

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately if you are in doubt as to your next course of action.

Bursa Malaysia Securities Berhad has not perused this Statement prior to its issuance, takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



MEGA FIRST CORPORATION BERHAD

Reg. No. 196601000210 (6682-V)
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

IN RELATION TO THE

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Ordinary Resolution in respect of the proposed renewal of authority for the purchase by the Company of its own shares will be tabled at the 56th Annual General Meeting of the Company.

The Notice of the 56th Annual General Meeting, which will be conducted on a virtual basis through live streaming and online remote voting via the Remote Participation and Electronic Voting Facilities from the broadcast venue at Conference Room, A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 25 May 2022 at 10:00 a.m. and the Form of Proxy are incorporated in the Annual Report 2021.

This Statement is dated 28 April 2022

CONTENTS

	PAGE
1. INTRODUCTION	1
2. PROPOSED RENEWAL	1
3. POTENTIAL ADVANTAGES AND DISADVANTAGES	3
4. EFFECTS OF THE PROPOSED RENEWAL	3
5. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	5
6. PURCHASE, RESALE OR CANCELLATION OF SHARES	6
7. HISTORICAL SHARE PRICES	7
8. PUBLIC SHAREHOLDING SPREAD	7
9. IMPLICATIONS RELATING TO THE CODE	7
10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OR PERSONS CONNECTED TO THEM	8
11. APPROVAL REQUIRED	8
12. DIRECTORS' RECOMMENDATION	8
 APPENDICES	
I FURTHER INFORMATION	9

MEGA FIRST CORPORATION BERHAD

Reg. No. 196601000210 (6682-V)
(Incorporated in Malaysia)

Registered Office:

A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya, Selangor
Tel: 03-7960 8818
Fax: 03-7960 7818

28 April 2022

To: The Shareholders of Mega First Corporation Berhad (“the Company” or “MFCB”)

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

1. INTRODUCTION

At the last annual general meeting (“AGM”) of the Company held on 27 May 2021, the shareholders of the Company had approved the renewal of the authority for the Company to purchase up to ten per cent (10%) of its own shares. The shareholders’ approval for the Company to purchase its own shares is subject to annual renewal and will lapse at the conclusion of the forthcoming 56th AGM of the Company unless such authority is renewed by an ordinary resolution passed by the shareholders.

On 23 March 2022, the Company had announced the intention to seek the approval of shareholders at the 56th AGM for a proposed renewal of the existing authority for the Company to purchase up to 10% of its total number of issued shares as quoted on Bursa Malaysia Securities Berhad as at the point of purchase (“Proposed Renewal”).

The purpose of this Statement is to provide shareholders of the Company with the relevant details of the Proposed Renewal and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal to be tabled at the 56th AGM, which will be conducted on a virtual basis through live streaming and online remote voting via the Remote Participation and Electronic Voting Facilities from the broadcast venue at Conference Room, A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 25 May 2022 at 10:00 a.m.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL.

2. PROPOSED RENEWAL

2.1 Details of the Proposed Renewal

As at 31 March 2022, being the latest practicable date (“LPD”), the Company purchased a total of 43,046,300 of its own shares from the open market and these shares are retained as treasury shares. Details of purchases made during the financial year ended 31 December 2021 are set out in Note 27 – Treasury Shares to the audited financial statements in the Annual Report 2021 circulated together with this Statement.

The rights attaching to the purchased shares held as treasury shares as to voting, dividends and participation in other distribution and otherwise are suspended.

The authority from the shareholders, if renewed, shall be effective immediately upon the passing of the Ordinary Resolution for the Proposed Renewal to be tabled at the 56th AGM of the Company and will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that general 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 ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The Proposed Renewal will allow the Directors to exercise the power of the Company to purchase its own shares at any time within the abovementioned period.

2.2 Funding

Based on the latest audited financial statements for the financial year ended 31 December 2021, the Company will allocate an amount not exceeding approximately RM620.0 million being the retained profits of the Company for the Proposed Renewal.

The funding of the Proposed Renewal will be from internally generated funds and/or external borrowings, the proportion of which to be utilised will depend on the actual number of shares to be purchased, the price of shares and the availability of funds at the time of the purchase. In the event that borrowings are used for the Proposed Renewal, the Company's net cash flow may be affected to the extent of the interest costs associated with such borrowings. However, the Company will ensure that it will have sufficient funds to repay the borrowings as and when it is due.

