



RGB International Bhd.
Registration No. 200301001411 (603831-K)

Annual Report 2020

18th

Annual General
Meeting

Venue

Sri Mas 2, Level 4,
Bayview Hotel
Georgetown Penang,
25A Farquhar Street,
10200 George Town,
Penang, Malaysia

Date

Wednesday,
30 June 2021

Time

10.00 am

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Form of Proxy



The softcopy version of RGB's Annual Report 2020 is available from our website. Go to <http://www.rbggames.com/home/annual-report.html> or scan the code on the left with your smartphone.



VISION

To be a leading manufacturer, distributor, concession and technical support services provider in the gaming industry in Asia region.

MISSION

To be the premier integrated Gaming Solutions Specialist focusing on the manufacturing, distribution, concession and management of, and technical support for gaming machines that provide ultimate recreational experience.

CORE VALUES

Our commitment to excellence springs forth from a strong foundation of CORE VALUES:

OUR PEOPLE, OUR KEY ASSETS

Continuously identifying new talents and developing our team in upholding high standards of ethics and integrity at all times.

QUALITY

Striving and delivering the best quality of services and products.

CORPORATE LEADERSHIP

Increasing shareholders value while simultaneously focusing on growth guided by good corporate governance and financial discipline.

CORPORATE SOCIAL RESPONSIBILITY

Participating in projects that benefit the community and environment.

CORPORATE PROFILE

RGB International Bhd. ("RGB" or "the Company") was incorporated in Malaysia on 16 January 2003.

RGB is an investment holding company with its subsidiaries ("RGB Group" or "the Group") primarily involved in:

- sales and marketing, and manufacturing of electronic gaming machines and equipment ("SSM")
- machine concession, technical support and management ("TSM")
- on-site technical solution, preventive maintenance and repair services for electronic gaming machines and equipment ("Engineering Services")

The history of RGB's involvement in the supply and services in the gaming industry began way back in 1986 through its wholly owned subsidiary, RGB Sdn. Bhd. ("RGBSB"). The Group is now acknowledged as a leading supplier of electronic gaming machines and casino equipment as well as a major machine concession provider in Asia region.

RGB has marked its presence in Malaysia and also operates in Kingdom of Cambodia, Lao PDR, Vietnam, Singapore, the Philippines, Macau SAR, Timor-Leste and Nepal.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Mahinder Singh Dulku
Independent Non-Executive Chairman

Dato' Seri Chuah Kim Seah
Managing Director

Datuk Steven Lim Tow Boon
Chief Operating Officer

Ms. Lam Voon Kean
Independent Non-Executive Director

Tan Sri Norazman Hamidun
Independent Non-Executive Director

Audit Committee

Ms. Lam Voon Kean, *Chairman*
Dato' Seri Mahinder Singh Dulku
Tan Sri Norazman Hamidun

Nomination & Remuneration Committee

Dato' Seri Mahinder Singh Dulku, *Chairman*
Ms. Lam Voon Kean
Tan Sri Norazman Hamidun

Credit Review & Risk Assessment ("CRRA") Committee

Mr. Ganaser Kaliappen, *Chairman*
Dato' Seri Chuah Kim Seah
Mr. Chuah Eng Hwa
Mr. Liew Yung Kuan

Executive Committee

Dato' Seri Chuah Kim Seah, *Chairman*
Datuk Steven Lim Tow Boon
Mr. Mazlan Ismail
Dato' Chuah Kim Chiew
Mr. Chuah Eng Hwa
Mr. Ganaser Kaliappen

Company Secretary

Ms. Ong Tze-En
(SSM PC No. 202008003397)
(MAICSA 7026537)

Registered Office

170-09-01 Livingston Tower
Jalan Argyll, 10050 George Town
Penang, Malaysia
Tel : +(60)4 229 4390
Fax : +(60)4 226 5860

Principal Place of Business

8 Green Hall, 10200 George Town
Penang, Malaysia
Tel : +(60)4 263 1111
Fax : +(60)4 263 1188
E-mail : ir@rgbgames.com
Website : www.rgbgames.com

Share Registrars

Agriteum Share Registration Services
Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 George Town
Penang, Malaysia
Tel : +(60)4 228 2321
Fax : +(60)4 227 2391

Legal Form and Domicile

Public Limited Liability Company
Incorporated and Domiciled in
Malaysia

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock code : 0037
Stock name : RGB

Auditors

BDO PLT (LLP0018825-LCA & AF 0206)
Chartered Accountants
51-21-F Menara BHL
Jalan Sultan Ahmad Shah
10050 George Town
Penang, Malaysia

Principal Bankers

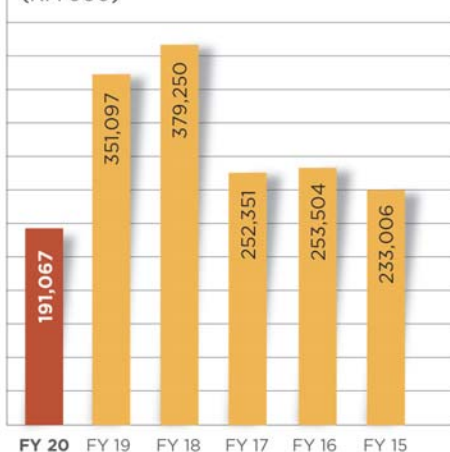
United Overseas Bank (Malaysia) Bhd.
Hong Leong Bank Berhad
The Bank of East Asia, Limited
Maybank International Labuan Branch
Industrial and Commercial Bank of
China (Macau) Limited

GROUP FINANCIAL HIGHLIGHTS

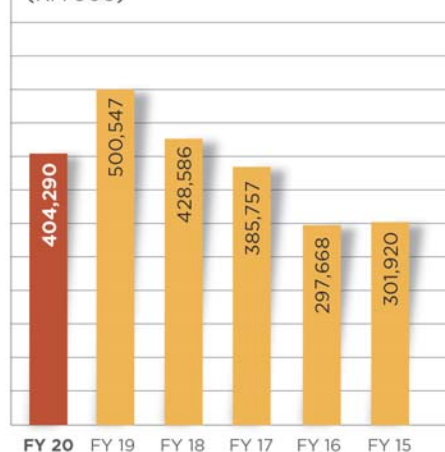
	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	191,067	351,097	379,250	252,351	253,504	233,006
(Loss)/Profit Before Tax	(27,958)	44,196	35,166	40,374	30,993	25,111
EBITDA*	28,969	84,207	65,743	66,543	64,002	62,323
Net (Loss)/Profit	(29,076)	40,176	35,439	30,699	25,301	21,289
Cash and Bank Balances	25,748	40,074	56,412	82,932	69,840	75,528
Property, Plant and Equipment	156,530	184,746	136,262	105,159	107,862	118,578
Total Assets	404,290	500,547	428,586	385,757	297,668	301,920
Shareholders' Equity	225,825	262,391	234,797	210,074	203,452	175,253

* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.

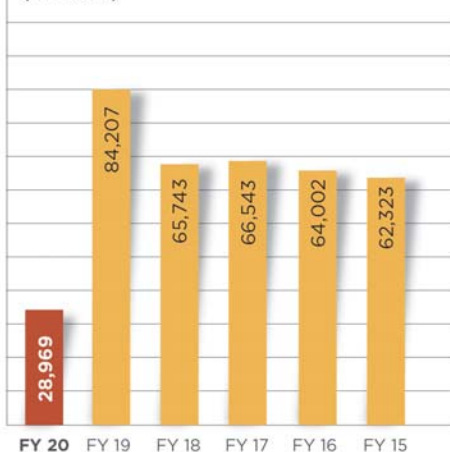
REVENUE
(RM'000)



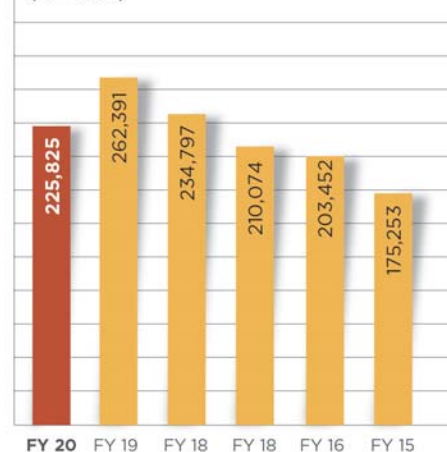
TOTAL ASSETS
(RM'000)



EBITDA*
(RM'000)

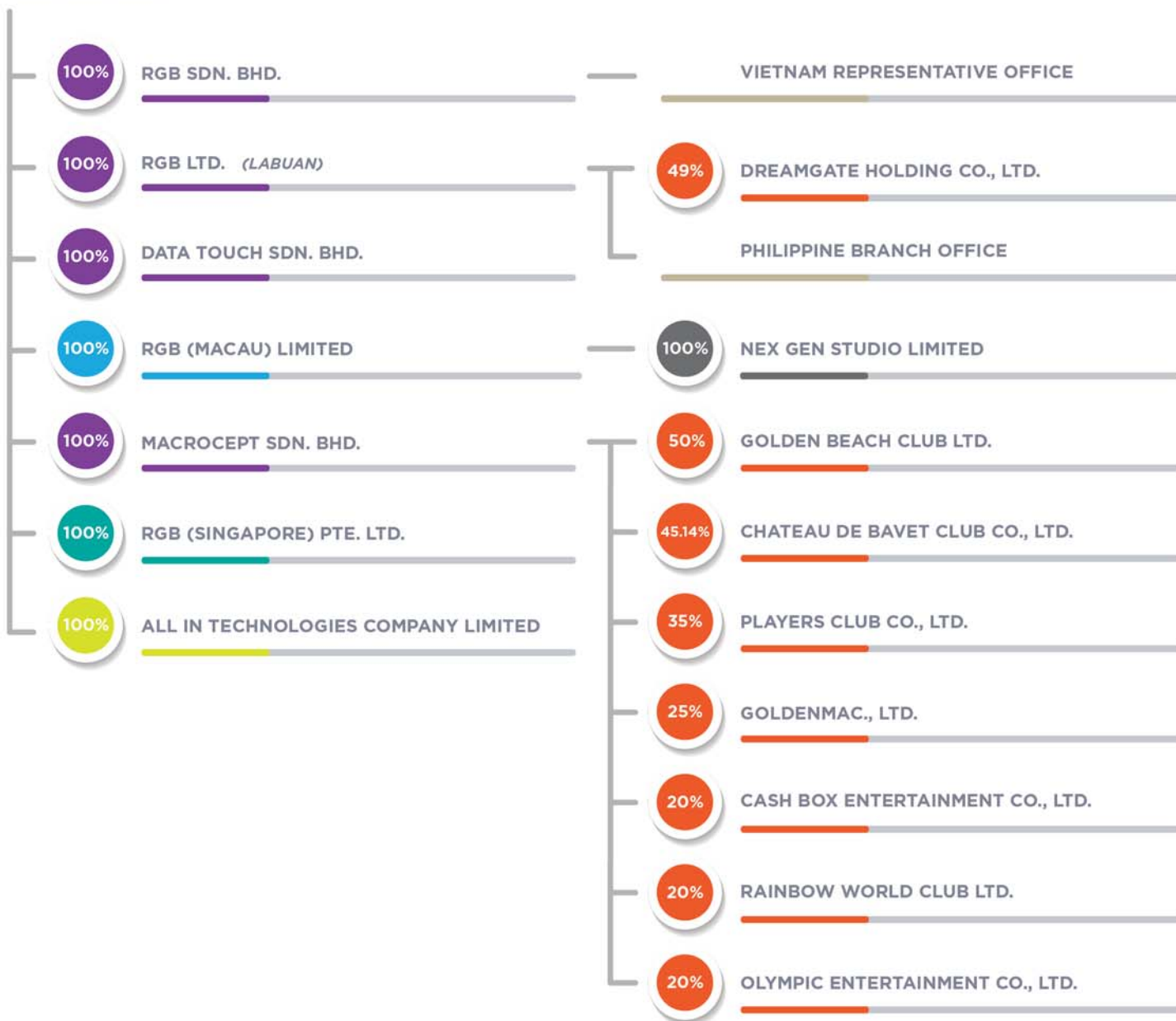


SHAREHOLDERS' EQUITY
(RM'000)



CORPORATE STRUCTURE

RGB International Bhd. [200301001411 (603831-K)] (Incorporated in Malaysia)



- COMPANIES INCORPORATED IN MALAYSIA
- COMPANIES INCORPORATED IN CAMBODIA
- COMPANY INCORPORATED IN SINGAPORE

- COMPANY INCORPORATED IN VIETNAM
- COMPANY INCORPORATED IN MACAU

- COMPANY INCORPORATED IN HONG KONG
- BRANCH/REPRESENTATIVE OFFICE

PROFILE OF DIRECTORS



DATO' SERI MAHINDER SINGH DULKU, DGPN, DSPN, PKT

Independent Non-Executive Chairman

Nationality **Malaysian**

Age **78**

Gender **Male**

Date of appointment

28 April 2006

Date appointed as Senior Independent Non-Executive Director

18 April 2007

Date appointed as Chairman

31 March 2014

No. of Board meetings attended

5/5

Qualification

Utter Barrister, Lincoln's Inn, UK

Board Committee membership

- Chairman of Nomination & Remuneration Committee
- Member of Audit Committee

Working experience

Admitted as an Advocate & Solicitor, Malaya in 1973, Dato' Seri Mahinder has been practising law specialising in land, contract and corporate laws. He has more than 45 years of legal practice experience and had been elected twice as Chairman of Penang Bar Committee and a member of Bar Council over that period.

Other information

- Trustee of Penang Swimming Club
- Trustee of Old Xaverians' Association, Penang
- Director of several other private limited companies



DATO' SERI CHUAH KIM SEAH, DGPN, DMSM, DSDK, JP

Managing Director ("MD")

Nationality **Malaysian**

Age **68**

Gender **Male**

Date of appointment

30 October 2003

No. of Board meetings attended

5/5

Qualification

- Fellow, Association of Chartered Certified Accountants
- Member, Malaysian Institute of Accountants ("MIA")
- Member, ASEAN Chartered Professional Accountants

Board Committee membership

- Chairman of Executive Committee
- Member of CRRA Committee

Working experience

Dato' Seri Chuah and his brother, Dato' Chuah Kim Chiew, marked their beginning in the gaming and amusement industry through RGBSB. He has garnered more than 30 years' experience in strategic, sales and marketing management. Presently, Dato' Seri Chuah plans and develops the Group's strategic business direction, plans and policies. He also assesses potential business ventures and alliances for the Group.

Other information

- Director of several subsidiaries of RGB
- Director of several other private limited companies

PROFILE OF DIRECTORS



**DATUK STEVEN LIM
TOW BOON, PJN, BKM**

Chief Operating Officer ("COO")

Nationality **Malaysian**

Age **60**

Gender **Male**

Date of appointment

30 October 2003

No. of Board meetings attended

5/5

Qualification

- Member, Australian Institute of Company Directors
- Bachelor of Arts, Brock University, Canada

Board Committee membership

- Member of Executive Committee

Working experience

Datuk Steven Lim assumed the position as COO of RGB Business Division in 2009 and thereafter re-designated as COO of the Group in 2013. As COO, his key responsibilities are leading strategic planning and overseeing the overall operation and management of Gaming Division of the Group.

Datuk Steven Lim joined the Group in 1988 as Management Executive focusing on sales and marketing of gaming and amusement machines. His broad experience and expertise in sales and marketing has boosted the growth of the Group's market share in the gaming industry.

Other information

- Director of several subsidiaries of RGB
- Director of several other private limited companies



MS. LAM VOON KEAN

Independent Non-Executive Director

Nationality **Malaysian**

Age **68**

Gender **Female**

Date of appointment

31 March 2014

No. of Board meetings attended

5/5

Qualification

- Member, MIA
- Member, Malaysian Institute of Certified Public Accountants ("MICPA")

Board Committee membership

- Chairman of Audit Committee
- Member of Nomination & Remuneration Committee

Working experience

Ms. Lam joined KPMG Penang in 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang. She acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections.

She left KPMG Penang in 1994 and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services Sdn. Bhd.). She was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies and branches of multi-national companies. Ms. Lam was promoted to Managing Director of Boardroom Corporate Services (Penang) Sdn. Bhd. ("Boardroom") in 2005 consequent to internal restructuring exercises. She retired on 31 December 2011 and accepted a one-year contract to act as consultant to Boardroom effective from 1 January 2012.

Other information

- Independent Non-Executive Director of Asia File Corporation Bhd.
- Independent Non-Executive Director of Globetronics Technology Berhad
- Independent Non-Executive Director of Tambun Indah Land Berhad
- Independent Non-Executive Director of Alcom Group Berhad

PROFILE OF DIRECTORS



**TAN SRI NORAZMAN
HAMIDUN**, PSM, PJN, DGMK,
DSDK, AMK, JP

Independent Non-Executive Director

Nationality **Malaysian**

Age **56**

Gender **Male**

Date of appointment

1 April 2014

No. of Board meetings attended

5/5

Qualification

- Corporate Member, Malaysian Institute of Marketing
- MARA University of Technology majoring in Business Studies

Board Committee membership

- Member of Audit Committee
- Member of Nomination & Remuneration Committee

Working experience

Tan Sri Norazman started his career in 1990 as an Assistant Deputy Registrar for Kota Setar District and Land Department ("PTD Kota Setar"). During his service with PTD Kota Setar, he was posted to Land Acquisition Department where he gained experience and knowledge in land issues. In 1994, he was promoted to State Land Officer and posted to Land Registration Department. He left government service in 1998 to concentrate on his business.

Other information

- Chief Executive Officer/Chairman of HMS Oil & Gas Sdn. Bhd.
- Chairman of Widad Builders Sdn. Bhd.
- Director of several other private limited companies

Notes:

Family Relationship with Directors and/or Major Shareholders

Dato' Seri Chuah Kim Seah is a substantial shareholder of RGB.

None of the Directors has any family relationship with any directors and/or major shareholders of the Company.

Conflict of Interest

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

Conviction for Offences

Other than traffic offences, none of the Directors has been convicted for any offences within the past 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

Other Directorships

Except as disclosed by Ms. Lam Voon Kean, none of the other Directors holds any other directorship in public companies.

KEY SENIOR MANAGEMENT TEAM



MR. MAZLAN ISMAIL

Senior Vice President, Human Resources (“HR”)

Age	Gender	Nationality
57	Male	Malaysian

Date first appointed to key senior management position
30 October 2003

Qualification

- Ordinary Member, Malaysian Institute of Management
- Diploma in Management, Malaysian Institute of Management

Working experience

Mr. Mazlan heads the HR division and oversees the implementation of policies and operational management for human resources, administrative, surveillance and security functions for the Group.

He started his career as Senior Audit Assistant with Chuah & Associates in 1988 before leaving to pursue other career opportunities 3 years later.

Other information

- Member of Executive Committee of RGB
- Director of several subsidiaries of RGB



**DATO' CHUAH KIM
CHIEW, DSPN**

Deputy COO

Age	Gender	Nationality
57	Male	Malaysian

Date first appointed to key senior management position
30 October 2003

Qualification

Bachelor of Business Administration, University of Waseda, Japan

Working experience

Dato' Chuah was appointed as the Deputy COO of the Group on 16 January 2018. He assists COO in strategic planning and overseeing the overall operation and management of Gaming Division of the Group.

His ties to the Group began more than 30 years ago when he was appointed as a Director of RGBSB. Together with Dato' Seri Chuah, they began their ventures and challenges in the gaming and amusement industry.

Other information

- Member of Executive Committee of RGB
- Director of several subsidiaries and an associated company of RGB
- Director of several other private limited companies

Notes:

Family Relationship with Directors and/or Major Shareholders

Dato' Chuah Kim Chiew and Mr. Chuah Eng Hwa are the brother and the son of Dato' Seri Chuah Kim Seah respectively.

Save as disclosed herein, none of the other key senior management team has any family relationship with any directors and/or major shareholders of the Company.

Conflict of Interest

None of the key senior management team has any conflict of interest with the Company.

KEY SENIOR MANAGEMENT TEAM



MR. CHUAH ENG HWA

Vice President

Age	Gender	Nationality
35	Male	Malaysian

Date first appointed to key senior management position
1 January 2016

Qualification

- Member, Chartered Accountants Australia and New Zealand
- Member, MICPA
- Bachelor of Business (Accounting), Monash University
- Bachelor of Computing, Monash University

Working experience

Mr. Chuah joined the Group on 1 April 2015 as Project Manager. He was promoted to Vice President, New Investment and Corporate Administration on 1 January 2016 and subsequently re-designated as Vice President, New Investment and Treasury on 16 January 2018. Following the resignation of the Chief Financial Officer ("CFO") on 30 June 2019, Mr. Chuah has overseen the responsibilities of the CFO during the interim period. In 2021, his responsibilities extended to overseeing TSM activities of the Group in addition to his current accounting, financial management, treasury, credit control, new investment relations and investor relations portfolios.

He has almost 6 years of experience with Ernst & Young in transaction advisory and assurance services prior to joining the Group.

Other information

- Member of CRRRA Committee of RGB
- Member of Executive Committee of RGB
- Director of several subsidiaries of RGB
- Director of several other private limited companies

Conviction for Offences

Other than traffic offences, none of the key senior management team has been convicted for any offences within the past 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.



**MR. GANASER
KALIAPPEN**

Senior Vice President, Corporate and Regulatory Compliance

Age	Gender	Nationality
66	Male	Malaysian

Date first appointed to key senior management position
1 October 2004

Qualification

- Master in Public & International Affairs, University of Pittsburgh, USA
- Bachelor of Arts, University of Malaya
- Diploma in Education, University of Malaya
- Diploma in Public Management, National Institute of Public Training

Working experience

Mr. Ganaser joined the Group as General Manager, Regulatory Compliance on 1 October 2004. He held the position of Regulatory Compliance Director on 1 January 2009 and was re-designated as Senior Vice President, Corporate and Regulatory Compliance on 16 January 2018. He is responsible for managing all compliance matters with the authorities and regulatory requirements in the various countries where RGB Group operates.

Mr. Ganaser was with the Administrative and Diplomatic Service of the Government for 25 years before retiring as Director in the Ministry of Defence. Earlier, he was the Principal Assistant Secretary with the Ministry of Finance where he managed the financial control, gaming licensing and regulatory compliance matters.

Other information

- Chairman of CRRRA Committee of RGB
- Member of Executive Committee of RGB
- Director of a subsidiary of RGB
- Director of several other private limited companies

Other Directorships

None of the key senior management team holds any directorship in public companies.

MANAGEMENT

DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors of the Company (“the Board”), we are pleased to present to you our Annual Report and Audited Financial Statements for the financial year ended (“FYE”) 31 December 2020.

OVERVIEW

RGB is among the leading suppliers of gaming products in Asia with over 30 years of experience in the gaming industry. Our products comprise electronic gaming machines, casino equipment and all kinds of gaming-related parts and components.

RGB has 3 business segments:

SSM Division

The SSM division comprises the sales of electronic gaming machines, casino equipment and all kinds of gaming-related parts and components. We market our proprietary products, and are also the authorised distributor of gaming products for many world-renowned brands in the industry. Our clients encompass a broad spectrum ranging from major casinos in the world’s gaming industry to operators of VIP slot clubs in many Asian countries, who are well supported by our dedicated sales team to provide clients with unparalleled round the clock service.

TSM Division

The TSM division provides machine concession programmes to operators throughout Asia, as well as technical, management, marketing and advisory services to our customers. We have partnered with licensed operators throughout Asia, with approximately 5,600 machines stationed across 53 outlets. The revenue derived is on a profit-sharing basis with the operators of the gaming establishments.

Engineering Services Division

Our Engineering Services division supports both SSM and TSM divisions by providing end-to-end services as well as continuous maintenance to ensure optimum operations. We provide better support services by understanding our customers’ requirements. Furthermore, our team consists of engineers who are expertly trained by renowned gaming product manufacturers to provide the best technical support experience to the customers.

RGB’s Engineering Services include:

- (i) product installation, setup and relocation as well as game conversion and upgrade;
- (ii) gaming table equipment/utilities support and services;
- (iii) product-based and/or scenario-based solution training;
- (iv) consultancy on electronic gaming machines layout, technical requirements and jackpot parameters to existing and new gaming venue;
- (v) electronic gaming machines preventive maintenance program to gaming venues throughout Asia; and
- (vi) casino management system consultancy and turnkey solution which includes project management, coordination, implementation, training and support.

Overall, RGB is a provider of fully featured gaming solutions in the gaming industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The COVID-19 pandemic has adversely affecting economies worldwide especially the tourism, hospitality and gaming industries. These are unprecedented and extremely challenging times for the Group. The imposition of travel restrictions, movement control of people and stringent standard operating procedures to prevent the spreading of COVID-19 by the respective governments worldwide have hampered the Group's revenue and profitability.

The table below highlights the Group's financial performance for year 2020:

	2020 RM million	2019 RM million
Revenue	191.1	351.1
EBITDA*	29.0	84.2
(Loss)/Profit before tax	(28.0)	44.2
(Loss)/Profit after tax	(29.1)	40.2
Net (loss)/profit attributable to shareholders	(28.7)	39.8
Shareholders' equity	225.8	262.4
(Loss)/Earnings per share (sen)	(1.86)	2.58

* Earnings before interest, taxation, depreciation, amortisation, impairment of property, plant & equipment, intangible assets and investments.

Revenue, Profit Before Tax ("PBT") and Net Profit

The Group recorded revenue of RM191.1 million in 2020, a decrease of RM160.0 million as compared to RM351.1 million in the previous year mainly due to the decrease in number of products sold resulting from the impact of COVID-19 pandemic. Apart from that, the suspension of operations in TSM outlets since March 2020 had led to a reduction in revenue during the year. Despite the gradual reopening of TSM outlets from July 2020, the operations were carried out at a limited capacity set by the respective local authorities due to social distancing measures to prevent the spreading of COVID-19.

The loss before tax recorded in the financial year 2020 is mainly due to lower revenue and higher depreciation on new machines purchased in 2019 and beginning of 2020 as compared to the previous year.

Liquidity and Capital Resources

As part of its overall liquidity management, the Group preserves sufficient levels of cash and cash equivalents to meet its working capital requirements. Despite the drop in revenue and profitability, cash and cash equivalents stood at RM25.7 million as at 31 December 2020 due to various cost control measures undertaken by the Group. The Group maintained deposits with licensed banks of RM13.4 million as at 31 December 2020, compared to RM14.0 million in the previous year.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. The Group borrowings was RM31.7 million as at 31 December 2020, rising from RM29.7 million previously to finance the operating expenses during this pandemic period. The Group remained in a net cash position, which enables us to navigate through the uncertainties and opportunities in the near term.

The Group's capital expenditure ("CAPEX") incurred in 2020 amounted to RM27.5 million, of which RM26.0 million was allocated to purchase gaming machines for replacement and upgrading of machines in existing TSM outlets, as well as the placement of machines in new outlets to generate income for the Group. The CAPEX in 2020 was mainly incurred in first quarter of 2020 prior to the start of the pandemic.

OPERATIONAL REVIEW

SSM Division

The revenue for the SSM division decreased 44% to RM124.1 million in 2020, compared to RM223.5 million previously due to decrease in number of products sold resulting from the impact of COVID-19 pandemic.

Consequently, the EBITDA and PBT have dropped to RM18.8 million and RM18.3 million respectively.

TSM Division

In 2020, revenue for the TSM segment decreased 48% to RM65.7 million, compared to RM125.3 million a year ago, mainly due to the suspension of operations in TSM outlets since March 2020. The TSM outlets have gradually reopened starting from July 2020 and are operating at a limited capacity set by the respective local authorities due to social distancing measures to prevent the spreading of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS

EBITDA also decreased in line with revenue to RM13.2 million and a pre-tax loss of RM41.2 million in 2020 as compared to EBITDA of RM60.4 million and pre-tax profit of RM23.3 million in the previous year.

