantees provided to financiers for subsidiary and related companies are not 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

	<u>Group</u>	
	2022	2021
	RM'000	RM'000
Capital expenditures:		
- Approved and contracted for	51,193	135,988

(b) Non-cancellable operating lease commitments - Group as lessors

	<u>Group</u>	
	2022	2021
	RM'000	RM'000
Future minimum lease income receivable:		
Not later than one year	6,173	6,121
Later than one year but not later than five years	2,511	6,543
	<u>8,684</u>	<u>12,664</u>

The Group entered into commercial property leases for its investment properties portfolio consisting premises and office space.

40 SIGNIFICANT RELATED PARTY DISCLOSURES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income from:				
- subsidiary companies - (a)	-	-	19,543	17,223
- associated companies - (b)	6,958	8,404	-	-
Interest expenses to				
subsidiary companies - (a)	-	-	(39,925)	(39,426)
Net advances given				
to subsidiary companies - (a)	-	-	(12,741)	(34,100)
Net (repayment to)/advances				
from a subsidiary company - (a)	-	-	(25,578)	25,596
Net repayment from/(advances to)				
associated companies by a				
foreign subsidiary company - (b)	3,171	(600)	-	-
Net repayment to an associated company				
by a foreign subsidiary company - (b)	(10,197)	(1,233)	-	-
Procurement of Toto betting rolls, slips				
and other printing services from				
- Graphic Press Group Sdn Bhd - (d)	(141)	(416)	-	-
- Berjaya Paper Trading Sdn Bhd - (i)	(10,153)	(8,300)	-	-
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)	(4,738)	(4,741)	-	-
Lease charges by				
- Nada Embun Sdn Bhd - (d)	(1,868)	(1,868)	(296)	(296)
- Ambilan Imej Sdn Bhd - (d)	(2,158)	(2,158)	(2,158)	(2,158)
- Berjaya Times Square Sdn Bhd - (g)	(92)	(608)	-	-
- Ascot Sports Sdn Bhd - (i)	(300)	(300)	-	-
Lease income from				
- U Mobile Sdn Bhd - (e)	1,322	1,327	-	-
- Berjaya Higher Education Sdn Bhd - (d)	2,331	2,331	-	-
Share registration services rendered by				
- Berjaya Registration Services Sdn Bhd - (d)	(294)	(348)	(294)	(348)
Purchase of motor vehicles, component parts				
and other related products and services from				
- Auto Tulin Sdn Bhd - (i)	(481)	(969)	(34)	(22)
Parking charges for				
leasing of parking bays from				
- BTS Car Park Sdn Bhd - (g)	(361)	(399)	(14)	(18)
Information technology consultancy				
and management related services				
as well as purchase of hardware,				
software and network equipment from				
- Qinetics MSP Sdn Bhd - (f)	(1,428)	(1,419)	(894)	(808)

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40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Receipt of leasing and hire purchase facilities from				
- Prime Credit Leasing Berhad - (d)	(311)	(548)	-	-
Aircraft leasing charges by				
- Berjaya Air Sdn Bhd - (d)	(676)	(676)	-	-
- Berjaya Jet Charter Sdn Bhd - (d)	(2,026)	(377)	-	-
Purchase of motor vehicles, component parts and other related products and services from				
- Roda Indah Motors Sdn Bhd - (i)	(881)	(43)	-	-
Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee				
- Berjaya Gia Thinh Investment Technology Joint Stock Company - (d)	29,232	21,018	-	-
- Natural Avenue Sdn Bhd - (g)	710	690	-	-
Procurement of promotion, advertising and publishing services charges by				
- Sun Media Corporation Sdn Bhd - (h)	(976)	(858)	(72)	(52)

Other significant related party transactions and balances have been disclosed in Notes 13, 15, 24, 27, 28, 29 and 30.

The nature of the related party relationships are as follows:

- subsidiary companies;
- associated companies of the Group;
- ultimate holding company, BCorp;
- related companies of BCorp Group other than subsidiary or associated companies of the Group;
- 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;
- 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;
- 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;
- 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;
- a company where a substantial shareholder of the Company, TSVT has interests.

