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Go online to our website at:

www.berjaya.com/sports-toto-berhad/



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 maximises 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.



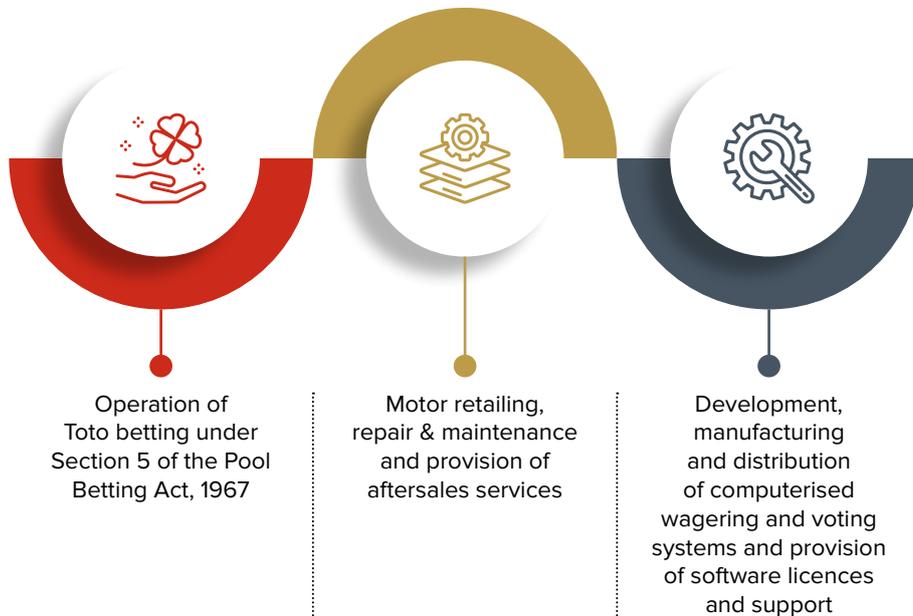
The corporate logo comprises the word BERJAYA in blue and a symbol made up of four outward facing Bs in green with blue lining around the circumference and a blue dot in the centre.

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.

CORPORATE PROFILE

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 (“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 core businesses of the Group are:



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 eight games which are drawn three 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, predominantly in London. In the United States of America (“U.S.A.”), SPToto’s subsidiary, International Lottery & Totalizator Systems, Inc. (“ILTS”) provides computerised wagering equipment and systems to the global lottery industry.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman

Dato' Sri Robin Tan Yeong Ching

Chief Executive Officer

Nerine Tan Sheik Ping

Non-Independent/Non-Executive Director

Dato' Oon Weng Boon

Executive Director

Derek Chin Chee Seng

Independent/Non-Executive Directors

Datuk Seri Wong Chun Wai

Poh Ying Loo

Premshangar A/L Venugopal

AUDIT COMMITTEE

Poh Ying Loo (*Chairman*)

Datuk Seri Wong Chun Wai

Dato' Oon Weng Boon

NOMINATION COMMITTEE

Poh Ying Loo (*Chairman*)

Datuk Seri Wong Chun Wai

Dato' Oon Weng Boon

REMUNERATION COMMITTEE

Premshangar A/L Venugopal (*Chairman*)

Poh Ying Loo

Datuk Seri Wong Chun Wai

Dato' Oon Weng Boon

SUSTAINABILITY COMMITTEE

Premshangar A/L Venugopal (*Chairman*)

Poh Ying Loo

Datuk Seri Wong Chun Wai

Dato' Oon Weng Boon

RISK MANAGEMENT COMMITTEE

Premshangar A/L Venugopal (*Chairman*)

Poh Ying Loo

Datuk Seri Wong Chun Wai

Dato' Oon Weng Boon

COMPANY SECRETARIES

Tham Lai Heng Michelle

(SSM PC No. 202008001622)

(MAICSA No. 7013702)

Wong Siew Guek

(SSM PC No. 202008001490)

(MAICSA No. 7042922)

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd

[Registration No. 199401008064 (293743-X)]

09-27 Level 9

Berjaya Times Square

No. 1 Jalan Imbi

55100 Kuala Lumpur

Tel : 03 - 2145 0533

Fax : 03 - 2145 9702

Email : shareg@berjayareg.com.my

AUDITORS

Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Tel : 03 - 7495 8000

Fax : 03 - 2095 5332

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

Email : cosec@berjaya.com.my

PRINCIPAL BANKERS

CIMB Bank Berhad

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Sector : Consumer Products & Services

Stock Name : SPTOTO

Stock Code : 1562

PLACE OF INCORPORATION AND DOMICILE

Malaysia

WEBSITE ADDRESS

www.berjaya.com/sports-toto-berhad/

PROFILE OF DIRECTORS



Dato' Sri Robin Tan Yeong Ching

Chairman
(Non-Independent/
Executive Director)



Nerine Tan Sheik Ping

(Non-Independent/
Chief Executive Officer)

Nationality
Malaysian

Age and Gender
49 / Male

Board Appointment
1 June 2021

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 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 Land Berhad and a Director of Atlan Holdings Bhd. He is also an Executive Director of STM Lottery Sdn Bhd, 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.

Nationality
Malaysian

Age and Gender
47 / Female

Board Appointment
1 January 2016

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

She has more than 20 years of experience in sales, marketing and business development in several operations. She started work as a Business Development Manager at Cosway (M) Sdn Bhd from January 1999 to September 2002, and was mainly responsible for overseeing the sales and marketing of Cosway products.

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 Sdn Bhd ("STM Lottery") and was subsequently promoted as an Executive Director of STM Lottery in April 2010.

Currently, she is the Joint Group Chief Executive Officer/ Executive Director of Berjaya Corporation Berhad and the Chief Executive Officer of Berjaya Times Square Sdn Bhd. She is also an Executive Director of 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.

PROFILE OF DIRECTORS



Derek Chin Chee Seng

(Non-Independent/
Executive Director)



Dato' Oon Weng Boon

(Non-Independent/
Non-Executive Director)

Nationality
Malaysian

Age and Gender
65 / Male

Board Appointment
1 June 2021

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

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

He has more than 40 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.

Nationality
Malaysian

Age and Gender
54 / Male

Board Appointment
27 February 2014

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 (2021-2023) 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.

PROFILE OF DIRECTORS



Datuk Seri Wong Chun Wai

(Independent/
Non-Executive Director)



Premshangar A/L Venugopal

(Independent/
Non-Executive Director)

Nationality
Malaysian

Age and Gender
62 / Male

Board Appointment
1 June 2021

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 appointed as the Chairman of the Malaysian National News Agency (BERNAMA) on 1 September 2023. He was a member of supervisory council of 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.

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

Nationality
Malaysian

Age and Gender
53 / Male

Board Appointment
1 July 2021

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, the Malaysian Institute of Arbitrators and the Institute of Corporate Directors Malaysia. 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 28 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 conceptualisation. He encapsulates dedication, enthusiasm, drive and positive attitude required to be a valuable addition to the success of the Company.

Mr Premshangar A/L Venugopal is the Chairman of the Remuneration Committee, the Risk Management Committee and the Sustainability Committee of the Company.

PROFILE OF DIRECTORS



Poh Ying Loo

(Independent/
Non-Executive Director)

Nationality
Malaysian

Age and Gender
61 / Male

Board Appointment
17 June 2021

He was appointed to the Board on 17 June 2021 as an Independent Non-Executive Director. He obtained a Global Master of Business Administration in Digital Business (“Global MBA in Digital Business”) from Zigurat Innovation & Technology Business School, Barcelona, Spain in 2021. He was also awarded with a University Extension Diploma in Global MBA in Digital Business from the Institute of Continuing Education of the University of Barcelona, Spain in 2022. He is a Fellow Chartered Management Accountant (FCMA) since 1993 and a Chartered Global Management Accountant (CGMA) since 2012, both under the Chartered Institute of Management Accountants (CIMA), a member of the MIA since 1994, a Qualified Risk Director and a member of the Institute of Enterprise Risk Practitioners since 2018. He is a Fellow member of the Institute of Corporate Directors Malaysia since 2020. In March 2023, he also obtained a certificate from the Frankfurt School of Finance and Management to become a Certified Expert in Environmental, Social and Governance (ESG) and Impact Investment.

He began his career with Ong Boon Bah & Co as Trainee Audit Assistant and subsequently as Audit Assistant/Semi Senior from March 1986 to February 1988. In February 1988, he joined Dreamland Holdings Berhad (presently known as FACB Industries Incorporated Berhad) as an Accounts Supervisor/Executive. In December 1988, he left Dreamland Holdings Berhad and joined CPC/AJI (M) Sdn Bhd as Assistant Accountant and served as the Senior Accountant until June 1996.

From July 1996 to June 2020, he was with AEON CO. (M) Bhd (“AEON”). During his tenure with AEON, he held various positions with AEON in relation to finance and managerial functions including Finance Manager, Financial Controller, General Manager Finance, Senior General Manager in charge of Business Support and Senior General Manager in charge of Corporate Finance and Investor Relations. In May 2011, he was appointed as an Executive Director of AEON. As a senior management of AEON in charge of the corporate finance, investor relations and corporate management division, he had oversight on the Company’s overall businesses, strategies, operations, financial and business developments. He retired from AEON in June 2020.

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.

He presently sits on the boards of UEM Sunrise Berhad since November 2020 and MST Golf Group Berhad since October 2022, both companies are listed on the Main Market of Bursa Securities, as an Independent Non-Executive Director.

Mr Poh Ying Loo is the Chairman of the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee, the Risk Management Committee and the Sustainability Committee 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 or potential conflict of interest, including interest in any competing business with the Company and/or its subsidiaries;
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.

PROFILE OF KEY SENIOR MANAGEMENT

Tan Sri Dato' Seri Vincent Tan Chee Yioun

Managing Director/
Chief Executive Officer
of STM Lottery Sdn Bhd
("STM Lottery")

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

Currently, Tan Sri Dato' Seri Vincent Tan Chee Yioun is the Advisor of Berjaya Corporation Berhad and 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.



Nationality
Malaysian



Age and Gender
71 / Male

Date of Appointment: **5 December 1988**

Choo Veh Ken

Chief Executive Officer
of H.R. Owen Plc ("H.R. Owen")

He holds a Bachelor of Commerce Degree with majors in Accounting and Economics from Deakin University, Australia. He is a member of the Malaysian Institute of Accountants and a member of CPA Australia. He has more than 28 years of experience in financial management, accounting and administration.

H.R. Owen's Ferrari operation is one of the largest in the world, and its Lamborghini showroom is one of the most successful in the world. In June 2023, Rolls-Royce Motor Cars London, operated by H.R. Owen, was named as the best Rolls-Royce dealership in the world. The company is the official and exclusive dealer in the UK for a number of innovative newcomer brands, including Rimac Automobili, Hennessey, Czingier and Radford. In 2023 the company completed the development of its stunning new site in Hatfield, which houses sales and aftersales operations for Bentley, Ferrari, Lamborghini and Maserati and aftersales for Bugatti.

As H.R. Owen's CEO since February 2017, he oversees operations of 18 luxury automotive dealerships and 18 automotive aftersales sites across the United Kingdom, as well as services businesses such as H.R. Owen Insurance. He is also a Director and CEO of Cardiff City Football Club in the United Kingdom ("UK") since 2014 and a Director and Managing Director of Kortrijk Football Club in Belgium since 2015.



Nationality
Malaysian



Age and Gender
50 / Male

Date of Appointment: **15 February 2017**

PROFILE OF KEY SENIOR MANAGEMENT

Kyong “Mia” Davis

President of International Lottery & Totalizator Systems, Inc. (“ILTS”)

She was appointed as President of ILTS on 3 February 2023.

She has a Bachelor of Science in Business Management with an Emphasis in Accounting from California State University San Marcos and a Master of Business Administration from Harding University. She is also a qualified Certified Public Accountant from the California Board of Accountancy.

she served as Senior Accountant and the Director of Finance from February 2006 to October 2019. She was promoted to Chief Financial Officer in October 2019.

She has been part of the key management team at ILTS since 2013 and brings a strong finance background and a creative entrepreneurial mindset to ILTS.



Nationality
American



Age and Gender
57 / Female

Date of Appointment: **3 February 2023**

Cheong Tuck Kong

Chief Financial Officer
of Sports Toto Berhad (“SPToto”)
and General Manager (Finance)
of STM Lottery Sdn Bhd
(“STM Lottery”)

He is an experienced financial professional with 27 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.

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.



Nationality
Malaysian



Age and Gender
49 / Male

Date of Appointment: **6 October 2022**

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

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 have:

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 or potential conflict of interest, including interest in any competing business with the Company and/or its subsidiaries;
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 ("SPToto"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 30 June 2023.

FINANCIAL RESULTS

For the financial year under review, the Group registered a revenue of RM6.1 billion and pre-tax profit of RM339.3 million.

The revenue registered was mainly attributed to revenue from STM Lottery Sdn Bhd ("STM Lottery") and H.R. Owen Plc ("H.R. Owen").

The pre-tax profit of the Group was largely due to profit achieved by STM Lottery and H.R. Owen amidst a challenging business environment post Covid-19 and rising interest rates in the countries the Group operates in. STM Lottery registered a full year revenue contribution as opposed to previous year's revenue impacted by the cancellation of draws with the imposition of nationwide lockdown. STM Lottery continues to attract punters with the most games offerings and it created 17 new millionaires with a total of RM234.8 million jackpot prizes ranging from RM3.0 million to RM32.0 million from its four jackpot games - Toto 4D Jackpot, Star Toto 6/50, Power Toto 6/55, and Supreme Toto 6/58.

H.R. Owen has expanded its reputation in the United Kingdom ("UK") as a preferred luxury motor retailer by inaugurating a new bespoke supercar showroom in Hatfield, spanning 110,000 square feet. The new 5.4 acres facility is home to four luxury car showrooms, aftersales services and a multi-level complex for pre-owned cars and event space for launches. H.R. Owen also welcomes two new brands, Czingier and Hennessey, to its stable this year.

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

SPToto has made significant strides in improving our EESG performance. In the most recent FTSE Russell ESG rating assessment, SPToto achieved a score of 3.4 for financial year 2022, up from 2.0 in financial year 2021.

This improvement reflects SPToto's commitment to addressing EESG issues and integrating sustainable practices into its business strategies. One key initiative is SPToto's limited assurance verification of its data for greenhouse gas (GHG) emissions, environmental performance (waste, energy, and water), human resources, occupational health and safety, and governance. This verification was conducted by SIRIM QAS International Sdn. Bhd., an external auditor.

In addition to disclosing its Scope 1 and 2 GHG emissions in financial year 2022, SPToto will also begin reporting its Scope 3 emissions in the current financial year.



H.R. Owen's new flagship Ferrari showroom at Hatfield.

SPToto's introduction of Scope 1 and 2 emissions reporting in its sustainability statement in financial year 2022 is a significant step forward in its commitment to sustainability. This expansion in scope underpins SPToto's transparency and accountability in addressing its direct and indirect GHG emissions. By providing stakeholders with a clearer understanding of its environmental impact, SPToto aims to drive business practices that mitigate this impact.

Overall, SPToto is making significant progress in improving its EESG performance. The company's commitment to transparency, accountability, and sustainable practices is evident in its recent initiatives.

FUTURE PROSPECTS

Malaysia's economy is expected to face headwinds from the cooling global trade, elevated inflation and higher interest rates. With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023 strongly supported by domestic demand amidst improving employment. STM Lottery anticipates a stronger trajectory with the dynamic Number Forecast Operator ("NFO") sector driven by renewed consumer spending and stronger labour markets whilst cautiously embracing policy shifts in the local and federal governments.

As the NFO with the most lotto games and most exciting 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 encouraging and 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.

CHAIRMAN'S STATEMENT

“ SPToto has made significant strides in improving our EESG performance. As of the most recent FTSE Russell ESG rating assessment, we have achieved a score of 3.4 for financial year 2022, which is an improvement from 2.0 for financial year 2021.”



STM Lottery poster of the RM271 million Supreme Toto 6/58 Lotto winner.

In the UK, H.R. Owen is optimistic about its medium to long-term prospects, leveraging on strong relationships with renowned luxury car marques and strategic property acquisitions since 2018. The company will navigate the challenging economic landscape posed by elevated inflation and higher interest rates to deliver steadfast and vibrant growth ahead.

In the United States of America, International Lottery & Totalizator Systems, Inc. (“ILTS”) has shown resilience in overcoming supply chain issues and economic uncertainties arising from unprecedented events such as the Covid-19 pandemic and the Russia-Ukraine war to deliver solutions and services to its customers. ILTS will continue to seek and embrace new and emerging technologies and explore new markets to ensure its competitiveness.

APPRECIATION

On behalf of the Board, I want to express our heartfelt gratitude to Datuk Robert Yong Kuen Loke, who resigned as a Non-Executive Director on 1 June 2023, marking 31 years of dedicated service. We deeply appreciate his contributions and wish him every success in his future endeavours.

We would like to express our sincere gratitude to our customers, shareholders, business associates, financiers, analysts, members of the media, government authorities, and all other stakeholders for standing by us during this eventful year.

Our heartfelt thanks go out to the management team, employees, and agents for their unwavering dedication and innovative approach in tackling the year's challenges and driving sustainable initiatives.

I also wish to personally express my gratitude and appreciation to my fellow colleagues on the Board for your active participation and invaluable insights. With the steadfast commitment from all stakeholders, I am confident that the Group will continue to provide exceptional value to our shareholders. I look forward to collaborating with all of you towards achieving sustainable growth for the Group in the financial year 2024 and beyond.

DATO SRI' ROBIN TAN YEONG CHING

Chairman

主席报告

致所有股东：

本人谨代表多多博彩有限公司(“SPToto”)董事部，欣然向各位提呈截至2023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，本集团的营收录得61亿令吉，税前盈利为3亿3930万令吉。

营收主要来自STM Lottery私人有限公司(“STM Lottery”)和H.R. Owen Plc (“H.R. Owen”)。

在新冠肺炎疫情后这个充满挑战的商业环境中，以及本集团所在国利率不断上升的情况下，主要的税前盈利来源于STM Lottery和H.R. Owen。STM Lottery在全年实现了可观的营收贡献，而上一年度的营收则受到取消开彩和全国行动管制的影响。STM Lottery持续凭借最多积宝游戏来吸引客户，并且在多多万字积宝、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)这四个积宝游戏中诞生了17位新的百万富翁，共派出高达2亿3480万令吉的积宝奖金，每人获得300万令吉到3200万令吉不等的奖金。

H.R. Owen在哈特菲尔德开设了一个占地11万平方尺的定制超级跑车展厅，进一步巩固了其作为英国首选豪华汽车零售商的声誉。这座占地5.4英亩的新设施设有4个豪华汽车展厅、售后服务、多层二手车楼层以及活动空间。今年，H.R. Owen还引入了两个新品牌，分别是Czinger和Hennessy。

经济、环境、社会和治理(“EESG”)目标

SPToto在提高EESG表现方面取得了显著进展。在最新的富时罗素ESG评级中，SPToto在2022财政年的得分为3.4，高于2021财政年的2.0。

这一进步反映了SPToto致力于解决EESG问题，并将可持续实践纳入商业战略。其中一个关键举措是SPToto对其温室气体(GHG)排放、环境绩效(废料、能源和水)、人力资源、职业健康与安全以及治理数据进行有限保证验证。此验证由外部审计机构SIRIM QAS International私人有限公司负责执行。

除了在2022财政年披露其范围1和范围2的温室气体排放量外，SPToto还将从本财政年开始报告其范围3的排放量。



H.R. Owen位于哈特菲尔德的Bentley展厅。

在2022财政年的可持续发展声明中，SPToto首次加入了范围1和范围2的排放报告，这标志着本公司在可持续发展承诺方面迈出了重要一步。扩大报告范围不仅增强了SPToto在解决直接和间接温室气体排放方面的透明度和问责制，也旨在让利益相关者更清晰地了解其环境影响，推动商业实践以减缓这种影响。

总的来说，SPToto在改善其EESG性能方面取得了重大进展。该公司近期实施的计划充分彰显了其对透明度、问责制和可持续做法的承诺。

未来展望与前景

随着全球贸易降温、通货膨胀加剧以及利率上升，马来西亚经济也呈现相对疲软的态势。在严峻的全球环境下，马来西亚经济预计在强劲国内需求及改善就业情况下在2023年扩张至接近下限4.0%至5.0%范围。STM Lottery预计，在消费者支出增加和劳动力市场复苏的双重推动下，充满活力的测字博彩公司(NFO)将迈向更为坚实的发展之路，同时也将谨慎应对地方和联邦政府政策的变化。

作为拥有最多积宝游戏和派出最高积宝奖金的测字博彩公司(NFO)，STM Lottery在营收方面持续领先于其他测字博彩同行。公司过去也曾曾在经济危机和动荡时期经历过考验，因此对当前业务保持谨慎乐观态度，坚信在接下来的财政年将继续保持其在测字业市场的份额。

主席报告

“SPToto在提高EESG表现方面取得了显著进展。在最新的富时罗素ESG评级中，SPToto在2022财政年的得分为3.4，高于2021财政年的2.0。”



STM Lottery 多多万字积宝送出逾900万令吉积宝奖金的海报。

在英国，H.R. Owen对公司的中长期前景持乐观态度。这是因为公司将充分利用自2018年以来与知名豪华汽车品牌建立的牢固合作关系，同时还收购了位于战略位置的产业。公司将应对通胀上升和利率增长等经济挑战，以实现未来稳健积极的增长。

在美国，国际博彩与赛马测彩系统有限公司(International Lottery & Totalizator Systems Inc.)(“ILTS”)成功克服了新冠肺炎疫情和俄乌战争等前所未有的事件造成的供应链问题和不稳定的经济局势，为其客户提供了解决方案和服务。ILTS将持续探索和引入新兴科技，积极寻找新的市场，以保持竞争力。

感谢

我代表董事部衷心感谢为本集团辛勤服务了31年的拿督Robert Yong Kuen Loke。他于2023年6月1日辞去了非执行董事一职。我们感激他为本集团所做的贡献，祝愿他一切顺利。

我们也要向所有的顾客、股东、来往商家、融资机构、分析员、媒体朋友、政府监管单位和其他单位致以诚挚的谢意，感谢大家在过去一年里对本集团的支持和信任。

我们还要深深感谢管理层、员工以及代理们在过去一整年中所展现的奉献精神和创新能力，应对了各种挑战，推动了可持续发展倡议。

最后，本人也要借此机会感谢各位董事部成员积极参与并为董事部的工作做出了贡献。凭借诸位坚定不移的信念，我相信本集团将继续为股东创造更为优异的价值。我期待与诸位在2024财政年和未来，携手推动本集团的可持续发展。

拿督斯里陈永钦
主席

GROUP FINANCIAL SUMMARY

| | 2023 USD'000 | 2023 RM'000 | 2022 RM'000 | 2021 RM'000 | 2020 RM'000 | 2019 RM'000 |
|--|------------------|------------------|----------------------|----------------|-----------------------|----------------|
| Revenue | 1,301,677 | 6,099,660 | 5,229,328 | 4,829,148 | 4,635,664 | 6,693,389 |
| Profit Before Tax | 72,401 | 339,269 | 273,264 | 282,909 | 226,816 | 394,262 |
| Profit For The Financial Year/Period | 49,364 | 231,318 | 170,215 | 187,397 | 133,705 | 229,963 |
| Non-Controlling Interests | (1,279) | (5,992) | (9,330) | (6,163) | (1,008) | (3,115) |
| Profit Attributable To Owners Of The Parent | 48,085 | 225,326 | 160,885 | 181,234 | 132,697 | 226,848 |
| Share Capital | 28,831 | 135,103 | 135,103 | 135,103 | 135,103 | 135,103 |
| Reserves | 203,344 | 952,870 | 783,489 | 694,850 | 634,896 | 598,649 |
| Equity Funds | 232,175 | 1,087,973 | 918,592 | 829,953 | 769,999 | 733,752 |
| Treasury Shares | (3,385) | (15,864) | (23,626) | (18,631) | (32,165) | (12,320) |
| Net Equity Funds | 228,790 | 1,072,109 | 894,966 | 811,322 | 737,834 | 721,432 |
| Non-Controlling Interests | 15,135 | 70,925 | 61,926 | 63,783 | 51,458 | 53,531 |
| Total Equity | 243,925 | 1,143,034 | 956,892 | 875,105 | 789,292 | 774,963 |
| Other Non-Current Liabilities | 59,793 | 280,192 | 279,054 | 313,646 | 265,331 | 21,678 |
| Borrowings | 324,185 | 1,519,130 | 1,237,746 | 1,057,419 | 1,207,553 | 1,120,873 |
| Other Current Liabilities | 212,077 | 993,791 | 787,117 | 625,267 | 646,791 | 749,157 |
| Total Equity And Liabilities | 839,980 | 3,936,147 | 3,260,809 | 2,871,437 | 2,908,967 | 2,666,671 |
| Property, Plant & Equipment and Right-of-use Assets | 180,555 | 846,079 | 695,437 | 629,040 | 518,577 | 191,538 |
| Intangible Assets | 155,630 | 729,284 | 696,603 | 706,742 | 691,292 | 688,601 |
| Investments and Other Non-Current Assets | 93,573 | 438,484 | 344,803 | 355,953 | 374,311 | 361,530 |
| Current Assets | 410,222 | 1,922,300 | 1,523,966 | 1,179,702 | 1,324,787 | 1,425,002 |
| Total Assets | 839,980 | 3,936,147 | 3,260,809 | 2,871,437 | 2,908,967 | 2,666,671 |
| Net Assets Per Share (Cents/Sen) | 17.07 | 80.00 | 66.82 | 60.46 | 55.17 | 53.56 |
| Net Earnings Per Share (Cents/Sen) | 3.57 | 16.75 | 11.99 | 13.51 | 9.77 | 16.84 |
| Dividend Rate Per Share (Cents/Sen) | 1.92 | 9.00 | 8.70* | 8.00 | 10.40** | 16.00 |
| Net Dividend Amount (USD'000/RM'000) | 25,742 | 120,628 | 116,378 [^] | 107,456 | 139,524 ^{^^} | 215,520 |

Note:

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 2019 are for 14 months whilst 2020, 2021, 2022 and 2023 are for 12 months ended 30 June.

Exchange rate as at 30 June 2023: US\$1.00: RM4.686

* 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.

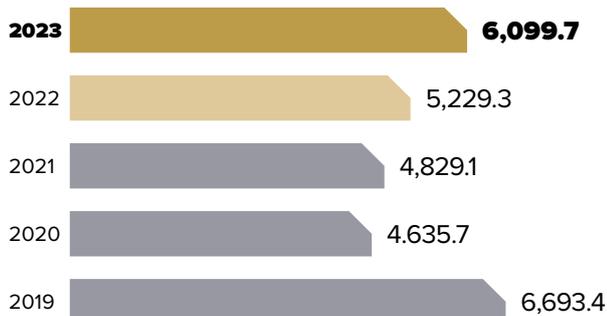
^{^^} The dividend amount included share dividend based on treasury shares book cost of RM31.8 million.

GROUP FINANCIAL HIGHLIGHTS

REVENUE

(RM' Million)

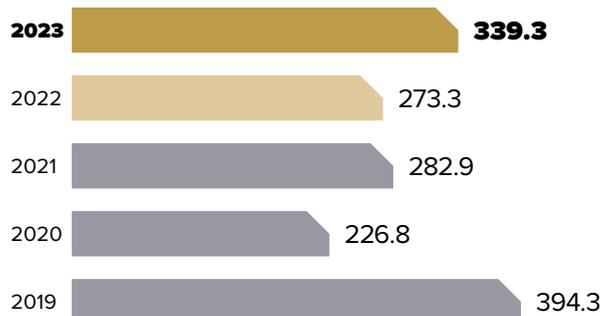
6,099.7



PROFIT BEFORE TAX

(RM' Million)

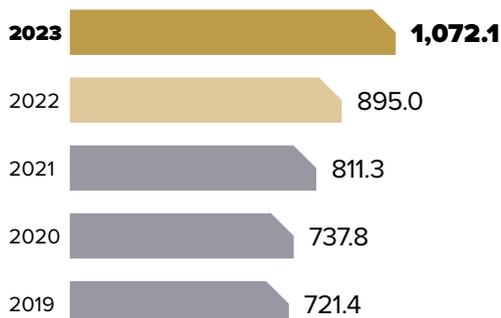
339.3



NET EQUITY FUNDS

(RM' Million)

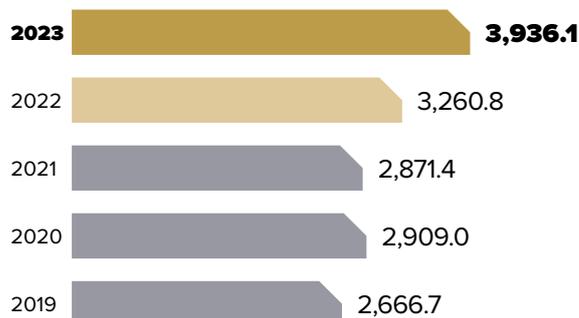
1,072.1



TOTAL ASSETS

(RM' Million)

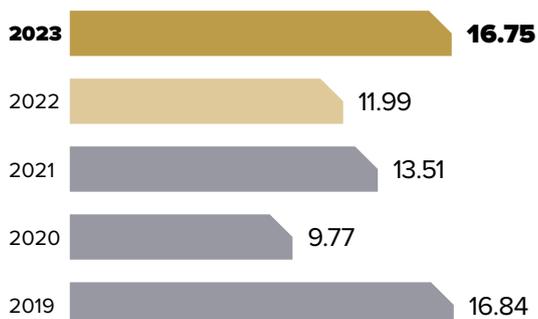
3,936.1



NET EARNINGS PER SHARE

(Sen)

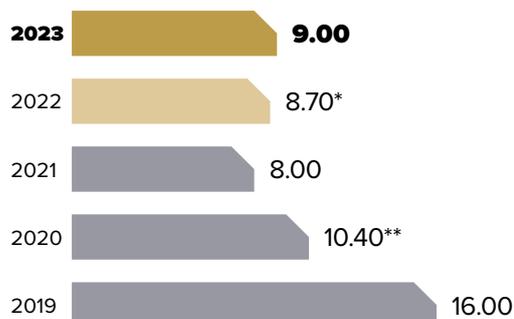
16.75



DIVIDEND RATE PER SHARE

(Sen)

9.00



* 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 (“SPToto”) has three main operating subsidiaries, namely STM Lottery 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 systems and provision of software licences and support in the United States of America (“U.S.A.”).

MALAYSIA

STM Lottery, the principal operating subsidiary of SPToto, is the leading Number Forecast Operator (“NFO”) in Malaysia. It has approximately 680 outlets nationwide offering eight different games. Lottery draws are conducted three days a week on every Wednesday, Saturday, and Sunday. The Digit games are Toto 4D, Toto 4D Jackpot, Toto 4D Zodiac, Toto 5D, 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 2023, STM Lottery recorded a revenue of RM2.83 billion with 175 draws conducted, an increase of 32.1% as compared to revenue of RM2.14 billion in the previous financial year with 138 draws conducted. The increase in revenue was attributed to the full resumption of business operations in the current financial year as well as higher accumulated jackpot prizes from jackpot games. The

previous financial year was adversely affected following the cancellation of 37 draws with the imposition of the Movement Control Order 3.0 from 1 June 2021 until 13 September 2021. Throughout the pandemic years, illegal NFOs had proliferated by offering online betting alternatives to the punters. We also faced regulatory challenges imposed by the Kedah state government to stop the renewal of our business licences in the Kedah state.

Despite headwinds, STM Lottery continued to strive forward by improving the average sales per draw by 4.2% over the previous financial year. We are confident in continued sales growth with focused marketing activities, responsible gaming advocacy and supported by higher accumulated jackpots across all our jackpot games.

“ STM Lottery recorded a revenue of RM2.83 billion with 175 draws conducted, an increase of 32.1% as compared to revenue of RM2.14 billion in the previous financial year with 138 draws conducted.”

All the jackpot games have rewarded punters with significant jackpot prizes. The Toto 4D Jackpot digit games rewarded the most winners with our top five winners winning between RM12.0 million to RM23.0 million. The Supreme Toto 6/58 Jackpot games produced four winners with two of the highest prizes of RM31.9 million and RM27.1 million.

Profit before tax for the financial year under review was RM296.6 million as compared to RM227.8 million in the previous financial year, an increase of 30.2%. This was primarily a result of the higher revenue recorded in the financial year under review.

STM Lottery remains vigilant on the macroeconomic uncertainties and rising interest rates bringing headwinds to the Malaysian economic recovery. The management will spearhead economic, sustainability and governance (“ESG”) practices to harness intrinsic opportunities and leverage on innovation to drive business growth. STM Lottery is confident on its fundamentals to maintain its market share in the NFO business and accelerate profitability for the stakeholders in the upcoming financial year 2024.

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.

In June 2023, H.R. Owen officiated its new headquarters on a 5.4 acres site in Hatfield, UK. H.R. Owen’s state-of-the-art showrooms are home to four major luxury automotive marques on a single site, representing the hallmarks of Ferrari, Lamborghini, Bentley and Maserati. H.R. Owen also gained accolades as the Rolls-Royce Global Dealer of the Year, twice in five years as it was applauded for an immersive client experience.

H.R. Owen currently owns 18 showrooms and 18 service centres for Rolls-Royce, Ferrari, Bugatti, Lamborghini, Maserati, Aston Martin, Bentley, Rimac Automobili, Hennessey, Czingler, BAC, and Radford.

For the financial year ended 30 June 2023, H.R. Owen recorded revenue of £567.1 million with a total of 1,195 new prestige cars and 1,811 pre-owned cars sold, as compared to revenue of £536.2 million with 1,244 new prestige cars and 1,892 pre-owned cars sold in the previous financial year. The

5.8% increase in revenue was mainly attributed to marginal price increases of new cars albeit softer demand after an exceptional performance in the previous financial year.

H.R. Owen registered a profit before tax of £7.6 million in the financial year under review as compared to profit before tax of £15.6 million in the previous financial year ended 30 June 2022. The previous financial year reported strong profit margin with exceptional demand on pre-owned cars as a result of new car supply constraints. The decrease was also due to higher operating costs arising from inflationary pressures and higher finance costs from the sharp interest rate hike in the current financial year.

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.



Lamborghini showroom in H.R. Owen Hatfield.

MANAGEMENT DISCUSSION & ANALYSIS



H.R. Owen's new showroom and service centres at Hatfield.

THE UNITED STATES OF AMERICA

In the U.S.A., ILTS supplies secure and reliable computerised wagering systems and terminals to the global lottery industry. Its wagering system features include real-time, secure processing of data received from multiple locations, hardware redundancy and complete communications redundancy in order to provide the highest level of fault tolerant operation. For over 40 years, ILTS has provided computerised wagering systems, quality support and at least 70,000 terminals to more than 25 customers in more than 20 countries. ILTS continues to manage challenges to its margin and delivery schedules due to the supply chain constraints and high inflationary environment caused by the Covid-19 pandemic and the Russia-Ukraine conflict.

