

ARBITRATION PROCEEDINGS BY SERUDONG POWER SDN BHD

This announcement was dated 2 October 2018.

Mega First Corporation Berhad (“MFCB”) wishes to announce that the Arbitral Tribunal had on 28 September 2018, awarded to Serudong Power Sdn Bhd (“Serudong Power”) and ordered Sabah Electricity Sdn Bhd to pay to Serudong Power the agreed quantified amounts below:

- a) The Principal shortfall amount of RM19,236,867.84 in Energy Payment (“EP”) and Capacity Payment (“CP”) for the period from 15 November 2007 to 1 December 2016;
- b) Interest on the shortfall in EP and CP for the period from 15 November 2007 to 30 November 2016, and calculated up to 31 May 2018 amounting to RM9,135,345.81; and
- c) Claimant’s representation costs fixed at RM420,000.

Accordingly, the amount of the Final Award amounting to RM28,792,213.65 would have a positive impact on the earnings and net assets of MFCB for the financial year ending 31 December 2018, as follows:

- i) An increase of 2.86 sen in Earnings Per Share; and
- ii) An increase of 2.86 sen in Net Assets Per Share.

The combined amount of RM28,372,213.65 arising from items a) and b) above had been recognised in MFCB Group’s consolidated income statement for 6-month period ended 30 June 2018 announced on 28 August 2018.

The above will result in a marginal improvement in the Group’s gearing. However, it is not expected to have any effect on MFCB’s share capital and substantial shareholders’ shareholdings.

This announcement was dated 20 August 2018.

Mega First Corporation Berhad (“MFCB”) wishes to announce that Serudong Power Sdn Bhd (“Serudong Power”), a 51% owned subsidiary of MFCB, has received a letter from the legal counsel of Sabah Electricity Sdn Bhd (“SESB”) dated 17 August 2018 stating that SESB’s Board of Directors has agreed to the following amounts to be recorded in the Arbitral Tribunal’s Final Award pursuant to Part 2, paragraph 5(b) of the Bifurcation Agreement:

- a) Principal shortfall amount of RM19,236,867.84 in Energy Payment (“EP”) and Capacity Payment (“CP”) for the period from 15 November 2007 to 1 December 2016; and
- b) Interest on the shortfall in EP and CP for the period from 15 November 2007 to 30 November 2016, and calculated up to 31 May 2018 amounting to RM9,135,345.81; and
- c) Claimant’s representation costs fixed at RM420,000.

Accordingly, the amount of Second Partial Final Award amounting to RM28,792,213.65 would have a positive impact to the earnings and net assets of MFCB for the financial year ending 31 December 2018, as follows:

- i) An increase of 2.86 sen in Earnings Per Share; and
- ii) An increase of 2.86 sen in Net Assets Per Share.

The above will result in marginal improvement in the Group’s gearing. However, it is not expected to have an effect on MFCB’s share capital and substantial shareholders’ shareholdings.

Serudong Power and SESB shall separately discuss the following items which have yet to be agreed upon by both parties:

- i) Amount of interest shortfall on the above items a) and b) for period after 31 May 2018 until payment date;
- ii) Principal shortfall amount in EP and CP covering the period from 2 December 2016 to 1 December 2017; and
- iii) Interest on the shortfall in EP and CP for the period from 1 December 2016 to 1 December 2017 until payment date.

This announcement was dated 4 June 2018.

Mega First Corporation Berhad (“MFCB”) wishes to announce that Serudong Power Sdn Bhd (“Serudong Power”), a 51% owned subsidiary of MFCB, has received the Second Partial Final Award from the Arbitral Tribunal dated 31 May 2018, which provides that:

- a) Sabah Electricity Sdn Bhd (“SESB”) is liable for inflation adjusted Fixed Operating Rate (FOR) and Variable Operating Rate (VOR) shortfall payments claimed by Serudong Power from 1 December 2007 (allowing for invoicing after 15 November 2007);
- b) Serudong Power is permitted to invoice SESB for any shortfall in energy payments and capacity payments, calculated using the adjusted FOR and VOR, within ten (10) days from 31 May 2018;
- c) Serudong Power is entitled to simple interest rate at the rate of 1.5% above the base lending rate in effect at Malayan Banking Berhad on any shortfall in capacity and energy payments calculated using the adjusted FOR and VOR, starting from 30 days after the date each capacity payment or energy payment would have become due, if no dispute had arisen between the parties, until the date of actual payment.
- d) The parties are to bear their own one-half shares on the arbitration costs and SESB is to bear one-half of Serudong Power’s total representation costs.

