MFCB

ANNUAL REPORT 2021

MEGA FIRST CORPORATION BERHAD
Reg. No. 196601000210 (6682-V)

MFCB

ANNUAL REPORT 2021

Table of Contents

Corporate Information

Board of Directors

Executive Chairman

Goh Nan Kioh

Non-Independent Non-Executive Deputy Chairman

Mr Tay Kheng Chiong

Executive Directors

Goh Nan Yang
(also alternate to Goh Nan Kioh)

Khoo Teng Keat

Goh Mei Sze

Senior Independent Director

Dato' Koh Hong Sun

Independent Directors

Yeow See Yuen

Datuk Hj. Pengiran Saifuddin
bin Pengiran Tahir, JP

Datin Jeyanthini a/p M. Kannaperan

Professor Dato' Dr. Tan Hui Meng

Jesper Bjorn Madsen

Audit Committee

Yeow See Yuen (Chairman)

Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP

Jesper Bjorn Madsen

Remuneration Committee

Jesper Bjorn Madsen (Chairman)

Dato' Koh Hong Sun

Datin Jeyanthini a/p M. Kannaperan

Nominating Committee

Dato' Koh Hong Sun (Chairman)

Datin Jeyanthini a/p M. Kannaperan

Yeow See Yuen

Employees' Share Option Committee

Goh Nan Kioh (Chairman)

Yeow See Yuen

Dato' Koh Hong Sun

Company Secretary

Foo Wen Yunn
SSM PC No. 201908000440
(MAICSA 7057965)

Registered Office

A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya

Tel: +603-7960 8818
Fax: +603-7960 7818
E-mail: **mfcb@mega-first.com**

Share Registrar And Share Transfer Office

Boardroom Share Registrars Sdn Bhd
199601006647 (378993-D)

11th. Floor, Menara Symphony,
No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan

Helpdesk : +603-7890 4700
Fax No. : +603-7890 4670
E-mail address : **BSR.Helpdesk@boardroomlimited.com**

Auditors

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018

Stock Exchange Listing

Main Market, Bursa Malaysia Securities Berhad
Stock Code: 3069
Stock Name: MFCB
Sector: Utilities

Website Address

www.mega-first.com

Profile of Directors

Goh Nan Kioh

Malaysian, Male, Aged 69

Executive Chairman

Chairman of the Employees' Share Option Committee

Mr Goh Nan Kioh joined the Board on 1 February 2003 as a Non-Independent Non-Executive Director. He was appointed as Chairman of the Board on 29 July 2003 and as Executive Chairman on 1 July 2011. Mr Goh holds a Bachelor of Economics (Honours) degree from the University of Malaya. He has wide and varied business investments in many countries.

Mr Goh is the brother of Mr Goh Nan Yang, father of Ms Goh Mei Sze and Mr Goh Chin San, and uncle of Mr Chu Beng Han.

Tay Kheng Chiong

Malaysian, Male, Aged 58

Non-Independent Non-Executive Deputy Chairman

Mr Tay Kheng Chiong joined the Board as a Non-Independent Non-Executive Director on 1 June 2006. Mr Tay was redesignated as Non-Independent Non-Executive Deputy Chairman on 26 February 2021. He holds a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics from the University of Sunderland, England. He also holds a Master of Business Administration degree from the University of Stratchclyde, Scotland and is a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom. Mr Tay has more than 30 years' experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as Development Engineer and was promoted to Director of Manufacturing in 1999. During 2001 to 2005, he was the Managing Director of Dominant Opto Technologies Sdn Bhd.

Mr Tay is presently the Group Managing Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia. He is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

Goh Nan Yang

Malaysian, Male, Aged 59

Executive Director and Alternate Director to Mr Goh Nan Kioh

Mr Goh Nan Yang joined the Board on 13 March 2003 as the alternate director to Mr Goh Nan Kioh, who is his brother. He was appointed as Executive Director on 26 November 2004. Mr Goh graduated from the University of Toledo with a Bachelor of Science honours degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid-1990s, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia.

Mr Goh Nan Yang is a non-executive director and deemed substantial shareholder of D&O Green Technologies Berhad ("D&O"), a company listed on Bursa Malaysia. He is deemed to be interested in various transactions between MFCB Group and D&O Group by virtue of his common directorships and substantial shareholding in D&O.

Mr Goh Nan Yang is an uncle of Mr Chu Beng Han, Ms Goh Mei Sze and Mr Goh Chin San.

Goh Mei Sze

Malaysian, Female, Age 34

Executive Director

Ms Goh Mei Sze joined the Board on 16 November 2020 as Executive Director. She holds a Bachelor of Commerce degree from University of Melbourne, Australia. Ms Goh Mei Sze started her career in Ernst & Young from 2010 to 2012 in Audit and Assurance. She joined Mega First Corporation Berhad in 2013, in which she is the Personal Assistant to the Executive Chairman since then.

She is a daughter of Mr Goh Nan Kioh, niece of Mr Goh Nan Yang and sister of Mr Goh Chin San.

Khoo Teng Keat

Malaysian, Male, Aged 52

Executive Director

Mr Khoo Teng Keat joined the Board on 6 September 2011 as Executive Director. He holds a Bachelor of Commerce (Actuarial Science) honours degree from University of Melbourne, Australia. Prior to joining the Company, Mr Khoo has more than 14 years experience as an equity analyst and has held senior positions with several reputable international investment banks.

Dato' Koh Hong Sun

Malaysian, Male, Aged 70

Senior Independent Director

Chairman of the Nominating Committee, Member of the Remuneration Committee and the Employees' Share Option Committee

Dato' Koh Hong Sun joined the Board as an Independent Director on 1 December 2010. He holds a Master degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

Dato' Koh had a distinguished career with the Royal Malaysian Police (RMP) for almost 40 years, having joined RMP as a Probationary Inspector in 1971 and retired in October 2010 as the Director of Commercial Crime Investigation Department. During the period as an officer of the RMP, he has held various important command posts including as Commandant of The Police Training Centre in Kuala Lumpur, Assistant Director NCB-Interpol, Officer-in-Charge of Brickfields Police Di strict, Federal Traffic Chief, Deputy Chief Police Officer of Johor, Chief Police Officer of Penang and Commissioner of Police as Director of Commercial Crime Investigation Department.

Dato' Koh is also a Director of Genting Malaysia Berhad.

Yeow See Yuen

Malaysian, Male, Aged 55

Independent Director

Chairman of the Audit Committee, Member of the Nominating Committee and the Employees' Share Option Committee

Mr Yeow See Yuen joined the Board as an Independent Director on 10 May 2006. He holds a first class honours degree in Accountancy from the National University of Singapore. Mr Yeow started his career in 1991 with Coopers & Lybrand, Singapore Office in the audit division. He left the firm in 1994 to join Deutsche Securities Asia Limited ("Deutsche Securities") where he spent 9 years working in the Equity Research Department. During that period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy.

Mr Yeow is also a Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia. He is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP

Malaysian, Male, Aged 65

Independent Director

Member of Audit Committee

Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir joined the Board on 15 August 2014 as Independent Director. He holds a Law Degree from University of London, England and a Master Degree in Business Administration from Universiti Malaysia Sabah. Datuk Hj. Pengiran was admitted to the High Court of Borneo in 1988 and his career in the legal field included the appointment as a Senior Legal Officer in the Sabah State Attorney General Department from 1994 until 1996. Embarking into the corporate management field, he joined a fleet management services company, Angkatan Hebat Sdn Bhd as its Deputy Chief Executive Officer in 1996. A year later, he took up a similar position in K.K.I.P., the developer of Sabah's premier integrated industrial estate, and served in that capacity for over 13 years. Datuk Hj. Pengiran Saifuddin was appointed Managing Director of Sabah Urban Development Corporation Sdn Bhd in 2010 before moving on to Sabah Economic Development Corporation (SEDCO) to take up his position as Group General Manager in December 2013 until his retirement in December 2021.

Jesper Bjorn Madsen

Danish, Male, Aged 68

Independent Director

Chairman of the Remuneration Committee and Member of the Audit Committee

Mr Jesper Bjorn Madsen joined the Board as an Independent Director on 30 November 2016. He holds a Master degree in Law from Copenhagen University, Denmark and later studied Scottish/English Law at the University of Edinburgh, Scotland. Mr Madsen has worked in the legal field for 4 years before joining Carlsberg A/S Group in 1984 and retired in 2009. During his 25 years working for Carlsberg A/S Group, he has held positions as Vice-President responsible for overseas investments and markets, General Manager and Managing Director of Carlsberg Brewery Hong Kong Ltd, Chief Operating Officer of Carlsberg Asia Pte Ltd, Senior Vice-President of Carlsberg Breweries A/S with responsibility for Asia, among other markets. He was also a non-executive Chairman or Vice-Chairman in a number of Carlsberg's subsidiaries in Asia.

Mr Madsen is also a Director of D&O Green Technologies Berhad ("D&O"), a company listed on Bursa Malaysia and the Independent and Non-Executive Chairman of Tibet Water Resources Ltd, a company listed on Hong Kong Stock Exchange.

Mr Madsen is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

Professor Dato' Dr. Tan Hui Meng

Malaysian, Male, Aged 67

Independent Director

Professor Dato' Dr. Tan Hui Meng joined the Board on 20 March 2017. He is a Consultant Urologist in a leading private medical centre in Malaysia. He is also an Adjunct Professor in the University of Malaya and the University of Pennsylvania. He is a member of 21 learned societies, the Honorary President of the Asia-Pacific Society of Sexual Medicine and The Malaysian Society of Andrology & Study of the Ageing Male as well as Japan - ASEAN Council for Men's Health and Ageing. He is currently an Executive Member of the International Society of Men's Health, World Chinese Urological Associations (USA), Asian Society of Endourology and the International Society for Study of the Ageing Males.

Prof Dr. Tan has been on the editorial boards of at least 10 journals. He is the Founding President for the Asia-Pacific Society for Men's Health and Ageing, the Japan - ASEAN Society on Men's Health and the Asian Society for Men's Health and Ageing. He also sits as a Board Member for the International Society for the Study of the Ageing Male (ISSAM), the International Society for Men's Health (ISMH) and the International Society for Sexual Medicine (ISSM); was a consultant and panelist for the Paris-based International Consultation on Sexual Medicine (ICSM) and a member of the New York ISMH Consensus Panel on Male Hypogonadism. Prof Dr. Tan was also a consultant and panelist for the past three WHO Sponsored Consultation in Sexual Medicine in 1999, 2003 and 2009, as well as the WHO affiliated International Consultation of Urological Disease (ICUD) - Men's Health and Infertility in 2015/2016. Prof Dr. Tan was bestowed the Outstanding Urologist Award by the World Chinese Urologist Association (WCUA), an affiliate of the American Urological Association (AUA) in 2010; and was also awarded the Asia Outstanding Contributor in advancing the field of Men's Health by the Singapore Society for Men's Health in 2019.

Datin Jeyanthini a/p M. Kannaperan

Malaysian, Female, Aged 61

Independent Director

Member of Nominating Committee and Remuneration Committee

Datin Jeyanthini a/p M. Kannaperan joined the Board on 4 August 2020. Datin Jeyanthini is a partner of Shearn Delamore & Co, heading the Litigation Practice. She has a busy litigation practice and appears regularly at hearings, trial and appeals at the High Court and the Appellate Courts. Datin Jeyanthini's principal areas of practice are banking, restructuring and insolvency, regulatory and compliance, land, commercial and corporate, landlord and tenancy disputes. Apart from acting in such disputes, she provides strategic legal advice on these matters, where necessary, working with teams from other practice group within the Firm. She has acted in a number of important cases that have been reported in the law journals. She also leads teams of lawyers from within and outside the Firm in many court appearances at the High Court and Appellate Courts.

Datin Jeyanthini who holds an LLB degree from the University of London was called to the Bar of England and Wales before returning home to Malaysia and pupillage in Shearn Delamore. She was admitted to partnership in 1997 and her years in practice are testament to her rich experience in the area of banking (including Islamic or Syariah banking and finance) trade finance and insolvency; enforcement of loan, security instruments and instruments of payments; receiverships; foreclosures; as well as liquidation, restructuring, rescue mechanisms and schemes of arrangement and in the area of commercial and corporate disputes.

Note:
Save as disclosed above, the Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted for any offence within the past 5 years.

Profile of Key Senior Management

Chu Beng Han

Malaysian, Male, Aged 57

Head, Resources Division

Mr Chu Beng Han is the Head of the Resources Division. He joined Rock Chemical Industries (Malaysia) Berhad on 1 July 2004 as Group Operations Manager and later promoted as Executive Director on 26 November 2004. He was re-designated as Head of the Resources Division in March 2012.

Mr Chu Beng Han obtained a Bachelor of Engineering (Civil) degree from National University of Singapore. Prior to joining the Group, he has over 8 years of working experience in an international building and structural forensic consultancy firm and another 7 years in a senior management position in a public listed company involved in cement and ready-mixed concrete business.

He is the nephew of Mr Goh Nan Kioh and Mr Goh Nan Yang.

IR. Yeong Chee Meng

Malaysian, Male, Aged 69

Head, Don Sahong Hydropower Project

Mr Yeong Chee Meng is the Head of the Don Sahong Hydropower Project. He joined the Company in April 2008 as Project Director for the Don Sahong Hydropower Project in Lao PDR. He is responsible for managing the development of the Don Sahong Hydropower Project, organizing all investigative works, formulating all works contracts, supervising consultants and contractors, and control and manage project schedule and cost to ensure all project milestones and targets such as land acquisition, environmental approval, construction schedule and cost, testing and commissioning, and commercial operation, are met.

Mr Yeong Chee Meng obtained a Bachelor of Engineering (Civil) honours degree from University Malaya. He also holds a Master of Applied Science in Project Management degree from University of South Australia. Upon graduation in 1978, he spent 22 years with the Public Works Department of Malaysia ("PWD"). During that period, he progressed through a series of positions including District Engineer – Sabak Bernam, Selangor, Assistant Director (Roads) – Penang State, Deputy Director – Negeri Sembilan State and Head of Computer/IT Centre – Kuala Lumpur Headquarters. Over the next 14 years, his career progressed to several senior management positions such as General Manager (Construction) with KL International Airport Berhad, Managing Director of Sarawak Hidro Sdn Bhd, Project Director for Alfaisal University in Saudi Arabia and Senior General Manager (Non-Revenue Water Division) with SYABAS.

Sim See Sheng

Malaysian, Male, Aged 64

Chief Resident Engineer, Don Sahong Power Company Ltd

Mr Sim See Sheng joined Don Sahong Power Company Ltd as the Chief Resident Engineer for the Don Sahong Hydropower Project in Lao PDR. He is responsible for the timely completion of the Don Sahong Hydropower Project.

Mr Sim holds a Bachelor of Science (Honours) Degree from University of Birmingham, England (1982). He has more than 37 years of experience in construction supervision and engineering management as owner's engineer, consultant engineer and contractor's project in mega and small hydropower projects, dam construction, general civil and building works. He is specialised in project implementation and supervision management of mega hydropower projects which includes feasibility studies, due diligence of hydro plants, project feasibility design and construction supervision of concrete buttress dam, earth blanket, clay core and concrete face rockfill dams, RCC dam, tunnels, power intake structures, low level outlets, canal headworks, spillway, storage ponds, surge tank, low & high pressure pipe line conduit, power house, foundation engineering, plinth grouting, dam instrumentation and reservoir impoundment procedures.

He started his career in Sarawak Electricity Supply Corporation as the Senior Civil Engineer. Thereafter, he held several senior engineering positions in various companies in Asia, Eurasia and Europe, before joined Don Sahong Power Company Ltd.

Yeo See Huey

Malaysian, Male, Aged 55

Managing Director, Hexachase Group

Mr Yeo See Huey, joined Hexachase Group on 1996 as Managing Director. He is in charge the overall management, operations and future development plans of the Hexachase Group. He has more than 30 years experiences and technology knowledge in packaging, flexo and gravure printing. He successfully diversified and expanded the Hexachase Group's business into three packaging divisions. He established labels and sticker division (Hexachase Labels Sdn Bhd) in 1996; paper bag division (Hexachase Packaging Sdn Bhd) in 2002 and flexible packaging (Hexachase FlexiPack Sdn Bhd) in 2014.

He started his career as Marketing Manager at Teck Wah Paper Sdn Bhd, a company listed in the Singapore Stock Exchange.

Mr Yeo holds a Diploma in Business Administration from Malaysian Institute of Management.

Dato' Wong Kok Hwa

Malaysian, Male, Aged 60

Managing Director, Stenta Films (Malaysia) Sdn Bhd

Dato' Wong Kok Hwa is a Fellow Member of The Chartered Institute of Management Accountants, UK (FCMA), a Chartered Global Management Accountant (CGMA) and a Chartered Accountant of The Malaysian Institute of Accountants, CA(M).

Dato' Wong started his career as an auditor with an international accounting firm and subsequently as a Finance and Administration Manager in a major subsidiary of a public limited company listed on Bursa Malaysia before joining Stenta Group in 1992 as an Accountant. Throughout his tenure in Stenta Group, he assumed responsibilities in the areas of management, finance, supply chain, commercial and corporate services. He assumed his current position as Managing Director since 2015.

Neo Hong Chee

Malaysian, Male, Aged 49

Financial Controller, Mega First Corporation Berhad

Mr Neo Hong Chee is the Financial Controller of the Company. He joined the Company in October 2007 and is responsible for the finance and treasury function within the Group.

Mr Neo began his career in Crowe Horwath in the audit and assurance department, before moving on to a multinational corporation, where he held various roles including finance manager and international business development manager. He also has experience in cross-border joint venture, project management and HR processes. He has obtained a pass in the Certificate Stage examinations of the Association of Chartered Certified Accountants.

Goh Chin San

Malaysian, Male, Aged 29

Business Development Manager, Mega First Corporation Berhad

Mr Goh Chin San holds a Bachelor of Arts degree in Mathematics and Economics from University of Pennysylvania. Mr Goh started his career with Pricewaterhouse Coopers Singapore specialising in Mergers and Acquisitions Strategy from year 2016 to 2018. He then left and is currently a Business Development Manager with Mega First Corporation Berhad. He is also a Non-Independent and Non-Executive Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

He is the son of Mr Goh Nan Kioh, nephew of Mr Goh Nan Yang and brother of Ms Goh Mei Sze.

Note:
Save as disclosed above, the key senior management staff have no family relationship with any Director and/or major shareholder of the Company, have no directorship in public companies and listed issuers, have no conflict of interest with the Company and have not been convicted for any offence within the past 5 years.

Group Structure

MFCB

Investment Holding And Others

Property

100%	Mega First Housing Development Sdn Bhd
100%	Gombak Land Sdn Bhd
65%	Idaman Harmoni Sdn Bhd
60%	Paya Emas Sdn Bhd
100%	Greentown Parking Sdn Bhd
	Other Subsidiaries

Plantation

100%	Mega First Plantation (Cambodia) Limited

Other Businesses

100%	Authentic Excellence Sdn Bhd
100%	Bloxwich International Sdn Bhd
100%	Bloxwich (Malaysia) Sdn Bhd
100%	Geo-Mobile Asia Sdn Bhd
	Other Subsidiaries

Renewable Energy Division

100%	Mega First Investments (L) Limited
100%	Don Sahong Holdings Limited
80%	Don Sahong Power Company Ltd
100%	Mega First Power Industries Sdn Bhd
100%	Mega First C&I Solar Sdn Bhd
55%	MFP Solar Sdn Bhd
	Other Subsidiaries

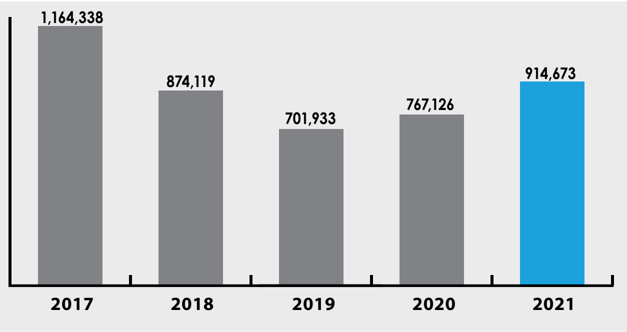
Resources Division

100%	Rock Chemical Industries (Malaysia) Sdn Berhad
100%	RCI Lime Sdn Bhd
100%	Batamas Sdn Berhad
100%	Mega First Resources Sdn Bhd
100%	Anting Sendirian Berhad
99.6%	Cheng Sun Industries Sdn Bhd
99.6%	Syarikat Cheng Sun Quarry Sdn Bhd
	Other Subsidiaries

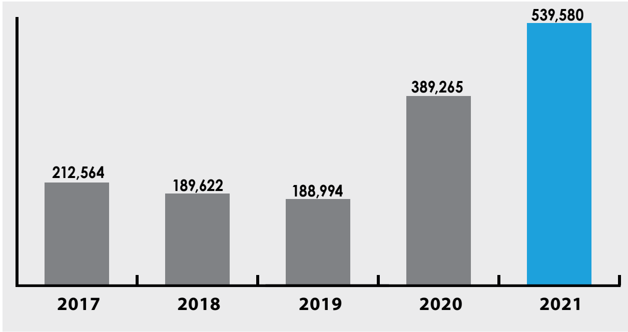
Packaging Division

75%	Stenta Films (Malaysia) Sendirian Berhad
75%	Stenta Multifilms Sdn Bhd
52.4%	Hexachase Corporation Sdn Bhd
61.8%	Hexachase Flexipack Sdn Bhd
65.7%	Hexachase Labels Sdn Bhd
55.7%	Hexachase Packaging Sdn Bhd
	Other Subsidiary

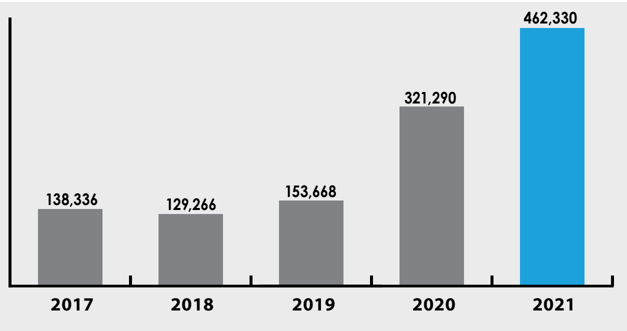
Financial Highlights



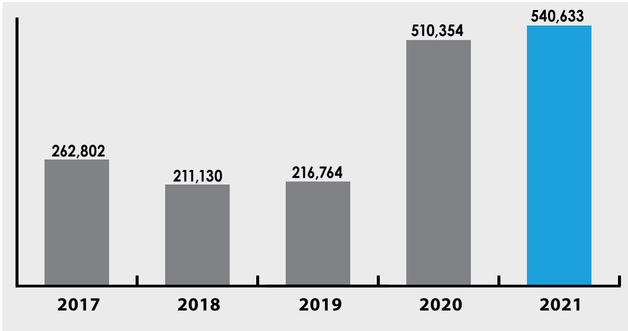
Revenue (RM'000)



Profit before tax (RM'000)



Profit after tax attributable to owners of the Company (RM'000)

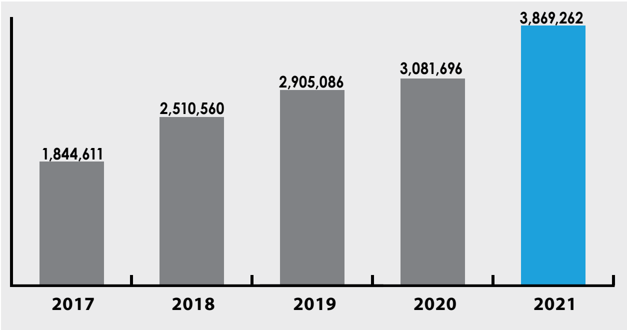


EBITDA (RM'000)

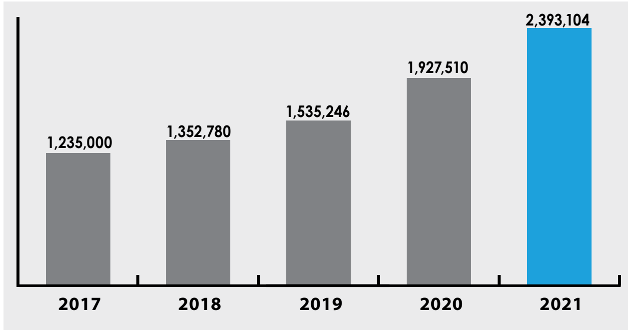
Financial Year Ended 31 December	**2017*** RM'000	**2018*** RM'000	**2019*** RM'000	**2020*** RM'000	**2021** RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income					
Revenue	1,164,338	874,119	701,933	767,126	914,673
EBITDA	262,802	211,130	216,764	510,354	540,633
Profit before tax	212,564	189,622	188,994	389,265	539,580
Profit after tax	166,973	145,786	175,109	378,180	530,665
Profit after tax attributable to owners of the Company	138,336	129,266	153,668	321,290	462,330
Additional Information					
Finance costs	7,145	7,744	8,433	22,331	21,967
Depreciation and amortisation	46,784	16,362	21,093	102,947	110,589
Interest income	3,691	2,599	1,756	4,200	9,539
Share of profit/(loss) in equity accounted investments	-	(1)	-	(11)	121,964

** - restated to conform with 2021 financial statements presentation.*

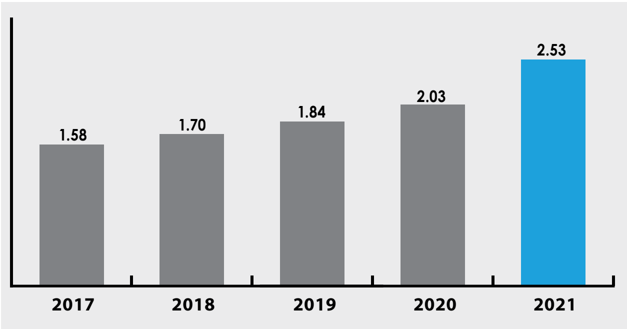
EBITDA - represents earnings (excluding share of profit/loss in equity accounted investments) before interest, taxes, depreciation and amortisation.



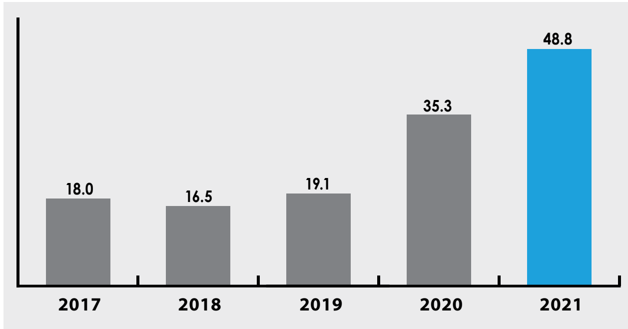
Total assets (RM'000)



Shareholders' equity (RM'000)



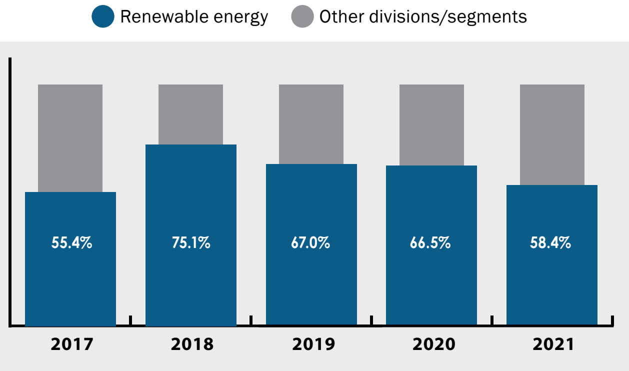
Net assets per share* (RM)



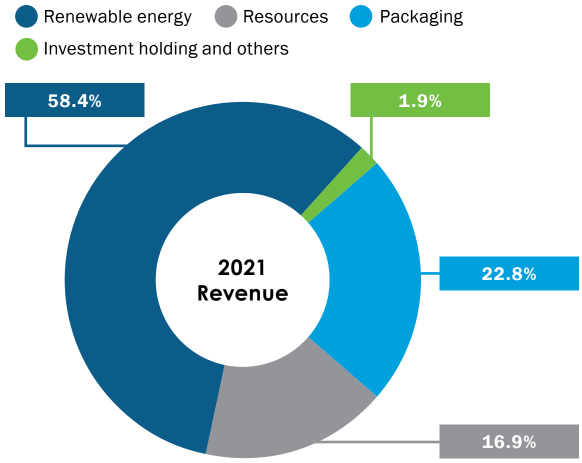
Basic earnings per share* (sen)

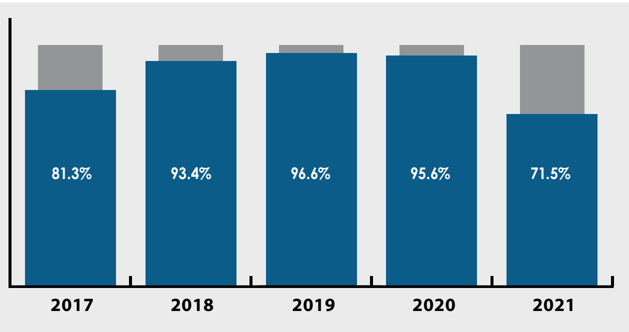
Financial Year Ended 31 December	**2017** RM'000	**2018** RM'000	**2019** RM'000	**2020** RM'000	**2021** RM'000
Consolidated Statements of Financial Position					
Total assets	1,844,611	2,510,560	2,905,086	3,081,696	3,869,262
Total borrowings	221,177	598,695	746,140	657,875	777,881
Shareholders' equity	1,235,000	1,352,780	1,535,246	1,927,510	2,393,104
Bank balances and deposits	138,750	130,508	91,031	93,607	257,649
Financial Indicators					
Return on equity (%)	11.2%	9.6%	10.0%	16.7%	19.3%
Return on total assets (%)	7.5%	5.1%	5.3%	10.4%	11.9%
Gearing ratio (%)	17.9%	44.3%	48.6%	34.1%	32.5%
Net assets per share* (RM)	1.58	1.70	1.84	2.03	2.53
Dividend per share* (sen)	2.00	2.00	3.00	6.25	6.75
Gross dividend yield (%)	1.1%	1.3%	1.2%	1.8%	1.9%
Interest cover (times)	30.8	25.5	23.4	18.4	25.6
Basic earnings per share* (sen)	18.0	16.5	19.1	35.3	48.8
Price earning ratio (times)	10.2	9.4	13.4	9.8	7.2
Share price as at the financial year end* (RM)	1.84	1.55	2.56	3.45	3.50

** restated after adjusting for a share split involving the subdivision of every one existing ordinary share in the Company held into two subdivided ordinary shares in the Company, completed on 14 June 2021.*

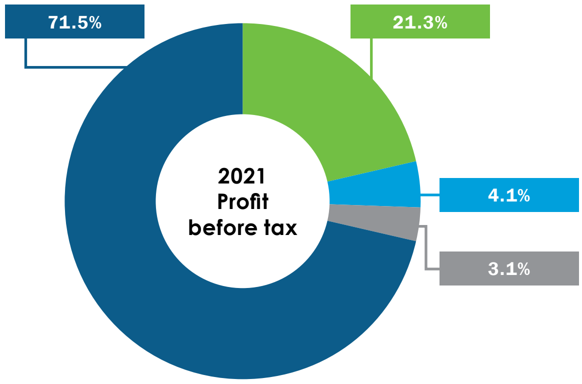


Revenue





Profit before tax



Financial Year Ended 31 December	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue					
Renewable Energy	645,441	656,228	470,375	510,214	533,864
Resources	119,945	142,249	143,624	142,819	154,880
Packaging	51,211	57,433	68,427	97,775	208,217
Subtotal	816,597	855,910	682,426	750,808	896,961
Investment Holding and Others	347,741	18,209	19,507	16,318	17,712
Total	**1,164,338**	**874,119**	**701,933**	**767,126**	**914,673**
Profit Before Tax					
Renewable Energy	172,795	177,058	182,482	372,086	385,585
Resources	19,295	18,606	16,460	18,766	16,725
Packaging	740	(4)	(501)	9,461	22,219
Subtotal	192,830	195,660	198,441	400,313	424,529
Investment Holding and Others	19,734	(6,038)	(9,447)	(11,048)	115,051
Total	**212,564**	**189,622**	**188,994**	**389,265**	**539,580**

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Mega First Corporation Berhad, I am pleased to present to you our Annual Report 2021 and audited financial statements for the financial year ended 31 December 2021.

Overview of the Group's Financial Performance

Financial year 2021 was an exceptional year for the Group. Despite the continued business challenges caused by the Coronavirus Disease 2019 ("COVID-19"), the Group posted its highest earnings since its listing in 1970 with a revenue of RM914.7 million (2020: RM767.1 million) and a profit before tax of RM539.6 million (2020: RM389.3 million), an increase of 19.2% and 38.6% respectively from the previous year.

Revenue for the financial year 2021 increased across all core divisions. The Packaging Division recorded the largest increase of 113.0% to RM208.2 million (2020: RM97.8 million) largely attributable to the consolidation of the 5 months results of Stenta Films (Malaysia) Sdn Bhd and its subsidiary ("Stenta") of RM83.2 million after the completion of the acquisition on 28 July 2021. The increase in the Renewable Energy Division followed, recording a growth of 4.6% to RM533.9 million (2020: RM510.2 million) while the Resources Division recorded an increase of 8.4% to RM154.9 million (2020: RM142.8 million).

The increase in profit before tax was largely due to a RM122.0 million share of profit in a joint venture, Edenor Technology Sdn Bhd ("Edenor"). This share of profit arose as a result of an unallocated bargain gain arising from Edenor's acquisition of Emery Oleochemicals (M) Sdn Bhd and Emery Specialty Chemicals Sdn Bhd and their subsidiaries on 1 November 2021. Excluding the share of unallocated bargain difference of RM125.1 million, the Group's earnings is 6.5% higher from the previous year at RM414.5 million, largely contributed by a 3.6% increase in profit from the Renewable Energy Division to RM385.6 million (2020: RM372.1 million) and an increase of 134.8% in the Packaging Division to RM22.2 million. The Resources Division's profit before tax fell 10.9% to RM16.7 million.

Please refer to the Management's Discussion and Analysis on pages 19-24 in this Annual Report for further details on the Group's financial performance.

Prospects and Future Plans

Renewable Energy ("RE") Division

The Renewable Energy Division continues to be the largest contributor to the Group's income, contributing a total of 92.3% (2020: 95.7%) to the Group's total profit before tax (excluding share of profit of joint venture as a result of unallocated bargain difference). Currently, the income from the Don Sahong Hydropower plant ("DSHP") is the main driver of this division and we intend to leverage on its strong and stable cash flows to continue to pursue RE opportunities in the region. We actively assess new projects not only in the hydropower and solar space but across all types of renewable energies locally and in the Asia Pacific region.

The division's achievements during the financial year are as follows:

i) Improved EAF of the DSHP

2021 was the second full year of income generation for the DSHP. Despite a longer period of scheduled turbine maintenance, Energy Availability Factor ("EAF") was 91.0% for the year, a significant improvement from 86.4% in its first year of operations. The higher EAF was not only due to factors outside our control such as higher water levels and a more effective power distribution system following the completion of EDL's 500KV transmission line from Ban Hat substation to the Cambodian border in November 2020 but also those within our control such as improvements made to water flow management. After the first year of operations, the operations and maintenance team gained a better understanding of the water flow conditions at the DSHP site and have optimised the operations of the plant accordingly.

Assuming there is no unusual decline in water level for the remaining part of this year's dry season, it is expected that the average EAF for the DSHP in the coming financial year to remain at around 2021 levels.

ii) Commenced construction for DSHP's fifth turbine

The plan to expand the DSHP by developing a 5th turbine was initially scheduled for financial year 2020 but was delayed due to the COVID-19 pandemic and the ensuing travel and supply chain restrictions. Nevertheless, construction work for the 5th turbine has commenced during the dry season of December 2021. The original project team managing the DSHP are also managing the expansion project and we expect that it will be a smooth process given their experience in the past. The expansion is scheduled to be completed in the 3rd quarter of 2024.

iii) Project additions to Commercial & Industrial solar photovoltaic ("C&I Solar PV") investment portfolio

Since the inception of our C&I Solar PV investment activities in late 2019, the Group has completed/is in the midst of completing 20.8MW of projects and are currently in advance negotiations to secure another 21.2MW project by the end of 2022. This is a commendable feat given the business disruptions brought about by the COVID-19 pandemic since early 2020 just after the business activities commenced. We practice investment discipline and have stringent risk assessment and investment return requirements for our C&I Solar PV investment activities. We will continuously assess opportunities for C&I solar investments and it is the plan for the Group to add at least 15 to 20 MW of solar investments per year.

Packaging Division

During the year, the Packaging Division recorded its best financial results yet and has overtaken the Resources Division to be the second largest contributor the Group's income.

The future of the division looks bright as consumers of the world over are becoming increasingly concerned with the damaging impact of packaging solutions to the environment. There is a notable demand shift from our customers, especially multinationals towards more sustainable forms of packaging materials such as from plastic bags to paper bags, hard plastic containers to lightweight flexible plastic wrappers and from multi-family materials to single family material flexible plastic packaging that are more easily recyclable. The products produced by our Packaging Division are able to cater to all these requirements.

In light of this demand shift, during the financial year we made a decision to acquire 75% equity interest in Stenta, a leading flexible packaging film manufacturer of Biaxially Oriented Polypropylene Film ("BOPP") and Linear Low Density Polyethylene Film ("LLDPE") for a total cash consideration of RM153.75 million. This acquisition was made to strengthen our existing product development and innovation capabilities and to help improve overall supply chain management which will in turn enhance overall customer satisfaction and experience.

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.

At the present, Stenta is operating at near full capacity and plans are being made to construct a new factory cum office building adjacent to its existing site in Bangi. Construction of the new factory is expected to be completed in the first half of 2023.

In the coming year, the earnings performance of the Packaging Division will benefit from the full year consolidation of Stenta (2021: 5 months) and continued robust demand for packaging solutions. We will continue to monitor cost tightly given higher average raw material and logistic costs and are cautiously optimistic that we will be able to achieve productivity and efficiency gains that will more than offset these inflationary cost pressures.

Resources Division

Since its inception in 1973, the Group's Resources Division has always provided the Group with a steady stream of income with not a single year of losses. Whilst overlooked by many, the lime products manufactured by this division are essential for many vital industrial processes and is a solution to address complex environmental issues faced by large industries essential to the modern economy such as steel, paper and mining, to name a few. The importance of these lime products were especially evident at the start of the Movement Control Order in 2020 where it was classified as an "essential" industry given that it a key material for other essential industries such as water treatment plants to operate.

The Group's Resources Division is the largest commercial quicklime producer in Malaysia and has its own high purity limestone reserves, sufficient for at least 100 years of supply. While it is currently facing some pressure due to volatile economic conditions, we believe in the long-term sustainability of the business given that until today, there are no available substitutes for lime products in terms of usage and efficacy.

Moving into 2022, we anticipate that economic conditions will remain challenging with high and uncertain fuel costs, transport disarrangement caused by changes in freight rates and shipping capacity availability, changes in the regulatory environment as well as general inflation affecting the costs of labour and packaging materials. Management will take all mitigating measures such as export diversions to markets less affected by shipping constraints, diversifying its customer base to mitigate the impact from individual customer demand volatility, hold higher stock levels to lower the impacts of production disruptions and manage price volatility and where necessary, make selective price adjustments.

Despite the challenges faced, management expects the top line of the Resources Division to perform better in the coming year. Domestic sales volume of lime products is expected to continue to benefit from a gradual recovery in economic activities, while export volume is projected to rebound following successes in diverting some of the lost export volume to the other less affected regional markets.

We remain confident that the division will be able to manage the near term volatile market conditions given its success in navigating the business turmoil wreaked by the COVID-19 pandemic.

Plantation Division

The development of the coconut and macadamia nut plantation in Mondulkiri, Cambodia is progressing at a slightly slower pace than expected due to labour and logistic disruptions and various lockdown cycles caused by the COVID-19 pandemic. We target to complete planting by the end of 2025 and are currently evaluating various downstream processes to process these crops. This division is not expected to contribute positively to earnings till 2026.

Resilient Business Model

It has been more than two years since the onset of the COVID-19 pandemic that wreaked havoc throughout the world. While life is slowly returning to a pre-pandemic normal, we should never forget the wide-reaching impacts caused by COVID-19 and the lessons learnt while navigating those unchartered waters.

It has always been the Group's strategy to model its businesses to ensure resiliency in the face of severe pressure and COVID-19 severely tested this resiliency. Looking back, I am pleased to report that as a Group, our plans to build a resilient business model over the years were not in vain and we emerged from the pandemic unscathed, reporting two continuous years of record earnings despite the challenges faced.

The robustness of our business model was especially evident as all the core businesses we engaged in were considered "essential services" and continued with its operations throughout the various cycles of lockdown in the countries we operate in. While being in the right industry is one part of a resilient business model, the other is to have an exemplary management team who are agile and able to problem solve quickly to respond to the needs of the business. Throughout these two years, our management team has worked hard to engage with various stakeholders whether it be employees, customers, suppliers, financiers or government and regulatory bodies to address unprecedented issues brought on by the uncertain and everchanging environment. After the experience gained during this pandemic, I believe that the Group is in well positioned to weather any storms in the future.

Delivering Shareholder Value

The Board of Directors and management are focused on safeguarding and enhancing long term shareholder value.

Our various businesses are managed independently by experienced professionals who are experts in their industries, and we exercise strict investment criteria when assessing new investments. Good corporate governance practices ensure that we maintain high standards of responsibility, transparency, integrity and fairness and these practices will ensure that the interests of stakeholders are safeguarded. We also understand that the key to business longevity is a commitment to good Environmental, Social and Governance practices. Disclosure of our sustainability efforts are presented in our Sustainability Report on pages 25 to 74 of the Annual Report. The Sustainability Report provides an insight to the Group's sustainability strategy as well as an in-depth analysis on the performance in relation to ESG matters that are material to the Group and its stakeholders.

During the year, the Group won two awards during the year at The Edge Billion Ringgit Club 2021 awards. The two awards were for Highest Return to Shareholders over three years as well as Highest Growth in Profit after Tax over three years.

In recognition of shareholders' continuous support, during the financial year, the Company completed a share split to enhance the marketability and tradability of its shares on the Main Market of Bursa Malaysia, repurchased approximately 1.94 million of its issued shares from the open market and declared a total dividend of 6.75 sen per ordinary share for the financial year 2021, an 8% increase from 6.25 sen (adjusted for share split exercise) in 2020.

Acknowledgement and Appreciation

On behalf of the Board of Directors, I wish to take this opportunity to express great appreciation to our management team and employees. With your continued commitment and dedication, the Group has been able to continue to deliver stellar financial results year on year.

I would also like to thank all our financiers, customers, suppliers and business partners for their support throughout the year, especially in these uncertain times.

To my fellow Board Members, I have enjoyed working with you and hope that we can continue to share ideas and insights to guide the future of the Group.

Finally, I would like to thank all our shareholders for their continued support and confidence. We look forward to having you with us on our journey of sustainable value creation in the years ahead.

Management's Discussion and Analysis

Financial Results

The following table sets forth a summary of the results of the Group's continuing operations for the financial years ended 31 December 2021 and 2020:

Financial Year Ended 31 December	**2021** RM'000	**2020** RM'000 (restated)	**Changes** RM'000	%
Revenue	914,673	767,126	147,547	19.2
Other income/(expenses), net	10,574	(8,781)	19,355	220.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	540,633	510,354	30,279	5.9
Operating profit	439,583	411,607	27,976	6.8
Profit before tax	539,580	389,265	150,315	38.6
Profit after tax	530,665	378,180	152,485	40.3
Profit after tax attributable to owners of the Company	462,330	321,290	141,040	43.9
Revenue				
Renewable Energy	533,864	510,214	23,650	4.6
Resources	154,880	142,819	12,061	8.4
Packaging	208,217	97,775	110,442	113.0
Subtotal	896,961	750,808	146,153	19.5
Investment Holding and Others	17,712	16,318	1,394	8.5
Total	**914,673**	**767,126**	**147,547**	**19.2**
Profit Before Tax				
Renewable Energy	385,585	372,086	13,499	3.6
Resources	16,725	18,766	(2,041)	-10.9
Packaging	22,219	9,461	12,758	134.8
Subtotal	424,529	400,313	24,216	6.0
Investment Holding and Others	115,051	(11,048)	126,099	1141.4
Total	**539,580**	**389,265**	**150.315**	**38.6**

The Group registered an annual turnover of RM914.7 million in 2021, 19.2% higher than RM767.1 million recorded in 2020. The increase was attributable to a 4.6% increase in the Renewable Energy Division to RM533.9 million, a 113.0% increase in the Packaging Division to RM208.2 million and an 8.4% increase to RM154.9 million in the Resources Division.