During the financial year under review, ILTS posted a higher revenue and profit before tax for the financial year ended

30 June 2023 compared to the previous financial year. This is mainly attributable to higher revenue recognition arising from substantial contractual sales recognized for deliverables in a contract. ILTS had also delivered additional lottery terminals to and provided other customers with new games and technical support.

ILTS will continue to explore new and emerging technologies based on current industry developments to remain competitive and explore new markets where its core competencies can be applied.

SPTOTO AS A GROUP

Liquidity and Financial Resources

The Group retained cash and cash equivalents of RM632.7 million as at 30 June 2023 (2022: RM558.7 million). With higher short term borrowings in the financial year under review, the current ratio stood at 1.24 times, as compared to

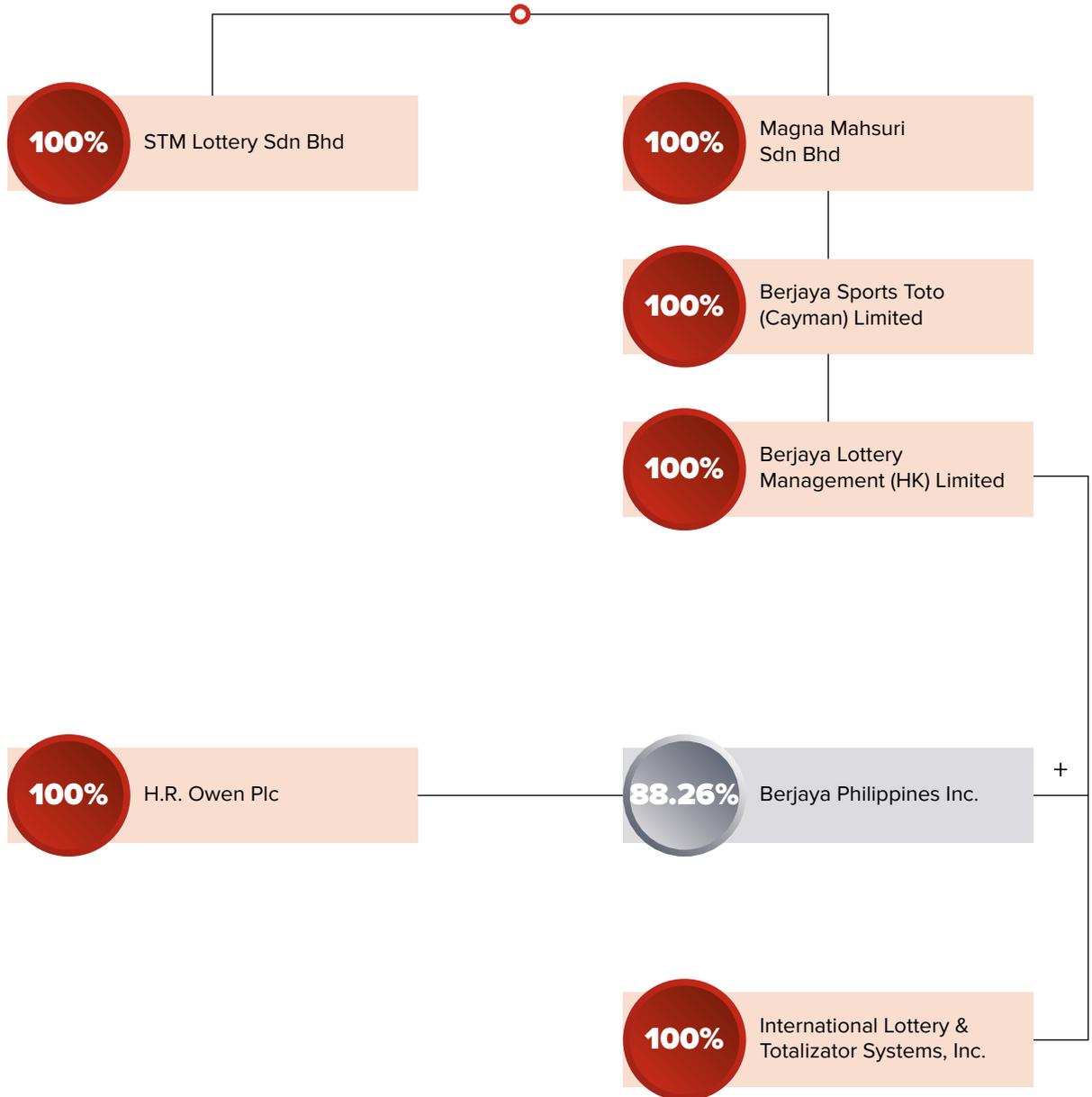
1.44 times in the previous financial year. The higher short term borrowings was mainly due to the increase in vehicle stocking loans and reclassification of certain Medium Term Notes in accordance with the maturity dates.

SPToto's total indebtedness as at 30 June 2023 was higher at RM1.52 billion (2022: RM1.24 billion) with higher vehicle stocking loans which was in line with the higher inventories level as at 30 June 2023. The drawdown of additional borrowings mainly for capital expenditures incurred during the financial year under review has also raised the total indebtedness for the financial year under review. The Group's gearing ratio in the current financial year under review was 1.33 times while it was at 1.29 times in 2022.

CORPORATE STRUCTURE

OF MAIN SUBSIDIARY COMPANIES
AS AT 9 OCTOBER 2023

SPORTS TOTO BERHAD



■ Listed Company
+ Combined Interest

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

As part of the Berjaya Group, Sports Toto Berhad (“SPToto”) has a rich legacy as a respected and responsible business. With a heightened responsibility, the Group has the unique potential to advance the gaming industry for societal benefit.

SPToto is a company that cares and is proud of its storied past. However, shifting the focus to creating a better, brighter future is mutually beneficial for the planet and future generations.

First published in 2017, SPToto’s annual Sustainability Statement chronicles group-wide initiatives aligned with established commitments. Meaningful disclosure helps the Group monitor, manage and improve its economic, environmental, social and

governance performance and impact in executing strategies and generating sustainable long-term value.

In communicating its progress, SPToto has introduced goals to mitigate its environmental footprint and promote social and economic well-being in line with the United Nations Sustainable Development Goals (“UNSDGs”).

Looking to the future, SPToto cultivates and embeds a responsible ethos, placing purpose beyond profit and seeking new ways to deliver on that promise – doing better for our people, operations and planet.

| | |
|--|---|
| <p>Reporting Scope and Boundary</p> | <p>This Sustainability Statement summarises the sustainability performance of all strategic businesses, covering the operations of:</p> <ul style="list-style-type: none"> • SPToto’s principal subsidiary in Malaysia, STM Lottery Sdn Bhd (“STM Lottery”) • SPToto’s business operations in the Philippines and the United Kingdom <p>There are no changes in the reporting scope from the previous financial year. SPToto continued focusing on the operations of SPToto’s principal subsidiary in Malaysia, STM Lottery. The business operation in the United States of America is out of scope as it is not substantial during financial year (“FY”) 2023 and has limited Economic, Environmental, Social and Governance (“EESG”) impacts.</p> |
| <p>Reporting Cycle</p> | <p>Annually</p> |
| <p>Reporting Period</p> | <p>1 July 2022 to 30 June 2023 (“FY2023”)</p> |
| <p>Reporting Guidelines and Principles</p> | <p>Principle Guideline:</p> <ul style="list-style-type: none"> • Global Reporting Initiative (“GRI”) Universal Standards <p>Additional Guidelines:</p> <ul style="list-style-type: none"> • Bursa Malaysia’s Sustainability Reporting Guide • FTSE4Good Bursa Malaysia ESG Index • UNSDGs |
| <p>Reliability of Information Disclosed</p> | <p>The accuracy of the statement’s content has been:</p> <ul style="list-style-type: none"> • Reviewed by the Sustainability Committee • Partially verified by SIRIM QAS International Sdn. Bhd. (refer to the Statement of Assurance on page 51) • Approved by the Board of Directors |
| <p>Feedback</p> | <p>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/sports-toto-berhad/).</p> |

SUSTAINABILITY STATEMENT

SPTOTO'S TRUE MEASURE OF EESG

Evolving from traditional Corporate Responsibility, EESG adds critical accountability through transparent measurement, monitoring and reporting, fast becoming the norm with formalised standards and expectations.

During this financial year, all operations are deeply committed to advancing EESG issues with programmes at various stages. Current commitments range from well-established sustainability initiatives that create positive impacts to robust EESG programmes with mature measurement processes and tracking and reporting against set goals. These commitments reflect the broader business community's shift to measuring a company's societal impact and setting material improvement goals.

Our primary goal remains to meet the expectations of all stakeholders. Focusing on driving a sustainable business protects our legal and social licence to operate and maintain customers' trust.

SPTOTO SUSTAINABILITY POLICY

Sustainable development, or sustainability, integrates economic outcomes, social responsibility and environmental concerns to improve the quality of life for current and future generations.

Sustainability complements the Company's values to meet consumers' needs, build revenue and profitability and improve the well-being of employees, shareholders and communities.

Through sustainability practices, SPToto develops the economic, environmental and social well-being of key stakeholders – employees, shareholders, and communities where it operates, locally and overseas.

SPToto's Sustainability Focus Areas



Economic Sustainability

- Creating long-term shareholder value and added benefits for all stakeholders



Environmental Sustainability

- Reducing 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, other legislation and local and international standards of corporate behaviour
- Promoting fair engagement, accountability and access to justice, internally and externally



SUSTAINABILITY STATEMENT

CONTRIBUTING TO THE UNSDGs

Last year, SPToto selected six (6) sustainable development goals from the 2030 United Nations Agenda for Sustainable Development, most relevant to its business activities and sustainability priorities. Currently, the Group is identifying specific targets and initiatives to achieve maximum progress toward these goals.

We have broadly mapped our operations to the following goals. We identified targets for each goal for maximum benefit and linked these with our Key Performance Indicators (“KPIs”).

| Goals | UN-Defined Goals Rationale | KPI | What We Do |
|---|--|---|--|
|  | End hunger, achieve food security and improved nutrition and promote sustainable agriculture | <ul style="list-style-type: none"> Target to feed at least 400 needy families a year | <ul style="list-style-type: none"> The Kechara Soup Kitchen Society (“KSK”) food bank project and food distribution volunteer programme have been ongoing since 2021. In FY2023, we donated RM84,000 to purchase dry food for 448 needy families in Penang and Perak. |
|  | Ensure healthy lives and promote well-being for all at all ages | <ul style="list-style-type: none"> Target to reduce medical claims by 10% | <ul style="list-style-type: none"> Emphasising a safe culture at the workplace, including conducting regular safety training, ensuring compliance with safety standards and performing health and safety site audits and risk identification. STM Lottery continued to sponsor various events and programmes that promote a healthier community, such as the Go For It! Cross Country, the Penang Bridge International Marathon and the Sports Toto High School Basketball Tournament. |
|  | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | <ul style="list-style-type: none"> Target to benefit 20 primary schools a year | <ul style="list-style-type: none"> STM Lottery Reading Project reached out to 11 primary schools in rural Perak, Pahang, Melaka, Negeri Sembilan and Johor. A total of 1,586 students benefited from the programme in FY2023. |
|  | Achieve gender equality and empower all women and girls | <ul style="list-style-type: none"> Target to achieve at least 30% of female in the workforce | <ul style="list-style-type: none"> 37.14% of the total workforce is female. |
|  | Ensure sustainable consumption and production patterns | <ul style="list-style-type: none"> Continuous compliance with relevant laws and legislation: Responsible and ethical operations that bring value to customers, the Group and industry advancement | <ul style="list-style-type: none"> Membership in various industry groups informs us about the latest responsible operations developments. Putting in place various customer-centric initiatives and impact measurements. |
|  | Protect, restore and promote the sustainable use of terrestrial ecosystems and sustainably managed forests; combat desertification; halt or reverse land degradation and prevent biodiversity loss | <ul style="list-style-type: none"> Target to plant 80 trees a year | <ul style="list-style-type: none"> 80 trees planted at the Forest Reserve Institution Malaysia (“FRIM”)’s forest plantation research station in Melaka. |

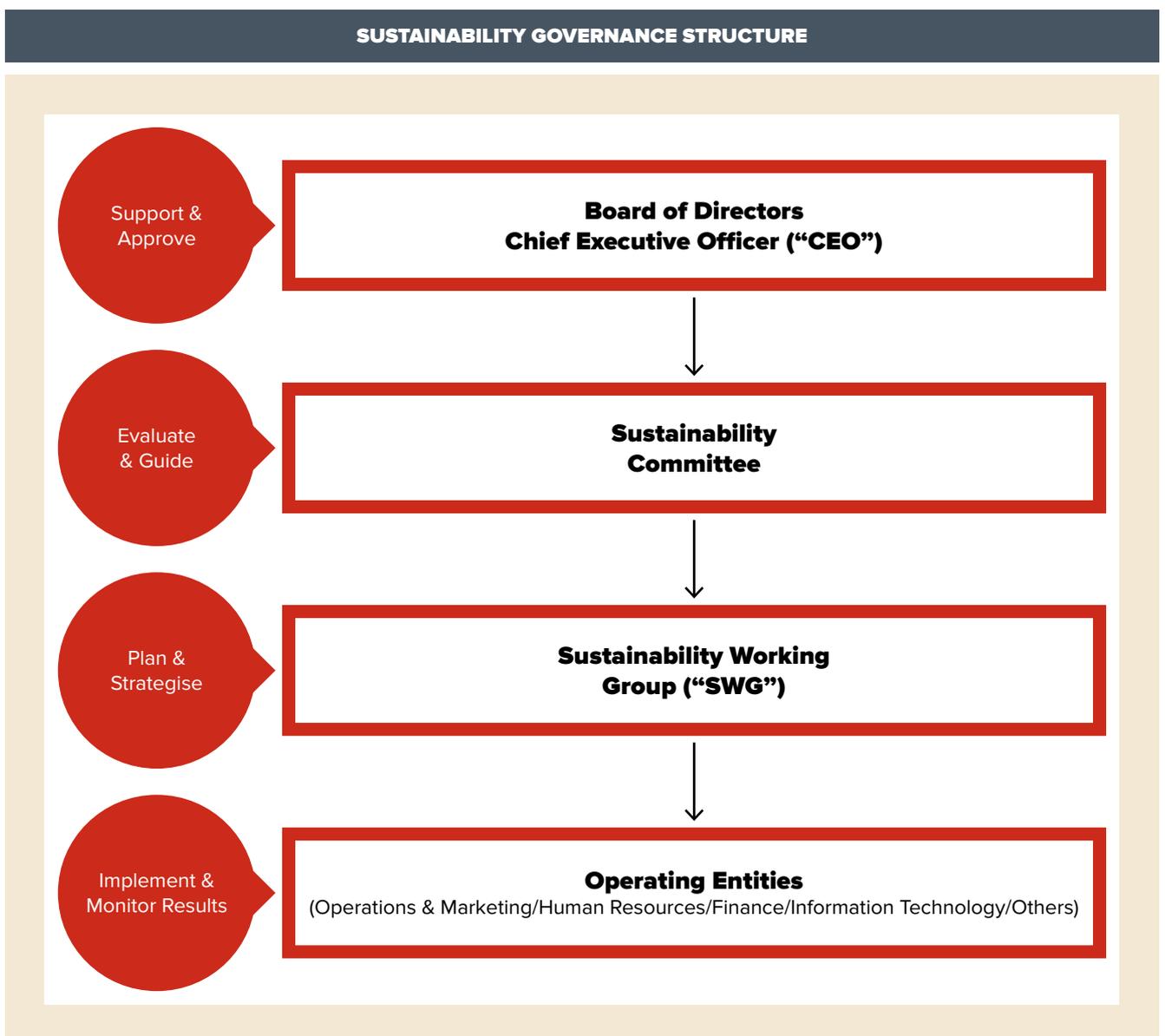
SUSTAINABILITY STATEMENT

Transforming Our Sustainability Governance Model

In May 2023, SPToto introduced a leaner governance structure with clear accountability. The Board of Directors remains the highest governance body that provides advisory and approves SPToto’s sustainability development strategy and targets. The Sustainability Committee assists the Board by informing, advising and delivering proposals within its scope of action.

Regarding sustainable operation management, SPToto established the Sustainability Working Group (“SWG”), comprising representatives from key functional areas responsible for planning and implementing sustainability practices and policy.

Heads of operating entities are accountable for coordinating and achieving Group sustainable development targets for integrating sustainability into SPToto’s business, continual improvement and transparent communications.



SUSTAINABILITY STATEMENT

STAKEHOLDERS' RELATIONSHIPS AND ENGAGEMENT

SPToto's success heavily depends on fostering a solid reputation of fairness and integrity through attentive listening, understanding and meeting the stakeholders' expectations. The Group diverts this attention into various relationships, programmes and related communication activities that fulfil informational needs and gain reputational trust from stakeholders. Throughout the year, we:

- Conducted surveys, meetings and investor relations programmes; and
- Participated in industry seminars and maintained close contact through our customer support department and social media platforms.

This approach helps us understand our stakeholders' views and learn how to improve and create long-term sustainable value.

The following table presents two-way communication channels dedicated to each stakeholder group.

| 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 • Periodic 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 • Employee commuting 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 |

SUSTAINABILITY STATEMENT

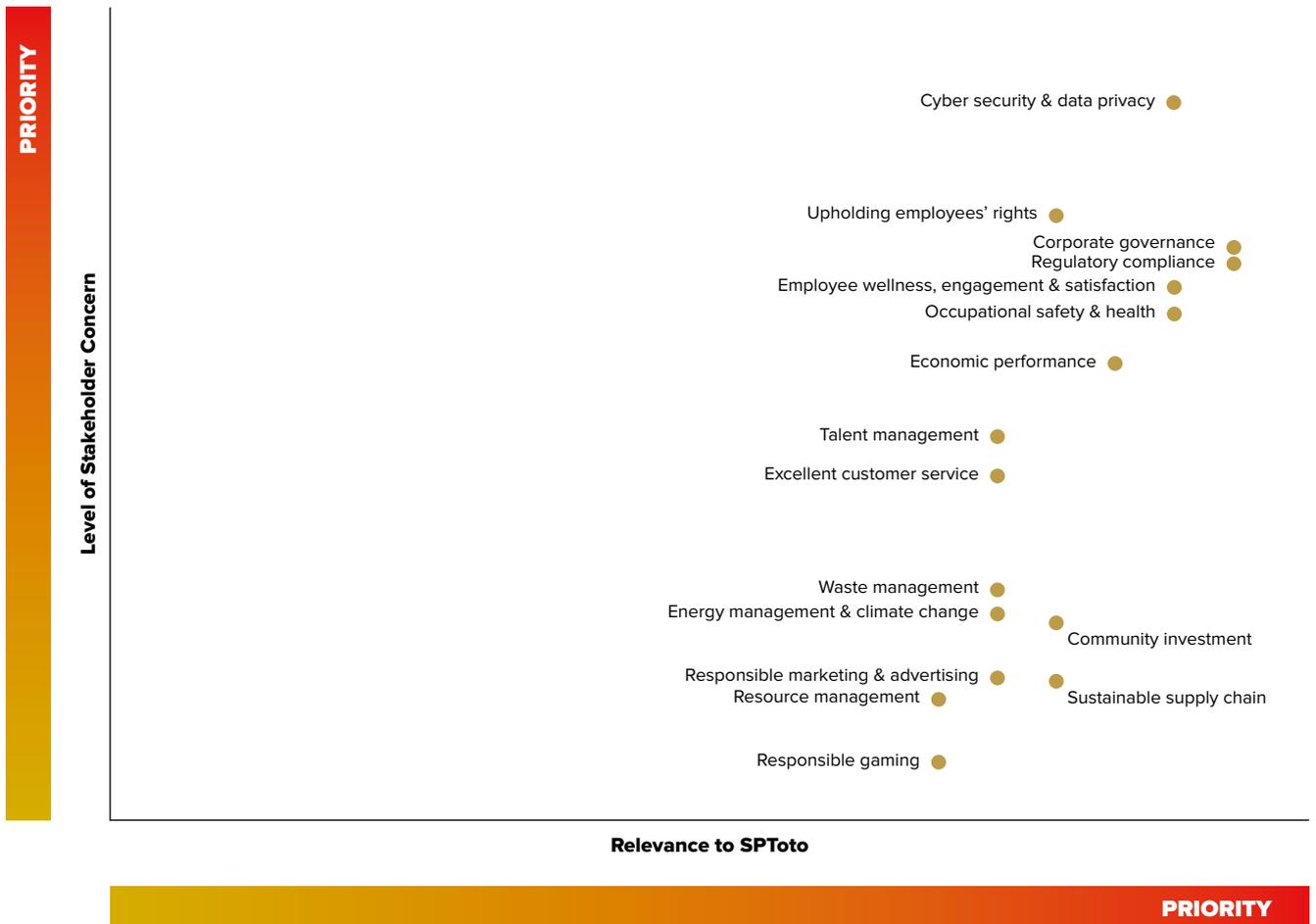
MATERIALITY: TAKING ACTION ON WHAT MATTERS THE MOST

Our activities and how we perform them have impacts that reach beyond our financial performance. We engage societal discourse and align our broader business performance and positive and negative societal impact with our stakeholders’ expectations to safeguard our long-term relevance.

SPToto conducts a formal materiality assessment biennially to ensure we prioritise the issues that:

- Have the most significant impact on our business, communities and the environment; and
- Matter most to our stakeholders.

In FY2022, SPToto conducted a comprehensive materiality study involving its internal and external stakeholders to rate the importance they placed on 16 areas of sustainability. Following the results of this assessment, SPToto has tailored its activities to address issues identified as being most material to our business and stakeholders. This year, the Board and Sustainability Committee reviewed the materiality matrix and considered that it is still relevant.



SUSTAINABILITY STATEMENT

Stakeholder Groups Participating in the Survey



Each material matter has been mapped against the UNSDGs, illustrating our commitment to contributing to broader sustainable development objectives. This strategic alignment guides our efforts towards creating a more holistic, sustainable future for all.

| 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 requirements by the authorities | 3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 14 LIFE BELOW WATER |

SUSTAINABILITY STATEMENT

| Sustainability Topic | Description | Related UNSDGs |
|--|--|--|
| 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 |     |
| 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 |    |
| Talent management | Provide training and education to expand employees' knowledge base for career development and improve customer service |     |
| 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 |    |
| 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 strengthen 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 negative 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 |       |

SUSTAINABILITY STATEMENT

EMBRACING ECONOMIC SUSTAINABILITY

SPToto contributes to the nation’s economy through tax payments and job creation. The Group’s growth in FY2023 was favourable as it recorded a net profit of RM231.3 million.

SPToto will continue to work with the Government and regulators to deliver operational transparency. Although regulatory uncertainties and risks remain, we do not rule out the possibility of future favourable policies which potentially ramp up enforcement efforts against illegal Number Forecast Operators (“NFOs”).

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 14 and 15 of the SPToto Annual Report 2023.

ADVANCING THE INDUSTRY

SPToto’s vast industry partnerships and connections engage with fellow industry players to create responsible and entertaining player experiences. We continue to play our role in contributing our expertise to advance the nation and the industry through involvement in these memberships.

STM Lottery is an active member of the World Lottery Association (“WLA”), the Asia Pacific Lottery Association (“APLA”) and the Malaysian Employers Federation (“MEF”). We work through these memberships to provide players with responsible and entertaining gaming products. The WLA is an international, member-based organisation of state-authorised 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. is an active member of the Association of Purchasing Managers of Hotels & Restaurants of the Philippines (“APMHRP”). These members promote responsible, relevant and effective purchasing practices and ethics.

With 90 years of experience in luxury car sales and servicing, H.R. Owen leverages on its strong relationship with renowned luxury car marques. The company owns the world’s oldest Bentley dealership “Jack Barclay Bentley” and prides itself as the only Bugatti Service Partner of Excellence in the UK. H.R. Owen’s distributorship further spans across distinctive car marques from Aston Martin, BAC, Bentley, Bugatti, Ferrari, Lamborghini, Maserati, Radford and Rimac Automobili. Earlier this year, the company became the official UK retailer of the pioneering American performance brand, Czingier. Hennessey also became the second Stateside business to join H.R. Owen this year.

RESPONSIBLE PROCUREMENT

SPToto’s procurement approach is part of the underlying infrastructure supporting operations. While experiencing low supply-chain sustainability risks, we purchase globally from a broad range of services and products. We aim to influence, where we can, the social and environmental standards of our business partners, suppliers and stakeholders.

During FY2023, STM Lottery introduced a Supplier Code of Conduct that formalises its expectations of suppliers’ performance regarding ethics, compliance, and social and environmental responsibilities. All major suppliers have acknowledged and signed the Code, indicating their commitment to comply.

We strive to build open, long-term relationships with all strategic partners and suppliers. Dedicated communication channels encourage two-way relationships, including regular meetings, emails, phone calls and social media.

Independent accredited agencies and relevant authorities test us regularly 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.

Commitment to Local Sourcing and Employment

As part of our commitment to sustainability, SPToto aims to:

- Reduce its environmental impact, stimulate the local economy and support local communities through all activities
- Procure sustainable, ethical and responsibly sourced materials, goods and services
- Increase the portion of goods and services sourced locally without compromising on cost, quality or safety
- Increase the quantity and quality of jobs created in the local area

The Group also seeks opportunities for developing local suppliers and promoting local hiring to meet business needs.

 For our supplier data, please refer to the Sustainability Performance Data table on page 45.

As certain operations require niche offerings, 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.

SUSTAINABILITY STATEMENT

Socially and Environmentally Sustainable Supply Chain

SPToto is committed to its supplier sourcing assessment processes, including social and environmental elements such as energy use, greenhouse gas 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 ensures that its major supply chain partners adhere to all social standards stipulated by local labour law and policies. SPToto also maintains good practices that:

- Prevent child labour: all suppliers must adhere to the local labour law on the minimum legal working age.
- Prevent forced labour.
- Provide equal opportunities and non-discrimination.
- Promote freedom of association according to local laws where everyone has the right to belong to any organisation of their choice.
- Support the right to collective bargaining and forming a union according to local law.
- Eliminate excessive working hours by offering fair overtime pay and limiting working hours.
- Meet or exceed the minimum wage.
- Introduce a health and safety policy, code and standards for providing a safe and healthy workplace, complying with local laws.

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

SPToto engages with its major suppliers in building capacity in social and environmental areas. 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.

Supply Chain Efficiency

As an innovative pioneer in the gaming industry, STM Lottery continues to introduce new processes and technology to meet growing gaming market expectations. STM Lottery's Field Support Department has nine service centres nationwide, with sufficient Point of Sale ("POS") terminal machines for replacing faulty units. A service call tracking system monitors the reported and attended service calls, and a stock control management system manages inventory. STM Lottery developed both systems in-house and upgraded the systems constantly to improve efficiency and ease of use.

Regarding logistics and risk management, STM Lottery works with two Thermal Ticket Roll ("TTR") suppliers and implements a buffer stock management system as part of its business continuity plan strategy.

ESTABLISHING AND ADHERING TO RIGOROUS BUSINESS STANDARDS

SPToto's Code of Conduct details its privacy and data protection, anti-money laundering, environmental sustainability, social responsibility, diversity and inclusion, human rights, supplier diversity, workplace safety and health and responsible gaming policies.

SPToto is a transformative force in the gaming industry, growing, innovating and developing a culture based on respect and transparency. Upholding the highest standard of ethical conduct, integrity and compliance in all business aspects is our duty to our customers, business associates, communities and businesses.

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 implemented monitoring and enforcement procedures to ensure compliance with anti-corruption laws in its operating countries. 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.

The Group is 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 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.

The Standard Operating Procedures ("SOP") of STM Lottery, a SPToto subsidiary, 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.

STM Lottery conducted an annual review and audit at all company-owned sales and administrative offices, sales outlets and selected agent sales outlets. The audits review the Company's internal control, operation and compliance. The table below lists the total number of audit sessions conducted in FY2023.

| Offices/outlets | Number |
|--|------------|
| Company-owned sales and administrative offices | 25 |
| Company-owned sales outlets | 23 |
| Agent sales outlets | 571 |
| Total | 619 |

SUSTAINABILITY STATEMENT

We communicate our anti-corruption and bribery stand to all employees through our code of conduct, BERJAYA's T.R.U.S.T. Concept and whistleblowing policy. Employees receive a copy of the Berjaya Employee Handbook upon joining the Group. SPToto familiarise staff with the Company's anti-corruption ethos through comprehensive training. Heads of departments and sections must ensure that all employees adhere to the Anti-Bribery and Corruption Policy. During regular engagement sessions and training programmes, we remind employees of SPToto's firm opposition to corruption. Staff training 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 using our whistleblowing channels. This confidential 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 action.

A keen understanding of corruption risk exposure is the foundation of an effective anti-corruption compliance programme. SPToto is working on identifying its corruption risks, including bribery, which are essential elements for its 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. With the risk register to be available in the near future, SPToto is committed to conduct 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. Since 2022, all suppliers must sign the Integrity Declaration Form to acknowledge BERJAYA's T.R.U.S.T. Concept and Anti-Corruption Laws.

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.
- Treated with the utmost confidentiality.

Whistleblowers can submit their reports directly to the chairman of Audit Committee or CEO via email or letter. If the report implicates the CEO in 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>.

Draw Process

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

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



Draws are open to the public



Cameras record all draws



Independent judges officially observe draws



A dedicated team is responsible for the integrity, security and accuracy of the draw results and betting data

STM Lottery achieved the World Lottery Association Security Control Standard: 2020 ("WLA-SCS: 2020"), 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.

Toto draws are conducted in full view of the public, observed and presided over by a Panel of Judges who are also members of the public. These procedures ensure that Toto Draws meet the highest standards of transparency and integrity without compromising security. Internal and external auditors regularly review our practices and policies to ensure compliance with the industry's best practices and control requirements.

Toto draws use pneumatic draw machines with transparent tubes, chambers and bodies, providing a clear view of the entire loading, mixing and selection process.

Cameras record the draws to ensure they are transparent, accountable and fair. The Internal Audit Department audits the process regularly, and the external auditor audits annually in compliance with the ISO/IEC 27001: 2013 and WLA-SCS 2020.

SUSTAINABILITY STATEMENT

ECOLOGICAL RESILIENCE: NURTURING ENVIRONMENTAL SUSTAINABILITY

SPToto's core businesses have a relatively low environmental footprint. However, the Company is aware of the future repercussions of ecological degradation and monitors its environmental performance. Committed to environmental management and protection, SPToto has included its commitment to minimising its environmental impact, conserving resources and reducing waste and emissions in its Environmental Quality Policy. The Group reviews environmental legislation and regulations to comply with and apply their provisions throughout all operations. The Sustainability Committee reviews environmental strategies, policies, management, initiatives, targets and performance.

ENVIRONMENTAL QUALITY POLICY

SPToto's Environmental Quality Policy focuses on developing and improving environmental quality in its products, processes and operations wherever it operates. The Policy aims to achieve the following goals:

- Ensure the Company's products and services, processes and operations are relatively safe for its employees, consumers and the environment.
- Reduce the environmental impact of the Company's products and services, processing and distribution and promote the use of renewables whenever possible to sustainably manage energy, water and waste, in line with the environmental goals such as reducing pollution and other hazards.
- Supports the sustainable and responsible use of resources in the Company's business ecosystem, which includes operations, processes and activities and encourages renewable strategies in the form of "re-use, reduce and recycle" where possible.
- Endeavour to comply with all requirements of all environmental laws and regulations and formulate cost-effective ways to comply with good environmental practices.
- Encourage employees to understand and be responsible for incorporating environmental quality considerations in their daily business activities.

MATERIALS MANAGEMENT

Balancing efficient heat-sensitive printing with eco-friendly sourcing and disposal is a priority. This approach ensures functionality while reducing environmental impact and promoting responsible resource usage in ticketing systems.

TTR is one of the business's primary materials. SPToto sources the highest quality and sustainable TTR. Currently, we use wood-free materials and one of the highest-grade, fully recycled materials made from renewable fibre by International Paper Mills. These thermal papers are distributed and monitored through a computerised Ticket Roll and 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. They also conform to the Environmental Management System Standards: KS I ISO14001:2015/ISO 14001:2015. We also ensure that our TTR suppliers adhere to international standards, such as the Chain of Custody certification by the Forest Stewardship Council (FSC). This certification verifies that materials follow rigorous standards during production, services, research and development, and storage while meeting social and environmental standards. Our supplier has recently received a gold award at the EcoVadis Sustainable Procurement Leadership Awards, recognising its leading efforts in integrating sustainability into the processes.



- Minimising receipt printing by encouraging advance draw purchases with the same numbers
- Reducing the ticket size

Ongoing paper-reduction practices at our offices include dual-side printing, 'save paper' reminders and placing 3R (Reduce, Reuse & Recycle) corners around the office. Across our operations in Malaysia and overseas, we are moving towards a paperless office by utilising cloud storage, electronic document management systems and other office systems. The Group also implement other resource optimisation initiatives such as monitoring photocopier machine use, using refillable ink cartridges and using recycled papers for draft documents.

STM Lottery is upgrading its inventory management software this year. This Inventory Tracking System monitors the thermal ticket roll usage from the end user (sales agent). Administrators can now monitor ticket roll transactions from the warehouse to the sales agents. This increased monitoring will minimise ticket roll wastage and abuse as each roll comes with a dedicated barcode that agents must scan before use. The upgrade is targeted to be completed by December 2023.

SUSTAINABILITY STATEMENT

Our overseas operations also implement various materials resource efficiency initiatives. For example, BPI's Food and Beverage ("F&B") Segment has replaced its white pizza boxes with brown boxes. Brown pizza boxes, crafted from recycled cardboard, are resource-efficient. They skip bleaching and energy-intensive dyeing processes, conserving trees, water, and energy. Their minimal processing makes recycling more manageable, reducing waste and carbon footprint and promoting a greener choice for packaging.

ENERGY AND EMISSIONS

Reducing energy consumption and the associated CO₂e emissions is crucial in light of climate change. Although our industries are not subject to the same challenges as more energy-intensive industries, we still consume significant amounts of energy, particularly at our outlets, restaurants and showrooms. SPToto is determined to continue reducing its future CO₂e footprint.

Energy Consumption

SPToto's outlets predominantly uses electricity for lighting and air conditioning to provide a comfortable environment for its customers and employees. Conscientiously transitioning to LED lighting has reduced our electricity bill by at least 25%. While SPToto's company-owned vehicle fleet is petrol and diesel-driven, we are evaluating the merits of transitioning to electric vehicles ("EV") as EV options mature.

The goal is to continue to reduce total and relative energy consumption. The Group addresses sustainable energy through energy conservation measures, including energy reduction and efficiency. SPToto is committed to managing energy use and improving efficiency.

STM Lottery reduced its energy consumption in FY2023 by:

- Halving the corridor, draw venue foyer and other common area illumination after 10 pm.
- Replacing old air conditioners at our data centre with precision alternatives to provide 24-hour air conditioning to the servers. The energy-saving DC inverter compressor with environment-friendly R410A refrigerant, equipped with EC fan technology, regulates airflow and reduces the fan input power. The in-floor configuration further reduces energy consumption in downflow units.
- Purchasing a battery-operated forklift with a 1.5-tonne load capacity.
- Continuing installing and upgrading head office computers and laptops to Windows 11, with improved carbon management.

