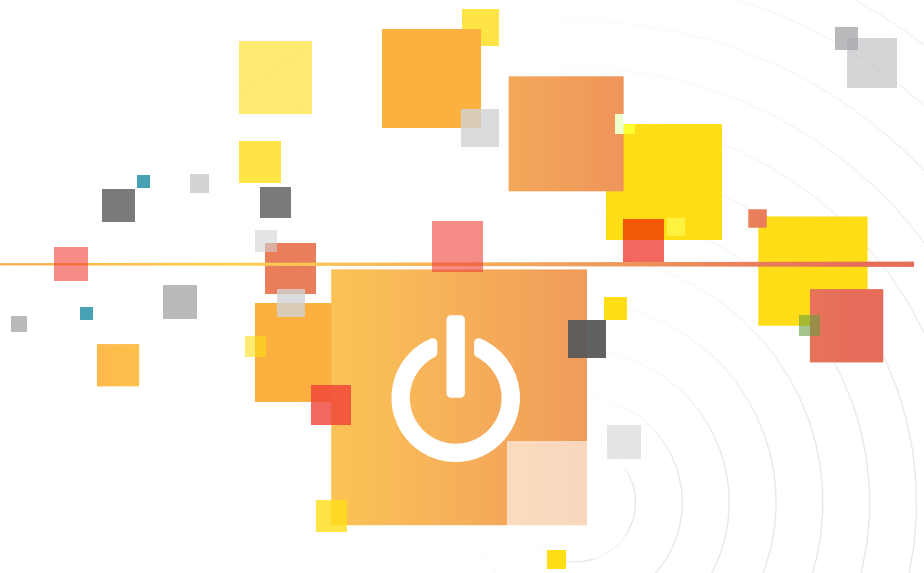




**RGB International Bhd.**  
Registration No. 200301001411 (603831-K)

annual report

**2021**



# 19<sup>th</sup> Annual General Meeting

## Venue

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

## Date

Tuesday,  
21 June 2022

## Time

10.00 am

## In this year's report:

Corporate	Financial	Others
Corporate Profile	Financial Calendar	List of Group Properties
Corporate Information	Directors' Report	List of Associate's Properties
Group Financial Highlights	Statement by Directors	Additional Compliance Information
Corporate Structure	Statutory Declaration	Statistics of Shareholdings
Profile of Directors	Independent Auditors' Report	Thirty Largest Shareholders
Key Senior Management Team	Statements of Profit or Loss and Other Comprehensive Income	Notice of Annual General Meeting
Management Discussion and Analysis	Statements of Financial Position	Form of Proxy
Investor Relations	Statements of Changes in Equity	
Sustainability Statement	Statements of Cash Flows	
Corporate Governance Overview Statement	Notes to the Financial Statements	
Audit Committee Report		
Statement on Risk Management and Internal Control		



The softcopy version of RGB's Annual Report 2021 is available on our website. Go to <http://www.rbggames.com/home/annual-report.html> or scan the code on the left with your smartphone.



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

## OUR VISION



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

## OUR MISSION



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

## OUR CORE VALUE



### OUR PEOPLE, OUR KEY ASSETS

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



### 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



### QUALITY

Striving and delivering the best quality of services and products

# 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 EGM and equipment ("SSM")
- machine concession, technical support and management ("TSM")
- on-site technical solution, preventive maintenance and repair services for EGM 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 EGM and casino equipment as well as a major machine concession provider.

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 Secretaries

Ms. Yeow Sze Min  
(SSM PC No. 201908003120,  
MAICSA 7065735)  
Ms. Low Seow Wei  
(SSM PC No. 202008000437,  
MAICSA 7053500)

### Registered Office

Suite 18.05, MWE Plaza  
8 Lebuhr Farquhar  
10200 George Town  
Penang, Malaysia  
Tel : +(60)4 263 1966  
Fax : +(60)4 262 8544

### 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.  
2<sup>nd</sup> 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  
Malayan Banking Berhad  
Maybank International Labuan  
Branch  
Industrial and Commercial Bank of  
China (Macau) Limited

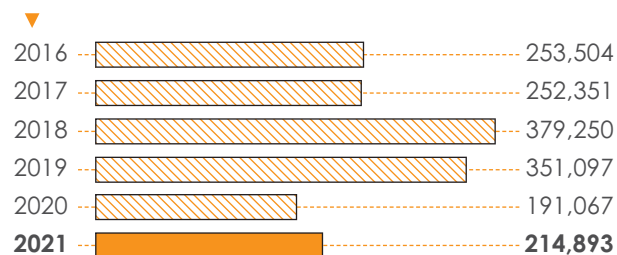
# Group Financial Highlights

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	214,893	191,067	351,097	379,250	252,351	253,504
(Loss)/Profit Before Tax	(7,473)	(27,958)	44,196	35,166	40,374	30,993
EBITDA*	44,915	28,969	84,207	65,743	66,543	64,002
Net (Loss)/Profit	(10,417)	(29,076)	40,176	35,439	30,699	25,301
Cash and Bank Balances	27,300	25,748	40,074	56,412	82,932	69,840
Property, Plant and Equipment	113,836	156,530	184,746	136,262	105,159	107,862
Total Assets	382,339	404,290	500,547	428,586	385,757	297,668
Shareholders' Equity	222,373	225,825	262,391	234,797	210,074	203,452

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

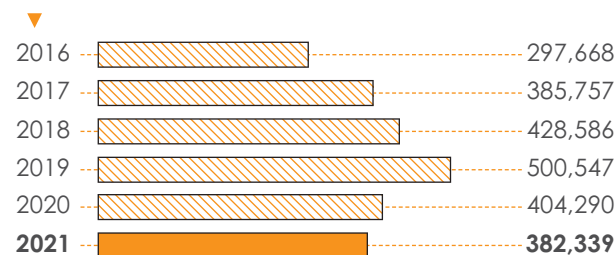
## REVENUE

(RM'000)



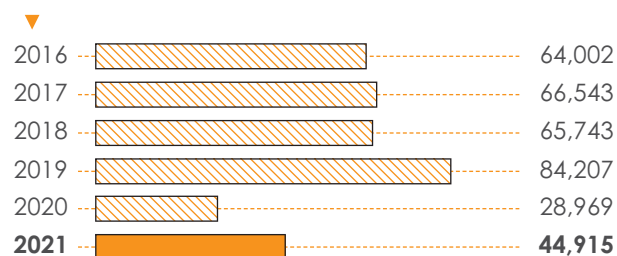
## TOTAL ASSETS

(RM'000)



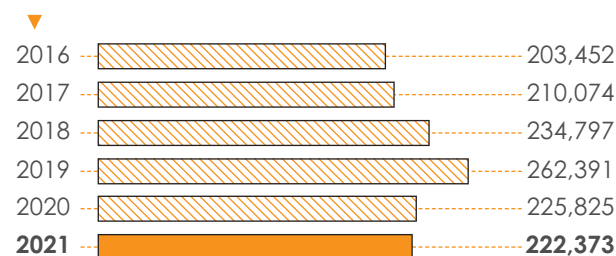
## EBITDA\*

(RM'000)



## SHAREHOLDERS' EQUITY

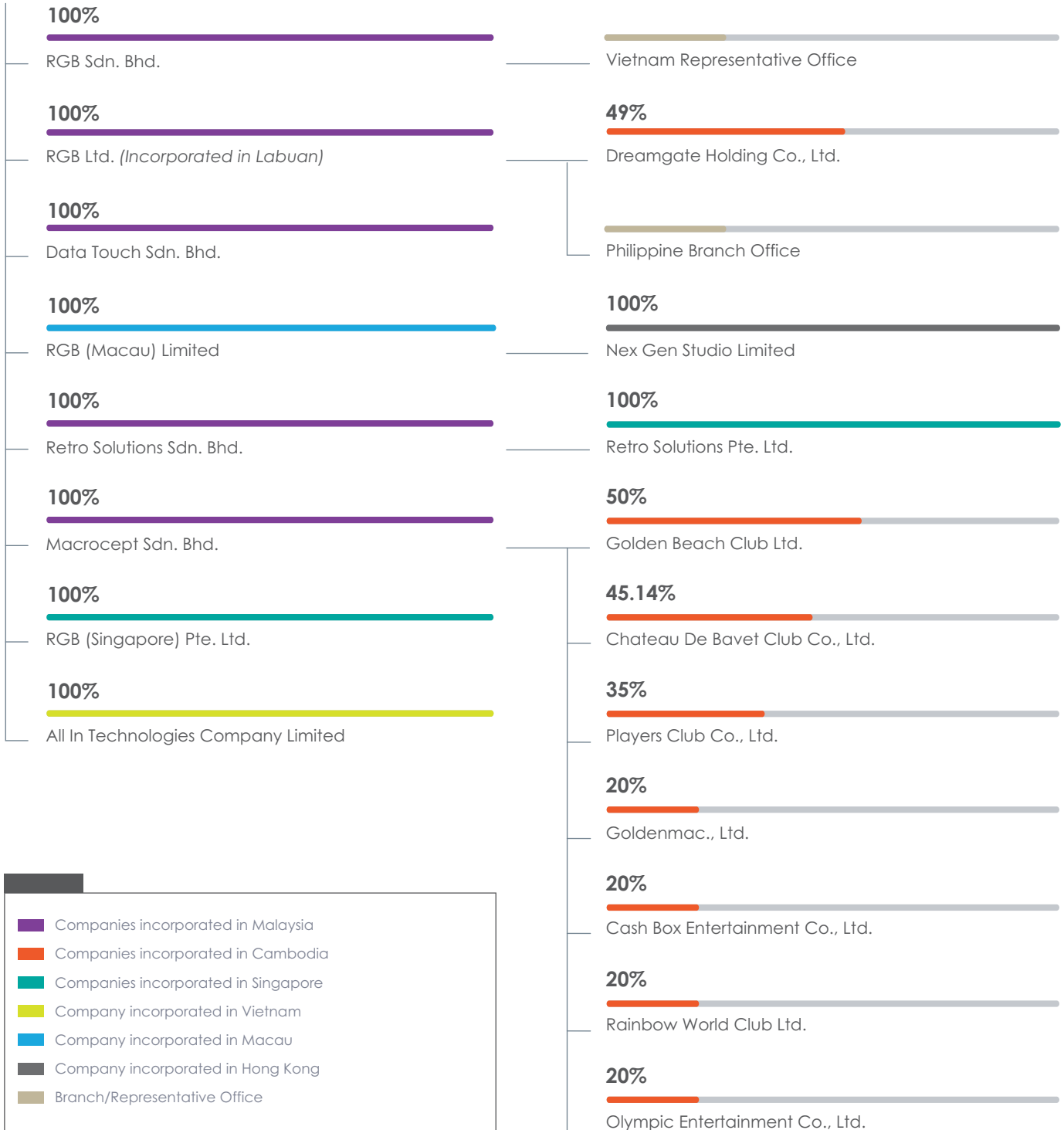
(RM'000)



# Corporate Structure



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



- Companies incorporated in Malaysia
- Companies incorporated in Cambodia
- Companies 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**, DGP.N, DSP.N, PKT

**Independent Non-Executive Chairman**

**Age/ Gender/ Nationality**  
79/ Male/ Malaysian

**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

4/4

## 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. As such, he has had vast experience in the conduct and practice of meetings.

## Other information

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



**DATO' SERI CHUAH KIM SEAH**, DGP.N, DMSM, DSDK, JP

**Managing Director ("MD")**

**Age/ Gender/ Nationality**  
69/ Male/ Malaysian

**Date of appointment**  
30 October 2003

## No. of Board meetings attended

4/4

## 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**, P.J.N., B.K.M.

**Chief Operating Officer**  
("COO")

**Age/ Gender/ Nationality**  
61/ Male/ Malaysian

**Date of appointment**  
30 October 2003

### No. of Board meetings attended

4/4

### 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**

**Age/ Gender/ Nationality**  
69/ Female/ Malaysian

**Date of appointment**  
31 March 2014

### No. of Board meetings attended

4/4

### 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 articulated 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 multinational 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





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

**Independent Non-  
Executive Director**

**Age/ Gender/ Nationality**  
57/ Male/ Malaysian

**Date of appointment**  
1 April 2014

#### **No. of Board meetings attended**

3/4

#### **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**  
Male | 58 | 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 is responsible for developing and managing the Group's investor relations function and overseeing the implementation of policies and operational management for 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**  
Male | 58 | 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.

## MR. CHUAH ENG HWA



**Vice President**

Male | 36 | 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, Australia
- Bachelor of Computing, Monash University, Australia

### 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 oversees the responsibilities of the CFO during the interim period. His responsibilities include overseeing TSM activities, accounting, financial management, treasury, credit control and human resources for the Group.

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**

Male | 66 | 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 2021.

”

## 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 EGM, casino equipment and all kinds of gaming-related parts and components.

RGB has 3 main business segments:

### SSM Division

The SSM division comprises the sales of EGM, 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 47 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, set up 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 EGM layout, technical requirements and jackpot parameters to existing and new gaming venue;
- (v) EGM preventive maintenance program to gaming venues throughout Asia;
- (vi) casino management system consultancy and turnkey solution which includes project management, coordination, implementation, training and support; and
- (vii) gaming parts such as PCBs (printed circuit boards), power supplies, LCDs (liquid-crystal displays) and EOL (end-of-life) repairing service.

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

## FINANCIAL REVIEW

The table below highlights the Group's financial performance for year 2021:

### Revenue

**RM214.9 million**

2020: RM191.1 million

### EBITDA\*

**RM44.9 million**

2020: RM29.0 million

### Loss before tax

**RM7.5 million**

2020: RM28.0 million

### Loss after tax

**RM10.4 million**

2020: RM29.1 million

### Net loss attributable to shareholders

**RM10.3 million**

2020: RM28.7 million

### Shareholders' equity

**RM222.4 million**

2020: RM225.8 million

### Loss per share

**0.67 sen**

2020: 1.86 sen

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

The COVID-19 pandemic has continued to affect economies worldwide especially the tourism, hospitality and gaming industries. These are unprecedented and challenging times for the Group. The imposition of travel restrictions, movement control of people and stringent standard operating procedures ("SOP") to prevent the spreading of COVID-19 by the respective government worldwide has hampered the Group's revenue and profitability.

### Revenue and Loss Before Tax

The Group recorded revenue of RM214.9 million in 2021, an increase of RM23.8 million as compared to RM191.1 million in the previous year mainly due to the increase in number of products sold as the Group recovering from the impact of COVID-19 pandemic.

The loss before tax in the financial year 2021 has reduced to RM7.5 million as compared to RM28.0 million in 2020, mainly due to better operational efficiency achieved in the TSM division and higher profit recorded in the SSM division.

### 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. With the improvement in revenue and EBITDA, cash and cash equivalents stood at RM27.3 million as at 31 December 2021. The Group maintained deposits with licensed banks of RM5.4 million as at 31 December 2021, compared to RM13.4 million in the previous year. The reduction in deposit is mainly due to the full settlement of a term loan during the year.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. The Group borrowings was RM13.6 million as at 31 December 2021, reducing from RM31.7 million previously mainly to finance the operating expenses during the 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") was significantly reduced from RM27.5 million in 2020 to only RM2.1 million in 2021, of which RM1.7 million was allocated to upgrade the current EGM in existing TSM outlets.

## OPERATIONAL REVIEW

### SSM Division

The revenue for the SSM division increased 21% to RM149.8 million in 2021, compared to RM124.1 million previously due to increase in number of products sold.

Consequently, the EBITDA and profit before tax have increased to RM26.6 million and RM26.0 million respectively.

### TSM Division

In 2021, revenue for the TSM division decreased 3% to RM63.8 million, compared to RM65.7 million a year ago, mainly due to resurgence of COVID-19 cases which resulted in more intermittent lockdowns during the current financial year.

## Management Discussion and Analysis

However, EBITDA has shown significant improvement of 92% from RM13.2 million in 2020 to RM25.3 million in 2021 mainly due to better operational efficiency achieved in the TSM division. Consequently, the pre-tax loss has also reduced by 40% from RM41.2 million to RM24.7 million in 2021.

### Engineering Services Division

The Engineering Services division registered revenue of RM0.5 million in 2021 and RM1.2 million in prior year. The division recorded lower EBITDA and pre-tax profit of RM0.5 million in 2021, versus RM0.9 million previously.

## DIVIDEND

The Board has decided not to declare any dividend for the FYE 31 December 2021 due to socio-economic uncertainties arising from the ongoing COVID-19 pandemic in order to conserve resources.

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, aided by the progressive roll-out of mass vaccination programs and reopening of border restrictions. However, we expect market conditions to remain volatile for 2022 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 a relatively stronger recovery in the gaming market than the previous year and therefore a better performance for year 2022.