Group pre-tax profit rose 38.6% from RM389.3 million to RM539.6 million, in part due to RM122.0 million share of profit in joint venture (boosted by unallocated bargain gain arising from Edenor's acquisition of Emery group of companies). Excluding the share of profit in joint venture, pre-tax profit grew 7.3% to RM417.6 million on a 3.6% increase in the Renewable Energy Division to RM385.6 million and a 134.8% jump in the Packaging Division to RM22.2 million, partially offset by a 10.9% decline in the Resources Division to RM16.7 million.

Renewable Energy Division

Revenue of the Renewable Energy Division came in 4.6% higher at RM533.9 million in 2021 (2020: RM510.2 million). Hydro energy sales rose 3.9% from RM510.0 million to RM529.8 million, while solar energy sales reached RM4.0 million in 2021 compared to RM0.2 million in 2020.

The Don Sahong hydropower plant achieved an average EAF of 91.0% in 2021, compared to 86.4% in 2020. Despite a longer period of scheduled turbine maintenance in 2021, the average EAF improved significantly due to higher average water levels during the year, improvements made to water flow management and a more effective power distribution system following the completion of EDL's 500KV transmission line from Ban Hut substation to the Cambodian border in November 2020.

During the year, the Group commissioned two new C&I Solar PV projects totalling 13.0 MW. This brought the Group's cumulative solar generation capacity to 14.5 MW at 31 December 2021 (as at 31.12.2020: 1.5 MW).

Pre-tax profit of the division increased RM13.5 million or 3.6% to RM385.6 million. The increase was attributable to higher energy sales, partially offset by the absence of RM8.2 million income from the write back of over-accrued project cost in 2020. Excluding the write-back income in 2020, the Renewable Energy Division would have posted a 6.0% or RM21.7 million improvement in profit before tax.

Resources Division

Revenue expanded 8.4% from RM142.8 million in 2020 to RM154.9 million in 2021, led mainly by a 5.5% increase in lime products to RM137.5 million. Sales of the other products, comprising mainly calcium carbonate powder, limestone and cement bricks, posted a 39.2% increase to RM17.4 million (2020: RM12.5 million) on demand recovery post more severe MCO measures in 1H2020.

Lime product sales volume rose 5.9% year-on-year, bolstered by a 19.1% increase in domestic demand, which more than offset by a 1.5% decline in export volume. Domestic sales staged a robust recovery during the year on economic activity recovery post harsher MCO measures in 1H2020. Exports, on the hand, were adversely affected by escalating shipping costs which eroded the division's price competitiveness in several key regional markets. The decline in export volume would have been more pronounced if not for successful volume diversion to alternative export markets that were less affected by the increase in shipping charges.

During the year, management adjusted selling prices to help defray sharp increases in fuel and shipping costs. Nonetheless, the overall ASP of lime products declined marginal by 0.3% as the price adjustment was more than offset by a stronger Ringgit (versus the US Dollar) and the effects of a change in the customer sales mix.

Pre-tax profit came in 10.9% lower to RM16.7 million (2020: RM18.8 million) as 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 when compared to 2020.

Packaging Division

Revenue grew 113.0% to RM208.2 million (2020: RM97.8 million), spurred by a 5-month sales contribution of RM83.2 million from Stenta and a 27.8% revenue growth of Hexachase to RM125.0 million.

Despite a relatively weak 3Q2021 caused by COVID-19-related plant shutdown by several key domestic customers, Hexachase delivered a robust top-line growth for the full year on the back of an expanding customer base and increasing sales penetration of existing customers in both the domestic and export markets.

Pre-tax profit came in 135% higher at RM22.2 million in 2021 (2020: RM9.5 million), comprising RM11.3 million from the 5-month consolidation of Stenta (2020: nil) and RM10.9 million from Hexachase (y-o-y: +14.7%). During the year, the pre-tax profit margin of Hexachase was impacted by higher raw material costs. Given the competitive nature of the converting business, Hexachase was unable to fully pass on these cost increases to its end customers.

Financial Position

Assets and Liabilities

Changes in key assets and liabilities during the financial year 2021 are explained below:

Asset/Liability Items	As At 31.12.2021 RM'000	As At 31.12.2020 RM'000	Changes RM'000	Explanation
Service concession asset	1,922,289	1,932,044	(9,755)	The decrease was due to RM80.5 million amortisation charge, partially offset by RM70.8 million translation gain.
Property, plant and equipment ("PPE")	410,393	250,229	160,164	The increase was primarily due to consolidation of Stenta (+RM76.3 million), RM105.8 million CAPEX and translation gain of RM1.8 million, partly offset by RM22.9 million depreciation charge. CAPEX allocation: (a) Packaging Division RM45.9 million; (b) Solar projects RM34.5 million; (c) Plantation development RM16.4 million; and (d) Others RM9.0 million.
Right-Of-Use ("ROU") assets	129,325	104,298	25,027	The increase was largely due to consolidation of Stenta (+RM33.0 million) and RM4.0 million CAPEX, partially offset by RM7.0 million amortisation charge and RM5.2 million write-offs/impairment loss.
Investment properties	165,203	177,212	(12,009)	The decrease was due to RM10.1 million fair value loss and RM1.9 million disposal.
Inventories (non-current)	43,443	43,443	-	No movement in the current year.
Investment in quoted shares	200,067	98,790	101,277	The increase was primarily due to fair value gain of quoted securities.
Inventories (current)	128,858	61,802	67,056	The increase was mainly due to consolidation of Stenta (+RM38.8 million) and higher inventories in the Packaging and Resources Divisions on higher revenue base.
Receivables	408,666	306,995	101,671	The increase was mainly due to consolidation of Stenta (+RM42.5 million), prepayment for Don Sahong expansion and generally higher receivable in the Packaging, Renewable Energy and Resources Divisions on higher revenue base.
Deferred tax liabilities	119,508	100,536	18,972	The increase was mainly due to the consolidation of Stenta (+RM14.3 million) and additional deferred tax arising from Packaging Division CAPEX.
Payables (current)	118,515	126,063	(7,548)	The decrease was mainly due to RM31.5 million payment to Don Sahong's EPCC contractor, partially offset by consolidation of Stenta (+RM19.6 million).

Group Borrowings and Debt Securities

The Table below sets out the salient information of the Group's bank borrowings:

	Long-term		Short-term		Total
	USD RM'000	RM RM'000	USD RM'000	RM RM'000	As at 31.12.2021 RM'000
Secured Loans					
Trade financing and loans	-	-	-	57,823	57,823
Term loans	-	83,921	-	22,417	106,338
Bank overdrafts	-	-	-	930	930
Revolving credit	-	-	-	88,000	88,000
	-	83,921	-	169,170	253,091
Unsecured Loan					
Term loan	420,665	-	104,125	-	524,790
Total Borrowings	**420,665**	**83,921**	**104,125**	**169,170**	**777,881**

At 31 December 2021, total borrowings (excluding lease liabilities) amounted to RM777.9 million, a RM120.0 million increase from RM657.9 million at the beginning of the year, The increase was primarily due to additional borrowings to part finance the acquisition of Stenta and the Group's capex and RM21.7 million translation loss on USD-denominated loan.

Interest rates of the Group's bank borrowings are floating in nature.

The Group has no debt securities as at 31 December 2021.

Cash Flow Analysis

The Group generated a total cash of RM496.0 million in 2021, comprising:

(a) RM469.7 million after-tax cash from its operating activities, representing a 59.5% increase from RM294.5 million in 2020. The significant improvement was attributable mainly to higher collection of energy sale revenue from EDL;

(b) RM17.8 million net cash inflow from non-operating investment activities; and

(c) RM8.5 million new capital from minority shareholders of subsidiaries.

During the year, RM329.2 million was allocated for investment activities, comprising:

(a) RM157.5 million for the acquisition of Stenta (inclusive of RM3.7 million net debt assumed);

(b) RM20.0 million for investment in oleochemical joint venture;

(c) RM112.5 million for CAPEX, as detailed above; and

(d) RM39.2 million for Don Sahong, being partial settlement of project cost and prepayment for the 5th turbine expansion.

A total of RM103.4 million was allocated to the following stakeholders:

(a) RM69.3 million comprising RM61.6 million dividends paid to shareholders of the Company and RM7.7 million distribution to minority shareholders of a subsidiary;

(b) RM27.3 million finance costs (including repayment of lease liabilities) paid to lenders of the Group; and

(c) RM6.8 million to buy back shares of the Company.

After factoring in translation loss on USD-denominated loans, net debt of the Group decreased RM44.1 million from RM564.3 million to RM520.2 million.

Foreign Currency Exposure

The Group's main exposure to foreign currency exchange fluctuation is from Don Sahong since the Group's results are reported in Ringgit Malaysia while the functional currency of Don Sahong is the US Dollar.

The Group was slightly impacted (-1.4%) by a weaker US Dollar in terms of reported earnings for financial year 2021. The average RM:USD exchange rate for the year was 4.14 (2020: 4.20).

Dividend Policy

For the financial year 2021, the Company declared and paid a total dividend of 6.75 sen per ordinary share, representing an 8% increase from 6.25 sen (after Share Split) in 2020. Subject to the future cash flow from operating activities, cash outlay commitments and future plans of the Group, the Company intends to continue to gradually step-up dividend distribution by circa. 10% per annum to eventually reach a payout ratio of at least 30%.

Forward-Looking Statement

The Group's prospects and future plans can be found in the Chairman's Statement.



MFCB

SUSTAINABILITY REPORT 2021

About This Report

Mega First Corporation Berhad ("MFCB" or "the Group") is proud to present our Sustainability Report for the year 2021. This report serves to provide an account of our journey of sustainable value creation as we respond to our environmental, social and governance ("ESG") impacts. In this report we will share our sustainability strategy, commitments, initiatives and performance on matters that are material to the Group's business as well as its stakeholders.

This Report should be read together with our Annual Report 2021 to provide a complete overview of our operations.

Reporting Frameworks

This report has been prepared with reference to the new Global Reporting Initiative (GRI) Universal Standards (2021) and meets the criteria of the Bursa Malaysia Main Market Listing Requirements on sustainability reporting. This report is also guided by the reporting requirements of Sustainalytics, FTSE4Good and the UN SDGs.

Reporting Scope and Boundaries

This report covers the operations of the Group's three largest divisions – Renewable Energy, Resources and Packaging Divisions that comprises 98% of the Group's revenue for the period 1 January 2021 to 31 December 2021 (unless otherwise stated) and where applicable, comparative data from the preceding year(s) have been included. The geographical region covered in this report is Malaysia and Laos. In the future we will look to providing a report covering all our divisions.

Assurance

We recognise the importance of assurance to provide our stakeholders confidence in our data and for our continuous improvement. As we have just begun our reporting journey, we have not obtained external assurance for the data provided in this year's report. We are currently developing our internal reporting processes and will look into obtaining external assurance in the future as our reporting matures.

Feedback

We are always looking for ways to enhance our reporting and value feedback from our stakeholders. To provide feedback, please email us at **ir@mega-first.com**.

Inside This Report

Message From The Executive Chairman

Dear Valued Stakeholders,

It is with great pleasure that I present to you our Sustainability Report for the year ended 31 December 2021.

Sustainable Development and Long-Term Value Creation

As a Group, MFCB has always been focused on safeguarding and enhancing long-term shareholder value. As responsible corporate citizens, we recognize that sustainable development that provides benefits not only to our businesses but to all our stakeholders is the key to achieving this. We have made great strides across in the pursuit of sustainable growth during the year. A few of our key highlights are as follows:

1. Kicked off construction of the fifth turbine for the Don Sahong Hydropower Project. The fifth turbine will have a generation capacity of 569GWh per year for use in Laos and Cambodia.

2. Acquired Stenta Films (Malaysia) Sdn Bhd and its subsidiary to build a stronger supply chain and enhance the product development and innovation capabilities of the Packaging Division.

3. Diversified the Group's income sources with our investment in a joint venture - Edenor Technology Sdn Bhd ("Edenor"). Edenor's subsidiaries are in the business of manufacturing and sale of basic and specialty oleochemicals that are preferred by various industries due to it's more environmentally friendly nature compared to petroleum-based chemicals.

Please refer to the contents in the Sustainability Report for further details of our sustainable development initiatives and performance during the year.

Sustainability Strategy and Targets

In the past, Group's sustainability efforts have always been centered around the Environmental, Social and Governance pillars of sustainability. During the year, we took our sustainability efforts a step further, by defining a long-term sustainability strategy for MFCB and boldly committing to specific sustainability targets linked to these three pillars.

In terms of our environmental sustainability target, we are committed to achieving net zero emissions by the year 2050 in line with the UN Sustainable Development Goals and the 12th Malaysia Plan. We recognize the effect that climate change is having, both locally and globally. Changing weather patterns are resulting in severe weather events such as extreme flooding and heatwaves – both of which we have experienced here in Malaysia. We are committed to play our part by pursuing operational greenhouse gas emissions reductions as a first step. In this respect, we have started to implement various initiatives such as shifting towards solar energy in our operations and reducing waste to landfill through recycling and the implementation of new technologies and equipment.

As a Group with various business operations across multiple locations, we recognise that we have a responsibility not only to our people who are the heart of our organisation but also to the wellbeing of the communities in which we engage with. Therefore, our Group social sustainability target is to improve the livelihoods of at least 300,000 people in communities nearby our operations by the year 2030. This is a monumental task but we believe we will be able to achieve it based on our past track record. Over the years, we have run many programs to improve livelihoods such as the building of road and bridges to access remote areas, built clinics and hospitals for communities to access healthcare, refurbished schools and provided scholarships to students in the community and provided irrigation systems to enable planting during the dry season, amongst other things. We will continue to invest in strategic community projects to uplift the communities we operate in.

MFCB aims to build a sustainable and ethical business and recognises that good corporate governance practices regulate the behaviour of stakeholders we interact with while ensuring that the interests of stakeholders are protected. In line with this, the Group's governance sustainability target is to have 100% of our Tier 1 suppliers comply with our Responsible Sourcing Policy by 2030. As our customers and society at large become more concerned with sustainability issues and ethical business behaviour, it is important that our suppliers conduct their business in line with our values in order for us to create a robust supply chain that minimizes our exposure to legal and reputational risk.

Sustainability Management

In line with our long-term sustainability strategy, we took the initiative to establish a new sustainability governance structure that will enable us to manage sustainability in a more structured and effective manner. We want to ensure that there are clear roles and responsibilities, as well as accountability, for sustainability within our organization and integrate the Group's sustainability values throughout the entire organization. It is hoped that with shared responsibility, the sustainability performance of the Group will be improved at an accelerated pace.

We have also taken a key step in identifying our material topics that are important to the Group as well as to our stakeholders. This will ensure that our efforts are focused in these areas and that we are able to effectively address each topic.

We are committed to ensuring our sustainability reports provide a transparent and honest review of our sustainability progress and performance and aim to regularly assess the breadth and depth of our reporting in reference to globally-recognised standards and frameworks such as the GRI Universal Standards.

Moving Towards a Sustainable Future

On behalf of the Group, we thank you for your continued support of our sustainability efforts and achievements over the years. Moving forward, we expect that with a clear and defined Group-wide sustainability strategy, we will be able to accelerate our journey of sustainable development and growth to provide value for all our stakeholders. We also hope that as an organization, we will be able to play a role and become a part of a broader solution to build a sustainable future for all.

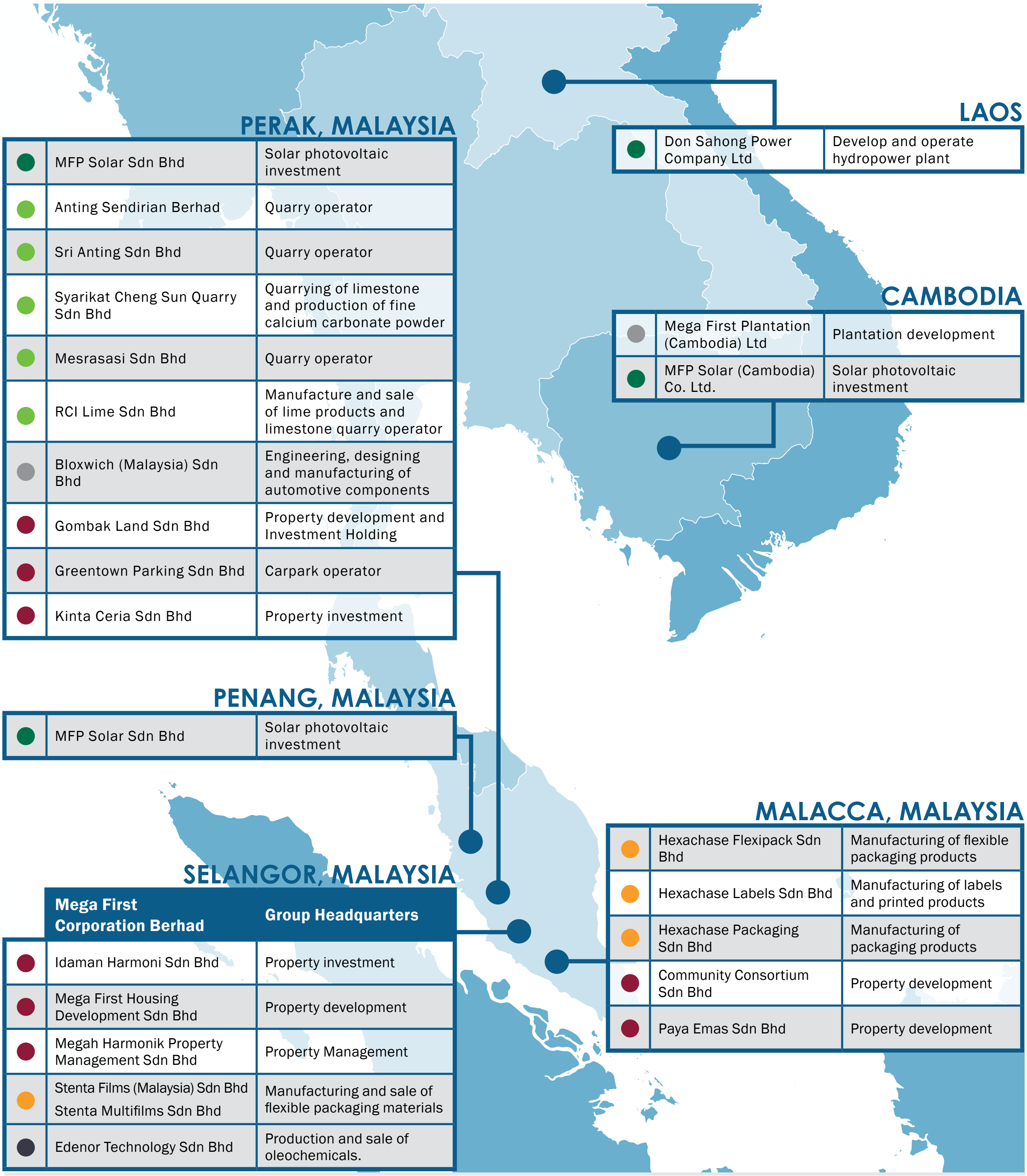
Who We Are And What We Do

Mega First Corporation Berhad was established in 1966 and is headquartered in Petaling Jaya, Selangor, Malaysia. Over the years, MFCB has grown into a diversified group of companies with interests in the Renewable Energy, Resources, Packaging, Property and Plantation industries.

Today, the Group employs close to 1,000 employees across all its operations in Malaysia, Laos and Cambodia.

Where we operate

Joint Venture · Packaging · Property · Renewable energy · Resources · Others



PERAK, MALAYSIA

MFP Solar Sdn Bhd	Solar photovoltaic investment
Anting Sendirian Berhad	Quarry operator
Sri Anting Sdn Bhd	Quarry operator
Syarikat Cheng Sun Quarry Sdn Bhd	Quarrying of limestone and production of fine calcium carbonate powder
Mesrasasi Sdn Bhd	Quarry operator
RCI Lime Sdn Bhd	Manufacture and sale of lime products and limestone quarry operator
Bloxwich (Malaysia) Sdn Bhd	Engineering, designing and manufacturing of automotive components
Gombak Land Sdn Bhd	Property development and Investment Holding
Greentown Parking Sdn Bhd	Carpark operator
Kinta Ceria Sdn Bhd	Property investment

LAOS

Don Sahong Power Company Ltd	Develop and operate hydropower plant

CAMBODIA

Mega First Plantation (Cambodia) Ltd	Plantation development
MFP Solar (Cambodia) Co. Ltd.	Solar photovoltaic investment

PENANG, MALAYSIA

MFP Solar Sdn Bhd	Solar photovoltaic investment

SELANGOR, MALAYSIA

Mega First Corporation Berhad	Group Headquarters
Idaman Harmoni Sdn Bhd	Property investment
Mega First Housing Development Sdn Bhd	Property development
Megah Harmonik Property Management Sdn Bhd	Property Management
Stenta Films (Malaysia) Sdn Bhd Stenta Multifilms Sdn Bhd	Manufacturing and sale of flexible packaging materials
Edenor Technology Sdn Bhd	Production and sale of oleochemicals.

MALACCA, MALAYSIA

Hexachase Flexipack Sdn Bhd	Manufacturing of flexible packaging products
Hexachase Labels Sdn Bhd	Manufacturing of labels and printed products
Hexachase Packaging Sdn Bhd	Manufacturing of packaging products
Community Consortium Sdn Bhd	Property development
Paya Emas Sdn Bhd	Property development

Overview of Key Business Divisions

Renewable Energy Division

Hydropower

MFCB is the owner and operator of the Don Sahong Hydropower Project ("DSHP"), which is a 260MW run-of-river scheme located in the middle reach of the Mekong River in the Khong District, Champasak Province in southern tip of Lao PDR. This project is undertaken by the Don Sahong Power Company Limited ("DSPC"), an 80% owned subsidiary of MFCB and 20% owned by EDL-Generation Public Company,

The project is located at the end of the Sahong channel, a 100 metre wide channel within the Mekong river area known as Siphandone that flows over a geological feature called the "Great Fault Line". Siphandone or "Four Thousand Islands" in Laos is an area with a complex series of islands within the Mekong River which also includes two major waterfalls – Khone Phapheng on the eastern bank and the Lippi or Somphamit Falls further west, as well as numerous smaller channels and cascades. The Sahong channel is one of seven major channels, which braid the Siphandone area, where the Mekong river is over 10 kilometres wide. Thus, the project is very unique as it does not block the entire Mekong river due to the distinctive geology of the area. The powerhouse and embankments create a very small headpond between the islands of Don Sahong and Don Sadam and relies on the natural fall of approximately 20 metres across the "Great Fault Line" to generate 2,000 GWh of renewable energy per year mainly for export to Cambodia.

The project commenced operations on 7 January 2020. As part of a redesign of the project, a fifth turbine is currently being constructed where a new powerhouse annex will be constructed to house the fifth turbine-generator.

Location	Installed Capacity
Laos	
Khong District of Champasak Province in Southern Laos	Type: Run-of-river Generation capacity: 260 MW

Solar Power

Since 2019, MFCB has been involved in solar photovoltaic ("PV") investment in Commercial and Industrial ("C&I") solar projects in Malaysia and Cambodia. These solar projects are undertaken by MFP Solar Sdn. Bhd. ("MFP Solar"), a 55% owned subsidiary of MFCB together with its strategic partner Pekat Group Berhad.

MFP Solar engages directly in C&I solar projects to provide a capex-free solution for its target customers to save on their utility payments and reduce their environmental impact footprint, typically on a Power Purchase Agreement ("PPA") business model. MFP Solar has been accredited as a Registered Solar PV Investor by the Sustainable Energy Development Authority ("SEDA") since 17 January 2020.

At present, MFP Solar has completed three (3) C&I Solar PV power projects with a combined installed capacity of 14.5MW.

Location	Installed Capacity
Malaysia	
Tanjong Malim, Perak	9MW carport solar mounting system 3MW rooftop solar system
Batu Kawan, Penang	1.5MW rooftop solar system
Cambodia	
Phnom Penh	1.0MW rooftop solar system

All the solar plants have been successfully commissioned, energised and are operating smoothly. The Group has also executed power purchase agreements for 17.7 MW of C&I Solar PV contracts. 6.3MW of these agreements are with a public utility company in Malaysia and is expected to be fully operational by the third quarter of 2022 while the remaining 11.3MW are with Fenaka Corporation Limited, a state owned utility company in Maldives.

Resources Division

The Resources Division's principal activities include the extraction, processing, manufacturing and distribution of high purity limestone based products.

EXTRACTION

RCI owns and operates several limestone quarries close to lime producing plants. This redundancy ensures supply security of kiln feed raw material.

PROCESSING

Limestone extracted from the quarries are washed and screened according to optimum sizes and chemical composition to ensure product quality compliance.

MANUFACTURING

RCI produces high purity lime using multiple state of the art lime calcination kilns with a total rated capacity of 730 thousand metric tonnes per annum.

PACKAGING

RCI able to deliver lime products in bulk or in jumbo bag options. Preselected high quality bags are used to preserve product quality during storage and transportation.

DISTRIBUTION

RCI logistics team works with customers to provide reliable and cost effective supply chain solutions to guarantee on time delivery. These include road transportation, port handling, storage for both sea freight containers and bulk shipment.

The activities of the Resources Division are mainly undertaken by RCI Lime Sdn Bhd ("RCI"), a wholly owned subsidiary of MFCB. RCI is a leading lime manufacturer in the region that supplies lime products to reputable customers across a wide range of industries domestically and in the Asia Pacific Region.

RCI's operations are located in the state of Perak where it owns multiple limestone reserves and operates eight state of the art lime kilns with a total rated capacity of 1,960 tonnes per day and the largest hydration capacity in the region, ensuring sustainable supply to customers.

The lime products produced include pebble lime, pulverized lime and hydrated lime. These products have a wide range of applications that are critical in addressing the environmental issues faced by large heavy industries as well as supporting essential industries such as the food and potable water industry. Uses of lime products include the neutralisation of contaminants, waste and pollutant by-products produced by large heavy industries essential to the modern economy such as steel, paper and mining. There are no available substitutes for lime products in terms of usage and efficacy.

It is RCI's goal to provide customers will all their essential needs while operating in an environmentally conscious and socially responsible manner.



Major Applications of Lime Products		
Pebble Lime	**Pulverised Lime**	**Hydrated Lime**
• Aluminum refineries • Aquaculture • Chemical industries • Iron & steel industries • Nickel mining • Paper industries • Sugar industries	• Agriculture • Aquaculture • Food industries • Lightweight blocks- Autoclaved Aerated Concrete (AAC) • Mining • Soil stabilisation and road pavements • Sugar industries	• Effluent treatment plants • Flue Gas Desulphurisation (FGD) plants • Food industries • Paint industries • Sugar industries • Water treatment plants

Packaging Division

The Packaging Division's activities are undertaken by two subsidiaries of the Group – Hexachase Corporation Sdn Bhd ("Hexachase") and Stenta Films (Malaysia) Sdn Bhd ("Stenta").

Hexachase is based in Malacca and has been in operations since 1990. It is involved in the manufacturing of flexible packaging, paper bags and labels and stickers for customers locally and worldwide.

Stenta became a subsidiary of the Group during the financial year upon the completion of the acquisition of 75% equity interest on 28 July 2021. It is a leading flexible packaging film manufacturer of Biaxially Oriented Polypropylene Film (BOPP) and Linear Low Density Polyethylene films (LLDPE) in Malaysia. These films are the raw materials for Hexachase Group's flexible Packaging Division that specialises in the conversion of flexible materials into packaging for various industries as described in the table below. Stenta's operations are based in Bandar Baru Bangi.

The acquisition of Stenta has enhanced the product development and innovation capabilities of the division and improved overall supply chain management, which in turn enhances overall customer satisfaction and experience.



	Company	Key Products	Key Industries Supplied	Key markets
STENTA	**Stenta Films (Malaysia) Sdn Bhd**	Biaxally Oriented Polypropylene Film (BOPP)	• Food & Beverage • FMCG • Pharmaceutical • Electronics • PET food	• Malaysia • Singapore • Australia • Indonesia • Thailand • Vietnam • Philippines • Europe
STENTA	**Stenta Multifilms Sdn Bhd**	Linear Low Density Polyethylene Films (LDDPE)		
HEXACHASE	**Hexachase Flexipack Sdn Bhd**	Flexible Packaging	• Food • Confectionary, biscuits, dry food, cereal, snacks, candies, instant noodles • Beverages • Powdered drinks, dairy, soft drinks) • FMCG • Personal care, detergent, shampoo, sanitary care	• Malaysia • Singapore • Philippines
HEXACHASE	**Hexachase Packaging Sdn Bhd**	Paper Bags (flat and satchel bags, satchel and flat window bags, block bottom SOS paper bags)	• Various industries including supermarkets, phamacies, retail etc. (paper bags) • Food industry (SOS bags)	• Malaysia • Australia • New Zealand • United States • Singapore • Japan • Korea
HEXACHASE	**Hexachase Labels Sdn Bhd**	Labels and Stickers	• Various industries including electronic, food and beverage, shipping, lubricants and cooking oil, pharmaceutical etc.	• Malaysia

Property Division

In the 1990s to early 2000s, the Group's Property Division was actively involved in the development of integrated estates, providing a varied mix of both residential and commercial buildings in the Klang Valley, Ipoh and Malacca and was a major contributor to the Group's profits. However, in 2015, a decision was made to suspend all property development projects given the weak property market and focus solely on property investment. Today, the Property Division earns most of its income from recurring rental income from investment properties and is no longer a major contributor to the Group's earnings.

Plantation Division

MFCB is developing a coconut and macadamia plantation in Mondulkiri, Cambodia on a plot of concession land measuring 6,420 hectares. The term of the concession is for 50 years, commencing from 29 April 2013. As of 31 December 2021, the cumulative planted area is 2,159 hectares.

We target to complete planting by end of 2025 and are in the process of evaluating various downstream processes. This division is not expected to contribute positively to earnings until after 2026.

Industry and membership associations

- Bangi Industry Administrative Association
- Federation of Malaysian Manufacturers
- Lao Association of Dams ("LAD")
- Malaysian Employers Federation
- Malaysian International Chamber of Commerce & Industry
- Malaysian Photovoltaic Industry Association ("MPIA")
- Malaysian Plastics Manufacturer Association ("MPMA")
- Perak Quarry Association
- Sustainable Energy Development Authority ("SEDA")

Our Sustainability Strategy

We are proud to present our sustainability strategy that will guide our focus and efforts in the coming years. We have established three key themes and three overarching targets as well as supporting targets that will help us achieve our goals.

MFCB has always been committed to being a responsible corporate citizen. We are also conscious of the fact that the world is evolving and our stakeholders and the public are increasingly holding corporate organisations to higher sustainable values and standards. Last year we committed to developing a long-term sustainability strategy to help define our commitments and clearly communicate this to all our stakeholders. We have followed through with this and engaged an external sustainability consultancy this year to define a long-term sustainability strategy for MFCB that will help ensure our Group continues to grow sustainably.

The three themes and targets are centred around the Environmental, Social and Governance sustainability pillars and reflect the key focus areas of our sustainability efforts. We have also taken into consideration local, regional and global sustainability goals, such as the 12th Malaysia Plan and the UN SDGs to ensure that our efforts are aligned to international standards.

For us, this is a bold strategy and one that will elevate MFCB onto the international stage. We are committed to meeting these targets and in 2022, we will be developing detailed plans on how we are going to achieve this and aim to share our progress in our next Sustainability Report. We have also developed a 3-year roadmap that serves as a guide to establishing the initiatives, structures and processes required to achieve our goals. Some of the key actions are highlighted below.

Overview of our 3-year roadmap

2022

- Establish and formalise sustainability governance and team
- Establish Group-wide policies, metrics, baselines, targets and data templates
- Roll-out sustainability training for employees and suppliers

2023

- Develop materiality matrix for key business divisions
- Implement action plans for environmental management
- Implement responsible sourcing practices

2024

- Measure socio-economic impact for key projects and initiatives

Our vision

To be a leading Malaysian company with a strong commitment to sustainable development in all our businesses and to achieve long term value creation to the benefit of all our stakeholders.

Our mission

To implement sustainable initiatives across our entire organisation with an emphasis on sustainable production, social accountability and sound environmental management practices.

Sustainability themes

Promoting environmental sustainability

To promote resource efficiency and biodiversity conservation to minimise environmental impacts.

Enhancing livelihoods and inspiring our people

To safeguard, inspire and invest in the development of our people and communities and create real change.

Building a sustainable and ethical business

To enhance the sustainability of our business and uphold high ethical and governance standards.

Sustainability targets

Net zero emissions by 2050	Enhancing livelihoods of 300,000 people in nearby communities by 2030	100% of Tier 1 suppliers to comply with our Responsible Sourcing Policy by 2030
MFCB to achieve net zero emissions through pursuing operational GHG reduction and working with stakeholders on their carbon neutrality commitments.	To be the voice in empowering and uplifting communities through corporate social responsibility and advocacy.	To practice fair, transparent, ethical and sustainable procurement throughout the organisation.

Sub-targets

Conduct group-wide GHG inventory by 2023.	Establish a community investment fund to create positive societal impact by 2023.	Develop a Responsible Sourcing Policy by 2022.
Reduce waste to landfill by 50% by 2030.	Set up a Scholarship and Management Trainee Programme by 2024.	Implement mandatory supplier ESG training by 2023.
By 2035, achieve carbon neutrality and commence transition towards Net Zero.	Conduct social impact assessments for 100% of community initiatives by 2025.	Conduct internal audits of all higher-risk suppliers by 2025.
Reduce GHG emissions in the supply chain by 50% by 2035.		

How We Manage Sustainability

MFCB is committed to good governance and has always prioritised sustainability across our operations. This year we have taken a step forward to better manage sustainability in the Group by establishing a new sustainability governance structure and formally identifying our key focus areas and material issues. It will no longer be business-as-usual and we intend to take proactive measures to strengthen our sustainability performance and transform MFCB into a sustainability leader.

Sustainability Governance

Sustainability has always been driven from senior management at the Group level, however moving forward we feel that it is important to embed sustainability within all ranks of the company and as such, we have formalised a new Group-wide sustainability governance structure and process that will enable us to manage sustainability in a more structured and effective manner.

Our Board of Directors has overall oversight and decision-making responsibility with regards to sustainability. The Sustainability Executive Committee shall comprise of MFCB executive directors and managing directors of the various divisions. The Group Sustainability Committee will be responsible for driving sustainability performance across the Group in a cohesive manner and sharing best practices. On a day-to-day basis, the Division Sustainability Teams will be responsible for implementing all sustainability-related initiatives as well as monitoring and measuring performance.

It is envisaged that this new structure will ensure sustainability is integrated across the Group with a shared responsibility for the sustainability performance of the Group.

GOVERNANCE LEVEL	HOW OFTEN THEY MEET	ROLES AND RESPONSIBILITIES	
Highest governance body	Quarterly	**MFCB BOARD** Oversight and decision making responsibility.	
Management Oversight	Quarterly or as required	**Sustainability Executive Committee** Led by Executive Directors to provide overall direction to Group and report to Board.	
Coordinators	Quarterly	**Group Sustainability Committee** Representatives from Group- and Division-levels to discuss and drive performance.	**Group Functions** (HR, Finance, etc.)
Division teams	Monthly	**Division Sustainability Teams** Implementation of sustainability-related strategies, policies and goals.	

Determining Our Key Material Issues

During the financial year, MFCB conducted a group-wide materiality assessment, taking into account the Group's three key divisions – Renewable Energy, Resources and Packaging. The process involved gaining an understanding of the various issues that are relevant to each industry from an internal and external stakeholder point of view and prioritising this based on its importance to MFCB and to our stakeholders.

Materiality process

Detailed analysis

We undertook a detailed analysis of our peers, industry standards, reporting frameworks and sustainability indices to identify the universe of material issues that are relevant to the Group.

Stakeholder engagement

We engaged with our internal stakeholders through focus-group sessions with each division to gain their perspective on the key issues they face internally as well as pressure points from external stakeholders such as local communities, regulatory bodies and customers.

Issues prioritisation

Based on the detailed analysis and stakeholder engagement, we identified the relevant ESG issues for the Group and conducted a prioritisation exercise to score each issue on a scale from 1-5. Each division provided a rating of each material issue for its:

1. Importance to the Group

2. Importance to stakeholder assessments and decisions

To develop the Group materiality matrix, we analysed the ratings from each division and plotted the average rating for each material issue on the matrix.

Our materiality matrix

Through this process, we have identified 16 material issues that are important to MFCB as a business and also to our stakeholders. Out of these 16 material issues, seven were identified as the highest priority for MFCB:

1. Biodiversity
2. Energy Consumption
3. Ethics & Compliance
4. GHG Emissions and Climate Change
5. Local Communities
6. Occupational Health and Safety
7. Sustainable Supply Chain

For each material issue, we have identified its boundary based on where our operations have an impact. We have also identified the SDGs that are most relevant to each material issue and aim to further align our efforts towards specific SDG targets.

Material issues		Boundary for Relevant Topics			
		Within the organisation	Outside of the Organisation		
			Customers	Suppliers	Community
Highest priority					
Biodiversity	Mitigating our impact on biodiversity and protecting our natural resources.	●			●
Energy consumption	Managing the use of energy to minimise environmental impacts from the organisation's operations such as through energy efficiency.	●			
Ethics & compliance	Ensuring the organisation complies with both social and environmental regulations to promote a culture of ethical behaviour at MFCB.	●			
GHG emissions & climate change	Minimising environmental impacts from emissions such as greenhouse gases, ozone-depleting substances, nitrogen oxides and sulfuroxides etc, while also taking into account the potential positive and negative impacts of climate change on an organisation.	●		●	
Local communities	Commit to create a positive impact and contribute to the well-being of communities in which we operate.	●			●
Occupational health and safety	Efforts taken to promote the establishment of policies, governance structures and health and safety activities to achieve our ultimate goal of zero workplace injuries and drive responsible behaviour among our co-workers.	●			
Sustainable supply chain	Ensuring that our supply chain is sustainable by implementing minimum environmental, social and governance standards for our suppliers.	●		●	

Material issues		Boundary for Relevant Topics			
		Within the organisation	Outside of the Organisation		
			Customers	Suppliers	Community
High priority					
Customer satisfaction	Maintaining the highest level of customer satisfaction through easily accessible and comprehensive services as well as ensuring a high quality standard of products.	●	●		
Employee training & development	Strive to increase organisational competitiveness and sustain growth through development of employees.	●			
Employee wellness & engagement	Investing in the wellbeing of our employees and supporting their development and commitment to MFCB.	●			
Fair labour practices & human rights	Protect the rights of MFCB's workforce and continue to prohibit the use of child labour and forced/compulsory labour within MFCB's facilities or supply chain.	●		●	
Innovation & product responsibility	Developing innovative products that minimize environmental and social impacts	●			
Risk and crisis management	Identifying and mitigating any threats or unfortunate events that can potentially affect the organisation, and to avoid or minimise the impact of the threat.	●			
Waste management	Managing waste and quality of effluents generated by operations, ensuring compliance with regulations and practice disposal of waste in the most responsible manner.	●			
Water & wastewater	Managing water consumption efficiently and ensuring the protection of our water resources.	●			
Medium priority					
Diversity and equal opportunity	Promoting and upholding diversity in the workplace and building a workforce that reflects the markets in which we operate and the makeup of society in general.	●			

Stakeholder Engagement

We value all our stakeholders and their perspectives. We believe that by engaging our stakeholders periodically and on a voluntary basis, we are able to understand their needs and expectations better and take these requirements into consideration when making decisions and managing operations.

Over the past year, due to the impact of the COVID-19 pandemic, we have stepped up our engagements with all stakeholders given the pandemics wide ranging effects such as employee health concerns, compliance with COVID-19 standard operating procedures, community support for COVID-19 and impacts of supply chain disruptions on business activities.

The table below illustrates our key stakeholders, engagement methods, frequency and areas of stakeholder concerns. Key stakeholders are identified based on whether they have any impact to us or vice versa and if they are crucial to our operations, such as our employees, customers, suppliers and government and regulatory bodies.

Stakeholder	Engagement methods	Frequency	Areas of stakeholder concern	
Customer	• Emails and phone calls • Meetings and site visits • Website and social media	• Annually • Ongoing	• Competitive pricing • COVID-19 management • Ethical business practices • Innovation	• Licensing and certifications • Prompt delivery • Quality, Safety and Sustainability of products and services
Employees	• Annual performance appraisal • Interview • Regular briefings • Trainings	• Annually • Ongoing	• Business strategy and direction • COVID-19 management • Remuneration, welfare and benefits • Respect of human rights and ethics	• Reward and recognition • Training and career development • Work life balance • Workplace health and safety
Government and Regulatory Bodies	• Compliance reports • Dialogue sessions • Direct contacts • Industry events and seminars • Official meetings and briefings • Site visits	• Annually • Quarterly • Monthly • Ongoing	• Community investment • COVID-19 management • Environmental management • Ethical business practices • Labour practices	• Legal and regulatory compliance • Occupational health and safety • Opportunities for business investment
Local Community & NGOs	• Outreach programmes • Dialogue sessions • Direct contact	• Monthly • Ongoing • Annually	• Charitable contributions • Community investment and development • COVID-19 management • Employment opportunities	• Environmental management and protection • Ethical business practices • Responsible business operations • Social welfare
Suppliers & Business Partners	• Meetings and site visits • Dialogue sessions • Emails and phone calls	• Annually • Ongoing	• Capability development and knowledge sharing • COVID-19 management • Ethical business practices	• Innovation • Licensing and certifications • Quality, Safety and Sustainability of products and services
Shareholders & Investors	• Analyst and investors briefings • Announcements on Bursa Malaysia website • Corporate website - Group and subsidiaries • Shareholders Annual General Meeting	• Annually • Quarterly • Ongoing	• Business ethics • Business strategy and direction	• COVID-19 management • Economic performance • Organisation growth • Sustainability efforts

Awards & Recognition

During the year, MFCB won two awards at The Edge Billion Ringgit Club 2021 awards. The two awards were Highest Return to Shareholders over three years as well as Highest Growth in Profit after Tax over three years.

These awards are a testament to the Group's track record of generating long term sustainable value for its shareholders.

Promoting Environmental Sustainability

Our Commitment

MFCB is committed to promoting resource efficiency, emission reduction and biodiversity conservation to minimise environmental impacts. As a diversified Group with various business operations, we are conscious of the impacts we have on the environment especially with regards to emissions, waste and water.

Our Strategy

We commit to achieve Net Zero Emissions by 2050. This is underpinned by four supporting targets that will contribute towards achieving our long-term goal. We are striving towards a low-carbon economy and will pursue GHG reduction strategies across our operations.

Our Targets

By 2050, MFCB will achieve net zero emissions through pursuing operational GHG reduction and working with stakeholders on their carbon neutrality commitments.

To support this, we will:

01
Conduct a group-wide GHG inventory by 2023.

02
Reduce waste to landfill by 50% by 2030.

03
By 2035, achieve carbon neutrality and commence transition towards Net Zero.

04
Reduce GHG emissions in the supply chain by 50% by 2035.

Environmental Management

Each of our key divisions are guided by their own internal Environmental Policies. We operate in highly regulated industries with strict compliance requirements for emissions, water discharge and waste management. In addition, we also have a duty of responsibility to our customers and other stakeholders to ensure we minimise our environmental impacts as much as possible. As such, we have implemented sound environmental management practices that ensure we operate sustainably.

With the implementation of our new strategy, the Group has developed new Group Environmental Policy in 2022 that will ensure all our subsidiaries are aligned with the Group's environmental management goals.

Renewable Energy Division

DSPC has an Environmental and Social Policy that is published on its website. The policy serves as a guide for all employees to understand DSPC's commitments to environmental protection. There is also an Environmental and Social Management and Monitoring Plan for Operation Phase (ESMMP-OP) which describes site-specific environmental and social plans and data monitoring commitments that is in line with requirements set by the Ministry of Natural Resources and Environment ("MONRE"). DSPC also complies with the IFC Environmental, Health and Safety General Guidelines 2007 as well as the Asian Development Bank (ADB) Standards.

Resources Division

The Resources Division is currently pursuing ISO14001 certification and aims to achieve this in 2022. The division has two environmental committees that oversee environmental management and performance:

1. **Environmental Regulatory Compliance Monitoring Committee (ERCMC)**

   The ERCMC is chaired by the Executive Director of RCI Lime and meets annually. The Committee is responsible for discussing and deciding on matters related to compliance with regulations in relation to air emissions, water discharge, emergencies, noise and scheduled waste management.