At our overseas operations, all rooms and common areas at the Perdana Hotel Philippines Inc., a hotel under BPI's Hospitality Segment, are fitted with LED light bulbs. LED televisions have replaced conventional sets in rooms. Our F&B outlets in the Philippines conserve energy by:

- Preventing heat loss at selected restaurants with air curtains.
- Maintaining clean, air-tight refrigerator door seals.
- Using air curtains at its stores.
- Favouring natural light.
- Only operating certain lights during the graveyard shift.

At BPI's Distribution Segment, BAP, 270 solar panels, with a total capacity of 99.9 kWh, have been installed. These panels exclusively generate power for the entirety of the warehouse, offices, and training facilities.

Meanwhile, H.R. Owen has also installed a photovoltaic system recently in its new Hatfield site, which generates approximately 100,000 kWh or 7% of the site's electricity consumption. H.R. Owen also commits to comply with all relevant environmental regulations, such as the UK Government's Energy Savings Opportunity Scheme, which 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.



For our energy data, please refer to the Sustainability Performance Data table on page 46.

CLIMATE CHANGE MANAGEMENT

SPToto is committed to reducing its environmental impacts and curbing climate change; mitigating climate change risks is a significant part of this commitment. Although our operations do not involve substantial risks of an environmental hazard, they cause emissions, affecting climate change. We recognise climate change's devastating effects and associated short- 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 conducting 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.

SPToto is phasing out its company car policy for its managerial employees and instead upgraded their car allowance. This initiative promotes greener daily commutes to lower the Group's carbon footprint.

SUSTAINABILITY STATEMENT

The Group's carbon footprint performance is presented in the sustainability performance data table on page 47 of this report. The scope and coverage for data compilation is outlined as follows:

| | |
|---|--|
| 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 |

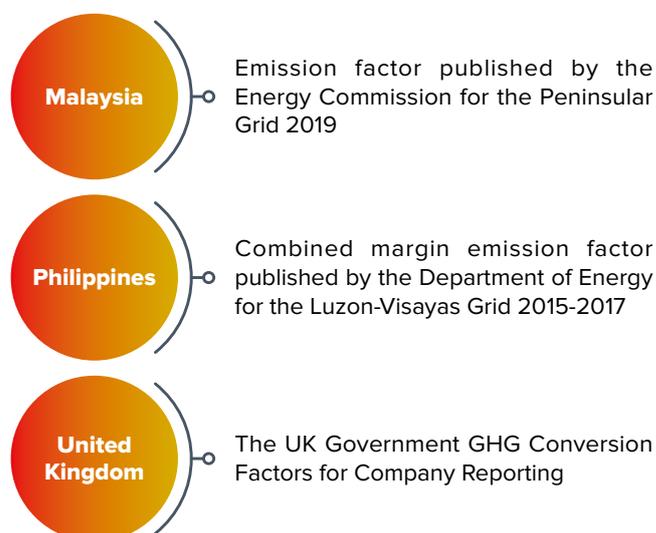
Scope 1

SPToto uses petrol and diesel to power company-owned vehicles and small amounts of diesel to test its 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 UK Government GHG Conversion Factors for Company Reporting calculated the emissions from natural gas.

Scope 2

Calculating CO₂ emissions from electricity use



Scope 3

SPToto is committed to improving its carbon emissions disclosure each year. This year, the Group began tracking employees commuting to their primary offices as a form of value-chain emissions. Employee commuting can cause a significant amount of carbon and other greenhouse gases ("GHGs") to be released.

The Group launched a survey during the last quarter of FY2023 to estimate employees' travel methods, total daily distance travelled to work and back and type, age, engine size and fuel if employees used their vehicles.

SPToto used the Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative to calculate the emissions of each respondent. Employees work an average of 291 days annually, which helped accurately estimate SPToto's annual emissions.

399 employees responded to the survey, representing 25% of the workforce.

| Method of Transport | Number of Employees in Sample | Estimated Total Number of Employees in SPToto Group | % of Employees |
|----------------------------------|-------------------------------|---|----------------|
| Bicycle | 15 | 61 | 3.76% |
| Bus | 4 | 16 | 1.00% |
| Company Shuttle | 0 | 0 | 0.00% |
| e-bike/e-scooter (non-owned) | 2 | 8 | 0.50% |
| Own Vehicle | 302 | 1,221 | 75.69% |
| Overground Train | 10 | 40 | 2.51% |
| Taxi/E-hailing | 1 | 4 | 0.25% |
| Train (LRT/KTM/Monorail/MRT/ERL) | 54 | 218 | 13.53% |
| Walking | 9 | 36 | 2.26% |
| Work from home | 2 | 8 | 0.50% |
| Total | 399 | 1,612 | 100.00% |

SUSTAINABILITY STATEMENT

In FY2023, employees travelled an estimated 17,877,728 km to and from work. The total yearly CO₂ emissions for employees commuting in FY2023 was 3,619 tonnes.

| Method of Transport | Total Yearly Distance of Sample (km) | Estimated Total Year Distance (km) of SPToto | Total Daily Emissions (tCO ₂ e) of Sample | Total Yearly Emissions (tCO ₂ e) of Sample | Estimated Total Yearly Emissions (tCO ₂ e) of SPToto |
|-----------------------------------|--------------------------------------|--|--|---|---|
| Bicycle | 83,517 | 337,626 | 0.00 | 0 | 0 |
| Bus | 17,751 | 71,760 | 0.00 | 1 | 5 |
| Company Shuttle | 0 | 0 | 0.00 | 0 | 0 |
| e-bike/e-scooter (non-owned) | 9,312 | 37,645 | 0.16 | 47 | 188 |
| Own Vehicle | 3,551,073 | 14,355,591 | 2.65 | 770 | 3,113 |
| Overground Train | 120,183 | 485,853 | 0.05 | 14 | 56 |
| Taxi/E-hailing | 1,164 | 4,706 | 0.00 | 0 | 1 |
| Train (LRT/KTM/Monorail/MRT/ ERL) | 623,031 | 2,518,669 | 0.22 | 63 | 256 |
| Walking | 15,714 | 63,526 | 0.00 | 0 | 0 |
| Work from home | 582 | 2,353 | 0.00 | 0 | 0 |
| Total | 4,422,327 | 17,877,729 | 3.08 | 895 | 3,619 |

NAVIGATING SUSTAINABILITY IN THE GAMING INDUSTRY WITH TCFD

SPToto's Task Force on Climate-related Financial Disclosures ("TCFD") reflects a commitment to understanding and integrating climate risk into risk management governance, processes and strategies, as well as a commitment to transparency and resilience, paving the way for sustainable practices in the gaming and entertainment sector.

We consider our climate-related financial disclosures consistent with all TCFD Recommendations and Recommended Disclosures regarding the financial year ending 30 June 2023.

| | |
|-------------------|---|
| Governance | <p>The Board of Directors is committed to overseeing the integration of EESG principles throughout SPToto, including those related to climate risks and opportunities to drive long-term value. The Sustainability Committee reviews and receives regular updates on and endorses the Group's sustainability strategy and critical long-term EESG initiatives. The Committee also regularly updates the Board of Directors on the endorsed sustainability strategy and initiatives.</p> <p>At the management level, EESG efforts are led by the CEO and supported by the SWG and cross-functional team that embeds individuals and leaders from all business areas. They are responsible for planning, communicating, educating, prioritising and reporting all EESG matters.</p> <p>Specific to climate change, SPToto continues to monitor its Scopes 1, 2 and 3 emissions and analyse emerging risks and opportunities related to emissions, renewable energy, recycling, new regulatory actions, materials and life cycle impact. Climate risks due to extreme weather events and their impact on the value chain are a current focus and will continue to be a priority.</p> |
|-------------------|---|

SUSTAINABILITY STATEMENT

| | |
|----------------------------|---|
| Strategy | <p>Through the materiality assessment, SPToto has identified and evaluated relevant risks and opportunities with potential meaningful impacts on its business. The Group is exploring financial impacts and strategic responses to each risk and opportunity.</p> <p>The TCFD highlights two primary types of climate risks: physical and transition. Physical risks may include extreme weather events like drought or flooding and the longer-term impact of increasing average global mean temperatures. The Group is in the process of identifying a set of the transition risks.</p> <p>SPToto recognises that extreme weather events pose a physical risk to its supply chain that could impact its operations. The Group is currently identifying transition risks associated with the shift to a low-carbon and climate-resilient economy, including carbon pricing relevant to facilities and products, mandates on and regulations of existing products and services, and changes in customer preferences. The Group has begun to track the Scope 1, 2 & 3 GHG emissions.</p> <p>The Group believes climate change poses a risk to operations and sees opportunities in transitioning to a low-carbon economy, additional growth through new sustainable operations and improved operational performance through increased efficiency. The Group is well-positioned to take advantage of these opportunities.</p> |
| Risk Management | <p>As part of the Group's EESG agenda, SPToto regularly identifies, assesses, and monitors climate risks to minimise their potential impact. Like most organisations, SPToto is bound by domestic and international environmental laws and regulations and considers the regulatory landscape a relevant factor when assessing climate-related risks and opportunities. The Sustainability Committee and Board of Directors review the assessment results internally to help management create operational improvements to support its goals.</p> <p>SPToto maintains a robust annual assessment of its enterprise risk management programme under the purview of the Risk Management Committee. The Group, through its Sustainability Committee, of which its members also helm the Risk Management Committee, evaluates and integrates EESG and climate-related risks as part of this programme.</p> <p>The Group discloses its risk management strategy and risk oversight in its Risk Report. The SWG will ensure that EESG, including climate-related issues, is effectively integrated into operational strategies.</p> |
| Metrics and Targets | <p>The Group is streamlining its environmental data gathering and recording process. With this, SPToto aims to set baseline and targets on emissions reduction metrics. It will also continue to monitor regulatory compliance, stakeholder engagement and reputation metrics impacted by climate-related risks. The Group will also pursue several initiatives to reduce its CO₂ emissions.</p> |

SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

SPToto follows a relevant legislative waste disposal framework. Most of our waste is not hazardous, with paper being the primary waste generated. Following our corporate policies, we sell shredded paper to recycling paper collectors. Other recyclable types of waste are separated at their source and sent to a recycling centre. A licensed contractor systematically disposes of waste generated from our operations.

STM Lottery introduced an incentive structure to motivate employees to recycle. The Toto Recycling Heroes competition rewards the top five contributors of recyclable items. In FY2023, this campaign collected 255 old garments, 107 plastic bottles and 166 carton boxes from employees. The Company's recycling campaign runs throughout the year and sends all recyclables to Tzu Chi Recycling Center.

At our operations in the Philippines, colour-coded waste disposal bags simplify recycling by separating dry, wet, residual and special wastes. A grease trap minimises wastewater pollution. Single-use plastics are banned and replaced with paper cups, straws and box containers. Our sanitary officer audits its contractors annually, particularly wastewater treatment, before renewing their sanitary permit.

Meanwhile, Britain'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, complying with the United Kingdom Government's waste disposal regulations.

 For our waste data, please refer to the Sustainability Performance Data table on page 46.

WATER MANAGEMENT

Despite SPToto's minimal water usage, the Group continually adopts efficient practices to decrease consumption. Primarily, SPToto uses water in its offices, outlets, washrooms and offices.

 Placed water conservation signs at office pantries and bathrooms

 Water saving device such as aerators are used in the toilets and pantries

 Constantly monitor water usage and investigating any abnormalities immediately

Our international operations are also implementing water-saving initiatives. Water closet tanks were re-levelled from 70 m³ to 60 m³ at Perdana Hotel Philippines Inc. PRV valves regulate water pressure and usage, and the hotel maintenance team checks for leaks regularly. BAP reuses water collected from its water collection tank to wash vehicles entering and leaving its warehouse. BAP also cleans cars with water from its rainwater harvesting system before delivery.

 For our water data, please refer to the Sustainability Performance Data table on page 46.

BIODIVERSITY AND CONSERVATION

SPToto's biodiversity and conservation initiative focuses on preserving ecosystems, safeguarding species, and promoting sustainable practices.

STM Lottery conducted its annual tree-planting campaign with FRIM. This programme involved planting 80 trees at the FRIM's forest plantation research station in Melaka to support the Government's initiative to plant 100 million trees by 2025.

At the Philippines operations, BAP donated one special edition pick-up truck, a Mazda BT-50 3.2 litre 4x4 Pangolin Edition, to the Katala Foundation to support the NGO's conservation activities. This non-profit organisation protects threatened endemic wildlife in the Philippines, such as the Philippine Pangolin and Red-vented Cockatoo. The Katala Foundation uses this truck to monitor and check the population of the Pangolin around Puerto Princesa, Palawan.

BAP also continues its collaborations with the Department of Environment and Natural Resources ("DENR") in the Mount Pulag Conservation Programme. BAP sponsors the production of a visitor education short video. Mount Pulag is the third-highest mountain in the Philippines and is very popular among hikers. DENR strives to preserve Mount Pulag's beauty and safety as it is a crucial watershed that supplies water for domestic and industrial use, irrigation, hydroelectric, power production and aquaculture to the community. All visitors watch this short video before entering the park to encourage the public to preserve the mountain's natural resources.

SUSTAINABILITY STATEMENT

GROWING ALONGSIDE THE COMMUNITY

SPToto is committed to doing more in giving back to the communities in which it operates. Working with local, national and international community partners delivers better futures for the places we live, work and play.

SPToto's initiatives include employee volunteerism; the Group encourages all employees to support their local communities through philanthropy works. Many multi-year support initiatives work with various charities and organisations to promote equality, develop talent and reduce social disadvantage.

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 and recognises employees for being part of our corporate giving and positively impacting society.

Total community investments – actual monetary expenditures, such as contributions to charities, non-governmental organisations ("NGOs") and not-for-profit organisations – amount to RM36.7 million. These donations support community infrastructure, direct costs of social programmes and annual contributions to the National Sports Council. STM Lottery has helped Malaysia achieve sporting excellence by making substantial yearly contributions to the National Sports Council of Malaysia since its inception in 1985. The company also extends sponsorship of various community sports initiatives.

STM Lottery contributes 10% of its annual pre-tax profits to the National Sports Council in driving sporting excellence for the country.



For our community donations data, please refer to the Sustainability Performance Data table on page 50.

#1 Food Bank Project by KSK

Genuine effort and compassion can alleviate food inequality, poverty and homelessness, which are real social issues. Founded in 2008, KSK provides food, essential medical services and welfare aid to Malaysia's homeless and urban poor populations. Today, Kechara also provides job placements and shelter for the homeless. SPToto supports this cause to deliver a better quality of life for the underprivileged.

STM Lottery began collaborating with KSK Society in July 2021 by supporting its food bank project, which benefits 960 underprivileged families. The collaboration is part of our Helping Hands programme, which helps disadvantaged families facing financial difficulties. In FY2023, we donated RM84,000 to purchase dry food for 448 needy families in Penang and Perak.

The volunteering team from STM Lottery was also involved in the food distribution programme. Throughout the year, 56 volunteers contributed 224 volunteer hours. Volunteerism is recognised and embedded in the individual scorecard as part of the company's structures to facilitate employee engagement. SPToto targets employee engagement by making employees feel part of a community and promoting channels where employees can raise issues and give feedback.

#2 Boosting Arts, Culture, Food and Sports at the Kuching Festival

The annual Kuching Festival is part of the city's plan to boost the local tourism and food industry. The month-long festival has attracted many artists and performers following a two-year hiatus due to the Covid-19 pandemic. STM Lottery sponsored a local talent show, which was organised by South Kuching City Council. Two hundred and fifty individuals participated in the competition to unearth local talent and promote cultural diversity.

#3 Explore and Discover with Books

STM Lottery continued its reading project with 11 primary schools in rural Perak, Pahang, Melaka, Negeri Sembilan and Johor after its postponement due to the pandemic. The company has contributed to this project since it started in 2012. STM Lottery donated storybooks to these schools to teach good reading habits to the students. A total of 1,586 students benefited from these contributions in FY2023.

#4 Advocating a Healthy Lifestyle

STM Lottery was the title sponsor at the *Go For It!* Cross Country event for the sixth time as part of its healthy lifestyle promotion. The run was the 35th event since it began in 1985. Over 1,000 runners participated in the event this year in four race categories between 3 km and 15 km. The total cash rewards were RM10,950 for all categories.

STM Lottery also sponsored the Penang Bridge International Marathon in December 2022. This Penang Government-organised event attracted over 25,000 runners from all over the world.

STM Lottery continued being the title sponsor of the Sports Toto High School Basketball Tournament. This tournament discovers basketball players with potential from 30 secondary schools participating.

#5 Spread the Joy of Festivals with Humility

STM Lottery hosted a luncheon with 40 Shepherd's Centre Foundation children in conjunction with Deepavali. The company shared the joy of the festive season by partnering with a local NGO in Melaka to identify and distribute meals and daily necessities to 100 needy families, especially in the festive season.

SUSTAINABILITY STATEMENT

STM Lottery collaborated with a local NGO, Strategic Methods and Ongoing Achievements Bhd, a non-profit charitable and non-governmental organisation, to organise a Christmas party for the Christian Orang Asli Community in Selangor. In addition, RM30,000 was donated to support the event. Eight hundred guests and 500 children from Kampung Sungai Kelubi, Rawang, attended the party. Each ate a delicious meal, and every child received a gift.

STM Lottery continued its tradition of holding the Sports Toto Ang Pow Donation Campaign during Chinese New Year by reaching out to senior citizens ages 60 years and above. Launched in 1988, over 17,000 senior citizens from 48 cities benefited from this year's nationwide campaign.

In conjunction with Hari Raya, STM Lottery joined Kelab Darul Ehsan to host a break fasting dinner for an orphanage and conducted a food basket donation to benefit 50 lower-income families.

During the Hari Gawai and Harvest Festival celebrated by the indigenous communities — the Dayak in Sarawak and Kadazan in Sabah, STM Lottery volunteers visited six charitable organisations to share the festive cheer with the inmates and donated RM5,000 to each organisation.

Corporate Responsibility Programme by Our Overseas Counterpart

The Philippines is one of the most cyclone-prone countries in the world, lying on the typhoon belt. Noru was the most severe typhoon to hit the Philippines in the past 12 months. It reached a wind speed of 256 km/h on September 25, 2022, at 8:00 AM local time near Pandan and was 69 kilometres in diameter. The internationally accepted Saffir-Simpson classification categorises Noru as a Category 5 typhoon. Following this disaster, BPI's Food and Beverage arm, Papa John's Pizza, distributed free pizzas to frontliners who worked tirelessly to rescue typhoon victims.

Our subsidiary in the United Kingdom, H.R.Owen, also actively promotes social impact activities to contribute to sustainable social vitality by working with stakeholders and concentrating on initiatives that address social needs. The Company hosted and was part of various community engagement and partnership events, including the International Women's Day celebration, an Easter celebration with a local community school, Christmas celebrations at hospitals and cancer care centres, and sponsorship of sports events, including cricket and shooting.

COMMUNITY EDUCATION AND AWARENESS

Illegal gambling is a significant social ill affecting all walks of life today. SPToto works closely with the Royal Malaysia Police on a gaming specialist course ("Kursus Pakar Judi") to improve their knowledge of illegal gambling and its negative consequences and collaborate on curbing illegal gaming. The programme familiarised the participants with our product games. They also observed a live draw to understand legalised NFO draws' integrity. We also covered current statutes and regulations and the impact of illegal gaming operators on the country.

OUR PEOPLE: THE FOUNDATION OF OUR SUCCESS

Despite many challenging situations, this financial year was a period of intense development of the personnel experience and well-being at work. Our People Management focused on growth opportunities, a productive working environment, health and well-being, meaningful work and mutual trust. The goal was to continue being an agile and efficient company where people enjoy coming to work.

We communicate the Group's policy on labour standards through its Code of Conduct to all employees in English and Bahasa Malaysia. We will consider translating this document into other languages when required.

Periodically, SPToto participates in workshops or industry/topic-specific collaboration projects that provide industry solutions that improve labour standards in operating countries. As part of our due diligence, we review the labour standards of existing and new business and supply chain partners as and when required. We familiarise all parties with our Code of Conduct from time to time. We took no action as there were no instances of non-compliance with labour standards during this reporting period.

SPToto has a formal Code of Conduct that includes practices in accordance with the laws and in the process of formulating policies on the following labour standards terms:

- Policies on preventing child labour: SPToto and all suppliers must adhere to the Malaysian 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 preventing 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, under 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 and may comfortably meet the living wage of the employees through benefits and compensation.
- A safety policy, code and practices for providing a safe and healthy workplace.

SUSTAINABILITY STATEMENT

COMPETITIVE BENEFITS

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, provided the basic terms are the same. Peer benefit benchmarking is being conducted from time to time to ensure that all basic salaries and remuneration packages align with the minimum wage required by law and the industry average.

Employees' wages comply with all applicable Malaysian laws, such as working hours, living wages, overtime hours and legally mandated benefits. In compliance with Malaysian law, we compensate workers for overtime according to the regular hourly rates.

During the financial year under review, SPToto upgraded its car allowance for managerial employees to phase out the company car policy. This enhanced benefit is part of the Group's commitment to offer competitive benefits.

The Group has also revised the professional body membership fee reimbursement from RM500 to RM2,000 maximum following the feedback from the Berjaya Group employees' survey conducted in 2022.

NURTURING GROWTH

Employee training is an essential part of a successful organisation. SPToto coordinates internal workshops and facilitates employees' enrollment in external training programmes. This commitment to continuous learning enhances their skills, keeps them updated with industry trends, and empowers them for personal and professional growth.

| | |
|---|--|
| Assessable Income and Exclusions Allowable Deductions and Restrictions and Capital Allowances | |
| Speak Up to Level Up | Developing Creativity Thinking & Innovation in Management |
| Microsoft Excel | Certified Information System Security Professional (CISSP) |
| Stay On The Line (Team Building) | Speak & Write Confidently with Better English |
| Latest Updates On Practical Tax Issues | Product and Selling 2.0 (for Customer Service Assistant) |

In the gaming industry, STM Lottery emphasises the importance of equipping employees with the knowledge and tools to ensure that gaming experiences are enjoyable and safe for all users. By promoting responsible gaming practices, businesses can contribute to a healthier gaming ecosystem while upholding ethical standards and user well-being.

Regularly held responsible gaming training courses to educate employees on the following:

- The Company's commitment to responsible gaming
- The consumer protections built into its gaming platforms
- Problem gambling
- Identifying signs and symptoms
- Find resources for those who seek help

STM Lottery also continued to enrol its talents in Berjaya Group's leadership development programme, the Berjaya Executive Development Programme, to help employees develop their skills and talent. Our Philippines operations concentrated on retraining their staff to revive the tourism industry. Employees attended various virtual training on MICE Business Recovery and Tourism Enterprise Forum.

H.R.Owen has linked employees' training attendance with their KPIs and bonuses to motivate them to participate in training programmes and improve their talent. The company's apprenticeship three-year training programme combines on-the-job and classroom training.

SPTOTO UNITED

Employee engagement directly affects productivity, morale and talent retention. SPToto continues to build a culture of health and well-being in the workplace.

Various team bonding activities in FY2023 strengthened working relationships and established connections between team members. Being part of the Berjaya family, we are privileged to be involved in many of their events. For example, STM Lottery participated in Berjaya Corporation's charity bazaar in December 2022.

The Group also participated in the Lembah Pantai Health Department free health screening held in December 2022. A total of 379 Berjaya and subsidiary employees benefited from this initiative.

Recognising the importance of mental health, the Group Human Resources Department held a mental health awareness talk for all Berjaya employees to share tips for coping with stress and identifying mental health issues.

SUSTAINABILITY STATEMENT

SPORTS TOTO SPORTS CLUB

Established in 1987, Sports Toto Sports Club is run entirely by employees. It supports the club's objectives to boost employee well-being and morale by matching RM1 for every RM1 contribution on the membership fee collected. Various employee activities throughout the year released employees' stress and helped them unwind. These activities are vital as they boost employees' overall health and well-being.

Other Events Organised During the Year

| | |
|---------------------------------------|---|
| Organised a get-together durian party | Subsidised a three-day-two-night trip to Redang |
| An annual dinner | A farewell party for the club's advisor, who retired in August 2022 |

Our overseas operations also emphasise cultivating strong connections and collaborative synergy among its workforce. BPI held five team-building events for operations and management committee members, store managers and department heads. These events reconnected the team following the pandemic and prepared them for the 'new normal' way of doing business.

SAFETY AND HEALTH

Safety is integral to everything we do as we strive to be safer for our employees and communities. SPToto aligns its health and safety practices with 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 Group examines emergency plans, including procedures for handling major emergencies.

The Group works closely with local authorities and experts in building a positive safety culture. During the year, STM Lottery organised a Fire Safety Training on operating fire extinguishers and the hose reel system. Forty two employees including fire marshals from every department attended the training on 18 May 2023.

Our Philippines' Food and Beverage arm is certified with Basic Occupational Safety and Health ("OSHS") RA 11058. This Standard follows the guidelines set by the Bureau of Working Conditions. The Company also delivered first aid training and fire safety throughout the year.

H.R.Owen appointed an external health and safety consultant to conduct site audits and risk identification based on the Health & Safety at Work Act 1974 Section 2(8) guide, which assesses workplace risks at vehicle sites and identifies potential hazards in the workplace. All showrooms, including Ferrari, Jack Barclay, Aston Martin and Rolls Royce, were subjected to safety compliance. Employees receive regular safety training on relevant topics such as working at heights, hazardous substances, workstation display screen equipment, health and safety law, safety signage and fire safety.

DIVERSITY MAKES US STRONGER

SPToto is committed to respecting diversity, inclusion and belonging, reflecting the diverse communities and players it serves. Creating an environment free of discrimination and open to diverse perspectives allows employees to feel they belong and are seen and heard. We create sensitive and responsive experiences for the communities and players we serve.

SPToto is committed to building an inclusive workplace and does not tolerate discrimination in any part of operations, such as hiring, training and promotion. Various placement programmes and employing underprivileged groups, including those from deprived backgrounds, address youth unemployment. We offer unconscious bias training to all employees across the organisation.



For our HR data, please refer to the Sustainability Performance Data table on page 47.

Human Rights

SPToto supports international human rights protection norms within its scope of business. The Group implements work and social standards established by the International Labour Organisation ("ILO"). It complies with local human rights standards (Human Rights Commission of Malaysia), including the Universal Declaration of Human Rights. We 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 new hires receive awareness briefings on this code as part of their training on human rights policy. These documents are available in English and Bahasa Malaysia.

We continuously assess our human rights impacts 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. Suppliers are encouraged to do the same.

SUSTAINABILITY STATEMENT

SPToto has a formal mechanism for individuals and communities impacted by our business activities to raise grievances, including human rights. The Group supports open communication and addresses freedom of expression rights. Our whistleblowing channel guarantees the whistleblower's confidentiality and is available to internal and external stakeholders. We are committed to addressing 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 strives to be a trailblazer and forerunner in responsible and sustainable business development, reinforcing its competitive advantage through compliance and responsible business practices. Operations meet the highest professional, compliance and ethical standards to retain our operating licenses and authorisation.

RESPONSIBLE MARKETING

STM Lottery takes pride in publishing accurate and consistent information, the foundation for building customer trust. Responsible marketing is part of the communication strategy across the business and is part of the Company's commitment to responsible gaming.

The Communication and Multimedia Act 1998 governs STM Lottery's advertising and marketing. The guideline is aligned with the Common Gaming Houses Act 1953, Betting Act 1953 and other relevant gambling and betting legislations.

STM Lottery leverages various marketing platforms, including digital channels, the website, product awareness campaigns and other engagement events. In our advertising campaigns, we conscientiously convey messages promoting responsible gaming and actively promote the QR code for self-assessment betting habits. STM Lottery only conducts promotional activities on its premises.

STM Lottery is a member of the World Lottery Association, which advocates gambling safety. Our responsible marketing strategy does not promote gaming products to Muslims or minors. The Ministry of Finance, Royal Malaysia Police and Ministry of Communications and Digital issued existing betting laws, regulations and directives promoting safer practices on gambling premises. Our formal, detailed guidelines cover advertising, marketing and promotions. We train our staff to comply with responsible conduct, marketing and promotion.

OUR RESPONSIBLE GAMING ("RG") CAMPAIGNS

- Displaying the "Play Responsibly" tagline in promotional materials, including our website, promotional videos at sales outlets and on social media platforms.
- Sharing RG tips and relevant self-help guides on social media platforms.
- Offering tips on a dedicated RG section on STM Lottery's website that encourages fun entertainment within a player's means.
- Triggering a 'Be a Responsible Player' popup on STM Lottery's website and social media channels.
- Displaying the "Play Responsibly" tagline in all POS materials, website, and LED TVs in sales outlets and on the reverse of all tickets.
- Distributing our RG handbook to all retailers, customers, sales assistants, regional managers and employees so they can educate customers, communities and stakeholders.
- Developing internal and external communication activities to inform relevant stakeholders of our RG commitments.



WHAT'S COMING UP?

STM Lottery started a secondary Instagram account called "toto4green" (<https://www.instagram.com/toto4green/>). The Company informs customers, the public and general stakeholders of exciting news on its CSR, ESG and RG journey through this platform.

SUSTAINABILITY STATEMENT

FOSTERING RESPONSIBLE GAMING

RG is fundamental to our business success, and our CSR initiatives are part of our DNA. These principles govern the protection of our customers.

STM Lottery is aware of the risks associated with gaming and listens to the concerns of its key stakeholders. The Group creates a concept of responsible and safe gaming and advises customers to adopt moderate gaming. SPToto delivers games in a way that protects gamblers’ legal rights, preventing abuse and crime and reducing economic, social and health-related problems.

SPToto maintains a steadfast stand of zero tolerance towards problem gambling



- Promote protective tools to prevent problem gambling.
- Support responsible gaming organisations that address problem gambling.
- Prevent underage and illegal gambling.

STM Lottery was accorded the Certificate of Accreditation in Level 2 of the WLA Responsible Gaming Framework in June 2020. We are preparing for the Level 3 certification towards the end of 2023. Its ratings reflect how well a lottery operator has integrated the RG Principles into daily operations.

The Seven Responsible Gaming Principles under this Framework address areas of player protection, collaboration with other stakeholders, research, promotion, informed player choice, monitoring and reporting.



Seven Principles of Responsible Gaming Principles Adopted by SPToto



STM Lottery is committed to advancing the following 10 Elements of the RG Framework as part of its journey towards achieving the next level of accreditation:

1. Research
2. Employee Programme
3. Retailer Programme
4. Game Design
5. Remote Gaming Channels
6. Advertising and Marketing Communications
7. Player Education
8. Treatment Referral
9. Stakeholder Engagement
10. Reporting and Measurement

STM LOTTERY TAKES IMPORTANT STEPS IN ADVOCATING RESPONSIBLE GAMING

- An online self-assessment tool to help our players understand their gaming habits.
- Compulsory RG training for all employees, including all Customer Service Assistants (CSA), to help them understand RG practices.
- Ongoing RG training for all CSAs.
- Working closely with regulators to combat illegal gambling.
- Promoting layers to purchase betting tickets from a licensed lottery and boycott illegal operators.
- Creating awareness on detecting symptoms of addiction. STM Lottery works closely with Gambler Rehab Centre Malaysia to offer rehabilitation services to those who come forward to seek help.

SUSTAINABILITY STATEMENT



Guard against the symptoms of addiction



488 players took the online self-assessment in FY2023. The results show that 70% are healthy, 15% are moderate-risk, and 15% are high-risk. Following the assessment, high-risk players are encouraged to seek professional help from the rehabilitation centre as part of STM Lottery's RG initiatives.

CUSTOMER EXPERIENCE IS YOUR BEST BET

STM Lottery offers a caring, delightful, smooth and personal customer experience, providing customers with exciting games and services. Knowing our customers, we continuously improve their experience. In FY2023, we introduced several customer experience enhancement initiatives, including:

- Upgrading 21 sales outlets as concept stores with air-conditioning, LED TVs to share draw results and promotional activities, and a dedicated private prize-claiming area.
- Improving our customer service levels by having more frequent CSA training, including the latest best practices and regulations. 556 CSAs attended 37 Product & Selling 2.0 training sessions during the year. The Company also held nine sessions of the Agent Induction Course to train 19 new agents on managing their sales outlets.
- Upgrading our Customer Care Line, which now operates seven days a week.

Our Food and Beverage arm, operated by BPI, leverages various customer digital communication channels. Digital transformation helped BPI meet its customer expectations and improve operational efficiency. The current generation prefers tools such as online ordering applications and cashless payment due to their convenience. During the financial year under review, BPI introduced a QR Code that supports its customer service hotline, where customers can share their feedback in a single scan.

DELIGHTING CUSTOMERS WITH THE NEW MEMBER OF H.R. OWEN EXCLUSIVE LINE-UP

H.R. Owen has added Hennessey to its latest line-up of the world's most sought-after luxury and high-performing car partners. Becoming the sole UK retailer to Hennessey, H.R. Owen is proudly championing this revered American brand and its special vehicle range, which includes the Venom F5 Coupe and Roadster.

Hennessey's strategic product plan will see all three whole-new vehicles introduced in the next 10 years. Hennessey develops further models that align with its pioneering brand values and their emphasis on speed.

SUSTAINABILITY STATEMENT

DATA PROTECTION AND INFORMATION SECURITY



SPToto adheres to the Personal Data Protection Act 2010 and ISO/IEC 27001:2013, WLA-SCS:2020 in safeguarding customers' data, Cyber Security Law, United Kingdom Data Protection Regulation Act 2018 and the Cybercrime Prevention Act 2012.

We conduct annual Vulnerability Assessments on Internal Security, Web Application Assessments and Network Devices Configuration Reviews. Following an internal audit of our Information Security Management System ("ISMS"), we closed all gaps with the suggested corrective actions and recommendations in November 2022.

During the year, STM Lottery held Information Security Management System and Cybersecurity training and refresher for 200 employees.

Being accredited with the WLA Security Control Standard: 2016 (WLA-SCS 2016) signifies that STM Lottery meets 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. STM Lottery is currently working on the transition to ISO/IEC 27001: 2013 to ISO/IEC 27001: 2022, which is an updated standard for a more effective ISMS.

Similarly, our overseas operations comply with the respective country's privacy acts, including the Philippines Data Privacy Act and the United Kingdom Data Protection Regulation Act 2018.