The Group is continuing to embark on new avenues by optimising its existing resources to increase the revenue during this unprecedented period and at the same time, to further expand the market on the remote gaming solutions for land-based casinos. The Group has also put in place stringent health and precautionary measures at all its properties to comply with the relevant SOP 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 express our gratitude to our valued shareholders, business partners and financial institutions for their unwavering belief and faithful support in this volatile environment. Our sincere thanks go to our fellow Directors, management team and employees for their dedication and contributions to the Group all these years.

**DATO' SERI MAHINDER SINGH DULKU**  
Independent Non-Executive  
Chairman

**DATO' SERI CHUAH KIM SEAH**  
Managing Director

22 April 2022

# 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/investor-policy.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](http://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](mailto: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

This year has been the fourth year of RGB presenting our Sustainability Statement ("Statement") for the FYE 31 December 2021. This signifies 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 (2<sup>nd</sup> 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 2021 to 31 December 2021, unless otherwise stated. The scope of the Statement covers all 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

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.

The year 2020 has been an unprecedented year with the outbreak of COVID-19. The pandemic has continued into year 2021 with the world continues to grapple with the impact of the global pandemic. The implementation of the lockdown with the closure of borders and restriction of movement orders in our operating countries by the respective local governments has continued to pose significant challenge in our business operation in year 2021. However, with the global economic conditions expected to continue recovering, aided by the progressive roll-out of mass vaccination programs and reopening of border restrictions, we expect a relatively stronger recovery in the gaming market in the coming year. We have also put in place stringent health and precautionary measures at all of our properties to comply with the relevant SOP and to ensure the safety

and well-being of our employees and visitors at all times. Customers and employees are required to strictly comply with the SOP, maintain social distancing in the casino and equip themselves with Personal Protective Equipment ("PPE").

To ensure long term sustainable performance and 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. We have identified business capitals and integrated sustainable initiative into our business model. We carefully plan our resource allocation to ensure value creation to 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. Our Sustainability Policy helps to drive the implementation of ESG aspects across the Group in achieving business longevity while upholding our business vision and mission and can be found on our corporate website at <http://www.rbggames.com/home/about-us.html>.



## THE VALUE WE CREATE

RGB aspires to be a leading distributor, concession and technical support services provider in the gaming industry. 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, technology & equipment, social & relationship capital and natural capital, in the most efficient way. We also constantly reviewed our sustainability management and approach by integrating all the ESG aspects into our sustainability practice by focusing on 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 communities.

### VISION



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

### MISSION



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

### OUR CAPITALS

#### Financial Capital

Source of fund obtained through financing or through internally generated revenue.

#### Intellectual & Human Capital

Talent and skills from diversified background, qualification and experience.

#### Technology & Equipment

Technological knowledge and infrastructure that support the innovation of product and services.

#### Social & Relationship Capital

Good relationship with stakeholders such as employees, customers and suppliers.

#### Natural Capital

Adoption of effective measures for resources such as water and electricity.

### OUR OUTPUT / VALUE CREATION

Prohibited single-use plastics and promoted recycling within the Group.

Zero non-compliance with laws and regulations in relation to Occupational, Health and Safety ("OHS") and zero cases of work-related injuries and accidents.

Completed our remote gaming solutions for 2 land-based casinos with Live Table Games and EGM and will further expand market share in this area.

Maintained performance on the number of employees being trained despite COVID-19 pandemic.

Zero cases of non-compliances and breaches related to information technology ("IT").

Obtained declaration of compliance to the Code of Ethics & Conduct and zero cases of non-compliances and breaches of ethical issues.

## 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 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.
- Ensure the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
- Take appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Group and its business, including climate-related risks and opportunities.
- 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.

### LISTENING TO OUR STAKEHOLDERS THROUGH STAKEHOLDER ENGAGEMENT

Communication with our stakeholders is essential to address their key concerns, and how we could respond accordingly to meet the stakeholders' expectations. This is particularly important as all the stakeholder groups convey varying levels of influence and dependence to our business operations. Hence, RGB constantly engages with our internal and external stakeholders through various engagement activities and channels to prioritise and mitigate the issues raised by the respective key personnel or functional representatives in a timely manner.

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 with them.

In the financial year ("FY") 2021, 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.

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

Stakeholder Groups	Engagement Channels and Activities
<b>The Board</b>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Corporate website, social media and media releases</li> <li>• Annual Report and Quarterly Reports</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Training programmes</li> <li>• Other avenues for interactions such as meeting activities</li> <li>• Employee performance review</li> </ul>
<b>Customers/ Business Partners</b>	<ul style="list-style-type: none"> <li>• Direct engagements</li> <li>• Events and activities (e.g. trade shows, expositions, workshops)</li> <li>• Corporate website and social media</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• One-to-one meetings</li> <li>• Events and activities (e.g. trade shows, expositions, workshops)</li> <li>• Site visits</li> <li>• Supplier assessment</li> </ul>

Stakeholder Groups	Engagement Channels and Activities
<b>Government/Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>Participation in programmes/conferences</li> <li>Meetings and email correspondences</li> <li>Seminar and workshops</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Corporate volunteering programmes</li> <li>Community outreach programmes</li> <li>Corporate website and social media</li> </ul>

Frequency: ● Annually ● Quarterly ● On-going

## OUR MATERIALITY ASSESSMENT

Our materiality assessment approach is guided by Bursa Securities' Sustainability Reporting Guide (2<sup>nd</sup> Edition) and Bursa Securities' Toolkit, including Toolkit on Stakeholder Engagement and Toolkit on Materiality Assessment. In the FY2021, 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:

### 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.

### 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 reviewed the impact of each sustainability matter on financial, reputational, customer satisfaction, regulatory, operational and human capital.

### Finalisation

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

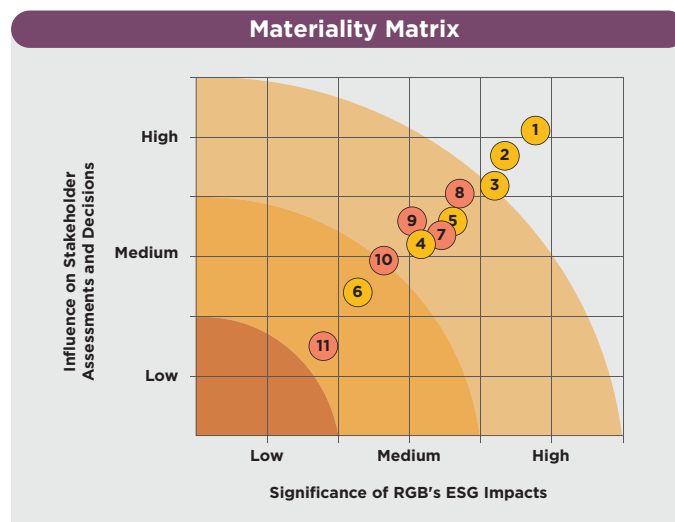
### Approval

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.



Notes: For the list of sustainability matters in the graph, please refer to the "Sustainability Matters By Themes" below

## Sustainability Matters By Themes

Theme 1: Advancing Business Responsibilities	Theme 2: Care for the People
1 Business Development and Customer Management	7 People Attraction, Retention and Development
2 Data Protection and IT Infrastructure	8 Employee Inclusivity and Diversity
3 Ethical and Responsible Business	9 Responsible Gaming
4 Supply Chain Management	10 OHS
5 Product Responsibility and Innovation	11 Supporting Our Communities
6 Environmental Management	

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 development.

##### 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.

## CUSTOMER MANAGEMENT

Our business is customer-centric with an aim in providing best rendered services to our customers. We play an active role in building positive relationship with our existing and new customers and in aligning with their goals and expectations. In addition, we safeguard our customers' data privacy against any form of fraud by ensuring that our business transactions comply with the current and applicable Company's policies.

The customer management at RGB is covered by our SSM and TSM teams and overseen by the respective Regional Heads. We provide end-to-end technical assistance and maintenance on an on-going basis. 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 Heads are designated to ensure all feedback and grievances are handled and resolved.

Additionally, several key initiatives have been undertaken within the scope of our customer management as shown in the table beside.

### Assignment of personnel at each outlet



Designated personnel in each outlet are responsible to manage and address issues or complaints received that arise from the daily operations of our business. This is to ensure all EGM operate effectively at all time.

### Regular meetings

We engage our business partners on a weekly or monthly basis to facilitate discussion on EGM's performance and to develop new and strategic business marketing plans.



### Site visits



Depending on the market size and location, site visits are conducted to observe the business operation and to maintain the relationship with our customers/business partners. Due to the COVID-19 pandemic, physical site visits were replaced by virtual meetings with our customers on site. Moreover, our on-site staffs continue to engage with the customers on a daily basis.

### Trade shows/expositions

Annually, we will participate in international and regional gaming trade shows/expositions physically/virtually to engage with the gaming customers and to gather feedback on our gaming products.



## 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 ever-changing. 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 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 year 2021, we have updated our IT SOP related to relocation/reassignment of technology devices, disposal of IT equipment/devices and handling of data disposal, data back-up/disaster recovery plan, user account and password.

Below are the initiatives in place to ensure proper management of 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").

#### IT training programme

Promote awareness and ensure compliance with policies related to IT.



Educate employees on Acceptable Use Policy and IT best practices.

#### Confidentiality disclosure



Ensure inclusion of confidentiality clauses and the non-disclosure terms in the Letter of Employment.

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. The results are presented in the table beside.

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 FY2021.

#### IT General Control Audit

Year	Performance
FY2019	6 points identified for improvement
FY2020	2 points identified for improvement
FY2021	3 points identified for improvement

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 ("CG") 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



The policy stipulates the Group's commitment towards zero tolerance in any kind of bribery activity and to 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.

For the year under review, zero cases of misconduct were reported.

### Whistleblowing Policy

The policy is to encourage our employees to report any form of misconduct. Any cases of misconduct, unethical or illegal behavior shall be reported in accordance with our Whistleblowing Policy.



Under the 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




The Code of Ethics and Conduct sets out basic principles to guide RGB's directors and employees to display the high levels of professionalism in all aspects of their work.

## Sustainability Statement

In addition to the internal company policies review, we have also extended our initiatives to stay competent in our ethical approach to reflect the current trends and needs of the regulations.

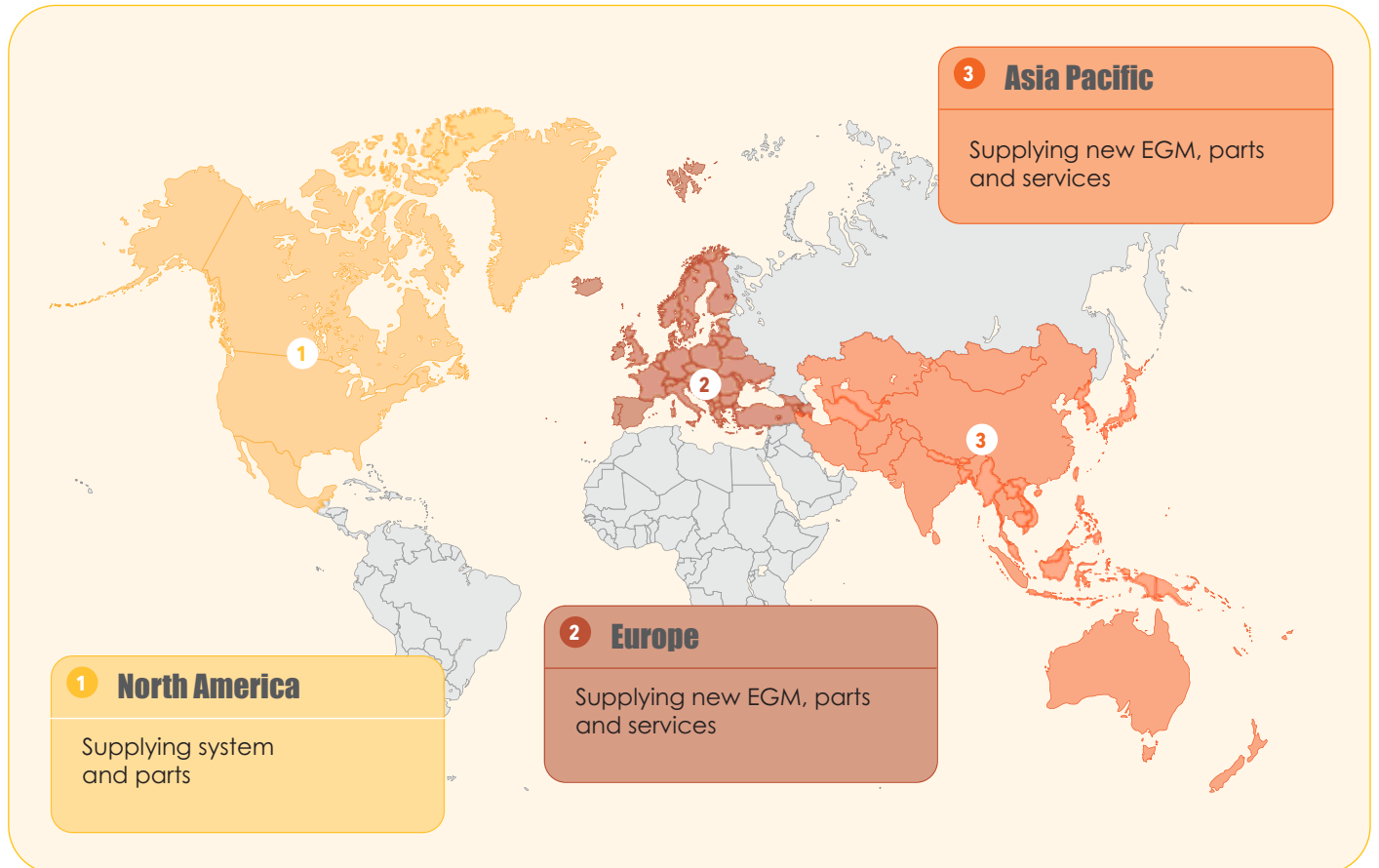
<p><b>Awareness trainings</b></p>  <p>Ensure our employees are well equipped with the provisions within our Code of Ethics &amp; Conduct, Whistleblowing Policy as well as our Anti-Bribery &amp; Corruption Policy.</p> <p>Conduct awareness training for new employees on our ethical conduct and policies as part of our fundamental Group-wide practice induction training programme.</p> <p>Educate our employees on the latest changes within the regulatory landscape of the gaming industry.</p>	<p style="text-align: right;"><b>Fraud monitoring system</b></p> <p>Install closed-circuit television ("CCTV") in our offices and outlets managed by RGB for optimal surveillance.</p> <p>Set up casino management system to monitor gaming operation and data collection process.</p>  <p><b>Internal controls</b></p>  <p>Conduct cash count, fixed assets sighting and controls check at various locations.</p> <p>Monitor revenues remittance from business partners.</p> <p>Ensure proper SOP in place (i.e. roles and responsibilities, limit of authorities and controls) for financial matters.</p> <p style="text-align: right;"><b>Declaration</b></p> <p>Ensure new employees and business partners sign a declaration to uphold the core values of RGB and not to engage in any corrupt or unethical practices.</p> 
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We continue to monitor closely the incidents/cases related to non-compliance and we strive to achieve zero cases. In the FY2021, we did not record any cases of non-compliance and breach of ethical issues.

<p><b>4</b></p> <p><b>SUPPLY CHAIN MANAGEMENT</b></p> 	<p>Supply chain management plays an integral part in our business. Our supply chain performance will impact our customer's perception of our business, products and services. Presently, our Product Support &amp; Purchasing Department and Logistics Department are overseeing the supply chain management at RGB. They are also monitored by our COO with supervision from the Head of Logistics and Product. On top of that, our distributorship management under our SSM business segment is directly overseen by the MD with the support of the COO.</p>
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Our supply chain is scattered across various regions sourcing different items which consist of the following:



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

Outline the guidelines, values, rules, and responsibilities as well as the expected behaviours and practices of our suppliers within our business operations.

#### Product Support & Purchasing Policy

Provide guidelines for the end-to-end procurement activities and emphasise the quality required with optimum prices for the acquisition of goods and services.

#### Logistic Policies and Procedures

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 have enhanced procedures and approval flow for online purchases as e-commerce and digital solutions have emerged as the current trends. 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.

## Sustainability Statement

### Suppliers' assessment (including screening and selection criteria)

Ensure the suppliers fulfil 3 major criteria which governs our supplier assessment process as below:

- 1) Compliance to the US FCPA 1977, UK Bribery Act 2010 and MACC Act 2009.
- 2) Compliance to the International Gaming Standard.
- 3) Cover the liability to deliver high-quality products.