2. **Environmental Performance Monitoring Committee (EPMC)**

   The EPMC operates at the working level and is chaired by the General Manager. They meet quarterly and is responsible for monitoring bag filter performance and maintenance and scheduled waste management.

Packaging Division

Hexachase is certified with ISO14001 and have FSC Chain of Custody certification which verifies that materials are being sourced from sustainable sources.

Stenta is currently pursuing ISO14001 and is scheduled to be certified by July 2022. They have two environmental committees that oversee environmental management and performance as well as a sustainability team:

1. **Environmental Regulatory Compliance Monitoring Committee (ERCMC)**

   The ERCMC is chaired by the General Manager of Operation Services and meets quarterly. The key responsibilities include:

   - Monitoring the implementation and effectiveness of environmental policy and formulating additional policy elements if necessary.
   - Updating employees on new/amendments to environmental regulations.
   - Proposing environmental improvement projects.
   - Taking initiative/action on major environmental non-compliance issue.
   - Monitoring and reviewing the EMS and company activities on behalf of the organisation to ensure compliance with applicable laws, legislation and policies.

2. **Environmental Performance Monitoring Committee (EPMC)**

   The EPMC is chaired by the General Manager of Operation Services. The committee meets every month and their responsibilities include:

   - Management of Scheduled Waste (Labelling, Storage, Inventory, Disposal and Reporting)
   - Communicate on any hazard/spillage

3. **Sustainability Team**

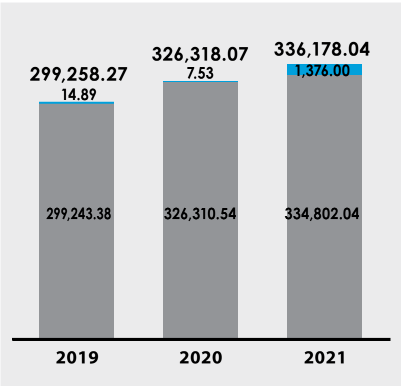
   The Sustainability Team is chaired by the General Manager of Operation Services and is responsible for collecting and reviewing emissions data as well as other sustainability data.

Our Road to Net Zero

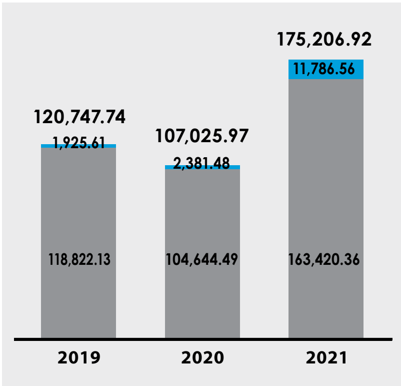
We have set ourselves a clear goal to achieve net zero emissions by 2050. It is an ambitious goal for us but one that we are committed to achieve as we recognise the urgency in addressing the climate crisis that is currently unfolding before us. Our goal will also contribute to the UN SDGs and Malaysia's national goal to be carbon neutral by 2050. In the coming years we will be putting in place the necessary management processes to ensure all our operations are aligned with our goal and begin investing in low-carbon solutions to reduce our emissions.

Climate Change and Emissions

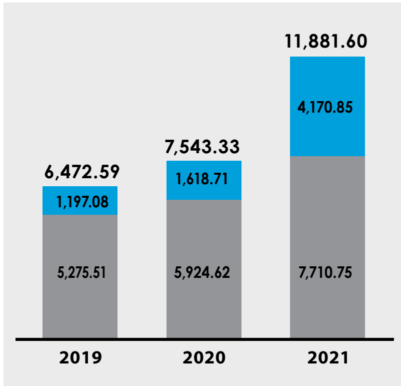
Climate change has already begun to impact some of our operations in small ways. In Malaysia, changes in weather patterns have caused widespread flooding events and higher than normal temperatures. The recent flooding event in December 2021 disrupted our operations due to the flooding at the port and higher average temperatures means that more energy is being consumed for air-conditioning resulting in more emissions and higher energy costs.



Scope 1 Emissions
(tCO_2e)

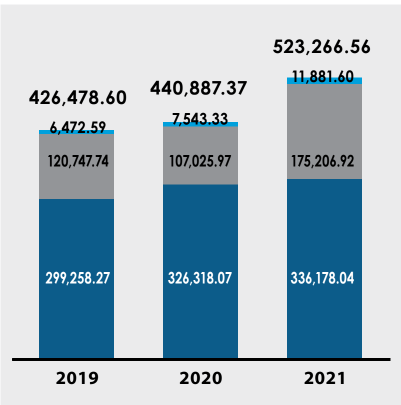


Scope 2 Emissions
(tCO_2e)



Scope 3 Emissions
(tCO_2e)

Resources Packaging



Total Emissions
(tCO_2e)

Scope 1 Scope 2 Scope 3

Note:

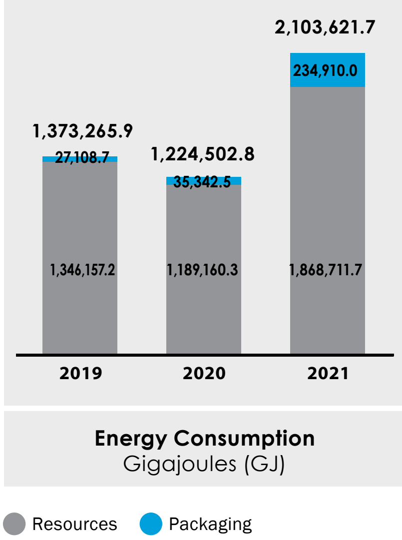
1. *Emissions data has only been calculated for the Packaging and Resources Divisions.*
2. *Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.*
3. *Scope 3 emissions include upstream and downstream transportation and distribution, waste generation (excl. RCI), business travel and commuting.*

Energy consumption

To reduce our energy consumption and emissions, MFCB has committed to installing solar panels for all our existing key operations. During the year, solar panels were installed in one of our subsidiaries in Perak with a generation capacity of 222kWp and it has generated 133.35MWh of renewable energy since energisation on 28 April 2021. In addition, MFCB has completed a 311kWp solar system installation for its Packaging operations (Hexachase) in Malacca in February 2022.

Plans are also underway for solar panel installations at Stenta's factory and we expect that installation will be completed by the end of 2022. The system will have a generation capacity of 1,500 kWp, generating 2MWh of renewabable energy for operations and saving an estimated 1,400 Tonnes of CO_2 from being released into the atmosphere. The Resources Division has secured land to develop a solar installation and it is currently in the technical planning stage.

Moving forward, all new projects and plant expansions will be assessed for suitability for solar PV systems and where possible, we will install these systems. MFCB shall always prioritise energy consumption for our operations to be from renewable energy sources.



Energy Consumption
Gigajoules (GJ)

Note:

1. *Energy data has only been calculated for the Packaging and Resources Divisions.*
2. *Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.*
3. *The Renewable Energy Division consumes internally generated electricity, hence no data is recorded.*

Renewable Energy Division

Energy consumption at the Don Sahong project is mainly from the powerhouse and the permanent operator village and all the energy consumed is generated by DSHP. We are in the midst of performing technical studies to assess the viability of installing solar PV systems to further enhance our usage of renewable energy at the site.

Resources Division

RCI has always prioritised energy-saving initiatives and over the past three years, we have achieved a total energy reduction of 2,133,889 MJ. Moving forward, we will continue to implement similar initiatives on more of our equipment.

	2019	2020	2021
Conversion/ Energy Initiative	Conversion and retrofitting of equipment	Conversion and retrofitting of equipment	Conversion and retrofitting of equipment
Brief description of the initiative	Installation of LED light	Installation of inverter on induction motor	Installation of inverter on induction motor
Types of energy included in reductions	Electricity	Electricity	Electricity
Reductions in energy consumption achieved	112,129 MJ	1,451,520 MJ	570,240 MJ

Packaging Division

Hexachase has installed solar panels at its manufacturing plant in Malacca, which is expected to generate 311kWp. We have also installed LED bulbs across our factory and time controllers (e-saver) to manage the operations of our lights.

Stenta has replaced all regular bulbs with LED bulbs and installed timers and motion-activated lights to help conserve energy. They are also in the planning process to install solar panels as part of their expansion plans at a new manufacturing building.

Air quality

Resources Division

As part of complying with the Environmental Quality Act 1974 and Clean Air Regulations 2014 on the emission limits, our production lines are equipped with robust baghouse dust collection systems. The latest addition is an upgraded baghouse system for two of our 20-year-kilns. We ensure all our baghouse systems are operating at optimum conditions so that we do not expose the community around us to any pollutants. To ensure this, we have a Continuous Emission Monitoring System (CEMS) installed in our kilns that help monitor emissions and engage an accredited third-party laboratory to conduct isokinetic stack sampling monitoring for our kiln burning equipment. In 2021, the PM value was 41.32mg/m^3 which is below the 50.0 mg/m^3 emission limit set by DOE.

Additionally, to tackle low-level dust (road dust) around the premise, we use water-bowser trucks to regularly douse water on all our plant access roads. The water used for this activity is surface runoff water that is collected in a sedimentation pond. Hereafter, the clean water (after the sedimentation process) is pumped into the bowser trucks using a solar-powered pumping system (new initiative). This activity is carried out daily, and with an increased frequency during dry weather. The wetting of the roads aids in 'suppressing' the generally airborne dust particles.

Packaging Division

Hexachase and Stenta perform Stack Emission Monitoring for all the chimneys in their manufacturing buildings on an annual basis. The report is submitted to DOE and the parameters measured must be within the limit as stated in the Malaysian Clean Air Regulations 2014- Second Schedule (1.2). As of December 2021, both Hexachase and Stenta are 100% in compliance with the regulation.

Noise management

Resources Division

Boundary Noise Level Monitoring is conducted on a quarterly basis by an accredited third-party laboratory as part of our compliance requirements set under EIA Approval Conditions by the Department of Environment (DOE). The Permissible Noise Level are 70 dB(A) for daytime and 60 dB(A) for night-time respectively. The boundary noise level is measured on plant and quarry boundaries. In 2021, there were no incidents of non-compliance with boundary noise level monitoring.

Packaging Division

In manufacturing flexible packaging films, noise gets generated from machineries such as winders, slitters and re-granulators. Stenta performs Area Noise Monitoring to identify areas that are above the action level of 82 dB(A) and Noise exposure limit (NEL) of 85 dB(A).

Personal Noise Exposure Level Assessment are also being performed on an annual basis to identify employees that are exposed to noise levels above the regulated limit. Audiometric Screening Tests are conducted annually for all employees that work in the manufacturing area and we also put in place engineering and administrative controls to manage the exposure levels.

At Hexachase, noise levels are at a safe level.

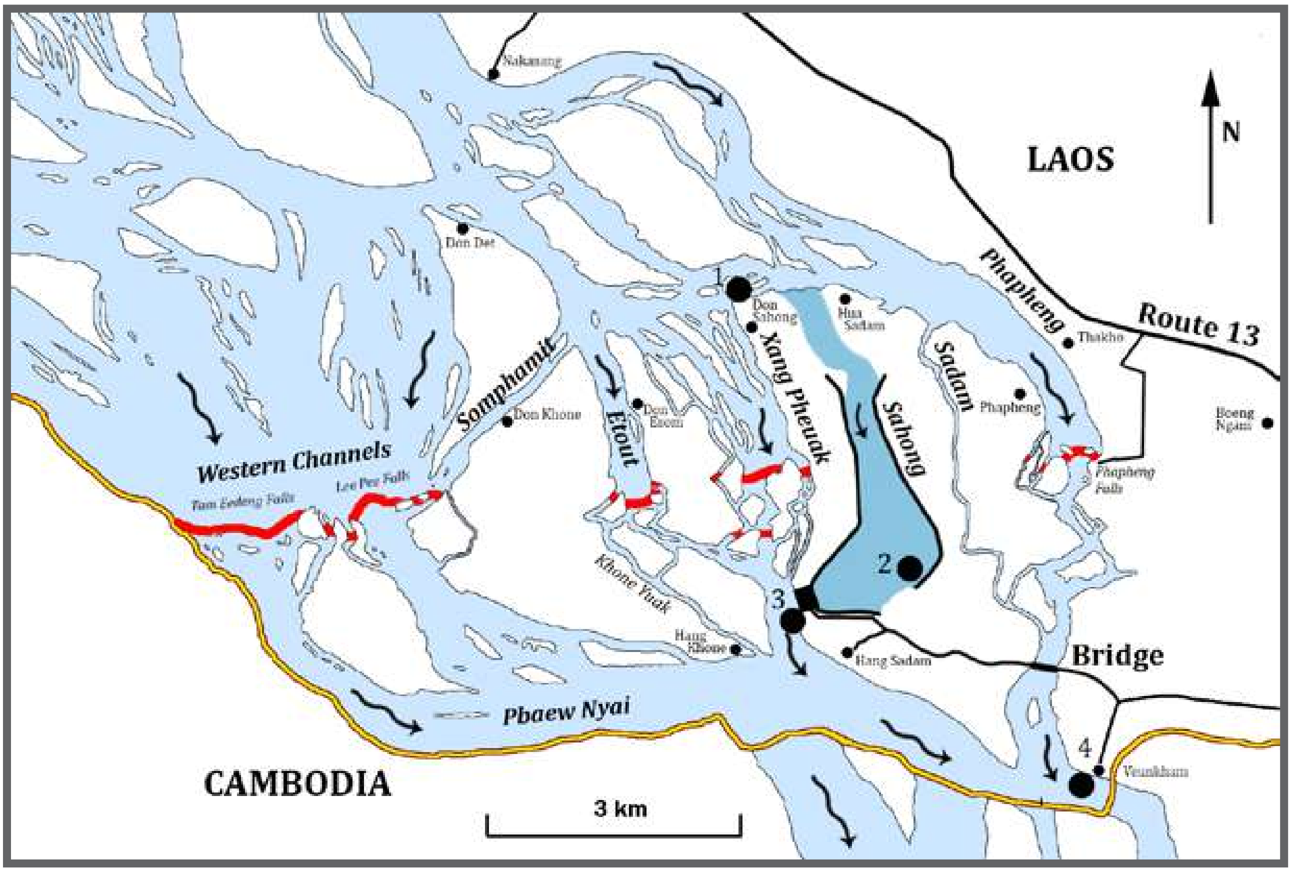
Water management

Water is a critical resource. All our operations are dependent on water as an important resource for its processes.

Renewable Energy Division

Since 2000 there have been periods of extended drought, and several large new hydropower reservoirs upstream have increasingly regulated the natural flow so that wet season flooding has been reduced and dry season flows have increased. The establishment of the DSHP has had some impact on the flows in the immediate vicinity of the project because part of the flow of Phapheng Channel has been diverted into Sahong Channel. There is however no effect on total flows to the Mekong River downstream in Cambodia. We continue to monitor daily water levels at seven locations, which are then used to estimate discharge (flow) at each location.

With the current construction of the fifth turbine unit, there is absolutely no excavation work on the river either upstream or downstream of the project. This fifth unit will draw water from the existing headpond and discharge water into the existing tailrace. It will only be operated during the wet season to discharge the excess water in the headpond mimicking the natural condition of Hou Sahong. During the rest of the time, it will serve as a spare turbine to allow other turbines to undergo any necessary maintenance whether planned or unplanned.



As part of our ESMMP-OP, we undertake monthly water quality monitoring at four locations in the project area to ensure that there is no contamination in the river and in the potable water for communities and that there are no significant changes in water quality during transit through the head-pond, which takes about 3-4 hours. In 2021, water quality was similar at all sites and no parameters exceeded the National Environment Standard for Laos.

Resources Division

Municipal Water Supply

Our municipal water supply, provided by Lembaga Air Perak, is primarily used to produce our value-added product, hydrated lime (Calcium Hydroxide) via the hydration process. In the hydration process, quicklime is combined with water to form hydrated lime. Water is fully absorbed, and heat is released, so there is no discharge of wastewater. Apart from that, our municipal water supply is also for domestic usage indoors; in all our plant facilities (office, laboratory, production office, etc). All domestic wastewater is then discharged into the drainage system.

Surface Runoff Water

The natural runoff of rainwater is captured in our sedimentation ponds, which consists of 3 levels: primary, secondary, and tertiary sedimentation ponds. Surface runoff water containing mud, sand, and coarse particles will settle by gravity at the bottom of the pond. This separation will enable only clear water to overflow into the drainage system.

We utilise the clear water from these sedimentation ponds for some of our internal activities such as:

- Wetting of the roads to suppress road dust.
- Watering of plants and trees in our compound.
- Wetting of raw kiln feed stones.

This forms a part of our water-saving approach, as we do not need to use municipal water supply for these activities. In addition, any excess water from the above activities will be channelled back into the sedimentation ponds, creating a continuous cycle. With ample rainfall in the region and sufficient storage of water, there has been no water shortage or droughts that have interrupted our operations. The sedimentation ponds have also served as a good buffer to prevent flash floods in the area.

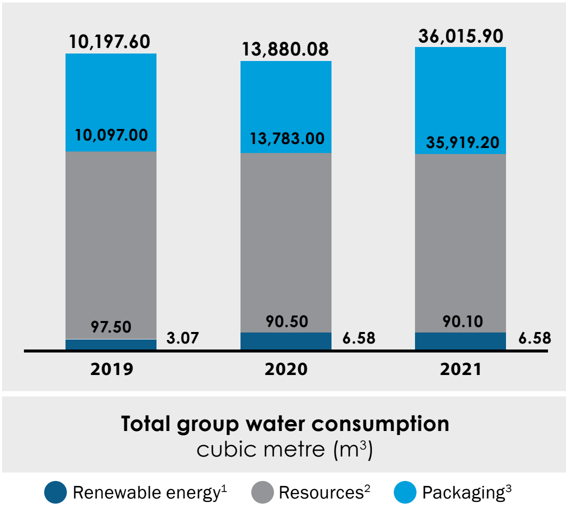
We engage an accredited third-party laboratory to perform water quality monitoring for water discharged into the drainage system. Parameters such as pH, BOD, COD, Total Suspended Solids, Oil & Grease, Ammoniacal Nitrogen, Temperature, and Dissolved Oxygen are monitored. The water quality monitoring is conducted based on National Water Quality Standards Class IIA and Class III. We also conduct quarterly water quality monitoring as part of our compliance requirements set out by the Department of Environment (DOE). An accredited third-party laboratory checks the quality of the water from the sedimentation ponds and discharge outlets. In 2021, there was no incidents of non-compliance with water discharge quality.

Packaging Division

At Hexachase, municipal water is only used for cleaning our machines and premises. We have a relatively stable supply of water and have built a water reservoir at our factory that can provide up to 2,500 litres of water to help manage any disruptions in water.

At Stenta, water is a key part of its operations for its cooling towers, chillers and water bath. The cooling towers and chillers make up about 28% of our total water consumption and we monitor this closely. As our manufacturing facilities are based in Selangor, we have experienced a few incidences where our municipal water supply was disrupted due to drought and water contamination. To ensure the continuity of our operations, Stenta relies on water to be delivered by water tankers during water shortages.

Every six months, Stenta conducts water effluent sampling on water that is discharged to public drains. In 2021, there were no incidents of non-compliance with water discharge quality.



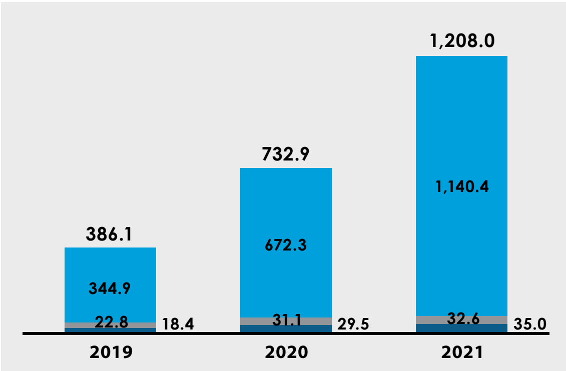
Total group water consumption
cubic metre (m³)

Notes:

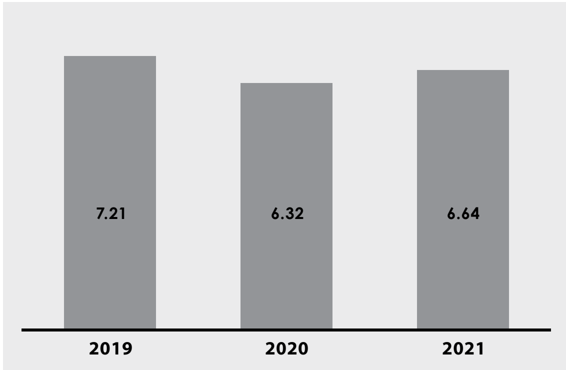
1. *Water consumption is estimated based on number of employees and type of activities. Moving forward we aim to provide more accurate figures.*
2. *Municipal water supply only. While we do capture and use surface runoff, the intake is currently not measurable.*
3. *Municipal water supply only.*
4. *Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.*

Waste management

MFCB manages its waste responsibly and continues to seek new ways to reduce our waste generation across our operations. The majority of our waste comes from our our Packaging Division, however, the majority of this waste is actually recycled and not sent to landfill.



Total group non-hazardous waste
Metric Ton (MT)



Total group hazardous waste*
Metric Ton (MT)

Renewable energy   Resources   Packaging

**Currently only the Resources Division records hazardous waste data. In the future, we will record hazardous waste produced by the other divisions (if any).*

Renewable Energy Division

Since DSHP began commercial operations, the site has not generated any hazardous waste. There is minimal general waste generated on-site and all waste is disposed responsibly at the Khong district landfill. In front of the powerhouse, there is a natural accumulation of floating debris and other waste items that come from upstream of the river. We estimate that we have removed about 38 tons of rubbish from the river in 2021.

Resources Division

Our quarrying operations produces both hazardous and non-hazardous waste. All our waste is managed responsibly and collected by waste collectors as seen in the table below. We recognise the importance of sustainable waste management and are planning on implementing a few key initiatives to reduce waste such as:

1) Awareness and education on E-waste management.
2) Reduce our food packaging waste by replacing them with more eco-friendly options.
3) Recycling stations for our domestic waste.
4) Digitalisation of documents to reduce paper usage and waste (on-going project).

We hope to educate and inspire change among all our employees and improve our performance in this area.

Upcycling quarry by-products

Since 2013, RCI has been using its undersized quarry by-products to make cement bricks for the construction industry. They have a purpose-built brick manufacturing facility that processes the stones and is able to produce up to 3 million bricks a month. Without this process, the undersized quarry-by-products require large storage space and would have to be removed and sent to landfill.

The bricks comply with national Building Codes, SIRIM fire resistance test and has also been certified by BOMBA. They consist of 7% cement and 93% undersized quarry by-products and are stronger than normal cement bricks. They are also considered to be environmentally-friendly and 100% recyclable. This is just one example of how RCI identifies opportunities to reduce its impact on the environment while creating value for the business.

Undersized quarry by-products and cement weighed according to pre-determined proportion into a mixed with sufficient amount of water.

↓

Undersized quarry by-products, cement and water will then be homogenously mixed.

↓

The homogenous mixture will then be conveyed to a mould press machine.

↓

The green bricks (freshly moulded bricks) will undergo curing for 3 days to achieve sufficient strength.

↓

After 72 hrs, the bricks will be automatically packed onto the wooden pallet.

↓

Subsequently, the bricks will be kept for 21 days in a storage yard to achieve sufficient strength. After this, the bricks will be ready for delivery to customers.

Waste Type	Hazard	Management
Industrial waste		
Quarry Scalping	Non-hazardous	Quarry scalping and undersize stones are commonly used as crusher run for road base and road works. We also have a brick manufacturing company that turns these waste materials into calcium silicate bricks for the construction industry. Hence, where possible, we utilise and convert these types of waste to usable materials, thereby reducing any form of wastage.
Scheduled Waste: SW 305, SW 306, SW 312, SW 404, SW 409, SW 410	Hazardous	All scheduled waste in our premises are handled and managed properly by our competent persons (Certified Environmental Professional in Scheduled Waste Management – CePSWaM), in accordance with all legal requirements.
Packaging Material Waste	Non-hazardous	This consists of the outer layer/liner of packaging materials, loose strappings, ropes, stretch films and paper cores. All these materials are collected and segregated by material type. They can be broadly categorised into recyclable and non-recyclable waste material. Recyclable waste materials are sold to approved recycling contractors, while non-recyclable waste are collected by licensed waste collectors for proper disposal.
General Waste	Non-hazardous	Examples are broken pallets, wooden boxes, outer package boxes, plastic wastes, etc. These are disposed of directly into the industrial waste bin. Once this industrial waste bin is full, a licensed waste collector will collect these wastes.
Domestic waste		
Food containers and packaging, paper, plastic, broken furniture, food waste, and miscellaneous	Non-hazardous	Currently, there is no segregation for domestic waste. All waste is collected and disposed into the municipal waste bin outside the premises. The local municipal waste collector will empty these bins weekly.

Packaging Division

In Hexachase, there is an ongoing waste reduction plan that has helped to reduce wastage and rejection rates from more than 10% to less than 7%. This was achieved by several operational tweaks such as better training, increasing production capacity and installing an inline printer, which has enabled us to reduce downtime and paper consumption.

All our waste is disposed responsibly; all paper waste is sold to a licensed collector to produce recycled paper.

Stenta reduces waste by reusing up to 90% of wooden and plastic pallets from suppliers and are also trialling the use of paper pallets for shipping instead of wooden pallets. They also regranulate production film waste and reuse some of it in the manufacturing process and sell the rest to recyclers. At Stenta, approximately 90% of internal production waste is recycled.

Conservation

Conservation is a key initiative within our Renewable Energy Division as the Don Sahong Hydropower Plant is situated within the Mekong River Basin. As a run-of-river project, the impact on the environment is much less compared to a hydropower project with large reservoir. However, fisheries are of particular significance at Khone Falls and upstream in Siphandone, where the natural habitats, hydrology and supply of aquatic foods are very favourable for production of wild fish.

About 850 species of fish are found in the Mekong River basin; of these about 200 are found in the Khone Falls area and about 20-30 species are commonly caught in catches at Khone Falls. Some species are endemic to the Siphandone and northern Cambodian region (down to Kratie), and as such their populations are more vulnerable to regional fishing pressure or environmental changes. These fishes include *Aaptosyax grypus* (pa sanak nyai) *Mekongina erythrospila* (pa sa-ee), *Labeo erythropterus* (pa va souang), and *Gyrinocheilus pennocki* (pa ko).

The fisheries industry supports livelihoods and is an important source of nutrition for the local community. Significant quantities of fish are exported from the region, but over the years there has been a decline in fish catches due to increased fishing pressure and environmental changes. Due to drought and other new hydropower plants wet season and dry season flows have been altered since 2000 resulting in reduced flooding. This in turn causes reduced fish production, which leads to regional impacts on catches, including at Khone Falls, because many fish migrate to Khone Falls after feeding and growing on the Tonle Sap and other floodplains in Cambodia.

Extensive research and work have been done since 2008 to understand and mitigate any impacts to the fisheries industry. In addition, we have developed a long-term adaptive management strategy called the Don Sahong Fisheries Management Plan (DSFMP) which has been implemented since 2015 and will continue until at least 2030.

To oversee the implementation of the DSFMP, the Don Sahong Fisheries Management Committee (DSFMC) was established in 2016. The DSFMC comprises representatives from organisations as specified in Article 51 of the Fisheries Law as follows:

1. Representatives of village, district or provincial fisheries organisations.
2. Representatives of fishers.
3. Representatives of village or district social organisations.
4. Village, District or Municipal Security Officers.
5. Representatives of other relevant sectors as deemed necessary.

The objectives of the DSFMP are to:

- reduce fishing pressure, especially on migrating fish, to allow them to migrate through the alternative channels which will mitigate the loss of fish passage through the Sahong Channel;
- protect, preserve and manage fisheries resources in the Don Sahong Fisheries Management Area ("DSFMA"), in particular, species of aquatic fauna that are endangered or in decline; and
- ensure sustainable management of aquatic fauna in the DSFMA.

We engage closely with communities from the local villages as they play a key role in the DSFMC. They are responsible for monitoring fishing activities in the area as well as helping to protect important habitats. Over the next 10 years, some of the key activities that will be undertaken by the DSFMC are as follows:

Activities	Update as of 31 December 2021	Plan for 2022
Registration of fishers and fishery organisations	Completed registration for 8 main fish traders, 2 retail traders (5 traders from Nakasang, 3 traders from Veun Kham, and 2 retail traders from Hang Sadam)	• Register fishers at 6 villages in the project area first and continue registering any new fish-traders and any related fishery organisations.
Permitting activities for fishers and traders	Disseminated Don Sahong fishery regulations.	• Produce fish-passage rules and regulations, and submit for endorsement from related departments
Surveys of aquatic fauna	Due to COVID-19 prevention measures this could not be organised.	• Carry out market surveys and catch surveys at Khone Falls and in Khong district.
Awareness raising	Organised fish release day at Khong district; released 35,000 fish fingerlings; more than 60 people attended from offices of Khong District.	• Organise awareness raising activities on impact of eating raw fish at 7 schools in the project area. • Organise awareness raising on impact of using destructive and big gears for fishing. • Organise meetings on fish passage rules and regulations at 6 villages in the project area. • Organise the fish release day at Khong district.

Activities	Update as of 31 December 2021	Plan for 2022
Technical training and workshops	Due to COVID-19 prevention measures this could not be organised.	• Organise training and workshops for 11 patrol teams on fish passage regulation after obtaining approval from related parties.
Identification, mapping, demarcation of conservation zones, protected areas, spawning grounds and important habitats	Completed identification of 9 protected areas for fish-passages at Khone Falls.	• Create maps and prepare, for submission to Khong district authority for onward endorsement. • Continue identification of spawning grounds and important habitats in Siphandone area.
Rehabilitation of important habitats	DSPC stabilised riverbank erosion at Khone Yuak and planted 250 plants.	• DSFMC will grow 3000 indigenous plants and plant them on riverbanks near fish-passages and important habitats.
Education activities and scientific research	DSPC supported Ban Hat fish hatchery station for wild fish breeding by funding for fish food and buying brood stock.	• DSPC will continue to support technical activities and support budget for breeding indigenous fish species at Ban Hat hatchery.
Enforcement	Completed identification of 9 protected areas for fish-passages at Khone Falls.	• Continue site inspections at risky locations; and check fish markets once per week.

Note: all activities are by DSFMC unless otherwise stated. DSPC provides financial and technical support as required.

In addition, DSPC has been participating in the Joint Environmental Monitoring (JEM) Programme pilot project since November 2019, which aims to further understand the impact of hydropower development on the Mekong River on water flow and quality as well as fisheries resources.

Under the JEM Programme, the Mekong River Commission (MRC) delivers awareness and training workshops to our employees on specific topics and skills such as ecological health and fish larvae identification. The workshops aim to build capability and knowledge in these areas to perform better data collection on key data points across hydropower projects. For DSHP, the training has been especially useful in helping our employees acquire new knowledge and methods in environmental monitoring which should yield better monitoring results. We also participate in knowledge-sharing workshops to share information on the data that has been collected for DSHP, which helps improve communication between MRC and hydropower projects on key trends and impacts occurring at various sections of the Mekong River. The JEM Programme pilot project was completed in December 2021 and the project report will be released soon.

Key Workshops in 2021	Objective
Fish Larvae Identification training workshop	Participants learned about fish larvae monitoring in various aspects, including the development stages of larvae, application of monitoring tools, key points for reporting and various laboratory and taxonomic techniques, for successful identification of Mekong fish larvae.
Passive Integrated Transponder (PIT) training workshop for Fish Pass Monitoring	Participants learned how to set up and operate a PIT system to monitor fish migration. The training also provided theoretical and practical knowledge on how to tag fish, set up antennas for PIT tag system as well as fisheries database management.
National Consultation Workshop	Hydropower projects are encouraged to share and exchange data on agreed indicators and update their process on the national inventory list of existing and planned monitoring stations. DSHP and the Xayaburi hydropower projects shared their data for the JEM pilot project.
Regional Workshop on JEM's Integrated Data Analysis, Reporting, and Sharing	A follow-up workshop from the National Consultation Workshop to build upon and share further insights and initial conclusions on the JEM data and to support the preparation for the finalisation of the JEM Programme.

Fisheries Monitoring Action Plan (FishMAP)

The FishMAP was developed in 2013 when we began field works. The FishMAP is complementary to the DSFMP and aims to directly mitigate the impact of blocking the Sahong Channel by physical improvements to other channels to facilitate passage of migrating fish.

Up to 2019, DSPC has improved fish passage at nine locations in Sadam, Xang Pheuak, Som Yai, Sompordan and Don Lai Channels. Although DSPC has invested heavily in improving fish passages and rehabilitating important fish habitats during construction, we are conscious that there is still some impact to the migration of fish and local impacts on the flow of water at Khone Falls. Since 2016, when fish migrations up Sahong Channel have been blocked, there has been a loss of riverine habitat along the channel which has been inundated by the project's headpond, a small reservoir. The DSHP alters the distribution of flows at Khone Falls, by diverting some water from Phapheng Channel into the Sahong Reservoir for power generation. DSPC has, since 2013, improved other channels to provide fish passage which included deepening their upstream inlets by about 1m in anticipation of reduced water levels during operations.

In December 2021, we conducted further works east of the Xang Pheuak inlet to try and increase inflows for the Xang Pheuak Noi and Nyoi Koong fish-passage. This involved deepening the upstream inlet and creating a bypass around two waterfalls. Prior to the works, the dry season flows were very low, however once the works were completed, dry season flows increased by about 2-7m^3/s. Local communities have provided feedback and identified other areas where fish passage improvement is required and in 2022, DSPC will conduct works in these areas.

Planned fish passage works for 2021-2022		
Xang Pheuak (XP)	Nokkasum Noi (planned)	A significant cascade obstructs fish migration on the west channel of XP, and traps formerly caught fish as they turned back from that barrier. Traps were removed in 2016 by DSFMC and works are planned to reduce the obstruction which continues to obstruct fish during the dry season.
Xang Pheuak (XP)	West inlet	Once the DSHP is operational upstream water levels will be lower so inflow to XP will be reduced. Works are planned to maintain XP flows at or above baseline levels.
Li Phi	Khone Koc (LP) waterfall (planned)	A series of steep falls in Liphi channel severely obstruct upstream fish passage, with very limited passage reported by fishers. Works would improve a bypass channel on the eastern side of LP.

Under the FishMAP, we conduct regular monitoring of fish abundance through:

1. Catch Per Unit Effort (CPUE) Monitoring
2. Household catch fish monitoring
3. Daily fresh fish market monitoring
4. Visual monitoring/trapping in the dry season
5. Cast-netting for upstream migrating fish

These surveys help us to compare results upstream and downstream of waterfalls in each channel and can indicate whether the fish passages up the channels are impaired if fish levels are found to be lower than average. Over the year, the results have found that many fish are migrating through alternative channels. However, more attention is required during the dry season to ensure fish are able to migrate properly as the channels need sufficient flows and no disturbances from fishing activities.

We remain committed to ensuring that we do the best we can to preserve the natural flow of water and migration of fish as well as its habitats.

Enhancing Livelihoods And Inspiring Our People

Our Commitment

MFCB is committed to safeguard, inspire and invest in the development of our people and communities and create real change.

Our Strategy

At the heart of our business is our people and the communities that we engage with. We recognise the immense responsibility and ability that we have to improve the livelihoods of the communities within which we operate. Our 2030 commitment is to enhance the livelihoods of 300,000 people in nearby communities and be the voice in empowering and uplifting communities. This is underpinned by three sub-targets that will ensure we achieve this goal.

Our Targets

By 2030, MFCB will be the voice in empowering and uplifting nearby communities (300,000 people) through corporate social responsibility and advocacy.

To support this, we will:

01

Establish a community investment fund to create positive societal impact by 2023.

02

Set up a Scholarship and Management Trainee Programme by 2024.

03

Conduct social impact assessments for 100% of community initiatives by 2025.

Prioritising our people

Our people are the foundation of MFCB. In MFCB, we have a team of 989 employees and each employee is incredibly important to the Group. We do our best to ensure that we invest in the wellbeing and development of our people as we believe that happy employees are key to a motivated and productive workforce.

Diversity and equal opportunity

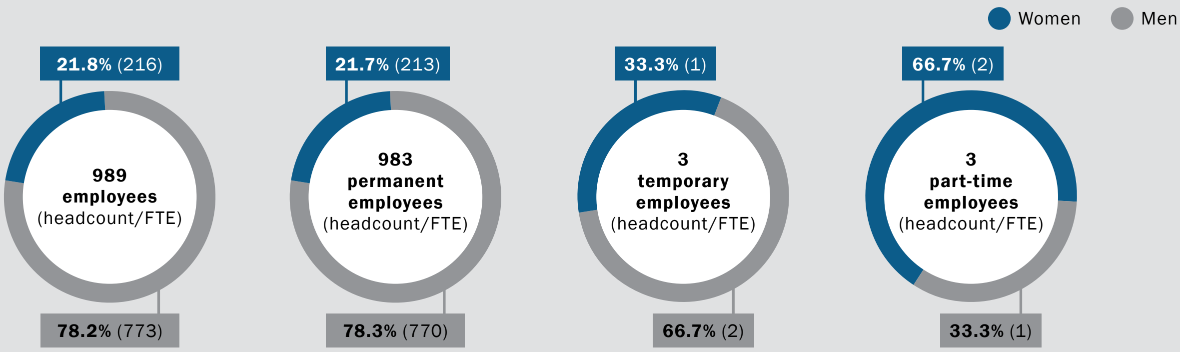
At MFCB, we celebrate diversity and do not discriminate against gender, age, ethnicity, disability, sexual orientation or religion. We value the different skills and knowledge that each unique individual brings to the business and believe this leads to better problem-solving and decision-making.

Our hiring practices are strictly merit-based and non-discriminatory. We have recruited employees with existing disabilities who are able to work in specific roles within our divisions, which provides them with financial stability. We also practice a staff mentoring system whereby new recruits are assigned to dedicated staff to help them climb the learning curve.

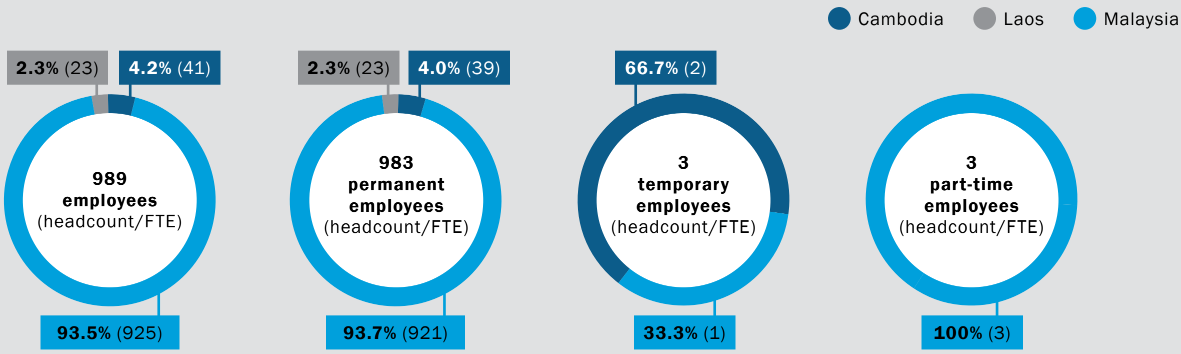
We recognise that the nature of the industries we operate in a male dominated workforce and this is reflected in our diversity numbers where 78% of employees are male and 22% are female. This is reflective of the more physically demanding nature of the job which naturally is advantageous to men. Moving forward, we will endeavour to create a more gender-balanced workplace and attract more women into our workforce. At present, we are planning to provide a more conducive working environment for nursing mothers by providing appropriate nursing areas and where possible, offering flexible working arrangements.

Our workforce as at 31 December 2021

Gender



Region

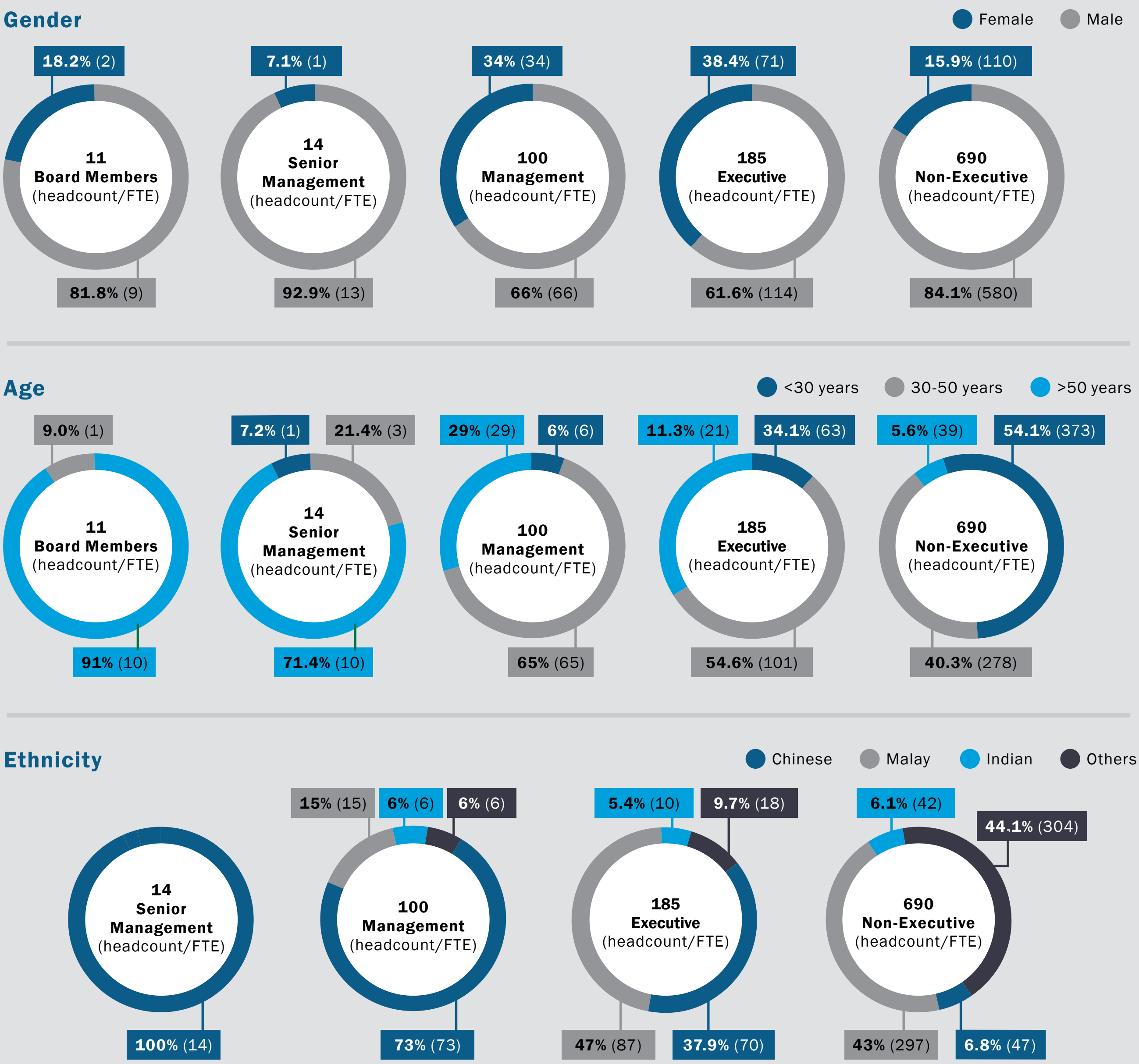


Note: Data includes all five MFCB divisions.