Engineering Services Division

The Engineering Services division registered revenue of RM1.2 million in 2020, compared to RM1.9 million in prior year due to the impact of COVID-19 pandemic. The division recorded lower EBITDA and pre-tax profit of RM0.93 million and RM0.92 million respectively in 2020, versus RM1.0 million and RM0.98 million previously.

DIVIDEND

Though the Board recognises the importance of dividends to the shareholders, due to socio-economic uncertainties arising from the ongoing COVID-19 pandemic, the Board has opted not to declare a final dividend for the FYE 31 December 2020.

While the Group has maintained a regular dividend practice to reward loyal shareholders, the Board continues to explore, over the long term, the establishment of a formal dividend policy, keeping in mind the requisite investments needed to execute our expansion plans, especially in the anticipated tough environment. The priority for us is to build a sustainable growth path that will be beneficial to both the Group and shareholders.

BUSINESS RISKS

The Group's main business risks comprise intensifying competition, changes in regulations and policies, and fluctuation of foreign exchange rates.

The Group's business is in a competitive environment and faces competition from other gaming suppliers and operators. With our businesses located in various countries in Asia, changes in each country's regulations and policies may have impact on our operations. These include issues such as minimum wages, restrictions on local residents entering gaming establishments, measures to prevent the spreading of COVID-19 and foreign exchange control.

The Group is also exposed to risk of fluctuation in foreign exchange rates as the Group's global operations necessitate dealings in foreign-denominated currency. Although the Group does not have a currency hedging policy at the moment, a significant part of the currency risk is naturally hedged as most of the Group's cost of sales and operating expenditures are denominated in the same currency as the respective revenues.

BUSINESS OUTLOOK AND PROSPECTS

Global economic conditions are expected to continue recovering, on expectations of vaccine rollout and additional policy support in a few large economies. However, we expect market conditions to remain volatile for 2021 due to the uncertainties amid the fluidity of the COVID-19 situation especially in the countries where the Group operates. Barring unforeseen circumstances, the Group foresees some recovery in the gaming market and therefore a better performance for year 2021.

The Group continues to implement various cost control measures across the regions to contain its expenditures. The Group is embarking on new avenue by maximising its existing resources to increase the revenue during this unprecedented period and at the same time, conducting the test simulations on the remote gaming solution for land-based casino. The Group has also put in place stringent health and precautionary measures at all its properties to comply with the relevant standard operating procedures and to ensure the safety and well-being of its employees and visitors at all times.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to thank all our shareholders, business partners and financial institutions for their trust and support all throughout the year. We would also like to thank our fellow Directors, management team and employees for their commitment and loyalty. We are truly grateful of their hard work and dedication towards the Group.

DATO' SERI MAHINDER SINGH DULKU

Independent Non-Executive Chairman

DATO' SERI CHUAH KIM SEAH

Managing Director

17 May 2021

INVESTOR

RELATIONS

We at RGB continue to place importance on building strong relationships with our shareholders and the investing community by providing regular updates and remaining transparent. The Board is committed in the following guidelines set out in the established Investor Relations Policy, which can be found on the Company's website (<http://www.rgbgames.com/home/investorpolicy.html>).

COMMUNICATION CHANNELS

We prioritise effective communication with all stakeholders by providing relevant, timely and accurate information. We disseminate the required information via annual reports, circulars, quarterly financial reports and corporate announcements through Bursa Malaysia Securities Berhad's ("Bursa Securities") website.

Additionally, we also actively respond to queries from the financial community, namely local and foreign analysts and fund managers, through one-on-one meetings, conference calls and electronic communications. We also engage the media through interviews or press releases, to inform the public of corporate and business developments.

While institutional shareholders, stock analysts, the media and financial communities may have regular contact with the management, the Company has taken special care to ensure that any material price-sensitive information is disseminated to all shareholders at the same time.

Lastly, we encourage and provide the opportunity for shareholders to share their opinions and concerns to the Board and senior management during the question-and-answer session at general meetings.

ENHANCEMENT OF ACCESS VIA INTERNET

Besides the above channels, we also regularly provide updates through the Company's website (www.rgbgames.com). The website provides relevant corporate information, such as annual reports, quarterly financial reports, as well as announcements and presentations given to shareholders, analysts and media.

Besides this, we also provide a communication channel through our website, and encourage shareholders and members of the financial community to direct queries through the site, or email us directly to our dedicated Investor Relations address (ir@rgbgames.com).

We will also continue to make effort to increase the user-friendliness of our site, as well as improve the efficiency of communications between all stakeholders and us in order to achieve common understanding of our operations progress and outlook.

SUSTAINABILITY

STATEMENT

ABOUT THIS STATEMENT

This year marks the third year of RGB presenting our Sustainability Statement ("Statement") for the FYE 31 December 2020. The release of this Statement heralds our continuous commitment on our sustainability management and reporting journey. This Statement is principally prepared in accordance with the Main Market Listing Requirements ("MMLR") on Sustainability Reporting by Bursa Securities and Bursa Securities' Sustainability Reporting Guide (2nd Edition).

This Statement should also be read alongside other sections in this Annual Report (i.e. Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control) as sustainability efforts may be better contextualised and narrated in the respective sections.

REPORTING SCOPE

This Statement covers all data and activities during the reporting period from 1 January 2020 to 31 December 2020, unless otherwise stated. The scope of the Statement includes the following key operating entities of RGB:

- RGBSB;
- RGB Ltd.;
- RGB (Macau) Limited; and
- RGB Ltd. (Philippine Branch).

RGB and the aforementioned operating entities hereinafter will collectively be referred to as the Group within this Statement. The data and information reported in this Statement cover RGB's principal business segments, namely SSM, TSM and Engineering Services from the Environmental, Social and Governance ("ESG") perspectives.

OUR SUSTAINABILITY APPROACH - HOW WE CREATE VALUE

At RGB, we are cognisant of how highly regulated the gaming industry and the challenges within our operating landscape. Backed by our experience acquired over the last 30 years, RGB has positioned itself as one of the leading suppliers in providing an integrated solution to the growing gaming industry in Asia. With these experiences under our belt, we believe sustainability is the key enabler to drive business growth and to create long-term value for our business and stakeholders. We strive to embed the sustainability elements, namely the ESG within our business operations.

In the financial year ("FY") 2020, we witnessed significant changes within the local and global business environment, due to the COVID-19 pandemic outbreak. The pandemic has exacerbated a shift from the traditional market to the digital market. Players within the industry begin to diversify their businesses by offering digital products and services. The implementation of the lockdown with the closure of borders and restriction of movement orders in our operating

countries by the respective local government has reduced customer traffic and lower the revenue within the industry players. Customers and employees are required to maintain social distance in the casino and equip themselves with Personal Protective Equipment ("PPE"). We ensure adequate safety measures in place to maintain a minimum level of commerce as opposed to halting the operations altogether.

The circumstances had increased the significance of sustainability as the way forward for our business to operate in the new normal. To ensure the relevant risks and opportunities are considered, internally we will assess our external operating environment and engage with our key stakeholder group. The outcome of the exercises will be considered during our risk management and materiality assessment. Business capitals were also identified within our business model. We carefully plan our resource allocation to ensure each of their value is fully maximised to ensure we continue to create value through our stakeholders, minimisation of business risks, improve public trust and perception, increase efficiency in operations, attract talents and retain workforces and discover new opportunities and drive innovation.

THE VALUE WE CREATE

RGB aspires to be a leading distributor, concession and technical support services provider in the gaming industry in the Asia region. To ensure we are working towards our vision and ensure values are created, we employ our business capitals such as financial capital, intellectual & human capital, machinery and equipment, social & relationship capital and natural capital, in the most efficient way. Our sustainability management and approach are fortified by our 2 sustainability themes, i) Theme 1: Advancing Business Responsibilities; and ii) Theme 2: Care for the People. These themes guide with a holistic business perspective by incorporating ESG considerations alongside financial ones to ensure we create a positive impact on our business, people and environment where we operate.

SUSTAINABILITY STATEMENT

VISION



To be a leading manufacturer, distributor, concession and technical support services provider in the gaming industry in Asia region.

MISSION



To be the premier integrated Gaming Solutions Specialist focusing on the manufacturing, distribution, concession and management of, and technical support for gaming machines that provide ultimate recreational experience.

OUR CAPITALS

Financial Capital	Intellectual & Human Capital	Machinery & Equipment	Social & Relationship Capital	Natural Capital
Source of funds obtained through financing and/or internally generated through investment and joint ventures.	Talents and skills from diverse background, qualifications and experiences.	Technological knowledge and infrastructure that support and contribute to the innovation of products and services.	Good relationship with stakeholders such as employees, clients, business partners and suppliers.	Adoption of effective measures for resources utilisation such as energy, water, etc.

OUR BUSINESS OUTPUTS / VALUES CREATED

THEME 1: ADVANCING BUSINESS RESPONSIBILITIES		THEME 2: CARE FOR THE PEOPLE	
Material Matters	Outcomes	Material Matters	Outcomes
Business Development and Customer Management	- Set up a new operating outlet in Asia - Resolved all complaints received from our customers and business partners	People Attraction, Retention and Development	Maintained performance on number of employees being trained despite COVID-19 disruption
Data Protection and Information Technology ("IT") Infrastructure	- Achieved 2 points for improvement based on our annual audit on IT Security (from 6 points in prior year) - Zero cases of non-compliances and breaches-related to IT	Employee Inclusivity and Diversity	Providing equal access to technology for remote working arrangements due to COVID-19
Ethical and Responsible Business	Zero cases of non-compliances and breaches related to ethical issues	Responsible Gaming	Zero cases of problematic players
Supply Chain Management	Approved 27 suppliers from our supplier due diligence exercise	Occupational Health and Safety ("OHS")	- Zero cases of non-compliances related to OHS laws and regulations - Zero cases of work-related injury, accident or fatality recorded - Zero fatalities and injuries from the occurrences of natural disasters - Zero cases of workplace-related COVID-19 transmission
Product Responsibility and Innovation	Re-designated our Creative Studio Department to Digital Business Department	Supporting Our Communities	Contributed to local communities through our Corporate Social Responsibility ("CSR") activities
Environmental Management	- Launched Group-wide Single-Use Plastics Policy effective from 1 January 2020 within the office operations 28% reduction for the electricity consumption 28% reduction in water consumption - Refurbished 70 units and disposed 153 units of slot machines		

SUSTAINABILITY STATEMENT

SETTING THE TONE FROM THE TOP WITH OUR SUSTAINABILITY GOVERNANCE

We are committed to reflecting our sustainability efforts by embedding ESG aspects into our corporate culture and our day-to-day operations. Our commitment is supported by our Sustainability Policy as the fundamental guidelines to assist the Group in sustainability decision making.

The Sustainability Policy stipulates the Group's objective and approach within our sustainability management. The Policy emphasises on the integration of ESG aspects across the Group business activities and operations. Within the Policy, we have also formalised the roles and responsibilities of our Board of Directors and Executive Committee to ensure top-level commitment for RGB sustainability management. The Policy is made available on our corporate website (<http://www.rbggames.com/home/about-us.html>).

LISTENING TO OUR STAKEHOLDERS THROUGH STAKEHOLDER ENGAGEMENT

Through good communication with stakeholders, RGB can gain a greater understanding of our current business landscape and perspective, enabling us to sustain and deliver success. Against this backdrop, we endeavour to strengthen our partnership with internal and external stakeholders through regular communication.

In the FY2020, we reviewed the outcome of the stakeholder prioritisation exercise by reassessing the level of influence and dependence of each stakeholder group on RGB. From this review exercise, we noted that the levels of influence and dependence of our key stakeholder groups remained unchanged except for Suppliers with higher dependence in the FY2020. We intend to re-engage with our key stakeholder group in year 2022 to revisit our last engagement conducted in year 2018 to further gauge their views on the importance of each sustainability matter to RGB.

The table beside summarises our key stakeholders, the engagement channel and activities.

THE BOARD

- Ensure the Group's strategies promote sustainability.
- Oversee the management of material sustainability issues.
- Seek regular updates and measures on the management of material sustainability issues.
- Oversee compliance with matters relating to economic, environmental and social.



EXECUTIVE COMMITTEE

- Assist the Board in overseeing the implementation of the Group's sustainability approach and ensuring key targets are being met.
- Lead the implementation of the sustainability strategy and policies within the divisions.
- Identify, assess, evaluate, manage and report to the Board the material sustainability risks and opportunities relevant to the Group's operations.
- Facilitate the sustainability disclosures as required by laws and regulations, and subsequently recommend them for approval.



Stakeholder Groups	Engagement Channels and Activities	Frequency
The Board 	• General meetings • Corporate website, social media and media releases • Annual Report and Quarterly Reports	• Annually • Quarterly • On-going
Employees 	• Training programmes • Other avenues for interactions such as meeting activities • Employee performance review	• On-going
Customers/ Business Partners 	• Direct engagements • Events and activities (e.g. trade shows, expositions, workshops) • Corporate website and social media	• On-going
Suppliers 	• One-to-one meetings • Events and activities (e.g. trade shows, expositions, workshops) • Site visits • Supplier assessment	• On-going
Government/ Regulatory Authorities 	• Participation in programmes/ conferences • Meetings and email correspondences • Seminar and workshops	• On-going
Local Communities 	• Corporate volunteering programmes • Community outreach programmes • Corporate website and social media	• On-going

SUSTAINABILITY STATEMENT

OUR MATERIALITY ASSESSMENT

Our materiality assessment approach is guided by Bursa Securities' Sustainability Reporting Guide (2nd Edition) and Bursa Securities' Toolkit, including Toolkit on Stakeholder Engagement and Toolkit on Materiality Assessment. In the FY2020, we have conducted a review of our sustainability matters to assess the relevance of the material topics identified. The review ensures RGB further address the risks and opportunities that arose and better reflect the prioritisation of sustainability matters.

The materiality assessment process is summarised as follows:

1

Identification

We reviewed the list of sustainability matters by taking into consideration of both internal and external factors such as our business strategy, risks and opportunities and emerging sustainability issues.

In the FY2020, we reviewed and reduced the number of sustainability matters. We have merged sustainability matters that share the same subject matter to have complete focus areas. We have merged and re-designated Market Competition and Socio-Political Environment as Business Development and Customer Management. We have also grouped environment-related sustainability matters, i.e. End-of-Life Product, Environmental Management and Natural Disasters as Environmental Management.

2

Assessment

We have reassessed the ratings of our impact assessment based on the level of impact and likelihood of each sustainability matter by using the same parameters with our risk assessment. We review the impact of each sustainability matter on financial, reputational, customer satisfaction, regulatory, operational and human capital.

3

Finalisation

We developed our materiality matrix by mapping the reviewed sustainability matters against the level of importance from low, medium to high.

4

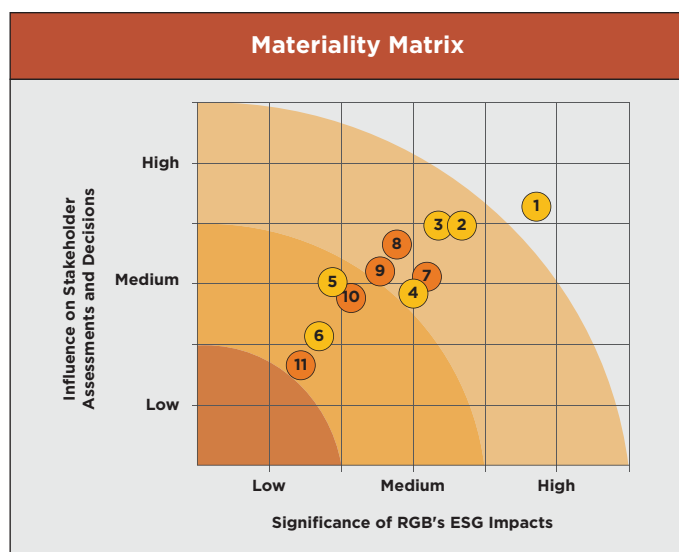
Validation

We presented the outcome of our materiality assessment to the Senior Management, as well as the Board for deliberation and approval.

Materiality Matrix

The materiality matrix below presents our revised material sustainability matters mapped correspondingly to the 2 sustainability themes of this report. Each of the sustainability matters reflects the concerns and interests of our stakeholder groups as well as its significance to our business operations.

The top sustainability matters identified include Business Development and Customer Management, Data Protection and IT Infrastructure, Ethical and Responsible Business, People Attraction, Retention and Development, Employee Inclusivity and Diversity, Responsible Gaming and Supply Chain Management.



Our Sustainability Matters

Theme 1: Advancing Business Responsibilities

- 1 Business Development and Customer Management
- 2 Data Protection and IT Infrastructure
- 3 Ethical and Responsible Business
- 4 Supply Chain Management
- 5 Product Responsibility and Innovation
- 6 Environmental Management

Theme 2: Care for the People

- 7 People Attraction, Retention and Development
- 8 Employee Inclusivity and Diversity
- 9 Responsible Gaming
- 10 OHS
- 11 Supporting Our Communities

We have implemented several sustainability-related initiatives to mitigate the risks and at the same time to grasp the opportunities. The Statement further discusses the management approach for each of these matters, which includes our key activities and performance.

SUSTAINABILITY STATEMENT

Theme 1 :

ADVANCING BUSINESS RESPONSIBILITIES



1 Business Development and Customer Management

RGB is continuously seeking ways to enhance/explore new business developments and improve our customer engagement and services. Thus, we remain vigilant in ensuring our risk assessment framework and prevalent mechanisms are to manage and minimise the impact from a potential threat arising from continuous growth and stakeholder relationships.

Business Development

We have established dedicated committees and departments to assist on matters related to business development. Our Legal Compliance Department is responsible for the drafting and vetting of agreements including legal documents. The review and evaluation of the feasibility and progress of investments and ventures are overseen by our CRRA Committee. They are governed by our internal Investment Policy.

Under our Investment Policy, all new investment capital expenditures are required to be assessed and evaluated by the CRRA Committee before circulating to the Executive Committee or the Board for approval. To improve the return of the investment and ensure a shorter payback period, close monitoring is required on the investment performance and payback period in the provision of appropriate actions to be taken on time.

We have implemented the following initiatives, to minimise the risks that could impact our business from our activities from business developments.

Choosing the right business partner

- Venture with credible and reputable customers/business partners with valid gaming and operation licenses.
- Conduct due diligence, background check and screening procedure.
- Ensure compliance with RGB's Anti-Bribery & Corruption Policy by our customers/business partners.
- Contact with business partners on the progress of performance regularly.
- Provide continuous support to our business partners through our regional offices where we operate.

Addressing risks and opportunities for new and potential business ventures or markets

- Visit new investment sites with Board members and Senior Management.
- Conduct feasibility and Return on Investment ("ROI") study for all new ventures or capital acquisition and present to the CRRA Committee and the Board for deliberation.

Responding to social and political instability

- Perform regular updates with the relevant parties such as local authorities and government staff, as well as local business partners, regarding the countries' political, social and economic stability and conditions.
- Conduct regular researches on subject matters related to the gaming industry to keep ourselves abreast with the latest updates and requirements.

In addition to the above, internal controls are put in place such as quarterly compliance audit by the CRRA Committee and weekly progress update session with our business partners. Moving forward, we are targeting to conduct a monthly compliance audit for a more effective internal control practice.

In February 2020, we managed to expand our business operation by setting up a new operating outlet in Asia.

Customer Management

The customer management at RGB is overseen by our Engineering Services team and Regional Head. They provide end-to-end technical assistance and maintenance on an on-going basis.

Services Offered by RGB



Service
Response
Time



Preventive
Maintenance



After Sales
Service



Provisioning
(i.e. installations,
removals,
relocations)

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Our initiatives related to customer management are backed by our internal commitment to Quality Services and Customer Satisfaction to provide the best-rendered services to our customers. To ensure we meet the needs and requirements of our customers, our team is qualified and equipped with the latest technical knowledge and skills to ensure we meet the needs and requirements of our

customers. We also take our customers' feedback and grievances seriously for continuous improvement and development. Our Regional Head is designated to ensure all feedback and grievances are handled and resolved.

Additionally, several key initiatives have been undertaken within the ambit of customer management.

Assignment of personnel at each outlet	Site visits
 Designated personnel in each outlet is responsible to manage and address issues or complaints received that arise during the daily operations of our business. <i>This is to ensure all gaming machines operate effectively at all time.</i>	 Depending on the market size and location, site visits are conducted to observe the business operation and to maintain the relationship with our customers and business partners. <i>Due to the COVID-19 pandemic, we leveraged the use of technology and began conducting virtual conferences with the related parties on sites we are unable to visit.</i>
Regular meetings	Trade shows/expositions
 We engage our business partners on a weekly or monthly basis to facilitate discussion on gaming machines' performance and to develop new and strategic business marketing plans. <i>During the lockdown period in the FY2020 due to the outbreak of COVID-19, all discussion with our business partners were conducted virtually.</i>	 Annually, we will participate in international and regional gaming trade shows/expositions to engage with the gaming customers and to gather feedback on our gaming products. <i>However, in the FY2020, no shows were held due to the outbreak of the COVID-19 pandemic.</i>

At RGB, we continuously monitor and respond to all complaints and feedback received from our clients. The result of our key initiatives in the FY2020 is reflected in our success in resolving all the complaints received from our customers.

Our Response to COVID-19 Pandemic

The emergence of the COVID-19 pandemic had dramatically changed how businesses respond and consumers behave. Thus, to remain competitive in the market, the Group is embarking on new avenue by maximising its existing resources to increase the revenue during this unprecedented period and at the same time, conducting the test simulations on the remote gaming solution for land-based casino. To facilitate these plans, internally, weekly meetings are conducted with our Executive Committee to report on the current progress on the new business model.

The lockdown or restriction in movement imposed by various countries beginning from mid-March 2020, had restricted our SSM and Engineering Services teams to visit and provide the necessary support to our valuable clients. Nevertheless, we continue to provide support to our customers and business partners virtually by leveraging the use of technology. The weekly meeting is organised to discuss and brainstorm how we can continue to assist our customers and business partners during this challenging time.

Moving forward, we will conduct knowledge sharing sessions as a platform/communication channel for each region/team to present their best practices of business development and effective marketing plans and strategies. The sessions will ensure consistency and enhance our business development practices and performances.

SUSTAINABILITY STATEMENT



2 Data Protection and IT Infrastructure

Over the years, we witness how information and technology are permeating into our day-to-day business operation. We realise security breaches can take many forms and they are everchanging. To safeguard our information and IT system from data breaches and cyberattacks, we continue enhancing our internal IT governance and infrastructure.

At RGB, our IT Department oversees the Group's IT infrastructure (including computer network, software, hardware inventory and telecommunication network) and any technology-related initiatives. Our data protection and IT maintenance conduct and practices are guided by our IT Standard Operating Procedure ("SOP").

The development of the IT SOP ensures that the controls and back-up procedures are in place for the recovery of data and information in the event of system failure, data loss or data corruption. The IT SOP is also structured to provide clear guidelines for RGB's employees and system users, quality technical services provided by the Group's IT Department and to assist in finding the appropriate resource required. Procedures to resolve any computer or network related problems, update applications, specific program needs, and computer-related tools to accomplish their job accordingly are included in the IT SOP. Issues or matters related to network problems will be reported to management via channels such as messaging applications, email and face-to-face updates.

In the FY2020, we continued to implement and monitor our initiatives in managing our data protection and IT infrastructure.

Firewalls installation



Equip with an enhanced intrusion prevention system to provide IT Department with the additional capability to exercise proper access control over the internet contents.

Review and monitor on the implementation of IT infrastructure



Monitor the updates of end-user computers to protect malicious software and viruses.

Constant review of internal policies and procedures for enhancement and updates of the current best practices and market trends.

Monitor and track installed software and its corresponding licenses for integrity and legal purposes.

Ensure usage of the Company's IT resources is in line with the business objectives.

User access control



Regulate the access to sensitive data on servers and key application, Enterprise Resource Planning ("ERP").

Confidentiality disclosure



Ensure inclusion of confidentiality clauses and non-disclosure terms in Letter of Employment issued to employees.

IT training programme



Promote awareness and ensure compliance with policies-related to IT.

Educate employees on Acceptable Use Policy and IT best practices.

SUSTAINABILITY STATEMENT

To further strengthen our internal IT control and security, we have streamlined our existing policies and procedures across the Group. Our newly developed IT SOP has been approved by our Executive Committee and it is effective from 1 January 2021 onwards.

In addition to the initiatives, we conducted an audit on our IT security system on annual basis to ensure the existing practices comply with the internal policies and procedures. In the FY2020, we showed progression within our internal controls and achieved 2 points for improvement.

IT General Control Audit	
Year	Performance
FY2018	5 points identified for improvement
FY2019	6 points identified for improvement
FY2020	2 points identified for improvement

In view of the various IT infrastructures and internal controls in place, we are pleased to report zero cases of IT-related non-compliances and breaches for the FY2020.

Our Response to COVID-19 Pandemic

To ensure the health and safety of all parties, our employees are required to work from home during the period of nation lockdown and announcement of restriction in movement. We saw the needs to leverage the use of virtual communication platform and to govern our data security. Additional measures are implemented including the subscription of a software-based conference room to ease the transition to work remotely outside of the organisation premises.

Moving forward, in addition to our on-going efforts to enhance the data protection process and IT infrastructure, we plan to implement a centralised directory for user identity management and control.



3 Ethical and Responsible Business

Given the increasing regulatory requirements to operate our business locally and across other operating countries, we are required to demonstrate compliance, accountability and transparency. Good corporate governance practices will foster confidence among our business partners, customers and investors. In this regard, we constantly ensure proper regulatory oversight and compliance with the laws and regulations within our different jurisdictions. Our Corporate, Regulatory and Legal Compliance Departments are responsible to manage compliance-related matters including gaming licensing and regulatory compliance with the local authorities and legislators of various countries where the Group operates.

In order to ensure our operations are driven ethically and responsibly, we have developed policies to guide our actions. These include:

Anti-Bribery & Corruption Policy



Stipulate the Group's commitment towards zero tolerance in any kind of bribery activity.

- Ensure compliance and adoption of:
- (i) United States ("US") Foreign Corrupt Practices Act ("FCPA") 1977;
 - (ii) The United Kingdom ("UK") Bribery Act 2010; and
 - (iii) Malaysian Anti-Corruption Commission ("MACC") Act 2009.

The implementation and maintenance of the practices and procedures within the policy has been updated to reflect the latest provision of Section 17A, Corporate Liability of the MACC Act 2009. The updated policy took effect on 1 June 2020 and is currently overseen by our Compliance Committee.

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Whistleblowing Policy



Encourage our employees to report any form of misconduct. Any cases of misconduct, unethical or illegal behaviour shall be reported in accordance with our Whistleblowing Policy.

A whistleblower shall report cases of misconduct to the Chairman of the Board and/or the Chairman of the Audit Committee in writing and submit via post or email. The whistleblower will be notified on the outcome of the investigations and remain protected under Malaysian Whistleblower Protection Act 2010.

Code of Ethics & Conduct



Guide RGB's Board and employees to display professionalism in all aspects of their work.

With the introduction of a new corporate liability provision under Section 17A of the MACC Act 2009, our Human Resource Department is in the midst of reviewing and updating the Employee Handbook to ensure the new requirements are incorporated. Upon releasing the revised handbook, awareness training will be conducted for all employees.