SUSTAINABILITY STATEMENT

OUR FUTURE COMMITMENT

As we move forward on our sustainability journey, our commitment depends. We strive to create lasting impacts by embracing innovation, fostering partnerships and upholding transparency. Our actions set below lay the foundation for a thriving and balanced tomorrow.

| |
|---|
| <p>Advancing Sustainability</p> <ul style="list-style-type: none"> • Committing to carbon footprint reductions and deploying alternative energy solutions. • Reducing resource consumption and waste, including conserving water and electricity. |
| <p>Strengthening Diversity, Equity & Inclusion</p> <ul style="list-style-type: none"> • Increasing board and management diversity of race, gender and ethnicity. • Ensuring equitable access to career advancement opportunities for all employees. • Increasing work with diverse suppliers and vendors. • Supporting racial equality and social justice efforts through partnerships and philanthropy. |
| <p>Investing in Communities</p> <ul style="list-style-type: none"> • Spurring economic development and community revitalisation through capital investment, job creation and local business support. • Delivering in times of crisis, such as natural disasters and economic challenges. • Expanding educational and career development opportunities. • Investing in corporate philanthropy initiatives and meaningful community partnerships. |
| <p>Responsible Leadership</p> <ul style="list-style-type: none"> • Protecting and empowering customers by investing in responsible gaming programmes and equipping customers with tools to wager responsibly. • Delivering a gaming experience that exceeds regulatory requirements ensures patrons enjoy a trusted gaming experience with robust protection. • Fostering a responsible culture through employee training on responsible gaming and problem gambling. • Establishing and following rigorous business and supply chain standards. • Investing in research and partnering with advocacy groups to advance responsibility efforts broadly. |

SUSTAINABILITY PERFORMANCE DATA

| Indicator | Unit | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|--------|
| Economic | | | | |
| Supply Chain | | | | |
| Proportion of spending on local suppliers (only covers operations in Malaysia and the UK) | % | 70.50 | 74.43 | 75.06 |
| Corruption | | | | |
| Total cost of fines, penalties or settlements in relation to corruption | RM | 0 | 0 | 0 |
| Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy | Number | 0 | 0 | 0 |
| Provisions for fines and settlements specified for ESG issues in audited accounts | RM | 0 | 0 | 0 |
| Total costs of environmental fines and penalties | RM | 0 | 0 | 0 |

SUSTAINABILITY STATEMENT

| Indicator | Unit | FY2021 | FY2022 | FY2023 |
|---|----------------|------------|------------|--------------|
| Economic | | | | |
| Supply Chain | | | | |
| Total employees who have received training on anti-corruption | Number/% | NA | NA | 529 (32.80%) |
| Total non-executive employees who have received training on anti-corruption | Number/% | NA | NA | 437 (42.47%) |
| Total junior management who have received training on anti-corruption | Number/% | NA | NA | 12 (3.66%) |
| Total middle management who have received training on anti-corruption | Number/% | NA | NA | 55 (36.42%) |
| Total senior management who have received training on anti-corruption | Number/% | NA | NA | 29 (27.62%) |
| Total confirmed incidents of corruption | Number | 0 | 0 | 0 |
| Environment | | | | |
| Energy | | | | |
| Direct energy (electricity) | kWh | 7,355,621 | 6,306,319 | 6,913,937 |
| Direct Energy* | TJ | 42 | 36 | 44 |
| Indirect Energy* | TJ | 26 | 23 | 25 |
| Total energy* | TJ | 68 | 59 | 69 |
| Water and effluent | | | | |
| Total municipal water consumption | m ³ | 53,743 | 49,443 | 59,849 |
| Total water consumption (other sources) | m ³ | 0 | 0 | 0 |
| Total volume of effluent discharge) | m ³ | 0 | 0 | 10,355 |
| Waste | | | | |
| Total solid waste disposed | kg | 39,267,428 | 27,527,534 | 15,093,193 |
| Non-recyclable waste | kg | 39,097,703 | 27,353,393 | 15,057,821 |
| Total recycled waste | kg | 169,725 | 174,141 | 35,372 |
| Total scheduled waste disposed | kg | 65,607 | 64,693 | 14,589 |

* Conversion coefficients for electricity and diesel to Joules are derived from the Malaysia Energy Commission 2016 Report.
NA = Not Available (data collection only begins in FY2023)

SUSTAINABILITY STATEMENT

| Indicator | Unit | FY2021 | FY2022 | FY2023 |
|---|--------------------|----------------|----------------|----------------|
| Environment | | | | |
| Carbon emissions | | | | |
| Total Scope 1 emissions* | tCO ₂ e | 2,550 | 2,337 | 2,890 |
| Total Scope 2 emissions** | tCO ₂ e | 3,429 | 3,021 | 2,739 |
| Scope 3 emissions: business travel (air)*** | tCO ₂ e | NA | NA | 57 |
| Scope 3 emissions: employee commuting | tCO ₂ e | NA | NA | 3,619 |
| Social | | | | |
| Diversity, Equity & Inclusion | | | | |
| Total employees | Number | 1,652 | 1,597 | 1,613 |
| Full-time employees | Number/% | 1,273 (77.06%) | 1,293 (80.96%) | 1,310 (81.22%) |
| Contractors/temporary employees | Number/% | 379 (22.94%) | 304 (19.04%) | 303 (18.78%) |
| Employees by nationality | | | | |
| Malaysian | Number/% | 729 (44.13%) | 678 (42.45%) | 706 (43.77%) |
| Foreigners | Number/% | 923 (55.87%) | 919 (57.55%) | 907 (56.23%) |
| Employees by gender | | | | |
| Female | Number/% | 594 (35.96%) | 568 (35.57%) | 599 (37.14%) |
| Male | Number/% | 1,058 (64.04%) | 1,029 (64.43%) | 1,014 (62.86%) |
| Employees by age | | | | |
| <30 | Number/% | 335 (20.28%) | 335 (20.28%) | 335 (20.28%) |
| 30-50 | Number/% | 335 (20.98%) | 335 (20.98%) | 335 (20.98%) |
| >50 | Number/% | 342 (21.20%) | 342 (21.20%) | 342 (21.20%) |
| Employees by category | | | | |
| Non-executives | Number/% | 1,028 (62.23%) | 1,012 (63.37%) | 1,029 (63.79%) |
| Junior management | Number/% | 337 (20.40%) | 318 (19.91%) | 328 (20.34%) |
| Middle management | Number/% | 175 (10.59%) | 159 (9.96%) | 151 (9.36%) |
| Senior management | Number/% | 112 (6.78%) | 108 (6.76%) | 105 (6.51%) |

* 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.

** Scope 2, in Malaysia was derived using the emission factor published by the Energy Commission for the Peninsular Grid 2019; in the Philippines using the combined margin emission factor published by the Department of Energy for the Luzon-Visayas Grid 2015-2017; in the UK using the UK Government GHG Conversion Factors for Company Reporting.

*** Air travel GHG emissions were calculated point to point, including the number of employees on board and the distance travelled. Online tools derived from the WRI Greenhouse Gas Protocol to calculate the CO₂ emissions from air travel.

SUSTAINABILITY STATEMENT

| Indicator | Unit | FY2021 | FY2022 | FY2023 |
|--------------------------------------|----------|-----------------|-----------------|-----------------|
| Social | | | | |
| Gender by category | | | | |
| Non-executive: Female | Number/% | 357 (34.73%) | 354 (34.98%) | 375 (36.44%) |
| Non-executive: Male | Number/% | 671 (65.27%) | 658 (65.02%) | 654 (63.56%) |
| Junior management: Female | Number/% | 137 (40.65%) | 129 (40.57%) | 139 (42.38%) |
| Junior management: Male | Number/% | 200 (59.35%) | 189 (59.43%) | 189 (57.62%) |
| Middle management: Female | Number/% | 62 (35.43%) | 50 (31.45%) | 51 (33.77%) |
| Middle management: Male | Number/% | 113 (64.57%) | 109 (68.55%) | 100 (66.23%) |
| Senior management: Female | Number/% | 38 (33.93%) | 35 (32.41%) | 34 (32.38%) |
| Senior management: Male | Number/% | 74 (66.07%) | 73 (67.59%) | 71 (67.62%) |
| Age by Category | | | | |
| Non-executive: <30 | Number/% | 264 (25.68%) | 268 (26.48%) | 272 (26.43%) |
| Non-executive: 30-50 | Number/% | 497 (48.35%) | 478 (47.23%) | 483 (46.94%) |
| Non-executive: >50 | Number/% | 267 (25.97%) | 266 (26.29%) | 274 (26.63%) |
| Junior management: <30 | Number/% | 54 (16.02%) | 50 (15.72%) | 56 (17.07%) |
| Junior management: 30-50 | Number/% | 217 (64.39%) | 208 (65.41%) | 209 (63.72%) |
| Junior management: >50 | Number/% | 66 (19.59%) | 60 (18.87%) | 63 (19.21%) |
| Middle management: <30 | Number/% | 16 (9.14%) | 16 (10.06%) | 13 (8.61%) |
| Middle management: 30-50 | Number/% | 102 (58.29%) | 94 (59.12%) | 87 (57.62%) |
| Middle management: >50 | Number/% | 57 (32.57%) | 49 (30.82%) | 51 (33.77%) |
| Senior management: <30 | Number/% | 1 (0.89%) | 1 (0.93%) | 1 (0.95%) |
| Senior management: 30-50 | Number/% | 48 (42.86%) | 46 (42.59%) | 46 (43.81%) |
| Senior management: >50 | Number/% | 63 (56.25%) | 61 (56.48%) | 58 (55.24%) |
| Employees by union membership | | | | |
| Union members | Number/% | 0 (0.00%) | 0 (0.00%) | 0 (0.00%) |
| Non-union members | Number/% | 1,652 (100.00%) | 1,597 (100.00%) | 1,613 (100.00%) |
| Disabilities | | | | |
| Disabled employees | Number/% | 0 (0.00%) | 0 (0.00%) | 0 (0.00%) |
| Employee turnover | | | | |
| Total turnover | Number/% | 315 (19.07%) | 330 (20.66%) | 471 (29.20%) |
| Turnover by gender | | | | |
| Female | Number/% | 105 (17.68%) | 110 (19.37%) | 180 (30.05%) |
| Male | Number/% | 210 (12.71%) | 220 (13.78%) | 291 (18.04%) |

SUSTAINABILITY STATEMENT

| Indicator | Unit | FY2021 | FY2022 | FY2023 |
|--|----------|--------------|--------------|--------------|
| Social | | | | |
| Turnover by age group | | | | |
| <30 | Number/% | 170 (50.30%) | 133 (39.07%) | 207 (60.53%) |
| 30-50 | Number/% | 118 (13.66%) | 176 (21.31%) | 217 (26.30%) |
| >50 | Number/% | 27 (5.96%) | 21 (4.82%) | 47 (10.54%) |
| Turnover by employment category | | | | |
| Non-executive employees | Number/% | 275 (26.75%) | 281 (27.77%) | 373 (36.25%) |
| Junior management | Number/% | 18 (5.34%) | 22 (6.92%) | 61 (18.60%) |
| Middle management | Number/% | 16 (9.14%) | 20 (12.58%) | 29 (19.21%) |
| Senior management | Number/% | 6 (5.36%) | 7 (6.48%) | 0 8 (7.62%) |
| Director diversity | | | | |
| Directors by gender | | | | |
| Female | Number/% | 1 (11.11%) | 1 (12.50%) | 1 (14.29%) |
| Male | Number/% | 8 (88.89%) | 7 (87.50%) | 6 (85.71%) |
| Directors by age Group | | | | |
| <30 | Number/% | 0 (0.00%) | 0 (0.00%) | 0 (0.00%) |
| 30-50 | Number/% | 2 (22.22%) | 2 (25.00%) | 2 (28.57%) |
| >50 | Number/% | 7 (77.78%) | 6 (75.00%) | 5 (71.43%) |
| Training & Development | | | | |
| Total number of hours spent on employee development training to enhance knowledge or individual skills | Hours | NA | NA | 3,770 |
| Total number of employees attending training | Hours | NA | NA | 206 |
| Total time spent on employee development training for non-executive employees | Hours | NA | NA | 532 |
| Total time spent on employee development training for junior management | Hours | NA | NA | 2,124 |
| Total time spent on employee development training for middle management | Hours | NA | NA | 768 |
| Total time spent on employee development training for senior management | Hours | NA | NA | 346 |
| Average training per employee | Hours | NA | NA | 2 |

SUSTAINABILITY STATEMENT

| Indicator | Unit | FY2021 | FY2022 | FY2023 |
|--|--------|------------|------------|------------|
| Social | | | | |
| Community | | | | |
| Total amount of corporate or group donations/community investments made to registered not-for-profit organisations | RM | 31,341,000 | 26,696,000 | 36,676,293 |
| Total number of beneficiaries of the investment in communities | Number | 7,072 | 7,386 | 19,886 |
| Health and Safety | | | | |
| Fatalities (employees) | Number | 0 | 0 | 0 |
| Fatalities (third-party contractors) | Number | 0 | 0 | 0 |
| Lost time incident rate (employees) | Rate* | 0 | 0 | 0 |
| Lost time incident rate (contractors) | Rate* | 0 | 0 | 0 |
| Employees trained on health and safety standards | Number | 0 | 0 | 0 |
| Employees receiving general training which includes safety | Number | 0 | 0 | 0 |
| Human rights | | | | |
| Substantiated complaints concerning human rights violations | Number | 0 | 0 | 0 |
| Data privacy and security | | | | |
| Total substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 | 0 | 0 |

* Lost time incident rate = number of lost time injuries in the reporting period/total number of hours worked in the reporting period X 200,000.



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Sports Toto Berhad (hereafter referred to as SP TOTO) to perform an independent verification and provide assurance of SP TOTO Sustainability Statement 2023. The main objective of the verification process is to provide assurance to SP TOTO and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to selected sustainability performance information (subject matter) as listed below, within the assurance scope which is included in SP TOTO Sustainability Statement 2023.

The management of SP TOTO was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of SP TOTO Sustainability Statement and the Annual Report 2023.

The assurance engagement was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of SP TOTO Sustainability Statement and its overall presentation against respective reporting framework such as UN-SDGs and GRI Standards. The assurance process involves verification of selected subject matters as follows. Details provided in Appendix 1 of this statement.

| Topic – Subject matter | Page no. in AR 2023 |
|--|---------------------|
| Transforming Our Sustainability Governance Model | 23 |
| Establishing and Adhering to Rigorous Business Standards | 29 – 30 |
| Energy and Emissions | 32 |
| Climate Change Management | 32 – 34 |
| Navigating Sustainability in the Gaming Industry with TCFD | 34 – 35 |
| Waste Management | 36 |
| Water Management | 36 |
| Our People: The Foundation of Our Success | 38 – 41 |

The verification was carried out by SIRIM QAS International in September 2023, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed assessment of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in SP TOTO's Annual Report 2023.
- The corporate office at Berjaya Times Square was visited as part of this assurance engagement. The verification process did not include physical inspections of any of SP TOTO's operations and assets; and,
- The verification team did not verify any contractor or third-party data.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of SP TOTO relating to the accuracy of some of the information contained in the statement. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by SP TOTO. It is confirmed that changes that have been incorporated into the final version of the statement have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in SP TOTO Sustainability Statement 2023 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement;
- The Sustainability Statement provides a reasonable and balanced presentation of the sustainability performance of Sports Toto Berhad.

List of Assessors.

| | | | |
|----|--------------------------------|---|-------------|
| 1) | Ms. Aernida Abdul Kadir | : | Team Leader |
| 2) | Ms. Kamini Sooriamoorthy | : | Team Member |
| 3) | Ms. Farhanah Ahmad Shah | : | Team Member |
| 4) | Ms. Nur Ruzaini Ab Razak | : | Team Member |
| 5) | Ms. Aine Jamaliah Mohamad Zain | : | Team Member |

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 6 October 2023

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager

Management System Certification Department
SIRIM QAS International Sdn. Bhd

Date: 6 October 2023

Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (29 September 2023).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Board is pleased to provide an overview of the Company’s CG practices during the financial year ended 30 June 2023 (“FYE 2023”) 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 2023 (“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 2023. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2023 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 (“CEO”)

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 management of the Group’s affairs and business to the 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.

SEPARATION OF POSITIONS OF THE CHAIRMAN AND CEO

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors 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 business strategy of the Group and to make insightful contribution during the Board's deliberation. They also assist and ensure the Board adopts a good CG practice within the Group.

The presence of three (3) Independent Non-Executive Directors is sufficient to provide the required checks and balances on the decision making process of the Board. 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 also help to provide views and contributions from a different perspective as they are not involved in the day-to-day operations of the Group.

BOARD COMMITTEES

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

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

The Chairman of the Board is not a member of the Audit Committee, Nomination Committee and Remuneration Committee which is aligned with the recommendation of the MCCG.

Each of the Board Committee operates within its respective terms of reference ("TOR") that also clearly defined 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 MCCG. 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.

The TORs of each the Board Committees are available on the Company's website at www.berjaya.com/sports-toto-berhad/.

COMPANY SECRETARIES

The Board is supported by the qualified and experienced Company Secretaries, who are members of the professional body namely, Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified Company Secretaries as per Section 235(2)(a) of the Companies Act 2016 registered with the Companies Commission of Malaysia. 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 CG best practices as recommended under the MCCG. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their respective 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 of the Company which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD MEETINGS AND MEETING MATERIALS

In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. 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 enables 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 CG 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 August 2023 to reflect the recent changes in the regulatory requirements 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 CG and to promote ethical conduct of the Directors.

(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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors' Fit and Proper Policy is subject to review by the Board periodically to ensure that it remains effective and relevant 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. 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 and to 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 and Procedures was recently reviewed, updated and approved by the Board on 23 August 2023 so as to enhance the reporting procedures to safeguard against the acts of bribery and corruption pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The revised and updated Whistleblowing Policy and Procedures, underlining its protection and reporting channels, can be accessed 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: **T**op Level Commitment (Berjaya's Ethos and Commitment);
- Principle II: **R**isk Management Assessment;
- Principle III: **U**ndertake Control Measures;
- Principle IV: **S**ystematic Review, Monitoring and Enforcement; and
- Principle V: **T**raining 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 was recently reviewed, updated and approved by the Board on 23 August 2023 and can be accessed on the Company's website at www.berjaya.com/sports-toto-berhad/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 sustainability balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's sustainability journey including strategies, priorities, progress, and targets are communicated to its stakeholders, internal or external, through regular engagement with each of the stakeholder groups.

The Group's efforts to promote sustainability initiatives for the environment, the communities in which it operates and its employees have been 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. The Board currently has seven (7) members comprising the CEO, two (2) Executive Directors (including the Chairman), one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The profiles of each Directors of the Company are set out in the Profile of Directors Section in 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. However, the Company is not in compliance with Practice 5.2 of the MCGG as the Board composition does not comprise 50% of Independent Directors. For Large Companies, the Board shall comprise a majority of Independent Directors.

The presence of the Independent Director, though not forming majority of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. They are able to contribute their particular expertise and experience to the Board and to carry out their duties and responsibilities with unfettered and unbiased independent judgement.

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. The Board will continuously strive to meet the targets for gender diversity requirement 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 14.3% ratio of the full Board of seven (7) members. 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. However, the Company is not in compliance with Practice 5.9 of the MCGG as the Board does not comprise at least 30% women directors.

The Board has in place a Diversity Policy, a copy of which is available on the Company's website at www.berjaya.com/sports-toto-berhad/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2023, the Board met five (5) times and the attendance 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 Seri Wong Chun Wai [#] | 5/5 |
| Poh Ying Loo [#] | 5/5 |
| Premshangar A/L Venugopal [#] | 4/5 |
| Datuk Robert Yong Kuen Loke ^{#1} | 5/5 |

Note:

[#] Independent Non-Executive Director

¹ During the financial year, Datuk Robert Yong Kuen Loke has resigned as an Independent Non-Executive Director of the Company on 1 June 2023.

All the Directors of the Company have confirmed that they do not hold more than five (5) directorships in listed issuers pursuant to 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 have completed the Mandatory Accreditation Programme ("MAP") Part I as required by Bursa Securities as at the date of this CG Overview Statement.

The Board and/or the Directors individually will on a continuous basis, evaluate and 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 believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will attend the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FYE 30 June 2023, the training programmes, seminars, conferences and webinars attended by the Directors were as follows:-

| Directors | Title of Training Programmes/Seminars/Conferences/Forum/Webinars |
|---------------------------------|---|
| Dato' Sri Robin Tan Yeong Ching | - ICDM Power Talk: Advancing Cyber Resilience: Board's Top 3 Must-Knows |
| Nerine Tan Sheik Ping | - ICDM Power Talk: Advancing Cyber Resilience: Board's Top 3 Must-Knows |
| Derek Chin Chee Seng | - Provision of Financial Assistance & RPT |
| Dato' Oon Weng Boon | - MSWG Webinar on Cyber Security for Finance and Accounting Professionals |
| Datuk Seri Wong Chun Wai | - MSWG Webinar on Cyber Security for Finance and Accounting Professionals |
| Poh Ying Loo | - Certified Expert in ESG & Impact Investing - MSWG Webinar on Cyber Security for Finance and Accounting Professionals - MIA Webinar Series: Financial Reporting on Impact of Climate Change Effects - ICDM: International Directors Summit - ICDM: Bursa Malaysia's Enhanced Sustainability Reporting Framework - MICPA: Towards a Zero Carbon Future: The New Funding Landscape and Supply Chain Opportunities |
| Premshangar A/L Venugopal | - MSWG Webinar on Cyber Security for Finance and Accounting Professionals - International Directors Summit 2022: The B Factor [Bold + Brave] Boards - Harvard Business School Online Certificate Program: Sustainable Business Strategy - A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs - MIA Webinar Series: Introduction to Environmental, Social & Governance (ESG) and Sustainable Finance |

APPOINTMENT TO THE BOARD

The members of the Nomination Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors are as follows:-

| | |
|--------------------------|---|
| Poh Ying Loo | - 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 |

During the FYE 2023, Datuk Robert Yong Kuen Loke has ceased as the Chairman of the Nomination Committee following his resignation as an Independent Non-Executive Director of the Company on 1 June 2023 while Mr Poh Ying Loo was re-designated as the Chairman of the Nomination Committee on 1 June 2023.

The Chairman of the Nomination Committee, Mr Poh Ying Loo is an Independent Director and this composition is aligned with the recommendation of Practice 5.8 of the MCCG.

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/.

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's independence;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

During the FYE 2023, Datuk Robert Yong Kuen Loke, who has served the Board for a cumulative term of more than twelve (12) years, has resigned as a Senior Independent Director and the various Board Committees of the Company on 1 June 2023 so as to comply with the Main Market Listing Requirements of Bursa Securities.

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 areas where improvements could be considered. The criteria for the evaluation are guided by the CG Guide issued by Bursa Malaysia Berhad. The evaluation process also involved a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. These outcome of the 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 2023, the Nomination Committee carried out the following activities:

- (i) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- (ii) Reviewed and assessed the performance of each individual Director, independence of the Independent Directors, effectiveness of the Board and Board Committees;
- (iii) Reviewed the performance of the Audit Committee and its members;
- (iv) Reviewed the financial literacy assessment for each of the Audit Committee members;
- (v) Recommended to the Board the re-election of Directors who are due for retirement by rotation for shareholders' approval at the Annual General Meeting ("AGM");
- (vi) Recommended to the Board the retention of Independent Director for shareholders' approval at the AGM;
- (vii) Recommended to the Board for proposed adoption of Directors' Fit and Proper Policy;
- (viii) Reviewed and recommended to the Board for approval the revised TOR of Nomination Committee; and
- (ix) Recommended to the Board the changes to the Board composition and reconstitution of various Board Committees.

RE-ELECTION OF DIRECTORS

Clause 117 of the Company's Constitution provides that at least one-third (1/3) 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. Clause 107 of the Company's Constitution also provides that a Director who is appointed during the year is required to retire and to seek shareholders' approval for re-election at the following AGM immediately after his/her appointment.

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

| Directors | Retiring Pursuant to |
|------------------------------------|----------------------|
| i. Dato' Sri Robin Tan Yeong Ching | Clause 117 |
| ii. Nerine Tan Sheik Ping | Clause 117 |

The Board through the Nomination Committee had undertaken an annual assessment evaluation as well as fit and proper assessment on the Retiring Directors.

All the Retiring Directors have completed their respective declaration on the fitness and propriety in accordance with the Fit and Proper Policy of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the results of the assessment conducted, the Nomination Committee was satisfied with the favourable evaluation of the overall performance and contributions of the Retiring Directors and the Retiring Directors have fulfilled the fit and proper criteria in accordance to the Fit and Proper Policy of the Company. Accordingly, Nomination Committee recommended to the Board for re-election of the Retiring Directors. The Board has deliberated and endorsed the Nomination Committee's recommendation and supports the re-election of Retiring Directors for approval by the shareholders at the forthcoming AGM. The Retiring Directors had abstained from deliberations and decisions on their re-election at the Nomination Committee and Board Meetings.

The profiles of the Retiring Directors are set out in the Profile of Directors in the Company's 2023 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 caliber, 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.

As at 30 June 2023, none of the Independent Directors of the Company has served the Board for a cumulative term of more than nine (9) years.

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 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 namely, Datuk Seri Wong Chun Wai, Mr Poh Ying Loo and Mr Premshangar A/L Venugopal have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities.

REMUNERATION POLICIES AND PROCEDURES

The members of the Remuneration Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors are as follows:-

| | |
|---------------------------|---|
| Premshangar A/L Venugopal | - 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 |

During the FYE 2023, Datuk Robert Yong Kuen Loke has ceased as the Chairman of the Remuneration Committee following his resignation as an Independent Non-Executive Director of the Company on 1 June 2023 while Mr Premshangar A/L Venugopal was appointed as the Chairman of the Remuneration Committee on 1 June 2023.

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/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommended that the level of remuneration should reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the payment of 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 2023 are as follows:-

(a) Individual Directors on a named basis

Company

| | RM | | | | | | |
|--|----------------|----------------|----------------|----------|------------------|------------------|----------------|
| | Fees | Allowances | Salaries | Bonus | Benefits in-kind | Other Emoluments | Total |
| Executive | | | | | | | |
| Dato' Sri Robin Tan Yeong Ching | - | - | - | - | - | - | - |
| Nerine Tan Sheik Ping | - | - | - | - | - | - | - |
| Derek Chin Chee Seng | - | - | 104,850 | - | - | 20,321 | 125,171 |
| Non-Executive | | | | | | | |
| Datuk Robert Yong Kuen Loke (Resigned on 1 June 2023) | 73,425 | 143,000 | - | - | 14,693 | 29,176 | 260,294 |
| Dato' Oon Weng Boon | 80,000 | - | - | - | - | 22,800 | 102,800 |
| Datuk Seri Wong Chun Wai | 80,000 | - | - | - | - | 21,200 | 101,200 |
| Poh Ying Loo | 80,000 | - | - | - | - | 22,200 | 102,200 |
| Premshangar A/L Venugopal | 80,000 | - | - | - | - | 8,800 | 88,800 |
| | 393,425 | 143,000 | 104,850 | - | 14,693 | 124,497 | 780,465 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Group

| | RM | | | | | | |
|---|----------------|------------------|------------------|----------------|------------------|------------------|------------------|
| | Fees | Allowances | Salaries | Bonus | Benefits in-kind | Other Emoluments | Total |
| Executive | | | | | | | |
| Dato' Sri Robin Tan Yeong Ching | - | 1,392,056 | 2,317,236 | 193,103 | 85,463 | 402,779 | 4,390,637 |
| Nerine Tan Sheik Ping | - | - | 1,626,000 | 520,000 | 30,002 | 298,904 | 2,474,906 |
| Derek Chin Chee Seng | - | - | 681,654 | 96,134 | 30,855 | 189,165 | 997,808 |
| Non-Executive | | | | | | | |
| Datuk Robert Yong Kuen Loke <i>(Resigned on 1 June 2023)</i> | 73,425 | 143,000 | - | - | 14,693 | 29,176 | 260,294 |
| Dato' Oon Weng Boon | 80,000 | - | - | - | - | 22,800 | 102,800 |
| Datuk Seri Wong Chun Wai | 80,000 | - | - | - | - | 21,200 | 101,200 |
| Poh Ying Loo | 80,000 | - | - | - | - | 22,200 | 102,200 |
| Premshangar A/L Venugopal | 80,000 | - | - | - | - | 8,800 | 88,800 |
| | 393,425 | 1,535,056 | 4,624,890 | 809,237 | 161,013 | 995,024 | 8,518,645 |

- (b) The Remuneration of top four (4) Senior Management in bands of RM50,000 on an aggregate basis

The number of top four (4) Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

| | Number of Key Senior Management |
|-----------------------------|---------------------------------|
| RM400,001 - RM450,000 | 1 |
| RM800,001 - RM850,000 | 1 |
| RM8,150,001 - RM8,200,000 | 1 |
| RM21,700,001 - RM21,750,000 | 1 |
| | 4 |

Although the MCGG 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The members of the Audit Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors are as follows:-

- Poh Ying Loo - 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

During the FYE 2023, Datuk Robert Yong Kuen Loke has ceased as a member of the Audit Committee following his resignation as an Independent Non-Executive Director of the Company on 1 June 2023.

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 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 responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. In presenting the annual financial statements and quarterly announcement of results, the Board seeks to provide shareholders with a clear, balanced and understandable assessment of the Group's financial position and prospects. The Audit Committee assists the Board to discharge its duties in financial reporting by ensuring the reliability and integrity of the Group's accounting and financial reporting process and to ensure the financial statements give a true and fair view in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. 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, 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, oversees recurrent related party transactions, risk management activities and other activities such as governance matters. A summary of the activities undertaken by the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report.

The performance of the Audit Committee is reviewed annually by the Nomination Committee. 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 2023.

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 annual financial statements. In addition, the Audit Committee will also have private meetings with the External Auditors without the presence of the Chief Executive Officer, Chief Financial Officer and Senior Management to enable exchange of views on issues requiring attention.

The Audit Committee has adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the Audit Committee to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the Chief Financial Officer (if any)/ Executive Director/ Head of Group Accounts or the Audit Committee for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA Policy also included a requirement for a former audit partner to observe a cooling-off period of at least three (3) years before they can be considered for appointment as a member of the Audit Committee and/or the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 calibre of the audit firm, quality processes/performance, audit team, audit scope and planning, audit communications and independence and objectivity 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.

The Audit Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control. The non-recurring non-audit service is the professional accounting fees for an aborted corporate exercise.

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 2023 were as follows:-

| | Company | | Group | |
|--|---------------|--------------|---------------|--------------|
| | FYE2023 | FYE2022 | FYE2023 | FYE2022 |
| Statutory audit fees paid/payable to:- | | | | |
| - Ernst & Young PLT ("EY") Malaysia | | | | |
| - Current financial year | 139 | 130 | 436 | 405 |
| - Under provision in previous financial year | 9 | 11 | 40 | 22 |
| - Affiliates of EY Malaysia | - | - | 13 | 12 |
| Total (a) | 148 | 141 | 489 | 439 |
| Non-audit fees paid/payable to:- | | | | |
| - EY Malaysia | 8 | 8 | 8 | 8 |
| - Affiliates of EY Malaysia | 9 | 6 | 58 | 32 |
| Total (b) | 17 | 14 | 66 | 40 |
| % of non-audit fees (b/a) | 11.49% | 9.93% | 13.50% | 9.11% |

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 for its deliberation and approval. The Board concurred with the Audit Committee's recommendation and agreed to table the proposed re-appointment of External Auditors to the shareholders' for approval at the Company's forthcoming 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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:-

Premshangar A/L Venugopal - 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

During the FYE 2023, Datuk Robert Yong Kuen Loke has ceased as the Chairman of the Risk Management Committee following his resignation as an Independent Non-Executive Director of the Company on 1 June 2023 while Mr Premshangar A/L Venugopal was appointed as the Chairman of the Risk Management Committee on 1 June 2023.

The details of the risk management and system of internal control of the Company which provides an overview of the state of internal controls within the Group are set out in the Statement on Risk Management and Internal Control of this 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 Company's 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, Chief Executive Officer, Chief Financial Officer and other Directors present will respond to questions posed by the shareholders/ proxies at the AGM.

The Company despatches a Notification to Shareholders in respect of AGM of the Company to the shareholders of the Company to notify them that the following documents can be viewed and downloaded from the website of the Company and Bursa Securities at www.berjaya.com/sports-toto-berhad/ and www.bursamalaysia.com respectively:-

- (a) Annual Report;
- (b) Notice of AGM, Form of Proxy and Administrative Guide; and
- (c) Circular/Statement to Shareholders.

The notice of AGM was issued to the shareholders of the Company at least twenty-eight (28) days before the AGM. 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 are allowed to submit the questions prior to the AGM via email to the poll administrator and they 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 at AGM.

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 7 December 2022, all the resolutions passed by the shareholders at the said AGM were voted by way of a poll. In view of the COVID-19 pandemic and with the safety and well-being of the Company's shareholders, Board and its employees, the Company had leveraged on technology by conducting its AGM on a virtual basis through live streaming from broadcast venue and online remote voting via Remote Participation and Voting facilities ("RPV Facilities") provided by the Poll Administrator of the Company, SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at <https://sshsb.net.my/>. Shareholders who registered for remote participation via Securities Services e-Portal joined the live streaming of the proceeding of the AGM and posed questions to the Board via real time submission of typed texts and also casted their votes online via RPV Facilities at the AGM.

The Administrative Guide for the AGM with detailed registration and voting procedures were made available and can be viewed and downloaded from the website of the Company and Bursa Securities at www.berjaya.com/sports-toto-berhad/ and www.bursamalaysia.com. 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, confirmed and signed by the Chairman, was made available on the Company's website after the AGM.

This CG Overview Statement was approved by the Board of the Company on 18 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of 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 undertaken a review of the adequacy and effectiveness of the risk management and internal control system. The Board has also obtained assurance from the Chief Executive Officer and the Chief Financial Officer and concluded that the Group’s governance, 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 who will lead the management teams.

The Chief Executive Officer 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 update the Board on any significant matters which require the latter’s attention.

The management of the Group’s main operating companies is assigned to their Executive Directors and the respective management teams who are accountable for the conduct and performance of their businesses within the agreed business strategies. 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 their management who are 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 72 to 75 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;
- Defined levels of authority;
- 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.

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/.

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/.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

During the financial year ended 30 June 2023, the 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. On 1 June 2023, Mr. Premshangar A/L Venugopal was appointed as Chairman of RMC following the resignation of Datuk Robert Yong Kuen Loke as Chairman of RMC.

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.

RISK MANAGEMENT PROCESS

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 as Low, Medium or High. 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 2023, 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 relating to the operations raised by the RMWC and recommended certain measures to be adopted to mitigate their business risks.

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 2023, 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 (“SPToto”) is pleased to present the report of the Audit Committee (“AC”) for the financial year ended 30 June 2023.

COMPOSITION OF AC

The members of the AC comprise the following:-

Poh Ying Loo - Chairman/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 AC comprises three (3) members and all of them are Non-Executive Directors with a majority of them being independent directors. The Chairman of the AC is a member of the Malaysian Institute of Accountants, a Fellow Chartered Management Accountant and a Chartered Global Management Accountant, both under the Chartered Institute of Management Accountants. None of the AC members is an alternate director. The composition of the AC has complied with Paragraph 15.09 (1) and (2) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Chairman of the AC is an Independent Non-Executive Director of the Company and he is not the Chairman of the Board. This composition has complied with Paragraph 15.10 of the MMLR of Bursa Securities and also in line with recommendation of Practice 9.1 of the Malaysian Code on Corporate Governance.