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

As at the reporting date, a foreign subsidiary company had deposit placements amounting to RM111,088,000 (2021: RM90,939,000) 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term benefits	37,990	30,188	667	1,153
Post-employment benefits	4,725	3,965	6	43
	42,715	34,153	673	1,196

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 non-financial assets that are measured at fair value

- (i) The table below analyses the Group's non-financial assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

	Note	Group			
		Level 1	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000
<u>At 30 June 2022</u>					
Non-financial assets					
Investment properties	9	-	-	116,766	116,766
		-	-	116,766	116,766
<u>At 30 June 2021</u>					
Non-financial assets					
Investment properties	9	-	-	117,534	117,534
		-	-	117,534	117,534

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41 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Group's non-financial assets that are measured at fair value (Continued)

(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.

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 -56% and 53% (2021: -62% and 54%) 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	
	2022	2021
	RM'000	RM'000
At beginning of financial year	117,534	113,238
Addition during the financial year	-	5,160
Fair value adjustment during the financial year	-	(1,730)
Exchange differences	(768)	866
At end of financial year	<u>116,766</u>	<u>117,534</u>

41 FAIR VALUE MEASUREMENT (CONTINUED)

(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:

	Note	Group			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<u>At 30 June 2022</u>					
Financial assets					
Long term investments	8	47,749	-	33,083	80,832
<u>At 30 June 2021</u>					
Financial assets					
Long term investments	8	68,470	-	33,334	101,804

The Level 3 long term investments comprise certain equity securities outside Malaysia held by a foreign subsidiary company of which 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	
	2022 RM'000	2021 RM'000
<u>Other long term investments</u>		
At beginning of financial year	33,334	33,920
Addition during the financial year	274	861
Net fair value adjustments through other comprehensive income	2,871	(1,111)
Exchange differences	(3,396)	(336)
At end of financial year	33,083	33,334

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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	
		2022 RM'000	Restated	2022 RM'000	Restated
			2021 RM'000		2021 RM'000
Assets					
<u>FVTOCI</u>					
- Long term investments	8	80,518	100,681	-	-
<u>FVTPL</u>					
- Long term investments	8	314	1,123	-	-
<u>Amortised cost</u>					
- Receivables	13	441,474	402,051	730	885
- Amounts due from subsidiary companies	15	-	-	387,257	354,974
- Deposits with financial institutions	16	368,517	254,100	15,500	12,000
- Cash and bank balances	16	190,313	109,655	4,504	2,678
Total financial assets		1,081,136	867,610	407,991	370,537
Total non-financial assets		2,179,673	2,003,827	4,401,411	4,355,914
Total assets		3,260,809	2,871,437	4,809,402	4,726,451
Liabilities					
<u>Amortised cost</u>					
- Lease liabilities	4(b)	249,132	265,069	1,247	3,570
- Payables	27	324,991	345,022	976	825
- Amounts due to subsidiary companies	28	-	-	1,064,200	1,049,853
- Other long term liability	24	36,031	51,382	-	-
- Long term borrowings	23	963,534	505,836	-	43
- Short term borrowings	25	274,212	551,583	43	94
Total financial liabilities		1,847,900	1,718,892	1,066,466	1,054,385
Total non-financial liabilities		456,017	277,440	27,542	20,890
Total liabilities		2,303,917	1,996,332	1,094,008	1,075,275

42 FINANCIAL INSTRUMENTS (CONTINUED)

(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:

	Note	
Receivables	13	*
Deposits with financial institutions	16	*
Cash and bank balances	16	*
Payables	27	*
Amounts due from/(to) subsidiary companies	15 and 28	#
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, term loans and revolving credit 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.

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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.

At the reporting date, the Company's maximum exposure to credit risk from guarantees is represented by a nominal amount of RM850,000,000 (2021: RM800,000,000) relating to corporate guarantee provided by the Company to banks on subsidiary companies' borrowings.

(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.

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity Risk (Continued)

Analysis of undiscounted financial instruments by remaining contractual maturities