In tandem with the policies in place, we have also extended our initiatives to stay competent in our ethical approach to reflect the current trends and needs of the regulations.

Internal policy review

Review internal policies (i.e. Code of Ethics & Conduct, Board Charter, etc.) to ensure they are updated with latest regulations and requirements.

Awareness trainings

Ensure our employees are well equipped with the provisions within our Code of Ethics & Conduct, Whistleblowing Policy as well as our Anti-bribery & Corruption Policy.

Conduct awareness training for new employees on our ethical conduct and policies as part of our fundamental Group-wide practice induction training programme.

Educate our employees on the latest changes within the regulatory landscape of the gaming industry.

Fraud monitoring system

Install closed-circuit television ("CCTV") in outlets managed by RGB for optimal surveillance.

Set-up casino management system to monitor gaming operation and data collection process.

Internal controls

Conduct cash count, fixed assets sighting and controls check at various locations.

Monitor revenues remittance from business partners.

Ensure proper SOP in place (i.e. roles and responsibilities, limit of authorities and controls) for financial matters.

Declaration

Ensure new employees (during induction session) and business partners (during supplier registration) sign a declaration to uphold the core values of RGB and not to engage in any corrupt or unethical practices. *The declaration also includes the understanding and compliance of all RGB key policies and SOPs.*

We continue to monitor closely the incidents/cases related to non-compliance and we strive to achieve zero cases. In the FY2020, we did not record any cases of non-compliance and breach of ethical issues.

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Our Response to COVID-19 Pandemic

During the reporting year, we complied strictly with all the local requirements and SOP implemented by the authorities of respective countries where we operate to combat and minimise the risk of COVID-19 transmission. We organised weekly Executive Committee meeting to update our management with the status of the COVID-19 situation in the respective operating countries.

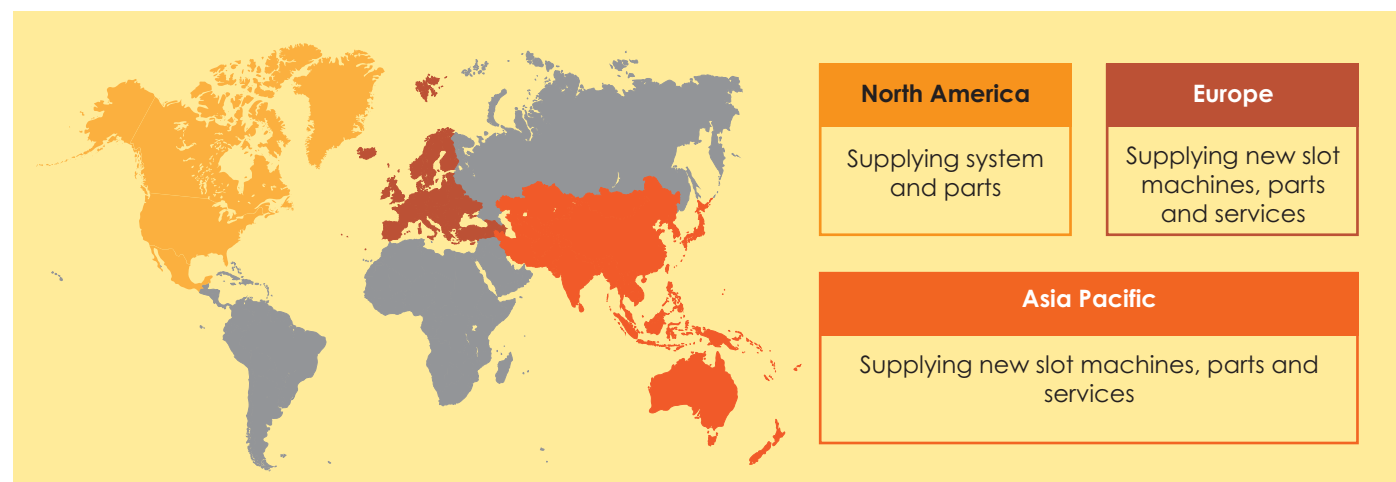


4 Supply Chain Management

Supply chain management plays an integral part in our business. Our supply chain performance will impact our customer's perception of our business and products and services. Presently, our Product Support & Purchasing Department and Logistical Department are overseeing the supply chain management at RGB. They are also monitored by our COO with supervision from the Senior Logistics Manager. On top of that, our distributorship management under our SSM business segment is directly overseen by the MD with the support of the COO.

RGB's Supply Chain Management

Our supply chain is scattered across various regions sourcing different items.



We are operating in an industry that is highly regulated, our suppliers are required to comply with our internal policies which include the provisions of US FCPA 1977, UK Bribery Act 2010 and MACC Act 2009. Other policies and procedures include:

Supplier Code of Conduct	Product Support & Purchasing Policy	Logistic Policies and Procedures
Outline the guidelines, values, rules, and responsibilities as well as the expected behaviours and practices of our suppliers within our business operations.	Provide guidelines for the end-to-end procurement activities and emphasise the quality required with optimum prices for the acquisition of goods and services.	Ensure the delivery and logistic processes are conducted on time and the goods arrive at the exact location, in good condition and at a reasonable cost.

In the year of review, we continue taking the initiatives to ensure all our sourcing are obtained from accredited and reputable suppliers to positively contribute to the improvement of our value chain.

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Suppliers assessment (including screening and selection criteria)

Ensure compliance towards the US FCPA 1977, UK Bribery Act 2010, MACC Act 2009 and international gaming standards.

Cover the liability to deliver high-quality products.
We managed to approve 27 suppliers from our suppliers due diligence in the FY2020.

Preparation for the unforeseen circumstances

Liaise with alternative suppliers in respond to urgent requests for key spare parts/components from our customers.

Keep buffer stocks for sudden customer requests.

Internal and external communication

Conduct weekly meeting to track and monitor the progress and performance of the respective departments.

Conduct regular dialogue sessions with the major suppliers.

Endeavour for local sourcing

Source items such as Uninterruptible Power Supply ("UPS"), Liquid Crystal Display ("LCD") monitors, network and cabling.

Increase volume of local sourcing in the future to minimise the cost and shorter machine downtime.

Utilisation of Microsoft Dynamics AX system

Coordinate and monitor supply chain processes.

Diversification of distributorship

Broaden our distributorship within the global industry players to prevent dependence on a single or a small number of distributors.

Our Response to COVID-19 Pandemic

The impact of COVID-19 is most apparent towards the supply chain management during the lockdown period implemented by various countries. A large number of factories/businesses came to a halt which then contributed to significant production delays and shortage of products. Fortunately, our major suppliers continue to operate as usual during the lockdown period. However, to prevent interruptions within the procurement process, we submitted our orders/purchases in advance.



5

Product Responsibility and Innovation

Being one of the key players within the industry, we are required to maintain and improve the delivery quality of our products and services. In the FY2020, we have re-designated our Creative Studio Department to Digital Business Department. The Digital Business Department aims to create new values within our business models, customer experiences and the internal capabilities that support RGB's core operations with the use of technology.

Our Response to COVID-19 Pandemic

The operations of gaming outlets were required to close temporary during the outbreak of the global pandemic COVID-19. Most of our operating outlets were able to resume their operations at the beginning of the third quarter of the FY2020. However, some outlets are operating at a limited capacity due to social distancing measures and requirements enforced by local authorities.

With the current operating landscape and industry trends, RGB is exploring the opportunity to venture within the area of remote gaming solutions as part of our business expansion and an alternative for land-based gaming operators. Moving forward, we will continuously expand our product innovation capability to capitalise on the market opportunities and strengthen our competitive edge in the industry.



6

Environmental Management

Environmental management is no longer a voluntary option but has emerged as one of the main priorities to future proof business. At RGB, we strive to ensure our operations are environmentally responsible and are in compliance with the applicable laws and regulations on environmental protection. We also extend our processes to adopt effective measures of resources utilisation to ensure the environmental impact of our operations is appropriately managed.

We understand our business value chain contributed to the environmental footprint through the consumption of energy, water and generation of waste. Internal policies have been implemented and formalised to embed good practices within our daily operations as our effort in reducing these impacts.

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Prohibition of the Usage of Single-Use Plastics Policy

The policy governs the prohibition of the usage of single-use plastics within the office operations effective from 1 January 2020.



Waste Management Policy

The policy promotes the practice of waste recycling.



SOP for Safety and Energy saving

The SOP stipulates the processes and procedures in relation to the safety and energy-saving practices within our office premises.

In addition, we have also made implemented several environmental-related initiatives to reduce the consumption and usage of resources within RGB.

Reduce consumption of energy

Last person to leave the respective floors is required to ensure all the electrical and office equipment are turned off.

Install energy-efficient bulbs and Light-Emitting Diodes ("LED") lightings.

Set timer for the use of air-conditioning according to operating hours.

Reduce consumption of paper

Reduce paper documentation and opt for email-communication and electronic archive.

Recycling programmes

Recycle used scrapped paper, boxes, old magazines, carton and iron/steel.

Aim to minimise the use of plastics and enhance our recycling programmes.

In the FY2020, there is a significant reduction in the consumption of electricity and water. This is mainly attributed to the transition to working from home. Additionally, a majority of the slot machines being scrapped in the FY2020 are heavier from the previous year which leads to a slight increase in the volume of waste generated. The detailed performance is presented below.

Electricity Consumption

Total Electricity Consumption (kWh)

FY2020	269,310
FY2019	371,946
FY2018	415,942

Note: The data disclosed covers the total electricity consumption of our operations at RGB (Macau) Limited, RGB Ltd. and RGBSB.

Water Consumption

Total Water Consumption (m³)

FY2020	1,506,047
FY2019	2,096,051
FY2018	2,092,050

Note: The data disclosed covers the total water consumption of our operations at RGB Ltd. and RGBSB.

Waste Generated and Recycled

Total Amount of Waste Generated and Recycled (kg)

FY2020	15,594
FY2019	14,489
FY2018	29,803

Note: The data disclosed covers the total amount of waste generated and recycled of our operations at RGB and RGBSB.

End-of-Life Products

Backed by our Group's commitment to waste management, we ensure our unutilised slot machines and single-use products are properly managed. These processes are closely monitored by our TSM and Engineering Services teams. They are keeping records of malfunctioned slot machines, slot machines that had undergone repair and maintenance and the performance of the slot machines.

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We take appropriate actions in consideration of the practicality, machine conditions and any obsolete items. Slot machines with no market potential and obsolete will be considered to reach their end-of-life. We will inspect the faulty or old slot machines to decide if they are to be refurbished or disposed. To prevent wastage and ensure cost optimisation, we will also analyse specific parts of the machines that are to be disposed for the possibility to reuse such as power supply, LCD, Printed Circuit Board ("PCB"), buttons and bill validators. The remaining parts or machines that cannot be repurposed will be scrapped and the hazardous waste resulted from the scrapping of the obsolete machine are sent for disposal through a licensed third-party collector.

In the FY2020, we have successfully refurbished 70 units and disposed 153 units of slot machines.

Year	FY2018	FY2019	FY2020
Total number of used slot machine refurbished	107 units	Nil	70 units
The total amount of waste disposed collected from used slot machines	336 units	175 units	153 units

Theme 2 :

CARE FOR THE PEOPLE

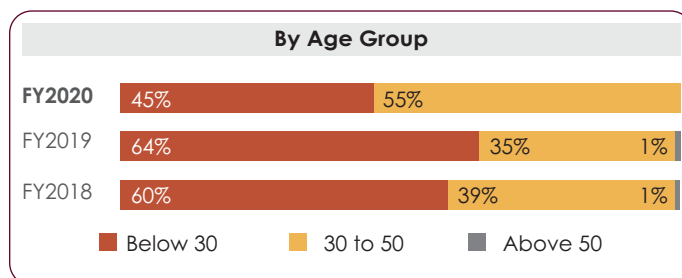
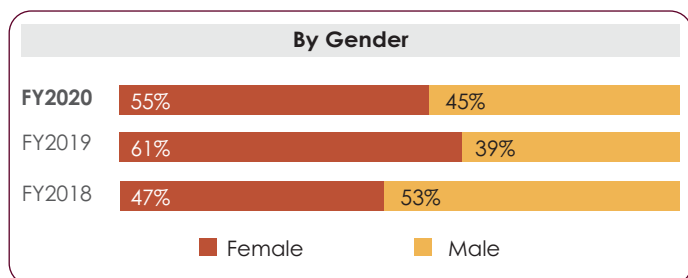


7 People Attraction, Retention and Development

Employees are the lifeblood of our business in delivering success and achieving our business objectives. We are required to ensemble talents who not only possess exceptional skillsets but also demonstrate positive attitudes and share the same vision as we do. Thus, we continually strive to attract and retain the appropriate talent within the gaming industry by providing a working culture that inculcates positive values and empowers our employees. Our initiatives under the people attraction, retention and development program is under the responsibility of RGB Human Resource Department at the headquarter/corporate offices in Malaysia, the Philippines and Cambodia.

To ensure we implemented an effective recruitment process, our Human Resource Department is guided by the recruitment guidelines stipulated within the Human Resource Policies and Procedures. We continue to implement our referral programs for existing employees to recommend potential candidates, whereby the employees will be rewarded for successful referrals. We have also extended our talent attraction initiative through our presence in career fairs to reach out to potential talents.

The followings present information on RGB's new hires:



Over the years, we continue to focus on creating opportunities by moving their career ladder forward. Annually, our employees are evaluated to measure and reward their performance and identify areas of improvement. The evaluation is supported by our internal Performance Management System which provides a structured approach in the carrying out of the performance evaluation process. To further strengthen our talent workforce, training is provided for our employees

SUSTAINABILITY STATEMENT

across all levels to close the skills gaps and broaden their skills and knowledge pipeline on products and services within the gaming industry. In the year of review, despite the business disruptions from the COVID-19 pandemic, we managed to maintain our performance on the number of employees being trained.

In addition to the provision of training for our employees, RGB ensures all employees are offered with competitive and reasonable salary and benefits package. We also provide allowance such as travelling, transport, subsistence and accommodation allowance for employees who work outside of Malaysia.

Benefits Offered for Employees



Group Hospitalisation Surgery ("GHS") and Group Personal Accident ("GPA")

All employees are covered under our Group insurance.



Medical Claim

Employees are entitled to annual medical claim ranges from RM600 to RM1,200 based on length of service.



Paternity Leave

2 days are given to our male employees per child delivered.



Maternity Leave

Our female employees are entitled to 2 months of maternity leave.

Parental Leave	FY2018			FY2019			FY2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Entitled to parental leave	263	189	452	254	200	454	203	158	361
Took parental leave	1	10	11	2	8	10	0	5	5
Returned to work in the reporting period after parental leave ended	1	10	11	2	8	10	0	5	5
Returned to work after parental leave ended that were still employed 12 months after their return to work	1	10	11	2	8	10	0	5	5

Our Response to COVID-19 Pandemic

The unprecedented outbreak of the COVID-19 global pandemic has impacted our business operations including human capital management. At RGB, we ensure all our employees' feedback and concerns are heard and addressed. We have changed our mode of work to working from home to ensure their health and safety are protected.

To ensure continuous communication between our management and employees, a town hall session was conducted virtually by the top management. During the townhall session, key messages from the top management were delivered and employees' concerns were addressed. During the Conditional Movement Control Order ("CMCO") in Malaysia, we allowed our employees to work at the office on a rotational basis to minimise the risk of transmission of COVID-19.

SUSTAINABILITY STATEMENT



8 Employee Inclusivity and Diversity

RGB embraces and ensures employee inclusivity and diversity within the Group. We continue to strongly uphold our practice in fostering fair practices across our recruitment and performance-based remuneration and to ensure the rights of our employees are protected. Our initiatives prevalent to this matter are under the purview of the Human Resource Department and are guided by our Employee Handbook that is reviewed and updated regularly. The handbook contains the compilation of the policies, procedures, working requirements and behavioural expectations that guide employee actions in a particular workplace.

During the year, RGB has continued to undertake several key measures to further engage with our employees to cultivate a high-performing work culture and to gauge employee feedback, concerns and issues. This enables RGB to curate appropriate mitigation measures to address the key issues faced by our workforce.

Open door discussion

The "open door" concept is adopted to encourage two-way communication with their superiors to ensure sharing of ideas and/or work to improve work processes and working environment.

Sports club

Sports activities are organised for employees to gather and interact as physical wellbeing is key to a productive and happy workforce.

However, with the presence of COVID-19 and current circumstances, we do not conduct any sports related activities in 2020.

CSR events

Employees from various departments are encouraged to volunteer in CSR events/activities.

Orientation programme for new joiners

Our new joiners will be briefed by our Human Resource, IT, Administration and Finance Departments.

Exit interview

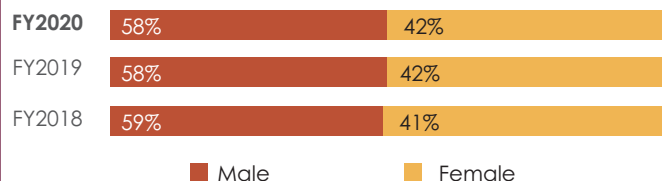
Exit Survey Form is to be filled by the employee, followed by the conduct of exit interview by the Human Resource Department before the employee's last working day.

RGB also strictly prohibits discrimination based on any characteristic, such as race, gender, or any legally protected status. We continue to encourage our employees to lodge any grievances such as harassment, bully and discrimination in the workplace to Human Resource Department or their direct supervisor. Investigation will be carried out prior to execution of appropriate action. In the year of review, zero incidents reported on discrimination at the workplace.

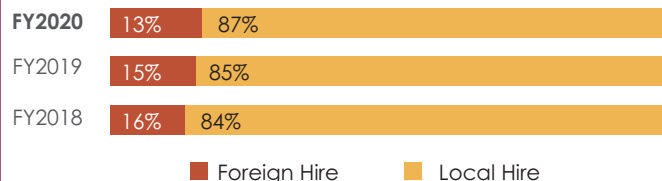
RGB Employee Profile

At RGB, all employees are hired on permanent basis and the following is the snapshot of our employee's profile.

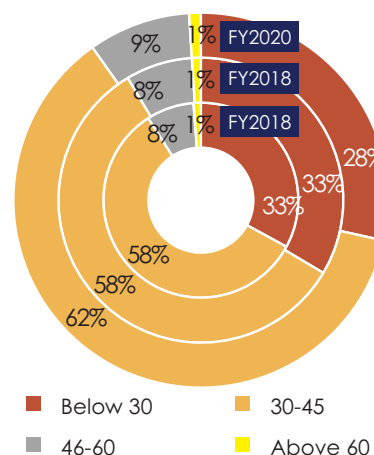
By Gender



By Talent



By Age Group



SUSTAINABILITY STATEMENT

Our Response to COVID-19 Pandemic

The global pandemic COVID-19 has challenged our employees in balancing both workplace demand and personal commitment, especially the working parent. To support our employees in adapting to the new working environment, RGB has ensured that all our employees have equal access to technology for remote working arrangements.



9 Responsible Gaming

At RGB, we have established a strong commitment to stimulate our customers' sense of responsibility in this entertainment and practising measures to promote responsible gaming which is aligned with the initiative advocated by the gambling industry. We also saw our roles in preventing underage gambling, protect vulnerable players, enhance security on information privacy and practice of ethical and responsible marketing.

Presently, our TSM Department and Regional Head are responsible to oversee the matters prevalent to responsible gaming practices within our operators throughout Asia. We collaborate with our business partners to ensure the safety of the players complies with the respective countries safety policy.

As RGB places great importance on responsible gaming practices, we continue adopting our best practices and initiatives to protect our business and players. In 2020, we managed to record zero cases of players banned.

Compliance to Gaming Laboratories International ("GLI") Standards

Ensure all gaming devices and systems are tested, reviewed and reported based on the standards prescribed by relevant gaming jurisdictions worldwide abiding by GLI Standards.

Observe proper procedure on jackpot setting for machines before installation and operation.

Participation at seminars/conferences

Participate at seminars/conferences conducted by relevant authorities to discuss current trends in the gaming industry that include issues related to responsible gaming and how problematic gaming is being managed by the casino operators.

Ensure all our employees attend annual seminar on responsible gaming which is held in conjunction with relevant authorities.

Ban players in line with the approved agency

Hand over players with gaming-related issue to the Government body that deals with "responsible gambling" matters.

Prevent players on the banned list from patronising the casino by setting a suspension timeframe.

Provide professional counselling to problematic players.

Awareness of responsible gaming

Display the information on "Entry Requirements" via digital boards or posters at the entrance of all operating outlets.

Increase exposure and raise awareness of underage gambling and the prohibition of gambling by minors aged under 18.



10 Occupational Safety and Health

The provision of a healthy and safe working environment for our employees is the core principle of our business conduct at RGB. To uphold this responsibility, initiatives in relation to the occupational safety and health practices are overseen by Administration Department and guided by Health and Safety Procedures which elaborates on the guidelines of PPE, assessment on risk and effectiveness of controls at the workplace, emergency response plans and health and safe indoor environment.

As a demonstration of our commitment, our employees are covered under our OHS management system. Efforts to supervise the safety risks and to build a healthy and safe operating environment at our sites include:

Maintenance services

Ensure regular maintenance services of the fire alarm system, hose reel system and fire extinguishers at headquarter building and our technology centre/factory in Penang at least once every quarter.

Conduct inspection of elevators at headquarter building according to the requirements instructed by the Department of Occupational Safety and Health ("DOSH").

SUSTAINABILITY STATEMENT

Security management

Allocate security personnel on duty for 24 hours at our headquarter building and technology centre/factory.

Monitor and record external visitors or staff entering the office premises after working/operating hours.

Safety at factory/warehouse

Ensure all employees are protected with safety shoes when carrying out their duties at our factory.

Ensure the first aid boxes are available at readily accessible locations within our office premises, factory and warehouses.

Healthy indoor environment

Ensure regular cleaning services of air conditioners.

OHS-related trainings and talks

Increase the awareness of our employees on OHS during daily operations.

On-job training/mentoring

Provide guidance and mentoring from time to time for new joiners in technical support on matters related to health and safety.

Our MD and Executive Committee members also communicate with all our employees on matters related to health and safety and company updates to ensure a clean and safe working environment is maintained for all employees. The meeting of MD and Executive Committee with our employees took place twice this year.

In addition to our OHS efforts and initiatives, we are pleased to report that in the FY2020, there were no cases of work-related injury, accident or fatality recorded Group-wide and zero non-compliance cases in relation to OHS laws and regulations.

Natural Disasters

RGB is also aware of the impacts of unprecedented natural disasters in our operating countries in terms of business continuity and health and safety. We have in place the relevant processes and internal controls to ensure business continuity. An Emergency Response team is established to monitor and manage the risks arising from natural disasters. In the event of any occurrence of natural disasters, our Regional Head is required to ensure the safety of employees and the company assets during evacuation including

reporting and providing updates to RGB headquarter in Penang, Malaysia.

We have developed an Emergency Protocol developed for all regions that are exposed to natural disaster. The protocol provides guidelines to the Group on the evacuation process (including the routes) within our premises in the event of a natural disaster. The guidelines stipulated are aligned with the evacuation plan set up by the building operator/owner.

We have also implemented additional measures as mitigation plans for the occurrence of natural disasters.

Evacuation diagram

All properties are equipped with evacuation plan and layout to ensure that the employees and/or customers are aware and well informed.

Emergency preparedness

High-runner gaming machines are placed at a higher level to prevent damage from floods, typhoons and earthquake.

Staff are alerted on forecasts and warnings of impending disasters for early preparation.

Our employees and machines are covered with group insurance to minimise the potential loss in such eventualities.

Automated back-up system

Backup system is set-up for every property.

Information and data are automatically backed-up on daily basis.

Drills and trainings

Various trainings are conducted on annual basis, namely fire and earthquake drill and first aid and fire prevention training. We ensure at least minimum of 2 drills are carried out for different types of natural disaster.

Trainings are carried out in the building, casino and outlets by the property's owner and RGB's control operations.

Regular trainings also are being conducted for employees who directly involved in the disaster handling procedures including equipment handlings and evacuation exercise.

In the FY2020, there was a total of 22 natural disasters occurred in the countries where we operate. Fortunately, we recorded zero fatalities and injuries, and we do not suffer from any financial loss from the occurrences.

SUSTAINABILITY STATEMENT

Our Response to COVID-19 Pandemic

During the lockdown period, we strictly adhere to our guidelines and requirements imposed by government/local authorities within our operating countries. To ensure we provide and maintain a safe working environment for all stakeholders during this vulnerable period, we conducted cleaning and routine disinfection within our premises.

With our cautious preventive measures, we did not record any workplace-related COVID-19 transmission cases in the FY2020.

All employees have to ensure the following guidelines and requirements are practised at all times in the office:

Use face masks

Wash and sanitise hand frequently

Temperature check upon entering the premise

Observe minimum one-meter social distancing

Encourage not to lunch in a group

If feeling unwell, seek medical advice and stay at home

Work on a rotation basis



11 Supporting Our Communities

As a responsible corporate citizen, we care for the development of the local communities where we operate. Our CSR Department is responsible for leading and overseeing the planning and implementation of the CSR initiatives and activities within RGB business operations.

Presently, our activities and contributions are guided by our Sustainability Policy and CSR Policy. Our CSR commitments are represented by our "RGB Cares" programme which was established over the decades. It signifies the Group's commitment to operate its business responsibly and be accountable for the decision that impacts the shareholders, investors, employees, business partners and fellow stakeholders. We continue to contribute through donations in cash or other forms of assistance. We believe it is important for us to be socially as well as an environmentally responsible corporate citizen in addition to focusing on managing a profitable business and improving shareholders' value.

RGB CSR Activities in the FY2020



RGB contributed safety kits to RGB supplier, customers and employees during the COVID-19 pandemic which benefitted over 1,100 people.



RGB had hosted a movie day for 20 children from Persatuan Kebajikan Agape Pulau Pinang with 10 RGB volunteers.

KEY SUPPLIERS

FOR SSM PRODUCTS



CORPORATE

GOVERNANCE

OVERVIEW STATEMENT

The Board of RGB is committed to maintaining high standards of corporate governance ("CG") within the Group for long term sustainable business growth, protection and enhancement of shareholders value. The Group operates within a governance framework designed based on the guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board further acknowledged that good CG is a fundamental part of its responsibility in managing the business and operations of the Group and discharging its accountability to the shareholders.

The Board is pleased to present this statement outlining an overview of the CG practices of the Company during the financial year 2020. This statement is prepared in compliance with MMLR of Bursa Securities and it is to be read together with the Company's CG Report 2020 ("CG Report") which is available on the Company's website (<http://www.rgbgames.com/home/cg-report.html>). The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year under review.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Roles of the Board

The Board collectively leads and is responsible for the success of the Group by providing entrepreneurial leadership and strategic direction as well as supervision of the management. It is also the ultimate decision-making body.

The Board is guided by the Board Charter which sets out the functions of the Board, Chairman, MD, Individual Director and Board Committees. The Board Charter also lists the matters reserved for the collective decision of the Board on the basis of any recommendation that may be made from time to time by the Board Committees and/or the management. The Board delegated specific responsibilities to its Committees to oversee the Group's affairs in accordance with their respective Terms of Reference ("TOR"). The MD and Board Committees remain accountable to the Board for the authority that is delegated. The Board Charter is reviewed periodically to keep it updated with the changes in the Company's policies as well as the latest rules and regulations and is available on the Company's website (<http://www.rgbgames.com/home/about-us.html>).

Formalised ethical standards

The Board has formalised a Code of Ethics & Conduct ("Code") and is available on the Company's website (<http://www.rgbgames.com/home/about-us.html>). The Code emphasised the Company's commitment to ethical practices and compliance with the applicable laws and regulations. The Code governs the standards of ethics and good conduct expected from the Directors and employees of the Group. The Code covers a wide range of business practices and procedures and sets out the basic principles to guide the Group's Directors and employees. The Code will be reviewed when necessary to ensure it remains relevant and appropriate.

