

**MEGA FIRST CORPORATION BERHAD**

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

**MINUTES OF THE 56<sup>TH</sup> ANNUAL GENERAL MEETING HELD VIRTUALLY AT THE BROADCAST VENUE AT THE 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.**

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**PRESENT:**

At Broadcast Venue:

Mr Goh Nan Kioh *Chairman*  
Mr Khoo Teng Keat  
Mr Yeow See Yuen  
Ms Foo Wen Yunn *Company Secretary*

Via Video-conferencing

Mr Tay Kheng Chiong  
Mr Goh Nan Yang  
Ms Goh Mei Sze  
Dato' Koh Hong Sun  
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir  
Prof. Dato' Dr. Tan Hui Ming  
Datin Jeyanthini a/p M. Kannaperan  
Mr. Jesper Bjorn Madsen  
Mr Neo Hong Chee *Financial Controller*  
Mr Oon Kien Hoe *Partner, Crowe Malaysia PLT (External Auditors)*

175 shareholders and 23 proxies as recorded on the attendance list.

**1. PRELIMINARY**

Mr Goh Nan Kioh who is the Chairman of the Board of Directors, took the Chair at 10:00 a.m. He welcomed everyone to the virtual AGM conducted via Remote Participation and Electronic Voting Facilities ("RPEV") at the broadcast venue.

**2. NOTICE OF MEETING**

The notice convening the 56<sup>th</sup> Annual General Meeting ("the Meeting") issued on 28 April 2022, which was available at the Company's website and circulated within the prescribed period, was taken as read.

**3. QUORUM**

The Secretary confirmed that there is a quorum for the Meeting and the notice convening the meeting has been given to members and advertised in the newspapers within the prescribed period. The requisite quorum being present, the Chairman called the Meeting to order at 10:05 a.m.

**4. INTRODUCTION OF THE BOARD MEMBERS**

The Chairman introduced the Board Members, the Financial Controller and the External Auditor, who were present at the Broadcast Venue as well as in attendance via video conferencing.

**5. POLL VOTING**

The Chairman informed that all resolutions set out in the notice of the Meeting would be voted by way of poll pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman also informed that the Company has appointed Boardroom Share Registrars Sdn Bhd ("**Boardroom**") as Poll Administrator to conduct the poll voting electronically while Sky Corporate Services Sdn Bhd has been appointed as Scrutineers to verify the poll results.

A short video by Boardroom was displayed to demonstrate the process of online voting conducted via the RPEV Facilities at <https://meeting.boardroomlimited.my>. The voting had commenced from the start of the Meeting at 10.00 a.m.

**6. DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The Chairman informed that the Audited Financial Statements for the financial year ended 31 December 2021 ("FY2021") together with the Reports of the Directors and Auditors has been circulated to all members within the prescribed period.

He explained that the audited financial statements for FY2021, were for discussion only under Agenda 1 as it did not require shareholders' approval. Hence, it would not be put for voting.

**7. RESOLUTIONS**

The Chairman proceeded to put forward the resolutions as set out in the Notice of AGM for shareholders and proxy holders to consider and vote as follows:

i) Resolution 1

Payment of Directors' Remuneration (including Directors' fees) to the Non-Executive Directors in respect of the financial year ending 31 December 2022 up to an aggregate amount of RM650,000, from 25 May 2022 until the next AGM.

ii) Resolution 2, 3, 4 and 5

Re-election of Mr Yeow See Yuen (Resolution 2), Mr Khoo Teng Keat (Resolution 3), Professor Dato' Dr. Tan Hui Meng (Resolution 4) and Datin Jeyanthini a/p M. Kannaperan (Resolution 5), in accordance Clause 118 of the Company's Constitution.

iii) Resolution 6

Re-appointment of Crowe Malaysia PLT as Auditors of the Company.

- iv) Resolution 7 and 8  
Retention of Dato' Koh Hong Sun and Mr Yeow See Yuen as Independent Directors until the conclusion of the next AGM.
- v) Resolution 9  
Authority to issue shares of the Company, not exceeding 10% of the total issued shares of the Company.
- vi) Resolution 10  
Proposed Renewal of Share Buy-Back Authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company, of which the details of the proposal were set out in the Share Buy-Back Statement dated 28 April 2022.

## **8. QUESTIONS RELATED TO RESOLUTIONS**

The Chairman invited questions related to the above resolutions. As there were no questions related to resolutions were received, the Chairman informed that management will further address other questions after the Company's presentation.

## **9. ANY OTHER BUSINESS**

The Chairman informed that there was no other business to be transacted of which due notice had been given in accordance with the Companies Act 2016.

## **10. POLLING THROUGH REMOTE PARTICIPATION AND VOTING**

The Chairman announced that the Chairman urged the shareholders and proxy holders who had not voted to cast the votes accordingly. The voting session was opened for 10 minutes.

## **11. POLL VERIFICATION / PRESENTATION BY EXECUTIVE DIRECTOR**

The Chairman informed that the verification of votes cast by the Scrutineers would take approximately 25 minutes. The Meeting would resume upon completion of the verification.

## **12. PRESENTATION BY THE EXECUTIVE DIRECTOR**

Whilst waiting for poll verification to complete, the Chairman invited Mr Khoo Teng Keat, the Executive Director, to deliver a presentation of the Company's highlights for the financial year ended 31 December 2021, which covered the Group Performance Review, background information and updates of Renewable Energy Division, Packaging Division, Resources Division, Investment in Joint Venture Edenor Technology Sdn Bhd and Plantation.

A copy of the presentation slide is annexed herein and marked as Appendix I.

**13. QUESTIONS & ANSWERS (“Q&A”) SESSION**

The Chairman proceeded with the Q&A session.

- a) The Company had received on 4 May 2022 received questions from the Minority Shareholders Watch Group (“MSWG”), of which the Company has responded to MSWG on 23 May 2022. Mr Khoo Teng Keat presented a summary of the MWSG’s questions and responses. A copy of the presentation slide is annexed herein and marked as Appendix II.
- b) The Company had also received a pre-submitted question from a shareholder. A copy of the presentation slide is annexed herein and marked as Appendix III.
- c) The Management proceeded to attend to questions received real-time. The questions and responses are annexed herein and marked as Appendix IV.

**14. ANY OTHER BUSINESS**

The last item on the agenda for the meeting was to transact any other business that may be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act, 2016 and the Company’s Constitution. The Meeting noted that no notice of any other business for transacting at the meeting was received.

**15. VOTING RESULTS**

The Chairman called the meeting to order for the declaration of the poll results. The poll results were flashed on the screen, a copy of which is annexed herein and marked as Appendix V. The Chairman announced that all resolutions were duly passed by shareholders of the Company.

**16. TERMINATION**

As all business was completed, the Chairman concluded the meeting at 11.42 a.m. The Chairman thanked all present on-site and virtually for their attendance.

**CONFIRMED AS A CORRECT RECORD:**

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**CHAIRMAN**

**MFCB**

# ANNUAL GENERAL MEETING – 25 MAY 2022

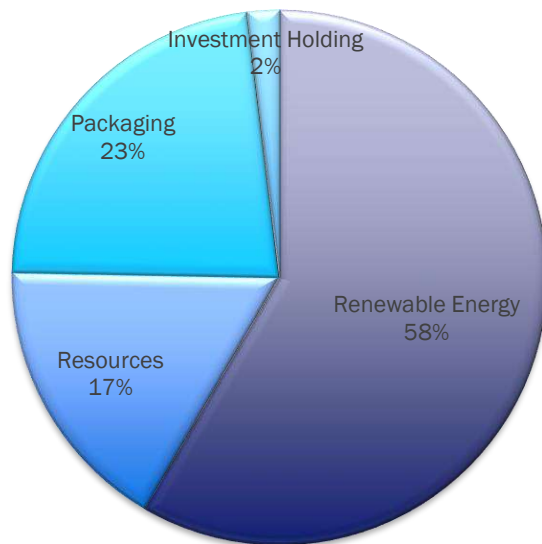


# AGENDA

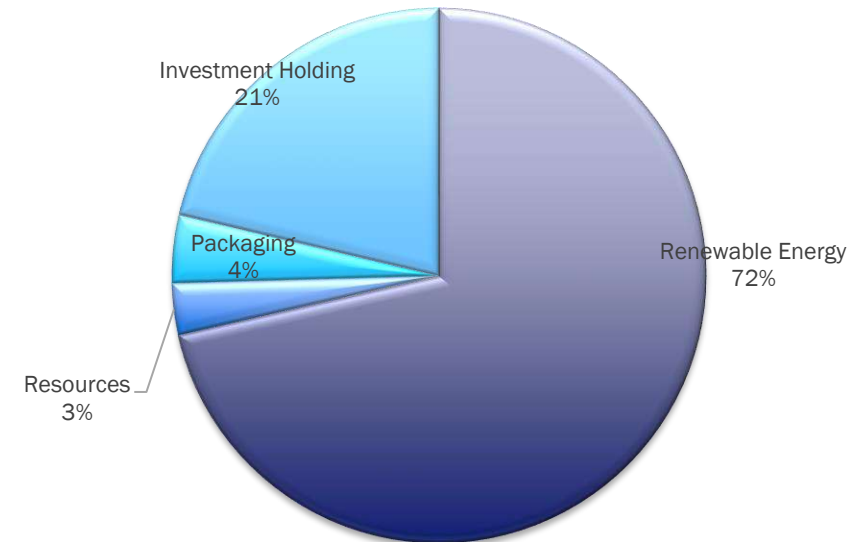
1. 2021 Review
2. Renewable Energy Division
3. Packaging Division
4. Resources Division
5. Investment in joint venture Edenor Technology
6. Plantation update