MEETINGS

The Audit Committee held five (5) meetings during the financial year ended 30 June 2023. The details of attendance of the AC members are as follows:-

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

Notes:

* During the financial year, Datuk Robert Yong Kuen Loke has ceased as a member of AC on 1 June 2023 following his resignation as an Independent Non-Executive Director of the Company on 1 June 2023.

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

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

The Chief Executive Officer, the Chief Financial Officer of the Company and the ultimate holding company, Berjaya Corporation Berhad (“BCorp”), the Assistant General Manager of Internal Audit of STM Lottery Sdn Bhd (“STM Lottery”) as well as the Financial Adviser of BCorp were also invited to attend the AC meetings. The External Auditors were also invited to attend three (3) of these meetings. The AC 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 ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

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

AUDIT COMMITTEE REPORT

In discharging its duties and responsibilities, the AC had undertaken the following activities and work during the financial year ended 30 June 2023:-

FINANCIAL REPORTING

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

| Date of Meetings | Review of Quarterly Financial Results |
|------------------|--|
| 23 August 2022 | Fourth quarter results as well as the unaudited results of the Group for financial year ended 30 June 2022 |
| 23 November 2022 | First quarter results for financial year ended 30 June 2023 |
| 21 February 2023 | Second quarter results for financial year ended 30 June 2023 |
| 23 May 2023 | Third quarter results for financial year ended 30 June 2023 |

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 and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 June 2022 at its meeting held on 12 October 2022 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and it is in compliance with regulatory requirements. Prior to that, the AC had reviewed the status report on the Audit Plan for the financial year ended 30 June 2022 prepared by the External Auditors at the meeting held on 23 August 2022.

EXTERNAL AUDIT

- (a) Evaluated the performance of the External Auditors for the financial year ended 30 June 2022 covering areas such as caliber of external audit firm, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees and audit communication of the External Auditors as well as the nature and extent of the non-audit services rendered and the appropriateness of the level of fees. The AC, 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 of 30 June 2023 at its meeting held on 12 October 2022.
- (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 2022.

The AC also had private discussions with EY on 23 August 2022, 12 October 2022 and 23 May 2023 without the presence of Management during the review of the audited financial statements for the year ended 30 June 2022 and also the audit plan for year ended 30 June 2023 to discuss any problems/issues arising from the previous year final audit, proper disclosure of information and the assistance given by the employees during the course of audit by EY.

- (c) Reviewed with the External Auditors at the meeting held on 23 May 2023, their audit plan for the financial year ended 30 June 2023, outlining the EY client service team, audit emphasis, audit quality, auditors' independence, EY digital audit, audit timeline, EY digital roadmap, materiality in planning and performing audit, assessment of internal control environment, group audit scoping, management's expert, integrating technology risk based approach into the overall audit approach as well as the updates on the implementation of International Standard on Auditing 315.

INTERNAL AUDIT

- (a) Reviewed five (5) Internal Audit reports on the Company's operating subsidiaries namely STM Lottery and H.R. Owen Plc, 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.

AUDIT COMMITTEE REPORT

- (b) Reviewed the audit findings, Internal Auditors' recommendations to improve any weaknesses or non-compliance together with the Management's responses from the respective business units and the timeline taken by the Management to ensure the deficiencies are addressed promptly. 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 2023 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.
- (d) 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 2022.

RECURRENT RELATED PARTY TRANSACTIONS

- (a) Reviewed the 2022 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 RRPT for the SPtoto Group;
- (iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the AC for review;
- (iv) The AC 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 SPtoto Group;
- (v) The AC 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(s) 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 SPtoto Group.

RELATED PARTY TRANSACTIONS

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

During the financial year ended 30 June 2023, the AC had reviewed the following related party transactions, prior to their recommendation to the Board for approval and to make the relevant announcement thereof:-

- i. proposed acquisition of 17.53 million ordinary shares representing about 1.58% equity interest in 7-Eleven Malaysia Holdings Berhad ("SEM") via direct business transaction for a total cash consideration of about RM34.53 million or at RM1.97 per SEM share by Magna Mahsuri Sdn Bhd; and
- ii. proposed acquisition of 7.47 million ordinary shares representing about 0.43% equity interest in Berjaya Food Berhad ("BFood") via direct business transaction for a total cash consideration of about RM4.26 million or at RM0.57 per BFood share by Magna Mahsuri Sdn Bhd.

AUDIT COMMITTEE REPORT

OTHER ACTIVITIES

- (a) Reviewed and recommended to the Board for approval, the AC 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 2022 Annual Report.
- (b) Reviewed and assessed the financial literacy of Audit Committee members for the financial year ended 30 June 2022.
- (c) Reviewed and recommended to the Board the distribution of interim dividends for the financial year ended 30 June 2023 based on the solvency test conducted, that the distribution of dividend was in accordance with the provision made under the Companies Act 2016.
- (d) Reviewed the data security map of STM Lottery.
- (e) Reviewed the pre-approval for the list of non-assurance services to be provided by the External Auditors.

In order to discharge the above duties and responsibilities of the AC effectively, the AC members had undertaken continuous professional development by having attended various seminars, training programmes and conferences during the financial year. They were also briefed by the External Auditors of the latest accounting and audit 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 ("AC") in discharging its duties and responsibilities. Their role is to provide the AC 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 Sdn Bhd ("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 ("BCorp"), which reports directly to the AC.

During the financial year ended 30 June 2023, 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 AC 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. In addition, areas covered by our Group Internal Audit Division of BCorp on H.R. Owen Plc including management & internal controls, properties & facilities, showroom sales & aftersales service operation, spare parts & inventory management, finance and IT management.

The total cost incurred for the internal audit function of the Company for the financial year ended 30 June 2023 was RM920,463.00.

PERFORMANCE OF THE AUDIT COMMITTEE

The Board assessed and evaluated the performance of the Audit Committee ("AC") and its members through Nomination Committee for the financial year ended 30 June 2023. Based on the outcome of the annual assessment, the Board was satisfied with the performance of the AC and its members and concluded that they have effectively discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the AC.

The Terms of Reference of the AC was last revised and reviewed by the AC and approved by the Board on 23 August 2023. The latest Terms of Reference of the AC can be viewed on the Company's websites 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

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 2023.

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.

RESULTS

| | Group RM'000 | Company RM'000 |
|-------------------------------|-------------------------------|---------------------------------|
| Profit for the financial year | 231,318 | 184,763 |
| Attributable to: | | |
| Owners of the parent | 225,326 | 184,763 |
| Non-controlling interests | 5,992 | - |
| | <u>231,318</u> | <u>184,763</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 Notes 30 and 31.

DIRECTORS' REPORT

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2022 were as follows:

| | RM'000 |
|---|-----------------|
| In respect of the financial year ended 30 June 2022 <u>as reported in the Directors' Report of that financial year:</u> | |
| 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 | <u>26,787</u> # |
| Fourth interim dividend comprising: | |
| a) single tier cash dividend of 3.0 sen per share on 1,339,372,000 ordinary shares with voting rights, paid 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), credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 21 October 2022 | 22,572 |
| <u>In respect of the financial year ended 30 June 2023:</u> | |
| First interim single tier dividend of 2.0 sen per share on 1,349,409,870 ordinary shares with voting rights, paid on 20 January 2023 | 26,988 |
| Second interim single tier dividend of 2.5 sen per share on 1,348,157,870 ordinary shares with voting rights, paid on 21 April 2023 | 33,704 |
| Third interim single tier dividend of 2.0 sen per share on 1,340,924,870 ordinary shares with voting rights, paid on 21 July 2023 | 26,818 |
| | <u>150,263</u> |

The directors declared and approved on 23 August 2023:

| | |
|---|-----------------|
| Fourth interim single tier dividend of 2.5 sen per share on 1,324,714,870 ordinary shares with voting rights, payable on 20 October 2023 | <u>33,118</u> * |
|---|-----------------|

This dividend was accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 30 June 2022.

* 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 2024.

DIRECTORS' REPORT

DIRECTORS

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

Dato' Sri Robin Tan Yeong Ching
Nerine Tan Sheik Ping
Derek Chin Chee Seng
Dato' Oon Weng Boon
Datuk Seri Wong Chun Wai
Poh Ying Loo
Premshangar A/L Venugopal
Datuk Robert Yong Kuen Loke (resigned on 1 June 2023)

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 29(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.

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 RM43,000. 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 in the Company and its related corporations during the financial year were as follows:

The Company

Sports Toto Berhad ("SPToto")

| | Number of ordinary shares | | | At 30.6.2023 |
|---------------------------------|---------------------------|----------|----------|--------------|
| | At 1.7.2022 | Acquired | Disposed | |
| Dato' Sri Robin Tan Yeong Ching | 1,017,213 | 8,476 * | - | 1,025,689 |

Immediate Holding Company

Berjaya Land Berhad

| | Number of ordinary shares | | | At 30.6.2023 |
|---------------------------------|---------------------------|----------|------------|---------------------|
| | At 1.7.2022 | Acquired | Disposed | |
| Dato' Sri Robin Tan Yeong Ching | 600,000 | - | - | 600,000 |
| | 36,300,000 Δ | - | 23,300,000 | 13,000,000 Δ |
| Nerine Tan Sheik Ping | 2,000,000 | - | - | 2,000,000 |

Ultimate Holding Company

Berjaya Corporation Berhad

| | Number of ordinary shares | | | At 30.6.2023 |
|---------------------------------|---------------------------|----------|-------------|----------------------|
| | At 1.7.2022 | Acquired | Disposed | |
| Dato' Sri Robin Tan Yeong Ching | 5,001,613 | - | - | 5,001,613 |
| | 6,356 \wedge | - | - | 6,356 \wedge |
| | 318,845,404 Δ | - | 157,371,236 | 161,474,168 Δ |
| Nerine Tan Sheik Ping | 132,000 | - | - | 132,000 |
| Derek Chin Chee Seng | 464,240 | - | - | 464,240 |

Related Company

Berjaya Food Berhad ("BFood")

| | Number of ordinary shares | | | At 30.6.2023 |
|---------------------------------|---------------------------|--------------|------------|--------------------|
| | At 1.7.2022 | Acquired | Disposed | |
| Dato' Sri Robin Tan Yeong Ching | 2,750,000 | 100,000 | 2,550,000 | 11,100,000 |
| | | 10,800,000 # | - | |
| | 768,900 Δ | 7,800,000 | 10,144,500 | 1,500,000 Δ |
| | | 3,075,600 # | - | |

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

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

- * Share dividend distribution by the Company on the basis of one (1) SPToto treasury share for every one hundred and twenty (120) existing SPToto ordinary shares on 21 October 2022.
- # Bonus issue by BFood on the basis of four (4) bonus shares for every one (1) existing BFood ordinary share on 5 September 2022.

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

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 | |
|--------------------------------|-------------------------|-------------------------|---------------------|---------------------|
| | 30.6.2023 Units '000 | 30.6.2022 Units '000 | 30.6.2023 RM'000 | 30.6.2022 RM'000 |
| Balance as at | | | | |
| beginning of financial year | 11,658 | 9,130 | 23,626 | 18,631 |
| Distributed as share dividend | (11,138) | - | (22,572) | - |
| Acquisition of treasury shares | 10,355 | 2,528 | 14,810 | 4,995 |
| Total treasury shares as at | | | | |
| end of financial year | <u>10,875</u> | <u>11,658</u> | <u>15,864</u> | <u>23,626</u> |

As at 30 June 2023, the issued share capital of the Company with voting rights was 1,340,154,870 (2022: 1,339,372,000) ordinary shares.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

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 29 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 18 October 2023

DATO' SRI ROBIN TAN YEONG CHING

NERINE TAN SHEIK PING

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF COMPANIES ACT 2016

We, DATO' SRI ROBIN TAN YEONG CHING and NERINE TAN SHEIK PING, being two of the directors of SPORTS TOTO BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 87 to 219 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 2023 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 18 October 2023

DATO' SRI ROBIN TAN YEONG CHING

NERINE TAN SHEIK PING

STATUTORY DECLARATION

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

I, CHEONG TUCK KONG, being the officer primarily responsible for the financial management of SPORTS TOTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 87 to 219 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 18 October 2023 }

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 2023

| | Note | Group | | Company | |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 622,911 | 398,261 | 666 | 865 |
| Right-of-use assets | 4(a) | 223,168 | 297,176 | 3,518 | 1,197 |
| Investment in subsidiary companies | 5 | - | - | 4,394,184 | 4,315,379 |
| Investment in associated companies | 6 | 125,723 | 103,591 | 2,538 | 2,538 |
| Long term investments | 7 | 124,230 | 80,868 | - | - |
| Investment properties | 8 | 117,419 | 116,766 | - | - |
| Deferred tax assets | 9 | 33,030 | 18,284 | - | - |
| Retirement benefit assets | 21 | 38,082 | 25,294 | - | - |
| Intangible assets | 10 | 729,284 | 696,603 | - | - |
| | | <u>2,013,847</u> | <u>1,736,843</u> | <u>4,400,906</u> | <u>4,319,979</u> |
| Current assets | | | | | |
| Inventories | 11 | 652,067 | 401,848 | - | - |
| Receivables | 12 | 613,386 | 535,966 | 81,790 | 81,746 |
| Contract assets | 13 | 15,789 | 4,740 | - | - |
| Tax recoverable | | 8,231 | 15,596 | 127 | 416 |
| Amounts due from subsidiary companies | 14 | - | - | 368,506 | 387,257 |
| Deposits with financial institutions | 15 | 402,125 | 368,517 | 26,000 | 15,500 |
| Cash and bank balances | 15 | 230,702 | 190,313 | 2,303 | 4,504 |
| | | <u>1,922,300</u> | <u>1,516,980</u> | <u>478,726</u> | <u>489,423</u> |
| Non-current asset classified as held for sale | 16 | - | 6,986 | - | - |
| | | <u>1,922,300</u> | <u>1,523,966</u> | <u>478,726</u> | <u>489,423</u> |
| TOTAL ASSETS | | <u><u>3,936,147</u></u> | <u><u>3,260,809</u></u> | <u><u>4,879,632</u></u> | <u><u>4,809,402</u></u> |

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

| | Note | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 17 | 135,103 | 135,103 | 135,103 | 135,103 |
| Reserves | 18 | 364,773 | 275,904 | - | - |
| Retained earnings | 19 | 588,097 | 507,585 | 3,638,417 | 3,603,917 |
| Equity funds | | 1,087,973 | 918,592 | 3,773,520 | 3,739,020 |
| Treasury shares | 20 | (15,864) | (23,626) | (15,864) | (23,626) |
| Net equity funds | | 1,072,109 | 894,966 | 3,757,656 | 3,715,394 |
| Non-controlling interests | | 70,925 | 61,926 | - | - |
| TOTAL EQUITY | | 1,143,034 | 956,892 | 3,757,656 | 3,715,394 |
| Non-current liabilities | | | | | |
| Retirement benefit obligations | 21 | 439 | 455 | - | - |
| Long term borrowings | 22 | 959,002 | 963,534 | - | - |
| Other long term liabilities | 23 | 55,182 | 36,031 | - | - |
| Lease liabilities | 4(b) | 184,833 | 212,722 | 1,222 | 18 |
| Contract liabilities | 13 | - | 84 | - | - |
| Amount due to a subsidiary company | 27 | - | - | 733,852 | 688,022 |
| Deferred tax liabilities | 9 | 39,738 | 29,762 | - | - |
| | | 1,239,194 | 1,242,588 | 735,074 | 688,040 |
| Current liabilities | | | | | |
| Short term borrowings | 24 | 560,128 | 274,212 | - | 43 |
| Provisions | 25 | 12,130 | 15,205 | 720 | 720 |
| Payables | 26 | 575,775 | 420,099 | 27,902 | 27,798 |
| Lease liabilities | 4(b) | 30,609 | 36,410 | 2,344 | 1,229 |
| Contract liabilities | 13 | 357,182 | 292,069 | - | - |
| Amounts due to subsidiary companies | 27 | - | - | 355,936 | 376,178 |
| Tax payable | | 18,095 | 23,334 | - | - |
| | | 1,553,919 | 1,061,329 | 386,902 | 405,968 |
| TOTAL LIABILITIES | | 2,793,113 | 2,303,917 | 1,121,976 | 1,094,008 |
| TOTAL EQUITY AND LIABILITIES | | 3,936,147 | 3,260,809 | 4,879,632 | 4,809,402 |

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 28 | 6,099,660 | 5,229,328 | 219,763 | 158,957 |
| Cost of sales | | (5,125,586) | (4,376,067) | - | - |
| Gross profit | | 974,074 | 853,261 | 219,763 | 158,957 |
| Selling and distribution expenses | | (281,583) | (229,523) | - | - |
| General and administrative expenses | | (348,235) | (327,283) | (14,262) | (12,859) |
| Profit before other income and expenses | 29 | 344,256 | 296,455 | 205,501 | 146,098 |
| Investment related income | 30 | 15,144 | 1,136 | - | - |
| Investment related expenses | 31 | (2,538) | (2,630) | (1,195) | (2,608) |
| Other income | 32 | 40,449 | 34,534 | 27,834 | 19,869 |
| | | 397,311 | 329,495 | 232,140 | 163,359 |
| Finance costs | 33 | (79,814) | (64,972) | (46,251) | (40,054) |
| Share of results of associated companies | | 21,772 | 8,741 | - | - |
| Profit before tax | | 339,269 | 273,264 | 185,889 | 123,305 |
| Income tax expenses | 34 | (107,951) | (103,049) | (1,126) | (467) |
| Profit for the financial year | | 231,318 | 170,215 | 184,763 | 122,838 |
| Attributable to: | | | | | |
| Owners of the parent | | 225,326 | 160,885 | 184,763 | 122,838 |
| Non-controlling interests | | 5,992 | 9,330 | - | - |
| | | 231,318 | 170,215 | 184,763 | 122,838 |
| Earnings per share attributable to owners of the parent - Basic (sen) | 35 | 16.75 | 11.99 | | |
| Dividends per share (sen) | 36 | | | 9.0 | 8.7 |

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Note | Group | | Company | |
|---|--------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit for the financial year | | 231,318 | 170,215 | 184,763 | 122,838 |
| Other comprehensive income: | | | | | |
| <u>Items that may be reclassified</u> | | | | | |
| <u>subsequently to profit or loss</u> | | | | | |
| Foreign currency translation | | 87,284 | (45,169) | - | - |
| Share of an associated company's currency translation differences | | (445) | (416) | - | - |
| <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") | | 3,853 | 11,648 | - | - |
| Share of associated companies' changes in fair values of FVTOCI investments | | 19 | 26 | - | - |
| Actuarial gain recognised in defined benefit pension scheme | 21(ii) | 8,742 | 14,848 | - | - |
| Tax effect relating to defined benefit pension scheme | 9 | (2,186) | (3,712) | - | - |
| Share of other comprehensive items of associated companies | | 58 | 177 | - | - |
| Total comprehensive income for the financial year | | 328,643 | 147,617 | 184,763 | 122,838 |
| Attributable to: | | | | | |
| Owners of the parent | | 319,644 | 147,423 | 184,763 | 122,838 |
| Non-controlling interests | | 8,999 | 194 | - | - |
| | | 328,643 | 147,617 | 184,763 | 122,838 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | 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 | Consolidation reserve RM'000 | Retained earnings RM'000 | Total to owners of parent company RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| 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 36) | - | - | - | - | - | - | (53,625) | (53,625) | - | (53,625) |
| Arising from increase in equity interest in a subsidiary company | - | - | - | - | - | (5,159) | - | (5,159) | (2,051) | (7,210) |
| Purchase of treasury shares (Note 20) | - | (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 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Attributable to Owners of the Parent | | | | | | | Total equity RM'000 | | |
|--|--------------------------------------|---------------------------|--|--------------------------|---------------------------|---------------------------------|-----------------------------|---|-------------------------------------|-----------|
| | 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 | Consolidation reserve RM'000 | Retained earnings RM'000 | Total to owners of parent company RM'000 | Non-controlling interests RM'000 | |
| GROUP | | | | | | | | | | |
| As at 1 July 2022 | 135,103 | (23,626) | 92,516 | (37,362) | 285,306 | (64,556) | 507,585 | 894,966 | 61,926 | 956,892 |
| Profit for the financial year | - | - | - | - | - | - | 225,326 | 225,326 | 5,992 | 231,318 |
| Other comprehensive income for the financial year | - | - | 85,194 | 3,286 | - | - | 5,838 | 94,318 | 3,007 | 97,325 |
| Total comprehensive income for the financial year | - | - | 85,194 | 3,286 | - | - | 231,164 | 319,644 | 8,999 | 328,643 |
| Effects arising from disposal of investments at FVTOCI | - | - | - | 389 | - | - | (389) | - | - | - |
| Transactions with owners | | | | | | | | | | |
| Dividends (Note 36) | - | - | - | - | - | - | (127,691) | (127,691) | - | (127,691) |
| Distribution of share dividend (Notes 20 and 36) | - | 22,572 | - | - | - | - | (22,572) | - | - | - |
| Purchase of treasury shares (Note 20) | - | (14,810) | - | - | - | - | - | (14,810) | - | (14,810) |
| Total transactions with owners | - | 7,762 | - | - | - | - | (150,263) | (142,501) | - | (142,501) |
| As at 30 June 2023 | 135,103 | (15,864) | 177,710 | (33,687) | 285,306 | (64,556) | 588,097 | 1,072,109 | 70,925 | 1,143,034 |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | Share capital RM'000 | Treasury shares RM'000 | <u>Distributable</u> Retained earnings RM'000 | Total equity RM'000 |
|--|----------------------------|------------------------------|--|---------------------------|
| COMPANY | | | | |
| 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 36) | - | - | (53,625) | (53,625) |
| Purchase of treasury shares (Note 20) | - | (4,995) | - | (4,995) |
| Total transactions with owners | - | (4,995) | (53,625) | (58,620) |
| As at 30 June 2022 | <u>135,103</u> | <u>(23,626)</u> | <u>3,603,917</u> | <u>3,715,394</u> |
| As at 1 July 2022 | 135,103 | (23,626) | 3,603,917 | 3,715,394 |
| Total comprehensive income for the financial year | - | - | 184,763 | 184,763 |
| Transactions with owners | | | | |
| Dividends (Note 36) | - | - | (127,691) | (127,691) |
| Distribution of share dividend (Notes 20 and 36) | - | 22,572 | (22,572) | - |
| Purchase of treasury shares (Note 20) | - | (14,810) | - | (14,810) |
| Total transactions with owners | - | 7,762 | (150,263) | (142,501) |
| As at 30 June 2023 | <u>135,103</u> | <u>(15,864)</u> | <u>3,638,417</u> | <u>3,757,656</u> |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | GROUP | |
|--|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 6,431,798 | 5,597,395 |
| Payments to prize winners, suppliers and for other operating expenses | (5,545,593) | (4,805,395) |
| Payments for pool betting duties, gaming tax, other indirect taxes and government contributions | (545,067) | (431,456) |
| Payment of taxes | (117,693) | (89,898) |
| Other receipts | 8,726 | 9,492 |
| Net cash from operating activities | <u>232,171</u> | <u>280,138</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 596 | 1,202 |
| Proceeds from disposal of non-current asset held for sale | 7,635 | - |
| Proceeds from disposal of long term investments | 5,064 | 23,346 |
| Proceeds from disposal of short term investments | 54,133 | - |
| Acquisition of property, plant and equipment (Note A) | (185,189) | (131,228) |
| Acquisition of investments in subsidiary companies (Note B) | (3,968) | - |
| Acquisition of additional equity interest in a subsidiary company | - | (7,210) |
| Acquisition of equity interests in associated companies | - | (2,789) |
| Acquisition of long term investments | (39,128) | (274) |
| Acquisition of short term investments | (40,000) | - |
| Payment for other intangible assets | - | (79) |
| Dividends received | 6,809 | 6,919 |
| Interest received | 23,592 | 3,634 |
| Net repayment from associated companies by a foreign subsidiary company | 1,244 | 3,171 |
| Other receipts arising from investments | 617 | 795 |
| Net cash used in investing activities | <u>(168,595)</u> | <u>(102,513)</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | GROUP | |
|---|-----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of medium term notes | - | 330,000 |
| Repayment of medium term notes | - | (330,000) |
| Drawdown of borrowings | 265,547 | 206,388 |
| Repayment of borrowings | (23,937) | (8,616) |
| Repayment of hire purchase liabilities | (377) | (463) |
| Payment of lease liabilities | (45,422) | (35,502) |
| Net advances from/(repayment to) an associated company by a foreign subsidiary company | 9,039 | (10,197) |
| Interest paid | (79,848) | (68,529) |
| Dividends paid to shareholders of the Company | (127,668) | (46,973) |
| Treasury shares acquired | (14,810) | (4,995) |
| Net cash (used in)/from financing activities | <u>(17,476)</u> | <u>31,113</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 46,100 | 208,738 |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF FINANCIAL YEAR | 558,697 | 363,624 |
| Effects of exchange rate changes | 27,894 | (13,665) |
| CASH AND CASH EQUIVALENTS AS AT END OF FINANCIAL YEAR (Note C) | <u>632,691</u> | <u>558,697</u> |
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Note A Acquisition of property, plant and equipment: | | |
| Hire purchase | 288 | 311 |
| Accruals for capital work-in-progress | - | 7,126 |
| Cash | 178,063 | 131,228 |
| | <u>178,351</u> | <u>138,665</u> |
| Payment for current year acquisition | 178,063 | 131,228 |
| Payment for previous year accruals | 7,126 | - |
| Total cash paid | <u>185,189</u> | <u>131,228</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | GROUP | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Note B Analysis of the effects of subsidiary companies acquired: | | |
| Property, plant and equipment (Note 3) | 328 | - |
| Cash and cash equivalents acquired | 1 | - |
| Net assets acquired | 329 | - |
| Goodwill on consolidation (Note 5(1)) | 6,098 | - |
| Intangible assets on consolidation (Note 5(1)) | 10,859 | - |
| | 17,286 | - |
| Less: Deferred tax liabilities arising on consolidation (Note 9) | (2,715) | - |
| | 14,571 | - |
| Less: Remaining consideration to be paid over the remaining three (3) financial years (Note 5(1)) | (10,602) | - |
| | 3,969 | - |
| Excluding: Cash and cash equivalents of subsidiary companies acquired | (1) | - |
| Cash flow on acquisition (net of cash in subsidiary companies acquired) | 3,968 | - |
| | 3,969 | - |
| Purchase consideration satisfied by cash in the current financial year | 3,969 | - |
| Remaining consideration to be paid over the remaining three (3) financial years | 10,602 | - |
| Investment cost, representing fair value of the subsidiary companies acquired at the date of acquisition (Note 5(1)) | 14,571 | - |
| Note C Cash and cash equivalents comprise the following: | | |
| Deposits with financial institutions (Note 15) | 402,125 | 368,517 |
| Cash and bank balances (Note 15) | 230,702 | 190,313 |
| | 632,827 | 558,830 |
| Less: Fixed deposits with financial institutions restricted for use | (136) | (133) |
| | 632,691 | 558,697 |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 |
|--|-----------------------------|-----------------------------|----------------------|-------------------------------------|---|-----------------|
| 2023 | | | | | | |
| At beginning of financial year | 249,132 | 798,785 | 437,953 | 1,008 | 39,678 | 1,526,556 |
| Additional during the financial year | 33,966 | - | - | 288 | - | 34,254 |
| Reassessment | (6,827) | - | - | - | - | (6,827) |
| Termination | (40,181) | - | - | - | - | (40,181) |
| Drawdown of borrowings | - | - | 265,547 | - | - | 265,547 |
| Repayment of borrowings | - | - | (23,937) | - | - | (23,937) |
| Net advances | - | - | - | - | 9,039 | 9,039 |
| Repayment of hire purchase liabilities | - | - | - | (377) | - | (377) |
| Payment of lease liabilities | (45,422) | - | - | - | - | (45,422) |
| Charge out of deferred transaction costs | - | 234 | - | - | - | 234 |
| Exchange differences | 24,774 | - | 39,629 | - | 2,262 | 66,665 |
| At end of financial year | 215,442 | 799,019 | 719,192 | 919 | 50,979 | 1,785,551 |

| | 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 | 249,132 | 798,785 | 437,953 | 1,008 | 39,678 | 1,526,556 |

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| | COMPANY | |
|--|----------------------|----------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payment for operating expenses | (11,373) | (9,677) |
| Dividends received | 219,463 | 108,022 |
| Payment of taxes | (837) | (413) |
| Other receipts | 10 | 22 |
| Net cash from operating activities | <u>207,263</u> | <u>97,954</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 28 | - |
| Acquisition of property, plant and equipment | (33) | (78) |
| Interest received | 540 | 304 |
| Net advances given to subsidiary companies | (33,965) | (12,741) |
| Net cash used in investing activities | <u>(33,430)</u> | <u>(12,515)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (127,668) | (46,973) |
| Interest paid | (121) | (129) |
| Payment of lease liabilities | (2,350) | (2,344) |
| Repayment of hire purchase liabilities | (43) | (94) |
| Treasury shares acquired | (14,810) | (4,995) |
| Net repayment to subsidiary companies | (20,542) | (25,578) |
| Net cash used in financing activities | <u>(165,534)</u> | <u>(80,113)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 8,299 | 5,326 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | <u>20,004</u> | <u>14,678</u> |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note A) | <u><u>28,303</u></u> | <u><u>20,004</u></u> |
| Note A Cash and cash equivalents comprise the following: | | |
| Deposits with financial institutions (Note 15) | 26,000 | 15,500 |
| Cash and bank balances (Note 15) | 2,303 | 4,504 |
| | <u><u>28,303</u></u> | <u><u>20,004</u></u> |

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 |
|--|--------------------------------|---|--|------------------|
| 2023 | | | | |
| At beginning of financial year | 1,247 | 43 | 1,064,200 | 1,065,490 |
| Additional during the financial year | 4,669 | - | - | 4,669 |
| Repayment of hire purchase liabilities | - | (43) | - | (43) |
| Payment of lease liabilities | (2,350) | - | - | (2,350) |
| Net repayment to subsidiary companies | - | - | (20,542) | (20,542) |
| Interest on advances from subsidiary companies | - | - | 46,130 | 46,130 |
| At end of financial year | <u>3,566</u> | <u>-</u> | <u>1,089,788</u> | <u>1,093,354</u> |

| | 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 advances from 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> |

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

1 ABBREVIATIONS AND CORPORATE INFORMATION

1.1 ABBREVIATIONS AND DEFINITION

The following abbreviations are applied throughout the financial statements:

| Abbreviation | Definition |
|---------------------|---|
| SPToto | - 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 |

1.2 CORPORATE INFORMATION

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

The principal activities of the subsidiary companies consist of:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

1 ABBREVIATION AND CORPORATE INFORMATION (CONTINUED)

1.2 CORPORATE INFORMATION (Continued)

The immediate 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 18 October 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 40.

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 | 41 years |
| Buildings | 1 to 50 years |
| Motor vehicle | 3 years |
| Other equipment | 3 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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 2023

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 2022:

| | |
|------------------------|--|
| Amendments to MFRS 3 | Business Combinations (Reference to the Conceptual Framework) |
| Amendments to MFRS 116 | Property, Plant and Equipment (Proceeds before Intended Use) |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in Accounting Policies (Continued)

| | |
|---|--|
| Amendments to MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Costs of Fulfilling a Contract) |
| Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141 | Annual Improvements to MFRS Standards 2018 - 2020 |

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 and Amendments 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 2023

| | |
|------------------------|---|
| MFRS 17 | Insurance Contracts |
| 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) |
| Amendments to MFRS 112 | Income Taxes (International Tax Reform - Pillar Two Model Rules) |

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 101 | Presentation of Financial Statements (Non-current Liabilities with Covenants) |
| Amendments to MFRS 7 and MFRS 107 | Statement of Cash Flows (Supplier Finance Arrangements) |
| Amendments to MFRS 16 | Leases (Lease Liability in a Sale and Leaseback) |

Effective for financial periods beginning on or after 1 January 2025

| | |
|------------------------|---|
| Amendments to MFRS 121 | The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability) |
|------------------------|---|

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 and Amendments 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 10.

The Group carries goodwill of RM547,686,000 (2022: RM547,686,000) in respect of the licence for Toto betting operations in Malaysia ("Licence"). In regard to the impairment review of the CGU for the Licence, the Group intends to continue with the annual renewal of the Licence indefinitely and considers that the annual renewal of the Licence is expected to contribute to the Group's net cash flows indefinitely. Historically, there has been no compelling challenge to the renewal of the Licence.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 12 and 13.

(iii) Inventory valuations

The Group holds significant inventories of used cars in the United Kingdom. Trade guides and other publications are used to assist in the assessment of the net realisable values of these cars at the reporting date and write-downs taken as necessary.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 RM1,195,000 (2022: RM623,000) during the financial year in respect of its investment in subsidiary companies as disclosed in Notes 5 and 31.

As at 30 June 2023, the carrying amount of investment in subsidiary companies of the Company was RM4,394,184,000 (2022: RM4,315,379,000).