### 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.

### 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.

### 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 lead time.

### 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.

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. Our Digital Business Department aims to create new values within our business models and customer experiences to support RGB's core operations with the use of technology. It oversees the development of gaming and casino related products which are suited to the ever-evolving market and to ensure that the digital products comply with relevant and applicable jurisdictional technical standards' requirements.

In the FY2021, we had successfully completed our remote gaming solutions for 2 land-based casinos with Live Table Games and Slots. The remote gaming solutions act as an alternative for land-based gaming operators due to the requirements of social distancing measures during this pandemic. In year 2022, we plan to further expand our market share in remote gaming solutions for land-based casino.

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.

### 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.

### 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 implemented several environmental-related initiatives to reduce the consumption and usage of resources within RGB.



### Reduce consumption of energy

Ensure all the electrical and office equipment are turned off during non-office hour.

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.



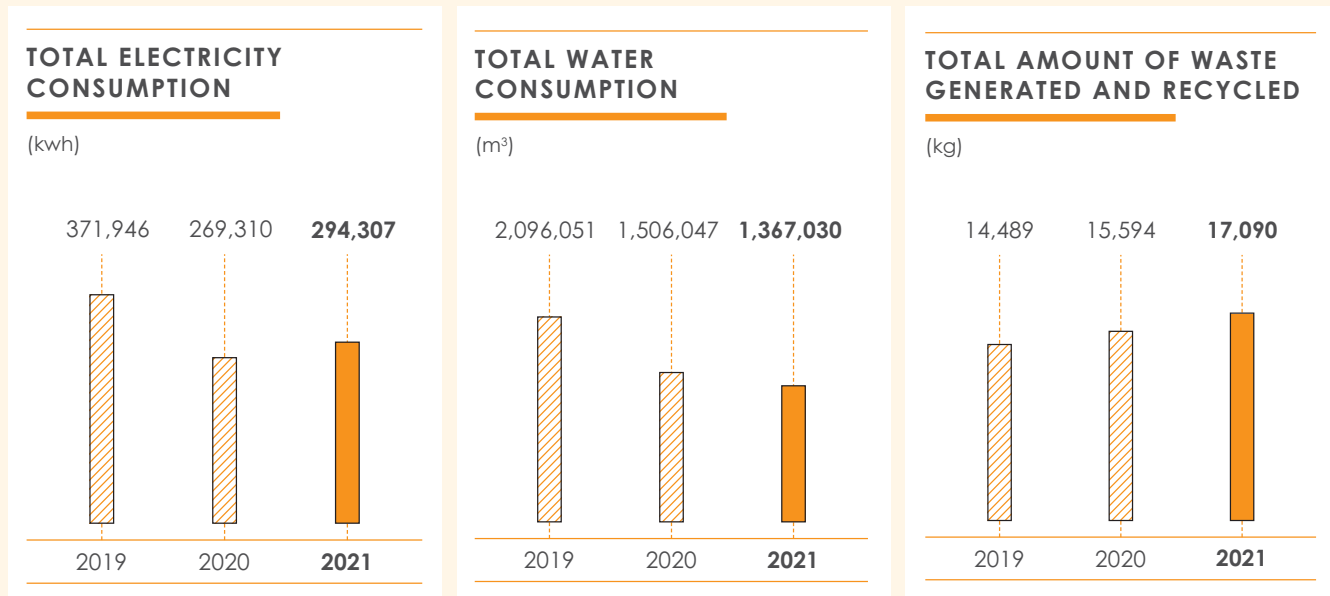
### Recycling programmes

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

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

## Sustainability Statement

In the FY2021, there was a slight increase in the consumption of the electricity mainly because we have allowed more employees to return to the office full-time in 2021 whereas all the employees were required to work from home during Movement Control Order ("MCO") period in 2020. Our consumption of water remained relatively low in 2021. Furthermore, we took the opportunity during this period to scrap a lot of the old EGM with no market potential and to salvage all the usable parts from the EGM before scrapping. The detailed performance is presented below:



### End-of-Life Products

Backed by our Group's commitment to waste management, we ensure our unutilised EGM 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 EGM that had undergone repair and maintenance and the performance of the EGM.

We take appropriate actions in consideration of the practicality, EGM conditions and any obsolete items. EGM with no market potential and obsolete will be considered to reach their end-of-life. We will inspect the faulty or old EGM 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 EGM 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 EGM that cannot be repurposed will be scrapped and the hazardous waste resulted from the scrapping of the obsolete EGM are sent for disposal through a licensed third-party collector. In year 2021, there were no EGM refurbished.

Year	FY2019	FY2020	FY2021
Total number of used EGM refurbished	Nil	70 units	Nil
The total amount of waste disposed collected from used EGM	175 units	153 units	61 units

## Theme 2 :

## CARE FOR THE PEOPLE

7

PEOPLE ATTRACTION,  
RETENTION AND  
DEVELOPMENT

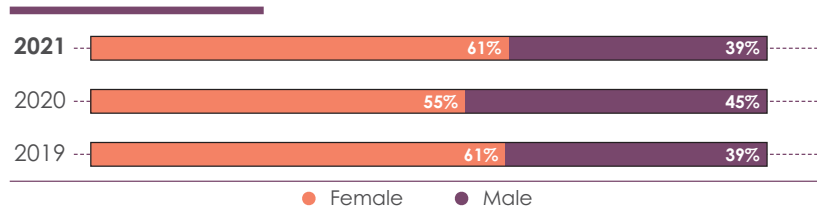
Employees are the lifeblood of our business in delivering success and achieving our business objectives. We are required to ensemble talents who not only possess exceptional skillsets but also demonstrate positive attitudes and share the same vision as we do. Thus, we continually strive to attract and 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 are under the responsibility of RGB Human Resource Department.

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.

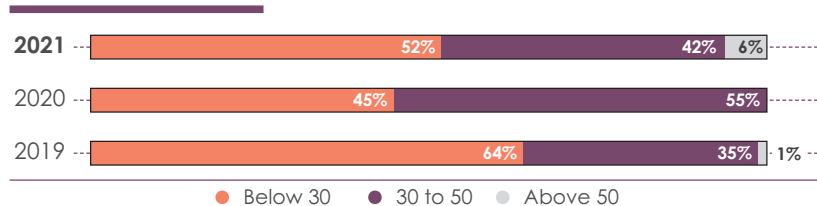
We continue to implement our referral programs for existing employees to recommend potential candidates, whereby the employees will be rewarded for successful referrals. We have also extended our talent attraction initiative through our presence in career fairs to reach out to potential talents.

The followings present information on RGB's new hires:

## BY GENDER



## BY AGE GROUP



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 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.

The table beside comprises the benefits offered to our employees:

#### Group Hospitalisation Surgery and Group Personnel Accident

All employees are covered under our Group insurance

#### Medical Claims

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

2 months of maternity leave are given to our female employees.

## Sustainability Statement

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### 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.

RGB has taken 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 enable RGB to take 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 well-being is key to a productive and happy workforce.

#### Corporate Social Responsibility (“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

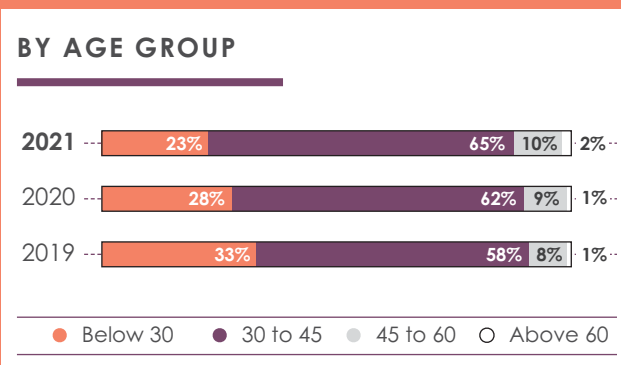
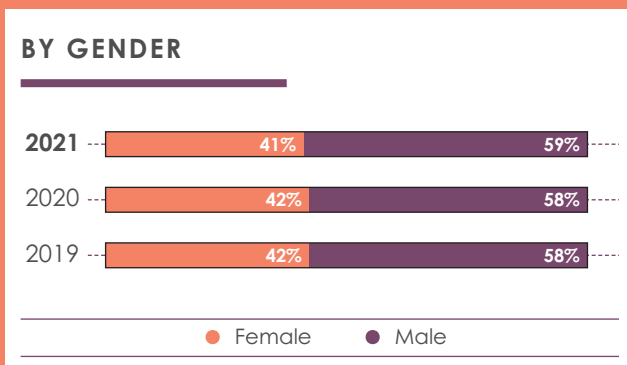
Exit Survey Form is to be filled by the employee, followed by the conduct of exit interview by the Human Resource Department before the employee's last working day.

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.

To support our employees in adapting to the new working environment due to COVID-19 pandemic, we have also ensured that all our employees have equal access to technology for remote working arrangements.

### RGB EMPLOYEE PROFILE

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



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## RESPONSIBLE GAMING



Responsible gaming is an initiative advocated by the gambling industry which applies to gambling stakeholders, to ensure safe user experience and minimise incidents of problematic gambling. It is important for the gambling industry to protect vulnerable players, prevent underage gambling, secure information privacy, undertake safety measures against criminal activities and ensure ethical and responsible marketing.

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.

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 to adopt our best practices and initiatives to protect our business and players which include but not limited to those listed in the table beside.

### 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 EGM 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 gaming" 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.

## Sustainability Statement

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### 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.

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

#### Security management

Allocate security personnel on duty for 24 hours at our premises.

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 premises.

#### Healthy indoor environment

Regular cleaning services of air conditioners on a monthly basis to ensure healthy indoor environment for employees.

Install MedKlinn's Air+Surface Sterilisers in our premises to improve the air quality and eliminate all forms of pollutants on surfaces.

#### Healthy during COVID-19 period

Provide free RTK test kits for all employees.

Sanitise the premises on a monthly basis or whenever is necessary.

Provide hand sanitiser in premises for all employees.

Allow employees to work from home.

Assist staffs to register vaccination under PIKAS program.

Cover the vaccination fee for staffs based overseas where free vaccination is not provided.

#### 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.

In year 2021, we have achieved a 99% vaccination rate for all employees. In addition, we are pleased to report that 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 Disaster

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.

We have developed an Emergency Protocol 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 disaster:

### 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 EGM 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 EGM are covered with group insurance to minimise the potential loss in such eventualities.

### Automated back-up system

Back-up 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.

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

In the FY2021, although there were 22 natural disasters occurred in the countries where we operate, we recorded zero fatalities and injuries, and we do not suffer from any financial loss from the occurrences.

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### 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.

Due to resurgence of the of the COVID-19 cases and MCO in year 2021, our planning for CSR activities had been restricted during the year. We plan to resume our CSR activity in year 2022.

# Key Suppliers

FOR SSM PRODUCTS



# Corporate Governance Overview Statement

The Board of RGB is committed to maintaining high standards of 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 2021. This statement is prepared in compliance with MMLR of Bursa Securities and it is to be read together with the Company's CG Report 2021 ("CG Report") which is available on the Company's website (<http://www.rbggames.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.rbggames.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.rbggames.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.rbggames.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.rbggames.com/home/about-us.html>).

During the financial year under review, the Nomination & Remuneration Committee met 3 times 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.
- 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) Revision of the 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.rbggames.com/home/about-us.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.rbggames.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 2021, as set out in the table below.

Directors	Attendance
Dato' Seri Mahinder Singh Dulku	4/4
Dato' Seri Chuah Kim Seah	4/4
Datuk Steven Lim Tow Boon	4/4
Ms. Lam Voon Kean	4/4
Tan Sri Norazman Hamidun	3/4

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 Secretaries

The Board has appointed new Company Secretaries on 10 January 2022 in replacement of the resigning Company Secretary. The Board is satisfied with the performance and support rendered by the current Company Secretaries. All current and previous Company Secretaries are persons with professional qualifications and are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016.

The Company Secretaries are 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. They attend and ensure 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 Secretaries 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.

The Directors are regularly updated by the Company Secretaries 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 Secretaries 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.

### **Governance of Sustainability**

The Board is principally responsible for the Group's sustainability strategies, priorities, targets and performance as set out in the Sustainability Policy which is available on the Company's website (<http://www.rbggames.com/home/about-us.html>).

## **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 MCCG. 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.

## Corporate Governance Overview Statement

### 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 through a two-tier voting process at the Company's AGM.

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.

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 9 years. The Board has recommended for him to continue as Independent Non-Executive Director 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 19<sup>th</sup> 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 utilising independent sources to identify suitably qualified candidates and does not solely relying on sources from existing Board members, management or major shareholders. 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 re-elected 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 as well as board's performance in addressing material sustainability risks and opportunities. 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.

### **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 25 February 2022 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 under review, 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.

## Corporate Governance Overview Statement

Seminars, development and training programmes attended by all the Directors in 2021 were as follows:

Director	Programmes	Date
<b>Dato' Seri Mahinder Singh Dulku</b>	Malaysian Code on Corporate Governance: The New MCCG 2021	17 May 2021
<b>Dato' Seri Chuah Kim Seah</b>	How RCEP Will Impact the Regional and Malaysian Economy	5 March 2021
	SG Summit and Virtual Experience: Game Design Panel	11 May 2021
	SG Summit and Virtual Experience: - Your End-to-End Table Games Solution - Reimagine the Player Experience Through Systems	12 May 2021
	Malaysian Code on Corporate Governance: The New MCCG 2021	17 May 2021
	Current Political Landscape in Malaysia	13 June 2021
	Capital Market Conference: 2021 Evolution of Capital Market	17 June 2021
	Case Study-Based MFRS Webinar: MPERS: Practical Issues and Fair Value Measurements	24 June 2021
	MFRS 15: Revenue from Contracts with Customers	16 July 2021
<b>Datuk Steven Lim Tow Boon</b>	Edunity Foundation & G25 Malaysia Presents COVID-19: Seeking Solutions	13 January 2021
	G2E Asia: Esports Connect Asia Virtue Forum 2021	13 January 2021
	MATRADE Webinar: Malaysia-Japan Collaboration on Digital Creative Content Sector	27 January 2021
	European Gaming Mini Meetup: Do-s and Don'ts for Emerging Markets	25 February 2021
	Webinar on Budget 2021: National Authorised Economic Operator (AEO) - Fast Clearance from Customs and OGA/PIA	4 March 2021
	How RCEP Will Impact the Regional and Malaysian Economy	5 March 2021
	Webinar on Licensed Manufacturing Warehouse (LMW): Licensing, Facilitation & Control	9 March 2021
	Webinar on Navigating the Regional Comprehensive Economic Partnership (RCEP) Series 1: Understanding RCEP Chapters on Small & Medium Enterprises (SMEs) and Economic & Technical Cooperation (ECOTECH)	26 March 2021
	Impact of RCEP towards Malaysian Manufacturers & How Can We Prepare for the Free Trade Agreement (FTA) of 2.3 Billion Population?	22 April 2021
	Impact of RCEP towards Malaysian Manufacturers: How IP Protection & E-Commerce Helps in Business	28 April 2021

Director	Programmes	Date
	SiGMA Roadshow: Manila Marked for Success	5 May 2021
	SG Summit and Virtual Experience: Game Design Panel	11 May 2021
	SG Summit and Virtual Experience: - Your End-to-End Table Games Solution - Reimagine the Player Experience Through Systems	12 May 2021
	Malaysian Code on Corporate Governance: The New MCCG 2021	17 May 2021
	G2E ASIA: Online Expo & Conference	25 May 2021
	Corporate Vaccination Protocols by O2 Klinik Medical	4 June 2021
	ASEAN-BAC Malaysia Webinar 2021: RCEP and CPTPP as Game-Changers in ASEAN's Post COVID-19 Economic Recovery	22 June 2021
	G2E Asia 2021: AI-Powered Technology and Solution for Integrated Resort	18 August 2021
	BDO Tax Budget Webinar 2021: Budget 2022: Competing in the New Normal	10 November 2021
	EY Malaysia Budget 2022 Webinar	12 November 2021
	2021 MGS Summit	17 November 2021
	G2E Asia 2021 Conference: The Future of Revenue Strategies	24 November 2021
<b>Ms. Lam Voon Kean</b>	KPMG Board Leadership Centre Exclusive (in collaboration with HSBC) - Sustainable Finance: Making Better Financial Decisions	9 April 2021
	Integrated Reporting IR: The ASEAN Experience	9 April 2021
	Malaysian Code on Corporate Governance: The New MCCG 2021	17 May 2021
	Section 17A of the MACC Act 2009	7 July 2021
	KPMG Board Leadership Centre Exclusive: The New Reality of Cyber Hygiene	21 July 2021
	IASB ED/2021/3 Disclosure Requirements in IFRS Standards	26 July 2021
	Transfer Pricing War Stories	18 August 2021
	KPMG Board Leadership Centre Exclusive - US Forced Labor Legislation: Impact on Corporate Malaysia	15 September 2021
	Updated Malaysian Code on Corporate Governance 2021	29 September 2021
<b>Tan Sri Norazman Hamidun</b>	Malaysian Code on Corporate Governance: The New MCCG 2021	29 November 2021

## Corporate Governance Overview Statement

### 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 determinants and structure of remuneration 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.