	On demand or within one year RM'000	Two to five years RM'000	Later than five years RM'000	Total RM'000
2022				
Financial liabilities:				
Group				
Payables	324,991	-	-	324,991
Borrowings	330,505	682,830	476,002	1,489,337
Other long term liability	-	36,031	-	36,031
Lease liabilities	43,888	120,016	143,813	307,717
	<u>699,384</u>	<u>838,877</u>	<u>619,815</u>	<u>2,158,076</u>
Company				
Payables	976	-	-	976
Amounts due to subsidiary companies	413,279	711,704	-	1,124,983
Borrowings	44	-	-	44
Lease liabilities	1,242	19	-	1,261
	<u>415,541</u>	<u>711,723</u>	<u>-</u>	<u>1,127,264</u>
2021 (Restated)				
Financial liabilities:				
Group				
Payables	345,022	-	-	345,022
Borrowings	570,860	369,103	307,565	1,247,528
Other long term liability	-	51,382	-	51,382
Lease liabilities	40,169	117,819	175,082	333,070
	<u>956,051</u>	<u>538,304</u>	<u>482,647</u>	<u>1,977,002</u>
Company				
Payables	825	-	-	825
Amounts due to subsidiary companies	438,473	670,546	-	1,109,019
Borrowings	101	44	-	145
Lease liabilities	2,464	1,243	-	3,707
	<u>441,863</u>	<u>671,833</u>	<u>-</u>	<u>1,113,696</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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, amounts due from associated companies 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Fixed rate instruments</u>				
Financial assets	495,192	392,938	15,500	12,000
Financial liabilities	1,153,523	1,064,528	605,588	608,005
<u>Floating rate instruments</u>				
Financial assets	-	-	386,886	354,558
Financial liabilities	333,355	259,399	459,902	445,555

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(c) Market Risk (Continued)****(i) Interest Rate Risk (continued)**Fair value sensitivity analysis for fixed rate instruments

The Group does not measure any fixed rate instruments at FVTPL. 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 RM833,000 (2021: RM648,000) and RM183,000 (2021: RM227,000) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Market Risk (Continued)

(iii) Market Price Risk (continued)

Sensitivity analysis for market price risk

At the reporting date, if the prices of the quoted investments had been 1% (2021: 1%) higher/lower, with all other variables held constant, the Group's FVTOCI reserve would have been RM475,000 (2021: RM674,000) 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 RM3,000 (2021: RM11,000) higher/lower arising as a result of increase/decrease in the fair value of instruments designated as FVTPL financial assets.

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 total debt, bank borrowings, medium term notes, vehicle stocking loans and hire purchase payables. The gearing ratios at reporting date are as follows:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Long term borrowings	23	963,534	505,836	-	43
Short term borrowings	25	274,212	551,583	43	94
Total debts		1,237,746	1,057,419	43	137
Total equity		956,892	875,105	3,715,394	3,651,176
Gearing ratio		1.29	1.21	- *	- *

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.

45 SEGMENT INFORMATION

(a) Business Segments:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
2022			
Toto betting	2,143,092	-	2,143,092
Motor vehicle dealership	3,012,563	275	3,012,838
Others	73,673	6,142	79,815
Inter-segment elimination	-	(6,417)	(6,417)
	<u>5,229,328</u>	<u>-</u>	<u>5,229,328</u>
2021			
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>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

45 SEGMENT INFORMATION (CONTINUED)

(a) Business Segments (Continued):

	2022	2021
	RM'000	RM'000
Results		
Toto betting	230,602	276,542
Motor vehicle dealership	89,008	70,229
Others	(4,177)	(7,977)
Inter-segment elimination	(6,119)	(7,274)
	<u>309,314</u>	<u>331,520</u>
Unallocated corporate expenses	(12,859)	(14,945)
Profit before other income and expenses	296,455	316,575
Investment related income	1,136	1,942
Investment related expenses	(2,630)	(5,172)
Other income	34,534	46,640
Finance costs	(64,972)	(60,668)
Share of results of associated companies	8,741	(16,408)
Profit before tax	<u>273,264</u>	<u>282,909</u>
Income tax expenses	(103,049)	(95,512)
Profit for the financial year	<u>170,215</u>	<u>187,397</u>
Non-controlling interests	(9,330)	(6,163)
Profit attributable to owners of the Parent	<u><u>160,885</u></u>	<u><u>181,234</u></u>

45 SEGMENT INFORMATION (CONTINUED)

(a) Business Segments (Continued):