Moreover, the Company's Employee Handbook, which contains human resource policies, serves as a guide to ensure that the accepted code of ethical conduct and employee obligations and responsibilities under this handbook are practised by the employees.

The Board has also formalised an Anti-bribery & Corruption Policy which sets out the standards the Company expects the directors, employees, agents, consultants, suppliers, vendors and any third party intermediaries or representatives performing work or services for or on behalf of the Group to comply with in conducting business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has put in place a Whistleblowing Policy and has published it on the Company's website (<http://www.rgbgames.com/home/about-us.html>). This policy provides a platform for the employees and stakeholders of the Group to report any illegal/improper action and/or wrongdoing by the employees and/or the management of the Group. The Board is responsible to oversee the implementation of this policy.

Chairman and MD

There is a clear and separate division of responsibility in the roles and duties of the Chairman and MD. The Chairman is responsible for instilling good CG practices, leadership and effectiveness of the Board whereas the MD is the officer involved in the day-to-day running of the affairs of the Company.

These 2 positions are held by 2 different individuals. The Chairman of the Board is an Independent Non-Executive Director and the MD is a Non-Independent Executive Director. The roles and responsibilities of the Chairman and MD are defined in the Board Charter. There is a clear division of responsibilities between the Chairman and MD to ensure balance of power and authority and greater capacity for independent decision-making.

Board Committees

As part of the Board's efforts to ensure the effective discharge of its duties, the Board has delegated certain of its functions to Board Committees. Each of the Board Committees operates within clearly defined TOR. The Chairman of the various Committees will report at the Board Meetings on the outcome of the Committee meetings.

The Board has established the following Committees to assist the Board in the execution of its duties:

a) Audit Committee

The composition, TOR and summary of activities of the Audit Committee are set out separately under Audit Committee Report in this Annual Report.

b) Nomination & Remuneration Committee

The main roles of the Nomination & Remuneration Committee, amongst others, are to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience as well as to ensure a proper balance of Executive Directors and Independent Non-Executive Directors, and to review and recommend to the Board the policy framework and remuneration structure for Executive and Non-Executive Directors as well as senior management.

The TOR of the Nomination & Remuneration Committee provides that the Committee shall comprise exclusively of Non-Executive Directors with minimum 3 members in total, a majority of whom being independent. In the event of any vacancy in the Committee, the Board must fill the vacancy within 3 months and appoint such number of new members as may be required to make up the minimum of 3 members. The Nomination & Remuneration Committee's TOR can be found on the Company's website (<http://www.rgbgames.com/home/about-us.html>).

During the financial year under review, the Nomination & Remuneration Committee met once and deliberated on the following matters:

- i) The balance of Executive and Non-Executive Directors (including Independent Directors) with an aim to achieve a balance of views on the Board.
- ii) Contribution of each individual Director, the effectiveness of the Board as a whole and the Committees of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- iii) The character, experience, integrity and competence of the Directors, MD and personnel primarily responsible for the management of the Group's financial affairs ("Head of Finance") and to ensure they have the time to discharge their respective roles.
- iv) The required mix of skills and experience and other qualities, including core competencies of the members of the Board.
- v) The level of independence of Independent Directors.
- vi) The term of office and performance of the Audit Committee and its members.
- vii) Retirement and re-election of Directors at the forthcoming Annual General Meeting ("AGM").
- viii) Continuation in office of Independent Non-Executive Director who has served the Board for a cumulative term of more than 12 years.
- ix) Revision of the TOR of Nomination & Remuneration Committee.
- x) Remuneration Policy for Directors and senior management.
- xi) Proposed renewal of Directors and Officers Liability Insurance Policy.

c) CRRA Committee

The CRRA Committee is tasked, inter alia, to oversee the functions of the Credit Control and Risk Assessment Department and implement identified controls of the Enterprise Risk Management ("ERM") framework of the Group. The CRRA Committee's TOR is published on the Company's website (<http://www.rgbgames.com/home/aboutus.html>).

Summary of activities of the CRRA Committee are elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

d) Executive Committee

The Executive Committee is responsible for overseeing the management of the Group and receives regular management information including updates from each business area. The Executive Committee comprises 2 Executive Directors and 4 Subsidiary Directors.

The TOR of the Executive Committee is available on the Company's website (<http://www.rgbgames.com/home/about-us.html>)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Meetings

The Board meets at least 4 times a year, with additional meetings convened as necessary. 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. This is evidenced by the attendance record of the Directors at Board meetings for the FYE 31 December 2020, as set out in the table below.

Directors	Attendance
Dato' Seri Mahinder Singh Dulku	5/5
Dato' Seri Chuah Kim Seah	5/5
Datuk Steven Lim Tow Boon	5/5
Ms. Lam Voon Kean	5/5
Tan Sri Norazman Hamidun	5/5

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are sought via circular resolutions, which are attached with sufficient and relevant information required for an informed decision-making. Where potential conflicts arise in any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and decision-making process.

An annual corporate calendar, which provides the scheduled dates for meetings of the Board, Board Committees and AGM as well as various gaming expositions and trade shows, is prepared and circulated to the Directors prior to the beginning of every year to facilitate the Directors' time planning.

All the Directors are expected to devote sufficient time to carry out their responsibilities and shall not sit on the boards of more than 5 listed companies. The Directors are required to notify the Chairman of the Board before accepting any new directorships in listed companies, the notification of which shall include an indication of time that will be spent on the new appointments.

Qualified and competent Company Secretary

The Board is satisfied with the performance and support rendered by the Company Secretary. The Company Secretary is a person with professional qualifications and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Company Secretary is responsible for advising the Board on matters in relation to compliance with laws, regulations, guidance and procedures affecting the Directors as well as the principles of good CG practices. She attends and ensures that all Board and its Committees meetings are properly convened and that the decisions made and/or resolutions passed thereof are recorded in minutes of meeting and kept in the statutory register at the registered office of the Company. The roles and responsibilities of the Company Secretary are set out in the Board Charter.

Access to information and advice

The Directors have full and timely access to information to enable them to discharge their duties.

Agenda and discussion papers are circulated at least 5 business days prior to the Board and Board Committee meetings to allow the Directors and Board Committee members to study and evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each Board and Board Committee meeting as well as for matters arising from such meetings. Actions on all matters arising from any meeting are reported at the subsequent meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors are regularly updated by the Company Secretary on new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

The Directors have unrestricted access to the advice and services of Company Secretary and senior management staff within the Group and may obtain independent professional advice at the Company's expense in the furtherance of their duties. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Board.

II. BOARD COMPOSITION

Composition of the Board and Board Balance

The Board is currently composed of 2 Executive Directors and 3 Independent Non-Executive Directors which complied with the MCCG and MMLR of Bursa Securities in respect of board composition.

As an effective and dynamic Board is essential towards enhancing long term shareholders value and interests, the Group maintains its current Board mix which has the necessary skills, expertise and experience in areas relevant to steering the growth of the Group's businesses.

The Executive Directors are tasked to implement Board decisions and policies whilst overseeing operations and coordinating business decisions. On the other hand, the Independent Non-Executive Directors are independent of management and provide effective and impartial judgement and informed opinions to the deliberations and decision-making of the Board thus fulfilling an essential and pivotal role in corporate accountability. Brief profile of each Board member is presented in this Annual Report under Profile of Directors.

The Board is supportive of gender diversity to comprise 30% female directors as recommended by the CG Blueprint 2011. The Company currently has 1 female Director. Female representation will be considered when a vacancy arises and/or suitable candidates are identified. Nevertheless, the appointment of a new Board member will not be guided solely by gender but will also take into consideration the experience, skills and knowledge of the candidate.

Tenure of Independent Directors

The Board has implemented a 9-year policy for Independent Non-Executive Directors, in line with the MCCG. The Board may, in exceptional cases and subject to the assessment of the Nomination & Remuneration Committee on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of 9 years to remain as an Independent Director subject to shareholders' approval. If the Board continues to retain the Independent Director after the 12 years, the Board shall seek annual shareholders' approval through a two-tier voting process to retain the said Director as an Independent Director.

The presence of Independent Non-Executive Directors are to ensure that issues of strategies, performance and resources proposed by the management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, and other communities in which the Group conducts its business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Dato' Seri Mahinder Singh Dulku has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years. The Board has recommended for him to continue as Independent Non-Executive Chairman and is of the opinion that the independence of Dato' Seri Mahinder Singh Dulku has not been compromised or impaired in any way after having noted the following justifications during the review and assessment of his independence:

- i) He fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities, and thus, he would be able to function as a check and balance to the Executive team and bring an element of objectivity to the Board;
- ii) He has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of MMLR of Bursa Securities;
- iii) He has extensive experience garnered from his professional experience in legal advisory for a diverse range of businesses and therefore would be able to offer constructive comments and objective review of proposals. Throughout his tenure of service, he has acted in the best interest of the Company and has continued to exercise independent judgement and due care;
- iv) He has not developed, established or maintained any significant relationship, which would impair his independence as an Independent Director, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of him to carry out his duties as Independent Non-Executive Director, Chairman or member of the Board Committees; and
- v) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision-making.

Dato' Seri Mahinder Singh Dulku has offered himself for re-election at the 18th AGM of the Company.

Appointment to the Board and Annual Assessment of Directors

The Nomination & Remuneration Committee is responsible for making recommendation for any appointments to the Board by assessing the desirability of renewing existing directorships and relying on sources from existing Board members, management, major shareholders, independent search firms and/or other independent sources. The procedures for appointment of Directors are set out in the Board Charter.

In accordance with the Company's Constitution, all newly appointed Directors shall retire and be reelected by the shareholders at the Company's AGM. An election of Directors takes place subsequent to their appointment each year where 1/3 of the Directors or if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire by rotation from office and shall be eligible for re-election at each AGM and that each Director shall retire from office at least once in every 3 years and shall be eligible for re-election.

The Nomination & Remuneration Committee conducts annual performance evaluation of each Director, the Board, Board Committees and Head of Finance based on self and peer assessment approach for continuous improvement. The character, experience, integrity, competence and time commitment of each Director and Head of Finance are assessed as well as the skills and knowledge of each Director is analysed, inter alia, in the areas of strategy, entrepreneurship, legal and regulatory requirements, CG, risk management, internal controls, audit, accounting, financial reporting, taxation, human capital, sales and marketing, information technology, production and quality assurance. The effectiveness of the Board and its Committees is evaluated in terms of board mix, composition, quality of information, decision-making, boardroom activities and board's relationship with the management. The effectiveness of the Audit Committee is further assessed in the aspects of its quality, skills and competencies as well as the conduct and administration of the Audit Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Assessment of Independence

The Nomination & Remuneration Committee had conducted on annual basis an evaluation of level of independence of all the Independent Non-Executive Directors of the Company on 26 February 2021 and the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Directors' Training

The Directors are aware of the need for continuous update of their skills and knowledge to maximise their effectiveness as Directors and assist them in discharging their duties.

The Board has delegated the assessment of skill gaps of the Directors and recommendation of appropriate training and development for the Directors to the Nomination & Remuneration Committee. The Board has, with the input from the Nomination & Remuneration Committee, satisfied that all the Directors have met their training needs.

During the year, they have attended, either collectively or individually, various programs and briefings to keep them updated on the latest regulatory changes as well as new developments in the gaming industry. The Directors have also visited the Group's operations overseas in order to better understand the environment in which the Group operates.

Seminars, development and training programmes attended by all the Directors in 2020 were as follows:

Director	Programmes	Date
Dato' Seri Mahinder Singh Dalku	Securities Commission's Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	26 August 2020
Dato' Seri Chuah Kim Seah	Securities Commission's Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	26 August 2020
	MFRS/IFRS Technical Updates 2020	7 September 2020
	Financial Instrument	25 September 2020
	MATRADE Live Webinar Malaysia - Ukraine: New Markets New Opportunities (Post COVID-19)	6 October 2020
	Impact of COVID-19 on Compliance with Various MFRS/IFRS	16 October 2020
Datuk Steven Lim Tow Boon	ICE Totally Gaming 2020	4 - 6 February 2020
	G2E Asia Online Conference 2020 (July Session): Innovation under COVID-19	7 July 2020
	G2E Asia Online Conference 2020 (August Session): Enhancing the Customer Experience	5 August 2020
	Securities Commission's Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	26 August 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Programmes	Date
	G2E Asia Online Conference 2020 (September Session): Safety and Security	16 September 2020
	AGB Webinar: Winning the Future Chinese Tourist	23 September 2020
	MATRADE Live Webinar Malaysia - Ukraine: New Markets New Opportunities (Post COVID-19)	6 October 2020
	G2E Asia Online Conference 2020 (October Session): Sport Betting	14 October 2020
	G2E Product Spotlight: Scientific Games	15 October 2020
	G2E Welcome and Keynote Presentation: Public Policy and Pandemic - A Conversation with Senator Catherine Cortez Masto (D-NV)	27 October 2020
	G2E Las Vegas 2020 Virtual Event	28 - 30 October 2020
	AGB Webinar: Acquiring and Retaining iGaming Customers	25 November 2020
	AGB Webinar: Life after POGOs - AGB Pop-up Forum	9 December 2020
	MATRADE Webinar: Malaysia2China - Seizing Opportunities in China's Technological Rise	10 December 2020
	FMM Webinar: Regional Comprehensive Economic Partnership (RCEP) - Understanding and Benefiting from the World's Largest Free Trade Agreement	15 December 2020
	FMM Webinar: COVID-19 Act - How Does It Impact Your Business and How Effective Would It Be	17 December 2020
Ms. Lam Voon Kean	Corporate Liability Provision on Corruption under the MACC Act 2009 (Amended 2018)	2 March 2020
	MACC Act 2009 Section 17A (Corporate Liability), Adequate Procedures and ISO 37001:2016	10 March 2020
	Judicial Management: A Corporate Rescue Mechanism in Malaysia	23 April 2020
	A Change for Better Comparability and Transparency of Companies' Performance Reporting	27 April 2020
	Securities Commission's Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	26 August 2020
	Transforming Business Performance Through Digitalisation	21 October 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Programmes	Date
	Fraud Risk Management Workshop for Directors of Listed Companies	4 November 2020
	The Future of Business Series #1: Reimagining 2020 and Beyond - Top Glove Corporation Berhad	5 November 2020
	Opportunities in Derivatives Market Explained - How to Trade Single Stock Futures (SSF)	11 November 2020
	Audit Committee Institute Virtual Roundtable 2020: ESG Perspective - Managing Recovery and Resilience	12 November 2020
	MASB Engagement Session on IFRS Foundation's Consultation Paper - Sustainability Reporting	13 November 2020
Tan Sri Norazman Hamidun	Securities Commission's Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries	26 August 2020

III. REMUNERATION

Remuneration of Directors and Senior Management

The level of remuneration of Executive Directors and senior management is linked to corporate and individual performance as well as their scope of work and responsibilities. The remuneration package of the Executive Directors and senior management includes basic salary, allowance, bonus and/or benefits-in-kind.

In the case of Non-Executive Directors, the level of remuneration would reflect the experience and level of responsibilities undertaken by Non-Executive Director concerned. The Non-Executive Directors' remuneration comprises annual fees and meeting allowance for each meeting they attended. Fees and meeting allowance are to be paid to Non-Executive Directors only with the approval of shareholders at AGM.

The Executive Director is neither entitled to the above Director's fee nor to receive any meeting allowance for attending Board or Board Committee meetings.

The Board has put in place a Remuneration Policy which sets out the remuneration structure of Executive Directors, Non-Executive Directors and senior management of the Company as well as the procedures to determine their remuneration. This policy is available on the Company's website (<http://www.rgbgames.com/home/about-us.html>) and will be reviewed periodically to ensure it continues to remain relevant and appropriate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Compliance with applicable financial reporting standards

The Directors have taken reasonable steps to provide a balanced and understandable assessment of the Group's financial performance and future prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of the financial reporting.

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

In the preparation of the financial statements for the FYE 31 December 2020, the Directors are satisfied that the Group had used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgment and estimates.

Assessment of suitability and independence of external auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded with the power to communicate directly with the external auditors towards ensuring compliance with the accounting standards and other related regulatory requirements.

The role of the Audit Committee in relation to the external auditors is stated under the Audit Committee Report of this Annual Report.

The Audit Committee has assessed the independence of the current external auditors of the Company prior to recommendation to the Board for endorsement before seeking shareholders' approval for re-appointment at the forthcoming AGM. The current external auditors, having been re-appointed by the shareholders annually at the AGM, were initially appointed on 25 May 2011. The external auditors have confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements and have provided the declaration in their annual audit plan and audit findings report presented to the Audit Committee of the Company. The Audit Committee is satisfied with the external auditors' technical capability and audit independence.

The Board has established an External Auditors Assessment Policy which outlines the guidelines and procedures for the Audit Committee to assess and review the external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound framework to manage risks

The Board, via Audit and CRRA Committees, undertakes overall responsibility for risk oversight and risk management. The Company has established and adopted the risk management policy to administer the Group's approach to risk management.

Internal audit function

The Board recognises the importance of internal control systems whereby shareholders' investment and the Company's assets can be safeguarded.

Details of the Group's risk management and internal control are set out under Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Corporate Disclosure Policy

The Board acknowledges the importance of ensuring prompt dissemination of information to shareholders and regulatory bodies with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing release of material and price sensitive information. The Board will take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

In line with increased investor awareness for greater accountability and transparency, the Board has formalised a Corporate Disclosure Policy to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders.

Leverage on information technology for effective dissemination of information

The Group recognises the importance of being accountable to its shareholders and investors and as such has maintained active communication and feedback policy with institutional investors, shareholders and public generally to explain the Group's strategy, performance and major developments.

Details of the Group's investor relations are illustrated under Investor Relations in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. CONDUCTS OF GENERAL MEETINGS

Encourage shareholder participation at general meetings

The Company provides additional time for the shareholders to make necessary arrangement to attend the AGM of the Company, either in person or by proxy, by giving 28-day notice in line with good CG practice instead of the 21-day requirement under the Companies Act 2016 and MMLR of Bursa Securities.

The Company's Constitution provides that a member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than 2 proxies to attend and vote in his/her stead at the meeting, and that a proxy may but need not be a member. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than 1 proxy, he/she shall specify the proportion of his/her holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Poll voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, voting at the 17th AGM of the Company held on 8 September 2020 at Bayview Hotel Georgetown Penang was conducted by poll using an electronic voting system. Poll Administrator and Independent Scrutineer were appointed to perform the polling process and validate the poll results respectively.

Effective communication and proactive engagement

The Company's general meetings remain the principal forum for dialogue and communication with shareholders, in particular individual/retail investors. Shareholders are encouraged to attend the general meetings and, given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

The 17th AGM of the Company was attended by all the Directors and the Company Secretary. All resolutions proposed were approved by the shareholders at the AGM. The Directors, Chairman of all the Board Committees, senior management and the Company's external auditors, BDO PLT, were present to answer questions raised and provide clarification as required by the shareholders.

This statement is issued in accordance with a resolution of the Board dated 17 May 2021.

AUDIT

COMMITTEE REPORT

MEMBERS

The members of the Audit Committee are as follows:

- (i) Ms. Lam Voon Kean, Chairman - Independent Non-Executive Director
- (ii) Dato' Seri Mahinder Singh Dulku - Independent Non-Executive Chairman
- (iii) Tan Sri Norazman Hamidun - Independent Non-Executive Director

COMPOSITION

The Audit Committee comprises 3 members, all of whom are Independent Non-Executive Directors and this meets the requirements of paragraph 15.09(1)(b) of the MMLR of Bursa Securities.

In compliance with paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities, Ms. Lam Voon Kean who is a member of the MIA and MICPA, is the Chairman of the Audit Committee.

The Nomination & Remuneration Committee reviews annually the terms of office of the Audit Committee members and assesses the performance of the Audit Committee and its members through an annual Board Assessment and Evaluation and Audit Committee Evaluation. The Nomination & Remuneration Committee is satisfied that the Audit Committee and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of the Audit Committee which are available on the Company's website (<http://www.rgbgames.com/home/about-us.html>) thereby supporting the Board in ensuring appropriate CG standards within the Group.

MEETINGS

The Audit Committee is to meet at least 4 times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed sent to all members.

The Head of Finance and the representatives of the internal auditors shall be in attendance at meetings of the Audit Committee as and when required. The Audit Committee may invite the external auditors, other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.

At least twice a year, the Audit Committee shall meet with the external auditors, in the absence of the executive directors and the management staff, to discuss the audit findings and any other observations that they may have during the audit process. The external auditors may also request for a meeting if they consider it needful.

Minutes of each meeting are to be prepared to record its conclusions in discharging its duties and responsibilities and sent to the Audit Committee members, and the Company's Directors who are not members of the Audit Committee.

A total of 5 meetings were held during the FYE 31 December 2020. Details of the attendance of the members at the meetings are as follows:

Directors	Attendance
Ms. Lam Voon Kean	5/5
Dato' Seri Mahinder Singh Dulku	5/5
Tan Sri Norazman Hamidun	5/5

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The main activities undertaken by the Audit Committee for the FYE 31 December 2020 were as follows:

(1) Financial Reporting

- (a) Reviewed quarterly unaudited financial statements of the Group with Head of Finance and recommended them to the Board for approval.

The review is to ensure that the quarterly unaudited financial statements present a true and fair view of the Group's financial position and performance and are prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of MMLR of Bursa Securities.

- (b) Reviewed audited financial statements of the Group for the FYE 31 December 2020 together with Head of Finance and external auditors to ensure it presented a true and fair view of the Group's financial position and performance for the year and complied with applicable approved accounting standards in Malaysia and other legal and regulatory requirements prior to recommending it to the Board for approval.

(2) External Audit

- (a) Discussed key audit issues raised by external auditors from its annual audit for the FYE 31 December 2020 in its management letter including management's response to the findings and actions taken to resolve such issues.
- (b) Assessed the suitability of maintaining external auditors for the FYE 31 December 2020 vis-à-vis performance, independence, rotation of audit partners and non-audit services.

The Audit Committee, having been satisfied with the suitability of external auditors, recommended to the Board for approval of the re-appointment of BDO PLT as auditors of the Company for the FYE 31 December 2020 subject to shareholders' approval.

- (c) Discussed with external auditors on their audit plan for the FYE 31 December 2020 outlining their scope of work, audit timeline, areas of audit emphasis, audit materiality, updates on financial reporting, engagement team and proposed audit fees.

The Audit Committee accepted the audit plan presented by external auditors and recommended the proposed audit fees to the Board for approval.

- (d) Convened 2 meetings in 2020 with external auditors in the absence of executive directors and management staff in order to provide an opportunity to the external auditors to candidly express any concerns they may have.
- (e) Reviewed the revised External Auditors Assessment Policy.

AUDIT COMMITTEE REPORT

(3) Internal Audit

- (a) Reviewed and approved the risk based internal audit plan for the FYE 31 December 2020 to ensure adequate scope and coverage over the Group's activities based on identified risk areas.
- (b) Reviewed the internal audit reports which highlighted the audit issues, recommendations and management's responses. Discussed with management the corrective actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports. Reported the significant matters to the Board.

The internal auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

- (c) Assessed the adequacy and suitability of the resource requirements and professionalism of internal auditors and the performance of internal audit function.

The Audit Committee, having been satisfied with the performance of internal auditors, decided to continue outsourcing internal audit function for the FYE 31 December 2020.

- (d) Conducted a meeting in 2020 with internal auditors without the presence of executive directors and management staff in order to provide the internal auditors an avenue to convey any concerns they may have.

(4) Related Party Transactions

- (a) Reviewed the related party transactions and recurrent related party transactions of a revenue or trading nature on a quarterly basis, after the CRRA Committee has examined and satisfied that those transactions were carried out at arm's length basis, on normal commercial terms, not to the detriment of the minority shareholders and in accordance with the approved mandate.
- (b) Reviewed the circular to shareholders in relation to the proposed additional and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue and trading nature to ensure that the transactions are carried out on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interests of the minority shareholders.

(5) Others

- (a) Reviewed Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020 of the Company prior to the submission to the Board for their consideration and approval.

The review is, inter alia, to ensure compliance with the provisions of the Companies Act 2016, MMLR and other legal and regulatory requirements.

- (b) Reviewed the report presented by the CRRA Committee on every quarter pertaining to post analysis of approved ROI and status update of approved new ROI.
- (c) Reviewed the revised TOR of Audit Committee.
- (d) Reviewed the proposed audit and tax fees for FYE 31 December 2020 and recommended them to the Board for approval.
- (e) Reviewed the statement to shareholders in relation to the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company has appointed an independent professional accounting firm to provide outsourced internal audit function for the Group in order to assist the Audit Committee in discharging its duties and responsibilities. The objectives of internal audit are to independently assess the system of internal control established by the management, the adequacy and integrity of such internal control system vis-à-vis the objectives served and to make appropriate recommendations thereof as well as determining the extent of adherence to these controls by staff responsible for the function.

During the financial year, the internal auditors have conducted audit reviews relating to adequate controls on corporate liability provision based on the internal audit plan which has been approved by the Audit Committee. Upon completion of the work, the internal auditors presented their findings and recommendations as well as the management's responses and action plans to the Audit Committee for its review and deliberation. The internal auditors also carried out follow up reviews to monitor the implementation of the management's action plans for reporting to the Audit Committee. In addition, the internal auditors also followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of management-agreed action plan implementation.

The costs incurred for the internal audit function of the Group for 2020 is RM37,546.

This report is made pursuant to a resolution of the Board dated 17 May 2021.

STATEMENT

ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of RGB is committed to maintain a sound system of risk management and internal controls in the Group and is pleased to provide the following Statement on Risk Management and Internal Control ("Statement"), which outlines the nature and scope of the risk management and internal controls of the Group during the FYE 31 December 2020.

For the purpose of disclosure, the Board has taken into consideration the enumerations encapsulated in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines"), a publication endorsed by Bursa Securities pursuant to Paragraph 15.26(b) of the MMLR.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal control and risk management practices to safeguard its shareholders' investment, interest and the Group's assets.

The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of risk management and internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

The Board has in place an on-going process for identifying, evaluating and managing the significant risks encountered by the Group. The Board, through its Audit Committee, reviews the results of this process, including mitigating measures taken by the management via the CRRRA Committee to address areas of key risks identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

The Audit Committee assists the Board in reviewing the adequacy and effectiveness of the system of risk management and internal controls in the Group and to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board.

RISK MANAGEMENT

The Board is guided by Practices 9.1 and 9.2 of the MCCG which calls for the establishment of an effective risk management and internal control framework to be implemented across the Group. The adopted ERM framework includes an on-going risk management process carried out by the CRRRA Committee. Risks may be associated with internal or external factors including turnover of key personnel, changes in the economic and political environment, competition, introduction of new rules and regulations, technological advancement and other matters relevant to the Group. For each of the key risks identified, the respective divisional head or manager is responsible to continuously monitor the implementation of risk mitigation action plans and update to the Board via CRRRA Committee.

Risk tolerance limits are set to align the risk appetite, with the consideration of likelihood of occurrence and severity of consequences, are subject to review periodically. Existing controls to mitigate and manage these risks are then re-assessed and strengthened.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The CRRA Committee has also deliberated and reported to the Board, inter alia, on the following matters:

- i) Monitor trade collection and recommend appropriate actions to recover overdue debts, if any;
- ii) Evaluate and review special credit term offered to selected customers;
- iii) Review adequacy of provision for doubtful debts on trade receivables and any write-off of debts as required;
- iv) Monitor and ensure compliance of Expenditure Controls and Delegation of Authority Policy when granting credit term to customers;
- v) Review and evaluate the progress of all non-performing investments and ventures;
- vi) Review and evaluate feasibility of proposed capital expenditures prior to acquisition;
- vii) Review the country risk and regulatory compliance where the Group operates; and
- viii) Implement identified controls of the ERM framework.