Number of workers who are not employees

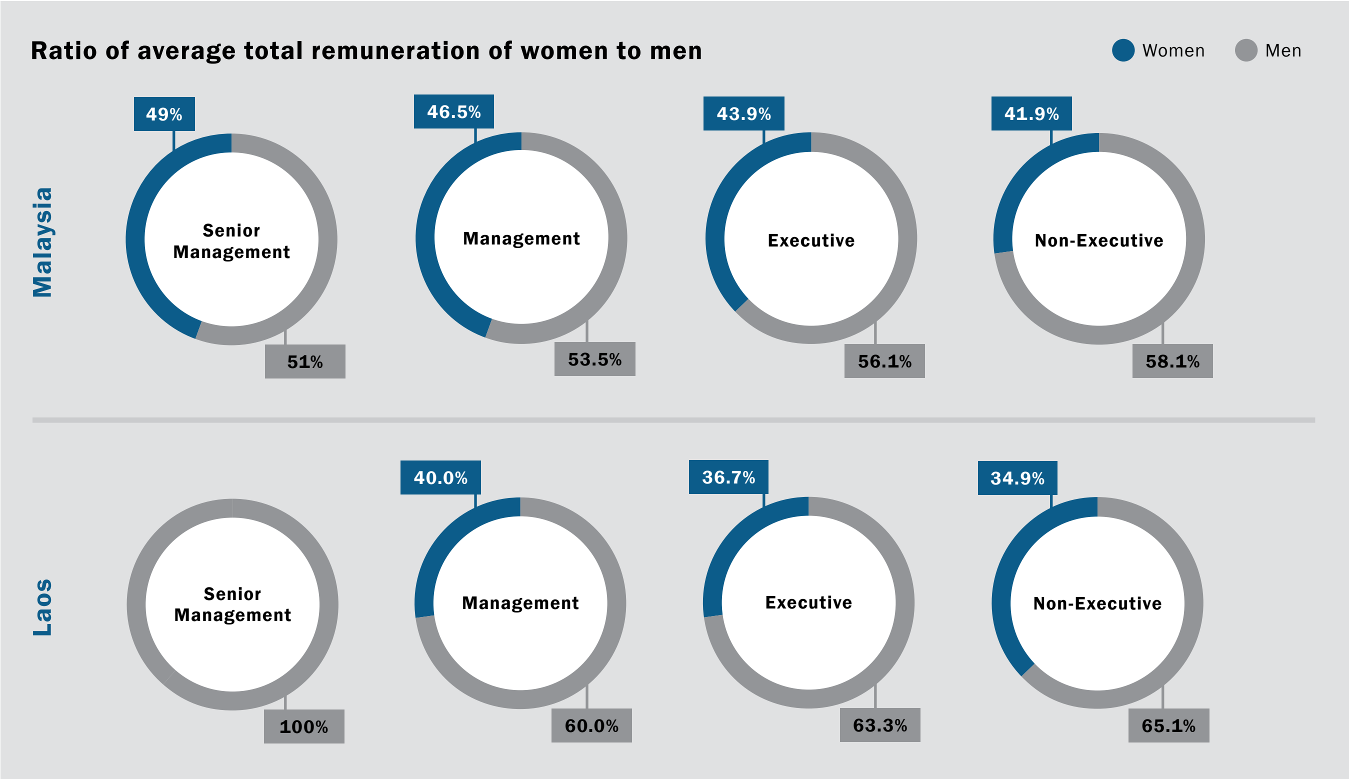
Direct Engagement	Indirect Engagement	Total
34	202	236

Governance bodies and employee diversity data as at 31 December 2021



In terms of remuneration, it can be seen that there are no major discrepancies between the ratio of average total remuneration of males and females, which is an important measure of equal opportunity within the company. For Laos, the discrepancy between men and women is more pronounced. This is mainly due to the remote location and basic facilities of the project site where it is difficult to get suitable women employees. The annual increment and bonus is based on a fair assessment system with no bearing on age or gender.

In 2022, we intend to update our Employee Code of Conduct to address matters related to diversity and equal opportunity and ensure this is communicated to our employees.



Note: Data includes all five MFCB divisions.

Employee wellness and engagement

At MFCB we endeavour to create a healthy and supportive workplace to ensure our employees remain motivated and engaged. We provide a number of benefits to our full-time employees (that are not provided to temporary or part-time employees) such as medical benefits, personal accident insurance, hospitalisation and surgical insurance and maternity leave.

Before the COVID-19 pandemic, we used to conduct a number of events to maintain engagement with employees such as company dinners, festive celebrations, company trips and talks from external speakers, however, in view of the COVID-19 situation during 2021, such events have been temporarily suspended.

Total number of new employee hires for 2021 was 121 employees.

	Number of Hires	Rate of Hire
Gender		
Male	93	12.5%
Female	28	13.3%
Age Group		
<30 years	87	18.8%
30-50 years	31	7.7%
>50 years	3	3.3%
Region		
Malaysia	112	12.6%
Laos	4	13.8%
Cambodia	5	12.2%

Total turnover number for 2021 was 115 employees.

	Turnover Number	Rate of Turnover
Gender		
Male	82	11.0%
Female	33	15.6%
Age Group		
<30 years	66	6.9%
30-50 years	42	10.4%
>50 years	7	7.8%
Region		
Malaysia	106	12.0%
Laos	3	10.3%
Cambodia	6	14.6%

Fair labour practices and human rights

MFCB is committed to fair labour practices and respects international human rights standards. We do not have any child labour or forced labour in our operations and provide all our employees fair wages and a safe and proper working environment that is free of discrimination, harassment or intimidation.

We are developing a Group Human Rights Policy that is aligned with the UN Guiding Principles on Business and Human Rights and will be available on our Group website by April 2022. The Policy will state our view on human rights and our commitments to ensure we respect the rights of all our workers. We will spend the second half of 2022 communicating the Policy across the Group. We recognise that this is an ongoing area of concern for many stakeholders and we intend to put in place processes to identify and assess our human rights risks, especially across our supply chain. We will work closely with our employees, suppliers and other stakeholders to ensure that our efforts and views are aligned in this area.

In 2021, there were no reported incidents of discrimination.

Renewable Energy Division

DSPC's HR practices reflect our deepest respect to human rights and our commitment to be in full compliance not only to labour laws and anti-trafficking laws, but also the full spectrum of anti-discrimination and anti-harassment policies. We operate the business, and recruit, train and compensate our workforce strictly in compliance with the above-mentioned laws and policies. All these are contained in our written Internal Regulations which has been approved by the Government of Laos.

As most of the operations and maintenance of the power plant has been outsourced to a specialist third party, we are able to operate with a relative lean and efficient workforce of 23 employees. While the workforce is diverse and multi-national, we also support local employment - 75% of our employees here are Laotian. In addition, we provide comfortable lodging and accommodation, meals, insurance protection and health and recreational facilities for our workforce. This is on top of other legal and regulatory requirements such as a social security fund and pension system, which we also provide.

We conduct annual performance reviews with employees to gain their input and feedback, to safeguard and improve their wellbeing and talent development, in order to make sure they enjoy a safe, healthy, and encouraging working environment.

Resources Division

RCI is aligned with MFCB Group's policies on non-discrimination, harassment, minimum wage and child or forced labour. We do not discriminate and treat all employees equally and with respect. We have 73 foreign workers in our workforce and provide comfortable accommodation with all the necessary furniture. They have large communal areas for cooking, dining and recreation as well as open space for exercise and gardening. All our foreign workers keep their own possessions and have their own free time outside of work. All employees and stakeholders are provided in-person training on our Whistleblowing Policy, which forms part of our ISO37001:2016 ABMS Standards, and are able to raise any concerns or grievances through the processes highlighted to them.

Employees in the Resources Division are free to join the collective agreement with the trade union. Currently, 13% of our employees are covered by the collective bargaining agreement.

Packaging Division

Hexachase has a company HR Policy that states its zero-tolerance policy for any form of discrimination and harassment as well as child or forced labour. It also states Hexachase Packaging's commitment to fair labour practices such as the right of workers to join trade unions and have decent work hours and pay. All employees and suppliers are made aware of this policy and expected to abide by it.

We have both local contract workers and foreign workers who live in an estate area near the factory. For our local contract workers, we provide transportation to the factory. All our foreign workers are provided accommodation as per the regulations and are free to go out after working hours and hold their own passports. They are also given good working conditions and have the same benefits as all our employees such as a yearly bonus, monthly advance salary, promotion and increment opportunities, medical leave, annual leave, overtime and SOCSO (social security for foreign workers).

Stenta has a Labour Practices, Human Rights, Ethical Conduct Policy that includes elements on forced labour, underage employment, minimum wage, anti-discrimination, whistleblowing, privacy and health and safety. Employees in Stenta are free to join trade unions. Currently, 59% of employees are covered by the Collective Agreement. Stenta is required by some of our key multinational customers to undertake audits of their operations and in 2021 they conducted a 4-pillar Sedex Members Ethical Trade Audit (SMETA). The audit highlighted some areas for improvement such as improving some of our internal systems and processes in relation to supporting documentation and communication with external service providers. We value the insights and feedback received from such audits and will continue to work to improve our operations.

Training and development

At MFCB, we give continuous support to our employees in their personal and professional development through on-the-job training, internal and external courses and seminars. We believe in continuous improvement of our workforce and that only a well-trained workforce will ensure high productivity which will benefit the company and ultimately, our stakeholders.

Renewable Energy Division

Our operations require all our employees on site to be up-to-date on all health and safety training to ensure our hydropower plant can operate smoothly. In 2021, training was provided on a number of topics such as Emergency response management, Management of flammable and combustible materials and Special equipment management. We also provide essential technical training pertaining to the operation of specific areas of the DSHP like turbine operations, cooling water systems and maintenance of generators.

Resources Division

We prioritise the training and development of our staff, as we believe with the right training and knowledge, our employees will be able to succeed at their jobs. This is ingrained in our Quality Policy and is a KPI that is tracked monthly for HR.

Due to the pandemic, the majority of training at RCI has been focused on meeting mandatory training requirements. However, additional training needs continue to be assessed on an annual basis based on feedback from annual appraisals. Skills and knowledge-based training are provided both internally and externally to develop staff competency.

Internally, we have employees who are competent and experienced in special skill sets who are able to conduct in-house training for other employees. We also have a 'library' (also via network) with relevant reference books and reading materials that are accessible to all staff. External training is provided for specific courses and professional certification programs such as Environmental Management, ISO 14001:2015 EMS training and Certified Environmental Professionals. RCI provides funding for external courses through HRDF or will provide company funding.

Over the next few years, we will be ramping up our training program to make it more comprehensive and cover more aspects and topics.

Packaging Division

Hexachase Packaging conducts mandatory training on Forest Stewardship Council (FSC) awareness and Emergency Preparedness for all employees. Our production team is especially involved in various trainings on production standards and quality and has a key focus on ensuring that employees are up-to-date on their FSC Chain of Custody (CoC) knowledge. In 2021, production employees were sent for FSC CoC training on Version 3-1 of FSC-STF-40-004. This training involved learning about the FSC rules and regulations for FSC CoC certification, discussing the core labour requirements of the Standard and implications of the EU Timber Trade Regulation (EUTR).

At Stenta, one of our missions is to achieve a lifelong learning culture. The management believes employees need to have the right skills and knowledge to achieve the company's vision. An annual training needs assessment is carried out to identify skill gaps and training required to close these gaps. We provide mandatory training as required by regulators such as fire-fighting, first aid and chemical spillage, as well as training on Safety Management Systems (ISO 9000, HACCP and GMP). We conduct internal training, which is delivered either by internal or external subject matter experts, as well as provide opportunities to participate in external training. Stenta contributes to the Human Resource Development (HRD) Corporation and all external training (whether held in-house or externally) is funded through HRD Corp.

Employees also undergo on-the-job training on SOPs for their respective jobs as well as an understanding on Product, Quality & Customer Applications. Stenta has also invested in soft skills development of executives by providing training on Supervisory and Leadership, Problem Solving Methodologies, Project Management, Performance Management and Operational Management.

Percentage of employees receiving regular performance and career development reviews

	2019	2020	2021
Gender			
Male	100%	100%	97%
Female	100%	100%	94%
Employment Category			
Senior management	100%	100%	100%
Management	100%	100%	100%
Executive	100%	100%	100%
Non-Executive	100%	100%	94%

Note: Data includes all five MFCB divisions. Figures in 2021 are not 100% because the performance reviews for the Plantation division will only be carried out in April 2022.

Occupational Health and Safety

The occupational health and safety of our employees is a top priority at MFCB. Our operations each have their own occupational health and safety policies, management systems and committees.

With the implementation of our new strategy, the Group has developed new Group Occupational Health and Safety Policy in 2022 that will ensure all our subsidiaries are aligned with the Group's health and safety management goals.

Renewable Energy Division

DSPC has a Standard Operating Procedure and Emergency Response Plan which all employees are aware of. The SOPs help to prevent any occurrence of accidents that would disrupt operations and in the event of any emergency, the Emergency Response Plan provides a clear action plan for all employees to follow. Since commercial operation began, there have been no emergency events.

At the production site, we fully comply with all the international health and safety standards and regulations and industry standards of the country where we operate, formulate special safety, environmental protection, occupational health and emergency management systems, and strictly implement these systems to ensure the safety and health of the workers on the site during the production process.

Our partners are required to carry out multiple training and learning sessions on safety awareness and safety skills for employees every year and hold targeted thematic analysis meetings based on the safety events in the same industry and the actual situation of the company's production site to prevent the occurrence of similar unsafe incidents. We have special safety management personnel at the production site to be responsible for regularly organizing safety inspections on the production site, and to supervise and guide the behaviour of employees.

Measures are taken to reduce the risk of exposure to harmful environmental hazards and unsafe equipment and facilities that endanger personal health and safety in the production process. We do our best to prevent our employees and service site partners from occupational hazards and diseases and provide periodic occupational health examinations if required. We have occupational health monitoring files for company employees, and require our service providers to establish occupational health monitoring files for on-site workers to ensure we can monitor any changes in workers' health.

After the outbreak of COVID-19, in order to ensure the normal operation of the on-site power production business, special management measures and emergency treatment plans were developed. This included SOPs on social distancing, capacity limits on-site and quarantine requirements. We have also ensured that there is sufficient equipment on-site to help prevent the spread of COVID-19 such as PPE and hand-sanitising stations and require all production site employees to be vaccinated with three doses of an internationally-recognised COVID-19 vaccine.

Resources Division

The Resources Division is guided by the ISO45001:2018 Occupational Health and Safety Management System and plans to be certified by September 2022. OHS is overseen by the Safety and Health Committee which meets every 2 months. In addition, they have weekly toolbox briefings to communicate with all workers on OHS matters. Safety and compliance training is provided as required by regulations. In 2021 we invested RM98,500 in safety training programs covering topics such as ergonomic risk assessments, PPE & chemical handling, fire safety, hearing conservation and first aid.

We implement the Hazard Identification, Risk Assessment and Risk Control (HIRARC) process to identify work-related hazards and all department managers have been coached to conduct HIRARC. We have clear SOPs for reporting work-related hazards and incidents, dealing with non-conformities and reviewing corrective actions. All accidents need to be reported within 24 hours to respective managers or departments and an Incident Investigation Report must be lodged. Any serious accidents must be reported online to DOSH within the stipulated timeframe. Corrective action must be monitored for its effectiveness and if a similar non-conformance re-occurs, another investigation is conducted to identify further action to eliminate or minimise the risk of the root cause.

In the Resource Division, workplace noise is considered a potential occupational hazard. Annual audiometric tests are carried out to monitor our employees' hearing over time (refer to the table below for the results).

	2019	2020	2021
Diagnosed with hearing impairment:	**4** Out of four cases of hearing impairment, one case was due to aging. *(*no age correction done)*	**8** • The same four cases from 2019 were tested again. • Four new impairments. • Out of these, three were diagnosed with hearing impairment prior to joining our company (baseline testing).	**8** • The same four cases from 2019 were tested. • The same four cases from 2020 were tested. • No new impairments were recorded in 2021.
No. triggered criteria for audiometric test	**18**	**69**	**26**
• Baseline	18	61	7
• Repeated annually/3 months	0	4	14
• Noise Risk Assessment	0	4	5

The employees who were found to have hearing impairments were reassigned to a different working environment that has less exposure to loud noise (below the Noise Exposure Limit of 85.0 dB(A)). PPE and yearly audiometric tests are provided to these employees.

We deploy the Hierarchy of Control to determine ways to implement feasible and effective controls in reducing noise exposure. This approach groups actions by their likely effectiveness in reducing or removing the noise hazard. Engineering and administrative controls and PPE usage are widely implemented. In terms of PPE, we provide earplugs and earmuffs to all our employees. Areas with high levels of noise exposure are accentuated via signboards and hearing protection is made mandatory before entering such areas.

In terms of engineering controls, progressive actions are taken over the years. Currently, we have installed a silencer and inverter on the root blower at our production facility to reduce the noise level. More effective engineering control will be implemented in excessive noise areas in the future, gradually.

As part of the administrative controls, we conduct an annual Hearing Conservation Training, which covers:

- Occupational Safety & Health (Noise Exposure) Regulations 2019
- Adverse health effects of noise on hearing
- Purpose and benefits of the Hearing Conservation Program
- The purpose of earplug/earmuff, the advantages, disadvantages, and attenuation of various types of earplug/earmuffs, and instructions on their selection, fitting, use, and care.
- Purpose and procedures of audiometric results and preventive measures and
- The noise control plan and program at the place of work.

Over the past two years, the Resource Division has further prioritised the health and safety of all our workers. With the pandemic raging on, the division has invested in a number of initiatives to ensure that all employees remain healthy and safe:

- All COVID-19 vaccinations for employees and contractors are paid by the company, resulting in 100% of employees being vaccinated.
- Bi-weekly COVID-19 Rapid Antigen Tests were implemented for all employees in August 2021, shifting to weekly tests later in the year, to enable early detection and prevent any outbreak within the division. So far, all tests have come back negative, which has enabled us to continue operating.
- Free food is provided to all 73 of our foreign workers who are staying in accommodation provided by RCI to ensure that they do not need to leave the compound unnecessarily.
- Provision of free face masks, face shields and hand sanitiser to comply with our COVID-19 SOP.

The Resources division continues to ensure our foreign workers are comfortable and regularly invest in upgrading their quarters.

Packaging Division

Hexachase has an occupational health and safety team that meets quarterly and is responsible for ensuring machinery are operated safely and that the organisation is up to date on its first aid and fire-fighting responses. They have a Health and Safety Policy and a Risk Assessment Procedure document that guides employees on their responsibilities for working safely and how to identify and report any safety risks. Health and safety training is provided to employees including Emergency Preparedness & Response Procedures, Control of Health Status & Disease Procedures and Personal Hygiene.

In response to the COVID-19 pandemic, Hexachase paid for all vaccinations and provided test kits every week for all employees. When required, all PCR tests were paid for as well as quarantine hotels for foreign workers. In our operations we provided oximeters, face masks, face shields and hand sanitisers to ensure our employees could continue to work safely. We also updated our Risk Assessment Procedure to include COVID-19 safety measures and SOPs and ensured all our employees were aware of them. In addition, all our employees are covered by medical insurance.

Stenta has an Environmental, Health and Safety (EHS) function that oversees all the OSH activities and regulations. In addition, we also have a Safety and Health Committee that meets every two months and is represented by both management and workers from the production floor. The workers, through their representatives are encouraged to provide suggestions/inputs to improve OSH within the company.

Stenta's Occupational Health and Safety Policy which is available in both English and Malay, ensure that our employees are aware of our commitment to safety and of their responsibilities. Our EHS Executive is certified as a Safety Officer by the National Institute of Occupational Safety & Health. We also provide standard training in key areas relating to confined spaces, chemical handling, forklift driving and waste handling.

We use the HIRARC method to identify hazards and assess risk. The results of any assessment are reviewed in the Safety Committee Meeting where areas for improvement are discussed and followed up on. In 2021, there were 4 recordable work-related injuries related to slip and falls, burns and cuts. Following these incidents, additional briefings were held with all employees to reiterate the importance of following occupational health and safety procedures.

On an annual basis, all employees undergo a health screening on-site to check their blood pressure, glucose and cholesterol level to ensure they are ain good health. Employees working in areas exceeding the noise limit of 82db also undergo annual audiometric tests.

	Hexachase Packaging	Hexachase Flexible Packaging	Hexachase Labels	Stenta Films
ISO 9001:2015	-	✓	✓	✓
ISO 14001:2015	In progress	✓	✓	By July 2022
ISO 22000:2018	✓	✓	✓	-

Work-related injuries

	2019		2020		2021	
	Number	Rate	Number	Rate	Number	Rate
All Employees						
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries*	7	1.13	6	0.80	10	1.24
The number of hours worked	1,234,674		1,502,925		1,614,612	

** calculated based on 200,000 hours worked.*

Work-related ill health

	2019	2020	2021
All Employees			
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	4	8	8
Main types of work-related ill health	Hearing impairment	Hearing impairment	Hearing impairment

Empowering communities

We are committed to enriching the lives of the communities we engage with and have invested substantial time and effort towards improving access to healthcare, education and livelihood opportunities.

Renewable Energy Division

As part of the Concession Agreement for DSHP, we made a commitment to contribute USD1 million (RM4.2 million) to the Laos Government every year for the next 25 years upon commercial operation. All projects under this fund has to be approved by a joint committee and any unused funds for the year is rolled over. On top of the formally-approved projects, the company also continues to engage with communities in nearby villages and contributes funds and technical advice to support other initiatives requested or required by the communities.

Community investment 2019-2021

2019 (RM)	2020 (RM)	2021 (RM)
6,134,000	1,076,000	2,072,000

Infrastructure development

Initiatives	Objectives	Outcome
Road expansion project at Nong Ping village, Pathouphone district, Champasak province	To expand and improve the road and mobilise equipment for transmission line construction at Nong Ping village.	72 households and contractors can use the dirt-road for transportation and equipment mobilizing.
Transmission line construction project at Nong Ping village, Pathoumphone district, Campasak province	To expand power grid for Nong Ping village.	72 households including 373 villagers now have access to utility electricity supply.
Water supply system at Don Sahong, Hua Sadam and Hang Sadam villages**	To provide treated water supply to the villages including water intake structure, treatment plant & water supply pipelines to all households.	297 households and 1,602 villagers will have access to potable water.
Slope protection construction at Hang Khone Yuak island**	To ensure stability of the riverbank at Khone Yuak island.	12 families who live on the island will be protected from further erosion.

***have started but not completed yet*

Road expansion project at Nong Ping village, Pathoumphone district, Champasak province.

Transmission line construction project at Nong Ping village, Pathoumphone district, Campasak province.

Health and education

Initiatives	Objectives	Outcome
Community health centre improvement program	To improve the quality and variety of medicine, materials, equipment and facilities to ensure that the health centre is more functionable and able to handle extreme emergency situations and provide better health care for locals.	More than 4,000 people are closer to the health center and have better access to health care.
Food nourishment and protein supplement program for primary school level Grade 1 to 5 during daily break times	To provide a balanced and nutritious diet to increase/enhance the learning performance level of all students.	300 students from six (6) villages to benefit.
Provide educational learning and teaching reference materials for Sadam Island Secondary School	To increase the standard of education with access to better reference teaching/learning educational materials.	84 students to benefit.
School bus transport services and enrolment fee program for selected high school students	To enable poor students who have completed secondary school to continue high school at a different location.	30 students from four (4) villages to benefit.
Provide scholarships for selected top students to continue higher/tertiary education	To provide financial aid to students who completed school and obtained an average score of 40 points to continue higher/tertiary education.	Two top students each year will receive the scholarship.

Community health centre improvement program.

Provide scholarships for selected top students to continue higher/tertiary education.

Provide bicycles and school bus transport services for selected high school students.

Livelihood support

Initiatives	Objectives	Outcome
Revolving fund program Provided funds to be distributed across each village	To create additional steady income of local villagers from 6 villages in project areas.	The program has been running since 2016. Household income of six villages, 492 households, 2,698 people have been improved. A formal income survey will be conducted once COVID-restrictions are lifted.
Dry-season rice production DSPC provided the funds to construct appropriate irrigation. Technical training on dry season rice production was provided by DSPC's Social Team and Khong District Agriculture and Forestry Office. High-yield rice varieties were recommended.	To provide an alternative income stream for communities who are usually dependent on the fisheries industry.	In 2020, 53 households participated in dry-season rice production, yielding 125 tonnes of rice. In 2021, 98 households (47% increase) participated and managed to harvest 200 tonnes of rice.
Technical advice and financial assistance for agricultural production Assistance was provided to farmers who were growing organic vegetables, mushrooms, banana plantations, sugarcane plantation, cashew nut plantation and raising buffalos, cows, goats, pigs, chickens and ducks.	To assist farmers in sustaining existing livestock and fruit and vegetable production as well as improving productivity.	For farmers raising livestock, the assistance has helped to double the number of cows in most villages, while the number of goats has tripled.
Technical advice for small businesses The ESMO team made monthly visits to all the businesses run by participating households to monitor, supervise and check on their finances. These included retail shops, restaurants and other service shops.	To help families and households sustain their business.	By taking on the advice from the ESMO team to change product offerings, the small businesses have managed to sustain themselves despite the sharp drop in tourists to the area.

Technical advice and financial assistance to help double the number of cows in the villages.

Technical advice and financial assistance to improve productivity in agriculture.

Technical advice on how to improve bamboo yield.

Dry rice season production.

COVID-19

Laos was not spared from the COVID-19 pandemic and as part of our commitment to the Laos Government and districts within which we operate, we donated RM26,100 to the Champasak provincial government and RM11,186 to the Khong district government to assist in the prevention, control and containment of COVID-19. The money was used to test and quarantine migrant labourers entering from neighbouring countries. We also contributed a further RM55,928 to the Khong district government to help build a COVID-19 quarantine camp that will be able to house 100 people. This camp was completed in November 2021 and will be used to quarantine migrant labourers.

Packaging Division

Our Flexipack division has been donating RM50,000 to Pay Fong Middle School in Malacca to provide a better learning environment as well as to fund university scholarships for high school graduates. In 2021, MFCB Group also contributed RM50,000 for the school to acquire a 7-acre land for future development and in 2022 will be helping to support the construction of a student dormitory.

Stenta donated medical CPE isolation gowns to the Ministry of Health to support frontliners in managing COVID-19 cases in hospitals. During MCO1.0, Stenta ran a food bank project that raised RM44,000 to provide aid to its staff community as well as community around the area that were economically impacted by the prolonged lockdown.

Building A Sustainable And Ethical Business

Our Commitment

MFCB is committed to enhance the sustainability of our business and uphold high ethical and governance standards.

Our Strategy

A core component of building a sustainable business is ensuring that we cultivate a sustainable and resilient supply chain. In light of this, our overarching target in this area is to ensure 100% of our Tier 1 suppliers comply with our Responsible Sourcing Policy by 2030.

Our Targets

To practice fair, transparent, ethical and sustainable procurement throughout the organisation, MFCB will have 100% of Tier 1 suppliers to comply with our Responsible Sourcing Policy by 2030.

To support this, we will:

01
Develop a Responsible Sourcing Policy by 2022.

02
Implement mandatory supplier ESG training by 2023.

03
Conduct internal audits of all higher-risk suppliers by 2025.

Sustainable procurement

Building a sustainable supply chain is integral to long term value creation. As a Group with various operations across different countries, we source various raw material, services, equipment and machinery from a multitude of suppliers and vendors globally. We acknowledge that any wrongdoing and non-compliance by any one of our suppliers and vendors exposes our businesses to legal and reputational risk, especially as society becomes more concerned about and aware of environmental, social and governance issues.

At this point in time, stakeholders such as our customers and investors are calling for greater accountability in managing our supply chain risks especially in the areas of human rights, environmental impacts and occupational health and safety. We recognise the importance and potential impacts of these issues and are committed to ensuring that we manage these risks across all our businesses Accordingly, we are partial towards suppliers who adopt sustainability practices in their organisations.

Further to this, we recognise that a key to sustainable procurement involves procuring local products and services wherever possible. Procuring locally promotes economic growth in the domestic economies we operate in by supporting local suppliers, creating employment opportunities while also reducing emissions associated with transportation. In 2021, our proportion of spending on local suppliers across the Group was 65.7%. The main spending on foreign suppliers was for raw materials, equipment and machinery for the Packaging Division. This is due to limited raw material suppliers locally and as the division is expanding, specialised equipment and machinery that are unavailable locally are being purchased.

In 2022, we rolled out a Group Sustainable Procurement Policy that will address these concerns. In order to achieve our goal of 100% compliance to this policy by 2030, we aim to work closely with all our suppliers, first to instil sustainability awareness in them and then to provide ESG training and engaging with them on a more regular basis to discuss sustainability issues and performance against the Group's policies.

Renewable Energy Division

DSPC has engaged a local company to perform the operations and maintenance activities at the project site. Wherever possible, we require this company to hire local employees in Laos. Any foreign procurement mainly relates to the purchase of spares and consumables for our turbines, generator, control system and general plant equipment from General Electric, the supplier of the project's highly specialised custom designed equipment.

MFP Solar engages the services of local suppliers to perform the construction work on its C&I Solar PV investment projects. Wherever possible, emphasis is placed on local procurement and services.

Packaging Division

At Hexachase Group, the majority of raw materials purchased is for the manufacture of primary and secondary packaging. All raw material suppliers are required to provide Product Technical Data Sheets, Safety Data Sheets, FDA compliance documents, FSC Certification, FSSC 22000 Certification and other documents or declarations that ensure they meet environmental and food safety requirements. We have a Supplier Quality Assurance Program to ensure that materials are supplied in good order and moving forward, we will allocate increased resources to enhance this program.

At Stenta, the major percentage of raw materials, such as polypropylene and linear low-density polyethylene (LLDPE), are sourced locally for manufacturing of Biaxially Oriented Polypropylene (BOPP) and LLDPE Flexible Packaging Films. Suppliers are requested to sign a Letter of Undertaking to agree that they are meeting all requirements on labour practices, business conduct as well as best practices on environmental management.

Innovating for a more sustainable future

Across our operations, we are conscious of the importance of remaining competitive whilst identifying new ways of doing things. The world's needs and demands are constantly evolving and therefore, we firmly believe that innovation is key to a sustainable future. We are open to innovation in all forms whether it be in the form of the usage of new technologies, new manufacturing processes, new raw materials or the innovation of new products.

Renewable Energy Division

From the very beginning, MFCB has been committed to ensuring that we minimise any potential impacts of the DSHP. As such, we chose to use GE's fish friendly turbines that are designed to reduce main risk factors for fish such as collisions, jamming between components and turbulence. These turbines not only increase the survival rate of fish but are also more energy efficient and have been used in developed countries such as Norway and Sweden for many years. Since commercial operations began, we have not seen any evidence of fish being killed after going through the turbines. In fact, we have witnessed fish accumulating in front of the trash rack (before the turbines) to feed on insects. Some of the smaller fish will be able to pass through the turbines while the larger ones will turn back as they are unable to pass through the trashrack/fishscreen.

Resources Division

In our Resources Division, we are always thinking of new ways of how reduce our environmental impact especially on areas such as emissions and waste generated. During the year, we have installed a special stone crusher that helps to increase quarry yield and reduce unsuitable quarry by-product. This breakthrough project to optimise the crusher operation in the quarry scope by substituting the Impact Crusher for the Double Roller Crusher has resulted in an increased throughput with a 20% increase in the quarry yield for the right-sized kiln feed stones, whilst reducing fine particulars from the crushing operations. This has resulted in reduced emissions and higher quarry yield, promoting a longer lifespan for the quarry.

Packaging Division

The Packaging Division is committed to the continuous innovation of new products and sourcing of new materials that reduce environmental impact, which is in line with global packaging industry trends to create a circular economy that reduces the usage of packaging materials, converting packaging from a non-sustainable to sustainable structure as well as the usage of biodegradable materials.

It is critical to our business that all products maintain high quality standards that meet our customer's requirements. Our products comply with the relevant standards and certifications and we continue to engage with our customers and suppliers to ensure that the products we manufacture are in line with global sustainable packaging materials standards.

At Hexachase, we continually focus on the innovation of paper bag products and flexible packaging products with enhanced sustainable features and manufacturing processes. For example, for our paper bags products, all paper is sourced from FSC- or PEFC-certified paper mills and some products are manufactured from recycled paper depending on customer's requirements. Flexible packaging is manufactured via a number of more environmentally-friendly processes compared to traditional processes such as the use of 100% Non Toulene Ink in the printing line and the use of Solvent Free Technology in the lamination process. We also jointly collaborate with multinational companies and their R&D teams to develop more sustainable and innovative packaging solutions.

Stenta on the other hand has invested substantially to produce biodegradable and mono-material flexible packaging films that enable packaging to easily biodegrade in landfills or be fully recycled. This is relatively new as traditional flexible packaging films are made of multiple layers, with each layer being a different material, making it impossible to recycle. Mono-material films are made of one material which makes it easier to recycle. Some mono-material films are biodegradable, meaning that even if it is not recycled, it will have less of an impact if disposed.

Stenta has invested RM50,000 in a research collaboration with Universiti Kebangsaan Malaysia (UKM), a well-established university with a good reputation for industrial relationships with the private sector on the development of new environmentally-friendly films. We currently have two development projects with them, aimed at developing new types of films that will be more effective for packaging purposes. The projects are currently undergoing lab trials and upon completion in December 2022, we expect to use these films in our commercial productions.

Customer Satisfaction

Customer satisfaction is a top priority of the Group. Our divisions operate in highly specialised industries and we aim to create positive relationships by not only being responsive but also by being proactive to understand their needs and requirements and to provide solutions.

Resources Division

RCI has a large clientele base that encompasses multiple industries, with various applications. Industries that we serve locally, and export are as follows: steelmaking, mining industries, water and industrial wastewater treatment plants, sugar refineries, pulp and paper mills, flue gas treatment, chemical industries, building materials, aquaculture, and food industries.

For RCI, achieving customer satisfaction by meeting our customer's needs and expectations with the highest quality products and services is an aspect integrated into the very fibre of our operations. Customer engagement from the get-go right until after-sales service is maintained. Due to the global impact of COVID-19, online platforms are extensively used to engage with all our customers.

Customer satisfaction is surveyed twice annually, via a customer survey questionnaire. The criteria assessed include product quality and performance, delivery and service provided. Over the past 3 years, our results have improved year on year.

CRITERIA	2019	2020	2021 (ENDING JUNE)
Product	72.73%	76.57%	85.65%
Delivery	73.54%	78.99%	83.91%
Service	80.82%	82.83%	89.57%
Overall	77.22%	80.25%	86.85%

Annual reviews of customer satisfaction results are conducted at a minimum once per year. Appropriate action plans are formulated through these meetings, to improve any area where a complaint has been raised, or an improvement is required (low scoring areas).

Packaging Division

At Hexachase, we conduct an annual customer satisfaction survey that is emailed to our distributors who are our main customers. In 2021, our average customer satisfaction score was 3.94/5, scoring highest in the customer service area.

Hexachase	2019	2020	2021
Average customer satisfaction score (out of 5)	3.83	3.77	3.94

Stenta customer satisfaction is surveyed twice annually via Customer Satisfaction Questionnaires. Customers provide their feedback on Product Quality, Responsiveness and Delivery. Over the past three years, Stenta has achieved an average score of above 85%, and scoring above 90% with some of the major customers.

Stenta Films	2019	2020	2021
Average score on product quality, responsiveness and delivery (%)	89.14	89.71	87.00

The results of the surveys are reviewed by the Management team annually and continual improvements are formulated to address the specific areas where customer satisfaction were low. In addition, our Sales and Technical Service team regularly visit customers to engage with them and understand their needs and issues and provide solutions as needed.

An ethically responsible business

MFCB has always implemented strong corporate governance across our operations. Similarly, we are also striving to establish good sustainability governance practices by developing a focused strategy that will be driven by the Board and senior management. In this light we have also taken the first steps to develop a number of Group-wide policies that will highlight our approach and commitments on key issues such as human rights, diversity and inclusion and sustainable procurement. These policies will be made available on our Group website by April 2022 and we will spend the rest of year communicating and socialising these policies to our employees as well as other stakeholders.

- Human Rights Policy
- Group Sustainability Policy
- Diversity and Inclusion Policy
- Sustainable Procurement Policy
- Anti-Money Laundering Policy
- Occupational Health and Safety Policy
- Water Management Policy
- Waste Management Policy

On top of these policies, the Group has a clearly defined approach on anti-bribery and corruption as stated in our Anti-bribery and Corruption Policy and Employee Code of Conduct, which can be found on our corporate website. Our Anti-Bribery and Corruption Policy is aligned with the requirements set out in the ISO 37001:2016 Anti-bribery management systems (ABMS). All employees are made aware of these policies during onboarding and are required to certify in writing that they have read, understood and will abide by these policies. MFCB also has a Whistleblowing Policy and employees are encouraged to report any behaviour or activities that are in violation of our policies through the channels provided in the policy.

The Group complies with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. We believe in conducting all our business transactions transparently and with integrity and have a zero-tolerance approach when it comes to bribery and corruption.

Our Resources Division has received ISO 37001:2016 ABMS certification and engages a third-party external auditor to conduct annual audits to ensure that we are complying with the standards. The division conducts annual face-to-face training on its Anti-Bribery Policy and also communicates its policy via the departmental toolbox briefing.

Stenta requires all employees to sign the Employee Code of Conduct and Business Ethics declaration form on an annual basis. The declaration form covers their Anti-Bribery and Anti-Corruption Policy, Protection of Confidential Information as well as Conflict of Interest of employees as well as family members. In 2022, Stenta plans to conduct annual briefings to inform all employees about its Labour Practices and Human Rights Policy, Business Conduct Policy, Anti-Bribery and Anti-Corruption Policy and Whistle-blowing Policy. This will be embedded in induction briefings for all new joiners.

In 2021, there were no incidents of corruption or non-compliance with laws and regulations. This is a testament of our strong compliance culture and commitment to operating with honesty and integrity.

GRI Index

Disclosure	Description	Where It Can Be Found	Page	Omissions
GRI 2: General Disclosures				
2-1	Organisational Details	Who we are and what we do	29	
2-2	Entities included in the organisation's sustainability reporting	About this report	26	
2-3	Reporting period, frequency and contact point	About this report	26	
2-4	Restatements of information	About this report	26	
2-5	External assurance	About this report	26	
2-6	Activities, value chain and other business relationships	Who we are and what we do	29	
2-7	Employees	Enhancing livelihoods and inspiring our people	56	
2-8	Workers who are not employees	Enhancing livelihoods and inspiring our people	56	
Governance				
2-9	Governance structure and composition	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-78	
2-10	Nomination and selection of the highest governance body	Please refer to our Policy on Nomination and Assessment of Board Members	78	
2-11	Chair of the highest governance body	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	76	
2-12	Role of the highest governance body in overseeing the management of impacts	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-77	
2-13	Delegation of responsibility for managing impacts	How we manage sustainability	36	
2-14	Role of the highest governance body in sustainability reporting	How we manage sustainability	36	
2-15	Conflicts of interest	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-76	
2-16	Communication of critical concerns	How we manage sustainability	36	b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.
2-17	Collective knowledge of the highest governance body	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	75-77	
2-18	Evaluation of the performance of the highest governance body	Please refer to our 2021 Annual Report – Corporate Governance Overview Statement	78	
2-19	Remuneration policies	Please refer to our Remuneration Policy and Procedures for Directors and Senior Management	-	
2-20	Process to determine remuneration	Please refer to our Remuneration Policy and Procedures for Directors and Senior Management	-	
2-21	Annual total compensation ratio	Not reported	-	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Message from the Chairman	27	
2-23	Policy commitments	Building a sustainable and ethical business	72	
2-24	Embedding policy commitments	Building a sustainable and ethical business	72	
2-25	Processes to remediate negative impacts	Enhancing livelihoods and inspiring our people; Building a sustainable and ethical business	59-60, 72	
2-26	Mechanisms for seeking advice and raising concerns	Enhancing livelihoods and inspiring our people; Building a sustainable and ethical business	59-60, 72	
2-27	Compliance with laws and regulations	Building a sustainable and ethical business	72	
2-28	Membership associations	Who we are and what we do	33	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	How we manage sustainability	41	
2-30	Collective bargaining agreements	Enhancing livelihoods and inspiring our people	59-60	
GRI 3: Material Topics				
3-1	Process to determine material topics	How we manage sustainability	37	
3-2	List of material topics	How we manage sustainability	38	
3-3	Management of material topics	How we manage sustainability; Promoting environmental sustainability; Enhancing livelihoods and inspiring our people; Building a sustainable and ethical business	36, 44-54, 56-67, 69-72	
Topic Management Disclosures				
GRI 201: Economic Performance				
201-1	Direct economic value generated and distributed	Please refer to our 2021 Annual Report	11-13	
GRI 203: Indirect Economic Performance				
203-1	Infrastructure investments and services supported	Enhancing livelihoods and inspiring our people	64-67	
203-2	Significant indirect economic impacts	Enhancing livelihoods and inspiring our people	64-67	

Disclosure	Description	Where It Can Be Found	Page	Omissions
GRI 204: Procurement Practices				
204-1	Proportion of spending on local suppliers	Building a sustainable and ethical business	69	
GRI 205: Anti-corruption				
205-3	Confirmed incidents of corruption and action taken	Building a sustainable and ethical business	72	
GRI 302: Energy				
302-1	Energy consumption within the organisation	Promoting environmental sustainability	46	
302-4	Reduction of energy consumption	Promoting environmental sustainability	46	
GRI 303: Water and Effluents (2018)				
303-3	Water withdrawal	Promoting environmental sustainability	49	Surface water; Groundwater; Seawater; Produced water
GRI 304: Biodiversity				
304-2	Significant impacts of activities, products and services on biodiversity	Promoting environmental sustainability	51-54	
304-3	Habitats protected or restored	Promoting environmental sustainability	51-54	
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions	Promoting environmental sustainability	45	
305-2	Energy indirect (Scope 2) GHG emissions	Promoting environmental sustainability	45	
305-3	Other indirect (Scope 3) GHG emissions	Promoting environmental sustainability	45	
GRI 306: Waste (2020)				
306-3	Waste generated	Promoting environmental sustainability	50	
GRI 401: Employment				
401-1	New employee hires and employee turnover	Enhancing livelihoods and inspiring our people	58	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Enhancing livelihoods and inspiring our people	58	
GRI 403: Occupational Health and Safety (2018)				
103-1/2/3	Management approach • 403-1 Occupational health and safety management system • 403-2 Hazard identification, risk assessment, and incident investigation • 403-3 Occupational health services • 403-4 Worker participation, consultation, and communication on occupational health and safety • 403-5 Worker training on occupational health and safety • 403-6 Promotion of worker health • 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Enhancing livelihoods and inspiring our people	61-64	
403-9	Work-related injuries	Enhancing livelihoods and inspiring our people	64	
403-10	Work-related ill health	Enhancing livelihoods and inspiring our people	64	
GRI 404: Training and education				
404-3	Percentage of employees receiving regular performance and career development reviews	Enhancing livelihoods and inspiring our people	61	
GRI 405: Diversity and equal opportunity				
405-1	Diversity of governance bodies and employees	Enhancing livelihoods and inspiring our people	56-57	
405-2	Ratio of basic salary and remuneration of women to men	Enhancing livelihoods and inspiring our people	58	
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken	Enhancing livelihoods and inspiring our people	59	
GRI 413: Local communities				
413-1	Operations with local community engagement, impact assessments and development programs	Enhancing livelihoods and inspiring our people	64-67	

Corporate Governance Overview Statement

The Board is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and to improve its financial performance. This overview statement provides an overview of the Group's practices and applications of the Recommended Practices under the revised Malaysian Code on Corporate Governance ("MCCG") which was issued by the Securities Commission Malaysia on 28 April 2021, throughout the financial year ended 31 December 2021 ("2021").

The details on how the Company has applied each Practice set out in the MCCG during 2021 are disclosed in the Corporate Governance Report 2021 ("CG Report"), which is available on the Company's website, **www.mega-first.com**. This overview statement is to be read together with the CG Report.

The Board considers that the Group has complied substantially with the principles and guidance as stipulated in the MCCG throughout 2021. In areas where the Group departs from the recommended practices of MCCG, the Board will endeavour to make improvements moving forward to comply with these practices.

Principle A

Board Leadership and Effectiveness

1. Board Responsibilities

The Board takes full responsibility for the oversight and overall performance of the Company and of the Group. In discharging its functions and responsibilities, the Board is guided by the Board Charter, which outlines the duties and responsibilities of and matters reserved for the Board. Prior approval from the Board is required for material capital expenditure, projects, acquisitions or divestitures. Additionally, the Directors are expected to act in a professional manner and to observe high ethical business standards, honesty and integrity at all times and thereby protect and promote the reputation and performance of the Company.

In order to discharge their duties and responsibilities effectively, all directors have unrestricted access to senior management personnel and the Company Secretary. Further details regarding Board meetings' agenda and Board papers containing information for deliberation at the Board meetings are furnished on a timely manner to the Board to accord sufficient time for the Directors to review the Board papers. The Board is also informed of the decision and significant issues deliberated by the Board Committees via the reporting of the Chairman of the respective Board Committees.