	2022		2021	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Assets and Liabilities				
Toto betting	1,946,710	309,194	1,823,116	251,149
Motor vehicle dealership	1,462,021	524,661	1,198,959	565,465
Others	741,078	617,876	734,005	453,446
Inter-segment elimination	(1,065,560)	(468,421)	(1,051,820)	(386,243)
	<u>3,084,249</u>	<u>983,310</u>	<u>2,704,260</u>	<u>883,817</u>
Investment in associated companies	103,591	-	104,708	-
Unallocated assets/liabilities	72,969	1,320,607	62,469	1,112,515
	<u>3,260,809</u>	<u>2,303,917</u>	<u>2,871,437</u>	<u>1,996,332</u>
	Capital expenditure RM'000	Depre- ciation/ amortisation RM'000	Other impairment loss RM'000	Other non-cash expenses RM'000
Other information				
2022				
Toto betting	14,431	13,805	-	116
Motor vehicle dealership	128,966	53,030	-	23,808
Others	7,461	4,797	1,926	2
Unallocated items	21	2,579	-	2
Inter-segment elimination	-	(1,510)	-	-
	<u>150,879</u>	<u>72,701</u>	<u>1,926</u>	<u>23,928</u>
2021				
Toto betting	8,139	16,626	-	26
Motor vehicle dealership	132,354	45,092	-	27,597
Others	13,337	5,382	3,442	678
Unallocated items	4,685	2,897	-	-
Inter-segment elimination	(1,708)	(2,737)	-	-
	<u>156,807</u>	<u>67,260</u>	<u>3,442</u>	<u>28,301</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2022

45 SEGMENT INFORMATION (CONTINUED)

(b) Geographical Segments:

	Group	
	2022 RM'000	2021 RM'000
Total Revenue From External Customers		
Malaysia	2,148,887	2,271,005
The United Kingdom	3,012,563	2,501,939
Others	67,878	56,204
	<u>5,229,328</u>	<u>4,829,148</u>
Segment Assets		
Malaysia	1,065,540	955,364
The United Kingdom	1,486,898	1,213,190
Others	708,371	702,883
	<u>3,260,809</u>	<u>2,871,437</u>
Capital Expenditure		
Malaysia	15,058	11,845
The United Kingdom	128,966	132,354
Others	6,855	12,608
	<u>150,879</u>	<u>156,807</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 assets / liabilities include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments. These include mainly corporate assets, tax recoverable / liabilities, borrowings, hire purchase and lease obligations.

Other non-cash expenses include right-of-use assets, property, plant and equipment written-off / impairment and inventories written down.

Inter-segment transactions / items are eliminated on consolidation.

Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

45 SEGMENT INFORMATION (CONTINUED)

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.

46 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the current financial year ended 30 June 2022, the business operations of the Group's principal subsidiary company namely, STM Lottery was affected by the imposition of nationwide lockdown and subsequently the National Recovery Plan implemented by the Malaysian Government from 1 June 2021 to 13 September 2021. All the sales outlets of STM Lottery were temporarily closed from 1 June 2021 to 13 September 2021 with the cancellation of a total fifty two (52) draws and only resumed business operations on 14 September 2021. The temporarily business closure during the said period has caused thirty seven (37) draws cancelled in the current financial year whilst fifteen (15) draws were cancelled in the preceding financial year.

47 COMPARATIVES

Certain comparative figures have been adjusted and reclassified to conform with the current year's presentation as disclosed below:

	Note	As previously reported RM'000	Reclass- ification RM'000	As restated RM'000
Statements of financial position				
Group				
Long term borrowings	23	505,107	729	505,836
Other long term liability	24	52,111	(729)	51,382
Short term borrowings	25	551,152	431	551,583
Payables	27	420,220	(431)	419,789
Company				
Long term borrowings	23	-	43	43
Other long term liability	24	43	(43)	-
Short term borrowings	25	-	94	94
Payables	27	21,089	(94)	20,995

INDEPENDENT AUDITORS' REPORT

to the members of Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad), which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 207.

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 2022, 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.

Key audit matters (Continued)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(21), 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 RM2.14 billion from Toto betting operations, which accounted for 41.0% of the Group's revenue. The related cost of sales from Toto betting operations was RM1.72 billion, which accounted for 39.4% 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 Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)

Key audit matters (Continued)

Key audit matters in respect of the audit of the financial statements of the Group (Continued)

b) Impairment of goodwill and intangible assets

(Refer to summary of significant accounting policies in Note 2.2(6), 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 RM637.2 million and RM55.3 million, formed 39.9% and 21.2% of non-current assets and total assets respectively of the Group as at 30 June 2022. Of these amounts, goodwill of RM547.7 million has been allocated to the Toto betting operations in Malaysia, whilst goodwill and dealership rights of RM132.2 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(3) 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;

Key audit matters (Continued)Key audit matters in respect of the audit of the financial statements of the Group (Continued)

b) Impairment of goodwill and intangible assets (continued)

- 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(6), 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 2022, the carrying amount of the investment in subsidiary companies of the Company amounted to RM4.32 billion, representing 99.9% and 89.7% of total non-current assets and total assets respectively of the Company as at 30 June 2022.