The unprecedented worldwide outbreak of COVID-19 pandemic has resulted in the lockdown or movement control orders imposed by various countries in March 2020. Our Executive Committee has conducted weekly meetings to monitor and implement relevant measures to overcome the challenges during this period which include:

- i) Continuously monitor and manage our cash flow liquidity.
- ii) Taking the necessary preventive measures in our TSM outlets and offices to prevent the spreading of COVID-19.
- iii) Ensuring our employees strictly adhere to standard operating procedures issued by the respective countries where we operate.
- iv) Having work-from-home arrangements for our employees.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, which assists both the Board and the Audit Committee by conducting independent assessment of the adequacy and effectiveness of the Group's internal control system. To ensure independence from management, the internal auditors report directly to the Audit Committee through the execution of internal audit work based on a risk-based internal audit plan approved by the Audit Committee before the commencement of work. The internal audit work is carried out based on KPMG Internal Audit Methodology, which is closely aligned with the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors.

The internal audit report outlines the improvements opportunity from these audits together with the management's response and proposed action plans based on root cause analysis performed are presented to the Audit Committee for its review. The appointed firm also follows up and reports to the Audit Committee the status of implementation by the management on the recommendations highlighted in the previous internal audit reports.

During the financial year under review, the internal audit was carried out to assess the internal control systems:

Audited Areas	Reporting Month
Adequate Controls on Corporate Liability Provision	November 2020

In addition, the internal audit function also followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of management-agreed action plan implementation.

The other key elements of the Group's internal control systems are described below:

(a) Limits of Authority and Responsibility

Documented limits of authority, responsibility and accountability have been established through the relevant charters and TOR, organisational structures and Expenditure Controls and Delegation of Authority Policy. These enhance the Group's ability to achieve its strategies and operational objectives. The divisional structure further enhances the ability of each division to focus on its assigned core or support functions within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(b) Written Policies and Procedures

A set of documented internal policies and procedures for each department is in place and is subject to regular review and update. This helps to ensure internal control principles and mechanisms are embedded in the operations of the Group.

(c) Planning, Monitoring and Reporting

- There is an established strategic planning and budgetary process, requiring all functional divisions to prepare the annual capital and operating expenditure budgets for discussion and approval by the Board;
- The Audit Committee reviews the Group's quarterly financial performance, together with the management, which is subsequently reported to the Board;
- Regular and comprehensive information are provided to the key management team, covering financial and operational performance and key business indicators to promote effective review and monitoring of performance and decision making purposes; and
- The management meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.

(d) Insurance

Insurance and physical safeguards over major assets are in place to ensure that the Group's assets are adequately covered against any calamity and mishap that may result in material losses to the Group.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the MD and Head of Finance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking this assurance into consideration, the Board is of the view that the systems of risk management and internal control is adequate to meet the needs of the Group in addressing financial operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. The Group continues to take measures to strengthen the internal control environment, monitor the health of the risk management and internal controls framework.

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Company for the FYE 31 December 2020.

The review of this Statement by the external auditors was performed in accordance with the scope set out in the Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report, issued by the MIA.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines to be set out, nor is this Statement factually inaccurate.

This Statement is made in accordance with a resolution of the Board dated 17 May 2021.

FINANCIAL CALENDAR

Announcement of the consolidated results for the 4th quarter and financial year ended 31 December 2020

**26
February
2021**

Announcement of the consolidated results for the 2nd quarter ended 30 June 2020

**26
August
2020**

Announcement of the audited consolidated results for the financial year ended 31 December 2019

**12 June
2020**

**27
November
2020**

Announcement of the consolidated results for the 3rd quarter ended 30 September 2020

**30 June
2020**

Announcement of the consolidated results for the 1st quarter ended 31 March 2020

**27
February
2020**

Announcement of the consolidated results for the 4th quarter and financial year ended 31 December 2019

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(29,076,498)	(94,084)
Attributable to:		
Owners of the parent	(28,736,709)	(94,084)
Non-controlling interests	(339,789)	-
	(29,076,498)	(94,084)

TREASURY SHARES

The shareholders of the Company granted an authority to the Company to purchase its own shares at the Extraordinary General Meeting held on 28 November 2019 and the mandate was renewed at the Annual General Meeting held on 8 September 2020.

During the financial year, the Company repurchased 4,784,800 of its issued ordinary shares from the open market at an average price of RM0.176 per share. The total consideration paid for the shares repurchased, including transaction costs, amounted to RM841,841 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. The details of the treasury shares are disclosed in Note 27 to the financial statements.

DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	Company RM
In respect of financial year ended 31 December 2019:	
Interim single-tier dividend of RM0.003 per ordinary share, paid on 15 April 2020	4,630,382

DIRECTORS' REPORT

DIVIDEND (continued)

No final dividend has been recommended by the Directors for the financial year ended 31 December 2020 and 31 December 2019 respectively.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

RGB International Bhd.

Dato' Seri Mahinder Singh Dulku
Dato' Seri Chuah Kim Seah
Datuk Lim Tow Boon
Lam Voon Kean
Tan Sri Norazman Hamidun

Subsidiaries of RGB International Bhd.

Dato' Seri Chuah Kim Seah
Datuk Lim Tow Boon
Mazlan Ismail
Dato' Chuah Kim Chiew
Chuah Eng Hwa
Ganaser Kaliappen
Chuo Ah Ngau
Ung Chi Fong
Andrew Lim Chong Thye
Lim Chin Teong

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← 1 January 2020	Number of ordinary shares		→ 31 December 2020
		Acquired	Sold	
Shares in the Company				
<u>Direct interests:</u>				
Dato' Seri Mahinder Singh Dulku	1,374,285	-	-	1,374,285
Dato' Seri Chuah Kim Seah	455,257,473	500,000	-	455,757,473
Datuk Lim Tow Boon	7,589,142	-	-	7,589,142
Lam Voon Kean	3,428,571	-	-	3,428,571
Tan Sri Norazman Hamidun	4,548,571	-	-	4,548,571
<u>Indirect interests:</u>				
Dato' Seri Chuah Kim Seah	2,805,141	-	-	2,805,141

By virtue of Dato' Seri Chuah Kim Seah's substantial interest in the shares of the Company, he is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 35 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected liability insurance of the Directors and officers during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. During the financial year, the total amount of indemnity coverage and insurance premium paid were RM10,000,000 and RM21,500 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 41 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts 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 material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) 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) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 41 to the financial statements; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 amounted to RM51,500 and RM283,700 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Seri Chuah Kim Seah
Director

Datuk Lim Tow Boon
Director

Penang
17 May 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 64 to 134 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions 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 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Seri Chuah Kim Seah
Director

Datuk Lim Tow Boon
Director

Penang
17 May 2021

STATUTORY DECLARATION

I, Chuah Eng Hwa, being the officer primarily responsible for the financial management of RGB International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 64 to 134 are, to the best of my knowledge and belief, 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 at George Town in
the State of Penang on 17 May 2021

Chuah Eng Hwa

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of RGB International Bhd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RGB International Bhd., which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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 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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2020 were RM143,161,159 as disclosed in Note 20 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios to assess expected credit losses.

INDEPENDENT AUDITORS' REPORT

To the Members of RGB International Bhd.

Key Audit Matters (continued)

Impairment of trade receivables (continued)

Audit response

Our audit procedures included the following:

- (a) Recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses;
- (d) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- (e) evaluated the basis by management for determining cash flows recoverable in worst-case scenarios.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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, 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.

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 MFRSs, IFRSs, 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.

INDEPENDENT AUDITORS' REPORT

To the Members of RGB International Bhd.

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 ISAs 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 ISAs, 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (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 ability of the Group or of the Company 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.
- (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.

INDEPENDENT AUDITORS' REPORT

To the Members of RGB International Bhd.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 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.

BDO PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Penang
17 May 2021

Koay Theam Hock

02141/04/2023 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020

		2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
	Note				
Revenue	5	191,067,100	351,096,631	1,500,000	18,936,500
Cost of sales		(192,961,438)	(261,646,782)	-	-
Gross (loss)/profit		(1,894,338)	89,449,849	1,500,000	18,936,500
Other income	6	2,498,914	3,558,156	24,175	1,152
Administrative expenses		(24,610,182)	(43,675,038)	(1,658,284)	(4,253,264)
Selling and marketing expenses		(2,658,130)	(5,401,668)	-	-
Other gain/(expenses), net		437,941	1,727,194	58,833	(319,246)
Finance costs	7	(1,732,118)	(1,462,907)	(18,678)	(2,178)
(Loss)/Profit before tax		(27,957,913)	44,195,586	(93,954)	14,362,964
Taxation	10	(1,118,585)	(4,019,749)	(130)	(273)
(Loss)/Profit for the financial year		(29,076,498)	40,175,837	(94,084)	14,362,691
Other comprehensive loss, net of tax:					
Item that may be reclassified subsequently to profit or loss					
- Foreign currency translations, representing other comprehensive loss for the financial year		(2,721,192)	(2,568,131)	-	-
Total comprehensive (loss)/income for the financial year		(31,797,690)	37,607,706	(94,084)	14,362,691
(Loss)/Profit attributable to:					
Owners of the parent		(28,736,709)	39,766,196	(94,084)	14,362,691
Non-controlling interests	15(c)	(339,789)	409,641	-	-
		(29,076,498)	40,175,837	(94,084)	14,362,691
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(31,092,999)	37,426,462	(94,084)	14,362,691
Non-controlling interests	15(c)	(704,691)	181,244	-	-
		(31,797,690)	37,607,706	(94,084)	14,362,691
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	11(a)	(1.86)	2.58		
Diluted	11(b)	(1.86)	2.58		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

			Group		Company
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Assets					
Non-current assets					
Property, plant and equipment	13	156,529,624	184,746,332	23,592	35,435
Investment property	14	32,794,042	34,262,075	-	-
Investments in subsidiaries	15	-	-	158,913,324	158,913,324
Investments in associates	16	160,705	163,597	-	-
Right-of-use assets	17	6,193,162	4,885,953	284,554	321,586
Intangible assets	18	1,877,637	1,941,226	-	-
Trade receivables	20	41,450,497	23,462,995	-	-
Other receivables	21	2,786,465	4,527,734	-	-
Lease receivables	22	4,195,973	7,944,995	-	-
Due from subsidiaries	23	-	-	212,973	-
Due from associates	24	2,790,971	2,849,300	-	-
		248,779,076	264,784,207	159,434,443	159,270,345
Current assets					
Inventories	19	3,594,875	4,231,691	-	-
Trade receivables	20	97,270,422	141,441,217	-	-
Other receivables	21	11,094,891	32,718,825	7,000	7,000
Lease receivables	22	4,025,926	3,322,981	-	-
Due from subsidiaries	23	-	-	11,067,076	16,467,423
Current tax assets		346,318	-	5,861	3,895
Cash and bank balances	25	39,178,475	54,048,064	125,655	1,095,450
		155,510,907	235,762,778	11,205,592	17,573,768
Total assets		404,289,983	500,546,985	170,640,035	176,844,113
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	26	158,484,726	158,484,726	158,484,726	158,484,726
Treasury shares	27	(841,841)	-	(841,841)	-
Reserves	28	68,182,599	103,905,980	12,379,728	17,104,194
		225,825,484	262,390,706	170,022,613	175,588,920
Non-controlling interests	15(c)	20,465,033	21,169,724	-	-
Total equity		246,290,517	283,560,430	170,022,613	175,588,920

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
	Note				
Liabilities					
Non-current liabilities					
Borrowings	30	17,349,879	22,201,945	-	-
Lease liabilities	17	2,007,274	2,576,589	270,933	296,975
Trade payables	32	17,516,699	18,670,536	-	-
Deferred tax liabilities	31	132,358	128,661	-	-
		37,006,210	43,577,731	270,933	296,975
Current liabilities					
Borrowings	30	14,300,479	7,544,216	-	-
Lease liabilities	17	1,165,503	931,518	26,042	24,611
Trade payables	32	69,317,155	132,050,221	-	-
Other payables	33	23,507,138	24,816,163	320,447	933,607
Contract liabilities	34	12,616,741	6,874,728	-	-
Due to associates	24	86,240	87,792	-	-
Current tax liabilities		-	1,104,186	-	-
		120,993,256	173,408,824	346,489	958,218
Total liabilities		157,999,466	216,986,555	617,422	1,255,193
Total equity and liabilities		404,289,983	500,546,985	170,640,035	176,844,113

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

Group	Note	Attributable to owners of the parent					Non-controlling interests RM	Total equity RM
		Share capital RM	Treasury share RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM		
At 1 January 2020		158,484,726	-	15,167,700	88,738,280	262,390,706	21,169,724	283,560,430
Loss for the financial year		-	-	-	(28,736,709)	(28,736,709)	(339,789)	(29,076,498)
Foreign currency translations		-	-	(2,356,290)	-	(2,356,290)	(364,902)	(2,721,192)
Total comprehensive loss for the financial year		-	-	(2,356,290)	(28,736,709)	(31,092,999)	(704,691)	(31,797,690)
Transactions with owners:								
Buy-back of own shares	27	-	(841,841)	-	-	(841,841)	-	(841,841)
Dividends paid	12	-	-	-	(4,630,382)	(4,630,382)	-	(4,630,382)
Total transactions with owners		-	(841,841)	-	(4,630,382)	(5,472,223)	-	(5,472,223)
At 31 December 2020		158,484,726	(841,841)	12,811,410	55,371,189	225,825,484	20,465,033	246,290,517

Group	Note	Attributable to owners of the parent				Non-controlling interests RM	Total equity RM	
		Share capital RM	Foreign currency translation reserve RM	Share options reserve RM	Retained earnings RM			
		Total RM						
At 1 January 2019		157,052,573	17,507,434	2,176,431	58,060,096	234,796,534	20,988,480	255,785,014
Profit for the financial year		-	-	-	39,766,196	39,766,196	409,641	40,175,837
Foreign currency translations		-	(2,339,734)	-	-	(2,339,734)	(228,397)	(2,568,131)
Total comprehensive income for the financial year		-	(2,339,734)	-	39,766,196	37,426,462	181,244	37,607,706
Transactions with owners:								
Dividends paid	12	-	-	-	(10,826,182)	(10,826,182)	-	(10,826,182)
Issue of ordinary shares pursuant to ESOS	26	1,432,153	-	(441,134)	-	991,019	-	991,019
Share options vested under ESOS	8	-	-	2,873	-	2,873	-	2,873
Transfer of reserve upon expiry of ESOS		-	-	(1,738,170)	1,738,170	-	-	-
Total transactions with owners		1,432,153	-	(2,176,431)	(9,088,012)	(9,832,290)	-	(9,832,290)
At 31 December 2019		158,484,726	15,167,700	-	88,738,280	262,390,706	21,169,724	283,560,430

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

Company	Note	Share capital RM	Treasury share RM	Retained earnings RM	Total equity RM
At 1 January 2020		158,484,726	-	17,104,194	175,588,920
Loss for the financial year		-	-	(94,084)	(94,084)
Total comprehensive loss for the financial year		-	-	(94,084)	(94,084)
Transactions with owners:					
Buy-back of own shares	27	-	(841,841)	-	(841,841)
Dividends paid	12	-	-	(4,630,382)	(4,630,382)
Total transactions with owners		-	(841,841)	(4,630,382)	(5,472,223)
At 31 December 2020		158,484,726	(841,841)	12,379,728	170,022,613

Company	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total equity RM
At 1 January 2019		157,052,573	2,176,779	11,829,167	171,058,519
Profit for the financial year		-	-	14,362,691	14,362,691
Total comprehensive income for the financial year		-	-	14,362,691	14,362,691
Transactions with owners:					
Dividends paid	12	-	-	(10,826,182)	(10,826,182)
Issue of ordinary shares pursuant to ESOS	26	1,432,153	(441,134)	-	991,019
Share options vested under ESOS		-	2,873	-	2,873
Transfer of reserve upon expiry of ESOS		-	(1,738,518)	1,738,518	-
Total transactions with owners		1,432,153	(2,176,779)	(9,087,664)	(9,832,290)
At 31 December 2019		158,484,726	-	17,104,194	175,588,920

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(27,957,913)	44,195,586	(93,954)	14,362,964
Adjustments for:					
Dividend income from subsidiaries	5	-	-	(1,500,000)	(18,936,500)
Interest income		(1,795,349)	(3,583,392)	-	-
Interest expense	7	1,532,045	1,167,804	17,148	998
Amortisation of intangible assets	18	46,036	341,304	-	-
Depreciation of an investment property	14	899,576	814,892	-	-
Depreciation of property, plant and equipment	13	53,250,736	36,737,854	11,843	19,109
Depreciation of right-of-use assets	17	1,198,742	949,360	32,023	40,109
Gain on deconsolidation of plant and equipment		-	(4,090)	-	-
Impairment losses on:					
- Trade receivables	20(h)	1,931,823	901,916	-	-
- Other receivables	21(d)	11,600	352,105	-	-
Impairment losses reversal on:					
- Trade receivables	20(h)	(482,607)	(422,449)	-	-
- Other receivables	21(d)	(105,759)	-	-	-
Inventories written down	19(c)	972,687	293,404	-	-
(Gain)/Loss on lease modification to:					
- Right-of-use assets and lease liabilities	17(d)	(1,882)	4,252	-	-
- Lease receivables	22(d)	2,317,942	-	-	-
Share options vested under ESOS	8	-	2,873	-	331
Unrealised foreign exchange gain		(73,251)	(1,238,178)	(58,833)	(398,773)
Written off on property, plant and equipment		1,098	17,618	-	-
Operating profit/(loss) before changes in working capital		31,745,524	80,530,859	(1,591,773)	(4,911,762)
Changes in working capital:					
Inventories		(290,507)	1,932,367	-	-
Trade receivables		25,549,682	(41,731,922)	-	-
Other receivables		23,374,711	4,576,129	-	74,206
Lease receivables		1,863,869	7,090,627	-	-
Due from subsidiaries		-	-	5,246,207	(6,054,004)
Due from associates		58,329	17,487	-	-
Trade payables		(64,423,340)	34,709,928	-	-
Other payables		(1,445,610)	1,676,811	(613,160)	279,911
Contract liabilities		7,171,081	(4,702,144)	-	-
Cash generated from/(used in) operations		23,603,739	84,100,142	3,041,274	(10,611,649)
Interest paid		(1,355,040)	(1,041,373)	-	-
Tax paid		(2,565,392)	(4,019,652)	(2,096)	(7,452)
Tax refunded		-	388,492	-	7,232
Net cash from/(used in) operating activities		19,683,307	79,427,609	3,039,178	(10,611,869)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

		2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
	Note				
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(27,474,913)	(87,972,158)	-	(20,016)
Purchase of right-of-use assets	17(g)	(2,071,768)	-	-	-
Proceeds from disposal of property, plant and equipment		-	4,090	-	-
Changes in bank balances and deposits pledged to licensed banks		(32,603)	(7,929,564)	-	2,108,907
Dividends received		-	-	1,500,000	18,936,500
Interest received		592,082	633,028	-	-
Net cash (used in)/from investing activities		(28,987,202)	(95,264,604)	1,500,000	21,025,391
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	991,019	-	991,019
Drawdown of term loans		-	20,505,000	-	-
Repayments of term loans		(3,971,880)	(2,155,903)	-	-
Proceeds from onshore foreign currency loan		2,849,744	5,613,487	-	-
Repayments of onshore foreign currency loan		(2,849,744)	(8,476,172)	-	-
Proceeds from revolving credits		42,697,677	26,871,154	-	-
Repayments of revolving credits		(36,821,600)	(31,860,644)	-	-
Repayments of hire purchase creditors		-	(129,227)	-	-
Payments of lease liabilities	17	(1,099,210)	(1,003,441)	(36,750)	(42,000)
Dividends paid	12	(4,630,382)	(10,826,182)	(4,630,382)	(10,826,182)
Buy-back of own shares	27	(841,841)	-	(841,841)	-
Net cash used in financing activities		(4,667,236)	(470,909)	(5,508,973)	(9,877,163)
Net (decrease)/increase in cash and cash equivalents		(13,971,131)	(16,307,904)	(969,795)	536,359
Effects of foreign exchange rate changes		(931,061)	(273,265)	-	8
Cash and cash equivalents at beginning of financial year		40,649,806	57,230,975	1,095,450	559,083
Cash and cash equivalents at end of financial year	25	25,747,614	40,649,806	125,655	1,095,450

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	← Onshore foreign currency loan RM	Hire purchase creditors RM	Group Revolving credits (Note 30) RM	Term loans (Note 30) RM	→ Lease liabilities (Note 17) RM
At 1 January 2020	-	-	4,101,000	25,645,161	3,508,107
Cash flows	-	-	5,876,077	(3,971,880)	(1,099,210)
Non-cash flows:					
- Additions	-	-	-	-	873,976
- Effect of modification to lease payments	-	-	-	-	(289,956)
- Unwinding of interest	-	-	-	-	177,005
- Effect of foreign exchange	-	-	-	-	2,855
At 31 December 2020	-	-	9,977,077	21,673,281	3,172,777
At 1 January 2019	2,901,275	55,006	9,090,490	7,296,064	1,570,467
Cash flows	(2,862,685)	(129,227)	(4,989,490)	18,349,097	(1,003,441)
Non-cash flows:					
- Additions	-	-	-	-	3,201,029
- Effect of modification to lease payments	-	-	-	-	(402,039)
- Unwinding of interest	-	-	-	-	126,431
- Effect of foreign	(38,590)	74,221	-	-	15,660
At 31 December 2019	-	-	4,101,000	25,645,161	3,508,107

	Company Lease liabilities (Note 17) RM
At 1 January 2020	321,586
Cash flows	(36,750)
Non-cash flows:	
- Effect of modification to lease payments	(5,009)
- Unwinding of interest	17,148
At 31 December 2020	296,975
At 1 January 2019	41,002
Cash flows	(42,000)
Non-cash flows:	
- Additions	321,586
- Unwinding of interest	998
At 31 December 2019	321,586

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

RGB International Bhd. ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia. The principal place of business of the Company is located at 8, Green Hall, 10200 George Town, Penang, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 May 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 64 to 134 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 43.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has four (4) reportable operating segments as follows:

- | | |
|---------------------------------------|---|
| (i) Sales and marketing | Sales and marketing of gaming machines and systems and related products. |
| (ii) Technical support and management | Technical support, maintenance and management of gaming machines and equipment. |
| (iii) Engineering services | Engineering, maintenance and repairing charges. |
| (iv) Others | Renting of property, manufacturing, research and development. |

Operating segments are defined as components of the Group that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

The Group evaluates performance on the basis of profit or loss from operations before tax not including unallocated expenses and non-recurring losses, such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities and unallocated liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
2020					
Revenue					
Total revenue	124,068,419	65,663,870	1,212,917	429,744	191,374,950
Inter-segment sales	-	-	-	(307,850)	(307,850)
Revenue from external customers	124,068,419	65,663,870	1,212,917	121,894	191,067,100
Results					
Segment results	18,409,223	(39,859,909)	923,754	(1,981,021)	(22,507,953)
Finance costs	(135,347)	(1,349,441)	(2)	(2)	(1,484,792)
	18,273,876	(41,209,350)	923,752	(1,981,023)	(23,992,745)
Unallocated expenses					
- Unallocated finance costs					(247,326)
- Other unallocated expenses					(3,717,842)
Loss before tax					(27,957,913)
Taxation					(1,118,585)
Loss for the financial year					(29,076,498)
Assets					
Segment assets	124,233,898	228,463,113	671,276	47,633,687	401,001,974
Investments in associates	-	-	-	160,705	160,705
Tax assets					346,318
Unallocated assets					2,780,986
Total assets					404,289,983
Liabilities					
Segment liabilities	98,583,884	56,765,965	77,748	1,371,667	156,799,264
Tax liabilities					132,358
Unallocated liabilities					1,067,844
Total liabilities					157,999,466

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
2020 (continued)					
Other information					
Addition to non-current assets					
- Reportable segments	5,312	29,479,315	-	431,408	29,916,035
- Unallocated					504,622
					<u>30,420,657</u>
Interest income					
- Reportable segments	129,533	9,788	-	-	139,321
- Unallocated					452,761
					<u>592,082</u>
Depreciation and amortisation					
- Reportable segments	368,408	53,020,089	1,652	1,507,515	54,897,664
- Unallocated					497,426
					<u>55,395,090</u>
Other non-cash items					
- Reportable segments	940,770	3,670,407	-	33,725	4,644,902

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
2019					
Revenue					
Total revenue	223,475,411	125,300,131	1,902,908	778,181	351,456,631
Inter-segment sales	-	-	-	(360,000)	(360,000)
Revenue from external customers	223,475,411	125,300,131	1,902,908	418,181	351,096,631
Results					
Segment results	28,252,748	24,112,593	983,971	(1,583,293)	51,766,019
Finance costs	(319,367)	(827,148)	(134)	(61)	(1,146,710)
	27,933,381	23,285,445	983,837	(1,583,354)	50,619,309
Unallocated expenses					
- Unallocated finance costs					(316,197)
- Other unallocated expenses					(6,107,526)
Profit before tax					44,195,586
Taxation					(4,019,749)
Profit for the financial year					40,175,837
Assets					
Segment assets	157,614,172	286,618,669	1,212,432	49,552,118	494,997,391
Investments in associates	-	-	-	163,597	163,597
Unallocated assets					5,385,997
Total assets					500,546,985
Liabilities					
Segment liabilities	122,912,972	89,240,142	101,863	2,038,213	214,293,190
Tax liabilities					1,232,847
Unallocated liabilities					1,460,518
Total liabilities					216,986,555

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
2019 (continued)					
Other information					
Addition to non-current assets					
- Reportable segments	91,436	89,520,576	-	587,870	90,199,882
- Unallocated					973,305
					<u>91,173,187</u>
Interest income					
- Reportable segments	-	15,465	-	-	15,465
- Unallocated					617,563
					<u>633,028</u>
Depreciation and amortisation					
- Reportable segments	422,026	36,271,546	15,916	1,675,624	38,385,112
- Unallocated					458,298
					<u>38,843,410</u>
Other non-cash items					
- Reportable segments	480,200	592,084	-	66,188	1,138,472
- Unallocated					7,157
					<u>1,145,629</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS (continued)

Geographical information

The manufacturing facilities, sales offices and concession outlets of the Group are mainly based in Malaysia, Cambodia, the Philippines, Vietnam, Laos and Macau.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include tax assets and assets used primarily for corporate purposes.

	Revenues from external customers		Non-current assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	26,461,087	23,258,433	9,571,961	10,071,754
Southeast Asia (excluding Malaysia)	164,262,948	326,641,889	184,976,064	212,666,760
South Asia	231,451	1,071,691	1,663,620	2,261,433
Other countries	111,614	124,618	1,343,525	999,236
	191,067,100	351,096,631	197,555,170	225,999,183

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	Note	2020 RM	2019 RM
Property, plant and equipment	13	156,529,624	184,746,332
Investment property	14	32,794,042	34,262,075
Investments in associates	16	160,705	163,597
Right-of-use assets	17	6,193,162	4,885,953
Intangible assets	18	1,877,637	1,941,226
		197,555,170	225,999,183

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. OPERATING SEGMENTS (continued)

Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group arose from sales and marketing segment:

	2020 RM	Group 2019 RM
Customer A	34,787,725	54,851,323
Customer B	*	37,725,510
	34,787,725	92,576,833

* Customer with revenue less than ten percent (10%) is not disclosed.