# REVENUE & EARNINGS – 2021

Revenue - 2021 (RM914.7 million)



PBT - 2021 (RM539.6 million)



# REVENUE & EARNINGS BREAKDOWN

	2021 RM'000	2020 RM'000	% change
<b>Revenue</b>			
Renewable Energy	533,864	510,214	4.6%
Packaging	208,217	97,775	113.0%
Resources	154,880	142,819	8.4%
Investment holding & others	17,712	16,318	8.5%
<b>Total Revenue</b>	<b>914,673</b>	<b>767,126</b>	<b>19.2%</b>
<b>PBT</b>			
Renewable Energy	385,585	372,086	3.6%
Packaging	22,219	9,461	134.8%
Resources	16,725	18,766	-10.9%
Investment holding & others	115,051	(11,048)	NM
<b>Total PBT</b>	<b>539,580</b>	<b>389,265</b>	<b>38.6%</b>
<b>Income Tax</b>	<b>(8,915)</b>	<b>(11,085)</b>	<b>-19.6%</b>
<b>PAT</b>	<b>530,665</b>	<b>378,180</b>	<b>40.3%</b>
<b>PAT attributable to owners of Company</b>	<b>462,330</b>	<b>321,290</b>	<b>43.9%</b>



# 2021 REVENUE & EARNINGS REVIEW

Division	Remarks
<b>Renewable Energy</b> <b>Revenue +4.6%</b> <b>PBT +3.6%</b>	<ul style="list-style-type: none"> <li>Hydro energy sales +3.9%. Solar energy sales – RM4.0m from RM0.2m in 2020.</li> <li>Don Sahong – 2021 EAF was 91% (vs 86% in 2020) due to a higher average water levels and improvements made to water flow management.</li> <li>PBT +3.6% due to higher energy sales, partially offset by the absence of RM8.2m income from the write back of over-accrued project cost in 2020. Excluding this, PBT would have +6.0%.</li> </ul>
<b>Packaging</b> <b>Revenue +113.0%</b> <b>PBT +134.8%</b>	<ul style="list-style-type: none"> <li>Revenue +113% – 5-month sales contribution from Stenta and 27.8% growth in Hexachase’s revenue due to increasing sales penetration in both the domestic and export markets.</li> <li>PBT +133.7% – 5-month consolidation of Stenta and 17.8% PBT growth from Hexachase as margin was impacted by higher raw material costs, which could not be fully passed on to its customers.</li> </ul>
<b>Resources</b> <b>Revenue +8.4%</b> <b>PBT -10.9%</b>	<ul style="list-style-type: none"> <li>Revenue +8.4% mainly due to a 5.5% increase in lime products. Sales of the other products +39.2% on demand recovery post more severe MCO measures in 1H2020.</li> <li>Lime product sales volume +5.9% – 19.1% increase in domestic demand (economic activity recovery), partially offset by a 1.5% decline in export volume (escalating shipping costs).</li> <li>Adjusted selling prices to help defray sharp increases in fuel and shipping costs – overall ASP declined marginal by 0.3% as the price adjustment was more than offset by a stronger Ringgit (vs US Dollar) and the effects of a change in the customer sales mix.</li> <li>PBT -10.9% because selling price adjustments and productivity gains arising from higher sales volume were not sufficient to offset a sharp increase in fuel costs and higher kilns repair expenses. The average fuel cost in 2021 was 33.5% higher compared to 2020.</li> </ul>

# RENEWABLE ENERGY

DON SAHONG HYDROPOWER & COMMERCIAL AND INDUSTRIAL SOLAR



# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO





# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO





# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO

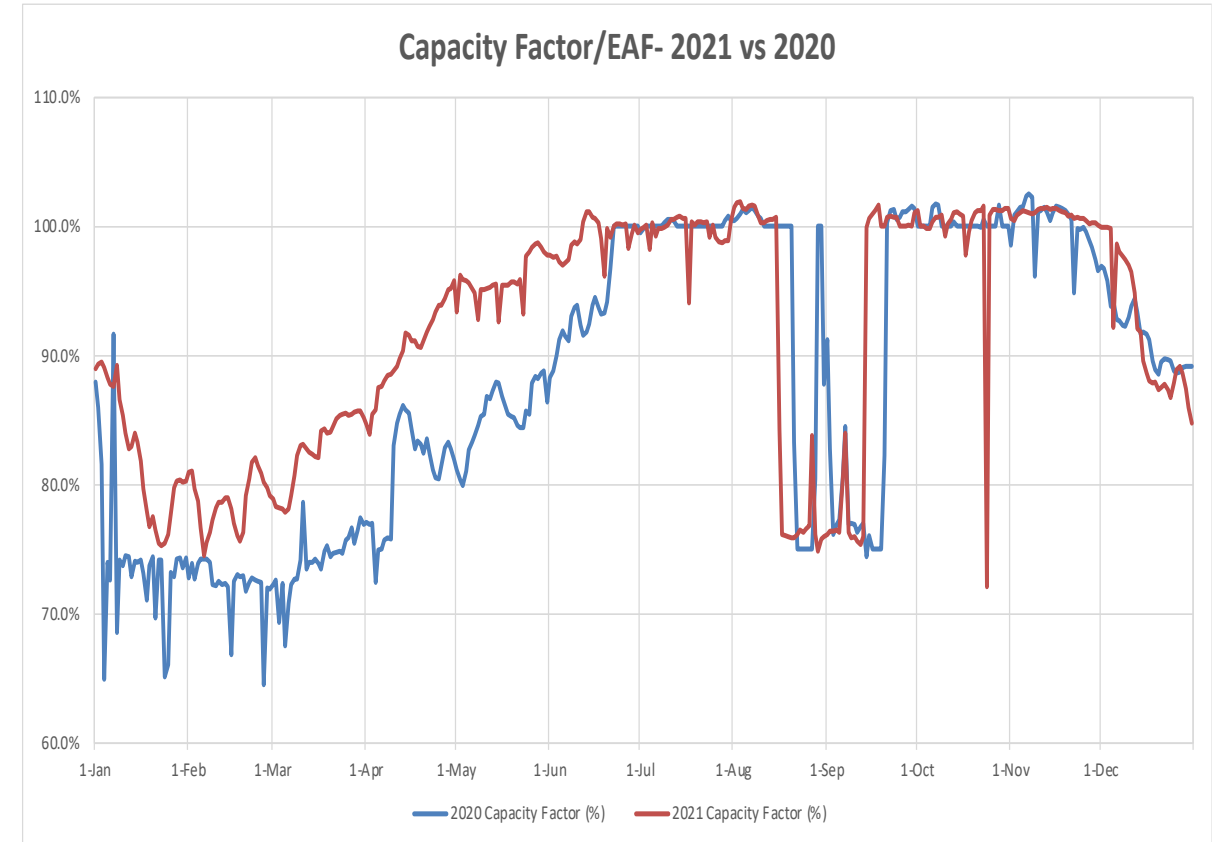
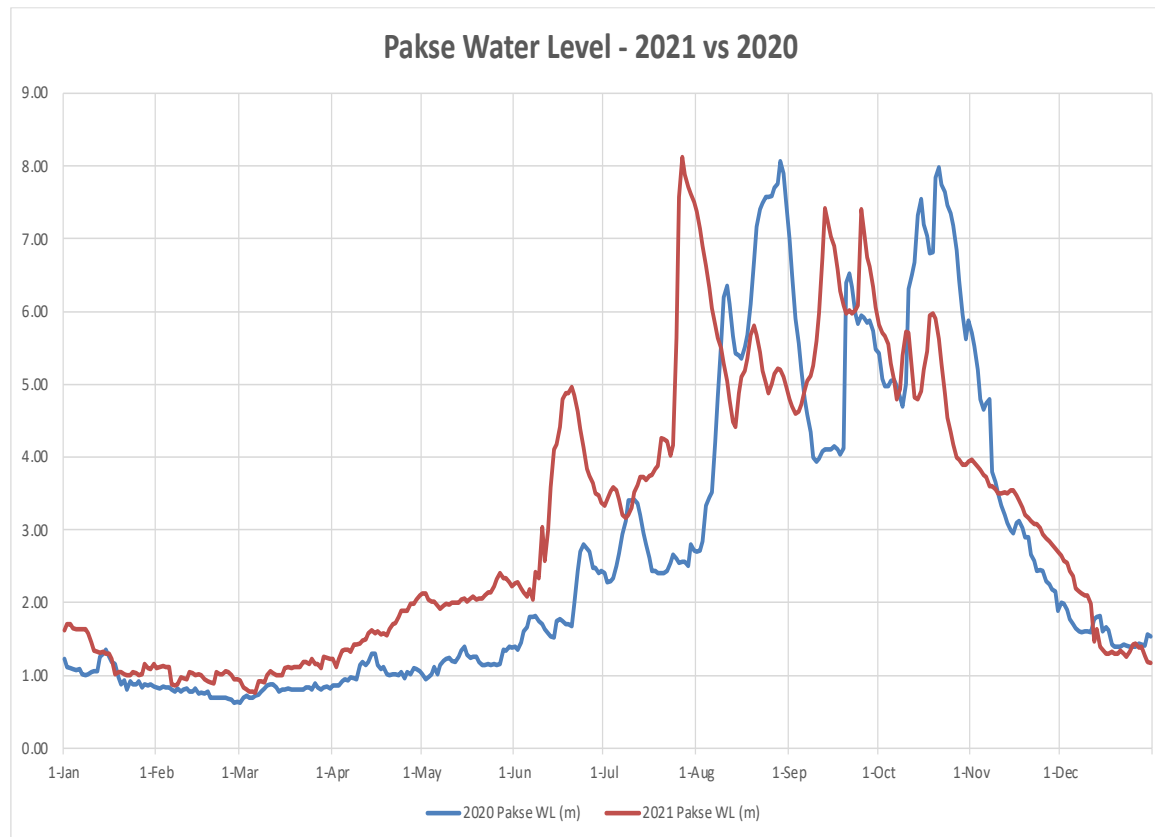