INDEPENDENT AUDITORS' REPORT

to the members of Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)

Key audit matters (Continued)

Key audit matters in respect of the audit of the financial statements of the Company (Continued)

a) Impairment assessment of investment in subsidiary companies (continued)

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;

Key audit matters (Continued)Key audit matters in respect of the audit of the financial statements of the Company (Continued)

a) Impairment assessment of investment in subsidiary companies (continued)

- 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 Sports Toto Berhad (formerly known as 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;

Auditors' responsibilities for the audit of the financial statements (Continued)

- (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 Sports Toto Berhad (formerly known as 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

12 October 2022

Tseu Tet Khong @ Tsau Tet Khong

03374/06/2024 J

Chartered Accountant

LIST OF MAJOR PROPERTIES

as at 30 June 2022

Location	Tenure	Date of Acquisition	Estimated 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	19 years	13,519 sq. ft.	2.5 storey semi-detached factory used for sales office, service centre and logistics facility	N/A	6,855
No. 3, Jalan 3/91A Taman Shamelin Perkasa 56100 Kuala Lumpur Malaysia	Leasehold expiring 11/9/2082	19.06.2020	19 years	12,583 sq. ft.	2.5 storey semi-detached factory used for sales office, service centre and logistics facility	N/A	6,365
Berjaya Times Square 11th Floor No. 1, Jalan Imbi 55100 Kuala Lumpur Malaysia	Freehold	06.01.1998	19 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	7,814
7835 Makati Avenue Corner Eduque Street Makati City, Philippines 1209	Freehold	4.12.2009	21 years	586 sq. m	Hotel - 223 guest rooms	N/A	50,981
Trackspeed House Portsmouth Road, Ripley, Woking, Surrey GU23 6HB United Kingdom	Freehold	16.12.2019	42 years	32,670 sq. ft.	Showroom and sales office	N/A	15,422
The Ranges, Shepperton, Surrey, United Kingdom	Freehold	05.03.2015	-	69 acres	Vacant land	N/A	6,986
22A Upbrook Mews, Bayswater London W2 3HG United Kingdom	Freehold	22.09.2016	142 years	1,422 sq. ft.	4 storey mid terraced mews style house - vacant	9,880	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	53,270 (land cost)
Ionna House 39 and 39a Humber Road London NW2 6EN United Kingdom	Freehold	09.11.2021	62 years	1.01 acres	Land with industrial buildings for aftersales centre	N/A	36,675

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 2022, neither 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 2022 amounted to RM40,000 (2021 : RM38,000).

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

For the financial year ended 30 June 2022

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Corporation Berhad and/or its unlisted subsidiary companies:			
Berjaya Corporation Berhad	Management fees for services rendered that include, inter-alia, the provision of finance, secretarial, internal audit and general administrative services	Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) ("SPToto")	720
Berjaya Registration Services Sdn Bhd	Receipt of share registration services	SPToto	294
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	SPToto Group	18
Graphic Press Group Sdn Bhd	Procurement of printing services	SPToto Group	141
Prime Credit Leasing Berhad	Receipt of leasing and hire purchase facilities	SPToto Group	311
Ambilan Imej Sdn Bhd	Rental for renting of office premises at part of Level 12, Berjaya Times Square	SPToto	2,158
Stephens Properties Sdn Bhd	Rental for renting of storage space at Wisma Cosway	SPToto	5
E.V.A. Management Sdn Bhd	Receipt of human resources management and other related services	SPToto Group	76
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.	29,232