5. REVENUE

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Revenue from contracts with customers:				
- Sales and marketing	124,068,419	223,475,411	-	-
- Technical support and management	64,460,603	122,349,767	-	-
- Engineering services	1,212,917	1,902,908	-	-
- Others	107,594	418,181	-	-
Other revenue:				
- Finance lease interest(Note 22(d))	1,203,267	2,950,364	-	-
- Dividend income from subsidiaries	-	-	1,500,000	18,936,500
- Rental income	14,300	-	-	-
	191,067,100	351,096,631	1,500,000	18,936,500

	2020 RM	Group 2019 RM
Timing of revenue recognition:		
- Services transferred over time	73,575,584	136,476,036
- Products transferred at a point in time	116,273,949	211,670,231
	189,849,533	348,146,267

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

5. REVENUE (continued)

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are either made on the normal credit terms not exceeding twelve (12) months or the promised consideration and the cash selling price of the goods are not materially different.

(b) Services rendered

Revenue from services rendered is recognised at the point over time when services are rendered to the customers and coincides with the acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve (12) months.

(c) Finance lease interest

Finance lease interest is recognised over the lease term based on effective interest method.

(d) Rental income from building

Rental income from building is recognised on a straight-line basis over the lease term of an ongoing lease.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

6. OTHER INCOME

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income	592,082	633,028	-	-
Rental income from building	1,089,203	2,236,809	-	-
Sundry income	817,629	688,319	24,175	1,152
	2,498,914	3,558,156	24,175	1,152

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

6. OTHER INCOME (continued)

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income from building

Rental income from building is recognised on a straight-line basis over the lease term of an ongoing lease.

7. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest on:				
- Bank overdrafts	744	6,277	-	-
- Hire purchase creditors	-	1,104	-	-
- Lease liabilities (Note 17(d))	177,005	126,431	17,148	998
- Onshore foreign currency loan	20,391	108,318	-	-
- Revolving credits	299,013	422,798	-	-
- Term loans	1,034,892	502,876	-	-
Total interest expense	1,532,045	1,167,804	17,148	998
Bank and other charges	200,073	295,103	1,530	1,180
	1,732,118	1,462,907	18,678	2,178

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages, bonuses and allowances	8,866,457	15,529,449	914,931	2,626,977
Defined contribution plans	965,136	1,656,625	114,042	301,806
Share options vested under ESOS	-	2,873	-	331
Other employee benefits	(217,395)	46,564	(31,266)	23,627
	9,614,198	17,235,511	997,707	2,952,741

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,624,608 (2019: RM5,031,475) and RM Nil (2019: RM344,900) respectively as further disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

9. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company:				
Executive:				
Emoluments other than fees	545,286	3,106,544	-	344,900
Estimated monetary value of benefits-in-kind	23,950	32,612	-	8,663
	569,236	3,139,156	-	353,563
Non-executive:				
Fees	245,000	305,000	245,000	305,000
Other emoluments	30,000	36,000	30,000	36,000
	275,000	341,000	275,000	341,000
Directors of the Subsidiaries:				
Executive:				
Emoluments other than fees	1,075,822	1,919,931	-	-
Fees	3,500	5,000	-	-
	1,079,322	1,924,931	-	-
Estimated monetary value of benefits-in-kind	9,900	5,715	-	-
	1,089,222	1,930,646	-	-
Non-executive:				
Fees	3,500	5,000	-	-
Total Directors' remuneration	1,936,958	5,415,802	275,000	694,563
Analysis:				
Total Executive Directors' remuneration				
excluding benefits-in-kind (Note 8)	1,624,608	5,031,475	-	344,900
Estimated monetary value of benefits-in-kind	33,850	38,327	-	8,663
Total Executive Directors' remuneration	1,658,458	5,069,802	-	353,563
Total Non-executive Directors' remuneration	278,500	346,000	275,000	341,000
	1,936,958	5,415,802	275,000	694,563

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

9. DIRECTORS' REMUNERATION (continued)

Remuneration paid and payable to the Directors of the Company for the financial year, analysed into bands of RM50,000 are as follows:

	Number of Directors	
	Executive	Non-Executive
RM50,001 - RM100,000	-	2
RM100,001 - RM150,000	-	1
RM250,001 - RM300,000	1	-
RM300,001 - RM350,000	1	-
	2	3

10. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense based on profit for the financial year:				
Malaysian income tax	902,063	2,268,294	-	-
Foreign income tax	1,108,684	1,737,622	-	-
	2,010,747	4,005,916	-	-
(Over)/Underprovision in prior years	(895,859)	19,479	130	273
	1,114,888	4,025,395	130	273
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	(10,571)	(5,646)	-	-
Underprovision in prior year	14,268	-	-	-
	3,697	(5,646)	-	-
Taxation	1,118,585	4,019,749	130	273

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2019: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

10. TAXATION (continued)

- (b) The tax expense of a subsidiary was tax at 0% for investment holding activities under Labuan Business Activity Tax Act 1990.
- (c) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (d) The reconciliation between the taxation and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(6,709,899)	10,606,941	(22,549)	3,447,111
Tax effects in respect of:				
Different tax rates in other countries and for Labuan trading activities	(912,276)	(8,326,934)	-	-
Non-taxable income	(1,329,913)	(929,524)	(360,000)	(4,544,509)
Non-allowable expenses	3,839,744	2,558,837	382,549	1,097,398
Deferred tax asset not recognised in respect of current year's tax losses, unabsorbed capital allowances and other temporary differences	7,112,520	90,950	-	-
(Over)/Underprovision of tax expense in prior years	(895,859)	19,479	130	273
Underprovision of deferred tax in prior year	14,268	-	-	-
	1,118,585	4,019,749	130	273

- (e) Tax on each component of other comprehensive income is as follows:

	← Before tax RM	Group Tax effect RM	→ After tax RM
2020			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	(2,721,192)	-	(2,721,192)
2019			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	(2,568,131)	-	(2,568,131)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

11. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	2020	Group 2019
(Loss)/Profit for the financial year attributable to owners of the parent (RM)	(28,736,709)	39,766,196
Weighted average number of ordinary shares in issue (unit)	1,543,764,000	1,543,896,000
Basic (loss)/earnings per ordinary share (sen)	(1.86)	2.58

(b) Diluted

Diluted (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares, adjusted for the effects of dilutive potential ordinary shares .

	2020	Group 2019
(Loss)/Profit for the financial year attributable to owners of the parent (RM)	(28,736,709)	39,766,196
Weighted average number of ordinary shares in issue (unit)	1,543,764,000	1,543,896,000
Diluted (loss)/earnings per ordinary share (sen)	(1.86)	2.58

Diluted (loss)/earnings per ordinary share for the financial years ended 31 December 2020 and 31 December 2019 equal basic (loss)/earning per ordinary share because there are no potentially dilutive instruments in existence as at 31 December 2020 and 31 December 2019 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

12. DIVIDENDS

	Group and Company			
	Dividend per share RM	2020 Amount of dividend RM	Dividend per share RM	2019 Amount of dividend RM
Dividends paid:				
In respect of financial year ended 31 December 2019:				
Interim single-tier dividend	0.003	4,630,382	-	-
In respect of financial year ended 31 December 2018:				
Final single-tier dividend	-	-	0.007	10,826,182
	0.003	4,630,382	0.007	10,826,182

No dividend has been recommended by the Directors for the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Renovation RM	Electrical installation RM	Motor vehicles RM	Gaming machines RM	Plant, machinery, fittings and equipment RM	Furniture, fittings and office equipment RM	Total RM
At 31 December 2020									
Cost									
At 1 January 2020	1,610,000	5,792,227	5,179,878	79,138	2,439,663	571,678,763	831,472	24,022,832	611,633,973
Additions	-	-	813,031	-	-	25,992,361	7,760	661,761	27,474,913
Disposals/Written off	-	-	-	-	-	(29,835,320)	(20,630)	(103,795)	(29,959,745)
Transfer to inventories	-	-	-	-	-	(45,364)	-	-	(45,364)
Exchange differences	-	-	(63,776)	-	(32,540)	(10,467,972)	-	(314,986)	(10,879,274)
At 31 December 2020	1,610,000	5,792,227	5,929,133	79,138	2,407,123	557,322,468	818,602	24,265,812	598,224,503
Accumulated depreciation and impairment losses									
At 1 January 2020	-	1,240,700	2,522,497	76,140	2,340,463	398,640,887	728,988	21,337,966	426,887,641
Depreciation charge for the financial year	-	135,008	845,559	1,798	28,438	51,287,091	52,105	900,737	53,250,736
Disposals/Written off	-	-	-	-	-	(29,835,144)	(20,627)	(102,876)	(29,958,647)
Exchange differences	-	-	(51,177)	-	(31,962)	(8,114,191)	-	(287,521)	(8,484,851)
At 31 December 2020	-	1,375,708	3,316,879	77,938	2,336,939	411,978,643	760,466	21,848,306	441,694,879
Analysed as:									
Accumulated depreciation	-	1,375,708	3,060,771	77,938	2,336,939	388,408,023	760,466	17,640,926	413,660,771
Accumulated impairment losses	-	-	256,108	-	-	23,570,620	-	4,207,380	28,034,108
At 31 December 2020	-	1,375,708	3,316,879	77,938	2,336,939	411,978,643	760,466	21,848,306	441,694,879
Net carrying amount									
At 31 December 2020	1,610,000	4,416,519	2,612,254	1,200	70,184	145,343,825	58,136	2,417,506	156,529,624

NOTES TO THE FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings RM	Renovation RM	Electrical installation RM	Motor vehicles RM	Gaming machines RM	Plant, machinery, fittings and equipment RM	Furniture, fittings and office equipment RM	Total RM
At 31 December 2019									
Cost									
At 1 January 2019	1,610,000	5,792,227	4,040,441	79,138	2,454,313	526,379,375	869,285	23,308,915	564,533,694
Additions	-	-	1,184,829	-	8,166	85,465,397	25,530	1,288,236	87,972,158
Disposals/Written off	-	-	(9,045)	-	(3,172)	(27,338,182)	(63,343)	(406,304)	(27,820,046)
Transfer to inventories	-	-	-	-	-	(7,725,933)	-	-	(7,725,933)
Exchange differences	-	-	(36,347)	-	(19,644)	(5,101,894)	-	(168,015)	(5,325,900)
At 31 December 2019	1,610,000	5,792,227	5,179,878	79,138	2,439,663	571,678,763	831,472	24,022,832	611,633,973
Accumulated depreciation and impairment losses									
At 1 January 2019	-	1,105,692	1,754,184	73,143	2,253,530	401,337,250	744,765	21,002,756	428,271,320
Depreciation charge for the financial year	-	135,008	791,509	2,997	108,388	34,764,232	47,545	888,175	36,737,854
Disposals/Written off	-	-	(4,583)	-	(3,168)	(27,333,740)	(63,322)	(397,615)	(27,802,428)
Transfer to inventories	-	-	-	-	-	(5,993,625)	-	-	(5,993,625)
Exchange differences	-	-	(18,613)	-	(18,287)	(4,133,230)	-	(155,350)	(4,325,480)
At 31 December 2019	-	1,240,700	2,522,497	76,140	2,340,463	398,640,887	728,988	21,337,966	426,887,641
Analysed as:									
Accumulated depreciation	-	1,240,700	2,261,780	76,140	2,340,463	370,265,835	728,988	17,037,657	393,951,563
Accumulated impairment losses	-	-	260,717	-	-	28,375,052	-	4,300,309	32,936,078
At 31 December 2019	-	1,240,700	2,522,497	76,140	2,340,463	398,640,887	728,988	21,337,966	426,887,641
Net carrying amount									
At 31 December 2019	1,610,000	4,551,527	2,657,381	2,998	99,200	173,037,876	102,484	2,684,866	184,746,332

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment RM
At 31 December 2020	
Cost	
At 1 January 2020/ 31 December 2020	166,668
Accumulated depreciation	
At 1 January 2020	131,233
Depreciation charge for the financial year	11,843
At 31 December 2020	143,076
Net carrying amount	
At 31 December 2020	23,592
At 31 December 2019	
Cost	
At 1 January 2019	146,652
Additions	20,016
At 31 December 2019	166,668
Accumulated depreciation	
At 1 January 2019	112,124
Depreciation charge for the financial year	19,109
At 31 December 2019	131,233
Net carrying amount	
At 31 December 2019	35,435

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

13. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2%
Renovation	20%
Electrical installation	20%
Motor vehicles	20%
Gaming machines	20%
Plant, machinery, fittings and equipment	20%
Furniture, fittings and office equipment	20% - 33%

Freehold land has unlimited useful life and is not depreciated.

- (c) The net carrying amounts of property, plant and equipment which have been charged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 30 to the financial statements are as follows:

	2020 RM	Group 2019 RM
Freehold land	1,610,000	1,610,000
Buildings	3,676,180	3,778,999
	5,286,180	5,388,999

- (d) A motor vehicle of the Group with a net carrying amount of RM4 (2019: RM4) is held in trust for a subsidiary in the name of a Director.

14. INVESTMENT PROPERTY

	2020 RM	Group 2019 RM
Building, at cost		
At 1 January	43,892,295	44,368,571
Exchange differences	(775,955)	(476,276)
At 31 December	43,116,340	43,892,295
Accumulated depreciation and impairment losses		
At 1 January	9,630,220	8,920,098
Depreciation charge for the financial year	899,576	814,892
Exchange differences	(207,498)	(104,770)
At 31 December	10,322,298	9,630,220

NOTES TO THE FINANCIAL STATEMENTS

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14. INVESTMENT PROPERTY (continued)

	2020 RM	Group 2019 RM
Analysed as:		
Accumulated depreciation	9,820,665	9,119,559
Accumulated impairment losses	501,633	510,661
At 31 December	10,322,298	9,630,220
Net carrying amount		
At 31 December	32,794,042	34,262,075

- (a) Investment property is initially measured at cost, including transaction costs. After initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment losses.
- (b) Depreciation is calculated to write down the cost of the investment property to its residual value on a straight-line basis over its estimated useful life. The principal depreciation rate is 2%.
- (c) Direct operating expenses arising from the investment property generating rental income during the financial year amounted to RM83,599 (2019: RM88,196).
- (d) The Group has entered into a non-cancellable lease agreement on its investment property for terms of five (5) years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2020 RM	Group 2019 RM
Less than one (1) year	1,087,695	2,214,540
One (1) to two (2) years	-	1,107,270
	1,087,695	3,321,810

- (e) The fair value of the investment property of the Group is categorised as follows:

	2020 (Level 3) RM	2019 (Level 3) RM
Building	32,820,431	34,916,190

There is no transfer between levels in the hierarchy during the financial years ended 31 December 2020 and 31 December 2019.

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14. INVESTMENT PROPERTY (continued)

(e) (continued)

The fair value of the investment property is determined based the valuation exercise carried out by the external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. It has been derived from observable recent transacted prices of similar properties in the local market with adjustments made for differences in time element, location, frontage, shape, size, lot type, tenure and other relevant factors. The estimated fair value would be higher if the differential rate is lower and vice versa.

In the previous financial year, the fair value of the investment property was determined based on Directors' estimation by reference to the aggregate of the present value of estimated cash flows expected to be received if the property could be sold at a price determined by the Directors, after adjusted for market value information from a third party estate agent. The significant unobservable input into this valuation method is the market value information from the estate agent. The estimated fair value would increase if the market value information from the estate agent is more favourable and vice versa.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted equity shares, at cost	152,827,820	152,827,820
Equity contributions in subsidiaries in respect of ESOS	6,085,504	6,085,504
	158,913,324	158,913,324

Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2020 %	2019 %	
Held by the Company:				
RGB Sdn. Bhd.	Malaysia	100	100	Manufacturing, refurbishment, technical support and maintenance, sales and marketing of gaming and amusement machines and equipment, sales and marketing of security surveillance products and systems for local and overseas markets.
RGB Ltd.	Malaysia	100	100	Trading and management of gaming and amusement machines and equipment.
Data Touch Sdn. Bhd.	Malaysia	100	100	Renting of property.

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2020 %	2019 %	
Held by the Company (continued):				
RGB (Singapore) Pte. Ltd. ^	Singapore	100	100	Trading, maintenance and management of gaming and amusement machines and equipment.
Macrocept Sdn. Bhd.	Malaysia	100	100	Investment holding, sales and maintenance of information technology hardware and software.
All In Technologies Company Limited ^	Vietnam	100	100	Repair and maintenance of machinery and equipment and management consulting services.
Held through subsidiaries:				
RGB (Macau) Limited ^	Macau	100	100	Import and export including sales and marketing, technical support and management of gaming and amusement machines and equipment and all other business activities related to hospitality and leisure industries.
Nex Gen Studio Limited ^	Hong Kong	100	100	Supply and management of gaming machines and equipment.
Chateau de Bavet Club Co., Ltd. @	Cambodia	45.14	45.14	Dormant.

^ Audited by firm other than BDO member firms.

@ The financial statements of this subsidiary is not required to be audited in its country of incorporation.

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less any accumulated impairment losses.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

15. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The Group considers that it controls Chateau de Bavet Club Co., Ltd. ("CDBC") even though it owns 45.14% of the voting rights as Macrocept Sdn. Bhd. ("MCSB") is the single largest shareholder of CDBC. MCSB entered into an agreement with another shareholder of CDBC who owns a 25.6% equity interest to act in concert with MCSB in the management of CDBC. MCSB also has two (2) representatives out of the total of three (3) members in the Board of Directors of CDBC.

(c) The subsidiary in which the Group has material non-controlling interests ("NCI") is as follows:

	Chateau de Bavet Club Co., Ltd.	
	2020	2019
NCI percentage of ownership interest and voting interest	54.86%	54.86%
Carrying amount of NCI (RM)	20,465,033	21,169,724
(Loss)/Profit allocated to NCI (RM)	(339,789)	409,641
Total comprehensive (loss)/income allocated to NCI (RM)	(704,691)	181,244

(d) The summarised financial information before intra-group elimination of a subsidiary in which the Group has a material NCI as at the end of the financial year is as follows:

	Chateau de Bavet Club Co., Ltd.	
	2020	2019
Assets and liabilities		
Non-current assets	37,370,947	38,922,400
Current assets	838,623	1,184,590
Non-current liabilities	(251,811)	(258,382)
Current liabilities	(653,653)	(1,259,975)
Net assets	37,304,106	38,588,633
Results		
(Loss)/profit for the financial year	(619,375)	746,705
Total comprehensive (loss)/income	(1,284,527)	330,376
Cash flows from operating activities	89,427	26,257
Cash flows from investing activities	-	4,090
Cash flows used in financing activities	(13,868)	(4,712)
Net increase in cash and cash equivalents	75,559	25,635

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16. INVESTMENTS IN ASSOCIATES

	2020 RM	Group 2019 RM
Unquoted equity shares, at cost	39,894	39,894
Share of post-acquisition reserves	82,537	82,537
	122,431	122,431
Exchange differences	38,274	41,166
	160,705	163,597

Details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2020 %	2019 %	
Held through subsidiaries				
Dreamgate Holding Co., Ltd.	Cambodia	49	49	Property investment holding.
Players Club Co., Ltd.	Cambodia	35	35	Dormant.
Rainbow World Club Ltd.	Cambodia	20	20	Dormant.
Goldenmac., Ltd.	Cambodia	25	25	Dormant.
Cash Box Entertainment Co., Ltd.	Cambodia	20	20	Dormant.
Olympic Entertainment Co., Ltd.	Cambodia	20	20	Dormant.
Golden Beach Club Ltd.	Cambodia	50	50	Dormant.

(a) In the consolidated financial statements, investments in associates are accounted for using the equity method.

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16. INVESTMENTS IN ASSOCIATES (continued)

(b) Summarised financial information of a material associate is as follows:

	Dreamgate Holding Co., Ltd.	
	2020 RM	2019 RM
Assets		
Non-current assets	3,992,521	4,079,073
Current assets	227,307	197,009
Total assets	4,219,828	4,276,082
Liabilities		
Current liabilities	5,778,658	5,836,847
Total liabilities	5,778,658	5,836,847
Net liabilities	(1,558,830)	(1,560,765)
Results		
Revenue	13,553	12,494
Depreciation of property, plant and equipment	(15,063)	(15,456)
Loss for the financial year	(26,516)	(29,505)
Total comprehensive loss	(26,516)	(29,505)

(c) Reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows:

	Dreamgate Holding Co., Ltd. RM	Other individual immaterial associates RM	Total RM
As at 31 December 2020			
Share of net assets	-	160,705	160,705
Carrying amount	-	160,705	160,705
Share of results for the financial year ended 31 December 2020			
Share of profit	-	-	-
Share of total comprehensive income	-	-	-

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16. INVESTMENTS IN ASSOCIATES (continued)

- (c) Reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows (continued):

	Dreamgate Holding Co., Ltd. RM	Other individual immaterial associates RM	Total RM
As at 31 December 2019			
Share of net assets	-	163,597	163,597
Carrying amount	-	163,597	163,597
Share of results for the financial year ended 31 December 2019			
Share of profit	-	-	-
Share of total comprehensive income	-	-	-

- (d) The unrecognised share of loss of associates amounted to RM12,993 (2019: RM14,457) in the current financial year. As a result, the accumulated unrecognised share of losses of associates amounted to RM1,902,121 (2019: RM1,889,128). The Group has ceased recognising its share of profit since there is no further entitlement in respect of those profits using the equity method of accounting.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

The Group as lessee	Land RM	Buildings RM	Equipment RM	Total RM
At 31 December 2020				
Cost				
At 1 January 2020	1,963,987	4,467,874	36,639	6,468,500
Additions	-	2,945,744	-	2,945,744
Effect of modification to lease payments	-	(312,409)	(36,163)	(348,572)
Derecognition	-	(712,088)	-	(712,088)
Exchange differences	(4,667)	(175,113)	(476)	(180,256)
At 31 December 2020	1,959,320	6,214,008	-	8,173,328

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17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Right-of-use assets (continued)

The Group as lessee (continued)	Land RM	Buildings RM	Equipment RM	Total RM
At 31 December 2020 (continued)				
Accumulated depreciation				
At 1 January 2020	250,562	1,314,743	17,242	1,582,547
Depreciation charge for the financial year	32,453	1,165,555	734	1,198,742
Effect of modification to lease payments	-	(42,154)	(18,344)	(60,498)
Derecognition	-	(712,088)	-	(712,088)
Exchange differences	(447)	(28,458)	368	(28,537)
At 31 December 2020	282,568	1,697,598	-	1,980,166
Net carrying amount				
At 31 December 2020	1,676,752	4,516,410	-	6,193,162
At 31 December 2019				
Cost				
At 1 January 2019	1,966,851	2,549,756	36,817	4,553,424
Additions	-	3,201,029	-	3,201,029
Effect of modification to lease payments	-	(947,074)	-	(947,074)
Derecognition	-	(324,064)	-	(324,064)
Exchange differences	(2,864)	(11,773)	(178)	(14,815)
At 31 December 2019	1,963,987	4,467,874	36,639	6,468,500
Accumulated depreciation				
At 1 January 2019	218,313	1,286,944	8,663	1,513,920
Depreciation charge for the financial year	32,369	908,338	8,653	949,360
Effect of modification to lease payments	-	(540,783)	-	(540,783)
Derecognition	-	(324,064)	-	(324,064)
Exchange differences	(120)	(15,692)	(74)	(15,886)
At 31 December 2019	250,562	1,314,743	17,242	1,582,547
Net carrying amount				
At 31 December 2019	1,713,425	3,153,131	19,397	4,885,953

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Right-of-use assets (continued)

The Company as lessee	Building RM
At 31 December 2020	
Cost	
At 1 January 2020	401,803
Effect of modification to lease payments	(5,009)
At 31 December 2020	396,794
Accumulated depreciation	
At 1 January 2020	80,217
Depreciation charge for the financial year	32,023
At 31 December 2020	112,240
Net carrying amount	
At 31 December 2020	284,554
At 31 December 2019	
Cost	
At 1 January 2019	80,217
Additions	321,586
At 31 December 2019	401,803
Accumulated depreciation	
At 1 January 2019	40,108
Depreciation charge for the financial year	40,109
At 31 December 2019	80,217
Net carrying amount	
At 31 December 2019	321,586

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities

The Group as lessee	Land RM	Buildings RM	Equipment RM	Total RM
At 31 December 2020				
At 1 January 2020	260,334	3,227,514	20,259	3,508,107
Additions	-	873,976	-	873,976
Effect of modification to lease payments	-	(269,976)	(19,980)	(289,956)
Interest charged (Note 7)	11,868	165,063	74	177,005
Lease payments	(13,868)	(1,084,535)	(807)	(1,099,210)
Exchange differences	(4,519)	6,920	454	2,855
At 31 December 2020	253,815	2,918,962	-	3,172,777
At 31 December 2019				
At 1 January 2019	265,046	1,276,650	28,771	1,570,467
Additions	-	3,201,029	-	3,201,029
Effect of modification to lease payments	-	(402,039)	-	(402,039)
Interest charged (Note 7)	11,783	113,537	1,111	126,431
Lease payments	(13,624)	(980,317)	(9,500)	(1,003,441)
Exchange differences	(2,871)	18,654	(123)	15,660
At 31 December 2019	260,334	3,227,514	20,259	3,508,107
			2020 RM	2019 RM
Represented by:				
- Current			1,165,503	931,518
- Non-current			2,007,274	2,576,589
			3,172,777	3,508,107

NOTES TO THE FINANCIAL STATEMENTS

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17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities (continued)

The Company as lessee	Building RM	
At 31 December 2020		
At 1 January 2020		321,586
Effect of modification to lease payments		(5,009)
Interest charged (Note 7)		17,148
Lease payments		(36,750)
At 31 December 2020		296,975
At 31 December 2019		
At 1 January 2019		41,002
Additions		321,586
Interest charged (Note 7)		998
Lease payments		(42,000)
At 31 December 2019		321,586
	2020 RM	2019 RM
Represented by:		
- Current	26,042	24,611
- Non-current	270,933	296,975
	296,975	321,586

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	50 - 99 years
Buildings	2 - 40 years
Equipment	5 years

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

- (b) Included in right-of-use assets of the Group is leasehold land with a carrying amount of RM1,434,375 (2019: RM1,460,937), which has been charged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 30 to the financial statements.
- (c) The Group has certain leases of premises and equipment with lease term of twelve (12) months or less, and low value leases of office equipment of USD5,000 (equivalent to RM20,143) and below. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	1,198,742	949,360	32,023	40,109
Interest expense on lease liabilities (Note 7) (included in finance costs)	177,005	126,431	17,148	998
Expense relating to short-term leases (included in cost of sales and administrative expenses)	1,289,915	1,576,640	-	-
Expense relating to lease of low-value assets (included in administrative expenses)	15,944	9,313	-	-
Variable lease payments (included in cost of sales)	8,271,335	13,985,093	-	-
(Gain)/Loss on lease modification (included in other gain/(expenses))	(1,882)	4,252	-	-
	10,951,059	16,651,089	49,171	41,107

- (e) The Group has lease contracts for certain system and equipment that contains variable payments based on the number of units used by customers or used in operations. Variable lease payments are recognised in profit or loss when the condition that triggers those payments occur.
- A 10% increase in units used by customers or used in operations would increase total lease payments by 7.2%.
- (f) Information on financial risks of lease liabilities is disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(g) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of right-of-use assets	2,945,744	3,201,029	-	321,586
Financed by lease liabilities	(873,976)	(3,201,029)	-	(321,586)
Cash payments to purchase right-of-use assets	2,071,768	-	-	-

18. INTANGIBLE ASSETS

Group	Goodwill RM	Development costs RM	Gaming licenses RM	Rights RM	Total RM
At 31 December 2020					
Cost					
At 1 January 2020	1,142,351	3,961,172	1,025,250	4,285,545	10,414,318
Exchange differences	-	53,594	(18,125)	(75,762)	(40,293)
At 31 December 2020	1,142,351	4,014,766	1,007,125	4,209,783	10,374,025
Accumulated amortisation and impairment					
At 1 January 2020	271,839	3,915,708	-	4,285,545	8,473,092
Amortisation	-	46,036	-	-	46,036
Exchange differences	-	53,022	-	(75,762)	(22,740)
At 31 December 2020	271,839	4,014,766	-	4,209,783	8,496,388
Net carrying amount					
At 31 December 2020	870,512	-	1,007,125	-	1,877,637

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18. INTANGIBLE ASSETS (continued)

Group	Goodwill RM	Development costs RM	Gaming licenses RM	Rights RM	Total RM
At 31 December 2019					
Cost					
At 1 January 2019	1,142,351	3,965,484	1,036,375	4,331,003	10,475,213
Exchange differences	-	(4,312)	(11,125)	(45,458)	(60,895)
At 31 December 2019	1,142,351	3,961,172	1,025,250	4,285,545	10,414,318
Accumulated amortisation and impairment					
At 1 January 2019	271,839	3,577,896	-	4,331,003	8,180,738
Amortisation	-	341,304	-	-	341,304
Exchange differences	-	(3,492)	-	(45,458)	(48,950)
At 31 December 2019	271,839	3,915,708	-	4,285,545	8,473,092
Net carrying amount					
At 31 December 2019	870,512	45,464	1,025,250	-	1,941,226

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired.
- (b) Development costs refer to development of games and platform unit for the production of gaming machines. Upon the completion of the project, the development costs are amortised on a straight-line basis over the commercial lives of the underlying products not exceeding five (5) years. The amortisation charges are included in the statements of profit or loss under administrative expenses.
- (c) Gaming licenses are initially measured at cost. After initial recognition, gaming licenses are measured at cost less accumulated impairment losses, if any. Gaming licenses have indefinite useful lives as based on all relevant factors there is no foreseeable limit to the period over which the licenses are expected to generate cash inflows. Gaming licenses are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired. The useful life of gaming licenses is also reviewed annually to determine whether the useful life assessment continues to be supportable.
- (d) Rights relate to the use of Manny Pacman's design and theme in the development of games and jackpot display for gaming machines. The rights acquired have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the unit of production method to allocate the cost of rights over its estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS

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18. INTANGIBLE ASSETS (continued)

- (e) Impairment tests for goodwill and gaming licenses with indefinite useful lives

Allocation of goodwill and gaming licenses

The goodwill and gaming licenses have been allocated to the Group's other segment CGU, which constitutes a separately reportable segment in Note 4 to the financial statements.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGU have been determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by management covering a five (5)-year period. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions and management's approach to determine the values used in value-in-use calculations are most sensitive to the following assumptions:

- (i) Net revenue

The estimated net revenue with no growth rate used to calculate the cash inflows for impairment tests for goodwill and gaming licenses are the estimated net collections from technical support and management operations in Vietnam and the estimated leasing income receivable from the leasing of casino building together with the gaming license to a casino operator in Cambodia respectively.