Board Committees, namely Audit Committee, Remuneration Committee, Nominating Committee and Employees' Share Option Committee have also been established by the Board to assist them in the discharge of its stewardship role. All the committees have written terms of reference and, where applicable, comply with the recommendations of the MCCG. These Board Committees examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The Board receives reports of the Committees' proceedings and deliberations. The ultimate responsibility for decision making, however, lies with the Board.

The Board has adopted the Board Charter since 2014, which was last reviewed in March 2022. The Company also adopts the Employee Code of Conduct and Disciplines which set out the standard of conduct and culture required for all employees of the Group. The Group has also established a Whistleblowing Policy. All documents are available at the Company's website, **www.mega-first.com**.

The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. He leads the Board and ensures that appropriate discussion takes place and relevant opinions among Board members are forthcoming. In addition, the Chairman represents the Board to the shareholders to ensure orderly conduct and proceedings of general meetings and shareholders have adequate opportunity to air their views and obtain answers to their queries. The Executive Chairman also oversees the business affairs of the Group and is responsible for leading the Management in the execution of broad policies and strategies approved by the Board. The fact that the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. He has shown tremendous commitment and had played an integral role in the stewardship of the Group.

The Executive Chairman is assisted by the Non-Independent Non-Executive Deputy Chairman and Executive Directors in ensuring the smooth and effective running of the Group. The Executive Directors are assisted by the head of each division in implementing and running the Group's day-to-day business activities. The head of division with their "hands-on" knowledge and expertise in operational issues is responsible for formulating strategic plans to accommodate changes swiftly.

The Board is comfortable that there is no undue risk of potential conflict of interest as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. In addition, the Independent Directors who constitute a majority of the Board, provides for effective oversight over management and ensures that there is independence of judgement.

Governing Sustainability

In the course of pursuing the vision and mission of the Group, the Board acknowledges that practices which support corporate responsibility are keys to the sustainability of the Group. The Sustainability Executive Committee, which is led by the Executive Directors reviews and approves the Group's sustainability objectives and monitors progress and sustainability developments within the Group.

Please refer to Sustainability Report embedded in this Annual Report.

2. Board Composition

The Board, led by an experienced Executive Chairman is made up of eleven (11) members of whom four (4) are Executive Directors, six (6) are Independent Directors and one (1) Non-Independent Non-Executive Director. Independent Directors form more than half of the Board, thus fulfilling the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad for ensuring that minority shareholders' interests are adequately represented.

Independent Directors

The tenure of an Independent Director should not exceed a cumulative term of nine years. The Board is of the view that an Independent Director should be judged on his calibre, experience and knowledge of the Group as well as his or her ability to act independently in the best interest of the Group. Nonetheless an annual shareholders' approval will be sought through a two-tier voting for the retention of Independent Directors who have served the Board for more than nine years. The Nominating Committee shall assess the independence of the Independent Director and thereafter proposes to the Board to recommend to shareholders for their approval to retain the Independent Director.

Two Independent Directors, namely Dato' Koh Hong Sun and Mr Yeow See Yuen, have served the Board for a period of more than nine years. The Nominating Committee has assessed the independence of these two Independent Directors and is satisfied that they remain unbiased, objective and independent in expressing their opinions and in participating in the decision making of the Board. They possess tremendous insights and in-depth knowledge of the Company's business and affairs. The length of their services on the Board has not in any way interfered with their objective and independent judgment in carrying out their role as a member of the Board and relevant Committees. With their skills and vast experience in business, accounting, finance and management, they would be able to contribute positively during deliberations or discussions of the Board and Board Committees. They have also devoted sufficient attention to their responsibilities as Independent Directors and in carrying out their duty in the best interest of the Company and its shareholders.

On the recommendation of the Nominating Committee, the Board has in March 2022 approved to seek shareholders' approval via a two-tier voting process to retain Dato' Koh Hong Sun and Mr Yeow See Yuen as Independent Directors of the Company at the forthcoming 56th Annual General Meeting.

On 19 January 2022, Bursa Malaysia capped the tenure of "Independent Director" to a maximum of twelve years. Bursa Malaysia further gave members of Bursa Malaysia until 1 June 2023 to comply, after which, Independent Directors who have served more than twelve years will have to either resign as Independent Director or be re-designated as Non-Independent Director. By the deadline of 1 June 2023, Dato' Koh Hong Sun and Mr Yeow See Yuen would have served the Board for more than twelve years. The Board will comply with the new MMLR within the given timeframe by Bursa Malaysia.

Diversity

The Board recognises the advantages of maintaining a diverse Board in terms of background, knowledge, experience, expertise, skills, ethnicity, age, and gender. The Board Composition Policy provides that diversity in terms of skills, background, knowledge, international and industry experience, culture, independence, age and gender, among many other factors, will be taken into consideration when seeking to appoint a new Director to the Board so as to bring relevant perspectives to Board discussions. The composition of the Board consists of individuals with a wide range of experience, industry knowledge and skills. The Board also comprises individuals of different age group, ethnicity and gender.

The Board currently has two women directors, namely Datin Jeyanthini a/p M. Kannaperan and Ms Goh Mei Sze, representing 18% of the Board. The Board will maintain at least two women Directors and will actively work towards having a minimum of 30% women as members of the Board.

In respect of the year ended 31 December 2021, the Board, is of its opinion that its current composition and size is adequate and provide for sufficient diversity taking into account the scope and nature of the Group's operations.

Directors' Training

The Directors are mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties. Each Director also evaluate his own training needs on a continuous basis that would best enable them to enhance their knowledge and contributions to the Board. The Board, through the Nominating Committee, oversees the training needs of its Directors. The Company Secretary compiles training programmes including in-house trainings as well as those conducted by Bursa Malaysia, which are available to the Directors for their selection and participation.

The Directors are encouraged to visit the Group's operating centres to have an insight into the Group's various operations which would assist the Board to make effective decisions relating to the Group.

The programmes that were attended by the Directors during the year under review includes the following:

Name	Programmes
Goh Nan Kioh	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Goh Nan Yang	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Goh Mei Sze	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Khoo Teng Keat	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Dato' Koh Hong Sun	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd • Audit Committee Conference 2021 "Agility, Empathy and Resilience: How the Audit Committee will Thrive in the New Normal" jointly organised by Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia • The Law Behind Corporate Governance by Malaysian Institute of Corporate Governance • Qualified Risk Director Program - Series 16: Governance and ERM, including consideration of International Corporate Governance Codes by Institute of Enterprise Risk Practitioners • Audit Oversight Board Conversation with Audit Committees organised by Securities Commission Malaysia • Briefing on Environmental, Social and Governance in the Leisure and Hospitality industry by Dr.Jayanthi of Synergio Sdn Bhd organised by Genting Malaysia Berhad • Fraud Risk Management Training 2021 • Securities Commission Guidelines on the conduct of Directors of Listed Corporations and their Subsidiaries, their implications to the groups, Directors, and Management including what has to be done
Tay Kheng Chiong	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Yeow See Yuen	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Jesper Bjorn Madsen	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd
Professor Dato' Dr. Tan Hui Meng	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd • 30th Malaysian Urological Conference • Men's Health World Conference: Mental Health and Wellness in Men Webinar • UAA Virtual Congress 2021 • Men's Health World Conference: COVID-19 and Men's Health Webinar • Urofair Virtual 2021
Datin Jeyanthini a/p M. Kannaperan	• Briefing on Changes to the Malaysian Code on Corporate Governance by NeedsBridge Advisory Sdn Bhd

Nominating Committee ("NC")

The NC consists wholly of Non-Executive Directors and is chaired by the Senior Independent Director. The composition of the NC is set out in the Corporate Information section of this Annual Report.

The NC's role includes assessing and recommending candidature of directors, succession plans and training programs, boardroom diversity, board composition, annual assessment of directors, Board and Board Committees. The NC meets as and when required, but at least once a year.

The activities undertaken by the NC in the year under review were summarised below:

- reviewed and assessed the mix skills, independence, expertise, composition, size diversity and experience to meet the needs of the Board.
- reviewed and assessed the performance of each individual Director, the Independence of the Independent Directors and the effectiveness of the Board and Board Committees.
- Recommending Directors who are retiring and being eligible for re-election.
- reviewed the revised Terms of Reference of NC, Fit and Proper Policy, Board Composition Policy and Policy on Nomination and Assessment Process of Board Members.
- reviewed and assessed the independence of two Independent Directors whose tenure have exceeded nine years.

3. Remuneration

The Remuneration Committee is responsible to implement the Remuneration Policy and Procedures by reviewing and recommending matters relating to remuneration of Board and Senior Management. It is designed to ensure the transparency in determining the levels and components of remuneration package which continues to retain and motivate dedicated directors and senior management. The Terms of Reference of Remuneration Committee and the Remuneration Policy and Procedures for the Board and Senior Management are both available at the Company's website, **www.mega-first.com**.

Principle B

Effective Audit and Risk Management

1. Audit Committee ("AC")

The AC comprises three (3) Independent Non-Executive Directors and is chaired by Mr Yeow See Yuen.

The AC plays an active role in helping the Board discharge its governance responsibilities. The AC works within the purview of the terms of reference. The AC reviews issues of accounting policy and presentation for external financial reporting, monitors the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal controls and governance.

The AC member has full access to the auditors, both internal and external, who in turn have access at all times to the Chairman of the AC. The Report of the AC, including its composition, duties and activities, is presented in the Audit Committee Report section of this Annual Report.

2. Risk Management And Internal Control Framework

The Board acknowledges its overall responsibility for maintaining the system of risk management and internal controls to safeguard shareholders' investment and the Company's assets. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities. The business unit head identifies and communicates with the Executive Directors of the Company the critical business risks and the management action plan to manage the risks. Such approaches are to mitigate and manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss.

The Board is assisted by the AC to review and evaluate the adequacy and effectiveness of the internal control system through deliberation of Internal Audit Reports. A Risk Assessment Team was established to oversee the risk management activities of the Group, oversees the effective communication and implementation of the Group's risk tolerance and other related issues.

The details of the Risk Management and Internal Control Framework is disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

Principle C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Engagement With Stakeholders

The Board acknowledges the need for shareholders and stakeholders to be informed of all material business matters affecting the Company. They are kept well informed of developments and performances of the Company through regular investors' briefings, including quarterly results briefings, timely announcements and disclosures made to the Bursa Malaysia, including the release of financial results on a quarterly basis, press coverage and research reports published by security houses. The Company's annual report which contains all the necessary disclosures in addition to facts and figures about the Group and the Company is released within four months after the financial year end. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Company and its operations. All announcements and disclosures made to Bursa Malaysia, including the annual report and investors' briefings presentation slides, are also accessible from the Company's website, **www.mega-first.com**.

2. Conduct Of General Meetings

Annual General Meetings ("AGM") is an important forum for communicating with the Shareholders. Members of the Board, the Financial Controller and external auditors were present to answer questions raised at the 55th AGM held on 27 May 2021. The Chairman presented the overall performance and progress of business activities of the Group. Shareholders were able to participate and provided with opportunity to raise queries in relation to the Company's business activities and all queries were answered by the Directors appropriately.

The voting of all resolutions at the AGM was conducted through e-polling system to facilitate good participation of shareholders. The Board endeavours to comply with the good practice in the upcoming AGM and other future General Meetings of the Company.

Statement on Risk Management and Internal Control

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board is pleased to present the following Statement on Risk Management and Internal Control, which outlines the key features of the Group's risk management framework and internal control system and its integration into business processes and activities to assist the Group to meet its business objectives while safeguarding shareholders' investments and the Group's assets. The framework remains agile and is adjusted, when needed, to meet the ongoing changes in the business and regulatory requirements.

The Statement is prepared pursuant to Chapter 15 – Paragraph 15.26 (b) and Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Principle B – Chapter II of the Malaysian Code on Corporate Governance, together with guidance from Bursa Malaysia's "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

Responsibilities and Accountabilities

At Board Level

The Board acknowledges its overall responsibility in establishing a sound system of risk management and internal control as well as reviewing its adequacy and effectiveness.

The Group has an established Internal Audit Department that reports to the Audit Committee. The Audit Committee is responsible for undertaking regular review of the risk management practices and internal control processes in order to provide the Board with independent and objective assurance that the risk management and internal control system is adequate and effective in addressing the risks identified. The Board recognises that such system is designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group for the financial year under review, and the process has been in place during the financial year and up to the date of approval of the Annual Report. This process is an integral part of the Group's risk management and internal control system.

At Management Level

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, manage and report risks and controls.

Business plans and business strategies are formulated by Executive Directors and presented to the Board for review to ensure proposed plans and strategies are in line with the Group's risk appetite. On the day-to-day operations, the respective Head of Division/Business Unit are responsible for managing the risk of their division/business unit. Changes in the key business risks faced by the Group or emergence of new business risks and the corresponding internal controls to mitigate the risks are discussed during management meetings.

Risk Management Framework

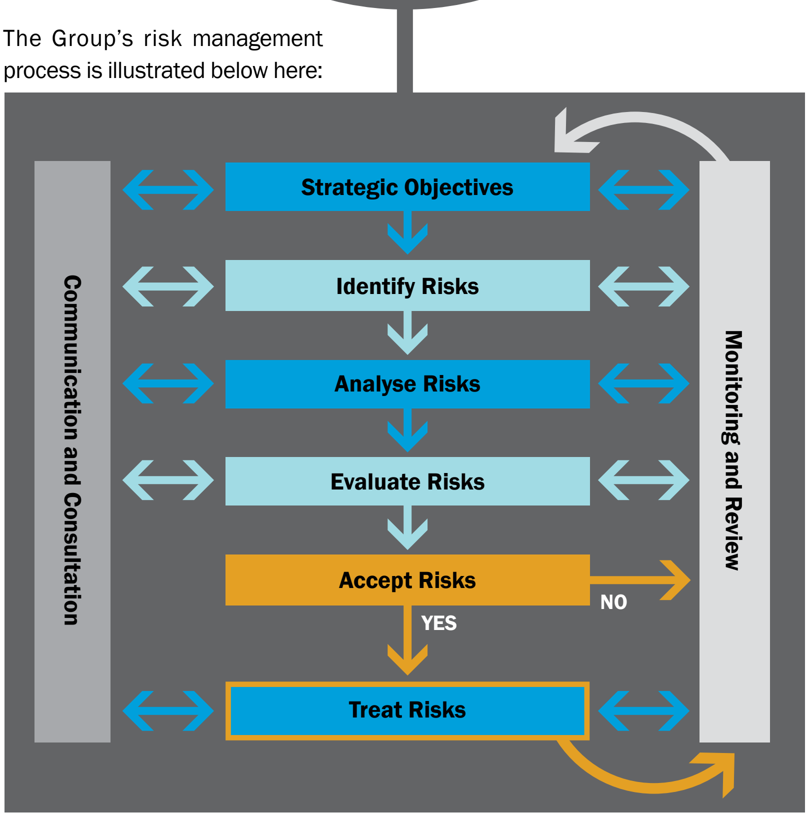
The Group recognises that an embedded risk management framework within the Group's operations is an integral part of good corporate governance as it enhances accountability, provide insights, and improves decision-making and outcomes.

The Framework, which is benchmarked against the International Organisation for Standardisation (Risk Management – Guidelines), sets out the structured process to continuously identify, evaluate, respond and monitor the risks that might affect the Group's business objectives. It adopts both the "top-down strategic" and "bottom-up operational" approach and spans the entire organisation to address all areas of significant risk for the Group. Through such structure, material risks are consolidated from operation level to Management, escalated up to the Risk Assessment Team ("RAT") and finally to the Board.

The Group defines risk as any event that may impact upon its business objectives. It is measured in terms of likelihood and consequences. Business risks arise as much from the likelihood of loss opportunities as it does from uncertainties and hazards.

The risk management framework starts with the understanding of strategic objectives in ensuring that key risks are identified.

The Group's risk management process is illustrated below here:



Risk Profile

The Group's risk profile is updated and reported on a yearly basis, or as and when required. The RAT, headed by an Executive Director, is established to oversee the risk management activities of the Group. The RAT also oversees the effective communication and implementation of the Group's risk tolerance and other related issues.

Risk Management Process

The key aspects of the risk management process are as follows:

A. Identify Risk

Risks are primarily identified and assessed by segments, functions and countries. Risk identification involves examining all sources of potential risk and the perception of all stakeholders, both internal and external, which may impact the achievement of the business objectives. All identified risks are documented in Key Risk Records after assessing its possibilities and causes of occurrence as well as implications with treatment and ongoing monitoring.

B. Analyse Risk

The identified risks are analysed to determine their risk levels, which are determined by the relationship between the likelihood and the consequences if the risk occurs. The likelihood and consequences are assessed by taking into account the adequacy and enforcement of existing controls. The Group uses a five-level scale for probability and a set of scales to measure different aspects of the impact. Risks are then scored in a qualitative risk matrix.

Risks are categorised into four levels – low, moderate, high and extreme.

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Extreme
Rare	Low	Low	Moderate	High	High
Unlikely	Low	Low	Moderate	High	Extreme
Possible	Low	Moderate	High	Extreme	Extreme
Likely	Moderate	High	High	Extreme	Extreme
Almost Certain	High	High	Extreme	Extreme	Extreme

Risk Level	Action to be Taken
Low	Managed by routine procedures and low level delegations, unlikely to consider specific application of resources.
Moderate	Managed by specific monitoring or response procedures within line management delegations.
High	Executive management accountability with senior management responsibility.
Extreme	Immediate action must be taken to reduce the risk. If it is not possible to reduce the risk immediately, it must be referred to the Executive Chairman.

C. Evaluate Risk

The evaluation takes into account the degree of control over each identified risk and the cost impact, benefits and opportunities presented by the risk. The significance of the risk, and the importance of the policy, program, process or activity, are considered in deciding if a risk is acceptable or otherwise. Risks with "High" or "Extreme" will be given high priority while risks that are beyond the control of the Group will be monitored closely with no specific action plan.

D. Treat Risk

Risks are treated in different ways depending on their nature. The intention of a risk treatment is to reduce the expected level of an unacceptable risk. There are a number of options available for treating risks. These should be considered in the light of cost and benefit for implementing action.

Where risks are identified as unavoidable or no suitable treatment plans are available, the management has accepted them. Other treatment options include avoiding the risk by not taking the activity that is likely to trigger the risk, reducing the risk by implementing preventive or reactive controls and transferring the risk by outsourcing the activity or purchasing insurance for insurable risks.

E. Monitor and Review Risk

Review of the risk profiles, control procedures and status of the action plans are carried out on a regular basis by the respective Head of Division/Business Unit. This is to ensure that appropriate actions are taken to address issues reported on a timely basis or within agreed timelines in addition to keeping abreast of changes in the business and operating environment.

The Key Risk Records from the core divisions/business units are reviewed by the Risk Assessment Team, and the status of mitigation plans are communicated to the Board.

Under the Group's Risk Management Framework, sources of risk can be categorised into the following headings, with different strategies to mitigate each:

A. Strategic and Business Risks

The Group voluntarily accepts some risks in order to generate high expected returns. The first task in risk management is to establish whether the Group has a vision of the direction it wants to take. The Group takes on risks through its research and development activities and in-depth discussion at the Board level.

B. Operational Risks

The management of the Group's day-to-day operational risks is mainly decentralised at the division/business unit level and guided by standard operating procedures. Operational risks that cut across the Group are coordinated centrally.

C. Financial and Commercial Risks

The Group is exposed to various financial and commercial risks relating to credit, liquidity, interest rates, foreign currency exchange rates and commodity prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to these risks are set out in notes to the financial statements.

D. Governance and Compliance Risks

The Group operates in diverse geographical locations and as such is exposed to compliance risks of the laws and regulations in the various countries the Group operates, and compliance with the various certifications. The responsibility and oversight of compliance is delegated to department heads. They have sufficient subject-specific knowledge and are familiar with the policies, procedures and practices outlined in the manual of standard operating procedures.

E. Corruption Risks

The Group has zero-tolerance for corruption activities and is committed to act professionally, fairly and with integrity in all business dealings and relationships. Corruption risks are often treated differently than other risks as there is a moral dimension to corruption and great reputational risks involved for the organisation.

Internal Control System

The Board and Management have taken various steps to establish a control environment that covers integrity and ethical values of the Group, the governance structure that would allow the discharge of their respective duties and assignment of authority and responsibility, as well as the process and procedure to ensure reporting to shareholders and other stakeholders on a timely basis.

(a) The Group takes its ethical and legal responsibilities seriously and is committed to conduct business professionally and honestly, and in compliance with all applicable laws in all the jurisdiction in which the Group operates. The Group has reinforced its commitment on ethical conduct with the following policies, which have been updated and approved for implementation by the Board:

- Anti-Bribery and Corruption Policy;
- Employees' Code of Conduct and Discipline; and
- Whistleblowing Policy.

The soft copy of these policies can be obtained from the Company's corporate website.

(b) The Group has an organisational structure that is aligned with its business and operational requirements, with clear and formally defined approving authority limits and authorisation procedures, which is the primary instrument that governs and manages the business decision making process within the Group.

(c) Standard Operating Procedures that set out the policies, procedures and practices to be adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all divisions/business units.

From time to time, the management might identify the need for the Group to develop policies about operational matters. In line with the development of reporting frameworks such as Global Reporting Initiative Standards, the Group is expected to be transparent and accountable to its shareholders. The Group has established the following policies, and has been or will be implementing measures based on these policies:

- Anti-Money Laundering Policy;
- Diversity and Inclusion Policy;
- Group Sustainability Policy;
- Human Rights Policy;
- Occupational Health and Safety Policy;
- Sustainable Procurement Policy;
- Water Management Policy; and
- Waste Management Policy.

The soft copy of these policies can be obtained from the Company's corporate website.

(d) Annual budgets that include business plans and strategies are presented to, and approved by the Board. Monthly results are then monitored against budgets and key performance indicators by the Management, focusing on variances and important operational issues, and the findings discussed with the Head of Division/Business Unit.

(e) The Group has in place management information systems that capture, compile, analyse and report relevant data, which enable the Management to make business decisions in an accurate and timely manner. Management and financial reports are generated regularly to facilitate financial and operating reviews of the various divisions/business units by the Board and Management.

(f) Adequate insurance and physical security of major assets are in place to ensure that assets are safeguarded and sufficiently covered against disaster that will result in material losses to the Group.

(g) On a quarterly basis, the Board reviews and discusses a comprehensive Quarterly Review Report, covering the Group's performance. In addition, the Board also deliberates on the appropriateness of key business strategies adopted by the divisions/business units in the light of any significant shifts in risk profiles. In this manner, the Board is not only kept well informed on current issues facing the Group but also participates in risk management.

(h) The Group has an in-house Internal Audit Department that has been tasked to provide independent, reasonable and objective assurance, as well as internal consulting services to improve the overall efficiency of the Group's operations. This team assists the Group to achieve its objectives by bringing a systematic and disciplined approach in evaluating the effectiveness of the risk management, control and governance processes.

An audit plan, which is approved by the Audit Committee prior to the commencement of audit, is regularly reviewed, and if necessary, revised. The reports outlining all significant audit observations and follow-up actions are submitted to the Audit Committee. The Audit Committee reviews the findings with the management at its quarterly meetings and updates the Board on significant issues for the Board's attention and action. These, together with the External Auditors' reports, provide additional assurance that control procedures are in place, and being followed.

The internal audit function and activities can be found in the Audit Committee Report.

(i) The Group's risk management framework and internal control system applies to the Company and its subsidiaries only. Joint venture is excluded as it is relatively immaterial. However, the Group's interest in its joint venture is served through representation on the Board of the joint venture, receipt and review of management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investment based on the joint venture's performance.

Assurance to the Board

The Executive Directors and Financial Controller are responsible for ensuring that the Group's risk management framework and internal control system are assessed and continuous improvements scrutinised by means of independent and objective evaluations. The Board has been assured by the Executive Directors and Financial Controller that these processes are adequately established and effectively implemented, and nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material respect.

Board's Commitment and Option

The Board is mindful that the development of the Risk Management Framework is an ongoing process and the Management continues to take steps to improve the risk management and internal control processes. During the financial year under review, some internal control weaknesses were identified but were not considered significant to be mentioned in this Statement as none had materially impacted the business operations of the Group. Nevertheless, remedial actions and corrective measures have been or are being taken to address them.

The Board is of the view that the Group's risk management and internal control system is reasonably adequate in mitigating risks. However, the Board recognises the fact that it requires continuous review to meet the changing and challenging business environment as well as to safeguard shareholders' interests and the Group's assets. Therefore, the Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary putting in place appropriate plans to further enhance the Group's risk management and internal control system.

Review of this Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the external auditors, Crowe Malaysia PLT, have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial year ended 31 December 2021.

Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements ISAE3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information as well as Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. It also does not require the external auditors to consider whether the processes to deal with material internal control aspects of any significant problems will, in fact, remedy the problems.

Based on their review, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

Audit Committee Report

A. Composition and Meetings

The Committee comprises three (3) members, all of whom satisfy the independence requirements of the Listing Requirements. The composition and details of attendance of each member at the Audit Committee meetings during the financial year ended 31 December 2021 ("the financial year") were as follows:

Name of Members	Meeting Attendance	Percent (%)
Yeow See Yuen Chairman (Independent Director)	5/5	100
Jesper Bjorn Madsen (Independent Director)	4/5	80
Datuk Hj. Pengiran Saifudin bin Pengiran Tahir, JP (Independent Director)	5/5	100

The Committee met five (5) times during the financial year. The Head of the Internal Audit Department and the Company Secretary were in attendance at all the meetings. The Financial Controllers were present by invitation at all the meetings whilst an Executive Director was present by invitation at certain meetings. In addition, the Committee had met twice with the External Auditors, Crowe Malaysia PLT without the presence of management, to discuss any matters which the External Auditors may wish to discuss.

B. Terms of Reference

In performing its statutory duties and responsibilities, the Committee is guided by the terms of reference which can be viewed on the Company's website at **www.mega-first.com**. The terms of reference was last reviewed in March 2022 to address the new requirements of Malaysian Code on Corporate Governance 2021.

C. Summary of Activities of the Audit Committee

The Committee carried out its duties and responsibilities as set out in the terms of reference and carried out the activities as follow:

1. Financial Statement and Reporting Review

1.1 Reviewed and discussed the quarterly management report and accounts on the unaudited results of the Group. The review had included the comparative quarterly and year-to-date results.

1.2 Reviewed the adequacy and appropriateness of disclosure of unaudited quarterly financial statements before recommendation to the Board of Directors for consideration and approval and release to Bursa Malaysia. When reviewing these financial statements, the Committee had obtained reasonable assurance that the condensed interim financial statements were prepared in accordance with the applicable financial reporting standards and the Bursa Malaysia Listing Requirements.

1.3 Reviewed the audited financial statements of the Group and of the Company as well as the statutory auditors' report thereon prior to the submission to the Board for their consideration and approval, upon being satisfied that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 2016. The Committee's review has included an intelligent scrutiny of the statutory financial statements based on an analytical approach whilst at the same time obtaining assurance from management and the external auditors that the financial statements were in compliance with the relevant statutory requirements, accounting standards and Malaysian Financial Reporting Standards to ensure it presented a true and fair view of the Company's financial performance.

1.4 Reviewed the disclosure statements of published annual report of the Company which encompasses the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and other documents as set out in Part A of Appendix 9C of the Listing Requirements.

2. Matters Relating to External Audit

2.1 Reviewed and discussed with the external auditors their 2021 Audit Planning Memorandum before commencement of the annual audit. The External Auditors had briefed the Audit Committee on their 2021 Audit Planning Memorandum covering inter alia, audit approach, significant events, areas of audit emphasis and timeline.

2.2 Reviewed and discussed with the external auditors their Audit Review Memorandum upon completion of the annual audit, covering significant audit findings, internal control points, status of audit and accounting issues and on the matter of independence of the external auditors.

2.3 Met with the external auditors twice during the year without the presence of executive Board members and management, to discuss issues, if any, arising out of the annual audit or any other matters the external auditors may wish to discuss with the Committee. There were no major issue raised during both meetings.

2.4 Assessed and evaluated the performance and conduct of the audit undertaken by the external auditors for their re-appointment as auditors of the Company. The Committee had in February 2022 conducted an annual assessment of the quality of services provided, quality of interaction, objectivity and professionalism of external auditor in the form of a assessment questionnaires. The Committee also obtained feedbacks from the management who had contact with the audit engagement team. The assessments encompassed the following areas:

A. Objectivity and Independence

The external auditors provide a written assurance to the Committee confirming that they were not aware of any relationship which be thought to impair their independence, and they were continuously complied with the relevant ethical and regulatory requirements.

The external auditors' independence was further enhanced by the By-Laws of Malaysian Institute of Accountants (on professional ethics, conduct and practice) as well as Crowe Malaysia PLT's internal policy, which requires the audit engagement partner to be rotated every five (5) years. The audit engagement partner responsible for the Group audit was rotated since 2022.

The provision of non-audit services rendered by external auditors was also reviewed by the Committee to assess reasonableness of fees charged and whether such services will impair their independence. The non-audit services rendered for the financial year ended 31 December 2021 were in relation to tax compliance services and the annual review of the Statement on Risk Management and Internal Control. The Committee opines that the services have not impaired the independence of external auditors.

B. Communications and Quality of Services

The Committee deliberated on the effectiveness of external auditors having regards to areas encompassing technical competency, availability of resources and quality of services. The lead audit engagement partner and engagement teams have also demonstrated openness, objectivity and professionalism in communication with Audit Committee through discussions at private meetings.

3. Matters Relating to Internal Audit

3.1 Reviewed and approved the Audit Planning Memorandum of the internal auditors for the financial year ending 31 December 2022 to ensure adequate scope and resources of the internal audit function and coverage on the activities of the Group taking into consideration the assessment of key risk areas.

3.2 Reviewed and discussed the internal audit reports prepared by the Internal Audit Department which consists of the findings, recommendations and the corrective actions committed by the Management to ensure that all key risks will be addressed and adequate controls put in place on a timely basis.

3.3 Reviewed the progress of action plans committed by the Management for the key findings highlighted in previous Internal Audit Reports issued until all material findings have been fully rectified.

3.4 Reviewed with the assistance of the Internal Audit Department on a quarterly basis to determine the presence of any related party transaction to ensure transactions are fair and reasonable which complied with the internal procedures and the Listing Requirements.

4. Other Matters Considered by The Committee

4.1 Reported to the Board on significant issues and concerns discussed during the Committee meetings together with applicable recommendations. Minutes of meetings were made available to all Board members.

4.2 Discussed and noted the updates on regulatory requirements issued by regulatory, statutory and professional bodies, and business news articles published by the mass media which may be of interest to the Committee and the Board.

D. Internal Audit Function and Activities

The internal audit function of the Company is performed in-house by its Internal Audit Department. The Committee is assisted by the Internal Audit Department in discharging its duties and responsibilities. The Internal Audit function is independent of the activities they audit. The Head of Internal Audit reports directly to the Committee and has unrestricted access to the Committee members on all matters. The Internal Audit Department expenses in respect of the financial year ended 31 December 2021 was RM374,163.

The primary roles of the Internal Audit Department are to undertake regular and systematic reviews of the risk management process, effectiveness of internal controls and governance practices of the Company and of the Group. Internal Audit Department provides independent and reasonable assurance to the Board and Management that the internal controls are operating satisfactorily and effective.

The Internal Audit Department performed routine audit and reviews on all business segments of the Group in accordance with the approved Audit Planning Memorandum. Audit reports were issued to the Management and the Committee with detailed findings, recommendations and management's responses on the findings. The Head of Internal Audit attends all meetings of the Committee and presents the quarterly work progress report on the status of completion of planned audit assignment including the findings on audit reports, updates on implementation of corrective actions on past key audit findings and the review of the quarterly related party transactions. During the financial year under review, 5 internal audit assignments were completed covering operating units on resources, property and other investment holdings within the Group. The audit activities encompassed operational and compliance audits of operations to ascertain adequacy and effectiveness of their system of internal control as well as determine the reliability and integrity of financial and operational information.

The Internal Audit Department also assisted the Committee to prepare the Report of the Audit Committee for inclusion in the Company's Annual Report, and reviewed the appropriateness of the Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control in regard to the compliance with the Malaysian Code on Corporate Governance 2021, paragraph 15.15 of the Main Market Listing Requirements and Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers as well as that processes adopted by Management were consistent with the Internal Audit function's understanding of the Group's risk management and internal control systems and corporate governance practices.

Additional Compliance Information Disclosures

1. Utilisation of proceeds raised from corporate proposals

No proceeds were raised by the Company from any corporate exercise during the financial year.

2. Material contracts with related parties

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

3. Audit fees and non-audit fees for external auditors

The amount of audit fees incurred by MFCB and MFCB Group amounted to approximately RM125,000 and RM578,000 respectively.

The amount of group non-audit fees payable to MFCB's external auditors and their affiliated firm or corporation companies for the financial year ended 31 December 2021 amounted to approximately RM7,000.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and Company as at 31 December 2021 and of the results and cash flows of the Group and Company for the financial year ended on that date.

The Directors are pleased to announce that in preparing the financial statements for the financial year ended 31 December 2021, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made adjustments and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and Company keep accounting records which disclose the financial position of the Group and Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company, and to detect and prevent fraud and other irregularities.

Financial Statements

Directors' Report

The Directors of **MEGA FIRST CORPORATION BERHAD** have pleasure in submitting 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 principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 42 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than acquisition of new subsidiaries as disclosed in Note 43(d) to the financial statements.

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:

	GROUP RM'000	**COMPANY** RM'000
Profit before tax	539,580	336,894
Tax expense	(8,915)	(168)
Profit after tax for the financial year	530,665	336,726
Attributable to:		
Owners of the Company	462,330	336,726
Non-controlling interests	68,335	-
	530,665	336,726

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the one-off recognition of unallocated bargain difference amounting to RM125,146,596 as share of profit in joint venture.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

(a) a final single-tier dividend of 6.5 sen per ordinary share amounted to RM30,789,119 in respect of the financial year ended 31 December 2020 on 19 April 2021.

(b) an interim single-tier dividend of 3.25 sen per ordinary share amounting to RM30,789,120 for the financial year ended 31 December 2021 on 15 October 2021.

On 25 February 2022, the Company declared a final single-tier dividend of 3.5 sen per ordinary share in respect of the current financial year. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022. The final dividend will be paid on 18 April 2022 to the Depositors who are registered in the Record of Depositors at the close of business on 7 April 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there was no debenture issued by the Company.

TREASURY SHARES

The information on the treasury shares is disclosed in Note 26(iii) and Note 27 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company. There were no outstanding options granted by the Company to any person to take up any unissued shares in the Company as at 31 December 2021.

OTHER FINANCIAL INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made up, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would require the further writing off of bad debts or the additional amount of allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) 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.

The contingent liability is disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(a) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(b) no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which is 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.

Directors' Report (cont'd)

DIRECTORS

The names of directors who served during the financial year and up to the date of this report were:

- Goh Nan Kioh
- Goh Nan Yang (Also alternate to Goh Nan Kioh)
- Khoo Teng Keat
- Tay Kheng Chiong
- Dato' Koh Hong Sun
- Yeow See Yuen
- Datuk Hj. Pengiran Saifuddin Bin Pengiran Tahir, JP
- Jesper Bjorn Madsen
- Professor Dato' Dr. Tan Hui Meng
- Datin Jeyanthini A/P M.Kannaperan
- Goh Mei Sze

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			
	Balance as at 1.1.2021	**Share Split/ Acquired**	**Disposed**	**Balance as at 31.12.2021**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	7,415,528	7,415,528	-	14,831,056
- Deemed	149,823,141	150,973,141	-	300,796,282
Goh Nan Yang				
- Direct	6,297,377	6,297,377	-	12,594,754
Khoo Teng Keat				
- Direct	2,338,688	2,338,688	-	4,677,376
Tay Kheng Chiong				
- Direct	378,731	407,731	-	786,462
Dato' Koh Hong Sun				
- Direct	453,869	453,869	-	907,738
Yeow See Yuen				
- Direct	4,714,997	4,714,997	-	9,429,994
- Deemed	52,000	52,000	-	104,000
Professor Dato' Dr. Tan Hui Meng				
- Direct	432,000	534,600	-	966,600
- Deemed	924,000	1,281,000	-	2,205,000
Goh Mei Sze				
- Direct	1,000,000	1,000,000	-	2,000,000
Jesper Bjorn Madsen	300,000	300,000	(100,000)	500,000

In accordance with Section 8 of the Companies Act 2016, Goh Nan Kioh, by virtue of his interest in the shares of the Company, is deemed to have interests in the shares of all subsidiary companies within the Group to the extent of the Company's interests.

DIRECTORS' INTERESTS (CONT'D)

Other than as stated above, none of the Directors of the Company who were in office at the end of the financial year had any other interests in the shares or options over unissued shares of the Company or of its related corporations during the financial year except as disclosed below:

	Number of ordinary shares			
	Balance as at 1.1.2021	**Acquired**	**Disposed**	**Balance as at 31.12.2021**
SHARES IN SUBSIDIARY, HEXACHASE LABELS SDN BHD				
Goh Nan Yang	33,750	-	-	33,750
Yeow See Yuen	11,250	-	-	11,250

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in Note 7 to 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which a Director has substantial financial interest as disclosed in Note 44 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration are disclosed in Note 7 to the financial statements.

INDEMNITY AND INSURANCE COST

The Directors and Officers of the Group and of the Company are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of indemnity coverage for the Directors and Officers of the Group was RM10,000,000. The insurance premium for the D&O Insurance paid during the financial year amounted to RM20,400. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Notes 18 and 42 to the financial statements.

SIGNIFICANT EVENTS

The significant events occurring during the financial year and after the reporting period are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 6 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

GOH NAN YANG

KHOO TENG KEAT

23 March 2022

Independent Auditors' Report

TO THE MEMBERS OF MEGA FIRST CORPORATION BERHAD
(Incorporated in Malaysia)
(Registration Number: 196601000210 (6682-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mega First Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the 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 101 to 189.

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, International Financial Reporting Standards 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. 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 financial 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Don Sahong Hydropower Project - Service Concession Asset Refer to Note 14 to the financial statements	
The carrying amount of the service concession asset as at 31 December 2021 is RM1.922 billion. The Group has carried out the impairment assessment on the service concession asset and concluded that there is no indication of impairment on the service concession asset by comparing the recoverable amount of the service concession asset to its carrying amount. The Group estimated the recoverable amount of the service concession asset using the value-in-use ("VIU") method. Estimating the VIU involves discounting to its present value the estimated future cash inflows and outflows that will be derived from the service concession asset using an appropriate discount rate. The service concession asset is considered a key audit matter due to the magnitude of the balances and risk of material misstatement due to significant judgement being applied in its impairment assessment.	The audit of service concession asset was undertaken by a component auditor ("CA"). Our procedures included: a) Assessed the objectivity, independence and expertise of the CA; b) Performed enquiry and obtained explanations from management to corroborate the audit evidence obtained by the CA; and c) Evaluated and assessed the following in relation to the VIU of the service concession asset: • Key assumptions used in the computation of the VIU; • Discount rate used in the computation of the VIU; and • Sensitivity analysis of the key assumptions used.

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
Share of profits of equity accounted joint venture arising from bargain purchase gain from the acquisition of Emery Group by Edenor Technology Sdn Bhd ("Edenor") Refer to Note 20 to the financial statements	
On 31 October 2021, Edenor Technology Sdn Bhd ("Edenor") completed the acquisition of the entire issued and paid-up capital of Emery Oleochemicals (M) Sdn Bhd and Emery Specialty Chemicals Sdn Bhd (collectively referred as "Emery Group") for a total consideration of approximately RM12.6 million. A purchase price allocation ("PPA") exercise was performed by management of Edenor in compliance to *MFRS 3 Business Combinations* for the acquisition of Emery Group. Total bargain purchase gain amounted to approximately RM250.3 million has been identified and recognised of which 50% or RM125.15 million is the Group's share of gain recognised in share of profit in joint venture for the current financial year ended 31 December 2021. We focused on this area due to the PPA requires the use of the significant judgement regarding the valuation of assets acquired and liabilities assumed. The valuation of certain assets involves the use of estimates regarding future cash flows.	Our procedures included, amongst others: a) Assessed the methodology adopted by management for calculating the fair values, discount rates and key assumptions; b) Evaluated and assessed the following in relation to the valuation of the assets involved the use of future cash flows: • growth rate used; • discount rate used; and • sensitivity analysis of the key assumptions used c) Used our internal valuation specialists to independently assess the reasonableness of the key assumptions used by management in valuation of certain assets.
Valuation of put option Refer to Note 33 to the financial statements	
The acquisition of Stenta Films (Malaysia) Sendirian Berhad ("Stenta") included a put option over Stenta's shares held by the non-controlling interests. This put option is a financial liability as the Company and the Group cannot avoid the contractual obligations to purchase its own shares. It is measured based on the present value of the redemption amount of the option, when it is exercised. The carrying amount of the put option liability as at 31 December 2021 is RM89.657 million. This is a key audit matter due to the valuation of the option is subject to the use of significant estimates and assumptions in the projected future cash flows of Stenta.	Our audit procedures included: a) Reviewed the appropriateness of valuation model used to ascertain recoverable amount and testing mathematical accuracy of the model used; b) Agreed the key assumptions used in the valuation model to the budget approved by the management; c) Assessed management's key assumption used in the valuation model to past historical trends and industry data; and d) Evaluated and assessed the following in relation to the valuation of the put option: • growth rate used; • discount rate used; and • sensitivity analysis of the key assumptions used.

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.