## 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 2021, 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.

## 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.

#### 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.

In view of the COVID-19 pandemic, the 18<sup>th</sup> AGM of the Company held on 30 June 2021 was convened through live streaming and online voting using Remote Participation and Voting ("RPV") facilities via online meeting platform at [www.agriteum.com.my](http://www.agriteum.com.my). The 18<sup>th</sup> AGM of the Company was attended by all the Directors except Tan Sri Norazman Hamidun, who was unwell, and the Company Secretary. The Chairman of all the Board Committees, senior management and the Company's external auditors, BDO PLT, have also attended the AGM to answer questions raised and provide clarification as required by the shareholders. All resolutions proposed were approved by the shareholders at the AGM.

#### Poll voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, voting at the 18<sup>th</sup> AGM of the Company was conducted by poll. Poll Administrator and Independent Scrutineer were appointed to perform the poll by way of electronic voting and validate the poll results respectively.

This statement is issued in accordance with a resolution of the Board dated 22 April 2022.

# 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 4 meetings were held during the FYE 31 December 2021. Details of the attendance of the members at the meetings are as follows:

Directors	Attendance
Ms. Lam Voon Kean	4/4
Dato' Seri Mahinder Singh Dulku	4/4
Tan Sri Norazman Hamidun	3/4

## Audit Committee Report

### SUMMARY OF ACTIVITIES

The main activities undertaken by the Audit Committee for the FYE 31 December 2021 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 2021 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 2021 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 2021 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 2021 subject to shareholders' approval.

- (c) Discussed with external auditors on their audit plan for the FYE 31 December 2021 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 2021 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.



### (3) Internal Audit

- (a) Reviewed and approved the risk based internal audit plan for the FYE 31 December 2021 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 2021.

- (d) Conducted 2 meetings in 2021 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 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 2021 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 enterprise risk management updates for the FYE 31 December 2021.
- (d) Reviewed the revised TOR of Audit Committee.
- (e) Reviewed the proposed audit and tax fees for FYE 31 December 2021 and recommended them to the Board for approval.
- (f) 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.

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## 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 procurement and payment framework, strategy and organisational context 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.

The costs incurred for the internal audit function of the Group for 2021 is RM53,369.

This report is made pursuant to a resolution of the Board dated 22 April 2022.

# 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 2021.

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, and for reviewing its adequacy and effectiveness to ensure shareholders' investment, interest and the Group's assets are safeguarded.

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 put into effect by the management is designed to manage rather than to eliminate risks that may impede the Group's achievement of the corporate objectives. Therefore, such system can only provide reasonable and not absolute assurance against material misstatement or loss, contingencies, fraud or irregularities.

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 CRRR 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 CRRR 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 CRRR 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 CRRR Committee also deliberates and reports 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 new business, leasing and TSM agreements; and
- viii) Implement identified controls of the ERM framework.

### INTERNAL AUDIT FUNCTION

During the FY2021, the internal audit function of the Group is outsourced 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 the appointed firm's 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.

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

Audited Areas	Reporting Month
Procurement and Payment Framework, Strategy and Organisational Context	November 2021

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.

#### (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 2021.

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 22 April 2022.

## Financial Calendar

**26**

FEBRUARY

2021

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

**17**

MAY

2021

Announcement of the consolidated results for the 1<sup>st</sup> quarter ended 31 March 2021

**31**

MAY

2021

Announcement of the audited consolidated results for the financial year ended 31 December 2020

**27**

AUGUST

2021

Announcement of the consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2021

**29**

NOVEMBER

2021

Announcement of the consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2021

**25**

FEBRUARY

2022

Announcement of the consolidated results for the 4<sup>th</sup> quarter and financial year ended 31 December 2021

# **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2021**

# 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 2021.

## 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)/Profit for the financial year	(10,417,291)	2,029,170
Attributable to:		
Owners of the parent	(10,295,491)	2,029,170
Non-controlling interests	(121,800)	-
	(10,417,291)	2,029,170

## TREASURY SHARES

The shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase its own shares at the Annual General Meeting held on 30 June 2021.

As at 31 December 2021, a total of 4,784,800 treasury shares at a total cost of RM841,841 are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Malaysia Securities Berhad.

The number of ordinary shares as at 31 December 2021 net of treasury shares is 1,543,460,897. Further details are disclosed in Note 27 to the financial statements.

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

No final dividend has been recommended by the Directors for the current financial year.



**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 2021 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:

	← Number of ordinary shares →			31 December 2021
	1 January 2021	Acquired	Sold	
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Dato' Seri Mahinder Singh Dulku	1,374,285	-	-	1,374,285
Dato' Seri Chuah Kim Seah	455,757,473	-	-	455,757,473
Datuk Lim Tow Boon	7,589,142	500,000	(1,000,000)	7,089,142
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 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 34 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.

## 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 there are no known bad debts to be 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.

### (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 necessitate the writing off for bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group 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; 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 would 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 39 to the financial statements.

#### SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 40 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 2021 amounted to RM53,000 and RM303,698 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  
22 April 2022

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 64 to 133 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 2021 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

Penang  
22 April 2022

**Datuk Lim Tow Boon**

Director

# 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 133 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 22 April 2022

**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 2021 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 133.

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 2021, 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 2021 were RM174,056,194 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, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios to assess expected credit losses.

**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.



### **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  
22 April 2022

**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 2021

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Revenue	5	214,892,803	191,067,100	3,000,000	1,500,000
Cost of sales		(197,462,603)	(192,961,438)	-	-
<b>Gross profit/(loss)</b>		17,430,200	(1,894,338)	3,000,000	1,500,000
Other income	6	2,398,831	2,498,914	37,874	24,175
Administrative expenses		(20,005,402)	(23,255,125)	(923,607)	(1,658,284)
Selling and marketing expenses		(1,489,247)	(2,658,130)	-	-
Other (expenses)/gain, net		(4,078,196)	437,941	(69,037)	58,833
Finance costs	7	(1,002,206)	(1,732,118)	(16,018)	(18,678)
Net losses on impairment of financial assets		(726,810)	(1,355,057)	-	-
<b>(Loss)/Profit before tax</b>		(7,472,830)	(27,957,913)	2,029,212	(93,954)
Tax expense	10	(2,944,461)	(1,118,585)	(42)	(130)
<b>(Loss)/Profit for the financial year</b>		(10,417,291)	(29,076,498)	2,029,170	(94,084)
<b>Other comprehensive income/(loss) net of tax:</b>					
Item that may be reclassified subsequently to profit or loss					
- Foreign currency translations, representing other comprehensive income/(loss) for the financial year		7,597,816	(2,721,192)	-	-
<b>Total comprehensive (loss)/income for the financial year</b>		(2,819,475)	(31,797,690)	2,029,170	(94,084)
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent		(10,295,491)	(28,736,709)	2,029,170	(94,084)
Non-controlling interests	15(d)	(121,800)	(339,789)	-	-
		(10,417,291)	(29,076,498)	2,029,170	(94,084)
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the parent		(3,452,330)	(31,092,999)	2,029,170	(94,084)
Non-controlling interests	15(d)	632,855	(704,691)	-	-
		(2,819,475)	(31,797,690)	2,029,170	(94,084)
<b>Loss per ordinary share attributable to owners of the parent (sen):</b>					
Basic	11(a)	(0.67)	(1.86)		
Diluted	11(b)	(0.67)	(1.86)		

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

# Statements of Financial Position

As at 31 December 2021

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	113,835,556	156,529,624	13,932	23,592
Investment property	14	33,061,234	32,794,042	-	-
Investments in subsidiaries	15	-	-	173,597,244	158,913,324
Investments in associates	16	166,390	160,705	-	-
Right-of-use assets	17	5,019,186	6,193,162	246,957	284,554
Intangible assets	18	1,913,262	1,877,637	-	-
Trade receivables	20	62,015,381	41,450,497	-	-
Other receivables	21	2,848,305	2,786,465	-	-
Lease receivables	22	-	4,195,973	-	-
Due from subsidiaries	23	-	-	-	212,973
Due from associates	24	2,900,112	2,790,971	-	-
		221,759,426	248,779,076	173,858,133	159,434,443
<b>Current assets</b>					
Inventories	19	3,652,229	3,594,875	-	-
Trade receivables	20	106,727,323	97,270,422	-	-
Other receivables	21	12,992,175	11,094,891	9,250	7,000
Lease receivables	22	4,476,834	4,025,926	-	-
Due from subsidiaries	23	-	-	3,581,476	11,067,076
Current tax assets		-	346,318	7,892	5,861
Cash and bank balances	25	32,730,607	39,178,475	408,781	125,655
		160,579,168	155,510,907	4,007,399	11,205,592
<b>Total assets</b>		<b>382,338,594</b>	<b>404,289,983</b>	<b>177,865,532</b>	<b>170,640,035</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	26	158,484,726	158,484,726	158,484,726	158,484,726
Treasury shares	27	(841,841)	(841,841)	(841,841)	(841,841)
Reserves	28	64,730,269	68,182,599	14,408,898	12,379,728
		222,373,154	225,825,484	172,051,783	170,022,613
Non-controlling interests	15(d)	21,097,888	20,465,033	-	-
<b>Total equity</b>		<b>243,471,042</b>	<b>246,290,517</b>	<b>172,051,783</b>	<b>170,022,613</b>

## Statements of Financial Position

As at 31 December 2021

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	29	-	17,349,879	-	-
Lease liabilities	17	1,196,311	2,007,274	243,377	270,933
Trade payables	31	8,034,323	17,516,699	-	-
Due to a subsidiary	23	-	-	1,746,404	-
Deferred tax liabilities	30	121,436	132,358	-	-
		9,352,070	37,006,210	1,989,781	270,933
<b>Current liabilities</b>					
Borrowings	29	13,596,551	14,300,479	-	-
Lease liabilities	17	822,619	1,165,503	27,556	26,042
Trade payables	31	83,281,179	69,317,155	-	-
Other payables	32	23,679,613	23,507,138	296,412	320,447
Contract liabilities	33	7,487,504	12,616,741	-	-
Due to a subsidiary	23	-	-	3,500,000	-
Due to associates	24	89,290	86,240	-	-
Current tax liabilities		558,726	-	-	-
		129,515,482	120,993,256	3,823,968	346,489
<b>Total liabilities</b>		138,867,552	157,999,466	5,813,749	617,422
<b>Total equity and liabilities</b>		382,338,594	404,289,983	177,865,532	170,640,035

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

# Statements of Changes in Equity

For the Financial Year Ended 31 December 2021

Group	Note	Attributable to owners of the parent				Total RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury share RM	Foreign currency translation reserve RM	Retained earnings RM			
At 1 January 2021		158,484,726	(841,841)	12,811,410	55,371,189	225,825,484	20,465,033	246,290,517
Loss for the financial year		-	-	-	(10,295,491)	(10,295,491)	(121,800)	(10,417,291)
Foreign currency translations		-	-	6,843,161	-	6,843,161	754,655	7,597,816
Total comprehensive loss for the financial year		-	-	6,843,161	(10,295,491)	(3,452,330)	632,855	(2,819,475)
At 31 December 2021		158,484,726	(841,841)	19,654,571	45,075,698	222,373,154	21,097,888	243,471,042

Group	Note	Attributable to owners of the parent				Total RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury share RM	Foreign currency translation reserve RM	Retained earnings 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)
<b>Transactions with owners:</b>								
Buy-back of own shares	27	-	(841,841)	-	-	(841,841)	-	(841,841)
Dividend 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

## Statements of Changes in Equity

For the Financial Year Ended 31 December 2021

Company	Note	Share capital RM	Treasury share RM	Retained earnings RM	Total equity RM
At 1 January 2021		158,484,726	(841,841)	12,379,728	170,022,613
Profit for the financial year		-	-	2,029,170	2,029,170
Total comprehensive income for the financial year		-	-	2,029,170	2,029,170
At 31 December 2021		158,484,726	(841,841)	14,408,898	172,051,783

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)
<b>Transactions with owners:</b>					
Buy-back of own shares	27	-	(841,841)	-	(841,841)
Dividend 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

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

# Statements of Cash Flows

For the Financial Year Ended 31 December 2021

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(7,472,830)	(27,957,913)	2,029,212	(93,954)
Adjustments for:					
Dividend income from subsidiaries	5	-	-	(3,000,000)	(1,500,000)
Interest income		(609,704)	(1,795,349)	-	-
Interest expense	7	800,652	1,532,045	15,374	17,148
Amortisation of intangible assets	18	-	46,036	-	-
Depreciation of an investment property	14	886,573	899,576	-	-
Depreciation of property, plant and equipment	13	49,657,332	53,250,736	9,660	11,843
Depreciation of right-of-use assets	17	1,043,111	1,198,742	31,181	32,023
Impairment losses on:					
- Trade receivables	20(h)	1,373,905	1,931,823	-	-
- Other receivables	21(d)	-	11,600	-	-
- Investments in subsidiaries		-	-	24,495	-
Impairment losses reversal on:					
- Trade receivables	20(h)	(647,095)	(482,607)	-	-
- Other receivables	21(d)	-	(105,759)	-	-
Inventories written down	19(c)	127,391	972,687	-	-
Loss/(Gain) on lease modification to:					
- Right-of-use assets and lease liabilities	17(d)	-	(1,882)	-	-
- Lease receivables	22(d)	2,356,639	2,317,942	-	-
Gain on lease termination	17(d)	(3,953)	-	-	-
Unrealised foreign exchange loss/(gain)		3,452,350	(73,251)	73,361	(58,833)
Written off on property, plant and equipment		938	1,098	-	-
Operating profit/(loss) before changes in working capital		50,965,309	31,745,524	(816,717)	(1,591,773)
Changes in working capital:					
Inventories		(184,745)	(290,507)	-	-
Trade receivables		(32,376,773)	25,549,682	-	-
Other receivables		(1,949,470)	23,374,711	(2,250)	-
Lease receivables		1,815,722	1,863,869	-	-
Due from subsidiaries		-	-	7,702,226	5,246,207
Due from associates		(109,141)	58,329	-	-
Trade payables		4,549,178	(64,423,340)	-	-
Other payables		291,528	(1,445,610)	(24,035)	(613,160)
Contract liabilities		(5,432,301)	7,171,081	-	-
Due to a subsidiary		-	-	5,169,390	-
Cash generated from operations		17,569,307	23,603,739	12,028,614	3,041,274
Interest paid		(688,313)	(1,355,040)	-	-
Tax paid		(2,050,339)	(2,565,392)	(2,073)	(2,096)
Net cash from operating activities		14,830,655	19,683,307	12,026,541	3,039,178

## Statements of Cash Flows

For the Financial Year Ended 31 December 2021

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	13	(2,096,342)	(27,474,913)	-	-
Purchase of right-of-use assets	17(e)	-	(2,071,768)	-	-
Proceeds from disposal of property, plant and equipment		10,015	-	-	-
Changes in deposits pledged to licensed banks		8,000,176	(32,603)	-	-
Acquisition of ordinary shares in a subsidiary	15(c)	-	-	(14,708,415)	-
Dividends received		-	-	3,000,000	1,500,000
Interest received		458,629	592,082	-	-
Net cash from/(used in) investing activities		6,372,478	(28,987,202)	(11,708,415)	1,500,000
<b>Cash flows from financing activities</b>					
Repayments of term loans		(19,838,108)	(3,971,880)	-	-
Proceeds from invoice financing		19,939,496	2,849,744	-	-
Repayments of invoice financing		(17,138,503)	(2,849,744)	-	-
Proceeds from revolving credits		24,493,359	42,697,677	-	-
Repayments of revolving credits		(25,510,051)	(36,821,600)	-	-
Payments of lease liabilities	17	(1,023,781)	(1,099,210)	(35,000)	(36,750)
Dividend paid	12	-	(4,630,382)	-	(4,630,382)
Buy-back of own shares	27	-	(841,841)	-	(841,841)
Net cash used in financing activities		(19,077,588)	(4,667,236)	(35,000)	(5,508,973)
Net increase/(decrease) in cash and cash equivalents		2,125,545	(13,971,131)	283,126	(969,795)
Effects of foreign exchange rate changes		(573,237)	(931,061)	-	-
Cash and cash equivalents at beginning of financial year		25,747,614	40,649,806	125,655	1,095,450
Cash and cash equivalents at end of financial year	25	27,299,922	25,747,614	408,781	125,655



## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	← Group →			
	Invoice financing (Note 29) RM	Revolving credits (Note 29) RM	Term loans (Note 29) RM	Lease liabilities (Note 17) RM
At 1 January 2021	-	9,977,077	21,673,281	3,172,777
Cash flows	2,800,993	(1,016,692)	(19,838,108)	(1,023,781)
Non-cash flows:				
- Effect of modification to lease payments	-	-	-	(213,018)
- Effect of lease termination	-	-	-	(73,264)
- Unwinding of interest	-	-	-	112,339
- Effect of foreign exchange	-	-	-	43,877
At 31 December 2021	2,800,993	8,960,385	1,835,173	2,018,930
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
				<b>Company Lease liabilities (Note 17) RM</b>
At 1 January 2021				296,975
Cash flows				(35,000)
Non-cash flows:				
- Effect of modification to lease payments				(6,416)
- Unwinding of interest				15,374
At 31 December 2021				270,933
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

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

# Notes to the Financial Statements

31 December 2021

## 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 Suite 18.05, MWE Plaza, No.8, Lebuhraya Farquhar, 10200 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 2021 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 22 April 2022.