# RENEWABLE ENERGY DIVISION – DON SAHONG

- 260 MW run-of-river hydropower project located on the mainstream of the Mekong River in southern Laos.
- High projected average Energy Availability Factor (EAF) of 89% (2021: 91%) compared to other large hydro of between 40-70%.
- Projected average energy generation 2,028 GWh per annum (based on base case 89% EAF).
- Based on 80 years hydrology data, projected EAF fluctuation +/- 3% from base case.
  - Location advantage providing relatively consistent yearly water flow rate.
- Nearly all power evacuated to Cambodia via two G-to-G PPA contracts signed in 2019 totalling almost 700 MW.
- Smooth revenue collection. Receivable turnover averaging 4-5 months.

# RENEWABLE ENERGY DIVISION – DON SAHONG

## Don Sahong: 2021 Year to date Pakse Water Level and EAF





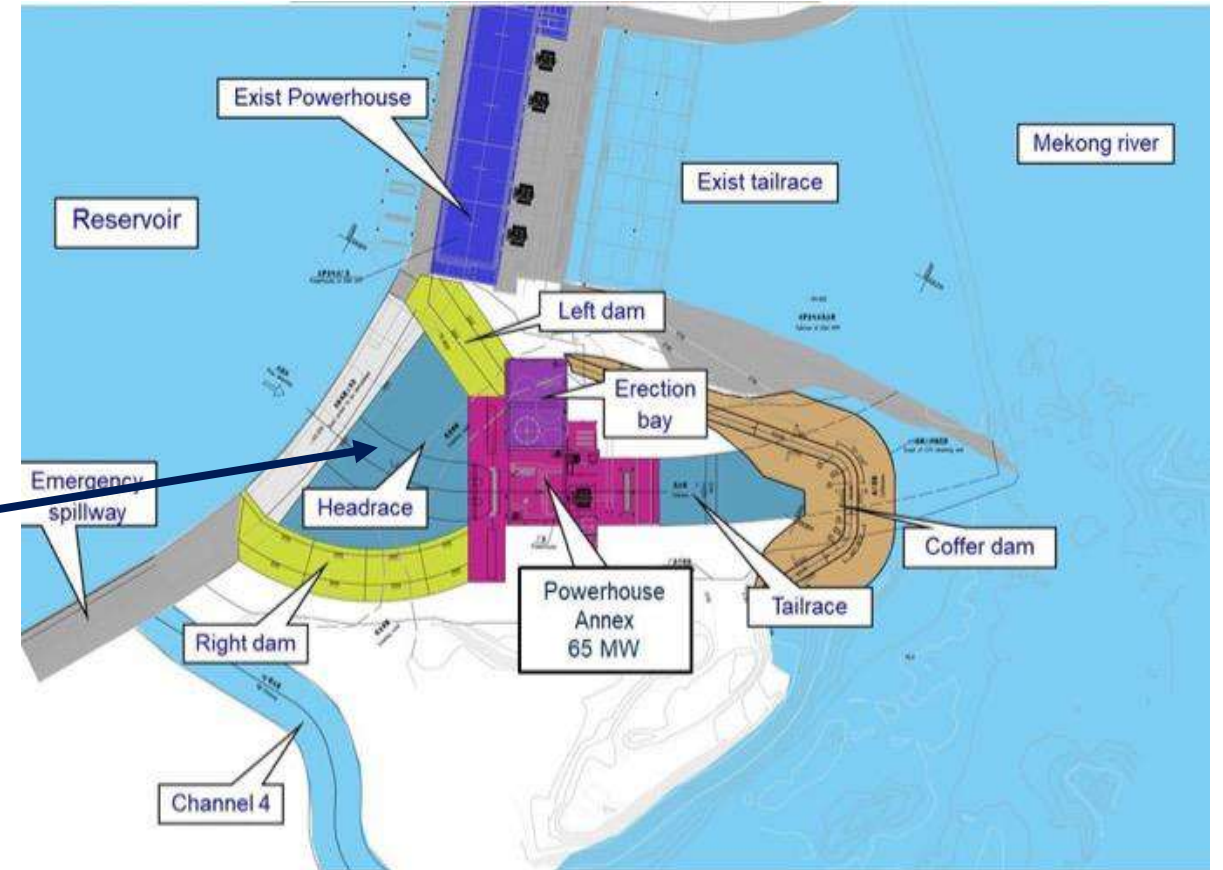
# RENEWABLE ENERGY DIVISION – EXPANSION

## New Projects On Hand

- 65 MW 5<sup>th</sup> turbine expansion of Don Sahong costing approx. US\$65-70 million or approx. US\$1-1.1mil/MW (vs US\$1.4 mil/MW for the first 4 turbines). Construction commenced in Dec 2021. Expected completion in 3Q2024. Expected EAF 41%.
- Secured 27.4 MW C&I solar projects. 6.3 MW estimated completion Aug/Sep 2022. Balance 20.7 MW to be progressively completed over 18 months.
- On-going efforts to secure new C&I rooftop solar projects. Plan 15-20MW addition a year.