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards 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.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's or the Company's ability 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.
- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

We communicate with the 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 financial 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 42 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Onn Kien Hoe
01772/11/2022 J
Chartered Accountant

Kuala Lumpur

23 March 2022

Statements of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		GROUP		COMPANY	
	Note	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Revenue	5	914,673	767,126	350,021	116,099
Cost Of Sales		(439,127)	(316,372)	-	-
Gross Profit		475,546	450,754	350,021	116,099
Other Income		36,623	8,741	1,330	174
Administrative And Distribution Expenses		(46,537)	(30,366)	(8,014)	(7,055)
Other Expenses		(26,049)	(17,522)	(2,483)	(3,467)
Profit From Operations	6	439,583	411,607	340,854	105,751
Finance Costs	8	(21,967)	(22,331)	(3,960)	(3,103)
Share Of Results in Equity Accounted Investments		121,964	(11)	-	-
Profit Before Tax		539,580	389,265	336,894	102,648
Tax Expense	9	(8,915)	(11,085)	(168)	(145)
Profit After Tax For The Financial Year		530,665	378,180	336,726	102,503
Other Comprehensive Income/(Expenses)	10	163,646	10,532	(71)	1,897
Total Comprehensive Income For The Financial Year		694,311	388,712	336,655	104,400
Profit After Tax Attributable To:					
- Owners Of The Company		462,330	321,290	336,726	102,503
- Non-controlling Interests		68,335	56,890	-	-
		530,665	378,180	336,726	102,503
Total Comprehensive Income Attributable To:					
- Owners Of The Company		620,058	336,025	336,655	104,400
- Non-controlling Interests		74,253	52,687	-	-
		694,311	388,712	336,655	104,400
Earnings Per Share (sen)	11	48.81	35.29		

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Financial Position
AS AT 31 DECEMBER 2021

		GROUP		COMPANY	
	Note	**2021** RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	13	410,393	250,229	9,059	8,053
Service Concession Asset	14	1,922,289	1,932,044	-	-
Investment Properties	15	165,203	177,212	-	-
Inventories	16	43,443	43,443	-	-
Right-Of-Use Assets	17	129,325	104,298	11,624	12,193
Subsidiaries	18	-	-	1,283,686	1,027,700
Associates	19	3,988	3,988	-	-
Joint Ventures	20	141,964	-	20,000	-
Investment In Quoted Shares	21	200,067	98,790	1,860	2,333
Goodwill On Consolidation	22	54,673	8,357	-	-
Other Assets		1,157	524	-	-
		3,072,502	2,618,885	1,326,229	1,050,279
Current Assets					
Inventories	16	128,858	61,802	-	-
Contract Assets		1,587	404	-	-
Receivables	23	408,666	306,995	14,672	70,729
Bank Balances And Deposits	24	257,649	93,607	156,189	3,616
		796,760	462,808	170,861	74,345
Assets Classified As Held For Sale	25	-	3	-	-
		796,760	462,811	170,861	74,345
TOTAL ASSETS		**3,869,262**	**3,081,696**	**1,497,090**	**1,124,624**

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Financial Position (cont'd)
AS AT 31 DECEMBER 2021

	Note	GROUP 2021 RM'000	GROUP 2020 RM'000	COMPANY 2021 RM'000	COMPANY 2020 RM'000
EQUITY AND LIABILITIES					
Share Capital	26	743,121	743,121	743,121	743,121
Treasury Shares	27	(36,869)	(30,046)	(36,869)	(30,046)
Reserves	28	1,686,852	1,214,435	530,206	343,685
Equity Attributable To Owners Of The Company		**2,393,104**	**1,927,510**	**1,236,458**	**1,056,760**
Non-controlling Interests	18(b)	346,472	238,102	-	-
Total Equity		**2,739,576**	**2,165,612**	**1,236,458**	**1,056,760**
Non-Current Liabilities					
Long-Term Borrowings	29	504,586	534,404	-	-
Lease Liabilities	30	15,589	9,004	-	17
Deferred Tax Liabilities	31	119,508	100,536	-	-
Payables	32	540	492	-	-
Put Option Liability	33	89,657	-	89,657	-
		729,880	644,436	89,657	17
Current Liabilities					
Payables	32	118,515	126,063	127,958	67,587
Short-Term Borrowings	34	273,295	123,471	43,000	-
Lease Liabilities	30	7,996	5,464	17	260
		399,806	254,998	170,975	67,847
Liabilities Classified As Held For Sale	25	-	16,650	-	-
		399,806	271,648	170,975	67,847
Total Liabilities		**1,129,686**	**916,084**	**260,632**	**67,864**
TOTAL EQUITY AND LIABILITIES		**3,869,262**	**3,081,696**	**1,497,090**	**1,124,624**
Net Assets Per Ordinary Share (RM)	35	2.53	2.03		

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Changes in Equity
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

GROUP	Share Capital RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Distributable Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2020	593,586	(30,046)	16,452	(19,011)	(9,539)	12,867	9,254	(4,391)	966,074	1,535,246	176,642	1,711,888
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	321,290	321,290	56,890	378,180
Other comprehensive (expenses)/income for the financial year:												
- Fair value changes of equity investments	-	-	-	-	44,123	-	-	-	-	44,123	-	44,123
- Foreign currency translation difference	-	-	-	(33,779)	-	-	-	-	-	(33,779)	(4,203)	(37,982)
- Cash flow hedge	-	-	-	-	-	-	-	4,391	-	4,391	-	4,391
Total comprehensive (expenses)/income for the financial year	-	-	-	(33,779)	44,123	-	-	4,391	321,290	336,025	52,687	388,712
Contributions by and distributions to owners of the Company:												
Dividends paid to:												
- shareholders of the Company (Note 12)	-	-	-	-	-	-	-	-	(56,841)	(56,841)	-	(56,841)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,318)	(2,318)
Issuance of ordinary shares pursuant to:												
- Warrants	82,201	-	-	-	-	-	(9,062)	-	-	73,139	-	73,139
- ESOS options	67,334	-	(16,452)	-	-	-	-	-	-	50,882	-	50,882
Warrants lapsed	-	-	-	-	-	-	(192)	-	192	-	-	-
Total transactions with owners of the Company	149,535	-	(16,452)	-	-	-	(9,254)	-	(56,649)	67,180	(2,318)	64,862
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(8,416)	(8,416)	8,566	150
Gain on sale of equity investments transferred to retained profits	-	-	-	-	(629)	-	-	-	629	-	-	-
Transfer to legal reserve	-	-	-	-	-	14,527	-	-	(17,052)	(2,525)	2,525	-
Balance at 31 December 2020	743,121	(30,046)	-	(52,790)	33,955	27,394	-	-	1,205,876	1,927,510	238,102	2,165,612

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

GROUP	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Distributable Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2021	743,121	(30,046)	(52,790)	33,955	27,394	-	1,205,876	1,927,510	238,102	2,165,612
Profit after taxation for the financial year	-	-	-	-	-	-	462,330	462,330	68,335	530,665
Other comprehensive income for the financial year:										
- Fair value changes of equity investments	-	-	-	104,091	-	-	-	104,091	-	104,091
- Foreign currency translation difference	-	-	53,637	-	-	-	-	53,637	5,918	59,555
Total comprehensive income for the financial year	-	-	53,637	104,091	-	-	462,330	620,058	74,253	694,311
Contributions by and distributions to owners of the Company:										
Distributions paid to:										
- shareholders of the Company (Note 12)	-	-	-	-	-	-	(61,578)	(61,578)	-	(61,578)
- non- controlling interests	-	-	-	-	-	-	-	-	(7,712)	(7,712)
Purchase of treasury shares	-	(6,823)	-	-	-	-	-	(6,823)	-	(6,823)
Total transactions with owners of the Company	-	(6,823)	-	-	-	-	(61,578)	(68,401)	(7,712)	(76,113)
Gain on accretion of interest in a subsidiary	-	-	-	-	-	-	2,493	2,493	(2,493)	-
Loss on sale of equity investments transferred to retained profits	-	-	-	2,278	-	-	(2,278)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	35,810	35,810
Put option liability over shares held by non-controlling interests	-	-	-	-	-	(88,556)	-	(88,556)	-	(88,556)
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-	8,512	8,512
Balance at 31 December 2021	743,121	(36,869)	847	140,324	27,394	(88,556)	1,606,843	2,393,104	346,472	2,739,576

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

COMPANY	Share Capital RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1 January 2020	593,586	(30,046)	16,452	(4,506)	9,254	-	300,440	885,180
Profit after taxation for the financial year	-	-	-	-	-	-	102,503	102,503
Other comprehensive income for the financial year:								
- Fair value changes of equity investments	-	-	-	1,897	-	-	-	1,897
Total comprehensive income for the financial year	-	-	-	1,897	-	-	102,503	104,400
Contributions by and distributions to owners of the Company:								
Dividends (Note 12)	-	-	-	-	-	-	(56,841)	(56,841)
Issuance of ordinary shares pursuant to:								
- Warrants	82,201	-	-	-	(9,062)	-	-	73,139
- ESOS options	67,334	-	(16,452)	-	-	-	-	50,882
Warrants lapsed	-	-	-	-	(192)	-	192	-
Total transactions with owners of the Company	149,535	-	(16,452)	-	(9,254)	-	(56,649)	67,180
Loss on sale of equity investments recycled to retained profits	-	-	-	1,056	-	-	(1,056)	-
Balance at 31 December 2020/ 1 January 2021	743,121	(30,046)	-	(1,553)	-	-	345,238	1,056,760
Profit after taxation for the financial year	-	-	-	-	-	-	336,726	336,726
Other comprehensive income for the financial year:								
- Fair value changes of equity investments	-	-	-	(71)	-	-	-	(71)
Purchase of treasury shares	-	(6,823)	-	-	-	-	-	(6,823)
Total comprehensive income for the financial year	-	(6,823)	-	(71)	-	-	336,726	329,832
Contributions by and distributions to owners of the Company:								
Dividends (Note 12)	-	-	-	-	-	-	(61,578)	(61,578)
Total transactions with owners of the Company	-	-	-	-	-	-	(61,578)	(61,578)
Loss on sale of equity investments recycled to retained profits	-	-	-	385	-	-	(385)	-
Put option liability over shares held by non-controlling interests	-	-	-	-	-	(88,556)	-	(88,556)
Balance at 31 December 2021	743,121	(36,869)	-	(1,239)	-	(88,556)	620,001	1,236,458

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Cash Flows
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

GROUP	Note	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		539,580	389,265
Adjustments for:			
Allowance for impairment losses on:			
- Receivables, net	6(a)	(484)	8,284
Amortisation of service concession asset		80,521	81,675
Amortisation of development expenditure		132	-
Depreciation of property, plant and equipment		22,915	15,658
Depreciation of right-of-use assets		7,021	5,614
Impairment loss of:			
- Property, plant and equipment		656	80
- Right-of-use assets		1,199	-
Finance Costs:			
- Interest on lease liabilities		956	992
- Interest on other bank borrowings		18,777	16,729
- Interest rate swap expenses		-	2,532
- Fair value loss on put option liability		1,101	-
- Others		1,133	2,078
Fair value loss on cash flow hedge recycled from other comprehensive income		-	9,546
Fair value loss on investment properties		10,109	-
Provision for retirement benefits		48	48
Share of results in equity accounted investments		(121,964)	11
Unrealised loss on foreign exchange, net		1,505	481
Right-of-use assets written off		4,008	-
Write-down in value of inventories		824	1,754
Dividend income from equity investments at fair value through other comprehensive income		(1,640)	(1,000)
Deferred income recognised		(240)	-
Writeback of provision for restoration costs		(16,650)	-
Gain on disposal of property, plant and equipment		(72)	(115)
Gain on disposal of investment properties		(1,660)	-
Interest income		(9,539)	(4,200)
Operating Profit Before Working Capital Changes		538,236	529,432

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Operating Profit Before Working Capital Changes		538,236	529,432
Changes in Working Capital:			
- (Increase)/Decrease in inventories		(36,550)	3,417
- Increase in receivables		(27,804)	(220,987)
- Increase in contract assets		(1,183)	(300)
- Increase/(Decrease) in payables		7,515	(11,991)
Cash From Operations		480,214	299,571
Income tax paid		(10,498)	(5,051)
Net Cash From Operating Activities		469,716	294,520
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		9,539	4,200
Dividends received		1,640	1,000
Cash outflow for Don Sahong Hydropower Project		(39,192)	(190,335)
Acquisition of subsidiaries	38	(124,313)	-
Investment in joint ventures		(20,000)	-
Proceeds from disposal of:			
- Investment properties		3,560	-
- Property, plant and equipment		245	119
- Quoted shares		4,664	4,398
Payments for purchase of:			
- Property, plant and equipment	39(a)	(112,077)	(52,280)
- Right-of-use assets		(449)	(8,605)
- Quoted shares		(1,850)	(9,869)
Net Cash For Investing Activities		(278,233)	(251,372)
Balance Carried Forward		191,483	43,148

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Balance Brought Forward		191,483	43,148
CASH FLOWS FOR FINANCING ACTIVITIES			
Finance costs paid:			
- Interest expenses	39(b)	(19,733)	(17,721)
- Others		(1,133)	(4,610)
Dividends/Distributions paid to:			
- Shareholders of the Company		(61,578)	(56,841)
- Non-controlling interests		(7,712)	(2,318)
Net drawdown/(repayment) of:			
- Revolving credit, trade financing and loans	39(b)	95,116	(707,957)
- Lease liabilities	39(b)	(6,484)	(4,718)
- Term loans	39(b)	(30,738)	632,514
Proceeds from issuance of shares arising from:			
- Conversion of Warrants		-	73,139
- Exercise of ESOS options		-	50,882
Purchase of treasury shares		(6,823)	-
Proceeds from issuance of shares by subsidiaries to non-controlling interests		8,512	150
Withdrawal/(Placement) of deposits pledged to licensed bank or with original maturity period of more than 3 months		924	(2,003)
Net Cash For Financing Activities		(29,649)	(39,483)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		2,202	(1,670)
NET INCREASE IN CASH AND CASH EQUIVALENTS		164,036	1,995
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		89,949	87,954
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	253,985	89,949

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

COMPANY	2021 RM'000	2020 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	336,894	102,648
Adjustments for:		
Depreciation of:		
- Equipment	39	39
- Right-of-use assets	569	569
Finance costs:		
- Interest on bank borrowings	324	198
- Interest on advances from subsidiaries	2,271	2,520
- Fair value loss on put option liability	1,101	-
- Others	264	385
Dividend income	(348,278)	(114,024)
Deferred income recognised	(240)	-
Gain on disposal of property, plant and equipment	(18)	-
Interest income:		
- Advances to subsidiaries	(222)	(452)
- Deposits with financial institutions	(3)	(25)
Unrealised loss on foreign exchange difference	1,747	2,348
Operating Loss Before Working Capital Changes	(5,552)	(5,794)
(Increase)/Decrease in receivables	(108)	237
Increase/(Decrease) in payables	504	(297)
Cash For Operations	(5,156)	(5,854)
Income tax (paid)/refunded	(193)	35
Net Cash For Operating Activities	(5,349)	(5,819)

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Net Cash For Operating Activities		(5,349)	(5,819)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Interest received		225	477
Dividends received		348,278	114,024
Subscription of shares in subsidiaries:			
- Redeemable preference shares		-	(992)
- Equity shares		(255,986)	(98,196)
Repayment from/(Advances to) subsidiaries		59,686	(21,847)
Advances to joint venture		(3,521)	-
Investment in joint venture		(20,000)	-
Payment for purchase of property, plant and equipment	39(a)	(1,046)	(799)
Proceed from disposal of property, plant and equipment		19	-
Proceed from disposal of quoted investment		402	2,229
Net Cash From/(For) Investing Activities		128,057	(5,104)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid:			
- Interest on bank borrowings	39(b)	(324)	(198)
- Interest on advances from subsidiaries		(2,271)	(2,520)
- Others		(264)	(385)
Dividends paid		(61,578)	(56,841)
Net repayment of:			
- Revolving credits	39(b)	43,000	(37,500)
- Lease liabilities	39(b)	(260)	(328)
Advances from/(Repayment to) subsidiaries		60,132	(16,957)
Purchase of treasury shares		(6,823)	-
Proceeds from issuance of shares arising from:			
- Conversion of Warrants		-	73,139
- Exercise of ESOS options		-	50,882
Net Cash From Financing Activities		31,612	9,292
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(1,747)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		152,573	(1,631)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		3,616	5,247
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	156,189	3,616

The accompanying notes on pages 112 to 189 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at A-12-01 Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 23 March 2022.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than acquisition of new subsidiaries as disclosed in Note 43(d) to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contacts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year: (cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of Consolidation (cont'd)

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequent if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Fair value adjustments on shareholder's loans and advances at initial recognition are added to the carrying value of the investments in the financial statements of the Company.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

<u>Debt Instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the asset. There are 3 measurement categories into which the Group classifies its debt instruments:

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

Debt Instruments (cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

Equity Instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecogntion of the financial liability.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

Put Option Liability Over Shares Held By Non-Controlling Interest

A contract that contains an obligation for the Group to deliver cash or other financial asset in exchange for its own (or its subsidiary's) equity shares is a financial liability. This liability is recorded irrespective of whether the contract meets the definition of an equity instrument. The put options were accounted for as derivative liability which is measured at the present value of the redemption amount of the option, when it is exercised.

The initial redemption liability is recognised as Other Reserve in equity as a reduction of the Group's equity if the risks and rewards of ownership remain with the non-controlling interest or a reduction of non-controlling interest's equity if the risks and rewards of ownership transfer to the Group. Subsequently, the put option as the non-hedging derivative liability will be remeasured at fair value and any changes will be recognised in profit or loss.

In the event that the option expires unexercised, the put option liability is derecognised with a corresponding adjustment to equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (cont'd)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separated. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

(g) Hedge Activities

The Group enters into a derivative financial instrument to manage its exposure to interest rate risk, namely interest rate swap.

The Group designates the derivative as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

(i) Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as a fair value hedge or cash flow hedge, whichever applicable.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(ii) Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, the loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when a hedge no longer meets the criteria for hedge accounting. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument and the cost of hedge reserve remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss in the hedging reserve and the cost of hedging reserve are reclassified to profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate and joint venture that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate and joint venture that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

The principal closing rates used in the translation of foreign currencies are as follows:

	2021 RM	2020 RM
1 United States Dollar	4.165	4.017
1 Singapore Dollar	3.085	3.040
1 Australian Dollar	3.026	3.096
1 Chinese Renminbi	0.655	0.614

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be joint venture.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2021. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2021. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Investments in Associates (cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 Property, Plant and Equipment

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is not depreciated.

Power plant assets are depreciated to profit or loss on the straight-line basis over the period when the assets are available for use until the expiry of the power purchase agreement term.

Other property, plant and equipment, other than construction-in-progress, are depreciated to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the cost of each asset over its estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual depreciation rates are:

Buildings	2.0% to 5.0%
Plant, machinery and equipment (other than power plant)	5.0% to 50%
Vehicles	20% to 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Construction-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Construction-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of construction-in-progress includes preliminary expenses, direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment (cont'd)

4.8.1 Bearer Plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce.

Bearer plants mainly include mature and immature coconut and other crops plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment.

Mature plantations are depreciated on a straight line basis and over its estimated useful life, upon commencement of commercial production.

Interest on borrowings to finance the acquisition and construction of bearer plants is capitalised during the period of time that is required to complete and prepare the bearer plant for its intended use. All other borrowing costs are expensed.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

4.9 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any incentives received, whichever applicable.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Leases (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

Variable rents that linked to future performance or usage of the underlying asset are not included in the measurement of the lease liability and the right-of-use asset. Instead, these payments are recognised as an expense in the period in which the performance or use occurs.

4.10 Investment Properties

Investment properties are properties which are owned or right-of-use assets held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

4.11 Service Concession Arrangement

A service concession arrangement is an arrangement involving an operator constructing and/or upgrading, operating and maintaining infrastructure used to provide a public service for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. The grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group provides construction services to the grantor in exchange for the concession assets, the construction revenue is recognised at the fair value using the output method as guided under Note 4.21(c) to the financial statements, with corresponding entry recorded as an intangible asset (service concession asset) in the consolidated statement of financial position. The service concession asset represents the Group's rights (license) to charge the grantor, based on usage of the public service for the construction of assets.

Provision for anticipated loss on the construction project will be made in the financial statements as soon as the possibility of loss is ascertained.

Where an indication of impairment exists, the carrying amount of the service concession asset is assessed and written down immediately to its recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Service Concession Asset

Service concession asset recognised is measured at cost, which is the fair value of the consideration received or receivable for the construction services provided and is amortised on a straight-line basis over the period when it is available for use until the end of 25 years, starting from commercial operation date ("COD").

The Group estimate the fair value of the consideration received or receivable for the construction services provided to be equal to the projected project costs plus a margin. Project costs comprise all costs incurred during the development and construction phase of the Project and borrowing costs. Development costs include preliminary site works, environmental and social, project development and management, professional fees and insurance costs. Costs during the construction phase include Engineering, Procurement, Construction and Commissioning Contract ("EPCC Contract") and construction of Transmission Facility.

The costs of day-to-day servicing of the service concession asset are recognised in profit or loss when incurred.

Where an indication of impairment exists, the carrying amount of the service concession asset is assessed and written down immediately to its recoverable amount.

4.13 Inventories

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs under current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value. On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Inventories (cont'd)

(c) Developed properties held for sale

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and consist of costs associated with the acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

(d) Other inventories

Other inventories are stated at the lower of cost (determined on a weighted average or first-in first-out method, as applicable) and net realisable value after making due allowance for any obsolete or slow-moving items. The cost of raw materials includes the original purchase price and the incidental expenses incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate proportion of overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 Contract Costs

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.15 Contract Asset and Contract Liability

Contract asset represents (i) Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date or (ii) contract of which incurred construction costs exceed calculated construction costs, and costs of project of which revenue have not yet been recognised.

Contract liability represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 – Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.17 Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.18 Capitalisation of Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

(a) Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition under the contract. The provision is measured at the present value of the compounded future expenditure at current prices.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statements of financial position.

4.21 Revenue From Contracts With Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Revenue from the sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

The Group's obligation to repair or replace faulty products under the standard terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Revenue From Contracts With Customers (cont'd)

(b) Revenue from energy sale

Revenue from the sale of energy is recognised upon invoiced value of electricity generated, net of billing adjustments and indirect taxes (whichever applicable) because the customer receives and uses the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Revenue from sale of completed properties

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

4.22 Revenue From Other Sources And Other Operating Income

(a) Dividend Income

Dividend income from subsidiaries and other investments are recognised when the shareholders' right to receive is established.

(b) Interest income

Interest income on short-term deposits and advances are recognised on an accrual basis based on effective interest method.

(c) Provision of management services

Revenue from the provision of management services is recognised based on services rendered.

(d) Rental income

Rental income is accounted for on a straight-line method over the lease term.

(e) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statement of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Income Tax

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.24 Employee Benefits

(a) Short-Term Benefits

Wages, salaries, bonuses and social security contributions are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 Employee Benefits (cont'd)

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-Based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital or share premium if new ordinary shares are issued, or to treasury shares if the share options are satisfied by the reissuance of treasury shares.

(d) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

4.25 Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and the Warrants.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment assets include all assets used by a segment. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include tax assets, whilst segment liabilities do not include tax liabilities.

Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

4.27 Non-Current Assets Held For Sale and Discontinued Operations

Non current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

4.28 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Accounting Estimates and Judgements

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Sources of Estimation Uncertainty

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(a) Depreciation and Amortisation of Property, Plant and Equipment, Right-Of-Use Assets, Service Concession Asset and Other Assets

The estimates for the residual values, useful lives and related depreciation and amortisation charges for the property, plant and equipment, right-of-use assets, service concession asset and other assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment, right-of-use assets, service concession asset and other assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised.

(b) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for factors such as tenure, location, size, market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal value, market rental, and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value.

(c) Impairment of Property, Plant and Equipment, Right-Of-Use Assets, Investment Properties, Service Concession Asset and Other Assets

The Group determines whether its property, plant and equipment, right-of-use assets, investment properties, service concession asset and other assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Accounting Estimates and Judgements (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(d) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(e) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amount of trade receivables as at the reporting date is disclosed in Note 23 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 23 to the financial statements.

(h) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Accounting Estimates and Judgements (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(j) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests.

(k) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

(l) Fair Value of Put Option Liability

The fair value of Put Option liability which is not traded in an active market is determined by using valuation techniques. In the estimating the fair value of the redemption amount of put options that are exchangeable with shares of a subsidiary, the Group has used valuation models in projecting expected share prices utilising comparable discount and growth rates reflective of market conditions specific to relevant industry existing at the end of the reporting period. Although the Group and the Company believe that the estimates of fair value are appropriate, the use of different methodologies or assumption could lead to different measurement of fair value.

(m) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. REVENUE

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Revenue from Contracts with Customers				
Revenue recognised at a point of time:				
- Energy sale	533,864	510,214	-	-
- Sales of goods	374,005	249,562	-	-
- Render of services	-	-	1,518	1,598
- Sale of properties	889	-	-	-
	908,758	759,776	1,518	1,598
Revenue from Other Sources				
Dividend income	369	84	348,278	114,024
Interest income	9	25	225	477
Rental income	5,537	7,241	-	-
	914,673	767,126	350,021	116,099
Represented by geographical markets:				
- Lao PDR	529,835	509,966	-	-
- Malaysia	194,416	126,792	299,254	92,111
- Other countries	190,422	130,368	50,767	23,988
	914,673	767,126	350,021	116,099

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000 Restated	**2021** RM'000	**2020** RM'000
After crediting:				
Dividend income from equity investments at fair value through other comprehensive income	1,640	1,000	348,278	114,024
Deferred income recognised	240	-	240	-
Gain on disposal of:				
- Property, plant and equipment	72	115	18	-
- Investment properties	1,660	-	-	-
Gain on foreign exchange:				
- Realised	1,470	378	990	-
- Unrealised	1,358	1	-	-
Interest income on financial assets that are not at fair value through profit or loss:				
- Advances to subsidiaries	-	-	222	452
- Deposits with financial institutions	9,539	4,200	3	25
Rental income	6,024	8,283	-	-
Share of results in equity accounted investments	121,964	(11)	-	-
Writeback of provision for restoration costs	16,650	-	-	-

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000 Restated	**2021** RM'000	**2020** RM'000
After charging:				
Amortisation of:				
- Service concession asset	80,521	81,675	-	-
- Development expenditure	132	-	-	-
Auditors' remuneration:				
- Audit fees:				
- For the financial year	660	654	125	125
- Under/(Over)provision in previous financial years	1	(3)	-	-
- Non-audit fees:				
- Auditors of the Company	7	7	7	7
Depreciation of:				
- Property, plant and equipment	22,915	15,658	39	39
- Right-of-use assets	7,021	5,614	569	569
Direct operating expenses arising from investment properties	1,956	2,261	-	-
Directors' remuneration:				
- Fees	445	436	445	436
- Salary, bonus and other remuneration	1,415	958	1,415	958
- Defined contribution plan	170	115	170	115
- Other emoluments	33	28	33	28
Fair value loss on cash flow hedge recycled from other comprehensive income (Note 10)	-	9,546	-	-
Fair value loss on investment properties	10,109	-	-	-
Impairment loss on:				
- Property, plant and equipment	656	80	-	-
- Right-of-use assets	1,199	-	-	-
Loss on foreign exchange:				
- Realised	286	1,377	-	372
- Unrealised	2,863	482	1,747	2,348
Right-of-use assets written off	4,008	-	-	-
Staff costs:				
- Defined contribution plan	2,790	2,287	440	454
- Salaries, wages, bonuses and allowances	29,953	25,943	3,685	3,833
- Other benefits	3,397	1,498	157	133
Write-down in value of inventories	824	1,754	-	-

There was no monetary value of benefits-in-kind received by Directors of the Group and of the Company for the financial years ended 31 December 2021 and 31 December 2020.

6. PROFIT FROM OPERATIONS (CONT'D)

(a) Details of net impairment loss on financial assets included in profit from operations are as follows:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
After charging:				
Net impairment loss on financial assets:				
- Impairment loss on receivables (Note 23)	458	8,373	-	-
- Writeback of impairment loss on receivables (Note 23)	(942)	(89)	-	-
	(484)	8,284	-	-

7. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the Directors of the Company during the financial year is as follows:

	GROUP/COMPANY	
	2021 RM'000	**2020** RM'000
Executive Directors		
- Salary, bonus and other remuneration	1,585	1,073
Non-Executive Directors		
- Fees	445	436
- Other emoluments	33	28
	2,063	1,537

The details of Directors' remuneration received and receivable (excluding share options to Directors) for the financial year in bands of RM50,000 are as follows:

	GROUP/COMPANY	
	2021	**2020**
	Number of Directors	
Executive Directors		
Below RM50,000	1	1
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	1	1
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	1	-
RM550,001 – RM600,000	-	1
RM600,001 – RM650,000	1	-
Non-Executive Directors		
Below RM50,000	-	2
RM50,001 – RM100,000	7	6

8. FINANCE COSTS

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Interest on financial liabilities that are not at fair value through profit or loss:				
- Bank overdrafts	83	78	-	5
- Revolving credit	792	7,366	307	172
- Amount owing to subsidiaries	-	-	2,271	2,520
- Term loans	17,241	8,850	-	-
- Lease liabilities	956	992	17	21
- Trade financing and loans	661	435	-	-
Fair value loss on put option liability	1,101	-	1,101	-
Interest rate swap expense	-	2,532	-	-
Others	1,133	2,078	264	385
	21,967	22,331	3,960	3,103

9. TAX EXPENSE

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Current tax:				
- Current financial year	5,913	4,966	126	144
- Underprovision in the previous financial year	841	7	42	1
	6,754	4,973	168	145
Deferred tax (Note 31):				
- Relating to originating and recognition of temporary differences	2,473	3,973	-	-
- Overprovision in the previous financial years	(312)	(273)	-	-
- Remeasurement of deferred tax on intangible asset arising from change in Lao PDR's corporate tax rate	-	2,412	-	-
	2,161	6,112	-	-
	8,915	11,085	168	145

<u>Malaysia Income Tax Act 1967</u>

Domestic income tax is calculated at the statutory tax rate of 24% (2020: per actual rate of tax computation for certain subsidiaries of the Company in Malaysia) on the estimated assessable profit for the year.

The unused tax losses and unabsorbed reinvestment allowances are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances and unabsorbed investment tax allowances are allowed to be carried forward indefinitely and utilised against income from the same business source, provided there is no substantial change in the shareholders of the subsidiaries.

9. TAX EXPENSE (CONT'D)

Other Tax Jurisdictions

The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions, as follows:

(a) Lao PDR - maximum rate of 24% (2020: 24%)

(b) Kingdom of Cambodia ("Cambodia") - 20% (2020: 20%)

The subsidiary in the Lao People's Democratic Republic ("Lao PDR") is exempted from income tax during the period starting from the date of incorporation until the end of the 5th anniversary of the concession plant's commercial operation date ("COD"). Thereafter, the subsidiary in Lao PDR would be subjected to the prevailing corporate income tax rate.

The unused tax losses of the subsidiary in the Cambodia in any year of assessment can only be carried forward for a maximum period of 5 consecutive years of assessment immediately following that year of assessment.

A reconciliation of tax expense applicable to profit before tax at the Malaysia statutory tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Profit before tax	539,580	389,265	336,894	102,648
Tax at Malaysian statutory rate of 24%	129,500	93,424	80,855	24,636
Tax effects of:				
- Effect of change in corporate income tax rate in:				
- Lao PDR	-	2,412	-	-
- Non-taxable/Tax exempted income	(103,260)	(86,834)	(83,886)	(27,384)
- Expenses not deductible	15,248	4,345	3,157	2,892
- Deferred tax assets not recognised during the financial year	350	980	-	-
- Utilisation of deferred tax asset not recognised previously	(152)	(519)	-	-
- Share of results in equity accounted investments	(29,271)	-	-	-
- Utilisation of reinvestment allowances	(4,029)	(2,457)	-	-
- Under/(Over)provision in previous financial years:				
- Current tax	841	7	42	1
- Deferred tax	(312)	(273)	-	-
Tax expense	8,915	11,085	168	145

No deferred tax assets are recognised in respect of the following items:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Unutilised tax losses:				
- expires year of assessment 2025	6,790	7,292	-	-
- expires year of assessment 2026	810	810	-	-
- expires year of assessment 2027	1,227	1,227	-	-
- expires year of assessment 2028	736	-	-	-
Unabsorbed capital allowances	9,109	9,357	-	-
Others	1,871	1,025	-	-
	20,543	19,711	-	-

9. TAX EXPENSE (CONT'D)

Deferred tax assets have not been recognised in respect of the unutilised tax losses and unabsorbed capital allowances as they arose from the subsidiaries that have a history of losses and it is not probable that there will be future taxable profits available for offset in the foreseeable future.

As at 31 December 2021, subject to agreement with the Inland Revenue Board, apart from the unutilised tax losses and unabsorbed capital allowances, the Group has unutilised reinvestment allowances of approximately RM7,434,000 (2020: RM10,775,000) available to be carried forward to be offset against future taxable income.

10. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation:				
- Changes during the financial year	59,555	(37,982)	-	-
Cash flow hedge:				
- Changes during the financial year	-	(5,155)	-	-
- Recycled to profit or loss upon termination of hedge contract (Note 6)	-	9,546	-	-
	-	4,391	-	-
	59,555	(33,591)	-	-
Items that will not be reclassified subsequently to profit or loss				
Fair value of equity instruments:				
- Changes during the financial year	104,091	44,123	(71)	1,897
Other comprehensive income/(expenses)	163,646	10,532	(71)	1,897

11. EARNINGS PER SHARE

	GROUP	
	2021	**2020**
Profit after tax for the financial year attributable to owners of the Company (RM'000)	462,330	321,290
Weighted average number of ordinary shares ('000):		
Issued ordinary shares on 1 January	988,352	876,684
Effect of new ordinary shares issued pursuant to:		
- ESOS options	-	22,830
- Warrants	-	51,870
Effect of treasury shares held	(41,116)	(40,994)
Weighted average number of ordinary shares for the financial year	947,236	910,390
Basic earnings per share (sen)	48.81	35.29

11. EARNINGS PER SHARE (CONT'D)

11.1 The basic earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

For comparative purpose, the earnings per share for the financial year ended 31 December 2020 has been restated to reflect the share split from 1 existing ordinary share into 2 subdivided ordinary shares which was completed on 14 June 2021.

11.2 The diluted earnings per share is equal to the basic earnings per share as there is no outstanding dilutive equity instrument issued by the Company as at end of reporting period.

12. DIVIDENDS

	COMPANY	
	2021 RM'000	**2020** RM'000
Final single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2019	-	28,420
First interim single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2020	-	28,421
Final single-tier dividend of 6.5 sen per ordinary share in respect of the financial year ended 31 December 2020	30,789	-
First interim single-tier dividend of 3.25 sen per ordinary share in respect of the financial year ended 31 December 2021 (post Share Split completed on 14 June 2021)	30,789	-
	61,578	56,841

On 25 February 2022, the Board has declared a final single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2021 (2020: final single-tier dividend of 6.5 sen, before the subdivision of every 1 existing ordinary share into 2 subdivided shares under the Share Split which was completed on 14 June 2021). Such dividend will be accounted in equity as an appropriation of retained profits in the financial year ending 31 December 2022. The final dividend will be paid on 18 April 2022 to the Depositors who are registered in the Record of Depositors at the close of business on 7 April 2022.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold Land and Buildings RM'000	Plant and Machinery RM'000	Bearer Plants RM'000	Equipment, Vehicles and Construction-in-Progress RM'000	Total RM'000
Cost					
At 1 January 2020	53,056	221,741	32,281	29,958	337,036
Additions	3,808	8,261	17,206	15,255	44,530
Disposals/Write-offs	-	(320)	-	(20)	(340)
Translation differences	(22)	(23)	(1,192)	(166)	(1,403)
At 31 December 2020/1 January 2021	56,842	229,659	48,295	45,027	379,823
Acquisition of subsidiaries	47,649	258,960	-	6,500	313,109
Reclassification from Assets Held For Sale (Note 25)	-	103,941	-	2,843	106,784
Additions	6,673	70,155	13,930	14,998	105,756
Disposals/Write-offs	-	(282)	-	(886)	(1,168)
Reclassification	55	26	-	(81)	-
Translation differences	37	48	1,553	267	1,905
At 31 December 2021	111,256	662,507	63,778	68,668	906,209
Impairment Losses					
At 1 January 2020	-	-	-	-	-
Additions	(80)	-	-	-	(80)
At 31 December 2020/1 January 2021	(80)	-	-	-	(80)
Acquisition of subsidiaries	-	(48,334)	-	-	(48,334)
Reclassification from Assets Held For Sale (Note 25)	-	(10,392)	-	(79)	(10,471)
Additions	-	(656)	-	-	(656)
At 31 December 2021	(80)	(59,382)	-	(79)	(59,541)
Accumulated Depreciation					
At 1 January 2020	(9,772)	(88,294)	-	(16,200)	(114,266)
Depreciation charges	(834)	(12,094)	-	(2,730)	(15,658)
Disposals/Write-offs	-	318	-	18	336
Translation differences	4	7	-	63	74
At 31 December 2020/1 January 2021	(10,602)	(100,063)	-	(18,849)	(129,514)
Acquisition of subsidiaries	(7,649)	(175,103)	-	(5,676)	(188,428)
Reclassification from Assets Held For Sale (Note 25)	-	(93,549)	-	(2,764)	(96,313)
Depreciation charges	(1,557)	(18,369)	-	(2,989)	(22,915)
Disposals/Write-offs	-	282	-	713	995
Reclassification	(212)	(100)	-	312	-
Translation differences	(4)	(9)	-	(87)	(100)
At 31 December 2021	(20,024)	(386,911)	-	(29,340)	(436,275)
Net Book Value					
At 31 December 2021	91,152	216,214	63,778	39,249	410,393
At 31 December 2020	46,160	129,596	48,295	26,178	250,229

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	Bearer Plants RM'000	Equipment and Vehicles RM'000	Total RM'000
Cost			
At 1 January 2020	7,161	2,864	10,025
Additions	793	6	799
Write-offs	-	(2)	(2)
At 31 December 2020/1 January 2021	7,954	2,868	10,822
Additions	988	58	1,046
Disposals	-	(804)	(804)
Write-offs	-	(79)	(79)
At 31 December 2021	8,942	2,043	10,985
Accumulated Depreciation			
At 1 January 2020	-	(2,732)	(2,732)
Depreciation charges	-	(39)	(39)
Write-offs	-	2	2
At 31 December 2020/1 January 2021	-	(2,769)	(2,769)
Depreciation charges	-	(39)	(39)
Disposals	-	803	803
Write-offs	-	79	79
At 31 December 2021	-	(1,926)	(1,926)
Net Book Value			
At 31 December 2021	8,942	117	9,059
At 31 December 2020	7,954	99	8,053

Property, plant and equipment of the Group with net book value of RM110,036,000 (2020: RM38,235,000) have been charged as security for banking facilities granted to certain subsidiaries.

14. SERVICE CONCESSION ASSET

	GROUP	
	2021 RM'000	2020 RM'000
Cost		
At 1 January	2,010,106	2,048,137
Translation differences	74,060	(38,031)
At 31 December	2,084,166	2,010,106
Accumulated Amortisation		
At 1 January	(78,062)	-
Amortisation during the financial year	(80,521)	(81,675)
Translation differences	(3,294)	3,613
At 31 December	(161,877)	(78,062)
Net carrying amount as at 31 December	1,922,289	1,932,044

Don Sahong Hydropower Project

On 13 February 2008, the Group had signed the Project Development Agreement with the Government of Lao PDR to develop, build, own and operate the Don Sahong Hydropower Project in the Khong District, Champassak Province, Lao PDR.

14. SERVICE CONCESSION ASSET (CONT'D)

Don Sahong Hydropower Project (cont'd)

On 15 September 2015, the Group entered into a Concession Agreement ("CA") with Lao PDR, whereby the Lao PDR had granted on a build, operate and transfer basis, the concession rights to the Group for the development of the Don Sahong Hydropower Project. The Project is a 260MW run-of-river hydropower project capable of generating about 2,000 GWh of electricity per year.

At the expiration of the concession period or upon the early termination of the CA by either Party, the Group shall transfer the Project Assets to the Lao PDR, in accordance with the terms and conditions of the CA including the Group's obligations with respect to Prudent Utility Practices and in compliance with the Lao PDR Law, together with all data and information required to be provided to the Lao PDR.

On 1 October 2015, the Group entered into a Power Purchase Agreement ("PPA") with Electricité Du Laos ("EDL") for the sale by its subsidiary and the purchase by EDL of all electricity generated by the Project on a take-or-pay basis. The construction works on the Don Sahong Hydropower Project which commenced in the fourth quarter of 2015 was completed at the end of 2019.

The Group received a certificate from the Ministry of Energy and Mines of Laos confirming the Project has achieved the Commercial Operation Date ("COD") on 1 October 2021. The concession period shall end on the date occurring twenty-five (25) years after the COD, which is on 30 September 2045.

The Group has assessed the recoverable amount of the service concession asset and determined that no impairment is required.

15. INVESTMENT PROPERTIES

	GROUP	
	2021 RM'000	**2020** RM'000
Leasehold land and buildings, at fair value:		
At 1 January	177,212	177,212
Disposal during current financial year	(1,900)	-
Fair value loss recognised in profit or loss (Note 6)	(10,109)	-
At 31 December	165,203	177,212

The details of the Group's investment properties that are carried at fair values are analysed as follows:

Group	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021			
Leasehold land and buildings	153,158	12,045	165,203
2020			
Leasehold land and buildings	165,167	12,045	177,212

The level 2 fair value of the leasehold land and buildings has been derived using the market comparison approach with reference to sales price of comparable properties in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

15. INVESTMENT PROPERTIES (CONT'D)

The level 3 fair value of the leasehold land and buildings has been determined based on the following significant unobservable input:

Unobservable Input	Relationship of Unobservable Input to Fair Value
Future rental cash inflows at gross rental yield ranges from 6.3% to 7.5% (2020: 6.5% to 8%).	The higher the rental income, the higher the fair value.

Investment property of a subsidiary with carrying value of approximately RM111,000,000 (2020: RM121,109,000) has been charged as security for revolving credit facilities granted to the Company and a subsidiary.

Certain investment properties of the Group are leased to customers under operating leases with rentals payable monthly. Each of the lease contains an initial non-cancellable period and the subsequent renewals are negotiated separately on a contract by contract basis.

The Group does not require a financial guarantee on its lease arrangements. Instead, the Group requires 3 months of advanced rental deposit from the customers. The leases do not include residual value guarantee and variable lease payments. The undiscounted operating lease payments receivable are as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Within 1 year	4,594	5,294
Between 1 and 2 years	3,074	1,868
Between 2 and 3 years	2,109	132
Between 3 and 4 years	123	52
At end of financial year	9,900	7,346

16. INVENTORIES

	GROUP	
	2021 RM'000	2020 RM'000
Non-Current		
(i) Land held for property development		
- Freehold land	3,093	3,093
- Leasehold land	24,141	24,141
	27,234	27,234
(ii) Property development costs	16,209	16,209
	43,443	43,443
Current		
(iii) Completed properties for sale	9,238	9,845
(iv) Other inventories		
- Finished goods and work-in-progress	28,588	22,024
- Materials, spare parts and consumables	91,032	29,933
	119,620	51,957
	128,858	61,802
Recognised in profit or loss		
Inventories recognised as cost of sales	292,313	201,225
Write-down in value of inventories	824	1,754

17. RIGHT-OF-USE ASSETS

GROUP	Leasehold Land and Land Use Right RM'000	Plant and Equipment RM'000	Total RM'000
Cost			
At 1 January 2020	102,246	19,631	121,877
Additions	10,395	3,647	14,042
Translation differences	(122)	-	(122)
At 31 December 2020/1 January 2021	112,519	23,278	135,797
Acquisition of subsidiaries	20,383	16,210	36,593
Additions	132	3,884	4,016
Written off	(3,894)	(114)	(4,008)
Translation differences	200	-	200
At 31 December 2021	129,340	43,258	172,598
Accumulated Depreciation			
At 1 January 2020	(20,813)	(4,540)	(25,353)
Depreciation charges	(3,183)	(2,431)	(5,614)
Translation differences	3	-	3
At 31 December 2020/1 January 2021	(23,993)	(6,971)	(30,964)
Acquisition of subsidiaries	(2,383)	(1,163)	(3,546)
Depreciation charges	(3,429)	(3,592)	(7,021)
Translation differences	(8)	-	(8)
At 31 December 2021	(29,813)	(11,726)	(41,539)
Impairment Losses			
At 1 January 2020	(535)	-	(535)
Addition	-	-	-
At 31 December 2020/1 January 2021	(535)	-	(535)
Addition	(1,199)	-	(1,199)
At 31 December 2021	(1,734)	-	(1,734)
Net Book Value			
At 31 December 2021	97,793	31,532	129,325
At 31 December 2020	87,991	16,307	104,298
COMPANY			
Cost			
At 1 January 2020	13,654	1,228	14,882
Additions	-	-	-
At 31 December 2020/1 January 2021	13,654	1,228	14,882
Additions	-	-	-
At 31 December 2021	13,654	1,228	14,882
Accumulated Depreciation			
At 1 January 2020	(1,830)	(290)	(2,120)
Depreciation charges	(323)	(246)	(569)
At 31 December 2020/1 January 2021	(2,153)	(536)	(2,689)
Depreciation charges	(323)	(246)	(569)
At 31 December 2021	(2,476)	(782)	(3,258)
Net Book Value			
At 31 December 2021	11,178	446	11,624
At 31 December 2020	11,501	692	12,193

17. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases certain pieces of leasehold land, machineries and motor vehicles of which the leasing activities are summarised below:

(i) Leasehold Land and Land Use Rights

The Group leases certain pieces of leasehold land and land use right through entering of various agreements (which is non-cancellable operating lease in nature) for the use of the land. The lease period ranges from 25 to 99 years.

(ii) Plant and Equipment

The Group has leased certain machineries and motor vehicles under hire purchase arrangements with lease terms ranging from 3 to 5 years. At the end of the lease term, the ownership of the assets would be transferred to the Group.

The lease liabilities of the Group bear effective interest rates ranging from 2.27% to 9.0% (2020: 3.78% to 9.0%) and are secured by the above leased assets.

The right-of-use assets of the Group with net book value of approximately RM29,926,000 (2020: RM23,308,000) are pledged as security for bank borrowings and lease liabilities of certain subsidiaries as disclosed in Notes 29, 30 and 34 to the financial statements.

Included in the cost of leasehold land and land use right is an amount of RM12,889,000 related to initial sum paid to acquire leasehold land for plantation activities in Cambodia as detailed in ensuing paragraphs.

On 31 July 2013, the Company obtained approval from the Royal Government of Cambodia for the concession of a plot of land measuring 9,477 hectares situated in the Namlear Wildlife Sanctuary Zone, Mondulkiri Province, Kingdom of Cambodia primarily for agricultural development and cultivation (the "ELC Agreement"). The originally granted area is gross and inclusive of the relevant protected area, land reserved for public infrastructure, and land parcels affected by authorised occupation by the local villagers.

On 9 February 2018, Mega First Plantation (Cambodia) Ltd, a 100% owned subsidiary of the Company, entered into an amendment to the ELC Agreement with the Ministry of Agriculture, Forestry and Fisheries, whereby the size of the land in the ELC Agreement has been revised to the registered land area of 6,419.93 hectares and the term of the concession has been reduced from 90 years to 50 years, commencing from 29 April 2013.