## 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 133 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 Amendments to MFRSs adopted during the financial year are disclosed in Note 41.1 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.

#### 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:

- 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);
- 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
- 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 2021

### 4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
<b>2021</b>					
<b>Revenue</b>					
Total revenue	149,845,891	63,839,461	475,615	1,012,836	215,173,803
Inter-segment sales	-	-	-	(281,000)	(281,000)
Revenue from external customers	149,845,891	63,839,461	475,615	731,836	214,892,803
<b>Results</b>					
Segment results	26,176,757	(24,086,916)	469,767	(1,176,721)	1,382,887
Finance costs	(154,934)	(585,705)	-	(11,606)	(752,245)
	26,021,823	(24,672,621)	469,767	(1,188,327)	630,642
Unallocated expenses					
- Unallocated finance costs					(249,961)
- Other unallocated expenses					(7,853,511)
Loss before tax					(7,472,830)
Tax expense					(2,944,461)
Loss for the financial year					(10,417,291)
<b>Assets</b>					
Segment assets	146,542,721	184,906,137	186,451	48,055,890	379,691,199
Investments in associates	-	-	-	166,390	166,390
Unallocated assets					2,481,005
Total assets					382,338,594
<b>Liabilities</b>					
Segment liabilities	111,093,777	24,554,908	56,749	1,858,453	137,563,887
Tax liabilities					680,162
Unallocated liabilities					623,503
Total liabilities					138,867,552

## 4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
<b>2021 (continued)</b>					
<b>Other information</b>					
Addition to non-current assets					
- Reportable segments	29,091	1,932,450	-	94,512	2,056,053
- Unallocated					40,289
					<u>2,096,342</u>
Interest income					
- Reportable segments	301,755	12,875	-	-	314,630
- Unallocated					143,999
					<u>458,629</u>
Depreciation and amortisation					
- Reportable segments	388,246	49,364,290	1,652	1,414,368	51,168,556
- Unallocated					418,460
					<u>51,587,016</u>
Other non-cash items					
- Reportable segments	178,040	3,000,023	-	29,762	3,207,825
					<u>3,207,825</u>

## Notes to the Financial Statements

31 December 2021

### 4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
<b>2020</b>					
<b>Revenue</b>					
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
<b>Results</b>					
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)
Tax expense					(1,118,585)
Loss for the financial year					(29,076,498)
<b>Assets</b>					
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
<b>Liabilities</b>					
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

## 4. OPERATING SEGMENTS (continued)

	Sales and marketing RM	Technical support and management RM	Engineering services RM	Others RM	Total RM
<b>2020 (continued)</b>					
<b>Other information</b>					
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 2021

### 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia	35,859,570	26,461,087	8,508,988	9,571,961
Southeast Asia (excluding Malaysia)	173,705,203	164,262,948	143,173,736	184,976,064
South Asia	-	231,451	1,136,411	1,663,620
Other countries	5,328,030	111,614	1,176,493	1,343,525
	214,892,803	191,067,100	153,995,628	197,555,170

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

	Note	2021 RM	2020 RM
Property, plant and equipment	13	113,835,556	156,529,624
Investment property	14	33,061,234	32,794,042
Investments in associates	16	166,390	160,705
Right-of-use assets	17	5,019,186	6,193,162
Intangible assets	18	1,913,262	1,877,637
		153,995,628	197,555,170



#### 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:

	2021 RM	Group 2020 RM
Customer A	*	34,787,725
Customer B	32,229,594	*
Customer C	28,796,449	*
Customer D	28,386,739	*
Customer E	26,757,251	*
	116,170,033	34,787,725

\* Customers with revenue less than ten percent (10%) are not disclosed.

#### 5. REVENUE

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Revenue from contracts with customers:				
- Sales and marketing	149,845,891	124,068,419	-	-
- Technical support and management	63,688,386	64,460,603	-	-
- Engineering services	475,615	1,212,917	-	-
- Others	674,836	107,594	-	-
Other revenue:				
- Finance lease interest (Note 22(d))	151,075	1,203,267	-	-
- Dividend income from subsidiaries	-	-	3,000,000	1,500,000
- Rental income	57,000	14,300	-	-
	214,892,803	191,067,100	3,000,000	1,500,000

	2021 RM	Group 2020 RM
Timing of revenue recognition:		
- Services transferred over time	70,207,367	73,575,584
- Products transferred at a point in time	144,477,361	116,273,949
	214,684,728	189,849,533

## Notes to the Financial Statements

31 December 2021

### 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income	458,629	592,082	-	-
Rental income from building	1,219,368	1,089,203	-	-
Sundry income	720,834	817,629	37,874	24,175
	2,398,831	2,498,914	37,874	24,175

**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	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest on:				
- Bank overdrafts	480	744	-	-
- Lease liabilities (Note 17(d))	112,339	177,005	15,374	17,148
- Invoice financing	33,310	20,391	-	-
- Revolving credits	248,030	299,013	-	-
- Term loans	406,493	1,034,892	-	-
Total interest expense	800,652	1,532,045	15,374	17,148
Bank and other charges	201,554	200,073	644	1,530
	1,002,206	1,732,118	16,018	18,678

**8. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages, bonuses and allowances	7,424,713	8,866,457	251,425	914,931
Defined contribution plans	800,029	965,136	31,462	114,042
Other employee benefits	(101,067)	(217,395)	(1,061)	(31,266)
	8,123,675	9,614,198	281,826	997,707

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM1,447,813 (2020: RM1,624,608) as further disclosed in Note 9 to the financial statements.

## Notes to the Financial Statements

31 December 2021

### 9. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Directors of the Company:</b>				
Executive:				
Emoluments other than fees	495,743	545,286	-	-
Estimated monetary value of benefits-in-kind	-	23,950	-	-
	495,743	569,236	-	-
Non-executive:				
Fees	245,000	245,000	245,000	245,000
Other emoluments	22,000	30,000	22,000	30,000
	267,000	275,000	267,000	275,000
<b>Directors of the Subsidiaries:</b>				
Executive:				
Emoluments other than fees	948,570	1,075,822	-	-
Fees	3,500	3,500	-	-
	952,070	1,079,322	-	-
Estimated monetary value of benefits-in-kind	-	9,900	-	-
	952,070	1,089,222	-	-
Non-executive:				
Fees	3,500	3,500	-	-
Total Directors' remuneration	1,718,313	1,936,958	267,000	275,000
Analysis:				
Total Executive Directors' remuneration excluding benefits-in-kind (Note 8)	1,447,813	1,624,608	-	-
Estimated monetary value of benefits-in-kind	-	33,850	-	-
Total Executive Directors' remuneration	1,447,813	1,658,458	-	-
Total Non-executive Directors' remuneration	270,500	278,500	267,000	275,000
	1,718,313	1,936,958	267,000	275,000

## 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
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
	2	3

## 10. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense based on profit for the financial year:				
Malaysian income tax	2,057,063	902,063	-	-
Foreign income tax	422,199	1,108,684	-	-
	2,479,262	2,010,747	-	-
Under/(Over)provision in prior years	476,121	(895,859)	42	130
	2,955,383	1,114,888	42	130
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(10,922)	(10,571)	-	-
Underprovision in prior year	-	14,268	-	-
	(10,922)	3,697	-	-
Tax expense	2,944,461	1,118,585	42	130

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2020: 24%) of the estimated taxable profits for the fiscal year.

(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.

## Notes to the Financial Statements

31 December 2021

### 10. TAX EXPENSE (continued)

(d) The reconciliation between the tax expense 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(1,793,479)	(6,709,899)	487,011	(22,549)
Tax effects in respect of:				
Different tax rates in other countries	(774,502)	(912,276)	-	-
Non-taxable income	(2,835,405)	(1,329,913)	(720,000)	(360,000)
Non-allowable expenses	6,395,726	3,839,744	232,989	382,549
Deferred tax asset not recognised in respect of current year's tax losses, unabsorbed capital allowances and other temporary differences	1,476,000	7,112,520	-	-
Under/(Over)provision of tax expense in prior years	476,121	(895,859)	42	130
Underprovision of deferred tax in prior year	-	14,268	-	-
	2,944,461	1,118,585	42	130

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

	← Before tax RM	Group Tax effect RM	→ After tax RM
<b>2021</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	7,597,816	-	7,597,816
<b>2020</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	(2,721,192)	-	(2,721,192)

## 11. LOSS PER ORDINARY SHARE

### (a) Basic

Basic loss per ordinary share for the financial year is calculated by dividing the loss 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.

	2021	Group 2020
Loss for the financial year attributable to owners of the parent (RM)	(10,295,491)	(28,736,709)
Weighted average number of ordinary shares in issue (unit)	1,543,461,000	1,543,764,000
Basic loss per ordinary share (sen)	(0.67)	(1.86)

### (b) Diluted

Diluted loss per ordinary share for the financial year is calculated by dividing the loss 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.

Diluted loss per ordinary share for the financial years ended 31 December 2021 and 31 December 2020 equal basic loss per ordinary share because there are no potentially dilutive instruments in existence as at 31 December 2021 and 31 December 2020 respectively.

## 12. DIVIDEND

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

No dividend has been recommended by the Directors for the financial years ended 31 December 2021 and 31 December 2020.

## Notes to the Financial Statements

31 December 2021

## 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
<b>At 31 December 2021</b>									
<b>Cost</b>									
At 1 January 2021	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
Additions	-	-	196,939	-	-	1,675,953	15,528	207,922	2,096,342
Disposals/Written off	-	-	(4,200)	-	-	(13,695,714)	(588)	(30,677)	(13,731,179)
Exchange differences	-	-	129,574	-	64,403	19,781,288	-	606,062	20,581,327
At 31 December 2021	1,610,000	5,792,227	6,251,446	79,138	2,471,526	565,083,995	833,542	25,049,119	607,170,993
<b>Accumulated depreciation and impairment losses</b>									
At 1 January 2021	-	1,375,708	3,316,879	77,938	2,336,939	411,978,643	760,466	21,848,306	441,694,879
Depreciation charge for the financial year	-	135,007	909,345	1,195	27,082	47,704,462	38,332	841,909	49,657,332
Disposals/Written off	-	-	(3,455)	-	-	(13,685,824)	(587)	(30,360)	(13,720,226)
Exchange differences	-	-	81,604	-	62,117	15,016,676	-	543,055	15,703,452
At 31 December 2021	-	1,510,715	4,304,373	79,133	2,426,138	461,013,957	798,211	23,202,910	493,335,437
Analysed as:									
Accumulated depreciation	-	1,510,715	4,039,205	79,133	2,426,138	439,023,265	798,211	18,846,780	466,723,447
Accumulated impairment losses	-	-	265,168	-	-	21,990,692	-	4,356,130	26,611,990
At 31 December 2021	-	1,510,715	4,304,373	79,133	2,426,138	461,013,957	798,211	23,202,910	493,335,437
<b>Net carrying amount</b>									
At 31 December 2021	1,610,000	4,281,512	1,947,073	5	45,388	104,070,038	35,331	1,846,209	113,835,556



## 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
<b>At 31 December 2020</b>									
<b>Cost</b>									
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
<b>Accumulated depreciation and impairment losses</b>									
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
<b>Net carrying amount</b>									
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

31 December 2021

### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment RM
<b>At 31 December 2021</b>	
<b>Cost</b>	
At 1 January 2021/31 December 2021	166,668
<b>Accumulated depreciation</b>	
At 1 January 2021	143,076
Depreciation charge for the financial year	9,660
At 31 December 2021	152,736
<b>Net carrying amount</b>	
At 31 December 2021	13,932
<b>At 31 December 2020</b>	
<b>Cost</b>	
At 1 January 2020/31 December 2020	166,668
<b>Accumulated depreciation</b>	
At 1 January 2020	131,233
Depreciation charge for the financial year	11,843
At 31 December 2020	143,076
<b>Net carrying amount</b>	
At 31 December 2020	23,592

- (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.

### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) Depreciation is calculated to write off 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 29 to the financial statements are as follows:

	2021 RM	Group 2020 RM
Freehold land	1,610,000	1,610,000
Buildings	3,573,360	3,676,180
	5,183,360	5,286,180

- (d) A motor vehicle of the Group with a net carrying amount of RM4 (2020: RM4) is held in trust for a subsidiary in the name of a Director.
- (e) The Group leases partial of the building to a related party. The lease contains an initial non-cancellable period of one (1) year with option to renew for subsequent one (1) year. Subsequent renewals are negotiated with the lessee.

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

	2021 RM	Group 2020 RM
Less than one (1) year	60,000	60,000

## Notes to the Financial Statements

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### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) (continued)

Information about leases for which the Group is lessor is presented below:

Group	Building (subject to operating leases)	
	2021 RM	2020 RM
<b>Cost</b>		
At 1 January/31 December	2,990,000	2,990,000
<b>Accumulated depreciation</b>		
At 1 January	623,628	563,828
Depreciation charge for the financial year	59,800	59,800
At 31 December	683,428	623,628
<b>Net carrying amount</b>		
At 31 December	2,306,572	2,366,372

### 14. INVESTMENT PROPERTY

	Group	
	2021 RM	2020 RM
<b>Building, at cost</b>		
At 1 January	43,116,340	43,892,295
Exchange differences	1,525,153	(775,955)
At 31 December	44,641,493	43,116,340
<b>Accumulated depreciation and impairment losses</b>		
At 1 January	10,322,298	9,630,220
Depreciation charge for the financial year	886,573	899,576
Exchange differences	371,388	(207,498)
At 31 December	11,580,259	10,322,298

**14. INVESTMENT PROPERTY (continued)**

	2021 RM	Group 2020 RM
Analysed as:		
Accumulated depreciation	11,060,882	9,820,665
Accumulated impairment losses	519,377	501,633
At 31 December	11,580,259	10,322,298
<b>Net carrying amount</b>		
At 31 December	33,061,234	32,794,042

- (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 off 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) Rental income generated from rental of investment property of the Group during the financial year amounted to RM1,118,276 (2020: RM1,038,125).
- (d) Direct operating expenses arising from the investment property generating rental income during the financial year amounted to RM82,933 (2020: RM83,599).
- (e) 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:

	2021 RM	Group 2020 RM
Less than one (1) year	1,126,170	1,087,695

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

	2021 (Level 3) RM	Group 2020 (Level 3) RM
Building	39,727,732	32,820,431

There is no transfer between levels in the hierarchy during the financial years ended 31 December 2021 and 31 December 2020.

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### 14. INVESTMENT PROPERTY (continued)

(f) (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.

(g) Investment property of the Group is mainly used to generate rental income. However, the fair value of the investment property reflects the highest and best use of the said property should the investment property be disposed. Currently, management does not intend to dispose off the investment property and the existing use of the investment property remains for rental purposes.

### 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
<b>At cost</b>		
Unquoted equity shares, at cost	167,536,235	152,827,820
Equity contributions in subsidiaries in respect of employee share option scheme ('ESOS')	6,085,504	6,085,504
Less: Impairment losses	(24,495)	-
	<b>173,597,244</b>	<b>158,913,324</b>

Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2021 %	2020 %	
<b>Held by the Company:</b>				
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.

## 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
		2021 %	2020 %	
<b>Held by the Company (continued):</b>				
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.
RGB (Macau) Limited ^	Macau	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.
<b>Held through subsidiaries:</b>				
RGB (Macau) Limited ^	Macau	-	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.