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

For the financial year ended 30 June 2022

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Berjaya Land Berhad and/or its unlisted subsidiary companies:			
Berjaya Langkawi Beach Resort Sdn Bhd	Rental for renting of villa at Berjaya Langkawi Resort	SPToto	180
	Rental income for renting of restaurant at Pulau Langkawi	FEAB Properties Sdn Bhd	90
Berjaya Guard Services Sdn Bhd	Receipt of security guard services	SPToto Group	4,738
	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	STM Lottery Sdn Bhd (formerly known as Sports Toto Malaysia Sdn Bhd) ("STM Lottery") SPToto	1,868
Berjaya Air Sdn Bhd	Dry lease charges for aircraft leasing facilities	STM Lottery	676
Berjaya Jet Charter Sdn Bhd	Charter fees for aircraft leasing facilities	SPToto Group	2,026
Nural Enterprise Sdn Bhd	Rental for renting of apartment at Apartment Block, Plaza Berjaya	STM Lottery	19
	Rental for renting of storage space at Plaza Berjaya	STM Lottery	22
Berjaya Assets Berhad and/or its unlisted subsidiary companies:			
Natural Avenue Sdn Bhd	Supply of computerised lottery systems and support services as well as receipt of licensing fee	International Lottery & Totalizator Systems, Inc.	710
BTS Car Park Sdn Bhd	Parking charges for leasing of parking bays at Berjaya Times Square	SPToto Group	361
Berjaya Times Square Sdn Bhd	Rental for renting of office premises at part of Level 8, Berjaya Times Square	STM Lottery	92

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

For the financial year ended 30 June 2022

Related parties	Nature of transactions	Name of companies	Amount transacted during the financial year (RM'000)
Other related parties:			
U Mobile Sdn Bhd	Rental income for renting of office premises at part of Level 11, Berjaya Times Square	Magna Mahsuri Sdn Bhd	1,322
Roda Indah Motors Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	SPToto Group	881
Qinetics Services Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	SPToto Group	6
Qinetics MSP Sdn Bhd	Purchase of hardware, software, networking equipment, procurement of information technology consultancy, website and software development, maintenance and management services	SPToto Group	1,428
Ascot Sports Sdn Bhd	Rental for renting of office premises at part of Level 10, Berjaya Times Square	STM Lottery Sports Toto Computer Sdn Bhd	300
Auto Tulin Sdn Bhd	Purchase of motor vehicles, component parts and other related products and services	SPToto Group	481
Sun Media Corporation Sdn Bhd	Procurement of promotion, advertising and publishing services	SPToto Group	976
ACES Property management Sdn Bhd	Receipt of property management services	Magna Mahsuri Sdn Bhd	36
Berjaya Paper Trading Sdn Bhd	Procurement of Toto betting rolls and other printing services	STM Lottery	10,153

STATEMENT OF DIRECTORS' SHAREHOLDINGS

as at 4 October 2022

THE COMPANY

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	1,017,213	0.08	-	-
Datuk Robert Yong Kuen Loke	124,903	0.01	-	-

INTERMEDIATE HOLDING COMPANY BERJAYA LAND BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	600,000	0.01	18,100,000#	0.37
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	5,001,613	0.09	318,845,404# 6,356@	5.75 0.00
Derek Chin Chee Seng	464,240	0.01	-	-
Datuk Robert Yong Kuen Loke	3,610,614	0.06	-	-
Nerine Tan Sheik Ping	132,000	0.00	-	-

RELATED COMPANY BERJAYA FOOD BERHAD

	Number of Ordinary shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Robin Tan Yeong Ching	13,500,000	0.77	3,844,500#	0.22

Notes:

Indirect interests pursuant to Section 8 of the Companies Act 2016

@ Indirect interests pursuant to Section 59(11)(c) of the Companies Act 2016

Other than as disclosed above, 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 4 October 2022.

STATISTICS ON SHAREHOLDINGS

as at 4 October 2022

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
less than 100	5,631	12.03	185,481	0.01
100 - 1,000	4,571	9.77	2,128,941	0.16
1,001 - 10,000	27,800	59.40	91,582,058	6.84
10,001 - 100,000	8,052	17.20	196,893,476	14.70
100,001 – 66,968,599	750	1.60	927,871,130	69.28
66,968,600* and above	1	0.00	120,710,914	9.01
Total	46,805	100.00	1,339,372,000	100.00

Note:

Each share entitles the holder to one vote.