- (ii) Exchange rate

The exchange rate used to translate foreign currencies transactions into the other segment's functional currency is based on the exchange rates obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

- (iii) Discount rate

The pre-tax discount rate ranged from 8% to 12.9% (2019: 10.3%).

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill and gaming licenses assessed as at 31 December 2020 as their recoverable amounts were in excess of their carrying amounts. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

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19. INVENTORIES

	2020 RM	Group 2019 RM
At cost		
Spare parts, gaming and amusement machines and accessories, table game equipment and accessories	634,346	322,006
At net realisable value		
Gaming and amusement machines	587,880	846,547
Spare parts, gaming and amusement accessories, table game equipment and accessories	2,372,649	3,063,138
	2,960,529	3,909,685
	3,594,875	4,231,691

(a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the formula as follows:

Gaming and amusement machines	- specific identification
Spare parts, gaming and amusement accessories, table game equipment and accessories	- weighted average basis

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM85,690,015 (2019: RM173,306,399).

(c) Inventories where the net realisable value is expected to be below the carrying amount were written down. The amount written down during the financial year was RM972,687 (2019: RM293,404) for the Group.

20. TRADE RECEIVABLES

	2020 RM	Group 2019 RM
Trade receivables		
Third parties	141,310,109	165,362,313
Related parties	1,851,050	2,820,506
	143,161,159	168,182,819
Less: Impairment losses		
Third parties	(4,431,582)	(3,265,207)
Related parties	(8,658)	(13,400)
Trade receivables, net	138,720,919	164,904,212

NOTES TO THE FINANCIAL STATEMENTS

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20. TRADE RECEIVABLES (continued)

	2020 RM	Group 2019 RM
Represented by:		
- Current	97,270,422	141,441,217
- Non-current	41,450,497	23,462,995
	138,720,919	164,904,212

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Normal trade credit terms granted to the customers range from one (1) month to three (3) months. Nevertheless, the management of the Group may give longer credit terms by discretion. Trade receivables are recognised at their original invoice amounts, which represent their fair values on initial recognition. Credit terms granted to related parties range from six (6) months to twelve (12) months.
- (c) Trade receivables which will be paid by monthly instalments and interest-free are payable as follows:

	2020 RM	Group 2019 RM
Current	24,978,566	31,316,846
Non-current	20,198,164	15,356,785
	45,176,730	46,673,631

- (d) "Trade receivables third parties" which will be paid by monthly instalments and borne interest at a rate range from 6% to 10% (2019: 6%) per annum are payable as follows:

	2020 RM	Group 2019 RM
Current	21,468,347	8,233,628
Non-current	21,252,333	8,106,210
	42,720,680	16,339,838

NOTES TO THE FINANCIAL STATEMENTS

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20. TRADE RECEIVABLES (continued)

(e) Foreign currency exposure of trade receivables are as follows:

	2020 RM	Group 2019 RM
United States Dollar	97,012,193	120,523,106
Philippine Peso	23,788,772	26,232,129
Thai Baht	7,496,696	7,386,463
Ringgit Malaysia	7,050,154	10,738,536
Euro	3,318,630	-
Others	54,474	23,978
	138,720,919	164,904,212

(f) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by geographical segment of the Group to estimate the amount of expected impairment loss. The methodology (roll rate method) and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product ("GDP")) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Impairment for trade receivables that contain a significant financing component are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 21 (c) to the financial statements.

Credit impaired allowance refer to individually determined debtors who have adverse changes in the financial capability and default or significant delay in payments as at the end of the reporting period. The Group considers trade receivables to be in default when there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

20. TRADE RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables is as follows:

Group	Less than 180 days past due	More than 180 days past due	Total
31 December 2020			
Expected loss rate	0.659%	17.425%	
Gross carrying amount (RM)	122,308,047	20,853,112	143,161,159
Impairment (RM)	806,577	3,633,663	4,440,240
31 December 2019			
Expected loss rate	0.162%	10.210%	
Gross carrying amount (RM)	138,269,542	29,913,277	168,182,819
Impairment (RM)	224,371	3,054,236	3,278,607

(h) Movement in impairment accounts:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total RM
31 December 2020			
At 1 January	275,951	3,002,656	3,278,607
Charge for the financial year	525,833	1,405,990	1,931,823
Reversal of impairment losses	(482,607)	-	(482,607)
Written off	-	(211,432)	(211,432)
Exchange differences	(31,259)	(44,892)	(76,151)
At 31 December	287,918	4,152,322	4,440,240
31 December 2019			
At 1 January	427,456	2,412,207	2,839,663
Charge for the financial year	279,533	622,383	901,916
Reversal of impairment losses	(422,449)	-	(422,449)
Written off	-	(6,794)	(6,794)
Exchange differences	(8,589)	(25,140)	(33,729)
At 31 December	275,951	3,002,656	3,278,607

(i) Information on financial risks of trade receivables is disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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21. OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deposits	6,876,664	25,491,098	7,000	7,000
Interest receivables	51,282	-	-	-
Sundry receivables	5,676,905	8,205,770	-	-
	12,604,851	33,696,868	7,000	7,000
Less: Impairment losses	(2,015,403)	(2,143,193)	-	-
	10,589,448	31,553,675	7,000	7,000
Prepayments	3,291,908	5,692,884	-	-
	13,881,356	37,246,559	7,000	7,000
Represented by:				
- Current	11,094,891	32,718,825	7,000	7,000
- Non-current	2,786,465	4,527,734	-	-
	13,881,356	37,246,559	7,000	7,000

(a) Other receivables are classified as financial assets measured at amortised cost.

(b) Foreign currency exposure of other receivables excluding prepayments are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
United States Dollar	8,594,217	25,915,342	-	-
Hong Kong Dollar	701,371	389,562	-	-
Ringgit Malaysia	635,525	1,875,988	7,000	7,000
Philippine Peso	384,089	2,528,398	-	-
Thai Baht	32,941	640,785	-	-
Others	241,305	203,600	-	-
	10,589,448	31,553,675	7,000	7,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

21. OTHER RECEIVABLES (continued)

- (c) Impairment for trade receivables that contain a significant financing component, other receivables, lease receivables, amounts due from subsidiaries and associates are recognised based on the general approach within MFRS 9 using the expected credit loss model adjusted by forward-looking information (gross domestic product ("GDP")). The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12)-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group and the Company consider a financial asset to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

- (i) Significant adverse changes in business, financial and/or economic conditions in which the financial asset operates;
- (ii) The financial asset is experiencing notable financial distress and liquidity issues;
- (iii) It is becoming probable that the financial asset will undergo a major financial reorganisation or enter bankruptcy;
- (iv) Delay in payment for more than one (1) year and the financial asset request for renegotiation of the payment terms; or
- (v) Significant change in the credit rating of the financial asset if the information is available.

Credit impaired allowance refer to individually determined debtors who have adverse changes in the financial capability and default or significant delay in payments as at the end of the reporting period. The Group considers other receivables to be in default when there is no reasonable expectation of recovery.

- (d) Movement in Stage 2 impairment accounts:

	2020 RM	Group 2019 RM
At 1 January	2,143,193	1,820,808
Charge for the financial year	11,600	352,105
Reversal of impairment losses	(105,759)	-
Written off	-	(4,883)
Exchange differences	(33,631)	(24,837)
At 31 December	2,015,403	2,143,193

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

21. OTHER RECEIVABLES (continued)

- (e) Included in non-current other receivables is an amount of RM19,035 (2019: RM23,030) secured by unquoted shares pledged to the Group, interest-free and not receivable within the next one (1) year.
- (f) Information on financial risks of other receivables is disclosed in Note 39 to the financial statements.

22. LEASE RECEIVABLES

	2020 RM	Group 2019 RM
Future minimum lease receivables:		
- Not later than one (1) year	4,554,718	4,649,392
- One (1) to two (2) years	4,823,027	4,636,689
- Two (2) to three (3) years	-	4,458,843
Total future minimum lease receivables	9,377,745	13,744,924
Less: Unearned finance income	(1,155,846)	(2,476,948)
Present value of finance lease receivables	8,221,899	11,267,976
Analysis of present value of finance lease receivables:		
Current		
- Not later than one (1) year	4,025,926	3,322,981
Non-current		
- Later than one (1) year and not later than five (5) years	4,195,973	7,944,995
	8,221,899	11,267,976

- (a) Lease receivables are classified as financial assets measured at amortised cost.
- (b) The Group has a contract for leasing of gaming machines. This contract is classified as finance lease as the arrangement transfer substantially all the risks and rewards incident to ownership of the gaming machines to the lessee.
- (c) Lease receivables are denominated in United States Dollar.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

22. LEASE RECEIVABLES (continued)

(d) Movement in lease receivables are as follows:

	2020 RM	Group 2019 RM
At 1 January	11,267,976	10,531,930
Additions	-	5,015,730
Interest charged (Note 5)	1,203,267	2,950,364
Effect of lease modification	(2,317,942)	-
Lease payments	(1,863,869)	(7,090,627)
Exchange differences	(67,533)	(139,421)
At 31 December	8,221,899	11,267,976

(e) No expected credit loss is recognised arising from lease receivables as it is negligible.

(f) Information on financial risks of lease receivables is disclosed in Note 39 to the financial statements.

23. DUE FROM SUBSIDIARIES

	2020 RM	Company 2019 RM
Due from subsidiaries	11,280,049	16,467,423
Representing amounts due from subsidiaries:		
- Current	11,067,076	16,467,423
- Non-current	212,973	-
	11,280,049	16,467,423

(a) Amounts due from subsidiaries are classified as financial assets measured at amortised cost.

(b) Amounts due from subsidiaries represent normal non-trade transactions and payments made on behalf, which are interest-free, unsecured and payable within the next twelve (12) months in cash and cash equivalents.

(c) Non-current amounts due to subsidiaries are unsecured, interest-free and not payable within the next twelve (12) months.

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23. DUE FROM SUBSIDIARIES (continued)

(d) Foreign currency exposure of amounts due from subsidiaries are as follows:

	Company	
	2020 RM	2019 RM
United States Dollar	9,755,029	15,436,084
Ringgit Malaysia	1,525,020	1,031,339
	11,280,049	16,467,423

(e) Information on financial risks of amounts due from subsidiaries is disclosed in Note 39 to the financial statements.

24. DUE FROM/(TO) ASSOCIATES

	Group	
	2020 RM	2019 RM
Non-current		
Due from associates	6,234,169	6,342,312
Less: Impairment losses	(3,443,198)	(3,493,012)
	2,790,971	2,849,300
Current		
Due to associates	(86,240)	(87,792)

(a) Amounts due from/(to) associates are classified as financial assets/(liabilities) measured at amortised cost.

(b) Amounts due from/(to) associates represent normal non-trade transactions and payments made on behalf, which are interest-free and unsecured. Amounts due from associates are not payable within the next twelve (12) months whereas amounts due to associates are repayable within the next twelve (12) months in cash and cash equivalents.

(c) Amounts due from/(to) associates are denominated in United States Dollar.

NOTES TO THE FINANCIAL STATEMENTS

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24. DUE FROM/(TO) ASSOCIATES (continued)

- (d) Impairment for amounts due from associates are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 21 (c) to the financial statements.

Movement in Stage 2 impairment accounts:

	2020 RM	Group 2019 RM
At 1 January	3,493,012	3,523,588
Exchange differences	(49,814)	(30,576)
At 31 December	3,443,198	3,493,012

- (e) Information on financial risks of amounts due from/(to) associates is disclosed in Note 39 to the financial statements.

25. CASH AND BANK BALANCES

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Cash and bank balances	25,747,614	40,073,806	125,655	1,095,450
Deposits with licensed banks	13,430,861	13,974,258	-	-
As reported in the statements of financial position	39,178,475	54,048,064	125,655	1,095,450
Less: Deposits pledged to licensed banks	(13,430,861)	(13,398,258)	-	-
Cash and cash equivalents included in the statements of cash flows	25,747,614	40,649,806	125,655	1,095,450

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

25. CASH AND BANK BALANCES (continued)

(a) Foreign currency exposure of cash and bank balances are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
United States Dollar	18,150,751	26,642,206	-	-
Thai Baht	12,572,527	13,087,298	-	-
Ringgit Malaysia	7,169,011	10,039,209	125,655	1,095,450
Philippine Peso	420,607	2,942,621	-	-
Vietnamese Dong	128,616	597,601	-	-
Singapore Dollar	363,648	492,165	-	-
Hong Kong Dollar	195,203	61,942	-	-
Others	178,112	185,022	-	-
	39,178,475	54,048,064	125,655	1,095,450

(b) Included in deposits with licensed banks of the Group are amounts of RM13,430,861 (2019: RM13,398,258) pledged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 30 to the financial statements.

(c) No expected credit loss is recognised arising from cash and bank balances as it is negligible.

(d) Information on financial risks of cash and bank balances is disclosed in Note 39 to the financial statements.

26. SHARE CAPITAL

	Group and Company		Amount	
	Number of ordinary shares 2020	2019	2020 RM	2019 RM
Issued and fully paid:				
At 1 January	1,548,245,697	1,539,089,683	158,484,726	157,052,573
Issue of ordinary share pursuant to ESOS	-	9,156,014	-	1,432,153
At 31 December	1,548,245,697	1,548,245,697	158,484,726	158,484,726

(a) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 1,539,089,683 ordinary shares to 1,548,245,697 ordinary shares by way of issuance of 9,156,014 new ordinary shares for cash pursuant to the exercise of ESOS at a weighted average issue price of RM0.108 per ordinary share.

(b) Owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

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27. TREASURY SHARES

At the Extraordinary General Meeting of the Company held on 28 November 2019, the shareholders of the Company approved the authority for the Company to purchase its own shares of up to 10% of the total issued and paid-up share capital of the Company. The mandate was renewed at the Annual General Meeting held on 8 September 2020.

During the financial year, the Company repurchased 4,784,800 of its issued share capital from the open market. The total consideration paid for the purchase, including transaction cost was RM841,841 and was financed by internally generated funds.

The purchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. There is no cancellation, resale or reissuance of treasury shares during the financial year. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 December 2020, of the total 1,548,245,697 issued and fully paid ordinary shares, 4,784,800 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after the offset is therefore 1,543,460,897 ordinary shares as at 31 December 2020.

The details of the treasury shares are as follows:

	Total shares purchased in units unit	Total consideration paid RM	Highest price	Lowest price RM	Average price* RM
At 1 January 2020	-	-	-	-	-
Buy-back of own shares	4,784,800	841,841	0.180	0.150	0.176
At 31 December 2020	4,784,800	841,841	0.180	0.150	0.176

* Average price includes stamp duty, brokerage and clearing fees.

28. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Foreign currency translation reserve	12,811,410	15,167,700	-	-
Distributable:				
Retained earnings	55,371,189	88,738,280	18,422,478	17,104,194
	68,182,599	103,905,980	18,422,478	17,104,194

NOTES TO THE FINANCIAL STATEMENTS

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28. RESERVES (continued)

Foreign currency translation reserve

Foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

29. EMPLOYEES' SHARE OPTION SCHEME

The ESOS of the Company is governed by the Bye-Laws approved by the shareholders at the Extraordinary General Meeting held on 16 October 2009. The ESOS was implemented on 21 October 2009 and was in force for a period of five (5) years from the date of implementation. On 24 August 2012, the Company had extended the option for another five (5) years until 20 October 2019. The ESOS had expired on 20 October 2019.

30. BORROWINGS

	2020 RM	Group 2019 RM
Short term borrowings (secured):		
Revolving credits	9,977,077	4,101,000
Term loans	4,323,402	3,443,216
	14,300,479	7,544,216
Long term borrowings (secured):		
Term loans	17,349,879	22,201,945
Total borrowings:		
Revolving credits	9,977,077	4,101,000
Term loans	21,673,281	25,645,161
	31,650,358	29,746,161

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The secured borrowings, are secured by the following:

- (i) legal charges over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 13(c) and Note 17(b) to the financial statements;
- (ii) certain deposits with licensed banks as disclosed in Note 25(b) to the financial statements; and
- (iii) corporate guarantees of RM64,132,410 (2019: RM64,876,260) by the Company.

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31 December 2020

30. BORROWINGS (continued)

- (c) Borrowings are denominated in United States Dollar.
- (d) Fair value of the borrowings of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year. The carrying amount of borrowings are a reasonable approximation of fair value due to they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.
- (e) Information on financial risks of borrowings is disclosed in Note 39 to the financial statements.

31. DEFERRED TAX LIABILITIES

	2020 RM	Group 2019 RM
At 1 January	128,661	134,307
Recognised in profit or loss (Note 10)	3,697	(5,646)
At 31 December	132,358	128,661

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Development costs RM	Property, plant and equipment RM	Right-of-use assets RM	Total RM
At 1 January 2020	95,240	423,601	26,160	545,001
Recognised in profit or loss	(4,560)	28,897	(240)	24,097
At 31 December 2020	90,680	452,498	25,920	569,098
At 1 January 2019	99,120	416,287	26,880	542,287
Recognised in profit or loss	(3,880)	7,314	(720)	2,714
At 31 December 2019	95,240	423,601	26,160	545,001

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31 December 2020

31. DEFERRED TAX LIABILITIES (continued)

Deferred tax assets of the Group:

	Unused tax losses, unabsorbed capital allowances and tax incentives RM	Accruals RM	Inventories, trade and other receivables RM	Property, plant and equipment expensed out RM	Total RM
At 1 January 2020	(284,790)	(46,590)	(74,160)	(10,800)	(416,340)
Recognised in profit or loss	(30,720)	25,200	(16,080)	1,200	(20,400)
At 31 December 2020	(315,510)	(21,390)	(90,240)	(9,600)	(436,740)
At 1 January 2019	(323,910)	(31,190)	(40,880)	(12,000)	(407,980)
Recognised in profit or loss	39,120	(15,400)	(33,280)	1,200	(8,360)
At 31 December 2019	(284,790)	(46,590)	(74,160)	(10,800)	(416,340)

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	5,761,000	5,457,000	-	-
Unabsorbed capital allowances	106,887,000	74,981,000	39,000	39,000
Unabsorbed reinvestment allowances	422,000	422,000	-	-
Others temporary differences	2,498,000	4,985,000	-	-
	115,568,000	85,845,000	39,000	39,000

The unused tax losses of the Group amounting to RM5,761,000 (2019: RM5,457,000) which is derived from Singapore operations are available for offsetting against future taxable profits of a subsidiary in Singapore, subject to the agreement with the tax authority.

The unabsorbed capital allowances of a subsidiary and the Company are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The deductible temporary differences do not expire under the current tax legislation except the unabsorbed reinvestment allowances up to the year of assessment 2019 shall be deductible until year of assessment 2026. Any new unabsorbed reinvestment allowances for the year of assessment 2020 onwards will expire in seven (7) years, subject to the agreement with the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

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32. TRADE PAYABLES

	2020 RM	Group 2019 RM
Trade payables		
Third parties	82,574,393	148,660,210
Related parties	4,259,461	2,060,547
	86,833,854	150,720,757
Represented by:		
- Current	69,317,155	132,050,221
- Non-current	17,516,699	18,670,536
	86,833,854	150,720,757

- (a) Trade payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are interest-free and the normal trade credit terms granted to the Group range from one (1) month to three (3) months.
- (c) Amounts owing to related parties are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) Trade payables which will be paid by monthly instalments and interest-free are payable as follows:

	2020 RM	Group 2019 RM
Current	19,607,614	42,179,128
Non-current	10,877,480	9,804,897
	30,485,094	51,984,025

- (e) "Trade payables third parties" which will be paid by variable instalment terms based on an agreed percentage on the gross collections generated from the machines purchased are interest-free and payable as follows:

	2020 RM	Group 2019 RM
Current	14,921,695	17,022,949
Non-current	6,639,219	8,865,639
	21,560,914	25,888,588

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

32. TRADE PAYABLES (continued)

(f) Foreign currency exposure of trade payables are as follows:

	2020 RM	Group 2019 RM
United States Dollar	82,545,941	145,696,222
Euro	4,265,199	927,232
Ringgit Malaysia	15,333	3,660,880
Philippine Peso	-	429,621
Others	7,381	6,802
	86,833,854	150,720,757

(g) Information on financial risks of trade payables is disclosed in Note 39 to the financial statements.

33. OTHER PAYABLES

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Accruals	20,685,224	21,493,261	313,379	858,167
Deposits received	1,011,371	1,355,359	6,368	6,368
Sundry payables	1,810,543	1,967,543	700	69,072
	23,507,138	24,816,163	320,447	933,607

(a) Other payables are classified as financial liabilities measured at amortised cost.

(b) Foreign currency exposure of other payables are as follows:

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
United States Dollar	17,079,940	19,656,211	-	-
Ringgit Malaysia	1,251,218	1,992,786	320,447	933,607
Philippine Peso	4,459,525	1,701,521	-	-
Thai Baht	364,640	1,263,268	-	-
Hong Kong Dollar	87,349	70,917	-	-
Singapore Dollar	127,829	57,652	-	-
Others	136,637	73,808	-	-
	23,507,138	24,816,163	320,447	933,607

(c) Information on financial risks of other payables is disclosed in Note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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34. CONTRACT LIABILITIES

	2020 RM	Group 2019 RM
Advances received from customers	12,461,948	6,732,805
Deferred income	154,793	141,923
	12,616,741	6,874,728

- (a) Contract liabilities include advances received from customers and deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers. The contract liabilities will be recognised as revenue when the performance obligations are satisfied. These performance obligations are part of contracts that have original expected duration of one (1) year or less.
- (b) Included in contract liabilities at the beginning of the financial year is an amount of RM6,705,998 (2019: RM10,970,546) being revenue recognised during the financial year.
- (c) Movement in contract liabilities are as follows:

	2020 RM	Group 2019 RM
At 1 January	6,874,728	11,561,036
Advances received during the year	91,843,341	110,751,510
Revenue recognised during the year	(84,672,260)	(115,453,654)
Exchange differences	(1,429,068)	15,836
At 31 December	12,616,741	6,874,728

- (d) Foreign currency exposure of contract liabilities are as follows:

	2020 RM	Group 2019 RM
United States Dollar	9,406,621	5,552,691
Ringgit Malaysia	2,514,814	1,320,524
Singapore Dollar	59,387	-
Philippine Peso	635,919	1,513
	12,616,741	6,874,728

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

34. CONTRACT LIABILITIES (continued)

- (e) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	2020 RM	Group 2019 RM
31 December 2020	-	10,405,519
31 December 2021	18,659,169	540,189
31 December 2022	973,915	-

35. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

- (b) The Group and the Company had the following transactions with related parties during the financial year:

	2020 RM	2019 RM
Group		
Related parties*:		
- Sales of products	6,307,735	3,495,293
- Maintenance charges received	109,505	68,232
- Technical service fee received	7,180	7,840
- Technical support and management income	3,578,380	4,555,828
- Purchase of products	10,817,265	6,805,394
- Rental income	14,300	-
Associates:		
- Operating lease expense	13,868	13,669

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

35. RELATED PARTY DISCLOSURES (continued)

- (b) The Group and the Company had the following transactions with related parties during the financial year (continued):

	2020 RM	2019 RM
Company		
Subsidiaries:		
- Dividend income	1,500,000	18,936,500
- Operating lease expense	36,750	42,000

* Related parties are corporations in which certain Directors of the Company and subsidiaries have substantial interest.

The related party transactions described above were undertaken on mutually agreed and negotiated terms.

- (c) Compensation of key management personnel

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other members of key management personnel during the financial year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short-term employee benefits	1,777,387	5,199,947	275,000	1,231,178
Post-employment benefits:				
Defined contribution plan	144,860	491,709	-	88,794
	1,922,247	5,691,656	275,000	1,319,972
Estimated monetary value of benefits-in-kind	33,850	38,327	-	9,900
	1,956,097	5,729,983	275,000	1,329,872

Included in total remuneration of key management personnel of the Group and of the Company are Directors' remuneration amounting to RM1,936,958 (2019: RM5,415,802) and RM275,000 (2019: RM694,563) respectively as further disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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35. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Executive and Non-executive Directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group		Company	
	2020	2019	2020	2019
At 1 January	-	9,028,568	-	9,028,568
Exercised	-	(3,885,713)	-	(3,885,713)
Expired	-	(5,142,855)	-	(5,142,855)
At 31 December	-	-	-	-

The ESOS had expired on 20 October 2019.