## Notes to the Financial Statements

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### 15. INVESTMENTS IN SUBSIDIARIES (continued)

- (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.

- (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) On 1 January 2021, the Company has acquired 49,998 ordinary shares in RGB (Macau) Limited ("RGBM") from RGB Ltd., its wholly owned subsidiary, representing approximately 100% of the issued share capital in RGBM, for a total cash consideration of RM14,708,415.
- (d) The subsidiary in which the Group has material non-controlling interests ("NCI") is as follows:

	<b>Chateau de Bavet Club Co., Ltd.</b>	
	<b>2021</b>	<b>2020</b>
NCI percentage of ownership interest and voting interest	54.86%	54.86%
Carrying amount of NCI (RM)	21,097,888	20,465,033
Loss allocated to NCI (RM)	(121,800)	(339,789)
Total comprehensive income/(loss) allocated to NCI (RM)	632,855	(704,691)



**15. INVESTMENTS IN SUBSIDIARIES (continued)**

(e) 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:

	<b>Chateau de Bavet Club Co., Ltd.</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
<b>Assets and liabilities</b>		
Non-current assets	38,224,458	37,370,947
Current assets	1,731,733	838,623
Non-current liabilities	(258,546)	(251,811)
Current liabilities	(1,239,957)	(653,653)
Net assets	38,457,688	37,304,106
<b>Results</b>		
Loss for the financial year	(222,020)	(619,375)
Total comprehensive income/(loss)	1,153,582	(1,284,527)
Cash flows (used in)/from operating activities	(161,844)	89,427
Cash flows used in financing activities	(13,668)	(13,868)
Net (decrease)/increase in cash and cash equivalents	(175,512)	75,559

**16. INVESTMENTS IN ASSOCIATES**

	<b>2021 RM</b>	<b>Group 2020 RM</b>
Unquoted equity shares, at cost	39,894	39,894
Share of post-acquisition reserves	82,537	82,537
Exchange differences	122,431	122,431
	43,959	38,274
	166,390	160,705

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### 16. INVESTMENTS IN ASSOCIATES (continued)

Details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Proportion of ownership interest		Principal activities
		2021 %	2020 %	
<b>Held through subsidiaries</b>				
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.

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

	Dreamgate Holding Co., Ltd.	
	2021 RM	2020 RM
<b>Assets</b>		
Non-current assets	4,118,800	3,992,521
Current assets	82,348	227,307
Total assets	4,201,148	4,219,828
<b>Liabilities</b>		
Current liabilities	5,841,023	5,778,658
Total liabilities	5,841,023	5,778,658
Net liabilities	(1,639,875)	(1,558,830)

**16. INVESTMENTS IN ASSOCIATES (continued)**

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

	<b>Dreamgate Holding Co., Ltd.</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Results</b>		
Revenue	12,549	13,553
Depreciation of property, plant and equipment	(14,845)	(15,063)
Loss for the financial year	(25,857)	(26,516)
Total comprehensive loss	(25,857)	(26,516)

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

	<b>Dreamgate Holding Co., Ltd. RM</b>	<b>Other individual immaterial associates RM</b>	<b>Total RM</b>
<b>As at 31 December 2021</b>			
Share of net assets	-	166,390	166,390
Carrying amount	-	166,390	166,390
<b>Share of results for the financial year ended 31 December 2021</b>			
Share of profit	-	-	-
Share of total comprehensive income	-	-	-
<b>As at 31 December 2020</b>			
Share of net assets	-	160,705	160,705
Carrying amount	-	160,705	160,705
<b>Share of results for the financial year ended 31 December 2020</b>			
Share of profit	-	-	-
Share of total comprehensive income	-	-	-

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### 16. INVESTMENTS IN ASSOCIATES (continued)

- (d) The unrecognised share of loss of associates amounted to RM12,670 (2020: RM12,993) in the current financial year. As a result, the accumulated unrecognised share of losses of associates amounted to RM1,914,791 (2020: RM1,902,121). 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	Total RM	
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	1,959,320	6,214,008	8,173,328	
Effect of modification to lease payments	-	(213,018)	(213,018)	
Effect of lease termination	-	(207,932)	(207,932)	
Exchange differences	9,173	198,888	208,061	
At 31 December 2021	1,968,493	5,991,946	7,960,439	
<b>Accumulated depreciation</b>				
At 1 January 2021	282,568	1,697,598	1,980,166	
Depreciation charge for the financial year	32,369	1,010,742	1,043,111	
Effect of lease termination	-	(138,621)	(138,621)	
Exchange differences	640	55,957	56,597	
At 31 December 2021	315,577	2,625,676	2,941,253	
<b>Net carrying amount</b>				
At 31 December 2021	1,652,916	3,366,270	5,019,186	
	Land RM	Buildings RM	Equipment RM	Total RM
<b>At 31 December 2020</b>				
<b>Cost</b>				
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

## 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
<b>At 31 December 2020 (continued)</b>				
<b>Accumulated depreciation</b>				
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
<b>Net carrying amount</b>				
At 31 December 2020	1,676,752	4,516,410	-	6,193,162
				<b>Building RM</b>
<b>The Company as lessee</b>				
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021				396,794
Effect of modification to lease payments				(86,633)
At 31 December 2021				310,161
<b>Accumulated depreciation</b>				
At 1 January 2021				112,240
Depreciation charge for the financial year				31,181
Effect of modification to lease payments				(80,217)
At 31 December 2021				63,204
<b>Net carrying amount</b>				
At 31 December 2021				246,957

## Notes to the Financial Statements

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

#### Right-of-use assets (continued)

The Company as lessee (continued)	Building RM
<b>At 31 December 2020</b>	
<b>Cost</b>	
At 1 January 2020	401,803
Effect of modification to lease payments	(5,009)
At 31 December 2020	396,794
<b>Accumulated depreciation</b>	
At 1 January 2020	80,217
Depreciation charge for the financial year	32,023
At 31 December 2020	112,240
<b>Net carrying amount</b>	
At 31 December 2020	284,554

#### Lease liabilities

The Group as lessee	Land RM	Buildings RM	Equipment RM	Total RM
<b>At 31 December 2021</b>				
At 1 January 2021	253,815	2,918,962	-	3,172,777
Effect of modification to lease payments	-	(213,018)	-	(213,018)
Effect of lease termination	-	(73,264)	-	(73,264)
Interest charged	11,606	100,733	-	112,339
Lease payments	(13,668)	(1,010,113)	-	(1,023,781)
Exchange differences	8,964	34,913	-	43,877
At 31 December 2021	260,717	1,758,213	-	2,018,930
<b>At 31 December 2020</b>				
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	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

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

<b>The Group as lessee (continued)</b>	<b>2021 RM</b>	<b>2020 RM</b>
Represented by:		
- Current	822,619	1,165,503
- Non-current	1,196,311	2,007,274
	<b>2,018,930</b>	<b>3,172,777</b>
<hr/>		
<b>The Company as lessee</b>		<b>Building RM</b>
<hr/>		
<b>At 31 December 2021</b>		
At 1 January 2021		296,975
Effect of modification to lease payments		(6,416)
Interest charged		15,374
Lease payments		(35,000)
At 31 December 2021		<b>270,933</b>
<hr/>		
<b>At 31 December 2020</b>		
At 1 January 2020		321,586
Effect of modification to lease payments		(5,009)
Interest charged		17,148
Lease payments		(36,750)
At 31 December 2020		<b>296,975</b>
<hr/>		
	<b>2021 RM</b>	<b>2020 RM</b>
Represented by:		
- Current	27,556	26,042
- Non-current	243,377	270,933
	<b>270,933</b>	<b>296,975</b>
<hr/>		

## Notes to the Financial Statements

31 December 2021

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

- (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	99 years
Buildings	2 - 40 years
Equipment	5 years

- (b) Included in right-of-use assets of the Group is leasehold land with a carrying amount of RM1,407,813 (2020: RM1,434,375), which has been charged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 29 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 RM20,855) 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	1,043,111	1,198,742	31,181	32,023
Interest expense on lease liabilities (Note 7) (included in finance costs)	112,339	177,005	15,374	17,148
Expense relating to short-term leases (included in cost of sales and administrative expenses)	1,087,271	1,289,915	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	31,096	15,944	-	-
Variable lease payments (included in cost of sales)	5,700,993	8,271,335	-	-
Gain on lease modification (included in other (gain)/expenses)	-	(1,882)	-	-
Gain on lease termination (included in other (gain)/expenses)	(3,953)	-	-	-
	7,970,857	10,951,059	46,555	49,171



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

(e) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in net cash from operating activities:				
Payment relating to short-term leases and low value assets	1,118,367	1,305,859	-	-
Payment relating to variable lease payments not included in the measurement of lease liabilities	5,700,993	8,271,335	-	-
Included in net cash from investing activities:				
Purchase of right-of-use assets	-	2,071,768	-	-
Included in net cash from financing activities:				
Payment of lease liabilities	1,023,781	1,099,210	35,000	36,750
<b>Total cash outflows for leases</b>	<b>7,843,141</b>	<b>12,748,172</b>	<b>35,000</b>	<b>36,750</b>

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

	Group	
	2021 RM	2020 RM
Purchase of right-of-use assets	-	2,945,744
Financed by lease liabilities	-	(873,976)
<b>Cash payments to purchase right-of-use assets</b>	<b>-</b>	<b>2,071,768</b>

(f) 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 14.1% (2020: 7.2%).

(g) Information on financial risks of lease liabilities is disclosed in Note 38 to the financial statements.

## Notes to the Financial Statements

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### 18. INTANGIBLE ASSETS

Group	Goodwill RM	Development costs RM	Gaming licenses RM	Rights RM	Total RM
<b>At 31 December 2021</b>					
<b>Cost</b>					
At 1 January 2021	1,142,351	4,014,766	1,007,125	4,209,783	10,374,025
Exchange differences	-	(39,392)	35,625	148,912	145,145
At 31 December 2021	1,142,351	3,975,374	1,042,750	4,358,695	10,519,170
<b>Accumulated amortisation and impairment</b>					
At 1 January 2021	271,839	4,014,766	-	4,209,783	8,496,388
Exchange differences	-	(39,392)	-	148,912	109,520
At 31 December 2021	271,839	3,975,374	-	4,358,695	8,605,908
<b>Net carrying amount</b>					
At 31 December 2021	870,512	-	1,042,750	-	1,913,262
<b>At 31 December 2020</b>					
<b>Cost</b>					
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
<b>Accumulated amortisation and impairment</b>					
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
<b>Net carrying amount</b>					
At 31 December 2020	870,512	-	1,007,125	-	1,877,637

## 18. INTANGIBLE ASSETS (continued)

- (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 amounts 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.
- (e) Impairment tests for goodwill with indefinite useful lives

### Allocation of goodwill

The goodwill has 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 10% (2020: 2%) growth rate used to calculate the cash inflows for impairment tests for goodwill is the estimated net collections from technical support and management operations in Vietnam.

#### (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.

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### 18. INTANGIBLE ASSETS (continued)

(e) Impairment tests for goodwill with indefinite useful lives (continued)

Key assumptions used in value-in-use calculations (continued)

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

(iii) Discount rate

The pre-tax discount rate at 15% (2020: 12.9%).

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amount of the remaining goodwill assessed as at 31 December 2021 as its recoverable amount was in excess of its carrying amount. 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.

(f) Impairment tests for gaming licenses with indefinite useful lives

The gaming licenses have been treated as a single CGU together with the investment property of the Group. It is allocated to the Group's other segment CGU, which constitutes a separately reportable segment in Note 4 to the financial statements.

The recoverable amounts of the CGU have been determined based on fair value less cost of disposal, with details being disclosed in Note 14(f) to the financial statements.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the gaming licenses as at 31 December 2021 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.

### 19. INVENTORIES

	2021 RM	Group 2020 RM
<b>At cost</b>		
Spare parts, gaming and amusement machines and accessories, table game equipment and accessories	447,448	634,346
<b>At net realisable value</b>		
Gaming and amusement machines	125,869	587,880
Spare parts, gaming and amusement accessories, table game equipment and accessories	3,078,912	2,372,649
	3,204,781	2,960,529
	3,652,229	3,594,875

## 19. INVENTORIES (continued)

(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 RM115,295,550 (2020: RM85,690,015).

(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 RM127,391 (2020: RM972,687) for the Group.

## 20. TRADE RECEIVABLES

	2021 RM	Group 2020 RM
<b>Trade receivables</b>		
Third parties	172,066,114	141,310,109
Related parties	1,990,080	1,851,050
	174,056,194	143,161,159
Less: Impairment losses		
Third parties	(5,311,230)	(4,431,582)
Related parties	(2,260)	(8,658)
Trade receivables, net	168,742,704	138,720,919
Represented by:		
- Current	106,727,323	97,270,422
- Non-current	62,015,381	41,450,497
	168,742,704	138,720,919

(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 one (1) month to twelve (12) months.

## Notes to the Financial Statements

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### 20. TRADE RECEIVABLES (continued)

(c) Trade receivables which will be paid by monthly instalments and interest-free are payable as follows:

	2021 RM	Group 2020 RM
Trade receivables	30,551,177	47,745,193
Less: Impairment losses	(1,093,605)	(2,568,463)
	29,457,572	45,176,730
Represented by:		
- Current	6,865,796	24,978,566
- Non-current	22,591,776	20,198,164
	29,457,572	45,176,730

(d) "Trade receivables third parties" which will be paid by monthly instalments and borne interest at rates range from 6% to 12% (2020: 6% to 10%) per annum are payable as follows:

	2021 RM	Group 2020 RM
Trade receivables	53,761,780	44,541,628
Less: Impairment losses	(1,073,510)	(1,820,948)
	52,688,270	42,720,680
Represented by:		
- Current	13,264,665	21,468,347
- Non-current	39,423,605	21,252,333
	52,688,270	42,720,680

## 20. TRADE RECEIVABLES (continued)

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

	2021 RM	Group 2020 RM
United States Dollar	119,282,306	97,012,193
Philippine Peso	28,231,655	23,788,772
Thai Baht	6,609,412	7,496,696
Ringgit Malaysia	14,480,968	7,050,154
Euro	-	3,318,630
Others	138,363	54,474
	168,742,704	138,720,919

(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 ('ECL').

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 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.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios to assess expected credit losses.

Impairment for trade receivables that contain a significant financing component are recognised based on the general approach within MFRS 9 *Financial Instruments* 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

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### 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
<b>31 December 2021</b>			
Expected loss rate	0.073%	10.648%	
Gross carrying amount (RM)	125,014,053	49,042,141	174,056,194
Impairment (RM)	91,301	5,222,189	5,313,490
<b>31 December 2020</b>			
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

Trade receivables are not secured by any collateral or credit enhancement.

(h) Movement in impairment accounts:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total RM
<b>31 December 2021</b>			
At 1 January	287,918	4,152,322	4,440,240
Charge for the financial year	710,165	663,740	1,373,905
Reversal of impairment losses	(647,095)	-	(647,095)
Exchange differences	10,059	136,381	146,440
At 31 December	361,047	4,952,443	5,313,490
<b>31 December 2020</b>			
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

(i) Information on financial risks of trade receivables is disclosed in Note 38 to the financial statements.



**21. OTHER RECEIVABLES**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits	10,597,800	6,876,664	9,250	7,000
Interest receivables	52,307	51,282	-	-
Sundry receivables	3,615,188	5,676,905	-	-
	14,265,295	12,604,851	9,250	7,000
Less: Impairment losses	(2,086,351)	(2,015,403)	-	-
	12,178,944	10,589,448	9,250	7,000
Prepayments	3,661,536	3,291,908	-	-
	15,840,480	13,881,356	9,250	7,000
Represented by:				
- Current	12,992,175	11,094,891	9,250	7,000
- Non-current	2,848,305	2,786,465	-	-
	15,840,480	13,881,356	9,250	7,000

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
United States Dollar	10,016,763	8,594,217	-	-
Hong Kong Dollar	718,195	701,371	-	-
Ringgit Malaysia	761,857	635,525	9,250	7,000
Philippine Peso	160,629	384,089	-	-
Thai Baht	188,546	32,941	-	-
Others	332,954	241,305	-	-
	12,178,944	10,589,448	9,250	7,000

## Notes to the Financial Statements

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### 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)-months 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:

	2021 RM	Group 2020 RM
At 1 January	2,015,403	2,143,193
Charge for the financial year	-	11,600
Reversal of impairment losses	-	(105,759)
Exchange differences	70,948	(33,631)
At 31 December	2,086,351	2,015,403

- (e) Included in non-current other receivables is an amount of RM 1 (2020: RM19,035) 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 38 to the financial statements.