In the current financial year, the Group carried out a review of the recoverable amount of a piece of its leasehold land due to change of the development plan. An impairment loss of RM1,199,000 (2020: Nil), representing the write-down of the right-of-use assets to the recoverable amount, was recognised in profit or loss and determined that no further impairment is required in current financial year.

18. SUBSIDIARIES

	COMPANY	
	2021 RM'000	**2020** RM'000
i) Unquoted ordinary shares in Malaysia		
At cost:		
At 1 January	1,139,390	436,661
Additions	234,433	77,352
Conversion from preference shares	77,325	625,377
At 31 December	1,451,148	1,139,390
Less: Accumulated impairment losses:		
At 1 January	(283,371)	(283,371)
Transfer from preference shares	(77,325)	-
At 31 December	(360,696)	(283,371)
	1,090,452	856,019
ii) Unquoted equity shares outside Malaysia, at cost		
At cost:		
At 1 January	171,681	150,837
Additions	21,553	20,844
At 31 December	193,234	171,681
iii) Unquoted preference shares in Malaysia		
At cost:		
At 1 January	77,325	704,037
Additions	-	992
Conversion into ordinary shares	(77,325)	(625,377)
Translation differences	-	(2,327)
At 31 December	-	77,325
Less: Accumulated impairment losses:		
At 1 January	(77,325)	(77,325)
Transfer to ordinary shares	77,325	-
At 31 December	-	(77,325)
	-	-
Net carrying amount as at 31 December	1,283,686	1,027,700

The subsidiaries are listed in Note 42 to the financial statements.

(a) During current financial year,

(i) The Group acquired:

1. 75% equity interest in Stenta Films (Malaysia) Sendirian Berhad and its subsidiary Stenta Multifilms Sdn Bhd (collectively known as "Stenta Group") for purchase consideration of RM153,746,985. Details of the acquisition are further disclosed in Note 43(d) to the financial statements; and

2. 80% equity interest in S & C Green Pace Sdn Bhd for RM72.

(ii) The Company capitalised RM107,677,848 advances previously made to its wholly-owned subsidiaries.

18. SUBSIDIARIES (CONT'D)

(iii) The Group increased its effective equity stake in:

1. Hexachase Packaging Sdn Bhd ("HPSB") from 41.9% to 55.7% following the acquisition of 261,000 ordinary shares held by non-controlling interests in HPSB for a purchase consideration of RM261,000; and

2. Teratai ANR Sdn Bhd ("TANR") from 85% to 100% following the acquisition of 79,500 ordinary shares held by non-controlling interests in TANR for a purchase consideration of RM1.00.

(b) The non-controlling interests at the end of the reporting period comprise the following:

	GROUP	
	2021 RM'000	**2020** RM'000
Don Sahong Power Company Ltd. ("DSPC")	216,048	152,519
Stenta Group	38,167	-
Idaman Harmoni Sdn Bhd ("IHSB")	37,918	40,593
Hexachase Corporation Sdn Bhd and its subsidiaries ("Hexachase Group")	17,859	16,369
Paya Emas Sdn Bhd ("PESB")	12,319	12,184
Other individually immaterial subsidiaries	24,161	16,437
Total	346,472	238,102

(c) The summarised financial information (before intra-group elimination) for subsidiaries that have non-controlling interests and are material to the Group is as follows:

	DSPC RM'000	**IHSB** RM'000	**Hexachase Group** RM'000	**Stenta Group*** RM'000
At 31 December 2021				
Non-current assets	1,922,943	117,385	92,388	107,425
Current assets	285,481	39,227	76,212	118,980
Non-current liabilities	(979,790)	(8,396)	(56,272)	(22,259)
Current liabilities	(148,397)	(38,869)	(70,245)	(52,066)
Net assets	1,080,237	109,347	42,083	152,080
Financial year/period ended 31 December 2021				
Revenue	529,835	5,590	124,992	88,449
Profit/(Loss) after tax	288,049	(6,632)	8,498	8,838
Total comprehensive income/(expenses)	345,706	(6,632)	8,498	8,838
Total comprehensive income/(expenses) attributable to non-controlling interests	63,528	(2,675)	3,580	2,357
Net cash flows from/(for) operating activities	452,829	(32,359)	15,432	15,870
Net cash flows (for)/from investing activities	(30,359)	758	(59,007)	(19,437)
Net cash flows (for)/from financing activities	(422,519)	32,000	45,242	16,340

** - for the 5-month period ended 31 December 2021.*

18. SUBSIDIARIES (CONT'D)

(c) The summarised financial information (before intra-group elimination) for subsidiaries that have non-controlling interests and are material to the Group is as follows: (cont'd)

	DSPC RM'000	IHSB RM'000	Hexachase Group RM'000
At 31 December 2020			
Non-current assets	1,932,714	127,498	52,750
Current assets	243,445	5,298	48,530
Non-current liabilities	(1,265,592)	(9,407)	(23,036)
Current liabilities	(147,970)	(7,410)	(45,280)
Net assets	762,597	115,979	32,964
Financial year ended 31 December 2020			
Revenue	509,966	6,852	97,775
Profit after tax	261,073	2,488	7,316
Total comprehensive income	228,169	2,488	7,316
Total comprehensive income attributable to attributable to non-controlling interests	48,011	1,122	4,011
Net cash flows from operating activities	247,523	2,159	6,844
Net cash flows (for)/from investing activities	(187,775)	30,334	(9,797)
Net cash flows (for)/from financing activities	(58,089)	(32,500)	8,764

19. ASSOCIATES

	GROUP	
	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost		
At 1 January	3,988	4,000
Share of post-acquisition losses	-	(12)
At 31 December	3,988	3,988

The details of the associates incorporated in Malaysia are as follows:

		Percentage of Issued Share Capital Held by Parent	
Company	**Principal Activities**	**2021**	**2020**
Golden Blue Capital Sdn Bhd	Investment holding	40%	40%
Asset 1 Development Sdn Bhd	Dormant	50%	-
Other associate	Dormant	-	40%

(a) The Group recognised its share of results in associates based on the financial statements drawn up to 31 December 2021.

(b) The summarised financial information (after fair value adjustment at acquisition date and/or alignment for the Group's accounting policies) for the associate is not presented as its results are immaterial to the Group.

20. JOINT VENTURES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia				
- At cost	20,000	*	20,000	-
- Share of post-acquisition profit	121,964	*	-	-
At 31 December	141,964	-	20,000	-

** - Negligible*

The details of the joint venture are as follows:

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent	
			2021 %	2020 %
Edenor Technology Sdn Bhd ("Edenor")	Investment holding	Malaysia	50	-
Merchant Commodities Pty. Ltd. ("MC")	Distributor of limestone products	Australia	50	50

Edenor involves in the oleochemical and specialty chemical operations in Malaysia. It is a strategic investment for the Group in oleochemicals industry.

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified the investment in Edenor and MC as joint venture.

(b) The Group recognised its share of results in Edenor based on the latter's consolidated financial statements drawn up to 31 December 2021.

(c) The summarised consolidated financial information (after fair value adjustment at acquisition date and/or alignment to the Group's accounting policies) for Edenor which is material to the Group is presented below:

	Edenor Group
	2021 RM'000
At 31 December	
Non-current assets:	
- Property, plant and equipment	329,607
- Right-of-use assets	50,752
- Other assets	1,596
Current assets:	
- Inventories	198,532
- Receivables, deposits and prepayments	131,016
- Bank balances and deposits	32,715
Non-current liability - Deferred tax liabilities	(19,216)
Current liabilities:	
- Bank borrowings	(268,964)
- Payables and other liabilities	(118,106)
Non-controlling interests	(54,004)
Net assets	283,928

20. JOINT VENTURES (CONT'D)

	Edenor Group
	2021
	RM'000
2-month period ended 31 December 2021	
Revenue	154,818
Bargain purchase gain arising from acquisition	250,292
Interest income	76
Depreciation and amortisation	(5,708)
Interest expense	(1,414)
Profit before tax	243,883
Income tax expense	45
Profit after tax	243,928
Total comprehensive income	243,928
Group's share of results in joint venture:	
- loss after tax	(3,182)
- bargain purchase gain arising from acquisition	125,146
Group's share of total comprehensive income	121,964
Carrying Amount	
Group's share of net assets/Carrying amount of Group's interest in Edenor	141,964

(d) The Group's commitment in respect of the joint ventures is as follows:

	Group/Company	
	2021	**2020**
	RM'000	RM'000
Corporate guarantees given to lenders of a joint venture's subsidiary	192,000	-

(e) The summarised financial information for MC is not presented as its results are immaterial to the Group.

(f) The Group has not recognised losses relating to MC where its share of losses exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised loss at the end of the reporting period was approximately RM3,392,000 (2020: RM3,246,000). The Group has no obligation in respect of these losses.

21. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM'000	RM'000	RM'000	RM'000
Equity investments at fair value through other comprehensive income	200,067	98,790	1,860	2,333

The Group designated its investment in quoted shares to be measured at fair value through other comprehensive income because the Group intends to hold the investments for long-term.

22. GOODWILL ON CONSOLIDATION

The carrying amount of goodwill allocated to each cash-generating unit ("CGU") is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Resources segment	4,582	4,582
Packaging segment	49,101	2,785
Others	990	990
	54,673	8,357

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using value-in-use approach which is derived from the present value of the future cash flows from the operating segments computed based on the financial projections approved by management covering periods of 1 year and 5 years. The key assumptions used in the determination of the recoverable amounts of goodwill arising from the following operating segments are as follows:

	Average Gross Margins		Average Growth Rates		Discount Rates	
	2021	2020	2021	2020	2021	2020
Resources segment	18%	20%	9%	28%	12.4%	11.7%
Packaging segment	18% / 19%	21%	16% / 54%	93%	11.4%	11.7%

Average gross margin is determined by management based on past experience. Growth rates are based on the expected projected growth rates of the resources segment and packaging segment. Discount rates (pre-tax) reflects specific risks relating to the relevant operating segment/business.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

23. RECEIVABLES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables				
Third parties	377,584	289,983	-	-
Joint venture	5,326	5,536	-	-
	382,910	295,519	-	
Less : Allowance for impairment losses				
- At 1 January	(22,947)	(14,978)	-	-
- Acquisition of subsidiaries	(1,515)	-		
- Additions [Note 6(a)]	(458)	(8,373)	-	-
- Writeback [Note 6(a)]	942	89	-	-
- Write-offs	11	37	-	-
- Translation differences	(206)	278	-	-
- At 31 December	(24,173)	(22,947)	-	-
	358,737	272,572	-	-

23. RECEIVABLES (CONT'D)

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables				
Sundry receivables (net)	4,387	6,562	384	276
Amount owing by joint venture	3,521	-	3,521	-
Refundable deposits	3,848	4,132	-	-
Prepayments and non-refundable deposits	35,705	22,427	381	381
Current tax assets	2,468	1,302	-	-
Amount owing by subsidiaries				
Amount owing	-	-	10,680	70,366
Less : Allowance for impairment losses	-	-	(294)	(294)
	-	-	10,386	70,072
	408,666	306,995	14,672	70,729

The credit periods granted for trade receivables range from 21 to 120 days. Amount owing by joint venture is subject to credit term of 60 days.

Sundry receivables are interest-free, unsecured and receivable on demand. At the end of the reporting period, there was no indication that amounts owing by third parties are not recoverable.

Amount owing by joint venture is non-trade in nature, unsecured, bears interest rate of 3.77% (2020: Nil) per annum and is receivable on demand. The amount owing is to be settled in cash.

Included in prepayments of the Group as at end of the reporting period are amounts of approximately RM14,072,000 (2020: RM7,750,000) paid for future purchase of properties, plant and equipment.

The amount owing by subsidiaries is non-trade in nature, interest-free, unsecured and receivable on demand except for a principal sum of approximately RM7,560,000 (2020: RM12,033,000) which bears interest rate of 2.6% (2020: 2.6% to 5.15%) per annum. The amount owing is to be settled in cash.

24. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	233,237	52,094	156,189	3,616
Deposits with financial institutions	24,266	41,367	-	-
Housing Development Accounts	146	146	-	-
	257,649	93,607	156,189	3,616

The deposits with financial institutions of the Group earn interest at rates ranging from 0.05% to 3.60% (2020: 0.05% to 4.00%) per annum. The deposits have maturity periods ranging from 30 to 365 days (2020: 30 to 365 days).

The Housing Development Accounts are maintained by certain subsidiaries in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966. These accounts consist of monies received from purchasers to be utilised for property development projects after which, the surplus monies, if any, will accrue to the said subsidiaries upon the completion of the property development projects.

24. BANK BALANCES AND DEPOSITS (CONT'D)

Included in bank balances and deposits of the Group are RM2,734,000 (2020: RM3,658,000) deposits pledged to licensed banks as security for banking facilities granted to certain subsidiaries as disclosed in Notes 29 and 34 to the financial statements.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Bank balances and deposits	257,649	93,607	156,189	3,616
Bank overdrafts (Note 34)	(930)	-	-	-
Less:				
- Deposits pledged to banks	(2,734)	(3,658)	-	-
	253,985	89,949	156,189	3,616

25. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

The Company's subsidiary, Serudong Power Sdn Bhd ("SPSB") had on 11 November 2019 entered into an Assets Sale Agreement with Reliable Power Resources Sdn Bhd ("RPR") for the disposal of buildings (and structures erected on land located at District of Tawau, Sabah) and plant assets (i.e. facilities, equipment, plant, machinery, spare parts and fuels) at a total consideration of RM3,000,000.

SPSB and RPR mutually agreed on 25 February 2021 to terminate the Assets Sale Agreement ("Agreement") after failing to meet the Condition Precedent set out in the Agreement. Accordingly, each party hereby irrevocably and unconditionally discharges and releases the other party from further performance under the Agreement and from all liabilities, claims and demands howsoever arising after this termination.

Following the termination of Assets Sale Agreement, management decided to recommission the plant with the intention to dispose the plant as a going concern at a later date. On 1 November 2021, SPSB entered into a 3-year Power Purchase Agreement and a separate Site Lease Agreement with Sabah Electricity Sdn Bhd.

Accordingly and pursuant to MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations,

(a) the results of SPSB (including the comparative figures) have been restated as continuing operations; and

(b) the assets (as disclosed below) associated to the above buildings and plant assets have ceased to be presented in the Group's consolidated statement of financial position as "Assets classified as held for sale":

	GROUP	
	2021 RM'000	**2020** RM'000
Assets classified as held for sale		
a) Property, plant and equipment		
- Cost	-	106,784
- Accumulated depreciation	-	(96,313)
- Accumulated impairment loss	-	(10,471)
- Net book value as at 31 December	-	*
b) Inventories	-	3
	-	3

** Negligible*

25. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE (CONT'D)

	GROUP	
	2021 RM'000	2020 RM'000
Liabilities classified as held for sale		
Provisions	-	(16,650)

Liabilities classified as held for sale in the previous financial year comprised mainly an estimated cost of RM16.65 million to restore the discontinued power plant site in Tawau to an acceptable condition to the landlord upon expiry of the lease term. The provision for land restoration cost was no longer deemed necessary and was written back to profit and loss as income in the current financial year, after SPSB decided to recommence the plant operation by entering into a 3-year Power Purchase Agreement and a separate Site Lease Agreement with Sabah Electricity Sdn Bhd on 1 November 2021, details of which are disclosed in Note 43(b) to the financial statements.

26. SHARE CAPITAL

The movements in the issued and paid-up share capital of the Company are as follows:

	GROUP/COMPANY			
	Number of Shares		Amount	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ordinary Shares				
At 1 January	494,176	438,342	743,121	593,586
Share split	494,176	-	-	-
New shares issued pursuant to:				
- ESOS options	-	22,889	-	67,334
- Warrants	-	32,945	-	82,201
At 31 December	988,352	494,176	743,121	743,121

(i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(ii) On 14 June 2021, the Company completed a share split exercise involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares, as further described in Note 35 to the financial statements.

(iii) Of the total 988,352,102 (2020: 494,176,051) issued and fully paid-up ordinary shares as at 31 December 2021, 42,931,300 (2020: 40,994,600, after Shares Split) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up as at 31 December 2021 was therefore 945,420,802 (2020: 947,357,502, after Shares Split).

27. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of financial year	20,497	20,497	30,046	30,046
Share Split [Note 43(a)]	20,498	-	-	-
Purchase of shares	1,936	-	6,823	-
At end of financial year	42,931	20,497	36,869	30,046

During the financial year, the Company purchased 1,936,700 of its issued ordinary shares from the open market at an average price of approximately RM3.52 per share for a total consideration of RM6,822,963. These shares are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

The details of the shares purchased during the financial year are as follows:

Month	No. of shares purchased	Lowest price paid per share^ RM	Average price paid per share^ RM	Highest price paid per share^ RM	Total consideration RM
November	692,700	3.44	3.56	3.51	2,425,612
December	1,244,000	3.47	3.58	3.54	4,397,351
Total	1,936,700				6,822,963

^ *inclusive of transaction costs*

None of the treasury shares were resold or cancelled during the financial year.

28. RESERVES

		GROUP		COMPANY	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable reserves					
Translation reserve	28.1	847	(52,790)	-	-
Fair value reserve	28.2	140,324	33,955	(1,239)	(1,553)
Capital reserve	28.3	27,394	27,394	-	-
Other reserve	28.4	(88,556)	-	(88,556)	-
		80,009	8,559	(89,795)	(1,553)
Distributable reserve					
Retained profits		1,606,843	1,205,876	620,001	345,238
		1,686,852	1,214,435	530,206	343,685

28.1 Translation reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency. This reserve is not distributable by way of dividends.

28. RESERVES (CONT'D)

28.2 Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of fair value through other comprehensive income financial assets until they are disposed of. This reserve is not distributable by way of dividends.

28.3 Capital reserve

The capital reserve relates to compulsory legal reserve created in accordance with the Law on Enterprise (Revision) No.46/NA in the Lao PDR whereby the subsidiary company in Lao PDR is required to provide compulsory legal reserve at the rate 10% of profit after deducting accumulated losses, subject to a 50% limit of the subsidiary company's registered capital.

28.4 Other reserve

The other reserve relates to put option agreement entered by the Company with minority shareholders of Stenta which give rise to an obligation by the Company to purchase Stenta's equity interest held by the minority interest, as detailed in Note 33 to the financial statements.

29. LONG-TERM BORROWINGS

The Group's long-term borrowings are analysed as follows:

	GROUP	
	2021 RM'000	**2020** RM'000
Term loan from a major shareholder	524,790	602,550
Other term loans with financial institutions	106,338	37,632
	631,128	640,182
Less: Current liabilities (Note 34)	(126,542)	(105,778)
	504,586	534,404

<u>Term loan from a major shareholder</u>

The loan from a major shareholder is unsecured and bears floating interest rate, determined with reference to LIBOR plus margin of 2.20% to 2.45% over the loan tenure. The loan is repayable over 5 years from the date of first disbursement.

<u>Other term loans with financial institutions</u>

The interest rate of other term loans ranges between 2.44% and 3.48% (2020: 2.17% to 7.85%) per annum, and are secured by:

(a) Legal charges over properties, leasehold land and machineries of certain subsidiaries, as disclosed in Notes 13, 15 and 17 to the financial statements;

(b) A debenture covering fixed and floating charges over all present and future assets of certain subsidiaries;

(c) A pledge of certain subsidiaries' fixed deposit accounts with banks, as disclosed in Note 24 to the financial statements;

(d) Corporate guarantee given by certain subsidiaries of the Company;

(e) Joint and several guarantees given by certain directors of certain subsidiaries of the Company; and

(f) Guarantee coverage by the Government of Malaysia under the Working Capital Guarantee Scheme.

30. LEASE LIABILITIES

The lease liabilities are analysed as follows:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Non-current liabilities	15,589	9,004	-	17
Current liabilities	7,996	5,464	17	260
	23,585	14,468	17	277

31. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities during the financial year is analysed as follows:

	GROUP	
	2021 RM'000	**2020** RM'000
At beginning of financial year	100,536	95,935
Acquisition of subsidiaries	14,132	-
Recognised in profit or loss (Note 9)	2,161	6,112
Effect of foreign exchange translation	2,679	(1,511)
At end of financial year	119,508	100,536

The deferred tax liabilities represent the tax effects of:

	GROUP	
	2021 RM'000	**2020** RM'000
Intangible asset	75,385	72,707
Accelerated capital allowances over depreciation on qualifying costs of property, plant and equipment	31,448	17,661
Fair value gain on investment properties	9,938	10,949
Others	2,737	(781)
	119,508	100,536

32. PAYABLES

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Provision for retirement benefits	540	492	-	-
Current				
Trade payables	66,754	88,251	-	-
Other payables and accruals				
- Other payables	12,202	13,283	93	93
- Accruals	32,377	17,576	2,062	1,558
	44,579	30,859	2,155	1,651
Deferred income	6,642	5,945	5,687	5,927
Current tax liabilities	540	1,008	34	59
Amount owing to subsidiaries	-	-	120,082	59,950
	118,515	126,063	127,958	67,587

A subsidiary of the Group operates an unfunded, non-contributory defined benefit retirement scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement contribution at agreed basis for each completed year of service on attainment of the retirement age of 60, without cessation of employment prior to age 60. The movement of provision for retirement benefits in the current financial year is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
At beginning of financial year	492	444
Recognised in profit or loss:		
- Current service cost	36	36
- Interest cost	12	12
At end of financial year	540	492

The principal assumptions used in computing the estimated contributions based on the Projected Unit Credit Method are as follows:

	GROUP	
	2021	2020
Discount rate	4%	4%
Expected rate of salary increases	7%	7%

The credit period granted to the Group's trade payables ranges from 30 to 120 days.

Included in deferred income of the Group and of the Company is an amount of RM5,687,161 (2020: RM5,926,620) in respect of Feasibility Study Grant received from Malaysia External Trade Development Corporation for the Company's power project, in the form of reimbursement of approved actual expenses. Deferred income is recognised in profit or loss over the concession period of 25 years, starting from Project's commercial operation date.

The amount owing to subsidiaries is non-trade in nature, interest-free, unsecured and repayable on demand except for a principal sum of approximately RM65,594,000 (2020: RM32,282,000) which bears interest at rates ranging from 2.60% to 3.13% (2020 : 2.60%). The amount owing is to be settled in cash.

33. PUT OPTION LIABILITY

	GROUP/COMPANY	
	2021 RM'000	**2020** RM'000
At 1 January	-	-
Initial recognition at put option date	88,556	-
Recognised in profit or loss (Note 8)	1,101	-
At 31 December	89,657	-

The Company entered into a Put Option Agreement with the minority shareholders of Stenta whereby the minority shareholders have the right to require the Company to buy their equity interest in Stenta in accordance to the terms of the Put Option Agreement.

The obligation by the Company to purchase Stenta's equity interest held by the minority interest is initially recognised as put option liability with a corresponding charge direct to equity (classified as "Other Reserve"). Subsequent to the initial recognition, the put option will be remeasured at fair value and any changes in fair value is recognised in profit or loss.

34. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Revolving credits:				
- Secured	83,000	3,000	38,000	-
- Unsecured	5,000	-	5,000	-
	88,000	3,000	43,000	-
Term loans (Note 29):				
- Secured	22,417	9,370	-	-
- Unsecured	104,125	96,408	-	-
	126,542	105,778	-	-
Trade financing and loans:				
- Secured	57,823	14,693	-	-
Bank overdrafts (Note 24):				
- Secured	930	-	-	-
	273,295	123,471	43,000	-

The effective interest rates of the short-term borrowings, other than term loans disclosed in Note 29 to the financial statements, are as follows:

(a) The revolving credits of the Group bear interest rates ranging from 2.65% to 3.27% (2020: 2.92%) per annum whereas the Company's revolving credits bear interest rates ranging from 3.06% to 3.27% (2020: Nil) per annum.

(b) The trade financing and loans of the Group bear interest rates ranging from 1.01% to 3.74% (2020: 2.06% to 3.08%) per annum.

(c) The bank overdrafts of the Group bear interest rate of 6.1% (2020: Nil) per annum.

34. SHORT-TERM BORROWINGS (CONT'D)

Short-term borrowings were secured by:

(a) legal charges over certain investment properties of a subsidiary; and

(b) collaterals relating to term loans as detailed in Note 29 to the financial statements.

35. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share has been calculated based on the Group's shareholders' funds as at the end of reporting period of approximately RM2,393,104,000 (2020: RM1,927,510,000) on 945,420,802 (2020: 947,357,502, after Shares Split) ordinary shares in issue, net of treasury shares.

For comparative purpose, the net assets per share as at 31 December 2020 in the previous financial year has been restated to reflect the subdivision of every 1 existing ordinary share into 2 subdivided shares, under the Share Split which was completed on 14 June 2021.

36. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Property, plant and equipment:				
- approved and contracted for	298,008	92,109	-	-
- approved but not contracted for	118,988	1,435	-	-
	416,996	93,544	-	-

37. CONTINGENT LIABILITY

On 5 October 2016, Idaman Harmoni Sdn Bhd ("IHSB"), an indirect 65%-owned subsidiary of the Company, was served with the following notices of assessment showing additional taxes and penalties totalling RM22,795,912:

(i) Notice of Additional Assessment dated 20 September 2016 for Year of Assessment ("YA") 2010 whereby additional tax (inclusive of penalty of 50%) of RM37,763.50 has been imposed by the Inland Revenue Board of Malaysia ("IRBM") ("Form JA").

(ii) Notice of Reduced Assessment dated 23 September 2016 for YA 2009 whereby tax of RM35,429.00 has been reduced by IRBM ("Form JR").

(iii) Notice of Assessment dated 23 September 2016 for YA 2009 whereby tax (inclusive of penalty of 100%) of RM22,793,577.50 has been imposed by IRBM ("Form J").

There will be a late payment penalty imposition of up to 15.5% on the above unpaid taxes and penalties.

The abovementioned taxes and penalties imposed by IRBM are in relation to a joint venture entered into by IHSB as the landowner with a property developer for the construction of an office and residential property known as PJ8 pursuant to an agreement dated 23 April 2004.

The IRBM has taken the view that there is a deemed disposal of the PJ8 property by IHSB which is subject to income tax. This transaction was treated by IHSB as a capital transaction which was liable to Real Property Gains Tax in Year 2004. IHSB is a property investment company and has not disposed of any of its PJ8 properties since completion.

Based on advice from both its tax consultants and solicitors, IHSB is of the view that the assessment raised by IRBM are statute barred and erroneous in law. IHSB has filed its appeals against the assessments to the Special Commissioners of Income Tax ("SCIT") on 28 October 2016.

37. CONTINGENT LIABILITY (CONT'D)

On 1 September 2020, SCIT has dismissed IHSB's appeals. IHSB has been advised by its solicitors that there are strong and valid grounds for an appeal to be made against the SCIT's decision. IHSB has registered the appeal with the High Court on 15 September 2020.

The parties have given their respective submission on 14 December 2021 and the Court has fixed to deliver the decision of the appeal on 18 April 2022.

By virtue of the consent judgment with the Government dated 5 October 2018, IHSB does not have to pay the taxes imposed by IRBM under the Assessments until IHSB's appeal to the High Court (and any appeal to the Court of Appeal, if any) has been finally determined.

38. NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARIES

The Group has:

(a) On 28 July 2021 acquired 154,779,512 ordinary shares representing 75% equity interests in the issued and paid-up share capital of Stenta for RM153,746,985; and

(b) On 16 November 2021 purchased 2,400 ordinary shares representing 80% equity interests in the issued and paid-up share capital of S & C Green Pace Sdn Bhd ("S&C") for RM72.

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

	AT DATE OF ACQUISITION	
	CARRYING AMOUNT RM'000	FAIR VALUE RECOGNISED RM'000
Property, plant and equipment	47,535	76,347
Right-of-use assets	20,758	33,047
Other asset - development expenditure	765	765
Inventories	31,327	31,327
Trade receivables	44,926	44,926
Other receivable, deposits and prepayments	4,968	4,968
Cash and bank balances	29,435	29,435
Deferred tax liabilities	(4,268)	(14,132)
Trade financing and loans	(33,137)	(33,137)
Lease liabilities	(12,033)	(12,033)
Trade and other payables	(16,159)	(16,159)
Current tax liabilities	(2,112)	(2,112)
Net identifiable assets acquired	112,005	143,242
Less: Non-controlling interests		(35,810)
Add: Goodwill on consolidation		46,316
Total purchase consideration		153,748
Less : Cash and cash equivalents of subsidiaries acquired		(29,435)
Net cash outflow from acquisition of subsidiaries		124,313

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

38. NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARIES (CONT'D)

The acquired subsidiaries have contributed the following results to the Group:

	2021 RM'000
Revenue	88,449
Profit after tax	8,838

If the acquisition had taken place at the beginning of the financial year, the acquired subsidiaries would have contributed to the Group's revenue and profit after tax of RM212,075,268 and RM16,689,935, respectively.

39. CASH FLOW INFORMATION

(a) During the financial year, the Group and the Company made the following payment to purchase property, plant and equipment:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost of property, plant and equipment purchased	105,756	44,530	1,046	799
Prepayments for future purchases	6,321	7,750	-	-
Cash disbursed for purchase of property, plant and equipment	112,077	52,280	1,046	799

(b) The reconciliation of liabilities arising from financing activities are as follows:

GROUP	Term Loans RM'000	Other Lease Liabilities RM'000	Short-term Borrowings RM'000	Total RM'000
2021				
At 1 January	640,182	14,468	17,693	672,343
Changes in Financing Cash Flows				
Proceeds from drawdown	81,075	-	161,087	242,162
Repayment of principal	(111,813)	(6,484)	(65,971)	(184,268)
Net (repayment)/drawdown	(30,738)	(6,484)	95,116	57,894
Repayment of interest	(17,241)	(956)	(1,536)	(19,733)
Acquisition of subsidiary	-	12,033	33,137	45,170
Acquisition of new lease	-	3,567	-	3,567
Non-cash Changes				
Interest expense recognised in profit or loss (Note 8)	17,241	956	1,536	19,733
Foreign exchange adjustments	21,684	1	(123)	21,562
At 31 December	631,128	23,585	145,823	800,536

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows: (cont'd)

GROUP	Term Loans RM'000	Other Lease Liabilities RM'000	Short-term Borrowings RM'000	Total RM'000
2020				
At 1 January	41,568	13,828	703,150	758,546
Changes in Financing Cash Flows				
Proceeds from drawdown	641,738	-	6,493	648,231
Repayment of principal	(9,224)	(4,718)	(714,450)	(728,392)
Net drawdown/(repayment)	632,514	(4,718)	(707,957)	(80,161)
Repayment of interest	(8,850)	(992)	(7,879)	(17,721)
Acquisition of new lease	-	5,437	-	5,437
Non-cash Changes				
Interest expense recognised in profit or loss (Note 8)	8,850	992	7,879	17,721
Foreign exchange adjustments	(33,900)	(79)	22,500	(11,479)
At 31 December	640,182	14,468	17,693	672,343

COMPANY	Other Lease Liabilities RM'000	Short-term Borrowings RM'000	Total RM'000
2021			
At 1 January	277	-	277
Changes in Financing Cash Flows			
(Repayment of principal)/Proceeds from drawdown	(260)	43,000	42,740
Repayment of interest	(17)	(307)	(324)
Non-cash Changes			
Interest expense recognised in profit or loss (Note 8)	17	307	324
At 31 December	17	43,000	43,017
2020			
At 1 January	605	37,500	38,105
Changes in Financing Cash Flows			
Repayment of principal	(328)	(37,500)	(37,828)
Repayment of interest	(21)	(177)	(198)
Non-cash Changes			
Interest expense recognised in profit or loss (Note 8)	21	177	198
At 31 December	277	-	277

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income. Intragroup transactions with foreign operations involving monetary financial instruments will also result in foreign currency translation gain or loss that cannot be eliminated on consolidation, but has to be recognised either in profit or loss or in other comprehensive income. However, non-monetary financial items translated at historical exchange rates will not give rise to foreign currency risk.

Resulting from its net investment in foreign operations, the Group's current and future profit stream in various foreign currencies will also be exposed to foreign currency risk.

In general, currency exposure from foreign investments and borrowings is managed centrally at the Group level, whilst currency exposure arising from transactions or contractual obligations is managed at the respective entity or business unit's level.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the entities within the Group) is as follows:

GROUP	**UNITED STATES DOLLAR**	**SINGAPORE DOLLAR**	**OTHERS**	**TOTAL**
2021	RM'000	RM'000	RM'000	RM'000
Financial assets				
Investment in quoted shares	-	17,676	175	17,851
Receivables	36,322	2,113	5,254	43,689
Bank balances and deposits	196,128	157	1,843	198,128
	232,450	19,946	7,272	259,668
Financial liabilities				
Payables (current)	(3,612)	(76)	(265)	(3,953)
Trade financing and loans	(36,992)	-	-	(36,992)
	(40,604)	(76)	(265)	(40,945)
Net financial assets	191,846	19,870	7,007	218,723
Less: Net financial liabilities denominated in the respective entity's functional currency	(191,846)	-	-	(191,846)
Currency exposure	-	19,870	7,007	26,877

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency (a currency which is other than the functional currency of the entities within the Group) is as follows: (cont'd)

GROUP 2020	AUSTRALIA DOLLAR RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets					
Investment in quoted shares	-	-	15,092	180	15,272
Receivables	395	16,852	1,832	2,021	21,100
Bank balances and deposits	-	14,554	4	158	14,716
	395	31,406	16,928	2,359	51,088
Financial liabilities					
Payables (current)	-	(1,886)	(4)	(487)	(2,377)
Trade financing and loans	-	(6,158)	-	-	(6,158)
	-	(8,044)	(4)	(487)	(8,535)
Net financial assets	395	23,362	16,924	1,872	42,553
Less: Net financial liabilities denominated in the respective entity's functional currency	-	(23,362)	-	(1,987)	(25,349)
Currency exposure	395	-	16,924	(115)	17,204

The Company's exposure to foreign currency is as follows:

COMPANY	UNITED STATES DOLLAR RM'000
2021	
Financial asset	
Bank balances and deposits	155,033
2020	
Financial asset	
Bank balances and deposits	1,688

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Effects on profit after taxation and equity				
USD/RM:				
- strengthened by 5%	7,290	888	5,891	64
- weakened by 5%	(7,290)	(888)	(5,891)	(64)
SGD/RM:				
- strengthened by 5%	755	643	-	-
- weakened by 5%	(755)	(643)	-	-
AUD/RM:				
- strengthened by 5%	-	15	-	-
- weakened by 5%	-	(15)	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available by maintaining a balanced portfolio mix of fixed and floating rate borrowings. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

The Group's fixed rate borrowings and deposits with financial institutions are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	(1,478)	(1,222)	(82)	-
Decrease of 25 bp	1,478	1,222	82	-

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Effects on equity				
Increase of 5%	10,003	4,939	93	117
Decrease of 5%	(10,003)	(4,939)	(93)	(117)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by a debtor which constituted approximately 73% of its total trade receivables at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(b) Credit Risk (cont'd)

(i) Credit risk concentration profile (cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:

	GROUP	
	2021 RM'000	**2020** RM'000
Lao PDR	260,994	226,862
Malaysia	59,639	24,671
Others	38,104	21,039
	358,737	272,572

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Group's and the Company's maximum exposure to credit risk also includes corporate guarantees provided to its joint venture and subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the joint venture or subsidiaries respectively as at the end of the reporting period.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 3 months (2020 - 3 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers trade receivables to settle their debts using the linear regressive analysis. The Group has identified the lending interest rate, Gross Domestic Product (GDP), inflation rate, customer price index as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:

GROUP	GROSS AMOUNT RM'000	LOSS ALLOWANCE RM'000	CARRYING AMOUNT RM'000
2021			
Current (not past due)	137,978	-	137,978
1 to 90 days past due	170,998	-	170,998
91 to 180 days past due	15,295	-	15,295
Past due more than 180 days	38,016	(1,963)	36,053
	362,287	(1,963)	360,324
Credit impaired:			
- individually impaired	22,210	(22,210)	-
	384,497	(24,173)	360,324
2020			
Current (not past due)	117,818	-	117,818
1 to 90 days past due	142,803	-	142,803
91 to 180 days past due	17,204	(6,034)	11,170
Past due more than 180 days	1,185	-	1,185
	279,010	(6,034)	272,976
Credit impaired:			
- individually impaired	16,913	(16,913)	-
	295,923	(22,947)	272,976

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(b) Credit Risk (cont'd)

(iii) Assessment of Impairment Losses (cont'd)

Trade Receivables and Contract Assets (cont'd)

The movement in the loss allowances in respect of trade receivables is disclosed in Note 23 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Bank Balances and Deposits

The Group considers these banks have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:

COMPANY	GROSS AMOUNT RM'000	LOSS ALLOWANCE RM'000	CARRYING AMOUNT RM'000
2021			
Low credit risk	10,313	-	10,313
Significant increase in credit risk	367	(294)	73
Credit impaired	-	-	-
	10,680	(294)	10,386
2020			
Low credit risk	69,999	-	69,999
Significant increase in credit risk	367	(294)	73
Credit impaired	-	-	-
	70,366	(294)	70,072

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
GROUP						
2021						
Payables:						
- Non-current	-	540	540	-	-	540
- Current	-	111,333	111,333	111,333	-	-
Lease liabilities	2.27 to 9.00	23,585	30,269	8,885	14,399	6,985
Term loans	2.44 to 3.48	631,128	678,002	140,803	506,833	30,366
Trade financing and loans	1.01 to 3.74	57,823	57,823	57,823	-	-
Revolving credits	2.65 to 3.27	88,000	88,000	88,000	-	-
Bank overdraft	6.10	930	930	930	-	-
Put option liability	3.04	89,657	102,847	-	102,847	-
Financial guarantee contract#	-	-	179,710	179,710	-	-
		1,002,996	1,249,454	587,484	624,079	37,891
GROUP						
2020						
Payables:						
- Non-current	-	492	492	-	-	492
- Current	-	119,110	119,110	119,110	-	-
Liabilities classified as held for sale	-	16,650	16,650	16,650	-	-
Lease liabilities	3.78 to 9.00	14,468	19,839	6,065	6,868	6,906
Term loans	2.17 to 7.85	640,182	687,828	121,458	557,149	9,221
Trade financing and loans	2.06 to 3.08	14,693	14,693	14,693	-	-
Revolving credits	2.92	3,000	3,000	3,000	-	-
		808,595	861,612	280,976	564,017	16,619

 # The contractual undiscounted cash flows represent the outstanding credit facility of the joint venture at the end of the reporting period. The financial guarantee has not been recognised in since its fair value on initial recognition was not material.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): (cont'd)

	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
COMPANY						
2021						
Lease liabilities	3.78	17	17	17	-	-
Payables (current):						
- Interest-free	-	56,643	56,643	56,643	-	-
- Interest-bearing	2.06 to 3.13	65,594	65,594	65,594	-	-
Revolving credit	3.06 to 3.27	43,000	43,000	43,000	-	-
Put option liability	3.04	89,657	102,847	-	102,847	-
Financial guarantee contract*	-	-	257,489	257,489	-	-
	-	254,911	525,590	422,743	102,847	-
2020						
Lease liabilities	3.78	277	295	277	18	-
Payables (current):						
- Interest-free	-	29,319	29,319	29,319	-	-
- Interest-bearing	2.60	32,282	32,282	32,282	-	-
Financial guarantee contract*	-	-	2,623	-	-	2,623
	-	61,878	64,519	61,878	18	2,623

** The contractual undiscounted cash flows represent the outstanding credit facility of a subsidiary at the end of the reporting period. The financial guarantee has not been recognised in since its fair value on initial recognition was not material.*

40.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Total equity includes equity attributable to the owners of the parent and non-controlling interest.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management (cont'd)

The debt-to-equity ratio of the Group at the end of the reporting period was as follow:

	GROUP	
	2021 RM'000	**2020** RM'000
Term loans (Note 29)	631,128	640,182
Revolving credits (Note 34)	88,000	3,000
Lease liabilities (Note 30)	23,585	14,468
Trade financing and loans (Note 34)	57,823	14,693
	800,536	672,343
Less: Cash and cash equivalents (Note 24)	(253,985)	(89,949)
Net debt	546,551	582,394
Total equity	2,739,576	2,165,612
Debt-to-equity ratio (times)	0.20	0.27

There was no change in the Group's approach to capital management during the financial year.

40.3 Classification Of Financial Instruments

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Financial assets				
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition				
Investment in quoted shares	200,067	98,790	1,860	2,333
Other assets - investment in unquoted shares	524	524	-	-
	200,591	99,314	1,860	2,333
Amortised Cost				
Receivables and deposits	369,440	284,568	384	276
Bank balances and deposits	257,649	93,607	156,189	3,616
Amount owing by subsidiaries	-	-	10,386	70,072
Amount owing by joint venture	3,521	-	3,521	-
	630,610	378,175	170,480	73,964

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification Of Financial Instruments (cont'd)

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Financial liabilities				
Fair Value Through Profit or Loss				
Put option liability	89,657	-	89,657	-
Amortised Cost				
Payables:				
- Non-current	540	492	-	-
- Current	111,333	120,118	2,155	1,651
Liabilities classified as held for sale	-	16,650	-	-
Lease liabilities	23,585	14,468	17	277
Term loans	631,128	640,182	-	-
Revolving credits	88,000	3,000	43,000	-
Trade financing and loans	57,823	14,693	-	-
Bank overdrafts	930	-	-	-
Amount owing to subsidiaries	-	-	120,082	59,950
	913,339	809,603	165,254	61,878

40.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period.

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value				
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Amount**
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021								
Financial Assets								
Other investments:								
- Quoted shares	200,067	-	-	-	-	-	200,067	200,067
- Unquoted shares	-	524	-	-	-	-	524	524
Financial Liabilities								
Term loans	-	-	-	-	631,128	-	631,128	631,128
Put option liability	-	-	89,657	-	-	-	89,657	89,657
2020								
Financial Assets								
Other investments:								
- Quoted shares	98,790	-	-	-	-	-	98,790	98,790
- Unquoted shares	-	524	-	-	-	-	524	524
Financial Liability								
Term loans	-	-	-	-	640,182	-	640,182	640,182

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information (cont'd)

(a) The fair values of financial instruments carried at fair value have been determined using the following basis:

(i) The fair values of quoted investments are measured at their quoted closing bid prices at the end of the reporting period.

(ii) The fair value of unquoted equity investment is determined to approximate the net assets of the investee as it's immaterial in the context of the financial statements.

(iii) The fair value of put option liability is determined using expected future value of a subsidiary with the resulting value discounted at present value, based on key unobservable inputs of post-tax profit growth rate at 5% and discount rate at 3%.

A 1% higher/lower on post-tax profit growth rate would result in increase/decrease in the fair value by RM0.4 million whereas a 1% higher/lower in discount rate would decrease/increase the fair value by RM4.5 million.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

(b) The fair values of financial instruments not carried at fair value, which are for disclosure purposes, have been determined using the following basis:

(i) The fair values of the Group's bank borrowings that carry floating interest rates approximated to their carrying amounts as they are repriced to market interest rate on near the reporting date.

(ii) The fair value of term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

In current financial year, the Group has changed the structure and reporting of its internal segmental results and presentation format to better reflect its earnings profile which has caused the composition of its reportable segments to change.

The Packaging Division which was previously reported under Investment Holding & Others is now separately disclosed as a reportable segment given its growing earnings contribution to the Group. This division manufactures a wide range of printed labels and stickers, paper bags and flexible materials for multiple industries and for both the domestic and export markets.

The Property Division which was previously designated as a reportable segment, comprising mainly rental income is now folded into Investment Holding & Others in view of its stable but insignificant earnings contribution to the Group.

Following a change in the composition of its reportable segments, the Group's had restated the corresponding information and items of segment information presented in the previous financial year. Accordingly, the Group is now organised into three (3) core business segments, as follows:

Business segments	**Summary description**
Renewable Energy	Build, own and operate renewable power plants.
Resources	Quarrying of limestone, manufacturing and trading of lime products, calcium carbonate powder and bricks.
Packaging	Manufacturing and distribution of flexible packaging materials, paper bags, flexible packaging and labels products.