Serudong Power is in the process of quantifying the amount of the Second Partial Final Award and will make a further announcement at an appropriate time. Based on preliminary estimate, the Second Partial Final Award will likely have a positive significant impact to the net assets and earnings of MFCB for the financial year ending 31 December 2018.

This announcement was dated 25 April 2016.

Mega First Corporation Berhad (“MFCB”) wishes to announce that its 51% owned subsidiary namely Serudong Power Sdn Bhd (“Serudong Power”) has received a Partial Award from the Arbitral Tribunal dated 21 April 2016 declaring that Sabah Electricity Sdn Bhd (“SESB”) shall pay Serudong Power the sum of RM7,745,510.48 in relation to shortfall in energy payments and capacity payments for the period between 15 November 2007 and 31 December 2015 (inclusive of GST) within 30 days of receiving invoices for this amount from Serudong Power, without prejudice to Serudong Power’s claims in the Arbitration. In addition, by the Partial Award Serudong Power is permitted to invoice SESB using a particular Fixed Operating Rate and Variable Operating Rate stipulated by SESB in the billings for the period of January 2016 up to November 2016, without prejudice to Serudong Power’s claims in the Arbitration. Any payments made in accordance with the terms of the Partial Award may be taken into account by the Arbitral Tribunal in the making of its Final Award and in determining the issue and amount of costs and/or interest (if any) in the Arbitration.

The Partial Award will not have a material impact on the earnings and the net assets of MFCB for the financial year ending 31 December 2016.

This amended announcement was dated 18 November 2013.

Pursuant to paragraphs 9.03 and 9.04(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Mega First Corporation Berhad (“MFCB”) wishes to announce that Serudong Power Sdn Bhd (“Serudong Power”), a 51% owned subsidiary of MFCB, has today commenced arbitration proceedings under the Kuala Lumpur Regional Centre for Arbitration Rules against Sabah Electricity Sdn Bhd (“SESB”).

Parties

Serudong Power, the Claimant is the owner of an electricity generating facility located at Tawau, Sabah. Pursuant to a power purchase agreement dated 13 April 1995 (“PPA”) between Serudong Power and Lembaga Letrik Sabah (currently known as SESB), SESB was to purchase from Serudong Power the generating capacity and electric energy generated by Serudong Power’s facility.

Background

The commencement of the arbitration proceedings is in relation to the recovery of outstanding capacity and energy payments totalling RM18,659,935.11 due to the adjustment of the Fixed Operating Rate (FOR) and Variable Operating Rate (VOR) for the period from December 2000 to September 2013, together with interests thereon at 1.5% above the base lending rate as provided for in the PPA.

Financial Impact

This arbitration proceeding taken by Serudong Power is not expected to have a material impact on the earnings and the net assets of MFCB for the financial year ending 31 December 2013.

Interest of Directors and substantial shareholders

None of the Directors or substantial shareholders of MFCB or persons connected with them has any interest, direct or indirect, in the aforesaid arbitration proceedings.

Remarks

This amended announcement is to, inter alia, correct the period in respect of the amount claimed.

This announcement was dated 15 November 2013.

Pursuant to paragraphs 9.03 and 9.04(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Mega First Corporation Berhad (“MFCB”) wishes to announce that Serudong Power Sdn Bhd (“Serudong Power”), a 51% owned subsidiary of MFCB, has today commenced arbitration proceedings under the Kuala Lumpur Regional Centre for Arbitration Rules against Sabah Electricity Sdn Bhd (“SESB”).

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