* Denotes 5% of total number of issued shares with voting rights.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 4 OCTOBER 2022

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD	120,710,914	9.01
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD	41,392,045	3.09
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD	38,151,275	2.85
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD	36,193,500	2.70
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	32,988,286	2.46
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (BERJAYA LAND)	26,517,959	1.98
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (7008486)	24,240,000	1.81
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	22,902,369	1.71
9	B.L. CAPITAL SDN BHD	22,212,889	1.66
10	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	19,983,898	1.49
11	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD	16,915,600	1.26
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD (GB-RC3-CONGLO2)	16,400,000	1.22
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATEWAY BENEFIT SDN BHD	16,160,000	1.21

STATISTICS ON SHAREHOLDINGS

as at 4 October 2022

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
14	RHB NOMINEES (TEMPATAN) SDN BHD BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD	15,640,400	1.17
15	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR BERJAYA LAND BERHAD	14,941,000	1.12
16	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (49486 SFIN)	13,827,935	1.03
17	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA CORPORATION BERHAD	13,629,950	1.02
18	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (GB-RC3-CONGLO2)	13,600,000	1.01
19	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (GBSB RC1/RC2)	12,807,125	0.96
20	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD (BLB-RC5-CONGLO2)	12,505,488	0.93
21	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (BLB-RC5-CONGLO2)	11,009,000	0.82
22	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	10,923,443	0.82
23	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	9,479,028	0.71
24	GATEWAY BENEFIT SDN BHD	9,424,210	0.70
25	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	9,183,439	0.69
26	BERJAYA LAND BERHAD	8,328,088	0.62
27	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	8,270,622	0.62
28	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INTER-PACIFIC SECURITIES SDN BHD (PJCAC)	7,200,000	0.54
29	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR BERJAYA LAND BERHAD	7,000,000	0.52
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	6,833,900	0.51
		619,372,363	46.24

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 4 OCTOBER 2022

Names of Substantial Shareholder	← No. of Ordinary Shares →			
	Direct	%	Indirect	%
Gateway Benefit Sdn Bhd	292,671,086	21.85	0	0.00
Berjaya Land Berhad	221,528,997	16.54	324,253,874 (a)	24.21
Juara Sejati Sdn Bhd	5,000,000	0.37	565,112,171 (b)	42.19
Berjaya Group Berhad	19,088,998	1.43	596,373,205 (c)	44.53
Berjaya Corporation Berhad	38,666,154	2.89	615,462,203 (d)	45.95
Tan Sri Dato' Seri Vincent Tan Chee Yioun	10,533,795	0.79	659,084,248 (e)	49.21

Notes:

- (a) Deemed interested by virtue of its interests in Gateway Benefit Sdn Bhd, Immediate Capital Sdn Bhd, B.L. Capital Sdn Bhd, Bukit Kiara Resort Berhad and Staffield Country Resort Berhad.
- (b) Deemed interested by virtue of its interests in Berjaya Land Berhad and Berjaya Capital Berhad.
- (c) Deemed interested by virtue of its 100% interests in Bizurai Bijak (M) Sdn Bhd, Berjaya EnviroParks Sdn Bhd and Juara Sejati Sdn Bhd.
- (d) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.
- (e) 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 Sports Toto Berhad (Formerly known as Berjaya Sports Toto Berhad) will be conducted on a virtual basis through live streaming from the broadcast venue at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur (“Broadcast Venue”) on Wednesday, 7 December 2022 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the financial year ended 30 June 2022 and the Directors' and Auditors' Reports thereon. (Please refer to Note 1 of the Explanatory Notes)

As Ordinary Business:-

2. To approve the payment of Directors' fees amounting to RM400,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2022. 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 RM514,000.00 for the period from 8 December 2022 until the next Annual General Meeting of the Company to be held in 2023. Resolution 2
4. To re-elect the following Directors retiring pursuant to Clause 117 of the Company's Constitution:-
 - a) Derek Chin Chee Seng Resolution 3
 - b) Dato' Oon Weng Boon Resolution 4
 - c) Datuk Seri Wong Chun Wai Resolution 5
5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 6

As Special Business:

6. 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.

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 60 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the Company to be offered new shares ranking pari passu in all respects with the existing ordinary shares arising from the issuance and allotment of the shares pursuant to Sections 75 and 76 of the Companies Act 2016.”

Resolution 7

(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 28 October 2022 ("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 8

(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 ("SPToto 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 SPToto Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any SPToto Shares so purchased by the Company in the following manner :-

- (a) cancel all the SPToto Shares so purchased; or
- (b) retain all the SPToto 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 9

(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 10

By Order of the Board
THAM LAI HENG MICHELLE
SSM PC No. 202008001622 (MAICSA 7013702)

Secretary

Kuala Lumpur
28 October 2022

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 proposed fee include an annual Director's fee of RM80,000.00 for Mr. Premshangar A/L Venugopal, who was appointed to the Board on 1 July 2021. The quantum of the Directors' fees for each of the Non-Executive Directors for the financial year ended 30 June 2022 is the same as the previous financial year ended 30 June 2021.