36. CAPITAL COMMITMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Capital expenditure				
Approved but not contracted for:				
Property, plant and equipment	3,000,000	69,000,000	-	370,000

37. CONTINGENT LIABILITIES

- (a) The Group designates corporate guarantees given to financial institutions for banking facilities granted to subsidiaries and trade payables as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (b) (i) The Company has given unsecured corporate guarantees to certain financial institutions for banking facilities granted to its subsidiaries for a limit of up to RM64,132,410 (2019 RM64,876,260) of which RM31,712,901 (2019: RM29,829,940) was utilised at the end of the reporting period.
- (ii) The Company has given unsecured corporate guarantees to certain trade payables of its subsidiaries for a limit of up to RM88,627,000 (2019: RM90,222,000) of which RM72,397,988 (2019: RM84,137,013) was utilised at the end of the reporting period.
- (iii) The Directors are of the view that the chances of the financial institutions and trade payables calling upon the corporate guarantees are unlikely. Accordingly, the fair values of the above corporate guarantees are negligible.

NOTES TO THE FINANCIAL STATEMENTS

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38. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to maintain a strong capital base, good credit rating and healthy capital ratios to support its businesses and maximise its shareholders' value.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order 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 or policies during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings and lease liabilities less cash and bank balances. Capital represents equity attributable to the owners of the parent.

The net debt-to-equity ratios as at 31 December 2020 and 31 December 2019 are as follows:

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Borrowings (current and non-current)	30	31,650,358	29,746,161	-	-
Lease liabilities (current and non-current)	17	3,172,777	3,508,107	296,975	321,586
Less:					
Cash and bank balances	25	(39,178,475)	(54,048,064)	(125,655)	(1,095,450)
Net (cash)/debt		(4,355,340)	(20,793,796)	171,320	(773,864)
Total capital		225,825,484	262,390,706	170,022,613	175,588,920
Net debt-to-equity ratio		*	*	0.1%	*

* Net debt-to-equity ratio is not presented as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity more than the twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

39. FINANCIAL RISK MANAGEMENT

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks, which requires loss to be recognised if a counter party fails to perform as contracted. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables, amount due from subsidiaries and amount due from/(to) associates is disclosed in Note 20, Note 21, Note 23 and Note 24 to the financial statements.

Credit risk concentration profile

As at 31 December 2020, other than the amounts owing by subsidiaries constituting 100% (2019: 100%) of the total receivables of the Company, the Group also has a significant concentration of credit risk that may arise from exposure to groups of receivables which contributed approximately 85% (2019: 88%) of the total trade receivables at the end of the reporting period. These customers contributed approximately 54% (2019: 62%) of the total revenue of the Group. The Group and the Company do not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

(b) Liquidity and cash flow risk

The exposure of the Group to liquidity and cash flow risk arises primarily from the mismatch of the maturities of financial assets and liabilities. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

39. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations:

	On demand or within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM	Total RM
2020				
Group				
Financial liabilities:				
Trade and other payables	92,824,293	17,516,699	-	110,340,992
Borrowings	15,264,640	18,438,885	-	33,703,525
Lease liabilities	1,307,084	1,939,808	504,066	3,750,958
Due to associates	86,240	-	-	86,240
Total undiscounted financial liabilities	109,482,257	37,895,392	504,066	147,881,715
Company				
Financial liabilities:				
Trade and other payables	320,447	-	-	320,447
Lease liabilities	42,000	168,000	168,000	378,000
Total undiscounted financial liabilities	362,447	168,000	168,000	698,447
2019				
Group				
Financial liabilities:				
Trade and other payables	156,866,384	18,670,536	-	175,536,920
Borrowings	8,749,290	24,312,642	-	33,061,932
Lease liabilities	1,097,803	2,440,851	684,756	4,223,410
Due to associates	87,792	-	-	87,792
Total undiscounted financial liabilities	166,801,269	45,424,029	684,756	212,910,054
Company				
Financial liabilities:				
Trade and other payables	933,607	-	-	933,607
Lease liabilities	42,000	168,000	210,000	420,000
Total undiscounted financial liabilities	975,607	168,000	210,000	1,353,607

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31 December 2020

39. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates relates primarily to the bank borrowings and deposits placed with licensed banks of the Group.

The following table sets out the carrying amounts, the weighted average effective interest rates/incremental borrowing rates as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

At 31 December 2020	Note	Weighted average effective interest rate/incremental borrowing rate (%)	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	More than five (5) years RM	Total RM
Group									
Fixed rates									
Trade receivables	20(d)	6.5	21,468,347	21,252,333	-	-	-	-	42,720,680
Lease receivables	22	8.2	4,025,926	4,195,973	-	-	-	-	8,221,899
Deposits with licensed banks	25	1.1	13,430,861	-	-	-	-	-	13,430,861
Lease liabilities	17	5.4	(1,165,503)	(839,976)	(503,132)	(253,530)	(167,803)	(242,833)	(3,172,777)
Floating rates									
Revolving credits	30	2.4	(9,977,077)	-	-	-	-	-	(9,977,077)
Term loans	30	3.6	(4,323,402)	(5,393,291)	(11,956,588)	-	-	-	(21,673,281)
Company									
Fixed rate									
Lease liabilities	17	5.7	(26,042)	(27,556)	(29,159)	(30,854)	(32,648)	(150,716)	(296,975)
At 31 December 2019									
Group									
Fixed rates									
Trade receivables	20(d)	6.0	8,233,628	8,106,210	-	-	-	-	16,339,838
Lease receivables	22	13.6	3,322,981	3,788,166	4,156,829	-	-	-	11,267,976
Deposits with licensed banks	25	1.5	13,974,258	-	-	-	-	-	13,974,258
Lease liabilities	17	5.5	(931,518)	(823,520)	(670,785)	(451,844)	(226,739)	(403,701)	(3,508,107)
Floating rates									
Revolving credits	30	4.4	(4,101,000)	-	-	-	-	-	(4,101,000)
Term loans	30	5.0	(3,443,216)	(4,539,823)	(5,490,354)	(12,171,768)	-	-	(25,645,161)
Company									
Fixed rates									
Lease liabilities	17	5.7	(24,611)	(26,042)	(27,556)	(29,158)	(30,854)	(183,365)	(321,586)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

39. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

Group	Effect on (loss)/ profit after tax	
	2020 RM	2019 RM
Floating rates		
<u>Increase by 0.5%</u>		
Revolving credits	(37,913)	(19,890)
Term loans	(82,271)	(124,329)
<u>Decrease by 0.5%</u>		
Revolving credits	37,913	19,890
Term loans	82,271	124,329

(d) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

Subsidiaries operating in overseas have assets and liabilities together with expected cash flows from anticipated transactions denominated in those foreign currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the United States Dollar ("USD"), Philippine Peso ("Peso") and Thai Baht ("THB") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Effect on (loss)/profit after tax			
	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Strengthen by 5%</u>				
USD/RM	285,383	(89,482)	487,751	771,804
USD/HKD	(466,388)	192,225	-	-
Peso/USD	933,279	1,431,463	-	-
THB/USD	983,418	986,458	-	-

NOTES TO THE FINANCIAL STATEMENTS

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39. FINANCIAL RISK MANAGEMENT (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the United States Dollar ("USD"), Philippine Peso ("Peso") and Thai Baht ("THB") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant (continued):

	Effect on (loss)/profit after tax			
	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Weaken by 5%</u>				
USD/RM	(285,383)	89,482	(487,751)	(771,804)
USD/HKD	466,388	(192,225)	-	-
Peso/USD	(933,279)	(1,431,463)	-	-
THB/USD	(983,418)	(986,458)	-	-

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

40. COMPARATIVE FIGURES

Certain comparative figures of the Group have been reclassified to conform with the current year's presentation so as to reflect appropriate presentation of the financial statements of the Group.

	As previously reported RM	Reclassi- fication RM	As reclassified RM
Consolidated statement of cash flows			
Cash flows from operating activities			
Adjustment for:			
Interest income	(633,028)	(2,950,364)	(3,583,392)
Changes in working capital:			
Lease receivables	4,140,263	2,950,364	7,090,627

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO until 7 June 2021.

The government of other regions such as the Philippines, Cambodia, Vietnam and Laos had also announced lockdown or other control measures in March 2020. While some of these regions have gradually reopened for business since Q2 2020, the gaming establishments are operating under stringent control measures with limited number of hours and capacity. This has resulted a decrease in the Group's total revenue of more than 40% in 2020 as compared to 2019.

The Group continues to implement various cost control measures across the regions to contain its expenditures and at the same time, the Group is embarking on new avenue by maximising its existing resources to increase the revenue during this unprecedented period. The Group has also put in place stringent health and precautionary measures at all its properties to comply with the relevant standard operating procedures and to ensure the safety and well-being of its employees and visitors at all times.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

42. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 1 January 2021, the Company acquired 100% equity interest in RGB (Macau) Limited from RGB Ltd., its wholly owned subsidiary. The acquisition does not have any financial impact to the Group.

43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

43.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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43. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

43.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendment to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimate (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments to the standards, since the effects would only be observable for the future financial years.

44. FINANCIAL REPORTING UPDATES

44.1 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

LIST OF GROUP PROPERTIES

As at 31 December 2020

Registered Owner/ Address/Location	Description	Use	Tenure	Approximate Age of Building (Years)	Built-up Area (Sq. Metres)	Audited Net Book Value (RM)	Date of Last Revaluation
RGBSB							
1. 65 Sims Avenue #08-04 Yi Xiu Factory Building Singapore	Building	Office cum Factory	Freehold	38	113	740,340	1 January 2011
2. No. 2017 Solok Perusahaan 3 Kawasan Perusahaan Perai 13600 Perai, Penang, Malaysia	Land & Building	Factory	Leasehold – 99 years expiring on 12 December 2074	47	1,035.03	1,338,299	1 January 2011
3. No. 2018 Solok Perusahaan 3 Kawasan Perusahaan Perai 13600 Perai, Penang, Malaysia	Land & Building	Factory	Leasehold – 99 years expiring on 12 December 2074	47	1,109.71	1,405,883	1 January 2011
Data Touch Sdn. Bhd.							
4. No. 8 Green Hall 10200 George Town Penang, Malaysia	Land & Building	Office	In Perpetuity	42	2,387.16	3,976,372	1 January 2011
Chateau De Bavet Club Co., Ltd.							
5. No. 1 National Road Bavet Commune Chantrea District Svay Rieng Province Kingdom of Cambodia	Building	Rental for Hotel & Casino	Freehold	12	23,727	32,794,042	15 December 2020

LIST OF GROUP PROPERTIES

As at 31 December 2020

Registered Owner/ Address/Location	Description	Use	Tenure	Approximate Age of Building (Years)	Built-up Area (Sq. Metres)	Audited Net Book Value (RM)	Date of Last Revaluation
RGB Ltd.							
6 Monterrace Lake Condo Condo-1: L3 1501 Clark Sun Valley Resort Jose Abad Santos Avenue Clark Freeport Zone Pampanga, The Philippines	Building	Rental	Leasehold – 40 years expiring on 2 December 2060	1	86	550,378	9 February 2020
7 Monterrace Lake Condo Condo-1: L3 1502 Clark Sun Valley Resort Jose Abad Santos Avenue Clark Freeport Zone Pampanga, The Philippines	Building	Rental	Leasehold – 40 years expiring on 2 December 2060	1	63	405,572	9 February 2020
8 Monterrace Lake Condo Condo-1: L3 1503 Clark Sun Valley Resort Jose Abad Santos Avenue Clark Freeport Zone Pampanga, The Philippines	Building	Rental	Leasehold – 40 years expiring on 2 December 2060	1	63	405,572	9 February 2020
9 Monterrace Lake Condo Condo-1: L3 1505 Clark Sun Valley Resort Jose Abad Santos Avenue Clark Freeport Zone Pampanga, The Philippines	Building	Rental	Leasehold – 40 years expiring on 2 December 2060	1	86	550,378	9 February 2020
Total						42,166,836	

The Group does not have a formal revaluation policy for its landed properties.

LIST OF ASSOCIATE'S PROPERTIES

As at 31 December 2020

Registered Owner/ Address/Location	Description	Use	Tenure	Approximate Age of Building (Years)	Built-up Area (Sq. Metres)	Audited Net Book Value (RM)	Date of Last Revaluation
Dreamgate Holding Co., Ltd.							
1. No. 13 & 14, Block C E0, E1, Chantrea Bavet Sway Rieng Kingdom of Cambodia	Shoplot	Office	Freehold	14	128	334,126	-
2. No. 1 National Road Bavet Commune Chantrea District Svay Rieng Province Kingdom of Cambodia	Land	Rental for Hotel & Casino	Freehold	-	-	3,648,210	15 December 2020
Total						3,982,336	

ADDITIONAL COMPLIANCE INFORMATION

Recurrent Related Party Transactions ("RRPT")

The summary of the RRPT which have been entered by the Company and its subsidiaries which are involved in the RRPT namely RGBSB, RGB Ltd. ("RGBL"), RGB (Macau) Limited ("RGBML") and Macrocept Sdn. Bhd. ("MCSB") [collectively referred to as "RGBI Group"] during the FYE 31 December 2020 pursuant to the shareholders' mandate obtained by the Company at the AGM held on 8 September 2020 are as follows:

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Actual value transacted ⁽ⁱ⁾ (RM)	Related Parties
RGBI Group	Timor Holding, S.A. ("THSA")	Sale of products ⁽ⁱⁱ⁾ , technical support management ⁽ⁱⁱⁱ⁾ , leasing of products ⁽ⁱⁱ⁾ and management fee ^(iv)	3,578,380	Dato' Seri Chuah Kim Seah is a director and major shareholder of the Company and THSA via his interest in 1 Georgetown Ltd. ("1GL"). 1GL is a major shareholder of THSA. He is also a director of RGBSB, RGBL, RGBML and 1GL. Datuk Lim Tow Boon is a director of the Company, RGBSB, RGBL, RGBML, THSA and 1GL. He is also a major shareholder of THSA.
RGBI Group	Channel Paradise Sdn. Bhd. ("CPSB")	Sale of products ⁽ⁱⁱ⁾ , maintenance charges and technical fee ^(v)	6,424,420	Dato' Seri Chuah Kim Seah is a director of the Company, RGBSB, RGBL and RGBML. He is also a major shareholder of the Company. Dato' Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB. Chuah Eng Hwa is an employee of RGBL and a director of RGBML and MCSB. He is also a director and major shareholder of CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng. Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah and Dato' Chuah Kim Chiew. Chuah Eng Meng is an employee of RGBSB and a director of CPSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa. Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.

ADDITIONAL COMPLIANCE INFORMATION

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Actual value transacted ⁽ⁱ⁾ (RM)	Related Parties
CPSB	RGBI Group	Sales of products ⁽ⁱⁱ⁾ , technical support management ⁽ⁱⁱⁱ⁾ and leasing of products ⁽ⁱⁱ⁾	9,521,481	Dato' Seri Chuah Kim Seah is a director of the Company, RGBSB, RGBL and RGBML. He is also a major shareholder of the Company. Dato' Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB. Chuah Eng Hwa is an employee of RGBL and a director of RGBML and MCSB. He is also a director and major shareholder of CPSB. He is a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng. Datin Tok Moy is a director and major shareholder of CPSB. She is a person connected to Dato' Seri Chuah Kim Seah and Dato' Chuah Kim Chiew. Chuah Eng Meng is an employee of RGBSB and a director of CPSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa. Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.
Channel Paradise Pte. Ltd. ("CPPL")	RGBI Group	Sales of products ⁽ⁱⁱ⁾ , technical support management ⁽ⁱⁱⁱ⁾ and leasing of products ⁽ⁱⁱ⁾	1,295,784	Dato' Seri Chuah Kim Seah is a director of the Company, RGBSB, RGBL and RGBML. He is also a major shareholder of the Company and CPPL. Datuk Lim Tow Boon is a director of the Company, RGBSB, RGBL, RGBML and CPPL. Dato' Chuah Kim Chiew is a director of RGBSB, RGBL, MCSB and CPPL. He is also a major shareholder of CPPL. Chuah Eng Hwa is an employee of RGBL and a director of RGBML and MCSB. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Meng. Chuah Eng Meng is an employee of RGBSB and a director of CPPL. He is also a person connected to Dato' Seri Chuah Kim Seah and Chuah Eng Hwa.

ADDITIONAL COMPLIANCE INFORMATION

Notes:

- (i) The actual value transacted of RRPT during the FYE 31 December 2020.
- (ii) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories, gaming equipment and accessories.
- (iii) Provision of technical support management comprise of technical support, maintenance and management of gaming and amusement machines and equipment.
- (iv) Provision of management services encompassing advisory works.
- (v) Technical fee include fee charged on repair and maintenance of gaming and amusement machines.

Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable to the external auditors and their affiliate corporation by the Company and the Group for the FYE 31 December 2020 were as follows:

Fees	Company (RM)	Group (RM)
Audit	51,500	215,238
Non-audit	8,800	20,610

Material Contracts

During the year under review, there were no material contracts of the Company and its subsidiaries involving the interests of major shareholders and/or directors.

Contract Relating to Loans

During the year, there were no contracts relating to loans entered into by the Company involving the interests of major shareholders and/or directors.

STATISTICS OF SHAREHOLDINGS

As At 10 May 2021

Issued shares of the Company

Total number of issued shares : 1,548,245,697 (including 4,784,800 treasury shares)
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

Distribution of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares ^(a)	% of Shares
1 - 99	1,022	8.82	46,703	0.00
100 - 1,000	404	3.48	175,801	0.01
1,001 - 10,000	2,401	20.71	13,288,599	0.86
10,001 - 100,000	5,886	50.78	228,339,579	14.80
100,001 - 77,173,043 ^(b)	1,878	16.20	845,852,742	54.80
77,173,044 and above ^(c)	1	0.01	455,757,473	29.53
Total	11,592	100.00	1,543,460,897	100.00

^(a) Excluding 4,784,800 treasury shares

^(b) Less than 5% of issued shares

^(c) 5% and above of issued shares

Substantial Shareholders holding 5% or more in the share capital

Name	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares ^(a)	No. of Shares	% of Shares ^(a)
Dato' Seri Chuah Kim Seah	455,757,473	29.53	2,404,342 ^(b)	0.16

^(a) After netting off 4,784,800 treasury shares.

^(b) Deemed interested by virtue of holding more than 20% in the shares of Manju Sdn. Bhd.

Directors' interests in the ordinary shares of the Company

Name	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares ^(a)	No. of Shares	% of Shares ^(a)
Dato' Seri Mahinder Singh Dulku	1,374,285	0.09	-	-
Dato' Seri Chuah Kim Seah	455,757,473	29.53	2,805,141 ^(b)	0.18
Datuk Lim Tow Boon	7,089,142	0.46	-	-
Ms. Lam Voon Kean	3,428,571	0.22	-	-
Tan Sri Norazman Hamidun	4,548,571	0.29	-	-

^(a) After netting off 4,784,800 treasury shares.

^(b) Deemed interested by virtue of holding more than 20% in the shares of Manju Sdn. Bhd., 171,428 ordinary shares held by his spouse, Datin Seri Tan Soon Kim and 229,371 ordinary shares held by his son, Mr. Chuah Eng Meng.

By virtue of his interest in the shares of the Company, Dato' Seri Chuah Kim Seah is also deemed to have an interest in the shares of the subsidiaries to the extent the Company has an interest.

THIRTY LARGEST SHAREHOLDERS

As At 10 May 2021

NO.	NAME	HOLDINGS	%
1	CHUAH KIM SEAH	327,993,896	21.25
2	CHUAH KIM SEAH	127,263,577	8.25
3	MAZLAN BIN ISMAIL	37,142,857	2.41
4	CHUAH KIM CHIEW	31,730,507	2.06
5	LEE WAI YUEN	18,000,000	1.17
6	SEAH CHIN LENG	13,337,000	0.86
7	ANG BOON GUAN	9,000,428	0.58
8	LAU KIM WAH	8,118,800	0.53
9	RHB NOMINEES (TEMPATAN) SDN BHD FONG WOON YIN	7,120,000	0.46
10	LIM TOW BOON	7,089,142	0.46
11	KHOR TENG TONG	6,571,428	0.43
12	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	6,000,214	0.39
13	FIRST GENESIS SDN BHD	5,028,571	0.33
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEKARAJASEKARAN A/L ARASARATNAM	5,000,000	0.32
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE GEOK POH (MY2016)	4,841,428	0.31
16	NORAZMAN BIN HAMIDUN	4,548,571	0.29
17	WONG KIM HAI	4,131,428	0.27
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOONG DING TONG (MY3120)	4,100,000	0.27
19	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LIM SOON AIK	4,000,000	0.26
20	SEAH HENG LYE	4,000,000	0.26
21	TAN YAW ING	3,516,000	0.23
22	LAM VOON KEAN	3,428,571	0.22
23	LIM LAY HONG	3,342,857	0.22
24	KENANGA NOMINEES (TEMPATAN) SDN BHD TEH KIAK SENG	3,200,000	0.21
25	PATRICK SOH KONG HUI	3,200,000	0.21
26	SIOU CHUN PAU	3,077,142	0.20
27	LAU BOON KHIM	3,000,000	0.19
28	TAN LEE SOON HOLDINGS SDN BHD	2,857,200	0.19
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG POO HING @ WONG FOO HIN (800436)	2,850,057	0.18
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOALKEY SYSTEM SDN BHD (MY1461)	2,830,000	0.18
		666,319,674	43.17

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of the Company will be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Wednesday, 30 June 2021 at 10.00 am for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees of RM245,000 to the Non-Executive Directors for the financial year ended 31 December 2020.
3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM48,000 from 30 June 2021 until the next Annual General Meeting of the Company.
4. To re-elect the following Directors retiring in accordance with Clause 103 of the Company's Constitution.
 - (a) Dato' Seri Chuah Kim Seah
 - (b) Dato' Seri Mahinder Singh Dulku
5. To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

**Resolution 3
Resolution 4**

Resolution 5

As Special Business:

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

6. **Continuation in office as an Independent Non-Executive Director**

Resolution 6

"THAT Dato' Seri Mahinder Singh Dulku, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained and continued to act as an Independent Non-Executive Chairman of the Company until the conclusion of the next Annual General Meeting of the Company in accordance with the Malaysian Code on Corporate Governance."

7. **Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares**

Resolution 7

"THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company to such person or persons, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being."

NOTICE OF ANNUAL GENERAL MEETING

8. **Proposed renewal of existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate")**

Resolution 8

"THAT approval be and is hereby given to the Company and its subsidiaries ("the Group") to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature as specified in Section 2 of Part A of the Circular & Statement to Shareholders dated 31 May 2021, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

THAT such approval unless revoked or varied by the Company in general meeting shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which this mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting whereby the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting, whichever is earlier.

THAT the above mandate is subject to annual renewal and disclosure will be made in the annual report of the aggregate value of transactions conducted by the Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things and execute all necessary documents as they may consider expedient or necessary in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

9. **Proposed renewal of authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company ("Proposed Renewal of Authority for Share Buy-Back")**

Resolution 9

"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad as the Directors may deem fit and expedient in the interest of the Company, provided that:

- (i) the aggregate number of shares purchased or held does not exceed ten per centum (10%) of the total number of issued shares of the Company;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and
- (iii) the Directors of the Company may decide in their absolute discretion either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends and/or in such manner as may be permitted pursuant to Section 127 of the Companies Act 2016 and the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this Resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

ONG TZE-EN

Company Secretary
MAICSA 7026537 | SSM PC No. 202008003397
Penang
31 May 2021

Notes:

Appointment of Proxy

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:

Resolution 6 – Continuation in office as an Independent Non-Executive Director

The proposed Resolution 6, if passed, will allow Dato' Seri Mahinder Singh Dulku to be retained as an Independent Non-Executive Director of the Company. The Board of Directors had, vide the Nomination & Remuneration Committee, conducted an annual performance evaluation and assessment of, Dato' Seri Mahinder Singh Dulku, who has served as Independent Non-Executive Chairman of the Company for a cumulative term of more than twelve (12) years, and recommended for him to continue to act as Independent Non-Executive Chairman of the Company based on the justifications as set out under Corporate Governance Overview Statement in the Company's Annual Report 2020.

Resolution 7 – Authority to allot and issue shares

The proposed Resolution 7, if passed, will give the Directors of the Company authority to allot and issue shares in the Company up to a maximum of ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 8 September 2020 and which will lapse at the conclusion of the 18th Annual General Meeting.

The renewed general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisitions.

Resolution 8 – Proposed Shareholders' Mandate

The proposed Resolution 8, if passed, will allow the Group to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms which are 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. The Proposed Shareholders' Mandate is subject to renewal on an annual basis, details of which are set out in the Circular & Statement to Shareholders dated 31 May 2021.

Resolution 9 – Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 9, if passed, will allow the Company to purchase or hold its own shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. Based on the Audited Financial Statements for the year ended 31 December 2020, the Company's retained profits is amounted to RM55.4 million. Please refer to the Circular & Statement to Shareholders dated 31 May 2021 for further information.

NOTICE OF ANNUAL GENERAL MEETING

Measures to minimise risk of COVID-19

- I. Your safety is the Company's top priority. The following precautionary measures will be taken at the Company's Annual General Meeting in order to minimise the risk of community spread of COVID-19 pandemic:
 - (a) All attendees will be required to wear face masks, undergo temperature check and make health declaration prior to entering the meeting venue.
 - (b) Any attendee who has fever (temperature of 37.5°C or higher) or exhibits flu-like symptoms will not be allowed to attend the Annual General Meeting.
 - (c) All attendees are to use the hand sanitisers as provided.
- II. If you are unwell with sore throat/fever/flu/cough/shortness of breath or showed symptoms of respiratory illness such as coughing and sneezing, you are strongly encouraged not to attend the Company's Annual General Meeting. In view of this, we encourage that you appoint a proxy and deposit the Form of Proxy as per Note 2 above in the event you are not able to attend and vote on the date of the meeting. The appointment of a proxy does not preclude you from attending the meeting should you wish to and are fit to attend.
- III. On the seating arrangements and number of individuals to be present at the meeting venue, the Company will observe and abide by the prevailing directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Security Council and other relevant authorities to curb the spread of the COVID-19 pandemic. Shareholders are advised to arrive early at the Annual General Meeting venue given that the above-mentioned precautionary measures may cause delay in the registration process.

STATEMENT ACCOMPANYING NOTICE OF 18TH ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

No individual is standing for election as a Director at the forthcoming 18th Annual General Meeting of the Company.

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RGB International Bhd.
Registration No. 200301001411 (603831-K)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares held	
CDS Account No.	

*I/We *NRIC/Passport/Registration No.
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

and *telephone no./email address

being a *member/members of RGB International Bhd. ("the Company"), hereby appoint:

Full Name, Address and Contact No. (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

*and/or

Full Name, Address and Contact No. (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 18th Annual General Meeting of the Company, to be held at Sri Mas 2, Level 4, Bayview Hotel Georgetown Penang, 25A Farquhar Street, 10200 George Town, Penang, Malaysia on Wednesday, 30 June 2021 at 10.00 am, or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

RESOLUTIONS	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

Signed this day of, 2021

.....
Signature of Member/Common Seal

**Strike out whichever is not desired.*

Notes:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company, 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

Fold this flap for sealing

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Affix
Stamp

The Company Secretary
RGB INTERNATIONAL BHD.
Registration No. 200301001411 (603831-K)
170-09-01 Livingston Tower, Jalan Argyll,
10050 George Town, Penang, Malaysia.

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