# RENEWABLE ENERGY DIVISION – 5<sup>TH</sup> TURBINE CONSTRUCTION PROGRESS



# RENEWABLE ENERGY DIVISION – 5<sup>TH</sup> TURBINE CONSTRUCTION PROGRESS

DECEMBER 2021



MAY 2022



FEBRUARY 2022



MAY 2022





# RENEWABLE ENERGY DIVISION – 5<sup>TH</sup> TURBINE CONSTRUCTION PROGRESS



# RENEWABLE ENERGY DIVISION – PROSPECTS FOR 2022

## Hydro Power (Don Sahong)

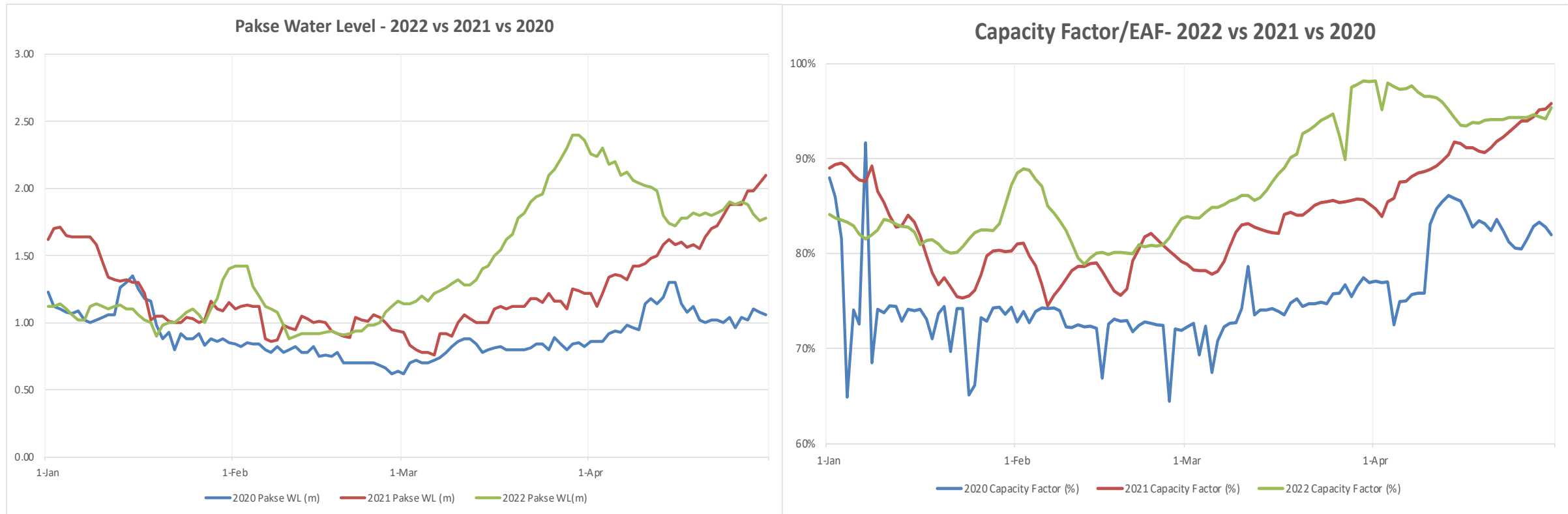
- Average 2021 EAF 91.0% (2020: 86.4%).
- Since Feb 2022, Pakse water level has been above long term average due to higher rainfall.
- Based on the ytd generation data, 2022 EAF should be higher than 2021.
- 5<sup>th</sup> turbine construction progressing on schedule. Estimated completion in 3Q2024.

## Solar Power (C&I projects)

- Full year contribution from 14.5 MW completed projects at 31 Dec 2021.
- Progressive commissioning of secured new projects:
  - 6.3 MW in Aug/Sep 2022;
  - 20.7 MW over next 18-month period.
- On-going effort to add 15-20 MW per annum.

# RENEWABLE ENERGY DIVISION – DON SAHONG

Don Sahong: Jan to Apr 2022 Pakse Water Level and EAF



# RENEWABLE ENERGY DIVISION – CURRENT PORTFOLIO

Completed capacity: 275 MW

Hydro: 260 MW

Solar: 15 MW

Capacity secured/under construction: 92 MW

Hydro: 65 MW

Solar: 27 MW

Total Capacity: 367 MW

Hydro: 325 MW

Solar: 42 MW



# PACKAGING

## PAPER BAGS AND FLEXIBLE PACKAGING PRODUCTS



# PACKAGING DIVISION

The division currently manufactures and sells paper bags, flexible plastic packaging, and stickers and labels.

## Global trends:

- Consumers and our customers, notably the MNCs, are increasingly concerned with the damaging impact of packaging solutions to the environment.
- As a result, the world is increasingly making a conscientious shift towards using recyclable and environmentally friendly packaging materials.
- Examples of demand shift:
  - 1) Plastic bags → Paper bags
  - 2) Hard plastic containers → Light weight flexible plastic wrappers/pouches
  - 3) Multi-family-material → Single-family-material flexible plastic packaging



# PACKAGING DIVISION – PRODUCT RANGE

**Biscuit Packaging  
BOPP20/MBOPP18**



**Biscuit Packaging  
PET/MCPP**



**Beverage Packaging  
PET/MPET/LLDPE  
PET/PE/ALUM/LLDPE**



**Wafer Packaging  
BOPP/CPP**



**Sauce Packaging  
PET/ALUM/LLDPE**



**Bread Packaging  
BOPP/CPP**



**Outer Bag Packaging  
Matte BOPP20/WCPP50**



**Snack Packaging  
BOPP/MBOPP/LLDPE**



**Tea Packaging  
BOPP/MBOPP/CPP**



**Wafer Packaging  
BOPP/MBOPP**



**Sauce Packaging  
BOPA/LLDPE**



**Wicketed Bags  
KPET/LLDPE**



**Cake Packaging  
PET/MCPP**



Layer Cake

**Detergent Packaging  
PET/White LLDPE**



**Electronic Packaging  
BOPP/ALUM/LLDPE**



# PACKAGING DIVISION – PRODUCT RANGE



***Flat & Satchel  
Bags***

***Window  
Bags***

***Wrapper***

***Can End  
Sleeve***

***SOS Bag***

***Handle Bag***





# PACKAGING DIVISION – PRODUCT RANGE

## Beverage Labels



## Lubricants Labels



## General Labels



## Header Cards and Tag



## Silkscreen Labels



## Pharmaceutical Labels



## Security Labels



## Electronic Labels



# PACKAGING DIVISION – CUSTOMER BASE



PHILIP MORRIS  
INTERNATIONAL



UNAHCO, INC.  
UNIVET NUTRITION & ANIMAL HEALTHCARE COMPANY, INC.



# PACKAGING DIVISION – FINANCIAL HIGHLIGHTS

5-Year Earnings Summary					
	2017	2018	2019	2020	2021
	(RM million)	(RM million)	(RM million)	(RM million)	(RM million)
Revenue	51,211	57,433	68,427	97,775	208,217
Profit before tax	740	(4)	(501)	9,461	22,219

# PACKAGING DIVISION – DIFFERENTIATING STRATEGY

- We develop packaging solutions that promote the use of ONLY fully recyclable materials (e.g. paper and mono-family plastic materials).
- Malaysia's first and only manufacturer that only uses 100% toluene-free print ink and solvent-free lamination process to ensure the highest food safety standards.
- Latest state-of-the-art manufacturing line to deliver superior speed, efficiency, flexibility and cost effectiveness.
- Acquisition of Stenta in July 2021 strengthens product development and innovation capabilities and helps improve overall supply chain management.
- Currently serving primarily the F&B sector, there has been initial efforts to expand into the E&E, semiconductor and medical device space.
- Cohesive and experienced management team who are shareholders of the respective subsidiaries.



# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Fuji Kikai Printing Machine

New Fuji Kikai 14 colours Rotogravure Printing Machine commissioned in 1Q2022



# PACKAGING DIVISION – STATE-OF-ART MACHINERY

New Super combi 5000 Lamination Machine



Super Combi 5000





# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Flat Handle Paper Bag Machine



Twisted Handle Paper Bag Machine

# PACKAGING DIVISION – STATE-OF-ART MACHINERY



SOS Machine



Flat & Satchel Bag Machine



# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Reifenhauser LLDPE Line



Vacuum Metallizer

MFCB acquired Stenta in July 2021.

# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Reifenhauser LLDPE Line



Vacuum Metallizer



# PACKAGING DIVISION – STATE-OF-ART MACHINERY



Bruckner OPP Line



High Capacity Roll Slitting and Winding Machine

# PACKAGING DIVISION – EXPANSION PLAN

## Hexachase

- A new mega factory will be constructed on a 10.4-acre industrial land in Melaka.
- Status: Construction to commence before end of 3Q2022. Completion
- When completed, the new factory will add approximately 273,000 sf of total space from approximately 207,000 sf currently.

## Stenta

- A new factory will be constructed on a 6.7-acre land adjacent to its current production site in Bangi, Selangor.
- Status: Phase 1 factory building design done; Construction to commence in 3Q2022.
- When completed, the new factory will add 8 LLDPE and 1 CPP line.