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 8 December 2022 until the next AGM of the Company to be held in 2023 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.

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. Re-election of Directors

Resolution 3, Resolution 4 and Resolution 5 are to seek shareholders’ approval at this AGM for the re-election of Directors who retire by rotation pursuant to Clause 117 of the Company’s Constitution.

Pursuant to Clause 117 of the Company’s Constitution, one third (1/3) of the Directors shall retire from office at least once in every three (3) years at each AGM of the Company and the retiring Directors can offer themselves for re-election.

The Board through the Nomination Committee (“NC”) had undertaken an annual assessment and evaluation on the retiring Directors namely, Derek Chin Chee Seng, Dato’ Oon Weng Boon and Datuk Seri Wong Chun Wai (“Retiring Directors”), who are seeking for re-election as Directors of the Company pursuant to Clause 117 of the Company’s Constitution. Based on the assessment conducted, the NC was satisfied with the performance and contribution of the Retiring Directors and has accordingly recommended to the Board for re-election of the Retiring Directors. The Board has endorsed the NC’s recommendation and support the re-election of Retiring Directors and recommended the re-election of Retiring Directors for approval by the shareholders at the forthcoming AGM.

The profile of Retiring Directors are set out in the Profile of Directors in the Company’s 2022 Annual Report.

5. Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the CA 2016

Resolution 7 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.

Resolution 7, if passed, will exclude shareholder’s pre-emptive right to be offered such new shares and/or convertible securities to be issued by the Company pursuant to the resolution.

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 2021 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 current and/or future investment project(s), working capital and/or acquisitions or issuance of shares for such other application(s) as the Directors may deem fit and in the best interest of the Company.

6. Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 8, 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 28 October 2022 which can be viewed and downloaded from the website of the Company at www.berjaya.com/sports-toto-berhad/ and/or Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com>.

NOTICE OF ANNUAL GENERAL MEETING

7. Proposed Renewal of Authority for the Company to Purchase Its Own Shares

Resolution 9, 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 28 October 2022 which can be viewed and downloaded from the website of the Company at www.berjaya.com/sports-toto-berhad/ and/or Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com>.

8. Proposed Retention of Independent Non-Executive Director

Resolution 10 is proposed pursuant to 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 2022 Annual Report.

9. Proxy and Entitlement of Attendance

- (i) The Annual General Meeting ("AGM") of the Company will be conducted on a 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.**
- (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, 5 December 2022 at 10.00 a.m.**
- (x) Only members whose names appear in the Record of Depositors as at 30 November 2022 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.

10. 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.

FORM OF PROXY

SPORTS TOTO BERHAD

(Formerly known as 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 SPORTS TOTO BERHAD (FORMERLY KNOWN AS BERJAYA SPORTS TOTO BERHAD) hereby appoint:

(Name in full) I.C. No. _____
(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 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, 7 December 2022 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 8 December 2022 until the next Annual General Meeting of the Company.		
RESOLUTION 3	• To re-elect Derek Chin Chee Seng as Director.		
RESOLUTION 4	• To re-elect Dato' Oon Weng Boon as Director.		
RESOLUTION 5	• To re-elect Datuk Seri Wong Chun Wai as Director.		
RESOLUTION 6	• To re-appoint Auditors.		
RESOLUTION 7	• To approve authority to issue and allot shares.		
RESOLUTION 8	• To renew and to seek shareholders' mandate for Recurrent Related Party Transactions.		
RESOLUTION 9	• To renew authority for the Company to purchase its own shares.		
RESOLUTION 10	• 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 _____ 2022

Notes:

- The Annual General Meeting ("AGM") of the Company will be conducted on a 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://sshb.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.
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- 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.
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- 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.
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- Only members whose names appear in the Record of Depositors as at 30 November 2022 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
Stamp

THE COMPANY SECRETARY
SPORTS TOTO BERHAD
(FORMERLY KNOWN AS BERJAYA SPORTS TOTO BERHAD)
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1, JALAN IMBI
55100 KUALA LUMPUR

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1st fold here

GROUP ADDRESSES

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Malaysia Sdn Bhd)**

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Metro Manila, Philippines
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For further information, please contact:

The Company Secretary

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