(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 2023. 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 8 whilst the valuation techniques and key assumptions applied on the determination of the fair values are disclosed in Note 40(a)(i).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

3 PROPERTY, PLANT AND EQUIPMENT

| Group | Net carrying amount at beginning of financial year RM'000 | Acquisition of subsidiary companies (Note 5) | | | | | Reclassification RM'000 | Exchange differences RM'000 | Depreciation RM'000 | Net carrying amount at end of financial year RM'000 |
|--|--|--|---------------------|---------------------|----------------|---------------|----------------------------|--------------------------------|------------------------|--|
| | | Additions RM'000 | Disposals RM'000 | Write-off RM'000 | RM'000 | RM'000 | | | | |
| 2023 | | | | | | | | | | |
| Freehold land | 53,270 | - | - | - | - | - | 5,673 | - | 58,943 | |
| Buildings (Note a) | 62,983 | 51,091 | - | - | - | 158,322 | 8,710 | (2,736) | 278,370 | |
| Plant and machinery | 21,138 | 108,382 | - | (465) | (4) | 35,797 | 1,462 | (9,899) | 156,613 | |
| Computer equipment | 12,644 | 1,271 | (31) | (4) | (4) | 1,078 | 79 | (4,818) | 10,219 | |
| Office equipment | 3,889 | 3,587 | - | (18) | (18) | - | 2 | (1,056) | 6,404 | |
| Furniture and fittings | 915 | 337 | - | (24) | (24) | - | - | (215) | 1,013 | |
| Motor vehicles | 13,798 | 2,569 | (587) | (5) | (5) | - | 24 | (3,074) | 12,725 | |
| Renovation | 40,510 | 691 | - | (571) | (571) | 8,138 | 3,043 | (10,944) | 40,997 | |
| Hotel and kitchen equipment and utensils | 140 | 238 | - | - | - | - | 5 | (50) | 333 | |
| Capital work-in-progress | 188,974 | 10,185 | - | - | - | (159,500) | 17,635 | - | 57,294 | |
| | 398,261 | 178,351 | (618) | (1,087) | (1,087) | 43,835 | 36,633 | (32,792) | 622,911 | |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

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

Notes:

- (a) A hotel building amounting to RM43,835,000 is reclassified from right-of-use asset during the current financial year to better reflect the nature of the acquired identified asset that was erected on an underlying lease asset as disclosed in Note 4(a).
- (b) As at the reporting date, the below properties and equipment owned by foreign subsidiary companies of the Group were pledged to financial institutions for credit facilities as disclosed in Note 22(b):
- a freehold land with carrying amount of RM58,943,000 (2022: RM53,270,000);
 - buildings erected on the freehold land under item (i) above with total net carrying amounts of RM153,766,000 (2022: RM138,510,000 in respect of buildings under construction categorised under capital work-in-progress) with other buildings with carrying amount of RM40,793,000 (2022: RM36,675,000);
 - plant, machinery and capital work-in-progress with carrying amount of RM99,257,000; and
 - a hotel building with carrying amount of RM45,110,000 (2022: RM43,835,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (Continued)

| | Cost RM'000 | Accumulated depreciation RM'000 | Accumulated impairment RM'000 | Net carrying amount RM'000 |
|--|----------------|---------------------------------------|-------------------------------------|-------------------------------------|
| As at 30 June 2023 | | | | |
| Freehold land | 58,943 | - | - | 58,943 |
| Buildings | 297,048 | (18,678) | - | 278,370 |
| Plant and machinery | 201,151 | (44,538) | - | 156,613 |
| Computer equipment | 57,194 | (46,975) | - | 10,219 |
| Office equipment | 16,270 | (9,866) | - | 6,404 |
| Furniture and fittings | 8,745 | (7,732) | - | 1,013 |
| Motor vehicles | 45,059 | (32,334) | - | 12,725 |
| Renovation | 118,203 | (77,206) | - | 40,997 |
| Hotel and kitchen equipment and utensils | 1,444 | (1,111) | - | 333 |
| Capital work-in-progress | 57,294 | - | - | 57,294 |
| | 861,351 | (238,440) | - | 622,911 |

| | Cost RM'000 | Accumulated depreciation RM'000 | Accumulated impairment RM'000 | Net carrying amount 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 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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:

| | 2023 RM'000 | 2022 RM'000 |
|----------------|----------------|----------------|
| Motor vehicles | 1,256 | 1,533 |

Company

| | Net carrying amount at beginning of financial year RM'000 | Additions RM'000 | Disposal RM'000 | Write-off RM'000 | Depreciation RM'000 | Net carrying amount at end of financial year RM'000 |
|------------------------|---|---------------------|--------------------|---------------------|------------------------|---|
| 2023 | | | | | | |
| Computer equipment | 78 | 20 | - | - | (21) | 77 |
| Office equipment | 23 | 13 | - | (4) | (13) | 19 |
| Furniture and fittings | 19 | - | - | - | (10) | 9 |
| Motor vehicles | 722 | - | (32) | - | (139) | 551 |
| Renovation | 23 | - | - | - | (13) | 10 |
| | 865 | 33 | (32) | (4) | (196) | 666 |

| | 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 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company (Continued)

| | Cost | Accumulated depreciation | Net carrying amount |
|----------------------------------|---------------|-------------------------------------|------------------------------------|
| | RM'000 | RM'000 | RM'000 |
| <u>As at 30 June 2023</u> | | | |
| Computer equipment | 687 | (610) | 77 |
| Office equipment | 320 | (301) | 19 |
| Furniture and fittings | 5,584 | (5,575) | 9 |
| Motor vehicles | 2,160 | (1,609) | 551 |
| Renovation | 4,399 | (4,389) | 10 |
| | 13,150 | (12,484) | 666 |

| | Cost | Accumulated depreciation | Net carrying amount |
|----------------------------------|---------------|-------------------------------------|------------------------------------|
| | RM'000 | RM'000 | RM'000 |
| <u>As at 30 June 2022</u> | | | |
| 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 |

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

| | 2023 | 2022 |
|----------------|---------------|---------------|
| | RM'000 | RM'000 |
| Motor vehicles | - | 190 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

| Group | 2023 | | | | | 2022 | | | | | | | | | | |
|-----------------------------------|---|------------------|--------------------|---------------------|-------------------------|-----------------------------|---------------------|---|---|------------------|--------------------|---------------------|-------------------------|-----------------------------|---------------------|---|
| | Net carrying amount at beginning of financial year RM'000 | Additions RM'000 | Termination RM'000 | Reassessment RM'000 | Reclassification 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 | Reclassification RM'000 | Exchange differences RM'000 | Depreciation RM'000 | Net carrying amount at end of financial year RM'000 |
| Hotel land and building (Note ii) | 50,981 | - | - | - | (43,835) | 397 | (190) | 7,353 | 55,965 | - | - | - | - | (3,596) | (1,388) | 50,981 |
| Buildings | 245,512 | 33,936 | (38,863) | (6,827) | - | 20,514 | (38,887) | 215,385 | 268,037 | 12,060 | (18) | 26,023 | - | (15,475) | (45,115) | 245,512 |
| Motor vehicle | 262 | - | - | - | - | - | (143) | 119 | 405 | - | - | - | - | - | (143) | 262 |
| Other equipment | 421 | 30 | (78) | - | - | - | (62) | 311 | 328 | 154 | - | - | - | (61) | 421 | |
| | 297,176 | 33,966 | (38,941) | (6,827) | (43,835) | 20,911 | (39,282) | 223,168 | 324,735 | 12,214 | (18) | 26,023 | (19,071) | (46,707) | 297,176 | |

The right-of-use assets for buildings are in respect of lease contracts for office and business premises for the operation.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2023

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 2023 | | | | |
| Hotel land | 8,253 | (900) | - | 7,353 |
| Buildings | 313,176 | (97,563) | (228) | 215,385 |
| Motor vehicle | 429 | (310) | - | 119 |
| Other equipment | 430 | (119) | - | 311 |
| | 322,288 | (98,892) | (228) | 223,168 |
| 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 |

Notes:

- (i) As at the reporting date, leasehold hotel land of the Group with net carrying amounts of RM7,353,000 (2022: Hotel land and buildings of RM50,981,000 and factory buildings of RM13,219,000) were pledged to financial institution for credit facilities granted to subsidiary companies as disclosed in Note 22(b).
- (ii) The hotel building amounting to RM43,835,000 is reclassified to property, plant and equipment during the current financial year to better reflect the nature of the acquired identified asset that was erected on the underlying lease asset as disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 |
|-----------------|--|---------------------|------------------------|--|
| 2023 | | | | |
| Buildings | 1,172 | 4,669 | (2,339) | 3,502 |
| Other equipment | 25 | - | (9) | 16 |
| | <u>1,197</u> | <u>4,669</u> | <u>(2,348)</u> | <u>3,518</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 |
| 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> |

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 2023 | | | |
| Buildings | 4,669 | (1,167) | 3,502 |
| Other equipment | 45 | (29) | 16 |
| | <u>4,714</u> | <u>(1,196)</u> | <u>3,518</u> |
| | 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> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At beginning of financial year | 249,132 | 265,069 | 1,247 | 3,570 |
| Additions | 33,966 | 12,214 | 4,669 | 21 |
| Reassessment | (6,827) | 26,023 | - | - |
| Termination | (40,181) | (505) | - | - |
| Interest expense in lease liabilities (Note 33) | 8,261 | 9,202 | 120 | 122 |
| Lease payments | (53,683) | (44,704) | (2,470) | (2,466) |
| Exchange differences | 24,774 | (18,167) | - | - |
| At end of financial year | 215,442 | 249,132 | 3,566 | 1,247 |
| Analysed as: | | | | |
| - Non-current | 184,833 | 212,722 | 1,222 | 18 |
| - Current | 30,609 | 36,410 | 2,344 | 1,229 |
| At end of financial year | 215,442 | 249,132 | 3,566 | 1,247 |

Other information relating to lease contract

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other income from sublease (Note 32) | 3,445 | 3,120 | 10 | - |
| Gain on lease termination (Note 32) | 1,240 | 487 | - | - |
| Expenses relating to leases of: | | | | |
| - low-value assets (Note 29) | 100 | 69 | - | - |
| - short term leases (Note 29) | 1,552 | 1,176 | - | - |

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
 - short term leases

Cash flows from financing activities:

| | | | | |
|---|--------|--------|-------|-------|
| Payment for lease liabilities - interests | 8,261 | 9,202 | 120 | 122 |
| Payment for lease liabilities - principal | 45,422 | 35,502 | 2,350 | 2,344 |
| Total lease payment | 53,683 | 44,704 | 2,470 | 2,466 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES

| | <u>Company</u> | |
|-------------------------------------|------------------|------------------|
| | <u>2023</u> | <u>2022</u> |
| | <u>RM'000</u> | <u>RM'000</u> |
| Unquoted shares, at cost | 6,797,200 | 6,717,472 |
| Less: Accumulated impairment losses | (2,403,016) | (2,402,093) |
| | <u>4,394,184</u> | <u>4,315,379</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 RM1,195,000 (2022: RM623,000), as disclosed in Note 31, as the carrying values exceeded the value-in-use amounts estimated by the Company. During the financial year, the investment cost and accumulated impairment losses of RM272,000 were reversed following the dissolution of a dormant direct subsidiary company.

Details of the subsidiary companies are as follows:

| <u>Name of Company</u> | <u>Country of Incorporation</u> | <u>Principal Activities</u> | <u>Equity interest</u> | |
|---------------------------------------|---------------------------------|--|------------------------|-------------|
| | | | <u>2023</u> | <u>2022</u> |
| | | | % | % |
| Subsidiary companies of SPToto | | | | |
| FEAB Equities Sdn Bhd (Note a) | Malaysia | Struck-off | - | 100 |
| FEAB Land Sdn Bhd | Malaysia | Property development and property investment | 100 | 100 |
| FEAB Properties Sdn Bhd (Note d) | Malaysia | Property investment and investment holding | 100 | 100 |
| Magna Mahsuri Sdn Bhd (Note e) | Malaysia | Property investment and investment holding | 100 | 100 |
| STM Lottery ^^ | Malaysia | Toto betting operations | 100 | 100 |
| Sports Toto Fitness Sdn Bhd * | Malaysia | Dormant | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

| <u>Name of Company</u> | <u>Country of Incorporation</u> | <u>Principal Activities</u> | <u>Equity interest</u> | |
|--|---------------------------------|---|------------------------|-----------|
| | | | 2023 % | 2022 % |
| 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 (Note c) | Malaysia | Dormant, under liquidation | 100 | 100 |
| Sports Toto Computer Sdn Bhd | Malaysia | Computer consultancy services | 100 | 100 |
| Sports Toto Products Sdn Bhd (Note c) | 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 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

| <u>Name of Company</u> | <u>Country of Incorporation</u> | <u>Principal Activities</u> | <u>Equity interest</u> | |
|--|---------------------------------|---|------------------------|-----------|
| | | | 2023 % | 2022 % |
| 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 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

| <u>Name of Company</u> | <u>Country of Incorporation</u> | <u>Principal Activities</u> | <u>Equity interest</u> | |
|---|---------------------------------|--|------------------------|-----------|
| | | | 2023 % | 2022 % |
| Subsidiary companies of H.R. Owen (Continued) | | | | |
| 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 |
| H.R. Owen Dealerships Limited * | United Kingdom | Motor retailing and provision of aftersales services | 100 | 100 |
| H R Owen Insurance Services Limited * | United Kingdom | Provision of insurance agent and broker services | 95 | 95 |
| H.R. Owen Servicing and Repairs Limited (formerly known as Joe Macari Servicing Limited) * (Note b) | United Kingdom | Provision of aftersales services | 100 | - |
| Pangbourne 6939 Limited * | United Kingdom | Property investment | 100 | 100 |
| Upbrook Mews Limited * | United Kingdom | Property investment | 100 | 100 |
| Bradshaw Webb (Chelsea) Limited * | United Kingdom | Dormant | 100 | 100 |
| Holland Park Limited * | United Kingdom | Dormant | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

| <u>Name of Company</u> | <u>Country of Incorporation</u> | <u>Principal Activities</u> | <u>Equity interest</u> | |
|--|---------------------------------|-------------------------------------|------------------------|-----------|
| | | | 2023 % | 2022 % |
| Subsidiary companies of H.R. Owen (Continued) | | | | |
| J M Developments (UK) Limited * (Note b) | United Kingdom | Dormant | 100 | - |
| Shepperton 6939 Limited * | United Kingdom | Dormant | 100 | 100 |
| Heathrow Limited * (Note f) | United Kingdom | Dormant, under striking-off process | 100 | 100 |
| H.R. Owen Investments Limited * (Note f) | United Kingdom | Dormant, under striking-off process | 100 | 100 |
| Malaya Dealerships Limited * (Note f) | United Kingdom | Dormant, under striking-off process | 100 | 100 |
| H.R. Owen Leasing Limited * (Note a) | United Kingdom | Dissolved | - | 100 |
| H.R. Owen Motor Dealerships Limited * (Note a) | United Kingdom | Dissolved | - | 100 |
| H.R. Owen Motor Properties Limited * (Note a) | United Kingdom | Dissolved | - | 100 |
| H.R. Owen Vehicle Leasing Company Limited * (Note a) | United Kingdom | Dissolved | - | 100 |
| London Lotus Centre Limited * (Note a) | United Kingdom | Dissolved | - | 100 |
| Netprofit.com Limited ("Netprofit") * (Note a) | United Kingdom | Dissolved | - | 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

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

[^] The total equity interests held by the Group in BPI is 88.26% (2022: 88.26%) and it is held by the following companies respectively:

| | 2023 | 2022 |
|-----------|--------------|--------------|
| | % | % |
| (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 as at the previous financial year end prior to its dissolution was 100% and it was held by the following companies respectively:

| | 2022 |
|--------------------------------------|---------------|
| | % |
| (i) H.R. Owen | 50.00 |
| (ii) Bradshaw Webb (Chelsea) Limited | 50.00 |
| | <u>100.00</u> |

^{^^} 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 22(a). The carrying value of the unquoted shares were RM3,625,624,000 (2022: RM3,625,624,000) at the reporting date.

Note a The Group has struck off the following wholly-owned dormant subsidiary companies from the Registrar of Companies of the respective countries and dissolved accordingly:

- London Lotus Centre Limited 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 dissolved on 9 August 2022;
- Netprofit dissolved on 20 September 2022; and
- FEAB Equities Sdn Bhd dissolved on 8 November 2022.

Note b On 31 August 2022, H.R. Owen, a subsidiary company of the Group, acquired two (2) wholly-owned subsidiary companies namely H.R. Owen Servicing and Repairs Limited (formerly known as Joe Macari Servicing Limited) and J M Developments (UK) Limited with details disclosed in Note (1) below.

Note c On 1 November 2022, the Company announced the voluntary winding-up of its wholly-owned subsidiary companies namely Sports Toto Apparel Sdn Bhd ("STA") and Sports Toto Products Sdn Bhd ("STP"). The winding-up process of both STA and STP was completed on 17 July 2023.

Note d On 30 June 2023, the Company subscribed for 5,000,000 new ordinary shares issued by FEAB Properties Sdn Bhd for a consideration of RM5,000,000 satisfied via capitalisation of intercompany advances.

Note e On 30 June 2023, the Company subscribed for 75,000,000 new ordinary shares issued by Magna Mahsuri Sdn Bhd for a consideration of RM75,000,000 satisfied via capitalisation of intercompany advances.

NOTES TO THE FINANCIAL STATEMENTS

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5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Note f The following dormant subsidiary companies of the Group were dissolved subsequent to the financial year end on 29 August 2023:

- Heathrow Limited;
- H.R. Owen Investments Limited; and
- Malaya Dealerships Limited.

(1) Acquisition of Subsidiary Companies

During the financial year, H.R. Owen, acquired two (2) wholly-owned subsidiary companies namely H.R. Owen Servicing and Repairs Limited (formerly known as Joe Macari Servicing Limited) and J M Developments (UK) Limited for a total cash consideration of £3,015,000 (equivalent to approximately RM15,643,000). An initial sum of £765,000 (equivalent to approximately RM3,969,000) was paid during the financial year and the nominal value of the remaining cash consideration of £2,250,000 which will be paid over three (3) years from the date of acquisition. The present value of the remaining cash consideration amounts to £2,043,000 (equivalent to approximately RM10,602,000). With that, the aggregate present value of the total consideration amounts to £2,808,000 (equivalent to approximately RM14,571,000).

The cost of acquisition comprised the following:

| | 2023 |
|--|---------------|
| | RM'000 |
| Group | |
| Purchase consideration satisfied by cash in the current financial year | 3,969 |
| Present value of the remaining cash consideration to be paid within one (1) year (Note 26) | 3,352 |
| Present value of the remaining cash consideration to be paid later than one (1) year (Note 23) | 7,250 |
| Total present value of the remaining cash consideration to be paid | 10,602 |
| Investment cost, representing fair value of the subsidiary companies acquired at the date of acquisition | <u>14,571</u> |

The fair values of the identifiable assets and liabilities of these subsidiary companies as at the date of acquisition were as follows:

| | Fair value |
|--|-------------------|
| | RM'000 |
| Property, plant and equipment (Note 3) | 328 |
| Cash and cash equivalent acquired | 1 |
| Total net assets acquired | 329 |
| Goodwill on consolidation (Note 10) | 6,098 |
| Intangible assets on consolidation (Note 10) | 10,859 |
| | 17,286 |
| Less: Deferred tax liabilities arising on consolidation (Note 9) | (2,715) |
| Investment cost, representing fair value of the subsidiary companies acquired at the date of acquisition | <u>14,571</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(2) 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 | 2023 | 2022 |
|-----------------------------|--|-------|-------|
| | | % | % |
| 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

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| <u>BPI</u> | | |
| Non-current assets | 1,178,176 | 957,407 |
| Current assets | 1,295,851 | 976,210 |
| Total assets | 2,474,027 | 1,933,617 |
| Non-current liabilities | 420,013 | 362,887 |
| Current liabilities | 1,130,136 | 776,517 |
| Total liabilities | 1,550,149 | 1,139,404 |
| Net assets | 923,878 | 794,213 |
| Equity attributable to equity holders of the parent | 852,953 | 732,287 |
| Non-controlling interests | 70,925 | 61,926 |
| Total equity | 923,878 | 794,213 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

5 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(2) Subsidiary companies with material non-controlling interests (Continued)

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

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| <u>BPI</u> | | |
| Revenue | 3,101,393 | 3,020,563 |
| Profit for the financial year attributable to: | | |
| Owners of the parent | 43,704 | 68,358 |
| Non-controlling interests | 5,992 | 9,330 |
| Profit for the financial year | 49,696 | 77,688 |
| Other comprehensive income (net of tax) attributable to: | | |
| - Owners of the parent | 76,963 | (26,763) |
| - Non-controlling interests | 3,007 | (9,136) |
| Other comprehensive income for the financial year | 79,970 | (35,899) |
| Total comprehensive income for the financial year | 129,666 | 41,789 |
| Total comprehensive income attributable to: | | |
| - Owners of the parent | 120,667 | 41,595 |
| - Non-controlling interests | 8,999 | 194 |
| Total comprehensive income for the financial year | 129,666 | 41,789 |

(iii) Summarised statement of cash flows

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| <u>BPI</u> | | |
| Net cash from/(used in): | | |
| Operating activities | 40,133 | 107,136 |
| Investing activities | (133,469) | (107,796) |
| Financing activities | 131,742 | 100,964 |
| Net change in cash and cash equivalents | 38,406 | 100,304 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

6 INVESTMENT IN ASSOCIATED COMPANIES

| | Group | | Company | |
|-------------------------------------|---------|----------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unquoted shares, at cost | 119,428 | 124,928 | 30,461 | 30,461 |
| Share of post-acquisition reserves | 1,258 | (16,493) | - | - |
| | 120,686 | 108,435 | 30,461 | 30,461 |
| Exchange differences | 5,509 | (1,041) | - | - |
| | 126,195 | 107,394 | 30,461 | 30,461 |
| Less: Accumulated impairment losses | (472) | (3,803) | (27,923) | (27,923) |
| | 125,723 | 103,591 | 2,538 | 2,538 |

In the previous financial year, the Company recognised impairment losses of RM1,979,000 as disclosed in Note 31, in respect of certain investment in unquoted associated company as the carrying value exceeded its recoverable amount.

Certain shares in an unquoted associated company of the Group with carrying amount of RM43,210,000 (2022: RM34,020,000) are pledged for credit facilities granted to a foreign subsidiary company of the Group during the financial year as disclosed in Note 22(b).

Movement of accumulated impairment losses:

| | Group | | Company | |
|---|---------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of financial year | 3,803 | 3,834 | 27,923 | 25,944 |
| Net charge for the financial year (Note 31) | - | - | - | 1,979 |
| Written off during the financial year | (3,356) | - | - | - |
| Exchange differences | 25 | (31) | - | - |
| At end of financial year | 472 | 3,803 | 27,923 | 27,923 |

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> | |
|-----------------------------------|---------------------------------|-----------------------------|------------------------|------|
| | | | 2023 | 2022 |
| | | | % | % |
| 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 2023

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>2023</u> % | <u>2022</u> % |
| Associate of FEAB Properties Sdn Bhd | | | | |
| Cashsystems Asia Technology Sdn Bhd (Note a) | Malaysia | Dissolved | - | 30 |
| Associates of BPI | | | | |
| Berjaya Pizza (Philippines) Inc. | Philippines | Development and operation of "Papa John's Pizza" chain of restaurants in the Philippines | 48.38 | 48.38 |
| Berjaya Auto Asia Inc. (Note b) | Philippines | Selling and distribution of vehicles within the territory of the Philippines | 19.98 | 19.98 |
| Bermaz Auto Philippines Inc. ("BAPI") | Philippines | Selling and distribution of Mazda brand vehicles within the territory of the Philippines | 28.28 | 28.28 |
| Chailease Berjaya Finance Corporation | Philippines | Provision of hire purchase and loan financing services | 25 | 25 |
| Neptune Properties, Incorporated | Philippines | Engage in real estate business | 41.46 | 41.46 |
| Perdana Land Philippines Inc. | Philippines | Acquire, develop and lease real estate | 40 | 40 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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>2023</u> % | <u>2022</u> % |
| Associates of BPI (Continued) | | | | |
| Philippine Gaming Management Corporation ("PGMC") | Philippines | Leasing of online lottery equipment and provision of software support | 39.99 | 39.99 |
| Ssangyong Berjaya Motor Philippines Inc. | Philippines | Selling and distribution of Ssangyong brand vehicles within the territory of the Philippines | 21.67 | 21.67 |
| Cosway Philippines Inc. | Philippines | Dormant, under striking-off process | 40 | 40 |

Note a Cashsystems Asia Technology Sdn Bhd, an associated company of the Group, was dissolved on 15 February 2023.

Note b Berjaya Auto Asia Inc. has changed its name to Bermaz Auto Asia Inc. effective 14 September 2023.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 RM'000 | BAPI RM'000 | Total RM'000 |
|-------------------------------|----------------|----------------|-----------------|
| <u>At 30 June 2023</u> | | | |
| Non-current assets | 87,602 | 65,094 | 152,696 |
| Current assets | 99,455 | 200,784 | 300,239 |
| Total assets | <u>187,057</u> | <u>265,878</u> | <u>452,935</u> |
| Non-current liabilities | 44,597 | 52,364 | 96,961 |
| Current liabilities | 21,804 | 68,891 | 90,695 |
| Total liabilities | <u>66,401</u> | <u>121,255</u> | <u>187,656</u> |
| Net assets | <u>120,656</u> | <u>144,623</u> | <u>265,279</u> |
| Group's share of net assets | <u>48,250</u> | <u>40,899</u> | <u>89,149</u> |
| <u>At 30 June 2022</u> | | | |
| Non-current assets | 50,772 | 64,783 | 115,555 |
| Current assets | 64,005 | 131,781 | 195,786 |
| Total assets | <u>114,777</u> | <u>196,564</u> | <u>311,341</u> |
| Non-current liabilities | 3,582 | 45,071 | 48,653 |
| Current liabilities | 11,004 | 38,925 | 49,929 |
| Total liabilities | <u>14,586</u> | <u>83,996</u> | <u>98,582</u> |
| Net assets | <u>100,191</u> | <u>112,568</u> | <u>212,759</u> |
| Group's share of net assets | <u>40,066</u> | <u>31,834</u> | <u>71,900</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

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

| | PGMC RM'000 | BAPI RM'000 | Total RM'000 |
|--|------------------------------|------------------------------|-------------------------------|
| <u>For financial year ended 30 June 2023</u> | | | |
| Revenue | 100,980 | 255,231 | 356,211 |
| Profit for the financial year | 28,464 | 24,315 | 52,779 |
| Other comprehensive income | 80 | 89 | 169 |
| Total comprehensive income for the financial year | 28,544 | 24,404 | 52,948 |
| Group's share of profit for the financial year | 11,383 | 6,876 | 18,259 |
| Group's share of other comprehensive income for the financial year | 32 | 25 | 57 |
| | PGMC RM'000 | BAPI RM'000 | Total 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 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

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 |
|---|------------------------|------------------------|-------------------------|
| 2023 | | | |
| Net assets as at 1 July 2022 | | | |
| prior to equity contribution | 100,191 | 112,568 | 212,759 |
| Exchange differences | 6,416 | 7,651 | 14,067 |
| Profit for the financial year | 28,464 | 24,315 | 52,779 |
| Other comprehensive income | 80 | 89 | 169 |
| Dividend paid during the financial year | (14,495) | - | (14,495) |
| | <u>120,656</u> | <u>144,623</u> | <u>265,279</u> |
| Equity contribution from parent | - | 3,727 | 3,727 |
| Exchange differences | - | 208 | 208 |
| Net assets as at 30 June 2023 | <u>120,656</u> | <u>148,558</u> | <u>269,214</u> |
| Interest in the associated companies | 39.99% | 28.28% | |
| Group's equity interests | 48,250 | 40,899 | 89,149 |
| Goodwill | - | 2,311 | 2,311 |
| Carrying value of the Group's interest in the associated companies | <u>48,250</u> | <u>43,210</u> | <u>91,460</u> |
| | PGMC RM'000 | BAPI RM'000 | Total RM'000 |
| 2022 | | | |
| 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> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

6 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

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

| | 2023 | 2022 |
|--|---------------|----------------|
| | RM'000 | RM'000 |
| The Group's share of profit/(loss) for the financial year | 3,513 | (2,171) |
| The Group's share of other comprehensive income for the financial year | (425) | (390) |
| The Group's share of total comprehensive income for the financial year | <u>3,088</u> | <u>(2,561)</u> |
| Aggregate carrying amounts of the total Group's interests in these associated companies | <u>34,263</u> | <u>29,505</u> |

The Group has discontinued the recognition of its share of losses of certain associated companies because the share of losses of these associated companies has exceeded the Group's interest in these associated companies. As at the reporting date, the Group's cumulative unrecognised share of losses in these associated companies amounted to PHP139,596,000 equivalent to RM11,814,000 (2022: PHP135,354,000 equivalent to RM10,838,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

7 LONG TERM INVESTMENTS

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At fair value: | | | | |
| - Quoted shares in Malaysia | 89,900 | 44,395 | - | - |
| - Quoted warrants in Malaysia | - | 314 | - | - |
| - Unquoted shares outside Malaysia | 31,132 | 33,083 | - | - |
| - Malaysian Government Securities | 3,162 | 3,040 | - | - |
| | 124,194 | 80,832 | - | - |
| At cost: | | | | |
| Club memberships | 981 | 981 | 353 | 353 |
| Less: Accumulated impairment losses | (945) | (945) | (353) | (353) |
| | 36 | 36 | - | - |
| | 124,230 | 80,868 | - | - |

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% (2022: 4.5%) per annum.

Further details on fair value hierarchy and classification of equity investments are disclosed in Notes 40 and 41 respectively.

8 INVESTMENT PROPERTIES

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At beginning of financial year | 116,766 | 117,534 |
| Fair value adjustment during the financial year (Note 31) | (400) | - |
| Exchange differences | 1,053 | (768) |
| At end of financial year | 117,419 | 116,766 |
| 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

9 DEFERRED TAX (ASSETS) / LIABILITIES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At beginning of financial year | 11,478 | 6,559 | - | - |
| Recognised in profit or loss (Note 34) | (12,671) | 2,646 | - | - |
| Recognised in other comprehensive income | 2,186 | 3,712 | - | - |
| Arising from acquisition of subsidiary companies (Note 5(1)) | 2,715 | - | - | - |
| Exchange differences | 3,000 | (1,439) | - | - |
| At end of financial year | 6,708 | 11,478 | - | - |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (33,030) | (18,284) | - | - |
| Deferred tax liabilities | 39,738 | 29,762 | - | - |
| | 6,708 | 11,478 | - | - |

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 |
|--|--|--------------------|--|-----------------|
| 2023 | | | | |
| At beginning of financial year | (118) | (22,377) | (2,965) | (25,460) |
| Recognised in profit or loss | (21) | (12,778) | (826) | (13,625) |
| Recognised in other comprehensive income | 33 | - | - | 33 |
| Exchange differences | (7) | (424) | (257) | (688) |
| At end of financial year | (113) | (35,579) | (4,048) | (39,740) |
| Less: set-off against deferred tax liabilities | | | | 6,710 |
| | | | | (33,030) |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

9 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 |
|--|--|--------------------|--|-----------------|
| 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 | <u>(118)</u> | <u>(22,377)</u> | <u>(2,965)</u> | <u>(25,460)</u> |
| Less: set-off against deferred tax liabilities | | | | <u>7,176</u> |
| | | | | <u>(18,284)</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 |
|--|--------------------------------|--|------------------------------------|---|-----------------|
| 2023 | | | | | |
| At beginning of financial year | 13,815 | 12,583 | 2,005 | 8,535 | 36,938 |
| Recognised in profit or loss | - | 1,260 | 121 | (427) | 954 |
| Recognised in other comprehensive income | - | - | - | 2,153 | 2,153 |
| Arising from acquisition of subsidiary companies (Note 5(1)) | 2,715 | - | - | - | 2,715 |
| Exchange differences | 2,260 | 636 | - | 792 | 3,688 |
| At end of financial year | <u>18,790</u> | <u>14,479</u> | <u>2,126</u> | <u>11,053</u> | <u>46,448</u> |
| Less: set-off against deferred tax assets | | | | | <u>(6,710)</u> |
| | | | | | <u>39,738</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

9 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 |
|--|--------------------------------|--|------------------------------------|---|-----------------|
| 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> |

Deferred Tax Assets of the Company:

| | Other payables RM'000 |
|--|-----------------------------|
| 2023 | |
| At beginning/end of financial year | (17) |
| Less: set-off against deferred tax liability | 17 |
| | <u>-</u> |
| 2022 | |
| At beginning/end of financial year | (17) |
| Less: set-off against deferred tax liability | 17 |
| | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

9 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

Deferred Tax Liability of the Company:

| | Accelerated capital allowances RM'000 |
|---|--|
| 2023 | |
| At beginning/end of financial year | 17 |
| Less: set-off against deferred tax assets | (17) |
| | <u>-</u> |
| 2022 | |
| At beginning/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 | |
|-------------------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Unutilised tax losses | | |
| -Malaysian income tax | 8,848 | 8,848 |
| -foreign tax | 6,473 | 6,171 |
| Unabsorbed capital allowances | 402 | 428 |
| | <u>15,723</u> | <u>15,447</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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

9 DEFERRED TAX (ASSETS) / LIABILITIES (CONTINUED)

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 | |
|---------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| With no expiry | 3,996 | 3,208 |
| Within 12 months | - | 1,648 |
| More than 12 months | 11,727 | 10,591 |
| | <u>15,723</u> | <u>15,447</u> |

10 INTANGIBLE ASSETS

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At carrying amount: | | |
| Goodwill on consolidation | | |
| At beginning of financial year | 637,231 | 642,614 |
| Arising from acquisition of subsidiary companies (Note 5(1)) | 6,098 | - |
| Exchange differences | 9,874 | (5,383) |
| At end of financial year | <u>653,203</u> | <u>637,231</u> |
| Dealership rights | | |
| At beginning of financial year | 55,263 | 59,556 |
| Exchange differences | 5,887 | (4,293) |
| At end of financial year | <u>61,150</u> | <u>55,263</u> |
| Customer relationships | | |
| At beginning of financial year | 1,077 | 1,501 |
| Arising from acquisition of subsidiary companies (Note 5(1)) | 10,859 | - |
| Amortisation (Note 29) | (1,273) | (331) |
| Exchange differences | 1,518 | (93) |
| At end of financial year | <u>12,181</u> | <u>1,077</u> |
| Other intangible asset | | |
| At beginning of financial year | 3,032 | 3,071 |
| Addition | - | 79 |
| Amortisation (Note 29) | (460) | (293) |
| Exchange differences | 178 | 175 |
| At end of financial year | <u>2,750</u> | <u>3,032</u> |
| Total | <u>729,284</u> | <u>696,603</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

10 INTANGIBLE ASSETS (CONTINUED)

| | Group | |
|---------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Cost | | |
| Goodwill on consolidation | 653,203 | 637,231 |
| Dealership rights | 61,150 | 55,263 |
| Customer relationships | 15,856 | 3,151 |
| Other intangible asset | 4,208 | 3,994 |
| | 734,417 | 699,639 |
| Accumulated Amortisation | | |
| Customer relationships | (3,675) | (2,074) |
| Other intangible asset | (1,458) | (962) |
| | (5,133) | (3,036) |
| Net carrying amounts | 729,284 | 696,603 |

Impairment test on goodwill, dealership rights and customer relationshipsAllocation of goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

| | Group | |
|-------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Toto betting operations | 547,686 | 547,686 |
| Motor dealership | 92,029 | 76,891 |
| Others | 13,488 | 12,654 |
| | 653,203 | 637,231 |

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

10 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 8.8% to 10.5% (2022: 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 for all segments during the current financial year is 1.5% whilst previous financial year was in the range of 1.0% to 1.5%.

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 11.5% (2022: 10.3%).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

10 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 1.5% (2022: 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.

11 INVENTORIES

| | Group | |
|---|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At cost: | | |
| Vehicles | 442,252 | 263,825 |
| Gaming equipment components and parts | 365 | 321 |
| Raw materials | 25,536 | 27,728 |
| Work-in-progress | 6,453 | 761 |
| Ticket inventories | 4,201 | 3,026 |
| Parts and consumables | 34,130 | 22,661 |
| Finished goods and inventories for resale | 2,489 | 1,585 |
| | 515,426 | 319,907 |
| At net realisable value: | | |
| Vehicles | 135,558 | 81,294 |
| Parts and consumables | 1,083 | 647 |
| | 652,067 | 401,848 |

The cost of inventories recognised as an expense during the financial year amounted to RM2,771,819,000 (2022: RM2,604,664,000).