## Combined Annual Revenue Potential

Before capacity expansion ➡ approx. RM450 million

After capacity expansion ➡ approx. RM1.2 billion

# PACKAGING DIVISION – PROSPECTS FOR 2022

- Full year contribution from Stenta (2021: 5 months).
- Stenta currently operating at near capacity.
- Hexachase to grow faster than 2021 (2021: Revenue +28%; PBT +18%).
- Bolstered by new production capacities (2021/2022) and increasing demand from existing and new customers, from both domestic and export markets.
- Expected improving PBT margin of Hexachase (2021: 8.6%) on productivity and efficiency gains.
- Hexachase's new production capacities in 2021/2022 expected to be fully taken up by 2023.
- New factories to be built by Stenta and Hexachase (estimated completion 1H2023) to support next 5-year growth roadmap.

# RESOURCES

LARGEST QUICKLIME PRODUCER IN MALAYSIA





# RESOURCES DIVISION



# RESOURCES DIVISION - PROFILE

- Largest quicklime producer in Malaysia with 1,960 tonne per day installed kiln capacity.
- Owned one of the largest limestone reserves, sufficient for more than 100 years supply.
- Wide industrial applications: steel, mining, pulp and paper, agriculture, construction material, clean water, waste treatment etc.
- No available substitute.
- 2015-2018: Completed massive expansion plan. +160% increase in kiln capacity  
760 tonnes  1,960 tonnes per day
- Current plant utilisation rate approx. 80%
- Estimated 2021 sales volume: approx. 440,000 tonnes.
- Domestic 40%; export 60%.

# RESOURCES DIVISION – PROSPECTS FOR 2022

- Expected higher top line in 2022, barring further economic disruption from Covid-19 and transport disarrangement.
- Domestic volume expected to continue to benefit from a gradual recovery in economic activities.
- Export volume, after declining 1.5% in 2021, projected to rebound following successes in diverting lost export volume to the other less affected regional markets.
- Further cost inflation expected in 2022, mainly from higher fuel, electricity, transport and labour costs due to higher minimum wage.
- Management to continuously review pricing strategy and seek ways to improve production efficiencies to mitigate these cost pressures.



# INVESTMENT IN EDENOR TECHNOLOGY



# INVESTMENT IN EDENOR TECHNOLOGY

- A 50:50 JV between MFCB and 9M Technology Sdn Bhd (RM40 million paid up capital).
- Set up to acquire Emery's Asia Pacific oleochemical business from Sime Darby Plantation Berhad and PTT GC International Limited ("Acquisition").
- The Acquisition was completed on 1 November 2021 at an Initial Purchase Price of RM38 million.
- The Purchase Price was subsequently adjusted down to RM12.6 million post EY review (Final Purchase Price).

## Who is 9M Technology?

- Founded by a team of senior oleochemical specialists led by Mr AK Yeow, 9M Technology will be primarily responsible for the management of the oleochemical business.
- Mr AK Yeow, a chemist by training and retired from KL Kepong Berhad as the MD of the oleochemical division in 2018, has more than 35 years of experience in the oleochemical industry.



# INVESTMENT IN EDENOR TECHNOLOGY

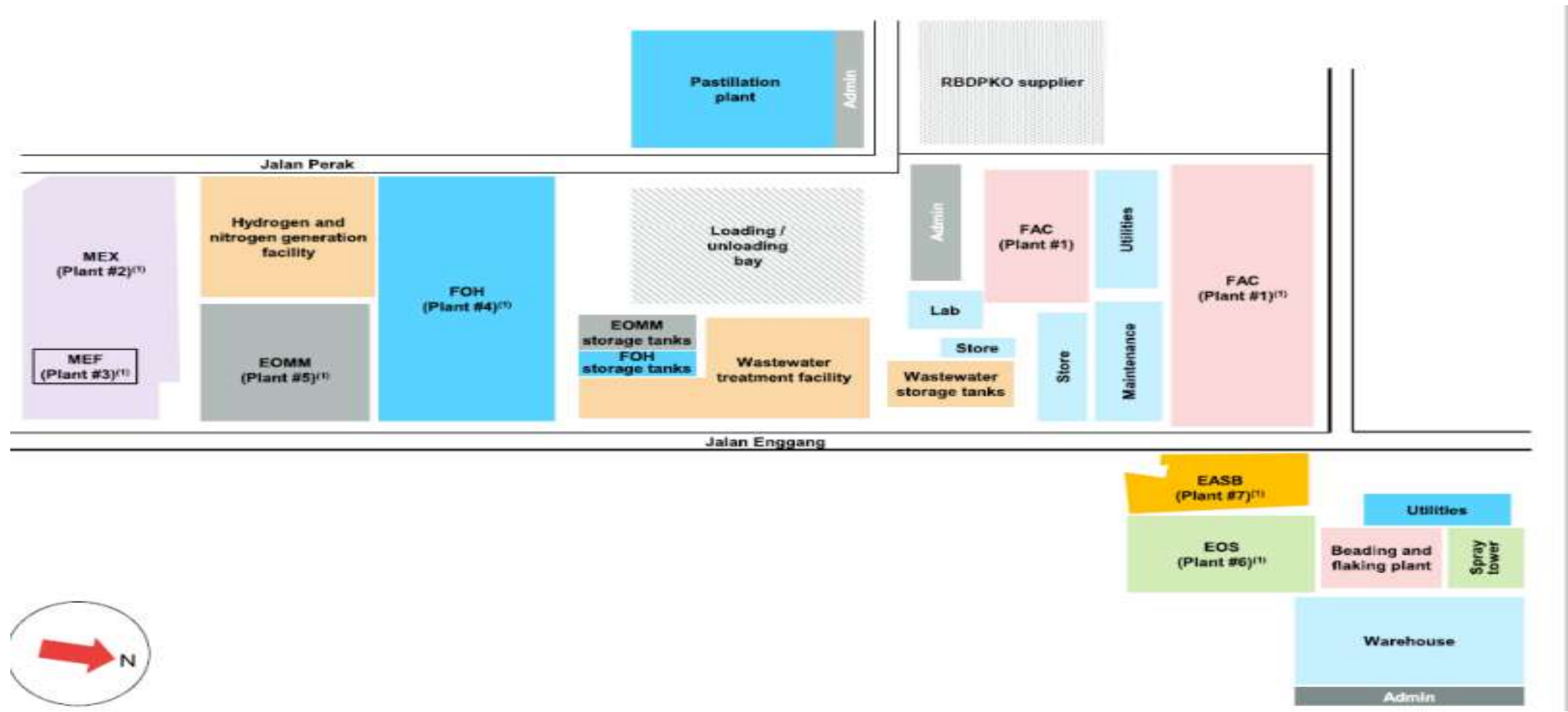
## Emery's Asia Pacific business

- Integrated 300,000-tonne per annum capacity oleochemical complex on a 34-acre site at Telok Panglima Garang.
- Produces both basic oleo products and specialty chemicals for both the domestic and export markets.
- Original plant cost: > RM1.1 billion
- Plant book value @ 31 Oct 2021: approx. RM430 million
- Plant Acquisition Value: RM73 million (including Land & Building valued at RM151 million)
- Potential annual revenue: RM1.5 billion.
- Pre-acquisition estimated loss: RM70-75 million a year (2019-2020).

# INVESTMENT IN EDENOR TECHNOLOGY – PLANT SITE



# INVESTMENT IN EDENOR TECHNOLOGY – PLANT LAYOUT





# INVESTMENT IN EDENOR TECHNOLOGY – TPG PLANT





# INVESTMENT IN EDENOR TECHNOLOGY – TURNAROUND STRATEGY

- Full set of new management team in place.
- Major cultural and operational transformation underway.
- Management is confident of turning around the business in 2022.

## Key turnaround strategies:

- Simplify management processes: leaner, and more responsive and effective.
- Revamp purchasing, lower cost of goods/services: contract renegotiation, review supplier lists.
- Raise capacity utilization, debottlenecking, plant modification, process improvements.
- Improve plant efficiencies by minimising plant shutdown.
- Monitoring of raw material prices and selling prices of finished goods to achieve a desired margin targets using hedging tools, where necessary.
- Comprehensive review of staffing requirements to reduce excesses and raise staff productivity.

# PLANTATION

MONDULKIRI, CAMBODIA



# PLANTATION UPDATE

## 1) Background

- Main crops: coconuts & macadamia
- Cumulative investment as at 31 Mar 2022: RM100 mil (including land cost)

## 2) Land

- 50-year concession on 6,420 hectares
- Est. plantable area: 4,500 hectares
- Cumulative area planted as at 31 Dec 2021: 2,159 Ha
  - (i) Coconut: 1,862 Ha
  - (ii) Macadamia: 293 Ha
  - (iii) Others: 4 Ha

## 3) Plans

- Planned planting in 2022: 500-550 hectares
- Target to complete planting by end of 2025.
- Evaluating various downstream processing businesses.
- Not expected to contribute positively to earnings until after 2026.