**22. LEASE RECEIVABLES**

	2021 RM	Group 2020 RM
Future minimum lease receivables:		
- Not later than one (1) year	4,534,952	4,554,718
- One (1) to two (2) years	-	4,823,027
Total future minimum lease receivables	4,534,952	9,377,745
Less: Unearned finance income	(58,118)	(1,155,846)
Present value of finance lease receivables	4,476,834	8,221,899
Analysis of present value of finance lease receivables:		
Current		
- Not later than one (1) year	4,476,834	4,025,926
Non-current		
- Later than one (1) year and not later than five (5) years	-	4,195,973
	4,476,834	8,221,899

(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.

(d) Movement in lease receivables are as follows:

	2021 RM	Group 2020 RM
At 1 January	8,221,899	11,267,976
Interest charged (Note 5)	151,075	1,203,267
Effect of lease modification	(2,356,639)	(2,317,942)
Lease payments	(1,815,722)	(1,863,869)
Exchange differences	276,221	(67,533)
At 31 December	4,476,834	8,221,899

(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 38 to the financial statements.

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### 23. DUE FROM/(TO) SUBSIDIARIES

	2021 RM	Company 2020 RM
Due from subsidiaries	3,581,476	11,280,049
Representing amounts due from subsidiaries:		
- Current	3,581,476	11,067,076
- Non-current	-	212,973
	3,581,476	11,280,049
Due to a subsidiary	(5,246,404)	-
Representing amount due to a subsidiary:		
- Current	(3,500,000)	-
- Non-current	(1,746,404)	-
	(5,246,404)	-

- (a) Amounts due from/(to) subsidiaries are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Current amounts due from/(to) 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 amount due to a subsidiary is unsecured, interest-free and not payable within the next twelve (12) months.
- (d) Foreign currency exposure of amounts due from/(to) subsidiaries are as follows:

	2021 RM	Company 2020 RM
United States Dollar	(5,230,920)	9,755,029
Ringgit Malaysia	3,565,992	1,525,020
	(1,664,928)	11,280,049

- (e) Information on financial risks of amounts due from/(to) subsidiaries is disclosed in Note 38 to the financial statements.

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

	2021 RM	Group 2020 RM
Non-current		
Due from associates	6,441,220	6,234,169
Less: Impairment losses	(3,541,108)	(3,443,198)
	2,900,112	2,790,971
Current		
Due to associates	(89,290)	(86,240)

- (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.
- (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:

	2021 RM	Group 2020 RM
At 1 January	3,443,198	3,493,012
Exchange differences	97,910	(49,814)
At 31 December	3,541,108	3,443,198

- (e) Information on financial risks of amounts due from/(to) associates is disclosed in Note 38 to the financial statements.

## Notes to the Financial Statements

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### 25. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	27,299,922	25,747,614	408,781	125,655
Deposits with licensed banks	5,430,685	13,430,861	-	-
As reported in the statements of financial position	32,730,607	39,178,475	408,781	125,655
Less: Deposits pledged to licensed banks	(5,430,685)	(13,430,861)	-	-
Cash and cash equivalents included in the statements of cash flows	27,299,922	25,747,614	408,781	125,655

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
United States Dollar	8,785,913	18,150,751	-	-
Thai Baht	12,637,063	12,572,527	-	-
Ringgit Malaysia	8,293,825	7,169,011	408,781	125,655
Philippine Peso	2,278,779	420,607	-	-
Vietnamese Dong	45,151	128,616	-	-
Singapore Dollar	80,478	363,648	-	-
Hong Kong Dollar	271,319	195,203	-	-
Others	338,079	178,112	-	-
	32,730,607	39,178,475	408,781	125,655

(b) Included in deposits with licensed banks of the Group are amounts of RM5,430,685 (2020: RM13,430,861) pledged to licensed banks as security for the secured borrowings of the Group as disclosed in Note 29 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 38 to the financial statements.

## 26. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 RM
<b>Issued and fully paid with no par value:</b>				
At 1 January/31 December	1,548,245,697	1,548,245,697	158,484,726	158,484,726

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.

## 27. TREASURY SHARES

The shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase its own shares at the Annual General Meeting held on 30 June 2021.

In the previous 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 2021 and 31 December 2020 respectively, 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 2021 and 31 December 2020 respectively.

The details of the treasury shares of the Group and of the Company are as follows:

	Total shares purchased in units unit	Total consideration paid RM	Highest price RM	Lowest price RM	Average price* RM
At 1 January 2021/31 December 2021	4,784,800	841,841	0.180	0.150	0.176
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.

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### 28. RESERVES

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Non-distributable:</b>				
Foreign currency translation reserve	19,654,571	12,811,410	-	-
<b>Distributable:</b>				
Retained earnings	45,075,698	55,371,189	14,408,898	12,379,728
	64,730,269	68,182,599	14,408,898	12,379,728

#### 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. BORROWINGS

	2021 RM	Group 2020 RM
<b>Short term borrowings (secured):</b>		
Invoice financing	2,800,993	-
Revolving credits	8,960,385	9,977,077
Term loans	1,835,173	4,323,402
	13,596,551	14,300,479
<b>Long term borrowings (secured):</b>		
Term loans	-	17,349,879
<b>Total borrowings:</b>		
Invoice financing	2,800,993	-
Revolving credits	8,960,385	9,977,077
Term loans	1,835,173	21,673,281
	13,596,551	31,650,358



**29. BORROWINGS (continued)**

- (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 RM43,819,460 (2020: RM64,132,410) by the Company.
- (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 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 38 to the financial statements.

**30. DEFERRED TAX LIABILITIES**

	2021 RM	Group 2020 RM
At 1 January	132,358	128,661
Recognised in profit or loss (Note 10)	(10,922)	3,697
At 31 December	121,436	132,358

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 2021	90,680	452,498	25,920	569,098
Recognised in profit or loss	(4,560)	(96,272)	(240)	(101,072)
At 31 December 2021	86,120	356,226	25,680	468,026
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

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### 30. 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 2021	(315,510)	(21,390)	(90,240)	(9,600)	(436,740)
Recognised in profit or loss	(136,410)	90,240	135,600	720	90,150
At 31 December 2021	(451,920)	68,850	45,360	(8,880)	(346,590)
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)

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses				
- No expiry date	6,436,000	6,038,000	-	-
- Expiring by 31 December 2022	364,000	8,654,000	-	-
- Expiring by 31 December 2023	269,000	1,329,000	-	-
- Expiring by 31 December 2024	192,000	192,000	-	-
- Expiring by 31 December 2025	1,377,000	1,377,000	-	-
- Expiring by 31 December 2026	1,593,000	-	-	-
Unabsorbed capital allowances	126,335,000	117,191,000	39,000	39,000
Unabsorbed reinvestment allowances	422,000	422,000	-	-
Other temporary differences	2,569,000	2,498,000	-	-
	139,557,000	137,701,000	39,000	39,000

The unabsorbed capital allowances of subsidiaries 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.

**31. TRADE PAYABLES**

	2021 RM	Group 2020 RM
<b>Trade payables</b>		
Third parties	88,625,099	82,574,393
Related parties	2,690,403	4,259,461
	91,315,502	86,833,854
Represented by:		
- Current	83,281,179	69,317,155
- Non-current	8,034,323	17,516,699
	91,315,502	86,833,854

- (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:

	2021 RM	Group 2020 RM
Current	28,515,606	19,607,614
Non-current	-	10,877,480
	28,515,606	30,485,094

- (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:

	2021 RM	Group 2020 RM
Current	5,005,200	14,921,695
Non-current	8,034,323	6,639,219
	13,039,523	21,560,914

## Notes to the Financial Statements

31 December 2021

### 31. TRADE PAYABLES (continued)

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

	2021 RM	Group 2020 RM
United States Dollar	88,518,089	82,545,941
Euro	2,528,871	4,265,199
Ringgit Malaysia	268,014	15,333
Others	528	7,381
	91,315,502	86,833,854

(g) Information on financial risks of trade payables is disclosed in Note 38 to the financial statements.

### 32. OTHER PAYABLES

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Accruals	19,998,484	20,685,224	290,044	313,379
Deposits received	1,343,510	1,011,371	6,368	6,368
Sundry payables	2,337,619	1,810,543	-	700
	23,679,613	23,507,138	296,412	320,447

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

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

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
United States Dollar	21,404,912	17,079,940	-	-
Ringgit Malaysia	1,152,492	1,251,218	296,412	320,447
Philippine Peso	888,744	4,459,525	-	-
Thai Baht	89,376	364,640	-	-
Hong Kong Dollar	78,656	87,349	-	-
Singapore Dollar	38,588	127,829	-	-
Others	26,845	136,637	-	-
	23,679,613	23,507,138	296,412	320,447

(c) Information on financial risks of other payables is disclosed in Note 38 to the financial statements.

**33. CONTRACT LIABILITIES**

	2021 RM	Group 2020 RM
Advances received from customers	7,081,217	12,461,948
Deferred income	406,287	154,793
	7,487,504	12,616,741

- (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 RM12,261,947 (2020: RM6,705,998) being revenue recognised during the financial year.
- (c) Movement in contract liabilities are as follows:

	2021 RM	Group 2020 RM
At 1 January	12,616,741	6,874,728
Advances received during the year	70,484,190	91,843,341
Revenue recognised during the year	(75,916,491)	(84,672,260)
Exchange differences	303,064	(1,429,068)
At 31 December	7,487,504	12,616,741

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

	2021 RM	Group 2020 RM
United States Dollar	4,612,358	9,406,621
Ringgit Malaysia	2,875,146	2,514,814
Singapore Dollar	-	59,387
Philippine Peso	-	635,919
	7,487,504	12,616,741

## Notes to the Financial Statements

31 December 2021

### 33. 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:

	2021 RM	Group 2020 RM
31 December 2021	-	18,659,169
31 December 2022	10,636,187	973,915
31 December 2023	316,389	-

### 34. 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:

	2021 RM	2020 RM
<b>Group</b>		
Related parties*:		
- Sales of products	1,796,025	6,307,735
- Maintenance charges received	142,836	109,505
- Technical service fee received	21,351	7,180
- Technical support and management income	5,068,257	3,578,380
- Purchase of products	1,421,201	10,817,265
- Rental income	57,000	14,300
Associates:		
- Lease payments	13,668	13,868
<b>Company</b>		
Subsidiaries:		
- Dividend income	3,000,000	1,500,000
- Lease payments	35,000	36,750

- \* 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.

**34. RELATED PARTY DISCLOSURES (continued)**

## (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	1,616,626	1,777,387	267,000	275,000
Post-employment benefits:				
Defined contribution plans	101,687	144,860	-	-
	1,718,313	1,922,247	267,000	275,000
Estimated monetary value of benefits-in-kind	-	33,850	-	-
	1,718,313	1,956,097	267,000	275,000

Included in total remuneration of key management personnel of the Group and of the Company are Directors' remuneration amounting to RM1,718,313 (2020: RM1,936,958) and RM267,000 (2020: RM275,000) respectively as further disclosed in Note 9 to the financial statements.

**35. CAPITAL COMMITMENTS**

	Group	
	2021 RM	2020 RM
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	1,320,000	3,000,000

## Notes to the Financial Statements

31 December 2021

### 36. 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 RM43,819,460 (2020: RM64,132,410) of which RM13,650,060 (2020: RM31,712,901) 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 RM91,762,000 (2020: RM88,627,000) of which RM75,964,378 (2020: RM72,397,988) 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.

### 37. 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 2021 and 31 December 2020.

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 2021 and 31 December 2020 are as follows:

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Borrowings (current and non-current)	29	13,596,551	31,650,358	-	-
Lease liabilities (current and non-current)	17	2,018,930	3,172,777	270,933	296,975
Less:					
Cash and bank balances	25	(32,730,607)	(39,178,475)	(408,781)	(125,655)
Net (cash)/debt		(17,115,126)	(4,355,340)	(137,848)	171,320
Total capital		222,373,154	225,825,484	172,051,783	170,022,613
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.



### 37. CAPITAL MANAGEMENT (continued)

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 years ended 31 December 2021 and 31 December 2020.

### 38. 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 amounts of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables, lease receivables, amounts due from subsidiaries and amounts due from associates is disclosed in Note 20, Note 21, Note 22, Note 23 and Note 24 to the financial statements.

##### Credit risk concentration profile

As at 31 December 2021, other than the amounts owing by subsidiaries constituting 100% (2020: 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 91% (2020: 85%) of the total trade receivables at the end of the reporting period. These customers contributed approximately 66% (2020: 54%) 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 2021

### 38. 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
<b>2021</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	106,960,792	8,034,323	-	114,995,115
Borrowings	13,596,551	-	-	13,596,551
Lease liabilities	908,016	1,052,318	508,133	2,468,467
Due to associates	89,290	-	-	89,290
<b>Total undiscounted financial liabilities</b>	<b>121,554,649</b>	<b>9,086,641</b>	<b>508,133</b>	<b>131,149,423</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Other payables	296,412	-	-	296,412
Lease liabilities	42,000	168,000	126,000	336,000
Due to a subsidiary	3,500,000	1,746,404	-	5,246,404
<b>Total undiscounted financial liabilities</b>	<b>3,838,412</b>	<b>1,914,404</b>	<b>126,000</b>	<b>5,878,816</b>
<b>2020</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
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
<b>Total undiscounted financial liabilities</b>	<b>109,482,257</b>	<b>37,895,392</b>	<b>504,066</b>	<b>147,881,715</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Other payables	320,447	-	-	320,447
Lease liabilities	42,000	168,000	168,000	378,000
<b>Total undiscounted financial liabilities</b>	<b>362,447</b>	<b>168,000</b>	<b>168,000</b>	<b>698,447</b>

### 38. 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 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 2021	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
<b>Group</b>									
<b>Fixed rates</b>									
Trade receivables	20(d)	7.4	13,264,665	39,423,605	-	-	-	-	52,688,270
Lease receivables	22	2.5	4,476,834	-	-	-	-	-	4,476,834
Deposits with licensed banks	25	1.7	5,430,685	-	-	-	-	-	5,430,685
Lease liabilities	17	5.4	(822,619)	(516,111)	(258,526)	(170,252)	(2,594)	(248,828)	(2,018,930)
<b>Floating rates</b>									
Invoice financing	29	2.2	(2,800,993)	-	-	-	-	-	(2,800,993)
Revolving credits	29	2.2	(8,960,385)	-	-	-	-	-	(8,960,385)
Term loans	29	3.1	(1,835,173)	-	-	-	-	-	(1,835,173)
<b>Company</b>									
<b>Fixed rate</b>									
Lease liabilities	17	5.7	(27,556)	(29,159)	(30,854)	(32,648)	(34,547)	(116,169)	(270,933)
<b>At 31 December 2020</b>									
<b>Group</b>									
<b>Fixed rates</b>									
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)
<b>Floating rates</b>									
Revolving credits	29	2.4	(9,977,077)	-	-	-	-	-	(9,977,077)
Term loans	29	3.6	(4,323,402)	(5,393,291)	(11,956,588)	-	-	-	(21,673,281)
<b>Company</b>									
<b>Fixed rate</b>									
Lease liabilities	17	5.7	(26,042)	(27,556)	(29,159)	(30,854)	(32,648)	(150,716)	(296,975)

## Notes to the Financial Statements

31 December 2021

### 38. 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	
	2021 RM	2020 RM
<b>Floating rates</b>		
<u>Increase by 0.5%</u>		
Invoice financing	(10,644)	-
Revolving credits	(34,084)	(37,913)
Term loans	(6,974)	(82,271)
<u>Decrease by 0.5%</u>		
Invoice financing	10,644	-
Revolving credits	34,084	37,913
Term loans	6,974	82,271

#### (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.

### 38. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Foreign currency risk (continued)

##### 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	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Strengthen by 5%</u>				
USD/RM	139,261	285,383	(261,546)	487,751
USD/HKD	1,055,386	(466,388)	-	-
Peso/USD	1,454,769	933,279	-	-
THB/USD	966,612	983,418	-	-
<u>Weaken by 5%</u>				
USD/RM	(139,261)	(285,383)	261,546	(487,751)
USD/HKD	(1,055,386)	466,388	-	-
Peso/USD	(1,454,769)	(933,279)	-	-
THB/USD	(966,612)	(983,418)	-	-

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

### 39. 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 October 2021, where the Malaysian government lifted movement control restrictions for vaccinated people and announced its intention to treat COVID-19 as an endemic disease.