The carrying amounts of inventories pledged for vehicle stocking loans amounted to RM558,395,000 (2022: RM325,519,000) as disclosed in Note 24(a).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

12 RECEIVABLES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Trade receivables | 286,275 | 227,436 | - | - |
| Other receivables | 42,666 | 46,189 | 4 | 5 |
| Refundable deposits | 3,003 | 2,829 | 687 | 725 |
| Amounts due from associated companies | 186,623 | 172,877 | - | - |
| | 518,567 | 449,331 | 691 | 730 |
| Less: Allowance for impairment | | | | |
| - trade receivables | (2,379) | (2,250) | - | - |
| - other receivables | (373) | (191) | - | - |
| - amounts due from associated companies | (7,642) | (5,416) | - | - |
| | 508,173 | 441,474 | 691 | 730 |
| <u>Other current non-financial assets</u> | | | | |
| Dividend receivable | - | - | 81,016 | 81,016 |
| Other receivables | 68,346 | 45,299 | - | - |
| Prepayments | 36,867 | 49,193 | 83 | - |
| | 613,386 | 535,966 | 81,790 | 81,746 |

The Group's trade receivables are non-interest bearing with credit term ranging from 1 to 90 days (2022: 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 RM169,010,000 (2022: RM136,557,000). The amount due from this related company is unsecured and considered as a significant concentration of credit risk to the Group.

(a) Trade receivables

Ageing analysis of trade receivables

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

| | Group | |
|-------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Current | 82,813 | 65,939 |
| 1 to 30 days | 27,919 | 19,756 |
| 31 to 60 days | 8,005 | 6,016 |
| 61 to 90 days | 2,358 | 10,292 |
| More than 90 days | 162,801 | 123,183 |
| | 201,083 | 159,247 |
| Impaired | 2,379 | 2,250 |
| | 286,275 | 227,436 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

12 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 | |
|-------------------------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| <u>Individually impaired</u> | | |
| Trade receivables - nominal amounts | 2,379 | 2,250 |
| Less: Allowance for impairment | (2,379) | (2,250) |
| | <u>-</u> | <u>-</u> |

Movement in allowance accounts

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At beginning of financial year | 2,250 | 3,056 |
| Net charge/(reversal) for the financial year (Note 29) | 236 | (672) |
| Written off | (352) | - |
| Exchange differences | 245 | (134) |
| At end of financial year | <u>2,379</u> | <u>2,250</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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

12 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 | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At beginning of financial year | 191 | 153 |
| Net charge for the financial year (Note 29) | 158 | 47 |
| Exchange differences | 24 | (9) |
| At end of financial year | <u>373</u> | <u>191</u> |

(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 RM53,762,000 (2022: RM46,202,000) that is non-interest bearing.

Movement in allowance accounts

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At beginning of financial year | 5,416 | 3,844 |
| Net charge for the financial year (Note 31) | 1,824 | 1,879 |
| Exchange differences | 402 | (307) |
| At end of financial year | <u>7,642</u> | <u>5,416</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

13 CONTRACT ASSETS / (LIABILITIES)

| | Group | |
|---|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Contract asset | | |
| <u>Current</u> | | |
| Wagering and voting systems contracts (a) | 15,789 | 4,740 |
| Contract liabilities | | |
| <u>Non-current</u> | | |
| Wagering and voting systems contracts (a) | - | (84) |
| <u>Current</u> | | |
| Wagering and voting systems contracts (a) | (1,549) | (12,918) |
| Deposits received from customers for sale of motor vehicles (b) | (355,633) | (279,151) |
| | <u>(357,182)</u> | <u>(292,069)</u> |
| | <u>(357,182)</u> | <u>(292,153)</u> |

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

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

| | Group | |
|--|----------------|-----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| <u>Current:</u> | | |
| <u>Contract assets</u> | | |
| At beginning of financial year | 4,740 | 7,471 |
| Add: Revenue recognised during the financial year | 12,234 | 1,046 |
| Less: Progress billings during the financial year | (1,978) | (4,271) |
| Exchange differences | 793 | 494 |
| At end of financial year | <u>15,789</u> | <u>4,740</u> |
| <u>Contract liabilities</u> | | |
| At beginning of financial year | (13,002) | (577) |
| Add: Deferred during the financial year | (1,549) | (12,833) |
| Less: Revenue recognised during the financial year | 13,227 | 508 |
| Exchange differences | (225) | (100) |
| At end of financial year | <u>(1,549)</u> | <u>(13,002)</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

13 CONTRACT ASSETS / (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 | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Within one year | 1,549 | 12,918 |
| More than one year but not later than five years | - | 84 |
| | <u>1,549</u> | <u>13,002</u> |

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

The movement of contract liabilities is as follows:

| | Group | |
|--|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| <u>Current:</u> | | |
| <u>Contract liabilities</u> | | |
| At beginning of financial year | (279,151) | (169,341) |
| Add: Deferred during the financial year | (231,651) | (283,587) |
| Less: Revenue recognised during the financial year | 170,641 | 171,631 |
| Exchange differences | (15,472) | 2,146 |
| At end of financial year | <u>(355,633)</u> | <u>(279,151)</u> |

Contract liabilities represent the obligations to deliver the motor vehicles to the customers for which the Group has received the considerations (i.e. customer deposits received) 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 | |
|-----------------|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Within one year | <u>355,633</u> | <u>279,151</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

14 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

| | Company | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Amounts due from subsidiary companies | 368,506 | 387,405 |
| Less: Allowance for impairment | - | (148) |
| | <u>368,506</u> | <u>387,257</u> |
| Movement in allowance accounts: | | |
| At beginning of financial year | 148 | 184 |
| (Reversal)/charge for the financial year (Notes 31 and 32) | (148) | 6 |
| Written off | - | (42) |
| At end of financial year | <u>-</u> | <u>148</u> |

Amounts due from subsidiary companies are unsecured, interest bearing and repayable on demand except for an amount of RM382,000 (2022: RM519,000) which is non-interest bearing.

15 DEPOSITS WITH FINANCIAL INSTITUTIONS, CASH AND BANK BALANCES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Fixed deposits with financial institutions | 402,125 | 368,517 | 26,000 | 15,500 |
| Cash and bank balances | 230,702 | 190,313 | 2,303 | 4,504 |
| | <u>632,827</u> | <u>558,830</u> | <u>28,303</u> | <u>20,004</u> |
| Fixed deposits with financial institutions comprise term deposits with: | | | | |
| - licensed banks | 232,759 | 256,391 | 26,000 | 15,500 |
| - other financial institutions | 169,366 | 112,126 | - | - |
| | <u>402,125</u> | <u>368,517</u> | <u>26,000</u> | <u>15,500</u> |

(a) Included in cash and bank balances of the Group are amounts of RM1,383,000 (2022: RM1,755,000) held in debt service reserve accounts for credit facilities granted to the Group.

(b) Fixed deposits of the Group amounting to RM136,000 (2022: RM133,000) are pledged for other facilities granted by financial institutions to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

15 DEPOSITS WITH FINANCIAL INSTITUTIONS, CASH AND BANK BALANCES (CONTINUED)

For the purpose of Statements of Cash Flows, cash and cash equivalents comprise the following:

| | Group | | Company | |
|---|---------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed deposits with financial institutions | 402,125 | 368,517 | 26,000 | 15,500 |
| Cash and bank balances | 230,702 | 190,313 | 2,303 | 4,504 |
| | 632,827 | 558,830 | 28,303 | 20,004 |
| Less: Fixed deposits with financial institutions restricted for use | (136) | (133) | - | - |
| | 632,691 | 558,697 | 28,303 | 20,004 |

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

| | Group | | Company | |
|------------------------------|-------|-------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| Licensed banks | 3.09% | 2.01% | 2.85% | 1.75% |
| Other financial institutions | 5.94% | 5.94% | - | - |

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

| | Group | | Company | |
|------------------------------|---------|---------|---------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| Licensed banks | 10 days | 10 days | 3 days | 1 day |
| Other financial institutions | 31 days | 31 days | - | - |

16 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

The disposal of freehold land with carrying amount of RM6,986,000 under non-current asset classified as held for sale was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

17 SHARE CAPITAL

| | Group and Company | | | |
|------------------------------------|------------------------------|--------------------|----------------|----------------|
| | Number of ordinary shares | | Amount | |
| | 2023 Units '000 | 2022 Units '000 | 2023 RM'000 | 2022 RM'000 |
| Issued and fully paid: | | | | |
| At beginning/end of 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 | |
|---|------------------------------|--------------------|
| | 2023 Units '000 | 2022 Units '000 |
| Total number of issued ordinary shares | 1,351,030 | 1,351,030 |
| Less: Ordinary shares held as treasury shares (Note 20) | (10,875) | (11,658) |
| | <u>1,340,155</u> | <u>1,339,372</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.

18 RESERVES

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Capital reserve (Note a) | 285,306 | 285,306 |
| Consolidation reserve (Note b) | (64,556) | (64,556) |
| Foreign currency translation reserve (Note c) | 177,710 | 92,516 |
| Fair value through other comprehensive income ("FVTOCI") reserve (Note d) | (33,687) | (37,362) |
| | <u>364,773</u> | <u>275,904</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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

19 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.

20 TREASURY SHARES

| | Group and Company | | | |
|--|--------------------|--------------------|----------------|----------------|
| | Number of shares | | Amount | |
| | 2023 Units '000 | 2022 Units '000 | 2023 RM'000 | 2022 RM'000 |
| At beginning of financial year | 11,658 | 9,130 | 23,626 | 18,631 |
| Distribution of share dividend (Note 36) | (11,138) | - | (22,572) | - |
| Acquisition of treasury shares | 10,355 | 2,528 | 14,810 | 4,995 |
| At end of financial year | 10,875 | 11,658 | 15,864 | 23,626 |

The renewal of the Company's plan and mandate relating to the share buyback was approved by the shareholders of the Company on 7 December 2022 granting the directors of the Company the authority to buy back its own shares up to 10% of the existing total number of issued shares, inclusive of all treasury shares that have been bought back.

21 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS)

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At beginning of financial year | (24,839) | (9,319) |
| Recognised in profit or loss | (474) | (19) |
| Recognised in other comprehensive income | (8,742) | (14,848) |
| Employer's contribution | (878) | (1,187) |
| Exchange differences | (2,710) | 534 |
| At end of financial year | (37,643) | (24,839) |
| Presented after appropriate offsetting as follows: | | |
| Retirement benefit assets | (38,082) | (25,294) |
| Retirement benefit obligations | 439 | 455 |
| | (37,643) | (24,839) |

The foreign subsidiary companies maintained separate funded and unfunded retirement plans for its eligible employees. Actuarial valuations are made regularly to update the retirement benefit obligations/(assets).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

21 RETIREMENT BENEFIT OBLIGATIONS / (ASSETS) (CONTINUED)

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

| | Group | |
|--|-----------------|-----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Present value of retirement benefit obligation | 50,927 | 54,516 |
| Fair value of plan assets | (88,570) | (79,355) |
| Surplus in plan assets | <u>(37,643)</u> | <u>(24,839)</u> |

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

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At beginning of financial year | 54,516 | 80,955 |
| Current service cost and interest cost | 2,113 | 1,570 |
| Actuarial gain | (7,672) | (20,491) |
| Benefits paid by the plan | (3,988) | (1,467) |
| Exchange differences | 5,958 | (6,051) |
| At end of financial year | <u>50,927</u> | <u>54,516</u> |

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

| | Group | |
|---------------------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At beginning of financial year | 79,355 | 90,274 |
| Interest income | 2,587 | 1,589 |
| Return/(deficit) on plan assets | 1,070 | (5,643) |
| Employer's contribution | 878 | 1,187 |
| Benefits paid by the plan | (3,988) | (1,467) |
| Exchange differences | 8,668 | (6,585) |
| At end of financial year | <u>88,570</u> | <u>79,355</u> |

The plan assets consist of the following:

| | Group | |
|---------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Equity instruments | 69,025 | 58,402 |
| Fixed income assets | 19,307 | 20,732 |
| Cash in bank | 238 | 221 |
| | <u>88,570</u> | <u>79,355</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

21 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 | |
|--|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Current and past service costs (net of gain on settlements) recognised in employee benefit expenses (Note 29(b)) | 484 | 152 |
| Net interest income (Note 32) | (958) | (171) |
| Retirement benefits recognised in profit or loss | (474) | (19) |

(ii) Recognised in the statements of comprehensive income:

| | Group | |
|---|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Remeasurement gain/(loss) arising from: | | |
| Actuarial changes in financial assumptions | 11,274 | 21,531 |
| Actuarial changes in demographic assumptions | 573 | 108 |
| Return/(deficit) on plan assets | 1,070 | (5,643) |
| Experience adjustments arising from defined benefit obligations | (4,175) | (1,148) |
| Actuarial gain recognised in other comprehensive income | 8,742 | 14,848 |
| Deferred tax liabilities (Note 9) | (2,186) | (3,712) |
| | 6,556 | 11,136 |
| Attributable to: | | |
| Owners of the parent * | 5,787 | 9,829 |
| Non-controlling interests | 769 | 1,307 |
| | 6,556 | 11,136 |

* Recognised in retained earnings through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

21 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:

| | 2023 | 2022 |
|---------------|-------------|-------------|
| Discount rate | 5.30%-6.22% | 3.80%-6.71% |

Sensitivity analysis for retirement benefit obligation

Should the discount rate decrease by 0.50% (2022: 0.25%) with all other variables held constant, the retirement benefit obligation liabilities would increase by 6.5% (2022: 4.1%).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

22 LONG TERM BORROWINGS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Secured: | | | | |
| At carrying value: | | | | |
| MTN (Note a) | 799,019 | 798,785 | - | - |
| Portion repayable within 12 months included under short term borrowings (Note 24) | (89,959) | - | - | - |
| | 709,060 | 798,785 | - | - |
| Term loans (Note b) | 183,673 | 131,230 | - | - |
| Portion repayable within 12 months included under short term borrowings (Note 24) | (16,844) | (17,152) | - | - |
| | 166,829 | 114,078 | - | - |
| Hire purchase payables (Note c) | 919 | 1,008 | - | 43 |
| Portion repayable within 12 months included under short term borrowings (Note 24) | (306) | (337) | - | (43) |
| | 613 | 671 | - | - |
| Revolving credit (Note d) | 95,000 | 50,000 | - | - |
| Portion repayable within 12 months included under short term borrowings (Note 24) | (12,500) | - | - | - |
| | 82,500 | 50,000 | - | - |
| Total borrowings | 1,078,611 | 981,023 | - | 43 |
| Portion repayable within 12 months included under short term borrowings (Note 24) | (119,609) | (17,489) | - | (43) |
| | 959,002 | 963,534 | - | - |
| Maturities of long term borrowings: | | | | |
| Later than one year but not later than two years | | | | |
| - Term loans | 13,084 | 11,464 | - | - |
| - Hire purchase payables | 263 | 283 | - | - |
| - Revolving credit | 20,000 | - | - | - |
| - MTN | 230,000 | 89,923 | - | - |
| | 263,347 | 101,670 | - | - |
| More than two years but not later than five years | | | | |
| - Term loans | 32,639 | 25,025 | - | - |
| - Hire purchase payables | 350 | 388 | - | - |
| - Revolving credit | 62,500 | 50,000 | - | - |
| - MTN | 194,377 | 369,499 | - | - |
| | 289,866 | 444,912 | - | - |
| Later than five years | | | | |
| - Term loans | 121,106 | 77,589 | - | - |
| - MTN | 284,683 | 339,363 | - | - |
| | 405,789 | 416,952 | - | - |
| Total long term borrowings | 959,002 | 963,534 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

22 LONG TERM BORROWINGS (CONTINUED)

| | Maturity | Group | |
|---|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 |
| The maturities of the MTN as at reporting date are as follows: | | | |
| <u>Current:</u> | | | |
| 5.14% p.a. fixed rate MTN | January 2024 | 25,000 | - |
| 4.20% p.a. fixed rate MTN | June 2024 | 25,000 | - |
| 5.05% p.a. fixed rate MTN | June 2024 | 39,959 | - |
| Portion repayable within one year included under short term borrowings (Note 24) | | 89,959 | - |
| <u>Non-current:</u> | | | |
| 5.14% p.a. fixed rate MTN | January 2024 | - | 25,000 |
| 4.20% p.a. fixed rate MTN | June 2024 | - | 25,000 |
| 5.05% p.a. fixed rate MTN | June 2024 | - | 39,923 |
| 4.15% p.a. fixed rate MTN | September 2024 | 30,000 | 30,000 |
| 4.99% p.a. fixed rate MTN | June 2025 | 200,000 | 200,000 |
| 5.25% p.a. fixed rate MTN | June 2026 | 139,613 | 139,499 |
| 5.45% p.a. fixed rate MTN | June 2028 | 54,764 | - |
| Portion repayable later than one year but not later than five years | | 424,377 | 459,422 |
| 5.45% p.a. fixed rate MTN | June 2028 | - | 54,723 |
| 5.55% p.a. fixed rate MTN | June 2029 | 124,683 | 124,640 |
| 5.65% p.a. fixed rate MTN | June 2029 | 100,000 | 100,000 |
| 4.98% p.a. fixed rate MTN | June 2030 | 60,000 | 60,000 |
| Portion repayable later than five years | | 284,683 | 339,363 |
| | | 799,019 | 798,785 |

(a) The facility amount of the MTN programme is RM800 million (2022: 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 2023, total MTN amounting to RM800 million (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

22 LONG TERM BORROWINGS (CONTINUED)

(b) The term loans obtained by foreign subsidiary companies are secured by:

- (i) freehold land together with the properties and other assets erected on the freehold land and also other buildings of the Group as disclosed in Note 3;
- (ii) a hotel building of the Group as disclosed in Note 3;
- (iii) a right-of-use leasehold hotel land (2022: hotel land and building and factory buildings) of the Group as disclosed in Note 4(a);
- (iv) office and commercial condominium units owned by foreign associated company of the Group; and
- (v) certain unquoted shares of an associated company held by the Group as disclosed in Note 6.

(c) Hire purchase payables

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

| | Group | | Company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | 613 | 671 | - | - |
| Current (Note 24) | 306 | 337 | - | 43 |
| | 919 | 1,008 | - | 43 |

(d) The revolving credit facility amounting to RM95,000,000 (2022: RM50,000,000) 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 | |
|------------------------|-------------|-------------|-----------|-----------|
| | 2023 % | 2022 % | 2023 % | 2022 % |
| Secured: | | | | |
| MTN | 4.15 - 5.65 | 4.15 - 5.65 | - | - |
| Term loans | 2.80 - 8.75 | 2.80 - 6.00 | - | - |
| Hire purchase payables | 4.75 - 5.25 | 4.75 - 5.25 | - | 4.75 |
| Revolving credit | 5.67 | 4.52 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

23 OTHER LONG TERM LIABILITIES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Amount owing to an associated company (Note a) | 50,979 | 39,678 | - | - |
| Less: Amount payable within 12 months (Note 26) | (3,047) | (3,647) | - | - |
| | 47,932 | 36,031 | - | - |
| Deferred cash consideration for acquisition of subsidiary companies (Note 5(1)) | 7,250 | - | - | - |
| | 55,182 | 36,031 | - | - |

(a) Amount owing to an associated company by a foreign subsidiary company is unsecured and non-interest bearing.

24 SHORT TERM BORROWINGS

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Secured: | | | | |
| Term loans (Note 22) | 16,844 | 17,152 | - | - |
| Hire purchase payables (Note 22) | 306 | 337 | - | 43 |
| Revolving credit (Note 22) | 12,500 | - | - | - |
| MTN (Note 22) | 89,959 | - | - | - |
| | 119,609 | 17,489 | - | 43 |
| Vehicle stocking loans (Note a) | 440,519 | 256,723 | - | - |
| | 560,128 | 274,212 | - | 43 |

(a) The vehicle stocking loans obtained by foreign subsidiary companies are secured by fixed and floating charges on certain vehicle inventories held as disclosed in Note 11. The vehicle stocking loans are interest bearing with floating interest rates ranging from 6.50% to 8.50% (2022: 3.24% to 4.63%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

25 PROVISIONS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Sales warranty | | | | |
| At beginning of financial year | 224 | 473 | - | - |
| Provision/(reversal) during the financial year (Note 29) | 1,595 | (262) | - | - |
| Utilised during the financial year | (33) | (4) | - | - |
| Exchange differences | 79 | 17 | - | - |
| At end of financial year | 1,865 | 224 | - | - |
| Restoration costs | | | | |
| At beginning of financial year | 14,981 | 1,655 | 720 | 720 |
| (Reversal)/provision during the financial year (Note 29) | (5,436) | 14,021 | - | - |
| Utilised during the financial year | (256) | - | - | - |
| Exchange differences | 976 | (695) | - | - |
| At end of financial year | 10,265 | 14,981 | 720 | 720 |
| Total | 12,130 | 15,205 | 720 | 720 |

(a) Sales warranty

A foreign subsidiary company provides 3 to 12 months (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

26 PAYABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Trade payables | 185,130 | 96,299 | - | - |
| Other payables | 38,718 | 34,154 | 426 | 336 |
| Deferred cash consideration for acquisition of subsidiary companies (Note 5(1)) | 3,352 | - | - | - |
| Amount due to an associated company (Note 23) | 3,047 | 3,647 | - | - |
| Accruals | 210,647 | 151,743 | 631 | 640 |
| Agency deposits | 39,415 | 39,148 | - | - |
| | 480,309 | 324,991 | 1,057 | 976 |
| <u>Other current non-financial liabilities</u> | | | | |
| Pool betting duty and other indirect taxes payable | 68,416 | 67,808 | - | - |
| Dividend payables | 26,845 | 26,822 | 26,845 | 26,822 |
| Deferred lease income | 205 | 478 | - | - |
| | 575,775 | 420,099 | 27,902 | 27,798 |

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 (2022: 1 to 184 days).

27 AMOUNTS DUE TO SUBSIDIARY COMPANIES

| | Company | |
|---------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Amounts due to subsidiary companies | 1,089,788 | 1,064,200 |
| Less: Amount payable within 12 months | (355,936) | (376,178) |
| Amount payable after 12 months | 733,852 | 688,022 |

Amounts due to subsidiary companies are unsecured and interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

28 REVENUE

Revenue of the Group and of the Company are analysed into the following significant categories and the intra-group transactions are excluded:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <u>Revenue from contract with customers:</u> | | | | |
| Management fee income | - | - | 300 | 300 |
| Toto betting income | 2,831,551 | 2,143,092 | - | - |
| Sale of motor vehicles, charges for aftersales, insurance, repair and maintenance services rendered | 3,092,735 | 3,012,563 | - | - |
| Sale of wagering, voting systems, spare parts and licensing fee | 161,649 | 60,153 | - | - |
| Income from supply of goods and services from hotel operations and others | 8,384 | 7,725 | - | - |
| | 6,094,319 | 5,223,533 | 300 | 300 |
| <u>Other revenue:</u> | | | | |
| Dividend income | - | - | 219,463 | 158,657 |
| Lease income and service charges from investment properties (Note 29) | 5,341 | 5,795 | - | - |
| | 6,099,660 | 5,229,328 | 219,763 | 158,957 |
| Timing of revenue recognition: | | | | |
| - at point in time | 6,064,613 | 5,214,805 | - | - |
| - over time | 29,706 | 8,728 | 300 | 300 |
| | 6,094,319 | 5,223,533 | 300 | 300 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

29 PROFIT BEFORE OTHER INCOME AND EXPENSES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 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 | 436 | 405 | 139 | 130 |
| - under provision in previous financial years | 40 | 22 | 9 | 11 |
| - other auditors | | | | |
| - current financial year | 1,118 | 902 | - | - |
| - Other services | | | | |
| - auditors of the Company | 8 | 8 | 8 | 8 |
| - other auditors | 635 | 747 | - | - |
| Amortisation of intangible assets (Note 10) | 1,733 | 624 | - | - |
| Depreciation of | | | | |
| - property, plant and equipment (Note 3) | 32,792 | 25,370 | 196 | 232 |
| - right-of-use assets (Note 4(a)) | 39,282 | 46,707 | 2,348 | 2,347 |
| Property, plant and equipment written off: | | | | |
| - included in general and administrative expenses (Note 3) | 1,087 | 239 | 4 | 2 |
| Expenses relating to leases of | | | | |
| - low-value assets (Note 4(b)) | 100 | 69 | - | - |
| - short term leases (Note 4(b)) | 1,552 | 1,176 | - | - |
| Contribution to National Sports Council | 32,957 | 25,306 | - | - |
| Allowance for impairment | | | | |
| - trade receivables (Note 12(a)) | 236 | - | - | - |
| - other receivables (Note 12(b)) | 158 | 47 | - | - |
| Loss on disposal of | | | | |
| property, plant and equipment | 234 | 459 | 4 | - |
| Loss on foreign exchange (net) | - | 1,700 | - | - |
| Inventories written down | 4,596 | 2,189 | - | - |
| Employee benefit expenses (Note b): | | | | |
| (excluding directors) | 255,500 | 222,436 | 4,104 | 3,299 |
| Provision for sales warranty (Note 25) | 1,595 | - | - | - |
| Trade receivables written off | 16 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

29 PROFIT BEFORE OTHER INCOME AND EXPENSES (CONTINUED)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit before other income and expenses is stated after crediting: | | | | |
| Gain on disposal of: | | | | |
| - property, plant and equipment | 212 | 411 | - | - |
| - non-current asset classified as held for sale | 502 | - | - | - |
| Reversal of allowance for impairment | | | | |
| - trade receivables (Note 12(a)) | - | 672 | - | - |
| Reversal of provision (Note 25): | | | | |
| - sales warranty | - | 262 | - | - |
| - restoration cost | 5,436 | - | - | - |
| Lease income and service charges | | | | |
| - included in revenue (Note 28) | 5,341 | 5,795 | - | - |
| Gain on foreign exchange (net) | 629 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

29 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 | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <u>Directors of the Company</u> | | | | |
| <u>Executive directors</u> | | | | |
| Salaries, bonuses and other emoluments | 6,910 | 6,611 | 105 | - |
| Defined contribution plans | 807 | 773 | 20 | - |
| Benefits-in-kind | 146 | 131 | - | - |
| <u>Non-Executive directors</u> | | | | |
| Fees | 393 | 400 | 393 | 400 |
| Emoluments | 241 | 254 | 241 | 254 |
| Defined contribution plans | 6 | 6 | 6 | 6 |
| Benefits-in-kind | 15 | 13 | 15 | 13 |
| | 8,518 | 8,188 | 780 | 673 |

(b) Employee benefit expenses

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Wages, salaries and other allowances | 218,671 | 198,192 | 3,176 | 2,784 |
| Social security costs and employee insurance | 19,038 | 15,606 | 152 | 121 |
| Bonuses | 7,767 | 1,840 | 447 | 101 |
| Pension costs | | | | |
| - defined contribution plans | 10,184 | 8,798 | 358 | 321 |
| - defined benefit plans (Note 21(i)) | 484 | 152 | - | - |
| Short term compensated absences | (644) | (2,152) | (29) | (28) |
| Total employee benefit expenses | 255,500 | 222,436 | 4,104 | 3,299 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

30 INVESTMENT RELATED INCOME

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Dividend income from investments | 1,011 | 974 | - | - |
| Gain on deemed disposal of an associated company | - | 162 | - | - |
| Fair value gain on FVTPL equity investments quoted in Malaysia | 14,133 | - | - | - |
| | <u>15,144</u> | <u>1,136</u> | <u>-</u> | <u>-</u> |

31 INVESTMENT RELATED EXPENSES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Impairment in value of investment in a subsidiary company (Note 5) | - | - | 1,195 | 623 |
| Allowance for impairment in amounts due from subsidiary companies (Note 14) | - | - | - | 6 |
| Fair value loss on FVTPL investments quoted in Malaysia | 314 | 751 | - | - |
| Impairment in value of investment in an associated company (Note 6) | - | - | - | 1,979 |
| Fair value loss for investment properties (Note 8) | 400 | - | - | - |
| Allowance for impairment in amounts due from associated companies (Note 12(c)) | 1,824 | 1,879 | - | - |
| | <u>2,538</u> | <u>2,630</u> | <u>1,195</u> | <u>2,608</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

32 OTHER INCOME

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other income comprise: | | | | |
| Interest income: | | | | |
| - deposits with financial institutions | 8,492 | 3,435 | 540 | 304 |
| - advances to subsidiary companies | - | - | 27,136 | 19,543 |
| - advances to associated companies | 5,083 | 6,958 | - | - |
| - defined benefit pension scheme (Note 21(i)) | 958 | 171 | - | - |
| - others | 7,881 | 6,933 | - | - |
| Others: | | | | |
| - income from sublease (Notes 4(b)) | 3,445 | 3,120 | 10 | - |
| - other lease income | 1,824 | 1,408 | - | - |
| - gain on lease termination (Note 4(b)) | 1,240 | 487 | - | - |
| - government grant | 4,448 | 2,408 | - | 22 |
| - other reimbursement income received by a foreign subsidiary company | - | 93 | - | - |
| - reversal of allowance for impairment in amount due from a subsidiary company (Note 14) | - | - | 148 | - |
| - miscellaneous | 7,078 | 9,521 | - | - |
| | <u>40,449</u> | <u>34,534</u> | <u>27,834</u> | <u>19,869</u> |

33 FINANCE COSTS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest on: | | | | |
| - advances from subsidiary companies | - | - | 46,130 | 39,925 |
| - term loans | 5,083 | 4,071 | - | - |
| - MTN | 41,503 | 40,687 | - | - |
| - hire purchase | 80 | 100 | 1 | 7 |
| - vehicle stocking loans | 21,004 | 8,114 | - | - |
| - revolving credits | 3,353 | 719 | - | - |
| - lease interest (Note 4(b)) | 8,261 | 9,202 | 120 | 122 |
| - charged out of deferred transaction costs | 234 | 486 | - | - |
| - loan related expenses | 296 | 1,593 | - | - |
| | <u>79,814</u> | <u>64,972</u> | <u>46,251</u> | <u>40,054</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

34 INCOME TAX EXPENSES

| | Group | | Company | |
|--|-----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current financial year tax expense: | | | | |
| Malaysian income tax | 106,076 | 77,947 | 1,137 | 472 |
| Withholding tax | 285 | 293 | - | - |
| Foreign tax | 17,294 | 20,905 | - | - |
| | <u>123,655</u> | <u>99,145</u> | <u>1,137</u> | <u>472</u> |
| (Over)/under provision in prior financial years | | | | |
| Malaysian income tax | (433) | (17) | (11) | (5) |
| Foreign tax | (2,600) | 1,275 | - | - |
| | <u>(3,033)</u> | <u>1,258</u> | <u>(11)</u> | <u>(5)</u> |
| | <u>120,622</u> | <u>100,403</u> | <u>1,126</u> | <u>467</u> |
| Deferred tax (Note 9): | | | | |
| Relating to (reversal) and origination of temporary differences | (14,017) | 2,011 | - | - |
| Under provision in prior financial years | 1,346 | 635 | - | - |
| | <u>(12,671)</u> | <u>2,646</u> | <u>-</u> | <u>-</u> |
| | <u>107,951</u> | <u>103,049</u> | <u>1,126</u> | <u>467</u> |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the previous financial year, 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.

NOTES TO THE FINANCIAL STATEMENTS

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34 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 | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit before tax | 339,269 | 273,264 | 185,889 | 123,305 |
| Tax at Malaysian | | | | |
| statutory tax rate of 24% (2022: 24%) | 81,425 | 65,583 | 44,613 | 29,593 |
| Effect of "Prosperity Tax" | - | 14,555 | - | - |
| Different tax rates in the | | | | |
| foreign subsidiary companies | (5,380) | (7,009) | - | - |
| Expenses not deductible for tax purposes | 40,454 | 30,042 | 14,789 | 12,663 |
| Income not subject to tax | (1,956) | (116) | (58,265) | (41,784) |
| Changes in deferred tax | | | | |
| subject to real property gain tax | (31) | - | - | - |
| Effect of withholding tax | 285 | 293 | - | - |
| Effect of share of | | | | |
| associated companies' results | (5,225) | (2,098) | - | - |
| Effect of utilisation of previously | | | | |
| unrecognised deferred tax assets | (129) | (144) | - | - |
| Deferred tax assets not | | | | |
| recognised during the current financial year | 195 | 50 | - | - |
| (Over)/under provision of tax | | | | |
| expense in prior financial years | (3,033) | 1,258 | (11) | (5) |
| Under provision of deferred | | | | |
| tax in prior financial years | 1,346 | 635 | - | - |
| Tax expense for the financial year | 107,951 | 103,049 | 1,126 | 467 |

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35 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 | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Profit for the financial year attributable to owners of the parent | 225,326 | 160,885 |
| Weighted average number of shares with voting rights outstanding ('000) | 1,345,529 | 1,341,343 |
| Basic earnings per share (sen) | 16.75 | 11.99 |

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

36 DIVIDENDS

| | Company | | | |
|---|---|----------------|---|----------------|
| | Dividends recognised in financial year | | Dividends in respect of financial year | |
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| 4th interim (in respect of previous financial year) | | | | |
| 2022: 3.0 sen | 40,181 | - | - | - |
| 2022: Share dividend equivalent to approximately 1.7 sen per share | 22,572 | - | - | - |
| 1st interim | | | | |
| - 2.0 sen (2022: 1.0 sen) | 26,988 | 13,419 | 26,988 | 13,419 |
| 2nd interim | | | | |
| - 2.5 sen (2022: 1.0 sen) | 33,704 | 13,419 | 33,704 | 13,419 |
| 3rd interim | | | | |
| - 2.0 sen (2022: 2.0 sen) | 26,818 | 26,787 | 26,818 | 26,787 |
| 4th interim | | | | |
| - 2.5 sen (2022: 3.0 sen) | - | - | 33,118 * | 40,181 |
| 2022: Share dividend equivalent to approximately 1.7 sen per share | - | - | - | 22,572 |
| | <u>150,263</u> | <u>53,625</u> | <u>120,628</u> | <u>116,378</u> |

NOTES TO THE FINANCIAL STATEMENTS

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36 DIVIDENDS (CONTINUED)

| | Dividends in respect of financial year | |
|----------------------------|---|-------------|
| | 2023 sen | 2022 sen |
| Dividends Per Share | | |
| 1st interim | 2.0 | 1.0 |
| 2nd interim | 2.5 | 1.0 |
| 3rd interim | 2.0 | 2.0 |
| 4th interim | | |
| - Cash dividend | 2.5 * | 3.0 |
| - Share dividend | - | 1.7 |
| | <u>9.0</u> | <u>8.7</u> |

- * On 23 August 2023, the directors of the Company approved a fourth interim cash dividend of 2.5 sen per share in respect of the financial year ended 30 June 2023. This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

37 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.