# PLANTATION UPDATE



Coconut planted fields



# PLANTATION UPDATE





# PLANTATION UPDATE



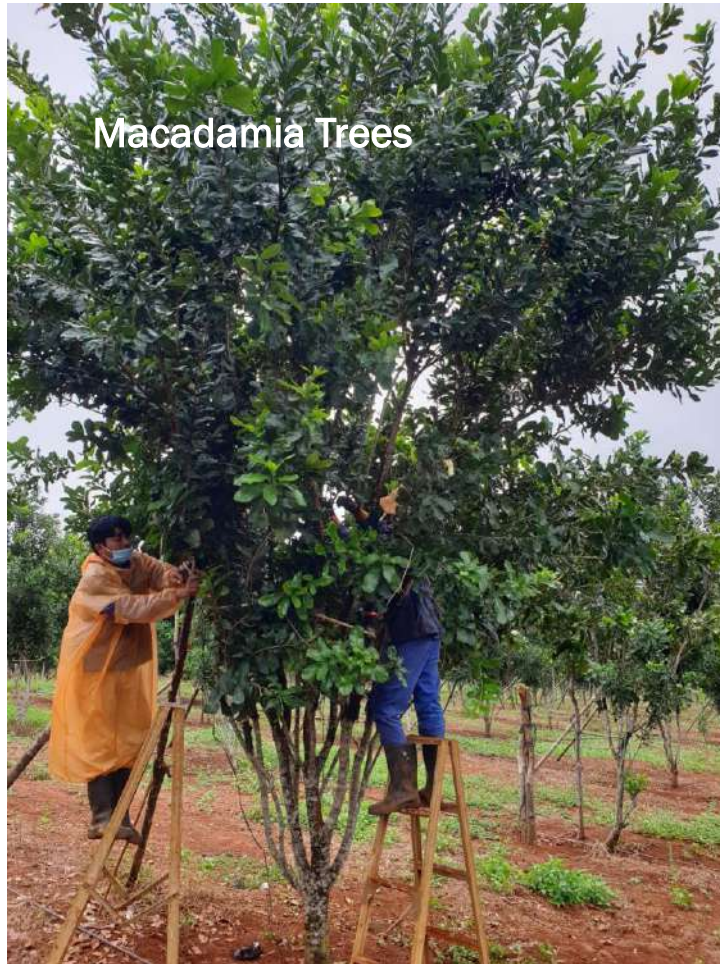


# PLANTATION UPDATE



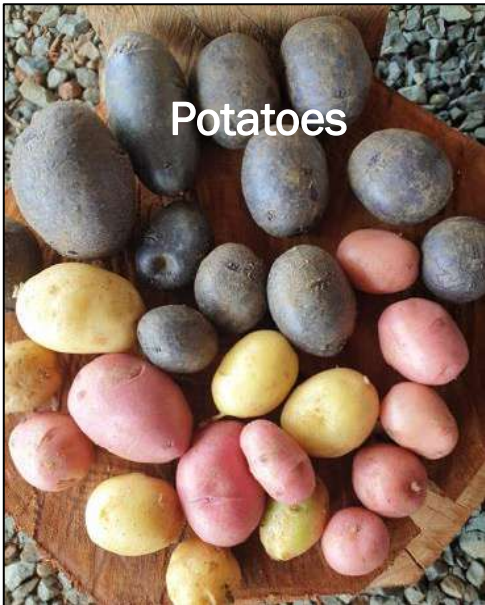
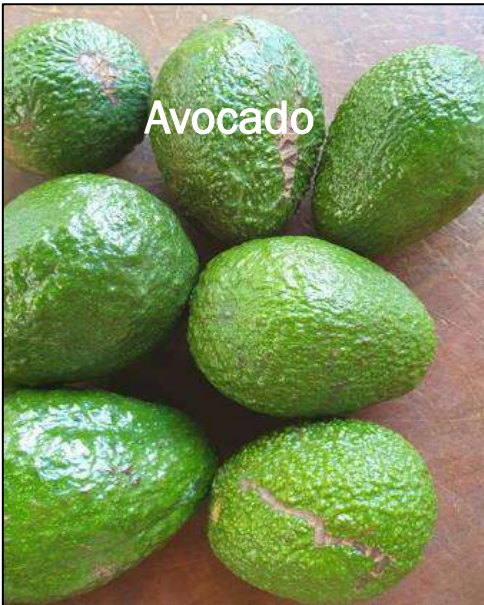
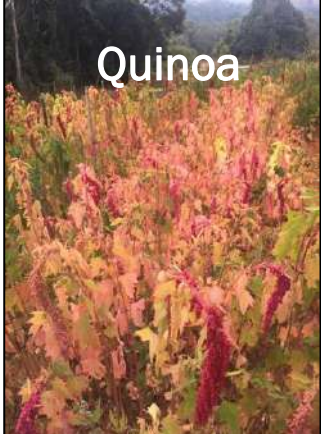


# PLANTATION UPDATE





# PLANTATION UPDATE





# THANK YOU



## **RESPONSES TO MSWG'S QUESTIONS**

### **Operational & Financial Matters**

1. **“The acquisition of Stenta came one year into our ambitious 5-year expansion plans for the Packaging Division that kicked off in 2020. The first step taken was to increase our existing production capacities of paper bags and flexible packaging and this capacity expansion is on track to be completed in 2022. We expect that these added capacities will be fully taken up in 2023. In addition to these increased capacities, we are now in the midst of planning for a new mega factory to be built on a 10.4-acre site in Melaka that was acquired during the financial year. We expect completion of this factory to be in the first half of 2023” (page 15 of FY2021 annual report).**
  - a) **What were the manufacturing capacities/ what will be the potential capacities of biaxially oriented polypropylene film and linear low density polyethylene films under Hexachase Corporation Sdn Bhd, and flexible packaging, paper bags, labels and stockers under Stenta Films (Malaysia) Sdn Bhd i) before the above expansions; ii) after the completion of capacity expansions in 2022; and iii) after the full completion of the new factory expected in 1H2023?**



## **RESPONSES TO MSWG'S QUESTIONS**

### Hexachase Group: Revenue Capacity

- i) Before 2020: about RM120 million per annum.
- ii) After 2020-2022 expansion: about RM280 million per annum.
- iii) Construction of the new factory building on a 10.4-acre land in Melaka is expected to be completed in 1H2023. Subject to prevailing market conditions and demand offtake, the Group intends to progressively add machinery capacity starting from 2H2023 over a 3-year period to 2026. This would raise total revenue capacity of Hexachase Group to approximately RM600 million per annum by 2026.

### Stenta Group (acquired in July 2021) : Revenue Capacity

- i) At time of acquisition: about RM230 million per annum.
- ii) Construction of a new factory building on 6.7-acre land in Bangi, Selangor is expected to be completed in 1H2023. Subject to prevailing market conditions and demand offtake, production capacities are expected to be progressively added starting from 2H2023, over an estimated 3-year period to 2026. Upon completion, this would raise total revenue capacity of Stenta Group to approximately RM600 million per annum.

## **RESPONSES TO MSWG'S QUESTIONS**

- b) How much is the capital expenditure budgeted for i) the capacity expansion targeted to be completed in 2022; and ii) the new mega factory?**

Hexachase Group:

- i) Total expansion budget between 2020-2022: about RM81 million (RM51 million already incurred up to 31 December 2021 with RM30 million balance expected to be incurred in 2022).
- ii) Construction and capacity expansion of the new factory: about RM210 million to be incurred between 2022 and 2026.

Stenta Group:

- i) Construction and capacity expansion of the new factory: about RM150 million to be incurred between 2022 and 2026.

## RESPONSES TO MSWG'S QUESTIONS

- c) On page 38 of the company's 4Q21 results briefing slides uploaded to the company website, the combined annual revenue potential for the packaging division could jump from approximately RM450m to RM1.2b under the 5-year expansion plan. How does the group ensure sufficient new orders could be secured to fill up the new capacities under such aggressive expansion plans?

### Demand Outlook

According to IMARC, a leading market research company, the global flexible packaging market size reached US\$125 billion in 2021 and is expected to grow by a CAGR of 4.5% to US\$162 billion in 2027.

Future Market Insights (FMI), another leading market research company, estimated the global paper bag market at US\$5.2 billion in 2022, and is forecast to grow at a 4.1% CAGR between 2022 and 2030.