The government of other regions such as the Philippines, Cambodia, Vietnam and Laos had also announced lockdown or other control measures in March 2020. Following the arrival of vaccines since March 2021, some of these regions have lifted their respective movement control restrictions. Therefore, the revenue of the Group showed an improvement of more than 10% in 2021 as compared to 2020. The Group was well positioned into recovery until the emergence of the Omicron variant of COVID-19 virus where some of these regions are experiencing more intermittent lockdowns and tighter restrictions in the second half of 2021.

## Notes to the Financial Statements

31 December 2021

### 39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (continued)

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.

### 40. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 6 January 2022, the Company incorporated a wholly-owned subsidiary known as Retro Solutions Sdn. Bhd. ("RTSSB") with an initial issued and paid-up capital of RM50,000. The principal activities of RTSSB are trading, development and support of system software and hardware.

On 4 February 2022, RTSSB incorporated a wholly-owned subsidiary known as Retro Solutions Pte. Ltd. ("RTSPL") with an initial issued and paid-up capital of SGD1 (equivalent to approximately RM3.10). The principal activities of RTSPL are trading, development and support of system software and hardware.

### 41. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 41.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments to the Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021 (early adopt)

Adoption of the above Amendments to the Standards did not have any material effect on the financial performance or position of the Group and of the Company.

#### 41. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

##### 41.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

# List of Group Properties

As at 31 December 2021

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
<b>RGBSB</b>							
1. 65 Sims Avenue #08-04 Yi Xiu Factory Building Singapore	Building	Office cum Factory	Freehold	39	113	708,151	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	48	1,035.03	1,301,129	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	48	1,109.71	1,373,472	1 January 2011
<b>Data Touch Sdn. Bhd.</b>							
4. No. 8 Green Hall 10200 George Town Penang, Malaysia	Land & Building	Office	In Perpetuity	43	2,387.16	3,916,572	1 January 2011
<b>Chateau De Bavet Club Co., Ltd.</b>							
5. No. 1 National Road Bavet Commune Chantrea District Svay Rieng Province Kingdom of Cambodia	Building	Rental for Hotel & Casino	Freehold	13	23,727	33,061,234	15 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	
<b>RGB Ltd.</b>								
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	2	86	555,796	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	2	63	409,565	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	2	63	409,565	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	2	86	555,796	9 February 2020
<b>Total</b>						<b>42,291,280</b>		

The Group does not have a formal revaluation policy for its landed properties.

# List of Associate's Properties

As at 31 December 2021

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
<b>Dreamgate Holding Co., Ltd.</b>							
1. No. 13 & 14, Block C E0, E1, Chantrea Bavet Svay Rieng Kingdom of Cambodia	Shoplot	Office	Freehold	15	128	336,268	-
2. No. 1 National Road Bavet Commune Chantrea District Svay Rieng Province Kingdom of Cambodia	Land	Rental for Hotel & Casino	Freehold	-	-	3,777,258	15 December 2020
<b>Total</b>						<b>4,113,526</b>	

# 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. ("RGL"), RGB (Macau) Limited ("RGBML") and Macrocept Sdn. Bhd. ("MCSB") [collectively referred to as "RGL Group"] during the FYE 31 December 2021 pursuant to the shareholders' mandate obtained by the Company at the AGM held on 30 June 2021 are as follows:

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Actual value transacted <sup>(i)</sup> (RM)	Related Parties
RGL Group	Timor Holding, S.A. ("THSA")	Sale of products <sup>(ii)</sup> , technical support management <sup>(iii)</sup> , leasing of products <sup>(ii)</sup> and management fee <sup>(iv)</sup>	5,068,257	<p>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, RGL, RGBML and 1GL.</p> <p>Datuk Lim Tow Boon is a director of the Company, RGBSB, RGL, RGBML, THSA and 1GL. He is also a major shareholder of THSA.</p>
RGL Group	Channel Paradise Sdn. Bhd. ("CPSB")	Sale of products <sup>(ii)</sup> , maintenance charges and technical fee <sup>(v)</sup>	1,960,212	<p>Dato' Seri Chuah Kim Seah is a director of the Company, RGBSB, RGL and RGBML. He is also a major shareholder of the Company.</p> <p>Dato' Chuah Kim Chiew is a director of RGBSB, RGL and MCSB.</p> <p>Chuah Eng Hwa is an employee of RGL 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.</p> <p>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.</p> <p>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.</p> <p>Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.</p>

### Notes:

- (i) The actual value transacted of RRPT during the FYE 31 December 2021.
- (ii) Products include gaming and amusement machines, gaming system, spare parts, casino equipment and accessories, gaming equipment and accessories.

## Additional Compliance Information

Provider of goods and services	Purchaser/ Recipient of goods and services	Nature of Transaction	Actual value transacted <sup>(i)</sup> (RM)	Related Parties
CPSB	RGBI Group	Sales of products <sup>(ii)</sup> , technical support management <sup>(iii)</sup> and leasing of products <sup>(ii)</sup>	1,050,947	<p>Dato' Seri Chuah Kim Seah is a director of the Company, RGBSB, RGBL and RGBML. He is also a major shareholder of the Company.</p> <p>Dato' Chuah Kim Chiew is a director of RGBSB, RGBL and MCSB.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Chuo Ah Ngau is a director of RGBSB and a person connected to Datin Tok Moy.</p>
Channel Paradise Pte. Ltd. ("CPPL")	RGBI Group	Sales of products <sup>(ii)</sup> , technical support management <sup>(iii)</sup> and leasing of products <sup>(ii)</sup>	370,254	<p>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.</p> <p>Datuk Lim Tow Boon is a director of the Company, RGBSB, RGBL, RGBML and CPPL.</p> <p>Dato' Chuah Kim Chiew is a director of RGBSB, RGBL, MCSB and CPPL. He is also a major shareholder of CPPL.</p> <p>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.</p> <p>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.</p>

(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 2021 were as follows:

<b>Fees</b>	<b>Company (RM)</b>	<b>Group (RM)</b>
Audit	53,000	222,926
Non-audit	8,800	26,100

### 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 7 April 2022

## 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 <sup>(a)</sup>	% of Shares
1 - 99	1,117	10.161	50,984	0.003
100 - 1,000	414	3.766	175,499	0.011
1,001 - 10,000	2,246	20.431	12,193,496	0.790
10,001 - 100,000	5,441	49.495	212,259,137	13.752
100,001 - 77,173,043 <sup>(b)</sup>	1,774	16.138	863,024,308	55.915
77,173,044 and above <sup>(c)</sup>	1	0.009	455,757,473	29.528
<b>Total</b>	<b>10,993</b>	<b>100.000</b>	<b>1,543,460,897</b>	<b>100.000</b>

<sup>(a)</sup> Excluding 4,784,800 treasury shares

<sup>(b)</sup> Less than 5% of issued shares

<sup>(c)</sup> 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 <sup>(a)</sup>	No. of Shares	% of Shares <sup>(a)</sup>
Dato' Seri Chuah Kim Seah	455,757,473	29.53	2,404,342 <sup>(b)</sup>	0.16

<sup>(a)</sup> After netting off 4,784,800 treasury shares.

<sup>(b)</sup> 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 <sup>(a)</sup>	No. of Shares	% of Shares <sup>(a)</sup>
Dato' Seri Mahinder Singh Dulku	1,374,285	0.09	-	-
Dato' Seri Chuah Kim Seah	455,757,473	29.53	2,805,141 <sup>(b)</sup>	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	-	-

<sup>(a)</sup> After netting off 4,784,800 treasury shares.

<sup>(b)</sup> 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 7 April 2022

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	14,000,000	0.91
7	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	9,000,000	0.58
8	CHAI CHEN HOE	8,966,900	0.58
9	KHOR TENG TONG	8,071,428	0.52
10	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	7,999,200	0.52
11	HO KIONG CHAN	7,621,471	0.49
12	LIM SOON KEONG	7,140,000	0.46
13	RHB NOMINEES (TEMPATAN) SDN BHD FONG WOON YIN	7,120,000	0.46
14	LIM TOW BOON	7,089,142	0.46
15	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	6,507,185	0.42
16	FIRST GENESIS SDN BHD	5,028,571	0.33
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEKARAJASEKARAN A/L ARASARATNAM	5,000,000	0.32
18	NORAZMAN BIN HAMIDUN	4,548,571	0.29
19	WONG KIM HAI	4,131,428	0.27
20	LIM SOON AIK	4,000,000	0.26
21	SEAH HENG LYE	4,000,000	0.26
22	KENANGA NOMINEES (TEMPATAN) SDN BHD TEH KIAK SENG	3,900,000	0.25
23	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOALKEY SYSTEM SDN BHD (MY1461)	3,860,000	0.25
24	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE GEOK POH (MY2016)	3,631,428	0.23
25	AFFIN HWANG INVESTMENT BANK BERHAD IVT (HAE)	3,600,000	0.23
26	TAN YAW ING	3,516,000	0.23
27	LAM VOON KEAN	3,428,571	0.22
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIA BOON HUAT	3,390,400	0.22
29	LIM LAY HONG	3,342,857	0.22
30	PATRICK SOH KONG HUI	3,200,000	0.21
		<b>684,223,989</b>	<b>44.33</b>

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 19<sup>th</sup> Annual General Meeting ("AGM") 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 Tuesday, 21 June 2022 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 2021 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees of RM257,250 (RM103,950 per annum for the Non-Executive Chairman and RM76,650 per annum for each of the Non-Executive Directors) for the financial year ended 31 December 2021. **Resolution 1**
3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM48,000 from 22 June 2022 until the next AGM of the Company. **Resolution 2**
4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 103 of the Company's Constitution:
  - (a) Datuk Lim Tow Boon **Resolution 3**
  - (b) Ms. Lam Voon Kean **Resolution 4**
5. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **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 nine (9) years, be retained and continued to act as an Independent Non-Executive Director of the Company."
7. **Authority for the Directors to allot and issue shares pursuant to the Companies Act 2016 ("the Act")** **Resolution 7**

"THAT subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 the Act to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of Bursa Securities' MMLR ("General Mandate").

THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so be issued pursuant to the General Mandate on Bursa Securities.



AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

**8. Proposed renewal of existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate")**

**Resolution 8**

"THAT subject to the provisions of Bursa Securities' MMLR, 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 29 April 2022, 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 shall continue to be in force until:

- (i) the conclusion of the next AGM 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 AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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 Board of Directors of the Company ("the Board") 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 Act, the provisions of the Constitution of the Company, Bursa Securities' MMLR 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 Board from time to time through Bursa Securities as the Board may deem fit, necessary 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 Board 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 Act and the provisions of Bursa Securities' MMLR and any other relevant authorities.

## Notice of Annual General Meeting

THAT the authority conferred by this Resolution shall commence immediately upon passing of this Resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a meeting of members,
- whichever occurs first.

AND THAT authority be and is hereby given to the Board 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 Board may deem fit and expedient in the best interest of the Company."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

**YEOW SZE MIN** (SSM PC No. 201908003120, MAICSA 7065735)  
**LOW SEOW WEI** (SSM PC No. 202008000437, MAICSA 7053500)  
 Joint Company Secretaries

Penang, 29 April 2022

### Notes:

#### Appointment of Proxy and/or Authorised Representative

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 at Suite 18.05, MWE Plaza, 8 Lebuhr Farquhar, 10200 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. The instrument appointing a proxy or representative and the duly registered power of attorney or other authority, if any, shall be in writing under the hand of the appointer or his/her attorney duly appointed under a Power of Attorney or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. The lodging of Form of Proxy will not preclude any member from participating and voting at the meeting should any member subsequently wishes to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used.
6. Pursuant to Paragraph 8.29A of Bursa Securities' MMLR, all resolutions set out in this Notice will be put to vote on a poll.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

#### **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 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 Director of the Company for a cumulative term of more than nine (9) years, and recommended for him to continue to act as Independent Non-Executive Director of the Company based on the justifications as set out under Corporate Governance Overview Statement in the Company's Annual Report 2021.

##### **Resolution 7 – Authority for the Directors to allot and issue shares pursuant to the Act**

The proposed Resolution 7 is intended to renew the authority granted to the Directors of the Company at the 18<sup>th</sup> AGM of the Company held on 30 June 2021 ("Previous Mandate") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being.

As of the date of this Notice, no new shares of the Company were issued pursuant to the Previous Mandate which will lapse at the conclusion of the 19<sup>th</sup> AGM.

The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, investment project(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interest of the Group.

##### **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 29 April 2022.

##### **Resolution 9 – Proposed Renewal of Authority for Share Buy-Back**

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 2021, the Company's retained profits is amounted to RM14.4 million. Please refer to the Circular & Statement to Shareholders dated 29 April 2022 for further information.

## Notice of Annual General Meeting

### Measures to minimise risk of COVID-19

- I. In line with the COVID-19 measures, the Company reserves the right to take such precautionary measures as may be appropriate at the 19<sup>th</sup> AGM, including any precautionary measures as may be required or recommended by Government agencies, in order to minimise the risk of community spread of COVID-19.
- II. The following precautionary measures will be taken at the Company's 19<sup>th</sup> AGM:
  - (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 or not fully vaccinated (as defined by Malaysian National Security Council) will not be allowed to attend the 19<sup>th</sup> AGM.
  - (c) All attendees are to use the hand sanitisers as provided.
- III. Participants are strongly encouraged not to attend the 19<sup>th</sup> AGM, if they are unwell with sore throat/fever/flu/cough/shortness of breath or showed symptoms of respiratory illness such as coughing and sneezing. In view of this, they are encouraged to appoint a proxy or the Chairman of the meeting as proxy in the event they are not able to attend and vote on the date of the meeting. The appointment of a proxy does not preclude the participants from attending the meeting should they wish to and are fit to attend.
- IV. On the seating arrangements and number of individuals to be present at the 19<sup>th</sup> AGM venue, the Company will observe and abide by the prevailing directives, safety and precautionary requirements as prescribed by the Government, Ministry of Health, 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 19<sup>th</sup> AGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.
- V. The Company seeks the understanding and cooperation of all shareholders and other attendees to minimise the risk of community spread of COVID-19. As the COVID-19 situation continues to evolve, the Company seeks shareholders' understanding that further measures and/or changes to the 19<sup>th</sup> AGM arrangement may be made in the ensuing days up to the day of the 19<sup>th</sup> AGM. Updates will be posted on the Company's corporate website at <http://www.rbggames.com> or Bursa Securities' website at <https://www.bursamalaysia.com>.
- VI. The participants who will be attending the 19<sup>th</sup> AGM in person are required to pre-register themselves with the Company by providing their name, NRIC/passport no. and CDS account no. to the Company via email at [corpsec@rbggames.com](mailto:corpsec@rbggames.com) not less than forty-eight (48) hours before the time appointed for holding the meeting. This is to allow the Company to make necessary arrangements for the 19<sup>th</sup> AGM including in relation to logistics.
- VII. Please download the MySejahtera application in advance and upon verification and body temperature screening, scan the QR code for health declaration during the registration process.
- VIII. Please be mindful of one metre social distancing at all times during the AGM.
- IX. Registration must be done in person with original MyKad/passport. No person is allowed to register on behalf of another.
- X. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.
- XI. Please vacate the registration area immediately after registration. You may proceed to the meeting room thereafter.

### STATEMENT ACCOMPANYING NOTICE OF 19<sup>TH</sup> AGM PURSUANT TO PARAGRAPH 8.27(2) OF BURSA SECURITIES' MMLR

#### Details of individuals who are standing for election as Directors

As at date of this Notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the forthcoming 19<sup>th</sup> AGM of the Company.

#### General Mandate for issue of securities in accordance with Paragraph 6.03(3) of Bursa Securities' MMLR

Details of the General Mandate to issue securities in the Company pursuant to the Act are set out in the Explanatory Notes of the Notice of 19<sup>th</sup> AGM.



**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 19<sup>th</sup> 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 Tuesday, 21 June 2022 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 ....., 2022

.....  
 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 at Suite 18.05, MWE Plaza, 8 Lebu Farquhar, 10200 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. The instrument appointing a proxy or representative and the duly registered power of attorney or other authority, if any, shall be in writing under the hand of the appointer or his/her attorney duly appointed under a Power of Attorney or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. The lodging of Form of Proxy will not preclude any member from participating and voting at the meeting should any member subsequently wishes to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used.
6. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in the Notice of 19<sup>th</sup> Annual General Meeting of the Company will be put to vote on a poll.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. 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 19<sup>th</sup> Annual General Meeting of the Company and any adjournment thereof.

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Affix  
Stamp

The Company Secretaries  
**RGB INTERNATIONAL BHD.**  
Registration No. 200301001411 (603831-K)  
Suite 18.05, MWE Plaza, 8 Lebuhr Farquhar  
10200 George Town, Penang, Malaysia

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www.rgbgames.com



**RGB International Bhd.**

Registration No. 200301001411 (603831-K)

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