38 CAPITAL COMMITMENTS AND LEASE ARRANGEMENTS

(a) Capital commitments

| | Group | |
|-------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Capital expenditures: | | |
| - Approved and contracted for | <u>18,303</u> | <u>51,193</u> |

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

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Future minimum lease income receivable: | | |
| Not later than one year | 5,103 | 6,173 |
| Later than one year but not later than five years | 1,643 | 2,511 |
| | <u>6,746</u> | <u>8,684</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

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39 SIGNIFICANT RELATED PARTY DISCLOSURES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest income from | | | | |
| - subsidiary companies - (a) | - | - | 27,136 | 19,543 |
| - associated companies - (b) | 5,083 | 6,958 | - | - |
| Interest expenses to | | | | |
| subsidiary companies - (a) | - | - | (46,130) | (39,925) |
| Net advances given | | | | |
| to subsidiary companies - (a) | - | - | (33,965) | (12,741) |
| Net repayment to subsidiary companies - (a) | - | - | (20,542) | (25,578) |
| Net repayment from associated | | | | |
| companies by a foreign | | | | |
| subsidiary company - (b) | 1,244 | 3,171 | - | - |
| Net advances from/(repayment to) | | | | |
| an associated company by | | | | |
| a foreign subsidiary company - (b) | 9,039 | (10,197) | - | - |
| Procurement of Toto betting rolls, slips | | | | |
| and other printing services from | | | | |
| - Berjaya Paper Trading Sdn Bhd - (i) | (8,123) | (10,153) | - | - |
| 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) | (4,421) | (4,738) | - | - |
| 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) |
| - Ascot Sports Sdn Bhd - (j) | - | (300) | - | - |
| Lease income from | | | | |
| - U Mobile Sdn Bhd - (e) | 1,262 | 1,322 | - | - |
| - Berjaya Higher Education Sdn Bhd - (d) | 1,907 | 2,331 | - | - |
| Share registration services rendered by | | | | |
| - Berjaya Registration Services Sdn Bhd - (d) | (347) | (294) | (347) | (294) |
| Purchase of motor vehicles, | | | | |
| component parts and other related | | | | |
| products and services from | | | | |
| - Auto Tulin Sdn Bhd - (i) | (871) | (481) | (14) | (34) |
| Parking charges for | | | | |
| leasing of parking bays from | | | | |
| - BTS Car Park Sdn Bhd - (g) | (354) | (361) | (14) | (14) |
| Information technology consultancy | | | | |
| and management related services | | | | |
| as well as purchase of hardware, | | | | |
| software and network equipment from | | | | |
| - Qinetics MSP Sdn Bhd - (f) | (1,513) | (1,428) | (1,042) | (894) |

NOTES TO THE FINANCIAL STATEMENTS

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39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Receipt of leasing and hire purchase facilities from | | | | |
| - Prime Credit Leasing Berhad - (d) | (289) | (311) | - | - |
| Aircraft leasing charges by | | | | |
| - Berjaya Air Sdn Bhd - (d) | (676) | (676) | - | - |
| - Berjaya Jet Charter Sdn Bhd - (d) | (3,581) | (2,026) | - | - |
| Purchase of motor vehicles, component parts and other related products and services from | | | | |
| - Roda Indah Motors Sdn Bhd - (i) | (61) | (881) | - | - |
| Supply of computerised lottery systems and related services as well as receipt of licensing fee and support fee from | | | | |
| - Berjaya Gia Think Investment Technology Joint Stock Company - (d) | 34,946 | 29,232 | - | - |
| - Natural Avenue Sdn Bhd - (g) | 732 | 710 | - | - |
| Procurement of promotion, advertising and publishing services charges by | | | | |
| - Sun Media Corporation Sdn Bhd - (h) | (1,027) | (976) | - | (72) |

Other significant related party transactions and balances have been disclosed in Notes 12, 14, 23, 26, 27, 28 and 29.

The nature of the related party relationships are as follows:

- (a) subsidiary companies;
- (b) associated companies of the Group;
- (c) ultimate holding company, BCorp;
- (d) member companies of BCorp Group other than subsidiary or associated companies of the Company;
- (e) a company in which Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri Vincent Tan") is a major shareholder. Tan Sri Vincent Tan is the father of Dato' Sri Robin Tan Yeong Ching ("DSRT") and Nerine Tan Sheik Ping ("NT"), directors of the Company;
- (f) a wholly owned subsidiary company of Qinetics Solutions Sdn Bhd which in turn is a subsidiary company of MOL.com Sdn Bhd ("MOL"). Tan Sri Vincent Tan is a major shareholder of MOL;
- (g) subsidiary companies of Berjaya Assets Berhad ("BAssets"). The Group and member companies of BCorp Group have interests in BAssets. Tan Sri Vincent Tan is a major shareholder of BAssets while DSRT and NT also have interests in BAssets;
- (h) a subsidiary company of Berjaya Media Berhad ("BMedia"). The Group and member companies of BCorp Group have interests in BMedia. Tan Sri Vincent Tan is a major shareholder of BMedia while DSRT is a substantial shareholder of BMedia;
- (i) companies where Tan Sri Vincent Tan is a major shareholder; and
- (j) a company in which DSRT and Tan Sri Vincent Tan are major shareholders.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

As at the reporting date, a foreign subsidiary company had deposit placements amounting to RM167,243,000 (2022: RM111,088,000) 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 | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Short-term benefits | 39,108 | 37,990 | 754 | 667 |
| Post-employment benefits | 5,919 | 4,725 | 26 | 6 |
| | <u>45,027</u> | <u>42,715</u> | <u>780</u> | <u>673</u> |

40 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 | | | Total RM'000 |
|-----------------------------|------|-------------------|-------------------|-------------------|-----------------|
| | | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | |
| At 30 June 2023 | | | | | |
| Non-financial assets | | | | | |
| Investment properties | 8 | - | - | 117,419 | 117,419 |
| At 30 June 2022 | | | | | |
| Non-financial assets | | | | | |
| Investment properties | 8 | - | - | 116,766 | 116,766 |

NOTES TO THE FINANCIAL STATEMENTS

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40 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 48% (2022: -56% and 53%) 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 | |
|---|----------------|----------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At beginning of financial year | 116,766 | 117,534 |
| Fair value adjustment during the financial year (Note 31) | (400) | - |
| Exchange differences | 1,053 | (768) |
| At end of financial year | <u>117,419</u> | <u>116,766</u> |

NOTES TO THE FINANCIAL STATEMENTS

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40 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 | |
| At 30 June 2023 | | | | | |
| Financial assets | | | | | |
| Long term investments | 7 | 93,062 | - | 31,132 | 124,194 |
| At 30 June 2022 | | | | | |
| Financial assets | | | | | |
| Long term investments | 7 | 47,749 | - | 33,083 | 80,832 |

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 | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| <u>Other long term investments</u> | | |
| At beginning of financial year | 33,083 | 33,334 |
| Addition during the financial year | 285 | 274 |
| Net fair value adjustments through other comprehensive income | (5,034) | 2,871 |
| Exchange differences | 2,798 | (3,396) |
| At end of financial year | 31,132 | 33,083 |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

41 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 | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Assets | | | | | |
| <u>FVTOCI</u> | | | | | |
| - Long term investments | 7 | 124,194 | 80,518 | - | - |
| <u>FVTPL</u> | | | | | |
| - Long term investments | 7 | - | 314 | - | - |
| <u>Amortised cost</u> | | | | | |
| - Receivables | 12 | 508,173 | 441,474 | 691 | 730 |
| - Amounts due from subsidiary companies | 14 | - | - | 368,506 | 387,257 |
| - Deposits with financial institutions | 15 | 402,125 | 368,517 | 26,000 | 15,500 |
| - Cash and bank balances | 15 | 230,702 | 190,313 | 2,303 | 4,504 |
| Total financial assets | | <u>1,265,194</u> | <u>1,081,136</u> | <u>397,500</u> | <u>407,991</u> |
| Liabilities | | | | | |
| <u>Amortised cost</u> | | | | | |
| - Lease liabilities | 4(b) | 215,442 | 249,132 | 3,566 | 1,247 |
| - Payables | 26 | 480,309 | 324,991 | 1,057 | 976 |
| - Amounts due to subsidiary companies | 27 | - | - | 1,089,788 | 1,064,200 |
| - Other long term liabilities | 23 | 55,182 | 36,031 | - | - |
| - Long term borrowings | 22 | 959,002 | 963,534 | - | - |
| - Short term borrowings | 24 | 560,128 | 274,212 | - | 43 |
| Total financial liabilities | | <u>2,270,063</u> | <u>1,847,900</u> | <u>1,094,411</u> | <u>1,066,466</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

41 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 | 12 | * |
| Deposits with financial institutions | 15 | * |
| Cash and bank balances | 15 | * |
| Payables | 26 | * |
| Amounts due from/(to) subsidiary companies | 14 and 27 | # |
| Amount owing to an associated company | 23 and 26 | # |
| Long term borrowings | 22 | ^ |
| Short term borrowings | 24 | * |

* 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 amount of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to either insignificant impact of discounting or they are floating rate instruments.

NOTES TO THE FINANCIAL STATEMENTS

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42 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 12 and 14, 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 12.

At the reporting date, the Company's maximum exposure to credit risk from guarantees is represented by a nominal amount of RM895,000,000 (2022: RM850,000,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

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42 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 | More than one year and not later than five years RM'000 | Later than five years RM'000 | Total RM'000 |
|-------------------------------------|--|--|------------------------------------|------------------|
| 2023 | | | | |
| Financial liabilities: | | | | |
| Group | | | | |
| Payables | 480,309 | - | - | 480,309 |
| Borrowings | 642,082 | 692,314 | 489,556 | 1,823,952 |
| Other long term liabilities | - | 55,182 | - | 55,182 |
| Lease liabilities | 38,315 | 107,119 | 124,533 | 269,967 |
| | <u>1,160,706</u> | <u>854,615</u> | <u>614,089</u> | <u>2,629,410</u> |
| Company | | | | |
| Payables | 1,057 | - | - | 1,057 |
| Amounts due to subsidiary companies | 400,477 | 765,662 | - | 1,166,139 |
| Lease liabilities | 2,464 | 1,237 | - | 3,701 |
| | <u>403,998</u> | <u>766,899</u> | <u>-</u> | <u>1,170,897</u> |
| 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> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

42 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 | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <u>Fixed rate instruments</u> | | | | |
| Financial assets | 534,986 | 495,192 | 26,000 | 15,500 |
| Financial liabilities | 1,188,175 | 1,153,523 | 626,810 | 605,588 |
| <u>Floating rate instruments</u> | | | | |
| Financial assets | - | - | 368,124 | 386,886 |
| Financial liabilities | 546,397 | 333,355 | 466,544 | 459,902 |

NOTES TO THE FINANCIAL STATEMENTS

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42 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 RM1,366,000 (2022: RM833,000) and RM246,000 (2022: RM183,000) 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. The transactional currencies of the foreign subsidiary companies are mostly in the functional currencies of the respective operating entities and has limited exposure to currency translation risk. The Group's exposure are 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 or FVTPL financial assets, as appropriate.

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 2023

42 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% (2022: 1%) higher/lower, with all other variables held constant, the Group's FVTOCI reserve would have been RM931,000 (2022: RM475,000) higher/lower arising as a result of increase/decrease in the fair value of equity instruments designated as FVTOCI financial assets.

43 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 | |
|-----------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Long term borrowings | 22 | 959,002 | 963,534 | - | - |
| Short term borrowings | 24 | 560,128 | 274,212 | - | 43 |
| Total debts | | 1,519,130 | 1,237,746 | - | 43 |
| Total equity | | 1,143,034 | 956,892 | 3,757,656 | 3,715,394 |
| Gearing ratio | | 1.33 | 1.29 | - * | - * |

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 as at previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

44 SEGMENT INFORMATION

(a) Business segments:

| | External RM'000 | Inter- segment RM'000 | Total RM'000 |
|---------------------------|--------------------|-----------------------------|------------------|
| Revenue | | | |
| 2023 | | | |
| Toto betting | 2,831,551 | - | 2,831,551 |
| Motor vehicle dealership | 3,092,735 | 275 | 3,093,010 |
| Others | 175,374 | 6,397 | 181,771 |
| Inter-segment elimination | - | (6,672) | (6,672) |
| | <u>6,099,660</u> | <u>-</u> | <u>6,099,660</u> |
| 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> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

44 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued):

| | 2023 RM'000 | 2022 RM'000 |
|---|-----------------------|-----------------------|
| Results | | |
| Toto betting | 293,644 | 230,602 |
| Motor vehicle dealership | 54,801 | 89,008 |
| Others | 16,653 | (4,177) |
| Inter-segment elimination | (6,580) | (6,119) |
| | <u>358,518</u> | <u>309,314</u> |
| Unallocated corporate expenses | (14,262) | (12,859) |
| Profit before other income and expenses | 344,256 | 296,455 |
| Investment related income | 15,144 | 1,136 |
| Investment related expenses | (2,538) | (2,630) |
| Other income | 40,449 | 34,534 |
| Finance costs | (79,814) | (64,972) |
| Share of results of associated companies | 21,772 | 8,741 |
| Profit before tax | <u>339,269</u> | <u>273,264</u> |
| Income tax expenses | (107,951) | (103,049) |
| Profit for the financial year | <u>231,318</u> | <u>170,215</u> |
| Non-controlling interests | (5,992) | (9,330) |
| Profit attributable to owners of the parent | <u><u>225,326</u></u> | <u><u>160,885</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

44 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued):

| | 2023 | | 2022 | |
|------------------------------------|--------------------------------|---|----------------------------|--|
| | Assets RM'000 | Liabilities RM'000 | Assets RM'000 | Liabilities RM'000 |
| Assets and liabilities | | | | |
| Toto betting | 2,011,164 | 359,006 | 1,946,710 | 309,194 |
| Motor vehicle dealership | 1,940,410 | 799,214 | 1,462,021 | 656,458 |
| Others | 859,510 | 475,265 | 741,078 | 486,079 |
| Inter-segment elimination | (1,091,194) | (449,523) | (1,065,560) | (468,421) |
| | <u>3,719,890</u> | <u>1,183,962</u> | <u>3,084,249</u> | <u>983,310</u> |
| Investment in associated companies | 125,723 | - | 103,591 | - |
| Unallocated assets/liabilities | 90,534 | 1,609,151 | 72,969 | 1,320,607 |
| | <u>3,936,147</u> | <u>2,793,113</u> | <u>3,260,809</u> | <u>2,303,917</u> |
| | | Depre- ciation/ amortisation | Impairment loss | Other non-cash expenses |
| | Capital expenditure | RM'000 | RM'000 | RM'000 |
| | RM'000 | | | |
| Other information | | | | |
| 2023 | | | | |
| Toto betting | 26,149 | 14,572 | - | 160 |
| Motor vehicle dealership | 182,450 | 53,050 | 394 | 5,513 |
| Others | 13,054 | 5,128 | 1,824 | 22 |
| Unallocated items | 4,702 | 2,544 | - | 4 |
| Inter-segment elimination | (14,038) | (1,487) | - | - |
| | <u>212,317</u> | <u>73,807</u> | <u>2,218</u> | <u>5,699</u> |
| 2022 | | | | |
| Toto betting | 14,431 | 13,805 | - | 116 |
| Motor vehicle dealership | 128,966 | 53,030 | - | 2,308 |
| 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>2,428</u> |

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

44 SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments:

| | Group | |
|--|------------------|------------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Total revenue from external customers | | |
| Malaysia | 2,836,892 | 2,148,887 |
| The United Kingdom | 3,092,735 | 3,012,563 |
| Others | 170,033 | 67,878 |
| | <u>6,099,660</u> | <u>5,229,328</u> |
| | | |
| | Group | |
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Segment assets | | |
| Malaysia | 1,274,475 | 1,065,540 |
| The United Kingdom | 1,958,445 | 1,486,898 |
| Others | 703,227 | 708,371 |
| | <u>3,936,147</u> | <u>3,260,809</u> |
| | | |
| | Group | |
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Capital expenditure | | |
| Malaysia | 17,760 | 15,058 |
| The United Kingdom | 182,450 | 128,966 |
| Others | 12,107 | 6,855 |
| | <u>212,317</u> | <u>150,879</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 and hire purchase payables.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2023

44 SEGMENT INFORMATION (CONTINUED)

Inter-segment transactions/items are eliminated on consolidation.

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

Other business segments include property investment and development and investment holding, development, manufacturing and distribution of computerised wagering and voting systems, operation of hotel as well as service business of protecting and cleaning the environment, none of which are of a sufficient size to be reported separately.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTS TOTO BERHAD

(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sports Toto Berhad, which comprise the statements of financial position as at 30 June 2023 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 87 to 219.

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 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTS TOTO BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 28 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 RM2.83 billion from Toto betting operations, which accounted for 46.4% of the Group's revenue. The related cost of sales from Toto betting operations was RM2.30 billion, which accounted for 44.9% 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 (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 10 to the financial statements.)

Goodwill and dealership rights with an indefinite useful life, amounting to RM653.2 million and RM61.2 million, formed 35.5% and 18.1% of non-current assets and total assets respectively of the Group as at 30 June 2023. Of these amounts, goodwill of RM547.7 million has been allocated to the Toto betting operations in Malaysia, whilst goodwill and dealership rights of RM153.2 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;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTS TOTO BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 10 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 2023, the carrying amount of the investment in subsidiary companies of the Company amounted to RM4.39 billion, representing 99.8% and 90.1% of total non-current assets and total assets respectively of the Company as at 30 June 2023.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTS TOTO BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTS TOTO BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTS TOTO BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 (INCORPORATED IN MALAYSIA)

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
18 October 2023

Tseu Tet Khong @ Tsau Tet Khong
03374/06/2024 J
Chartered Accountant

LIST OF MAJOR PROPERTIES

AS AT 30 JUNE 2023

| Location | Tenure | Date of Acquisition | Estimated Age of Building | Size | Description/ Existing Use | Fair Value RM'000 | Net Carrying Amount RM'000 |
|--|-------------------------------------|---------------------|---------------------------|-----------------|--|-------------------|----------------------------|
| Plot 5000A Hatfield Business Park Hatfield AL10 9WN United Kingdom | Freehold | 23.12.2020 | 1 year | 5.4 acres | Headquarter office, multi-brand showrooms, sales and aftersales centres | N/A | 172,127 |
| Berjaya Times Square 11 th Floor No. 1 Jalan Imbi 55100 Kuala Lumpur Malaysia | Freehold | 06.01.1998 | 20 years | 104,844 sq. ft. | One floor of office space of an integrated commercial development for rental | 65,556 | N/A |
| 7835 Makati Avenue Corner Eduque Street Makati City, Philippines 1209 | Freehold | 04.12.2009 | 22 years | 586 sq. m | Hotel - 223 guest rooms | N/A | 52,463 |
| Ionna House 39 and 39a Humber Road London NW2 6EN United Kingdom | Freehold | 09.11.2021 | 63 years | 1.01 acres | Land with industrial buildings | N/A | 40,581 |
| Garage Showroom, St Marys Way, Stockport, SK1 4AH United Kingdom | Freehold | 22.12.2022 | 28 years | 19,092 sq. ft. | Showroom, sales and aftersales centre | N/A | 27,761 |
| Bridge Garage 4/4a, Station Road, Pangbourne Reading RG8 7AN United Kingdom | Freehold | 30.06.2023 | 61 years | 48,502 sq. ft. | Showroom, sales and aftersales centre | N/A | 21,967 |
| Trackspeed House Portsmouth Road, Ripley, Woking, Surrey GU23 6HB United Kingdom | Freehold | 16.12.2019 | 43 years | 32,670 sq. ft. | Showroom and sales centre | N/A | 16,867 |
| 22A Upbrook Mews, Bayswater London W2 3HG United Kingdom | Freehold | 22.09.2016 | 143 years | 1,422 sq. ft. | 4 storey mid terraced mews style house | 10,933 | N/A |
| Brook House 14 Station Road, Pangbourne Reading RG8 7AN United Kingdom | Freehold | 20.07.2018 | 51 years | 7,350 sq. ft. | Aftersales service centre | N/A | 8,616 |
| No. 1, Jalan 3/91A Taman Shamelin Perkasa 56100 Kuala Lumpur Malaysia | Leasehold expiring 11.09.2082 | 19.06.2020 | 20 years | 13,519 sq. ft. | 1 unit of 2.5 storey semi detached factory used for sales office, service centre and logistic facility | N/A | 6,710 |

N/A denotes Not Applicable

MATERIAL CONTRACTS

Other than as disclosed in Notes 12, 28, 29, 38 and 39 of the financial statements for the financial year ended 30 June 2023, 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 2023 amounted to RM66,000 (2022 : RM40,000).

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The aggregate value of transactions were as follows:

| 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 ("SPToto") | 720 |
| Berjaya Registration Services Sdn Bhd | Receipt of share registration services | SPToto | 347 |
| Berjaya Higher Education Sdn Bhd | Rental income for renting of premises at part of Level 11, Berjaya Times Square | Magna Mahsuri Sdn Bhd | 1,907 |
| Prime Credit Leasing Berhad | Receipt of leasing and hire purchase facilities | SPToto Group | 289 |
| 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 | 88 |
| Berjaya Gia Thinh 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. | 34,946 |

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| 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 | 90 |
| | Rental income for renting of restaurant at Pulau Langkawi | FEAB Properties Sdn Bhd | 127 |
| Berjaya Guard Services Sdn Bhd | Receipt of security guard services | SPToto Group | 4,421 |
| | 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 and 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 | 3,581 |
| 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 | 24 |
| Cempaka Properties Sdn Bhd | Rental income for renting of shoplot at part of Level 2, Jalan Tun Ismail, Sri Dagangan | Feab Land Sdn Bhd | 4 |
| 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. | 732 |
| BTS Car Park Sdn Bhd | Parking charges for leasing of parking bays at Berjaya Times Square | SPToto Group | 354 |
| Berjaya Times Square Sdn Bhd | Rental for renting of office premises at part of Level 8, Berjaya Times Square | STM Lottery | 92 |
| | Rental for renting of office premises at part of office premises at part of Level 7, Berjaya Times Square | Sports Toto Computer Sdn Bhd | 43 |

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

| 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 | 1,262 |
| Roda Indah Motors Sdn Bhd | Purchase of motor vehicles, component parts and other related products and services | SPToto Group | 61 |
| 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 | 1,513 |
| Auto Tulin Sdn Bhd | Purchase of motor vehicles, component parts and other related products and services | SPToto Group | 871 |
| Sun Media Corporation Sdn Bhd | Procurement of promotion, advertising and publishing services | SPToto Group | 1,027 |
| ACES Property Management Sdn Bhd | Receipt of property management services | Magna Mahsuri Sdn Bhd | 43 |
| Berjaya Paper Trading Sdn Bhd | Procurement of Toto betting rolls and other printing services | STM Lottery | 8,123 |
| HQZ Credit Sdn Bhd | Rental income for renting of office premises at part of Level 12, Berjaya Times Square | SPToto | 10 |

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 2 OCTOBER 2023

THE COMPANY

| | Direct Interest | Number of Ordinary shares % | Deemed Interest | % |
|---------------------------------|----------------------------|--|----------------------------|----------|
| Dato' Sri Robin Tan Yeong Ching | 1,025,689 | 0.08 | 629,300 [#] | 0.05 |

INTERMEDIATE HOLDING COMPANY BERJAYA LAND BERHAD

| | Direct Interest | Number of Ordinary shares % | Deemed Interest | % |
|---------------------------------|----------------------------|--|----------------------------|----------|
| Dato' Sri Robin Tan Yeong Ching | 600,000 | 0.01 | 13,000,000 [#] | 0.26 |
| Nerine Tan Sheik Ping | 2,000,000 | 0.04 | - | - |

ULTIMATE HOLDING COMPANY BERJAYA CORPORATION BERHAD

| | Direct Interest | Number of Ordinary shares % | Deemed Interest | % |
|---------------------------------|----------------------------|--|--|--------------|
| Dato' Sri Robin Tan Yeong Ching | 5,001,613 | 0.09 | 161,474,168 [#] 6,356 [@] | 2.89 0.00 |
| Derek Chin Chee Seng | 464,240 | 0.01 | - | - |
| Nerine Tan Sheik Ping | 132,000 | 0.00 | - | - |

RELATED COMPANY BERJAYA FOOD BERHAD

| | Direct Interest | Number of Ordinary shares % | Deemed Interest | % |
|---------------------------------|----------------------------|--|----------------------------|----------|
| Dato' Sri Robin Tan Yeong Ching | 11,100,000 | 0.63 | 1,500,000 [#] | 0.09 |

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 2 October 2023.

STATISTICS ON SHAREHOLDINGS

AS AT 2 OCTOBER 2023

Total Number of Issued Shares : 1,324,434,870 (excluding 26,595,202 Treasury Shares)
 Class of Shares : Ordinary Shares
 Voting rights : One (1) vote per ordinary share

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|-----------------------|---------------------|---------------|----------------------|---------------|
| less than 100 | 6,273 | 13.17 | 204,983 | 0.01 |
| 100 - 1,000 | 4,109 | 8.63 | 1,656,704 | 0.13 |
| 1,001 - 10,000 | 27,836 | 58.46 | 90,706,553 | 6.85 |
| 10,001 - 100,000 | 8,602 | 18.06 | 209,800,269 | 15.84 |
| 100,001 - 66,221,742 | 798 | 1.68 | 900,349,523 | 67.98 |
| 66,221,743* and above | 1 | 0.00 | 121,716,838 | 9.19 |
| Total | 47,619 | 100.00 | 1,324,434,870 | 100.00 |

Note:

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

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 2 OCTOBER 2023

| Name of Shareholders | No. of Shares | % |
|---|---------------|------|
| 1 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN. BHD. (41401162208A) | 121,716,838 | 9.19 |
| 2 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD | 42,895,112 | 3.24 |
| 3 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD (414011622081) | 38,469,202 | 2.90 |
| 4 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (7008486) | 25,842,000 | 1.95 |
| 5 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR B.L. CAPITAL SDN BHD | 24,400,000 | 1.84 |
| 6 HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BHD (BBB) | 22,868,685 | 1.73 |
| 7 CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1) | 22,303,422 | 1.68 |
| 8 CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND | 21,335,130 | 1.61 |
| 9 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (49486 SFIN) | 20,243,167 | 1.53 |
| 10 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD | 20,000,000 | 1.51 |
| 11 ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (GBSB RC1/RC2) | 18,913,851 | 1.43 |
| 12 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD (GB-RC3-CONGLO2) | 16,536,666 | 1.25 |

STATISTICS ON SHAREHOLDINGS

AS AT 2 OCTOBER 2023

| Name of Shareholders | No. of Shares | % |
|--|--------------------|--------------|
| 13 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GATEWAY BENEFIT SDN BHD | 16,294,666 | 1.23 |
| 14 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOO KOW KIANG @ KO KECK TING (PB) | 15,185,009 | 1.15 |
| 15 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR BERJAYA LAND BERHAD | 15,065,508 | 1.14 |
| 16 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA CORPORATION BERHAD | 13,743,532 | 1.04 |
| 17 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (GB-RC3-CONGLO2) | 13,713,333 | 1.03 |
| 18 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD | 13,600,000 | 1.03 |
| 19 UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD | 13,056,563 | 0.99 |
| 20 DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND | 11,336,074 | 0.86 |
| 21 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (BLB-RC5-CONGLO2) | 11,100,741 | 0.84 |
| 22 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND | 11,014,471 | 0.83 |
| 23 BERJAYA LAND BERHAD | 10,781,804 | 0.81 |
| 24 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA LAND BERHAD (BLB-RC5-CONGLO2) | 10,609,700 | 0.80 |
| 25 HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INTER-PACIFIC SECURITIES SDN BHD (PJCAC) | 10,560,000 | 0.80 |
| 26 PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD | 10,500,000 | 0.79 |
| 27 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BERJAYA CORPORATION BERHAD (BCB CBM-C2-TL3) | 10,273,342 | 0.77 |
| 28 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 9,558,019 | 0.72 |
| 29 GATEWAY BENEFIT SDN BHD | 9,056,936 | 0.68 |
| 30 UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GATEWAY BENEFIT SDN BHD (THIRD PARTY) | 8,827,625 | 0.67 |
| | 609,801,396 | 46.04 |

STATISTICS ON SHAREHOLDINGS

AS AT 2 OCTOBER 2023

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 2 OCTOBER 2023

| Names of Substantial Shareholder | Direct | No. of Ordinary Shares | | % |
|----------------------------------|-------------|------------------------|----------------------------|-------|
| | | % | Indirect | |
| Gateway Benefit Sdn Bhd | 305,110,006 | 23.04 | 0 | 0.00 |
| Berjaya Land Berhad | 215,375,064 | 16.26 | 334,955,982 ^(a) | 25.29 |
| Juara Sejati Sdn Bhd | 5,041,666 | 0.38 | 569,821,422 ^(b) | 43.02 |
| Berjaya Group Berhad | 19,248,069 | 1.45 | 604,764,739 ^(c) | 45.66 |
| Berjaya Corporation Berhad | 38,988,367 | 2.94 | 624,012,808 ^(d) | 47.11 |

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, Juara Sejati Sdn Bhd and Teras Mewah Sdn Bhd.
- (d) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of 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, 6 December 2023 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | | |
|----|--|---|
| 1. | To receive the audited financial statements for the financial year ended 30 June 2023 and the Directors' and Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To approve the payment of Directors' fees amounting to RM393,425.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2023. | Resolution 1 |
| 3. | To approve the payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM387,600.00 for the period from 7 December 2023 until the next Annual General Meeting of the Company to be held in 2024. | Resolution 2 |
| 4. | To re-elect the following Directors who retire pursuant to Clause 117 of the Company's Constitution:- | |
| | a) Dato' Sri Robin Tan Yeong Ching | Resolution 3 |
| | b) Nerine Tan Sheik Ping | Resolution 4 |
| 5. | To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 5 |

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 6

NOTICE OF ANNUAL GENERAL MEETING

(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 Part A of the Circular to Shareholders dated 25 October 2023 (“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:-

- (a) 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;
- (b) 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
- (c) 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 7

(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;

NOTICE OF ANNUAL GENERAL MEETING

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;

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 8

By Order of the Board

THAM LAI HENG MICHELLE
SSM Practising Certificate No. 202008001622 (MAICSA 7013702)
Secretary

Kuala Lumpur
25 October 2023

NOTICE OF ANNUAL GENERAL MEETING

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. Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Director is the same as the previous financial year ended 30 June 2022.

The Director's fee for Datuk Robert Yong Kuen Loke was prorated from 1 July 2022 until 1 June 2023 consequent upon his resignation as Independent Non-Executive Director of the Company on 1 June 2023.

3. Directors' Benefits (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' Benefits (excluding Directors' fees) payable to the Non-Executive Directors of the Company.

Resolution 2 is to seek shareholders' approval at the AGM for the payment of Directors' Benefits (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 7 December 2023 until the next AGM of the Company to be held in 2024.

The current Directors' Benefits (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 benefits 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 also caters for unforeseen circumstances, for example, the appointment of additional Directors (if any) and, additional unscheduled Board/ Board Committees meetings.

In the event, where the payment of Directors' Benefits (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 for the shortfall.

4. Re-election of Directors

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.

Resolution 3 and Resolution 4 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.

The Board through the Nomination Committee ("NC") had undertaken an annual assessment evaluation and fit and proper assessment on the retiring directors namely Dato' Sri Robin Tan Yeong Ching and Nerine Tan Sheik Ping ("Retiring Directors"), who are seeking for re-election as Directors of the Company pursuant to Clause 117 of the Company's Constitution.

All the Retiring Directors have completed their respective declaration on the fitness and propriety in accordance with the Fit and Proper Policy of the Company.

Based on the results of the assessment conducted, the NC was satisfied with the favourable evaluation of the overall performance and contributions of the Retiring Directors and the Retiring Directors have fulfilled the fit and proper criteria in accordance to the Fit and Proper Policy of the Company. Accordingly, NC recommended to the Board for re-election of the Retiring Directors. The Board has deliberated and endorsed the NC's recommendation and supports the re-election of Retiring Directors and recommended the re-election of Retiring Directors for approval by the shareholders at the forthcoming AGM. The Retiring Directors had abstained from deliberations and decisions on their re-election at the NC and Board Meetings.

The profile of the Retiring Directors are set out in the Profile of Directors in the Company's 2023 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

5. **Re-appointment of Auditors**

Resolution 5 is to seek shareholders' approval at the AGM for the re-appointment of Messrs Ernst & Young PLT ("EY") as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.

The Audit Committee ("AC") has considered and recommended to the Board on the re-appointment of EY as Auditors of the Company based on the results of the External Auditors Evaluation for the financial year ended 30 June 2023 wherein EY has satisfactorily performed their audit and that EY had discharged their professional responsibilities in accordance with its rules on professional conduct and ethics and the By-Laws (on Professional Ethics, Conducts and Practice) issued by the Malaysian Institute of Accountants.

The Board has deliberated on the AC's recommendation and had recommended the re-appointment of EY as Auditors of the Company for the ensuing financial year for shareholders' approval at the forthcoming AGM.

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

Resolution 6 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 AGM of the Company.

Resolution 6, 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 AGM held on 7 December 2022 and which will lapse at the conclusion of the AGM.

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.

7. **Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 7, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out under Part A of the Circular/Statement to Shareholders dated 25 October 2023 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 Renewal of Authority for the Company to Purchase Its Own Shares**

Resolution 8, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 25 October 2023 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

9. Proxy and Entitlement of Attendance

- (i) The 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 the poll administrator, SS E Solutions Sdn Bhd, which are available on Securities Services e-Portal at <https://sshsb.net.my/>. **Please follow the procedures provided in the Administrative Guide for the AGM 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 to be present at the main venue of the AGM 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.
- (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 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 Form of Proxy shall be executed and 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 OR alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/> not less than forty-eight (48) hours before the time appointed for holding the meeting, **i.e. latest by Monday, 4 December 2023 at 10.00 a.m.**
- (x) Only members whose names appear in the Record of Depositors as at 29 November 2023 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 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by way of poll. The Company has appointed Poll Administrator and Independent Scrutineers to conduct the polling process and verify the results of the poll respectively.

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FORM OF PROXY

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 hereby appoint:

_____ I.C. No. _____
(Name in full) (New and Old I.C. Nos.)

of _____
(Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be conducted on a 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, 6 December 2023 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' Benefits (excluding Directors' fees) for the period from 7 December 2023 until the next Annual General Meeting of the Company in 2024. | | |
| RESOLUTION 3 | - To re-elect Dato' Sri Robin Tan Yeong Ching as Director. | | |
| RESOLUTION 4 | - To re-elect Nerine Tan Sheik Ping as Director. | | |
| RESOLUTION 5 | - To re-appoint Messrs Ernst & Young PLT as Auditors. | | |
| RESOLUTION 6 | - To approve authority to issue and allot shares. | | |
| RESOLUTION 7 | - To renew shareholders' mandate for Recurrent Related Party Transactions. | | |
| RESOLUTION 8 | - To renew authority for the Company to purchase its own shares. | | |

No. of Shares Held

Signature(s)/Common Seal of Member(s)

Dated this _____ day of _____, 2023.

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 the poll administrator, SS E Solutions Sdn Bhd, which are available on Securities Services e-Portal at <https://sshsb.net.my/>. **Please follow the procedures provided in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV facilities.**
- The main and only venue of the AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM to be present at the main venue of the AGM in Malaysia.
- Shareholders/proxy/corporate representatives from the public **WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the AGM.
- 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 via RPV facilities is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
- A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.
- An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.
- An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), may appoint multiple proxies in respect of each of its Omnibus account.
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- Only members whose names appear in the Record of Depositors as at 29 November 2023 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 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. The Company has appointed Poll Administrator and Independent Scrutineers to conduct the polling process and verify the results of the poll respectively.

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

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For further information, please contact:

The Company Secretary

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