## **RESPONSES TO MSWG'S QUESTIONS**

We believe the size and growth prospects of the global flexible packaging and paper bag markets will be able to absorb the Group's planned capacity expansions.

The Group focuses on developing quality, cost-effective, innovative and environmentally friendly packaging solutions for end customers. Our marketing efforts in recent years have made significant progress in securing new customers, including several large multinational companies. Over time, we hope with confidence and trust gained, we will be able to gradually increase the penetration rates of these customers.



## **RESPONSES TO MSWG'S QUESTIONS**

- 2. Edenor Technology Sdn Bhd, a 50%-owned joint venture company of the group, had acquired Emery group of companies, which are in the business of manufacturing and sale of basic and specialty oleochemicals, for a total consideration of approximately RM12.6m. Subsequently, Edenor recorded a total bargain purchase gain amounting to approximately RM250.3m. The key turnaround strategies for the investment in Edenor were shared on page 52 of 4Q21 results briefing slides. When does the Board expect Edenor to turn profitable?**

We expect Edenor to turn profitable in 2022.

- 3. The value of group's investment in quoted shares jumped substantially from RM98.79m in 2020 to RM200.067m. What were the stocks held by the group as at 31 December 2021?**

D&O Green Technologies Bhd (D&O) made up 82.6% or RM165.3 million of the Group's investment in quoted shares at 31 December 2021. The substantial increase in investment in quoted shares from a year ago was primarily due to a sharp increase in D&O's share price.

## **RESPONSES TO MSWG'S QUESTIONS**

**4. As at 31 December 2021, the group had trade receivables and contract assets of RM38.016m past due more than 180 days.**

**a) Which division contributed the most to the trade receivables and contract assets past due more than 180 days, and what was the amount?**

The renewable energy division accounted for 91% or RM34.4 million of trade receivables and contract assets past due more than 180 days.

**b) What were the reasons for the above long overdue trade receivables and contract assets?**

This amount relates to trade receivable in Lao Kip from Electricite du Laos (EDL). Under the Power Purchase Agreement, EDL shall pay Don Sahong Power Company (DSPC) 90% in US Dollar and 10% in Lao Kip for the hydro energy bought from DSPC. The payment of the Lao Kip portion has always been slower.

## **RESPONSES TO MSWG'S QUESTIONS**

### **c) Is the Board confident of full collection of the receivables and contract assets?**

The Board is confident of full collection of the receivables and contract assets.

### **Environment, Social and Governance Matters**

- 5. As investors are increasingly placing more emphasis on Environment, Social and Governance (ESG) performance of companies, they progressively integrate ESG factors in stock valuation. Despite green/ renewable energy segment being the biggest revenue and earnings contributor to the group, what are the reasons for MFCB not being included as a component stock of FTSE4Good Bursa Malaysia Index/ FTSE4Good Bursa Malaysia Shariah Index? Furthermore, the company was rated 1\*, the bottom 25% by ESG Ratings amongst public listed companies in FBM EMAS that have been assessed by FTSE Russell.**



## **RESPONSES TO MSWG'S QUESTIONS**

The Board is fully aware of the importance of sustainable development that provides benefits not only to our businesses but to all our stakeholders as key to safeguarding and enhancing long-term shareholder value.

We believe the historical poor scoring in ESG rating by FTSE Russell was largely due to inadequate documentation, disclosure and communication of the MFCB's ESG strategy and efforts along the lines of the new Global Reporting Initiatives (GRI) Universal Standards (2021) and Bursa Malaysia Main Market Listing Requirements on sustainability reporting.

In order to address this, the company took the initiative to engage an external sustainability consultancy to define a long-term sustainability strategy for MFCB and have put in tremendous efforts in the past 12 months to improve on our reporting standards as can be seen in the 2021 Sustainability Report when compared to that of 2020. We will continue work hard to close any reporting gaps in future reports. We hope that these changes will help improve MFCB's ESG rating moving forwards.

## RESPONSES TO PRE-SUBMITTED QUESTIONS BY SHAREHOLDERS

1. Tey Chin Fui

**Laos' credit rating to has been downgrade in the pass few years, whether it will become a systematic risk to the group?**

DSPC's power is effectively sold to Cambodia under two PPA (totaling almost 700 MW) signed between the governments of Lao and Cambodia. Our counter party risk is therefore Electricite du Cambodge (EDC). We do not foresee any systemic risk arising from the credit rating downgrade.

## RESPONSES TO PRE-SUBMITTED QUESTIONS BY SHAREHOLDERS

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**QUESTIONS RECEIVED FROM  
SHAREHOLDERS OR THEIR PROXIES**

<b><u>No.</u></b>	<b><u>Questions</u></b>	<b><u>Management's Responses</u></b>
1.	<p>1) With regarding to Fifth Turbine project, is there any updates on the power purchasing contract, tax free status, as well as construction profit?</p> <p>2) I noticed that this year Pakse average water level (for the first 5 months) is higher as compared to last year, can we expect higher capacity factor from the power plant for this coming Q1 &amp; Q2?</p> <p>3) Can management update us about the JV on oleochemical?</p> <p>Can the business be turn around to profit by 1st half of current financial year?</p>	<p>We are in the midst of negotiating and finalising the supplemental power purchase agreement (SPPA) and supplemental concession agreement (SCA) with EDL and the Government of Laos for the Fifth Turbine. We are unable to share the commercial terms at this juncture.</p> <p>With regards to the construction profit, it will depend on the commercial terms of the SCA and SPPA and the timing of their conclusion. At this point of time, we do not know if there will be any construction profit.</p> <p>This was covered in the earlier presentation. The capacity factor should be 85% for Q1 whilst Q2 would be more than 95%. Hence for the first half of 2022, we should be reaching 90%, which is very high historically.</p> <p>The update on the oleochemical JV was covered in the earlier presentation.</p> <p>Management is confident of turning around the business this year. The results of 1Q2022 will be released at the end of today, which will show the positive progress of the oleochemical JV.</p>
2.	May I know, what is the company's future Outlook?	The cash flow is very strong. We think we can withstand any storm that comes along the way.
3.	Dear Mr. Goh, why is your midas touch a rare trait in corporate Malaysia? What's your & your team's secret? How can I identify another management of identical caliber, or have you got any names in mind to share with us?	It is something that you can't ask for. The Group is always on the lookout for talents. We put our people as priority, before the business.
4.	World inflation had caused crisis in poor country such as Sri Lanka. The similar issue might happen in Laos, what's Company comment on this issue.	The bulk of the borrowings are for hydro power and infrastructure projects which will generate long term returns. We are hopeful the Lao Government will be able resolve their short-to-medium term issues. Having said that, our energy is indirectly exported to Cambodia. Hence, should similar issues happen to Laos, it should not impact the Group significantly as long as Cambodia continues to pay for our energy.
4.	<p>1) Are all the solar power projects producing recurring incomes for company?</p> <p>2) Are all this solar power projects running by MPF Solar?</p>	<p>Yes, our solar projects are recurring income, because we have power purchase agreement executed with the parties.</p> <p>Yes, all solar power projects are run by MFP Solar. Our O&amp;M is done by our partner, Pekat Technology Sdn Bhd.</p>



<b>No.</b>	<b>Questions</b>	<b>Management's Responses</b>
5.	Any forecast data to share on coming water level for Don Sahong? India and many other South East Asian countries are/will be facing varying degrees of drought, are we to expect any impact?	<p>The water level in Pakse is already at 2.5 metres. We are now going into the wet season. For the rest of the year until November 2022, the plant will be operating at full capacity, save for during the scheduled maintenance period.</p> <p>In terms of drought, Laos and Mekong faced serious drought in 2019 and 2020. Despite that, we were still able to generate close to 2,000 GWh per year. Over the longer term, the fluctuation of our generation will be +/- 3% of the 2,028 GWh per year.</p>
6.	A door gift will be much appreciated.tq.	We prefer to reward shareholders through dividends.
7.	Is there any impact to PAT due to the additional 9% applied to corporate income tax in 2022? Thanks.	Cukai Makmur does not apply to us, as it only applies to income generated in Malaysia. The bulk of our earnings are generated overseas, hence there will be no Cukai Makmur in 2022.
8.	Will a better dividend be given this year? Thks.	We hope so. We will continue to improve until we pay out at least 30% of the earnings.
9.	is the cost hike in raw materials affecting Stenta's profit margin ?	Stenta is in the midstream of the supply chain and because competition is not as keen as the converting business, Stenta should be able to pass on the raw material cost increases.
10.	Understand that there was no official construction & power sales contract for the 5th turbine based on last result briefing. Is there any progress in formalising the construction & power sales contract with Laos government?	We are in the process of negotiating the power purchase agreement and concession agreement with the Government of Laos for the 5 <sup>th</sup> turbine. In fact, we have to get the 5 <sup>th</sup> turbine done by 2024, because from 2024 onwards, one turbine will be shut down for major overhaul for 3 to 4 months in a year. This will affect Cambodia. Even now, when we shut down a turbine for a few hours for cleaning, Cambodia has asked us to expedite the maintenance.
11.	<p>Hi Management,</p> <p>Any action taken on current uncertain economy situation from Management to ensure company still able to maintain the revenue or improve better on this year? Current high inflation environment have impact to company and countermeasure is planning to implement by company to maintain company EPS.</p>	In business there is no certainty. We will try our best to improve the current situation.