2.3 Treatment of Purchased Shares

In accordance with Section 127 of the Companies Act 2016 ("Act"), the Directors of the Company may deal with the purchased shares in either the following manner:-

- (i) cancel the purchased shares; or
- (ii) retain the purchased shares as treasury shares which may be distributed as share dividends to the shareholders of MFCB and/or be resold through Bursa Malaysia Securities Berhad ("Bursa Securities") in accordance with the relevant rules of Bursa Securities and/or be transferred for purposes of an employees' share scheme and/or as purchase consideration and/or be cancelled subsequently and/or be sold, transferred or otherwise be used for such other purpose as the Minister may by order prescribe;
- (iii) combination of items (i) and (ii) above,

or in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authority for the time being in force.

3. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL

3.1 Potential Advantages

The potential advantages of the Proposed Renewal are as follows:-

- (i) The MFCB Group will be able to utilise its financial resources that it has no immediate usage, for the purchase of MFCB Shares;
- (ii) The Company may be able to stabilise the supply and demand of MFCB Shares in the open market and thereby support its fundamental value; and
- (iii) The Proposed Renewal will help enhance value for shareholders from a resultant reduction in the number of MFCB Shares in the market, all things being equal. Further, it may increase the earnings per share when the purchased shares are cancelled, thereby making MFCB Shares more attractive to investors.

3.2 Potential Disadvantages

The Proposed Renewal, if executed, however will reduce the financial resources of MFCB Group and may result in foregoing better investment opportunities that may emerge in the future. It may also reduce the amount of retained profits that is available for distribution to shareholders in the immediate future. Nevertheless, the Board will be mindful of the interests of the Company and its shareholders in implementing the Proposed Renewal.

4. EFFECTS OF THE PROPOSED RENEWAL

4.1 Share Capital

Based on the assumption that the Proposed Renewal is exercised in full and the purchased shares are cancelled, the pro forma effects of the Proposed Renewal on the issued shares of the Company as at LPD are as follows:-

	No. of Shares
Total number of issued shares as at LPD	988,352,102
Shares purchased amounting 10% of the total number of issued shares pursuant to the Proposed Renewal and cancelled	(98,835,210)
Total number of issued shares after the Proposed Renewal	889,516,892
Shares purchased amounting 10% of the total number of issued shares pursuant to the Proposed Renewal and cancelled	98,835,210
Treasury Shares as at LPD	(43,046,300)
Maximum number of shares which may be purchased and cancelled pursuant to the Proposed Renewal	55,788,910

However, in the event that all the purchased shares are retained as treasury shares, the Proposed Renewal will not have any effect on the total issued shares of the Company.

4.2 Earnings

The effect of the Proposed Renewal on the earnings per share of the MFCB Group will depend on the number of shares purchased, the purchase price of the shares and the effective funding cost to the MFCB Group to finance the purchase of shares or any loss in interest income to the Company.

Assuming the purchased shares are retained as treasury shares and resold, the effects on the earnings per share of the MFCB Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the purchased shares are cancelled, the Proposed Renewal will increase the earnings per share of the MFCB Group provided the income foregone and/or interest expense incurred on the purchased shares is less than the earnings per share before the Proposed Renewal.

4.3 Net Assets

When the Company purchases its own shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the net assets per share of MFCB Group will decrease if the cost per share purchased exceeds the net assets per share of MFCB Group at the relevant point in time. However, if the cost per share purchased is below the net assets per share of MFCB Group at the relevant point in time, the net assets per share of MFCB Group will increase.

In the case where the purchased shares are treated as treasury shares and subsequently resold on Bursa Malaysia Securities Berhad, the net assets per share of MFCB Group upon the resale will increase if the selling price per share exceeds the net assets per share of MFCB Group at the relevant point in time and vice-versa. If the treasury shares are distributed as share dividends, the net assets per share of MFCB Group will decrease.

4.4 Dividends

Assuming the Proposed Renewal is implemented in full, the purchased shares are retained as treasury shares and the dividend quantum is maintained at historical levels, the Proposed Renewal will have the effect of increasing the dividend rate per ordinary share of the Company as a result of reduction in the number of shares which are entitled to participate in the dividends.

4.5 Working Capital

Assuming the purchased shares are retained as treasury shares, the Proposed Renewal will reduce the working capital of the MFCB Group, the quantum of which will depend on the purchase price of the shares and the number of shares purchased.

5. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Assuming the Proposed Renewal is carried out in full by the Company, and the shares so purchased are cancelled, the pro forma effects of the Proposed Renewal on the shareholdings of the Directors and substantial shareholders based on MFCB's Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD are as follows:-

Directors/Substantial Shareholders	As at LPD				After the Proposed Renewal			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ^{^1}	No. of Shares	% ^{^1}	No. of Shares	% ^{^2}	No. of Shares	% ^{^2}
Directors								
Goh Nan Kioh	14,831,056	1.57	301,297,282 ^(a)	31.87	14,831,056	1.67	301,297,282 ^(a)	33.87
Goh Nan Yang	12,594,754	1.33	-	-	12,594,754	1.41	-	-
Goh Mei Sze	2,000,000	0.21	-	-	2,000,000	0.22	-	-
Khoo Teng Keat	4,677,376	0.49	-	-	4,677,376	0.52	-	-
Yeow See Yuen	9,429,994	1.00	104,000 ^(d)	0.01	9,429,994	1.06	104,000 ^(d)	0.01
Dato' Koh Hong Sun	907,738	0.10	-	-	907,738	0.10	-	-
Tay Kheng Chiong	786,462	0.08	-	-	786,462	0.09	-	-
Datuk Haji Pengiran Saifuddin bin Pengiran Tahir, JP	-	-	-	-	-	-	-	-
Jesper Bjorn Madsen	500,000	0.05	-	-	500,000	0.06	-	-
Professor Dato' Dr. Tan Hui Meng	966,600	0.10	2,205,000 ^(e)	0.23	966,600	0.11	2,205,000 ^(e)	0.25
Datin Jeyanthini a/p M. Kannaperan								
Substantial Shareholders								
Goh Nan Kioh	14,831,056	1.57	301,297,282 ^(a)	31.87	14,831,056	1.67	301,297,282 ^(a)	33.87
Rubber Thread Industries (M) Sdn Berhad	192,121,000	20.32	7,708,800 ^(b)	0.81	192,121,000	21.60	7,708,800 ^(b)	0.87
Keen Capital Investments Limited	76,770,682	8.12	-	-	76,770,682	8.63	-	-
Camasia Limited	1,485,600	0.16	199,829,800 ^(c)	21.14	1,485,600	0.17	199,829,800 ^(c)	22.46
Laju Riang Sdn Bhd	-	-	199,829,800 ^(c)	21.14	-	-	199,829,800 ^(c)	22.46
Cam Property (Malaysia) Sdn Bhd	-	-	199,829,800 ^(c)	21.14	-	-	199,829,800 ^(c)	22.46

Notes:

^{^1} Based on 988,352,102 issued shares minus 43,046,300 treasury shares retained by the Company.

^{^2} Based on 889,516,892 issued shares

(a) Deemed interest by virtue of his interest in Rubber Thread Industries (M) Sdn Berhad, Lanai Etika Sdn Bhd, Keen Capital Investments Limited, PRT Capital Pte Ltd and Camasia Limited pursuant to Section 8 of the Companies Act, 2016 ("the Act").

(b) Deemed interest by virtue of its interest in Lanai Etika Sdn Bhd pursuant to Section 8 of the Act.

(c) Deemed interest by virtue of its interest in Rubber Thread Industries (M) Sdn Berhad and Lanai Etika Sdn Bhd pursuant to Section 8 of the Act.

(d) Deemed interest by virtue of his mother's shareholdings in the Company.

(e) Deemed interest by virtue of his spouse's and children's shareholdings in the Company.

6. PURCHASE, RESALE OR CANCELLATION OF SHARES

As at the LPD, MFCB purchased a total of 43,046,300 MFCB Shares and all being held as treasury shares. None of the treasury shares were resold or transferred or cancelled in the preceding 12 months.

The details of MFCB Shares purchased by the Company in the preceding 12 months from LPD were as follows:

Date of Purchase	No. of Shares Purchased	Purchase Price (RM)			Total Consideration (RM)
		Lowest	Highest	Average	
23 November 2021	255,000	3.51	3.51	3.52	898,436.42
24 November 2021	63,000	3.539	3.539	3.56	223,975.88
25 November 2021	73,000	3.50	3.54	3.55	258,811.10
26 November 2021	137,000	3.41	3.47	3.46	474,125.00
29 November 2021	121,700	3.36	3.47	3.44	419,032.85
30 November 2021	43,000	3.46	3.50	3.52	151,230.43
1 December 2021	65,000	3.48	3.48	3.51	227,906.49
2 December 2021	23,000	3.44	3.51	3.50	80,516.10
6 December 2021	131,000	3.41	3.48	3.47	454,486.12
7 December 2021	58,000	3.45	3.49	3.49	202,539.41
8 December 2021	65,500	3.49	3.57	3.55	232,379.28
9 December 2021	43,000	3.54	3.57	3.58	154,127.48
10 December 2021	60,000	3.52	3.55	3.57	214,195.79
13 December 2021	65,400	3.53	3.55	3.57	233,503.43
14 December 2021	35,700	3.51	3.56	3.56	127,067.82
15 December 2021	45,500	3.52	3.56	3.57	162,284.58
16 December 2021	69,000	3.53	3.54	3.56	245,643.63
17 December 2021	27,900	3.52	3.53	3.56	99,251.58
20 December 2021	20,000	3.53	3.55	3.57	71,407.50
21 December 2021	43,900	3.49	3.53	3.54	155,263.17
22 December 2021	101,000	3.48	3.53	3.53	356,323.76
23 December 2021	20,100	3.50	3.51	3.54	71,165.65
24 December 2021	27,000	3.51	3.52	3.54	95,737.84
27 December 2021	38,000	3.51	3.54	3.55	134,845.29
28 December 2021	25,000	3.52	3.53	3.55	88,869.13
29 December 2021	116,000	3.50	3.54	3.54	410,655.56
30 December 2021	75,000	3.50	3.51	3.53	265,102.83
31 December 2021	89,000	3.50	3.51	3.53	314,076.52
8 March 2022	70,000	3.34	3.38	3.39	237,380.22
9 March 2022	45,000	3.40	3.43	3.44	154,748.27

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of MFCB as traded on the Main Market of Bursa Securities for the past 12 months from April 2021 to March 2022 were as follows:

2021	High (RM)	Low (RM)
April	3.69	3.495
May	3.80	3.36
June	3.86	3.37
July	3.66	3.48
Aug	3.72	3.52
Sept	3.69	3.45
Oct	3.72	3.50
Nov	3.65	3.32
Dec	3.65	3.39
2022		
Jan	3.64	3.50
Feb	3.63	3.50
March	3.75	3.33

The last transacted market price of MFCB Shares as at 31 March 2022 was RM3.72

8. PUBLIC SHAREHOLDING SPREAD

The Board is mindful of the requirement that the Proposed Renewal must not result in the number of MFCB Shares which are in the hands of the public falling below 25% of the total issued shares of MFCB, excluding treasury shares.

As at LPD, the public shareholding spread of the Company was 559,081,652 MFCB Shares, representing 56.57% of the total issued shares of 988,352,102 issued shares minus 43,046,300 treasury shares retained by the Company.

9. IMPLICATIONS RELATING TO THE CODE

The Malaysian Code on Takeover and Mergers 2010 (“the Code”) requires a person, together with persons acting in concert with him (“PACs”), holding more than 33% but less than 50% of the voting shares of a company and who as a result of a purchase by the company of its own voting shares, increases their holdings in any period of 6 months by an additional 2% or more of the voting shares of the Company, to undertake a mandatory take-over offer on the remaining shares not already owned by them.

Mr Goh Nan Kioh (“GNK”) is a Director and major shareholder of the Company and together with his PACs have direct and indirect equity interest of more than 33% but less than 50% of the voting shares in the Company.

The Proposed Renewal, if fully exercised, will require GNK and his PACs to undertake a mandatory take-over offer for the remaining shares in the Company not already owned by them. The Directors shall take all necessary steps to ensure that the Proposed Renewal when implemented, will not result in the holdings of GNK and his PACs exceeding 2% of the voting shares of the Company within any period of 6 months as provided under the Code.

Should such circumstances arise and if required, GNK and his PACs will seek the approval of the Securities Commission Malaysia for a waiver from the obligation to undertake a mandatory take-over offer under the Practice Note of the Code.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OR PERSONS CONNECTED TO THEM

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal, none of the Directors, substantial shareholders of the Company or persons connected to them, have any interest, direct or indirect, in the Proposed Renewal and resale of treasury shares, if any.

11. APPROVAL REQUIRED

The Proposed Renewal is conditional upon the approval of shareholders at the 56th AGM of the Company.

12. DIRECTORS' RECOMMENDATION

The Board, having taking into consideration all aspects of the Proposed Renewal, is of the opinion that the Proposed Renewal is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal to be tabled at the 56th AGM.

Yours faithfully,
For and on behalf of the Board of
MEGA FIRST CORPORATION BERHAD

GOH NAN KIOH
Executive Chairman

APPENDIX I

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of Directors. The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

2. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of MFCB during normal business hours between Mondays and Fridays (except public holidays) from the date of this Statement up to the date of the AGM (i) the Constitution of the Company; and (ii) the Audited Consolidated Financial Statements of the Company for the past two (2) financial years ended 31 December 2020 and 2021.