No.	Questions	Management's Responses
12.	<p>Hi Mr Goh NK,</p> <p>1) What were the hardest moments in the life of MFCB? And what did you do about it?</p> <p>2) What were the 2-3 key metrics that management looks at to drive the business?</p> <p>3) What was your biggest mistake over the last decade? What happened?</p> <p>4) What indicators do you watch closely on weekly/monthly basis?</p> <p>Thank you for answering my questions.</p>	<p>Trying to meet investors' rising expectations.</p> <p>We look at every business that we operate in separately. Every business has different matrix. For example, in renewable, we look at the project risks and project returns, to make sure that these projects are something that we are able to take on without too much risks and able to generate return over a long-term period. For packaging, we look at market industry outlook as a whole, our people and their capabilities. For Resources, due to the fact that the products are heavy, the geographical coverage is limited to regional basis. We have identified the key markets and have done a lot work to penetrate some of these markets. Unfortunately, due to the escalating freight rates which make some of the markets in the region not competitive. Hence, we have to start shifting some of these markets to Papua New Guinea and Indonesia.</p> <p>We don't think we had made any major mistake.</p> <p>The team looks at the performance of each business every day together with the monthly reporting and regular engagement with the key management of each business units. We also look at the potential issues that may arise, performance of the business and how to improve it.</p>
13.	<p>Question on Emery: what is the minimum "desired margin" that Emery management tries to achieve to be qualified as satisfactory IRR? 12%?</p>	<p>Different products have different industry margin. Basic oleo has a lower value- added margin whilst the specialty will have a higher absolute margin per tonne. If the plant is able to operate effectively and efficiently with high utilisation rate, a pre-tax margin of 5% to 10% is common. The management of Edenor will try to achieve margin in this range soonest possible. Given our low investment cost, IRR target is not very relevant parameter here. Generally, we would expect a 3-4 years payback for new capital outlay.</p>
14.	<p>Curious like for Proton Solar installation project, MFCB solar work with Pekat for Proton solar installation. For example, if the whole solar installation contract value is RM100 mil, how many % of contract value would go to pekat and how many % for MFCB solar?</p>	<p>The Proton Solar project is an investment. MFP Solar is a joint venture between MFCB (55%) and Pekat (45%). The JV invested RM35 million in this project, which will yield a recurring income over the next 15 years.</p>
15.	<p>Plantation: Can you reiterate what will be the yearly investment expected into this division, until it starts to contribute 2026.</p>	<p>We invest about USD3 to USD4 million per year in Plantation, for fertiliser, land preparation, infrastructure development, nursery and seeds planting, until 2025/2026.</p>

<b><u>No.</u></b>	<b><u>Questions</u></b>	<b><u>Management's Responses</u></b>
16.	With different business under MFCB, how do you form the compensation plan for manager of each business division to retain & motivate them?	The Group usually give the management team a long-term incentive programme.
17.	with the strong cash flow in hand, any other M&A in the pipeline? what's the future for MFCB?	We are always on the lookout and exploring various investment opportunities. We are very mindful, prudent and discipline in the evaluation of these potential investments.
18.	What will be the potential issue / problem in MFCB that would keep you awake at night?	This was answered earlier.
19.	Why management choose Pekat as our partner?	We are comfortable with the management of Pekat.
20.	Can the board share on Cukai Makmur & foreign source income repatriation impact to company earnings?	<p>As mentioned earlier, Cukai Makmur does not apply to the Group, as our profit is mainly derived from our foreign subsidiaries.</p> <p>As to whether foreign source income repatriation has impact to the group, there is a change in the rule whereby there is a 5-year exemption. We will see if there will be any further changes to the rule. after the 5 years. Nevertheless, the Group's funding structure is highly efficient. We still have room to bring back income, not just through dividends.</p>
21.	Please can we hear Mr. AK Yeow about his key success factor in turning around the business already?	Mr AK Yeow has been very successful in oleochemical. He was the Managing Director of Oleochemical Division of KL Kepong Berhad. He helped grew the once small operation of KL Kepong to world no. 2. He retired from KLK and wanted to do something on his own. With his experience and by setting up a very capable team to work with him, he managed to turn around the business.
22.	With the Boten–Vientiane railway operating, does MFCB plan to mark Laos as the country that is worth investing in, be it in power, plantation, property development, infrastructure development? or MFCB is there just because of Don Sahong power plant?	We went to Laos basically for the hydropower project. We did consider plantation previously, however the Government restricts the ownership of land. Property development is a small sector. As for infrastructure, the timing is not right for investor and we are not in the business as contractor. Should there be another opportunity for another power plant, we may consider it.
23.	Can we expect M&A coming this year?	We are always on the lookout for opportunities in the region.
24.	Is there any issue in sourcing foreign labour and hike in minimum wage to the company? Is there any remediation. action that board had undertaken?	Labour situation is getting more difficult at all levels. Nevertheless, we will find a way to overcome the situation.



<b><u>No.</u></b>	<b><u>Questions</u></b>	<b><u>Management's Responses</u></b>
25.	Thoughts on China hydropower ambition in the Yunan province / the upper basin of the Mekong - could it affect long term future EAF as DonSahong sits in the lower basin?	The China's hydropower ambition in the upper part of Mekong will effectively help regulate the water flow in Mekong River. Typically, they will store water during the wet season and release water in the dry season. This actually benefits Don Sahong. When China was building in the early 2000, the dry season flows down to the Don Sahong area had improved by 15-20% from the 2000-2015. Hence, any water regulation in China will benefit Don Sahong.
26.	From the AR 2021, I saw company start cooperate with one of the Uni in malaysia on disposable packaging (if i am not mistaken), can provides more infor on this?	This is a collaboration between Stenta Films and Universiti Kebangsaan Malaysia (UKM), to conduct research on materials and substrates, with the aim of producing packaging solutions which are more environmentally friendly and bio-degradable. More companies, especially multinational companies are moving towards sustainability. We, as a manufacturer would have to move forward to meet their needs.
27.	Mr Goh NK, What are the risks of any regime change in Laos on Don Sahong business ?	It is unlikely to happen.
28.	Hi, May i know Nestle is MFCB packaging division customer now?	Yes

**MEGA FIRST CORPORATION BERHAD**

Registration No. 196601000210 (6682-V)

56th Annual General Meeting

Wednesday, 25 May 2022 at 10.00 a.m.

**Appendix**

As Scrutineer appointed by the Company for the purpose of the Poll taken at the 56th Annual General Meeting of the Members of the Company, the poll results were verified and validated, and the details are set out correctly as follows:-

**Polling Results**

RESOLUTION	Vote FOR			Vote AGAINST			TOTAL Vote	
	REC	NO. OF SHARES	%	REC	NO. OF SHARES	%	REC	NO. OF SHARES
RESOLUTION 1	239	520,786,598	99.9869	15	68,182	0.0131	254	520,854,780
RESOLUTION 2	220	498,088,650	96.3436	35	18,903,088	3.6564	255	516,991,738
RESOLUTION 3	242	519,170,585	99.8234	12	918,295	0.1766	254	520,088,880
RESOLUTION 4	243	519,857,102	99.9875	11	65,178	0.0125	254	519,922,280
RESOLUTION 5	234	509,081,905	97.7333	22	11,806,975	2.2667	256	520,888,880
RESOLUTION 6	243	520,820,963	99.9870	11	67,717	0.0130	254	520,888,680
RESOLUTION 7	241	519,884,864	99.9815	12	96,078	0.0185	253	519,980,942
RESOLUTION 8	216	488,375,300	94.4659	37	28,610,388	5.5341	253	516,985,688
RESOLUTION 9	235	523,250,248	99.6593	21	1,788,682	0.3407	256	525,038,930
RESOLUTION 10	246	524,751,205	99.9513	8	255,517	0.0487	254	525,006,722