41. OPERATING SEGMENTS (CONT'D)

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

GROUP 2021	**Renewable Energy** RM'000	**Resources** RM'000	**Packaging** RM'000	**Investment Holding & Others** RM'000	**Eliminations** RM'000	**Consolidated** RM'000
Revenue						
External revenue	533,864	154,880	208,217	17,712	-	914,673
Inter-segment revenue	-	-	-	350,498	(350,498)	-
Consolidated revenue	533,864	154,880	208,217	368,210	(350,498)	914,673
Results						
Profit from operations	401,099	17,428	25,408	346,453	(350,805)	439,583
Finance costs						(21,967)
Share of results in equity accounted investments						121,964
Profit before tax						539,580
Income tax expense						(8,915)
Profit after tax						530,665

Included in the profit after tax for the financial year are the following items:

GROUP 2021	**Renewable Energy** RM'000	**Resources** RM'000	**Packaging** RM'000	**Investment Holding & Others** RM'000	**Eliminations** RM'000	**Consolidated** RM'000
Income						
Dividend income	-	301	-	349,617	(348,278)	1,640
Gain/(Loss) on foreign exchange, net:						
- Realised	(6)	(178)	372	996	-	1,184
- Unrealised	(180)	690	(268)	(1,747)	-	(1,505)
Interest income	9,942	294	117	1,713	(2,527)	9,539
Writeback of provision for restoration costs	-	-	-	16,650	-	16,650

41. OPERATING SEGMENTS (CONT'D)

Included in the profit after tax for the financial year are the following items: (cont'd)

GROUP 2021	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Expense						
Writeback of/(Allowance for) impairment losses on receivables	(448)	942	(10)	-	-	484
Amortisation of:						
- Service concession asset	(80,521)	-	-	-	-	(80,521)
- Development expenditure	-	-	(132)	-	-	(132)
Depreciation of:						
- Property, plant and equipment	(1,927)	(10,647)	(9,022)	(1,319)	-	(22,915)
- Right-of-use assets	(24)	(2,611)	(3,552)	(834)	-	(7,021)
Fair value loss on investment properties	-	-	-	(10,109)	-	(10,109)
Right-of-use assets written off	-	(3,894)	(114)	-	-	(4,008)
Impairment loss on:						
- Property, plant and equipment	-	(656)	-	-	-	(656)
- Right-of-use assets	-	(1,199)	-	-	-	(1,199)
Assets						
Segment assets	2,268,743	312,879	434,377	850,795	-	3,866,794
Inter-segment assets	15,664	22,188	5,455	120,195	(163,502)	-
	2,284,407	335,067	439,832	970,990	(163,502)	3,866,794
Current tax assets						2,468
Consolidated total assets						3,869,262
Liabilities						
Segment liabilities	598,805	50,508	170,915	189,410	-	1,009,638
Inter-segment liabilities	2,655	3,779	11,377	145,984	(163,795)	-
	601,460	54,287	182,292	335,394	(163,795)	1,009,638
Deferred tax liabilities						119,508
Current tax liabilities						540
Consolidated total liabilities						1,129,686
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	34,807	6,669	45,927	18,439	(86)	105,756
- Right-of-use assets	-	50	3,966	-	-	4,016
- Joint ventures	-	-	-	20,000	-	20,000

41. OPERATING SEGMENTS (CONT'D)

GROUP 2020	**Renewable Energy** RM'000	**Resources** RM'000	**Packaging** RM'000	**Investment Holding & Others** RM'000	**Eliminations** RM'000	**Consolidated** RM'000
Revenue						
External revenue	510,214	142,819	97,775	16,318	-	767,126
Inter-segment revenue	-	-	-	116,554	(116,554)	-
Consolidated revenue	510,214	142,819	97,775	132,872	(116,554)	767,126
Results						
Profit from operations	389,897	19,977	11,718	107,104	(117,089)	411,607
Finance costs						(22,331)
Share of results in equity accounted investments						(11)
Profit before tax						389,265
Income tax expense						(11,085)
Profit after tax						378,180

Included in the profit after tax for the financial year are the following items:

GROUP 2020	**Renewable Energy** RM'000	**Resources** RM'000	**Packaging** RM'000	**Investment Holding & Others** RM'000	**Eliminations** RM'000	**Consolidated** RM'000
Income						
Dividend income	-	94	-	114,930	(114,024)	1,000
Gain/(Loss) on foreign exchange, net:						
- Realised	(305)	(106)	(210)	(378)	-	(999)
- Unrealised	-	(440)	(20)	(2,348)	2,327	(481)
Interest income	4,987	218	33	2,027	(3,065)	4,200
Expense						
Allowance for impairment losses on:						
- Receivables, net	(6,314)	(2,051)	89	(8)	-	(8,284)
Amortisation of intangible asset	(81,675)	-	-	-	-	(81,675)
Depreciation of:						
- Property, plant and equipment	(157)	(10,413)	(3,621)	(1,467)	-	(15,658)
- Right-of-use assets	(29)	(2,509)	(2,099)	(977)	-	(5,614)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2020	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	2,223,838	314,561	101,252	440,743	-	3,080,394
Inter-segment assets	32,403	7,510	-	121,415	(161,328)	-
	2,256,241	322,071	101,252	562,158	(161,328)	3,080,394
Current tax assets						1,302
Consolidated total assets						3,081,696
Liabilities						
Segment liabilities	683,036	42,511	63,994	24,999	-	814,540
Inter-segment liabilities	12,760	7,500	2,066	134,344	(156,670)	-
	695,796	50,011	66,060	159,343	(156,670)	814,540
Deferred tax liabilities						100,536
Current tax liabilities						1,008
Consolidated total liabilities						916,084
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	15,717	5,046	4,472	19,323	(28)	44,530
- Right-of-use assets	-	8,386	4,355	1,301	-	14,042

Geographical information

The information on the disaggregation of revenue based on geographical region is summarised below:

	GROUP	
	2021 RM'000	**2020** RM'000
At A Point Of Time		
Malaysia	194,416	126,792
Lao PDR	529,835	509,966
Other ASEAN countries	50,845	29,976
India	12,128	26,331
Papua New Guinea	48,096	36,392
Australia & New Zealand	28,066	15,886
Other countries	51,287	21,783
	914,673	767,126

41. OPERATING SEGMENTS (CONT'D)

Geographical information (cont'd)

The analysis of the Group's non-current assets by geographical region is summarised as follow:

	Non-current Assets	
	2021 RM'000	2020 RM'000
Malaysia	1,062,956	618,603
Lao PDR	1,922,943	1,932,714
Cambodia	86,603	67,568
	3,072,502	2,618,885

Major customer

The following is the major customer with revenue equal to or more than 10% of the Group's revenue:

	Division	Revenue	
		2021 RM'000	2020 RM'000
Customer A	Renewable Energy	529,835	509,966

42. SUBSIDIARIES

The principal activities of the subsidiaries, their place of incorporation and the effective interest of the Group are shown below:

COMPANY	Principal Activities	Principal Place of Business/Country of Incorporation	Effective Percentage of Issued Share Capital Held by Parent	
			2021 %	2020 %
Subsidiaries of the Company				
Authentic Excellence Sdn Bhd ("AESB")	Investment holding	Malaysia	100	100
Bloxwich International Sdn Bhd ("BISB")	Investment holding and provision of management services	Malaysia	100	100
Cheng Sun Industries Sdn Bhd ("CSI")	Investment holding	Malaysia	99.6	99.6
Don Sahong Holdings Limited @ ("DSH")	Investment holding	Malaysia^	100	100
Geo-Mobile Asia Sdn Bhd	Investment holding	Malaysia	100	100
Gombak Land Sdn Bhd ("GLSB")	Property development and Investment holding	Malaysia	100	100
Hexachase Corporation Sdn Bhd ("HXC")	Investment holding	Malaysia	52.4	52.4
Mamut Copper Mining Sdn Bhd ("MCM")	Dormant	Malaysia	100	100
Mega First Housing Development Sdn Bhd	Property development	Malaysia	100	100
Mega First Industries Sdn Bhd ("MFI")	Investment holding	Malaysia	100	100
Mega First Investments (L) Limited &	Investment holding	Malaysia#	100	100
Mega First Mining Sdn Bhd	Investment holding	Malaysia	100	100
Mega First Plantation (Cambodia) Ltd @	Plantation development	Kingdom of Cambodia	100	100
Mega First Power Industries Sdn Bhd ("MFPI")	Investment holding and provision of management services to its subsidiaries	Malaysia	100	100

42. SUBSIDIARIES (CONT'D)

COMPANY	Principal Activities	Principal Place of Business/Country of Incorporation	Effective Percentage of Issued Share Capital Held by Parent	
			2021 %	2020 %
Subsidiaries of the Company (cont'd)				
Mega First Resources Sdn Bhd ("MFR")	Investment holding	Malaysia	100	100
Propera Sdn Bhd	Dormant	Malaysia	100	100
Stenta Films (Malaysia) Sendirian Berhad ("SFSB")	Manufacturing and sale of flexible packaging materials	Malaysia	75	-
Subsidiary of AESB				
Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI")	Investment holding and provision of management consultancy services	Malaysia	100	100
Subsidiary of BISB				
Bloxwich (Malaysia) Sdn Bhd	Engineering, designing and manufacturing of automotive components	Malaysia	100	100
Subsidiary of CSI				
Syarikat Cheng Sun Quarry Sdn Bhd	Quarrying of limestone and production of fine calcium carbonate powder	Malaysia	99.6	99.6
Subsidiaries of MFIL				
Don Sahong Holdings Limited @ ("DSH")	Investment holding	Malaysia^	85.03	85.03
Subsidiaries of DSH				
Ground Roses Limited @ ("GRL")	Investment holding	Malaysia^	100	100
Silver Acreage Limited @	Investment holding	Malaysia^	100	100
Subsidiary of GRL				
Don Sahong Power Company Ltd *	Develop and operate hydroelectric power plant	Lao People's Democratic Republic	80	80
Subsidiaries of GLSB				
Community Consortium Sdn Bhd	Property development	Malaysia	100	100
Idaman Harmoni Sdn Bhd	Property investment	Malaysia	65	65
Kinta Ceria Sdn Bhd	Property investment	Malaysia	100	100
Megah Harmonik Property Management Sdn Bhd	Property management	Malaysia	100	100
Paya Emas Sdn Bhd	Property development	Malaysia	60	60
Public Ventures Management Sdn Bhd !	Dormant	Malaysia	100	100
Subsidiaries of HXC				
Hexachase Flexipack Sdn Bhd	Manufacturing of flexible packaging products	Malaysia	61.8	62.9
Hexachase Labels Sdn Bhd ("HLSB")	Manufacturing of labels and printed products	Malaysia	65.7	65.7
Hexachase Packaging Sdn Bhd	Manufacturing of packaging products	Malaysia	55.7	41.9
Subsidiary of HLSB				
Hexachase Marketing & Trading Sdn Bhd	Dormant	Malaysia	47.1	47.1
Subsidiary of MCM				
Geo-Mobile Asia (HK) Limited *	Dormant	Hong Kong	100	100
Subsidiary of MFI				
Greentown Parking Sdn Bhd	Car park operator	Malaysia	100	100
Subsidiaries of MFR				
Anting Sendirian Berhad	Quarry operator	Malaysia	100	100
Sri Anting Sdn Bhd	Operating quarries	Malaysia	100	100

42. SUBSIDIARIES (CONT'D)

COMPANY	Principal Activities	Principal Place of Business/Country of Incorporation	Effective Percentage of Issued Share Capital Held by Parent 2021 %	2020 %
Subsidiaries of MFPI				
Mega First C&I Solar Sdn Bhd ("MF C&I")	Investment holding	Malaysia	100	100
Mega First Power Services Sdn Bhd	Contractor for operation and maintenance of a power plant	Malaysia	100	100
Serudong Power Sdn Bhd	Power plant operator	Malaysia	51	51
Bayangan Sutera Sdn Bhd	Dormant	Malaysia	100	100
Subsidiaries of MF C&I				
MFP Solar Sdn Bhd	Solar photovoltaic Investment	Malaysia	55	55
MFP Solar International Limited ("MFPSI")	Investment holding	Malaysia^	55	100
Subsidiary of MFPSI				
MFP Solar (Cambodia) Co., Ltd	Solar photovoltaic Investment	Kingdom of Cambodia	55	100
Subsidiary of MFP Solar				
S & C Green Pace Sdn Bhd	Dormant	Malaysia	80	-
Subsidiaries of RCI				
Batamas Sdn. Berhad ("BSB")	Manufacturing and selling of bricks	Malaysia	100	100
Identiti Jitu Sdn Bhd	Sand mining	Malaysia	55	55
Melewar Jutamas Sdn Bhd	Property investment	Malaysia	100	100
RCI Lime Sdn Bhd	Manufacture and sale of lime products and limestone quarry operator	Malaysia	100	100
RCI Marketing Sdn Bhd	Temporarily ceased operation	Malaysia	100	100
RCI Minerals Sdn Bhd ("RCIM")	Investment holding	Malaysia	100	100
RCI Ventures Sdn Bhd	Investment in quoted securities	Malaysia	100	100
Runding Kualiti Sdn Bhd ("RKSB")	Investment holding	Malaysia	60	60
Teratai Kembara Sdn Bhd ("TKSB")	Investment holding	Malaysia	77.8	77.8
Premier Capacity Sdn Bhd ("PCSB")	Sand mining	Malaysia	50.25	50.25
Subsidiary of BSB				
Usaha Takzim Sdn Bhd	Property investment	Malaysia	100	100
Subsidiary of RCIM				
Mesrasasi Sdn Bhd	Quarry operator	Malaysia	100	100
Subsidiary of RKSB				
Runding ANR Sdn Bhd	Pre-operating	Malaysia	60	60
Subsidiary of TKSB				
Teratai ANR Sdn Bhd	Pre-operating	Malaysia	77.8	66.1
Subsidiary of SFSB				
Stenta Multifilms Sdn Bhd	Manufacturing and sale of flexible packaging materials	Malaysia	75	-

42. SUBSIDIARIES (CONT'D)

*	*Subsidiary companies audited by other firms of chartered accountants.*
&	*Subsidiary company audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.*
@	*Not required to be audited under the laws of the country of incorporation.*
^	*These subsidiary companies are incorporated in British Virgin Islands.*
#	*The subsidiary company is incorporated in Labuan, Malaysia.*
!	*The subsidiary has commenced members' voluntary winding up petition on 9 March 2021.*

43. SIGNIFICANT EVENTS

(a) Proposed Share Split

On 26 February 2021, the Company via Maybank Investment Bank Berhad announced a proposal to undertake a share split involving the subdivision of every one (1) existing ordinary share in the Company held into two (2) subdivided ordinary shares in the Company ("Proposed Share Split").

The Proposed Share Split was subsequently approved by shareholders in an Extraordinary General Meeting held on 27 May 2021.

Based on the Company's 494,176,051 issued ordinary shares on the Entitlement Date (including 20,497,300 ordinary shares held as treasury shares), the resultant issued share capital of the Company was increased to 988,352,102 subdivided ordinary shares (including 40,994,600 ordinary shares held as treasury shares).

The Proposed Share Split was completed on 14 June 2021, following the listing and quotation of the subdivided ordinary shares (including treasury shares) on the Main Market of Bursa Securities.

(b) Tawau Power Plant

(i) Termination of Assets Sale Agreement

Serudong Power Sdn Bhd ("SPSB"), a subsidiary of the Company, and Reliable Power Resources Sdn Bhd mutually agreed on 25 February 2021 to terminate the Assets Sale Agreement ("Agreement") after failing to meet the Condition Precedent set out in the Agreement. Accordingly, each party hereby irrevocably and unconditionally discharges and releases the other party from further performance under the Agreement and from all liabilities, claims and demands howsoever arising after this termination.

(ii) Recommissioning of Tawau Power Plant

Following the termination of Assets Sale Agreement, management decided to recommission the plant with the intention to dispose the plant as a going concern at a later date.

On 1 November 2021, SPSB entered into a 3-year Power Purchase Agreement and a separate Site Lease Agreement with Sabah Electricity Sdn Bhd. SPSB is currently in the midst of rehabilitating the 3x12MW generators. Management expects SPSB to achieve Commercial Operation Date by the end of March 2022.

(c) Voluntary Winding Up of Subsidiary

An indirect wholly-owned subsidiary of the Company, Public Ventures Management Sdn Bhd ("PVM") has on 9 March 2021 commenced a member's voluntary winding up procedure pursuant to Section 439(b(i) of the Companies Act 2016 and a liquidator was appointed on even date for this purpose. The winding up process has not yet been completed at the date of this report.

43. SIGNIFICANT EVENTS (CONT'D)

(d) Acquisition of Stenta

The Company via a Letter of Offer dated 20 May 2021 offered to acquire the entire issued and paid-up capital of Stenta Films (Malaysia) Sendirian Berhad ("Stenta") comprising 206,376,730 ordinary shares for a total cash consideration of RM205 million (or approximately RM0.9933 per share) from all the shareholders of Stenta.

The Company received a total acceptance of 154,779,512 ordinary shares, equivalent to approximately 75% of the issued and paid-up capital of Stenta at the end of the Offer Period which expired on 24 May 2021.

A definitive Share Purchase Agreement ("SPA") was entered into on 23 July 2021 between MFCB and its wholly-owned subsidiary, Authentic Excellence Sdn Bhd ("AESB") (collectively referred to as "Purchasers") and Rentak Rimbun Sdn Bhd, Wong Kok Hwa, Ngoei Boon Liong, Lim Koy Peng, Low Geoff Jin Wei, Low Chung Kuay, Che Azizuddin bin Che Ismail, Wong Soon Lim, Datuk Wira and Sutherland Financial Corporation (collectively referred to as "Vendors") in respect of the acquisition of 154,779,512 ordinary shares ("Sale Shares") of Stenta, representing 75% equity interest in Stenta for a total cash consideration of RM153,746,984.75. The SPA was subsequently completed on 28 July 2021.

In conjunction with the SPA, a Put Option Agreement was entered into on 28 July 2021 between MFCB and each of the remaining minority shareholders of Stenta post Completion, namely PT Argha Karya Prima Industry TBK ("PT Argha Karya"), Rentak Rimbun Sdn Bhd, Wong Kok Hwa and Ngoei Boon Liong, whereby MFCB shall grant each of the minority shareholder an option (the "Put Option") to require MFCB to purchase the remaining shares held by the minority shareholders in Stenta ("Option Shares").

The salient terms of the Put Option Agreement are as follows:

1. <u>Price</u>

   The price payable for each Option Share ("Exit Price") shall be based on Stenta's valuation as determined by the higher of:

   (i) the Purchase Consideration or if applicable, the Adjusted Purchase Consideration, less the total post Completion dividend declared and paid by Stenta for the period from the Completion Date to the date of exercise of the Put Option; or

   (ii) the price as determined based on the following formula:

   (PP + RP – D); where,

   PP: Purchase Consideration or Adjusted Purchase Consideration (if applicable).

   RP: Post Completion profits after tax of Stenta (from Completion Date to the Put Option exercise date),

   D: Dividends paid (from Completion Date to the Put Option exercise date);

2. <u>Exercise of Put Option</u>

   (i) the Put Option shall be exercised only if it is exercised in unanimity and in whole by the minority shareholders, for the whole of all the Option Shares;

   (ii) the Put Option shall be exercisable at the sole discretion of PT Argha Karya for itself and on behalf of all of the minority shareholders;

3. <u>Date of Exercise</u>

   The Put Option may be exercised on and only on either of the following two (2) dates:

   (i) on the third anniversary date of the Completion Date; or

   (ii) on the fifth anniversary date from the Completion Date.

43. SIGNIFICANT EVENTS (CONT'D)

(e) Joint Venture Investment in Edenor and the Acquisition of Emery's Asia Pacific business by Edenor

On 28 May 2021, the Company and 9M Technologies Sdn Bhd ("9M Technologies") jointly incorporated a new 50:50 joint venture company called Edenor Technology Sdn Bhd ("Edenor") with an initial RM2 paid-up capital. The paid-up capital of Edenor was increased to RM40 million on 18 August 2021.

On 19 August 2021, Edenor ("Purchaser") entered into a conditional Sale and Purchase Agreement ("SPA") with Sime Darby Plantation Berhad and PTTGC International Private Limited (collectively, the "Vendors") to acquire the entire issued and paid-up capital of Emery Oleochemicals (M) Sdn Bhd ("EOM") and Emery Specialty Chemicals Sdn Bhd ("ESC") (the "Proposed Acquisition") for a total Target Equity value of RM38 million.

The Target Equity of RM38 million was derived based on an agreed RM243 million debt-free-cash-free enterprise value for the Group Companies (comprising ESC and EOM's operations in Malaysia only; excluding EOM's overseas operating subsidiaries which shall be carved out before Completion), comprising fixed assets and technical and business know-how valued at RM73 million and a Target Net Working Capital of RM170 million, less a Target Net Debt of RM205 million.

The Proposed Acquisition was completed on 1 November 2021 at an Initial Purchase Price of RM38.0 million. The Initial Purchase Price was subsequently adjusted downward to RM12.6 million (Final Purchase Price) based on the Completion Accounts as at 31 October 2021 prepared by an Independent Auditor.

44. RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationships with its subsidiaries (as disclosed in Note 42 to the financial statements), associates, joint venture and key management personnel.

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed elsewhere in the financial statements whereas the transactions that the Group and the Company carried out with such parties during the financial year are disclosed below:

(a) Subsidiaries

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Dividend income received and receivable	-	-	348,278	114,024
Management fee received and receivable	-	-	1,518	1,598
Interest income received and receivable	-	-	222	452
Interest expense paid and payable	-	-	(2,271)	(2,520)
Rental received and receivable	-	-	310	310
Rental paid and payable	-	-	(480)	(480)

(b) Joint Venture

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Sales of lime products	-	689	-	-

44. RELATED PARTY DISCLOSURES (CONT'D)

(c) A Major Shareholder of the Company

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Term loan repaid/(received)	99,444	(602,550)	-	-
Interest expense	14,791	7,435	-	-

(d) Person Connected to Directors

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Proceeds from disposal of shares in a subsidiary	-	150	-	-
Subscription of new shares in a subsidiary	360	-	-	-

(e) The remuneration of key management personnel is as follows:

	GROUP		COMPANY	
	2021 RM'000	**2020** RM'000	**2021** RM'000	**2020** RM'000
Directors' fees	445	436	445	436
Salary, bonus and other remuneration, including benefits-in-kind (gross)	7,220	5,755	3,072	2,544

45. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year as disclosed in Notes 25 and 43(b) to the financial statements:

	As Previously Reported RM'000	**As Restated** RM'000
Statements of Profit or Loss and Other Comprehensive Income (Extract)		
Group		
For the financial year ended 31.12.2020		
Revenue	767,126	767,126
Cost of sales	(316,334)	(316,372)
Gross profit	450,792	450,754
Other income	7,447	8,741
Administrative and distribution expenses	(29,378)	(30,366)
Other expenses	(17,522)	(17,522)
Profit from operation	411,339	411,607
Finance costs	(22,331)	(22,331)
Share of results in equity accounted investments	(11)	(11)
Profit before taxation	388,997	389,265
Taxation	(10,787)	(11,085)
Profit after tax from continuing operation	378,210	378,180
Loss after tax from discontinued operation	(30)	-
Profit after tax for the financial year	378,180	378,180

Statement By Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **GOH NAN YANG** and **KHOO TENG KEAT**, being two of the Directors of **MEGA FIRST CORPORATION BERHAD** state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 31 December 2021 and of their financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 23 MARCH 2022.

GOH NAN YANG

KHOO TENG KEAT

Statutory Declaration

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **NEO HONG CHEE**, the officer primarily responsible for the financial management of **MEGA FIRST CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements, 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 Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed **NEO HONG CHEE**
at Petaling Jaya
in the State of Selangor
on this 23rd day of March 2022

Before me,

SELVARAJAH A/L SIVALINGAM
Commissioner for Oaths

List of Properties
HELD AS AT 31 DECEMBER 2021

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
1	Quarry and limestone hill	HS (D) KA 46712 PT 3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	25	193,300	Leasehold 45 years (Expire in 2065)	1996	1996	3,051
2	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	24	22,600	Freehold	1997	1997	3,554
3	Warehouse	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	10	2,970	Freehold	2011	n/a	728
4	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	12	864	Freehold	2009	n/a	360
5	Integrated lime kiln and hydration plant	Lot 45155 Geran 58731 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	12	22,384	Freehold	2009	n/a	584
6	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	25	18,700	Freehold	1996	1996	163
7	Stockyard	Lot 9479 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	64,547	Freehold	2013	2012	1,849
8	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	25	10,600	Freehold	1996	1996	40
9	Stockyard	Lot 312555, 312556, 312557 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	62,290	Freehold	2014	2014	2,376
10	Stockyard	Lot 45137, 45138, 45139 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	87,817	Freehold	2013	2013	5,481
11	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	15	16,415	Freehold	2006	2006	386
12	Stockyard	Lot 45160 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	25,040	Freehold	2012	2012	1,279
13	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	64,041	Freehold	2012	2012	3,564
14	Road access	Lot 23358 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	6	5,893	Freehold	2015	2015	186
15	Road access	Lot 45159 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	5,893	Freehold	2019	2019	928
16	Road access	Lot 26294 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	6,829	Freehold	2020	2011	182

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
17	Agriculture land	Lot 17890 31600 Gopeng Perak Darul Ridzuan	1	29,947	Freehold	2021	2021	1,080
18	Agriculture land	Lot 17886 31600 Gopeng Perak Darul Ridzuan	1	31,110	Freehold	2021	2021	1,160
19	Industrial land	Lot 405027 31600 Gopeng Perak Darul Ridzuan	1	40,510	Leasehold	2021	2021	910
20	Quarry and limestone hill	Lot 45152 Mukim Kampar Daerah Kampar Perak Darul Ridzuan	14	16,010	Freehold	2007	n/a	467
21	Quarry and limestone hill	PT 1491 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	14	58,474	Leasehold 45 years (Expire in 2065)	2007	n/a	2,344
22	Quarry and limestone hill	PT 3962 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	14	28,328	Leasehold 45 years (Expire in 2065)	2007	n/a	474
23	Agricultural land	Lot 320491 Mukim Teja Daerah Kampar Perak Darul Ridzuan	8	343,980	Leasehold (Expire in 2073)	2013	n/a	11,328
24	Industrial land	PN 397963 Lot 321568 Mukim Teja, Daerah Kampar Perak Darul Ridzuan	4	469,400	Leasehold 45 years (Expire in 2065)	2017	2017	19,274
25	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	21	892	Freehold	2000	2000	530
26	Industrial land	Lot 4510 Mukim Bastari Jaya Kuala Selangor Selangor Darul Ehsan	24	77,080	Freehold	1997	n/a	1,595
27	Factory building	Lot 15588 Mukim Sungai Raia 31300 Simpang Pulai Kinta District, Perak Darul Ridzuan	8	n/a	Leasehold	2013	n/a	333
28	Factory land and buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	36	42,576	Leasehold (Expire in 2045)	1985	1985	210
29	Double storey terrace house	HS (D) 353154 PT 355802 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	12	121	Leasehold (Expire in 2103)	2009	n/a	70
30	Industrial land	HS (D) 198575 PT 37292 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	9	7,174	Leasehold 60 years (Expire in 2071)	2012	2012	651
31	Agricultural land	HS (D) 198576 PT 37293 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	9	14,636	Leasehold 60 years (Expire in 2071)	2012	2012	1,327
32	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	34	28,850	Leasehold 45 years (Expire in 2065)	1987	n/a	2,994
33	Quarrying limestone hill	Lot PT 23156 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	40	36,422	Leasehold 45 years (Expire in 2065)	1981	n/a	893
34	Industrial land	Lot PT 1109 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	29	8,099	Leasehold 45 years (Expire in 2065)	1992	n/a	149

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
35	Agricultural land	Lot 22974 GRN 46180 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	33,336	Freehold	2012	2011	2,160
36	Quarry land	HS (D) 3238 PT 1008 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	40,467	Leasehold 45 years (Expire in 2065)	2012	2011	4,086
37	Quarry land	PN 283888 Lot 303752 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	60,710	Leasehold 45 years (Expire in 2065)	2012	2011	7,874
38	Agricultural land and buildings	Lot 15588 GRN 11527 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	68,796	Freehold	2012	2011	3,318
39	Agricultural land	Lot 22993 GRN 49450 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	7,664	Freehold	2012	2011	355
40	Industrial land	PN 70403 Lot 158432 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	7,522	Leasehold 45 years (Expire in 2065)	2012	2011	568
41	Industrial land	PN 71751 Lot 187404 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	16,180	Leasehold 45 years (Expire in 2065)	2012	2011	923
42	Industrial land	PN 71752 Lot 197220 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	9	12,132	Leasehold 45 years (Expire in 2065)	2012	2011	1,226
43	Corporate office tower and office suite	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	15	19,104	Leasehold 99 years (Expire in 2106)	2006	2021	111,000
44	Car park	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	15		Leasehold 99 years (Expire in 2106)	2006	2018	6,375
45	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	11	11,621	Leasehold 99 years (Expire in 2094)	2010	2021	12,500
46	Car park	Block A, B, C & D Greentown Business Centre Greentown, Ipoh	15 - 22	4,499	Leasehold 99 years (Expire in 2094)	1999 - 2006	2017	3,500
47	6-storey shop office	Wisma MFCB A-1-16, A1-12, A-1-10, A2-10 A-2-01B, A-2-02 Greentown, Ipoh Perak Darul Ridzuan	4	7,785	Leasehold 99 years (Expire in 2094)	2017	2017	1,533
48	4-storey shop office	Lot 8A, 8B, 24C, 29B, 39B, 40, 40A, 40B, Greentown Avenue, Ipoh Perak Darul Ridzuan	4	12,604	Leasehold 99 years (Expire in 2094)	2017	2017	3,532
49	2-storey shop office	PT 1323, 1339, 1340 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	4	459	Freehold	2017	2017	968
50	Low cost flat	PN 38656 Mukim Batu Berendam, Daerah Melaka Tengah, Melaka	4	4,030	Leasehold 99 years (Expire in 2100)	2017	2017	2,170
51	3-storey shop office	PT 1126, 1129, 1130, 1175, 1183 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	4	1,053	Leasehold 99 years (Expire in 2096)	2017	2017	2,968

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
52	Vacant land	PN 147624, 295228 Greentown, Ipoh Perak Darul Ridzuan	16	16,188	Leasehold 99 years (Expire in 2094)	2005	n/a	20,657
53	Vacant land held for development	PT 2388, 2397, 2401 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	34	2,787	Leasehold 99 years (Expire in 2086)	1987	n/a	337
54	Vacant land held for development	PT 134914 Greentown, Ipoh Perak Darul Ridzuan	26	2,982	Leasehold 99 years (Expire in 2103)	1995	n/a	999
55	Vacant land held for development	Lot 277 to 279 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	28	201,616	Freehold	1993	n/a	9,699
56	Vacant land held for development	Lot 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	25	214,645	Leasehold 99 years (Expire in 2097)	1996	n/a	32,408
57	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	25	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,149
58	Factory and office	PN 20204 Lot 4915 20, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	1 - 5	10,507	Leasehold 99 years (Expire in 2096)	2016 - 2021	2021	5,292
59	Factory and office	PN 20205 Lot 4916 18, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	8	4,961	Leasehold 99 years (Expire in 2096)	2013	2021	4,098
60	Factory and office	Lot 4788-4789, Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75250 Melaka	12	3,916	Leasehold 99 years (Expire in 2096)	2009	2021	2,349
61	Factory and office	PN 47679 Lot 8821 5A, Jalan TTC 30 Taman Teknologi Cheng 75250 Melaka	3	4,993	Leasehold 99 years (Expire in 2096)	2018	2021	8,883
62	Industrial land	HS (D) 184075 PT 87914 Lot 10, Jalan P/10 Kawasan Perusahaan Seksyen 10 43650 Bandar Baru Bangi Selangor Darul Ehsan	29	27,008	Leasehold 99 years (Expire in 2098)	1992	2021	2,261
63	Land and buildings	HS (D) 184076 PT 87915 Lot 10, Jalan P/10 Kawasan Perusahaan Seksyen 10 43650 Bandar Baru Bangi Selangor Darul Ehsan	9 - 29	40,697	Leasehold 99 years (Expire in 2098)	1992	2021	54,970
64	Concession land	Namlear Wildlife Sanctuary Zone Mondulkiri Province Kingdom of Cambodia	8	6,420 hectares	Leasehold 50 years (Expire in 2063)	2013	n/a	12,956

n/a - Not applicable

Statistics of Shareholdings
AS AT 31 MARCH 2022

Total Number of Issued Shares	:	988,352,102 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll

ANALYSIS OF HOLDINGS

Size of Holding	No. of Holders	No. of Shares Held	% of Shareholdings^
Less than 100	337	17,660	0.00
100 to 1,000	1,651	957,500	0.10
1,001 to 10,000	7,294	29,389,206	3.11
10,001 to 100,000	2,044	63,370,084	6.70
100,001 to less than 5% of issued shares	552	582,706,670	61.65
5% and above of issued shares	2	268,864,682	28.44
Total	**11,880**	**945,305,802**	**100.00**

^ Excludes 43,046,300 treasury shares retained by the Company as reflected in the Record of Depositors.

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
1)	Rubber Thread Industries (M) Sdn Berhad	192,094,000	19.44
2)	Citigroup Nominees (Asing) Sdn Bhd *UBS AG Singapore for Keen Capital Investments Limited*	76,770,682	7.77
3)	Mega First Corporation Berhad *Share Buy-Back Account No. 1*	43,046,300	4.36
4)	Cartaban Nominees (Asing) Sdn Bhd *BBH and Co Boston for Fidelity Low-Priced Stock Fund (Prin AllSec Sub)*	33,000,090	3.34
5)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	29,574,960	2.99
6)	PRT Capital Pte Ltd	23,211,200	2.35
7)	Kah Hin Loong Sdn Bhd	20,889,600	2.11
8)	Lembaga Tabung Haji	19,307,600	1.95
9)	Goh Nan Kioh	14,831,056	1.50
10)	Shoptra Jaya (M) Sdn Bhd	14,440,000	1.46
11)	Goh Nan Yang	12,594,754	1.27
12)	Grand Terrace Sdn Bhd	11,806,640	1.19
13)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Amundi)*	11,119,500	1.13
14)	Zulkifli bin Hussain	11,099,800	1.12
15)	Lim Soo Kiow	10,341,400	1.05
16)	Andrew Lim Cheong Seng	9,500,000	0.96
17)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	8,575,800	0.87

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
18)	Cartaban Nominees (Asing) Sdn Bhd *BBH (Lux) SCA for Fidelity Funds Asean*	7,726,100	0.78
19)	Lanai Etika Sdn Bhd	7,708,800	0.78
20)	HSBC Nominees (Asing) Sdn Bhd *JPMCB for Vanguard Emerging Markets Stock Index Fund*	7,596,000	0.77
21)	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT 0D67)*	7,084,200	0.72
22)	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Susy Ding (CEB)*	6,521,600	0.66
23)	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeow See Yuen*	5,532,852	0.56
24)	HSBC Nominees (Asing) Sdn Bhd *JPMCB for Vanguard Total International Stock Index Fund*	5,297,200	0.54
25)	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 19)*	4,589,000	0.46
26)	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Hui*	4,581,400	0.46
27)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (F Templeton)*	4,314,700	0.44
28)	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeow See Yuen*	3,897,142	0.39
29)	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Khoo Teng Keat*	3,877,376	0.39
30)	Hoe Seng Company Pte Limited	3,720,000	0.38
	Total	**614,649,752**	**62.19**

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	Direct Interest		Deemed Interest		
		Shares	% ^	Shares		% ^
1)	Goh Nan Kioh	14,831,056	1.57	301,297,282	(a)	31.87
2)	Rubber Thread Industries (M) Sdn Berhad	192,121,000	20.32	7,708,800	(b)	0.81
3)	Keen Capital Investments Limited	76,770,682	8.12	-		-
4)	Camasia Limited	1,485,600	0.16	199,829,800	(c)	21.14
5)	Laju Riang Sdn Bhd	-	-	199,829,800	(c)	21.14
6)	Cam Property (Malaysia) Sdn Bhd	-	-	199,829,800	(c)	21.14

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY

No.	Director	Direct Interest Shares	% ^	Deemed Interest Shares		% ^
1)	Goh Nan Kioh	14,831,056	1.57	301,297,282	(a)	31.87
2)	Goh Nan Yang	12,594,754	1.33	-		-
3)	Goh Mei Sze	2,000,000	0.21	-		-
4)	Khoo Teng Keat	4,677,376	0.49	-		-
5)	Yeow See Yuen	9,429,994	1.00	104,000	(d)	0.01
6)	Dato' Koh Hong Sun	907,738	0.10	-		-
7)	Tay Kheng Chiong	786,462	0.08	-		-
8)	Datuk Haji Pengiran Saifuddin bin Pengiran Tahir, JP	-	-	-		-
9)	Jesper Bjorn Madsen	500,000	0.05	-		-
10)	Professor Dato' Dr. Tan Hui Meng	966,600	0.10	2,205,000	(e)	0.23
11)	Datin Jeyanthini a/p M. Kannaperan	-	-	-		-
	Total	**46,693,980**	**4.93**	**303,606,282**		**32.11**

Notes:

^ Based on 988,352,102 issued shares minus 43,046,300 treasury shares retained by the Company as reflected in the Record of Depositors.

(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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting ("AGM") of Mega First Corporation Berhad ("MFCB" or "the Company") will be conducted on virtual basis through live streaming and online remote voting via the Remote Participation and Electronic Voting ("RPEV") 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. for the following purposes:

AGENDA

1. To receive and consider the Directors' Report and Audited Financial Statements for the year ended 31 December 2021. **(Please refer to Note B below)**

2. To approve the 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 26 May 2022 until the next AGM of the Company. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation pursuant to Clause 118 of the Company's Constitution and who being eligible, offer themselves for re-election:

   a) Mr Yeow See Yuen **(Ordinary Resolution 2)**
   b) Mr Khoo Teng Keat **(Ordinary Resolution 3)**
   c) Professor Dato' Dr. Tan Hui Meng **(Ordinary Resolution 4)**
   d) Datin Jeyanthini M. Kannaperan **(Ordinary Resolution 5)**

4. To re-appoint Crowe Malaysia PLT as auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 6)**

   Special Business

   To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

5. **Retention of Dato' Koh Hong Sun as Independent Director** **(Ordinary Resolution 7)**

   "THAT Dato' Koh Hong Sun who has served for a cumulative term of more than 9 years be and is hereby retained as Independent Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance."

6. **Retention of Mr Yeow See Yuen as Independent Director** **(Ordinary Resolution 8)**

   "THAT Mr Yeow See Yuen who has served for a cumulative term of more than 9 years be and is hereby retained as Independent Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance."

7. **Authority to issue shares pursuant to Section 75 of the Companies Act, 2016** **(Ordinary Resolution 9)**

   "THAT, subject always to the Companies Act, 2016 ("the Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 75 of the Act, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person/persons or party/parties whomsoever the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten percent of the total number of shares in issue (excluding treasury shares) at the point of issuance of shares and that such authority shall continue in force until the conclusion of the next annual general meeting."

8. **Renewal of Share Buy-Back Authority** **(Ordinary Resolution 10)**

"THAT, subject always to the Companies Act, 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB") and any applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to:

i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this resolution does not exceed ten percent of the total number of shares as quoted on BMSB at the point of purchase and the total funds allocated shall not exceed the total retained earnings of the Company which would otherwise be available for dividends;

ii) retain the shares so purchased as treasury shares or cancel them or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or to distribute the shares as dividend, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR of BMSB and any other relevant authority for the time being in force; and

iii) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares,

AND THAT the authority conferred by this resolution shall commence immediately and continue to be in force until the conclusion of the next annual general meeting of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next annual general meeting is required by law to be held, whichever occurs first."

9. 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.

By Order of the Board
MEGA FIRST CORPORATION BERHAD
Foo Wen Yunn
Secretary
SSM PC No. 201908000440 (MAICSA 7057965)

Petaling Jaya
28 April 2022

A) IMPORTANT NOTICE

(1) As part of the initiatives to curb the spread of COVID-19, the 56th AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via the RPEV Facilities which are available at ***https://meeting.boardroomlimited.my.***

Please read and follow the procedures as set out in the Administrative Guide for the AGM which can be viewed and downloaded from the website of the Company at ***www.mega-first.com*** *in order to register, participate and vote remotely via the RPEV facilities.*

(2) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders/ Proxies/Corporate Representatives WILL NOT BE ALLOWED to attend the AGM in person at the Broadcast Venue on the day of the meeting.

(3) *Depositors whose names appear in the Record of Depositors as at 18 May 2022 shall be regarded as members of the Company entitled to attend the AGM or to appoint proxies to attend on their behalf.*

(4) *A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*

(5) *In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its common seal; or (b) under the hand of its attorney, and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.*

(6) *A member shall, subject to paragraph (7) below, be entitled to appoint no more than 2 proxies to attend and vote at the AGM. Where a member appoints 2 proxies to attend and vote at the AGM, such appointment shall not be valid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.*

(7) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds MFCB Shares for multiple beneficial owners in 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. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least 1 proxy in respect of each securities account it holds with MFCB Shares standing to the credit of the said securities account.*

(8) *A member or his/her proxy or proxies must register himself/herself to participate in the AGM for the RPEV Facilities via Boardroom Smart Investor Portal at* ***https://investor.boardroomlimited.com*** *by 10.00 a.m. on 23 May 2022 . Procedures for registration can be found in the Administrative Guide for the AGM.*

(9) *The instrument appointing a proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof:*

In hard copy form

In the case of an appointment is made in hard copy form, the Form of Proxy must be deposited at the registered office of the Company situated at A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

By electronic means

In the case of an appointment is made by electronic means, the Form of Proxy must be electronically deposited via Boardroom Smart Investor Portal at ***https://investor.boardroomlimited.com***. Please refer to the Procedure for Electronic Lodgement of Form of Proxy stated in the Administrative Guide for the AGM.

B) AUDITED FINANCIAL STATEMENTS

The agenda is meant for discussion as the provisions of the Companies Act, 2016 do not require a formal approval of the shareholders on the audited financial statements. Hence, the matter will not be put for voting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) Ordinary Resolution 1 - Directors' Remuneration

The Shareholders' approval is being sought under Resolution 2 for the payment of the Remuneration to Non-Executive Directors in respect of the financial year ending 31 December 2022, from 26 May 2022 up till the next AGM of the Company.

2) Ordinary Resolution 7 - Retention of Dato' Koh Hong Sun as Independent Director

Dato' Koh Hong Sun has served the Company as Independent Director for more than 9 years. The Board of Directors, vide the Nominating Committee has assessed the independence of Dato' Koh Hong Sun.

The Nominating Committee and the Board are satisfied that Dato' Koh Hong Sun remains unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He possesses tremendous insights and in-depth knowledge of the Company's business and affairs. The length of his services on the Board has not in any way interfered with his objective and independent judgment in carrying out his role as a member of the Board and relevant Committees. With his skills and vast experience in the industry, Dato' Koh Hong Sun would be able to contribute during deliberations or discussions of the Board and Board Committees. He has also devoted sufficient attention to his responsibilities as an Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. The Board believes that Dato' Koh Hong Sun should be retained as Independent Director. The Board therefore recommends for shareholders' approval to retain Dato' Koh Hong Sun as Independent Director.

3) Ordinary Resolution 8 - Retention of Mr Yeow See Yuen as Independent Director

Mr Yeow See Yuen has served the Company as Independent Director for more than 9 years. The Board of Directors, vide the Nominating Committee has assessed the independence of Mr Yeow See Yuen.

The Nominating Committee and the Board are satisfied that Mr Yeow See Yuen remains unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He possesses tremendous insights and in-depth knowledge of the Company's business and affairs. The length of his services on the Board has not in any way interfered with his objective and independent judgment in carrying out his role as a member of the Board and relevant Committees. With his skills and vast experience in business, accounting, finance and management, Mr Yeow See Yuen would be able to contribute during deliberations or discussions of the Board and Board Committees. He has also devoted sufficient attention to his responsibilities as an Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. The Board believes that Mr Yeow See Yuen should be retained as Independent Director. The Board therefore recommends for shareholders' approval to retain Mr Yeow See Yuen as Independent Director.

4) Ordinary Resolution 9 - Authority to issue shares pursuant to Section 75 of the Companies Act, 2016

Ordinary Resolution 9 if passed, will empower the Directors to issue new shares up to 10% of the issued share capital (excluding treasury shares) of the Company at the time of issuance, for purposes of funding future investment projects, working capital, acquisitions and so forth. The approval is a renewed general mandate and is sought to provide flexibility and avoid any delay and cost in convening a general meeting for such issuance of shares for fund raising activities, including placement of shares. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. The Company has not issued any new shares under the general authority given at the last AGM.

5) Ordinary Resolution 10 - Renewal of Share Buy-Back Authority

Ordinary Resolution 10 if passed, will give the Company the authority to purchase its own ordinary shares of up to 10% of the total number of shares as quoted on Bursa Malaysia Securities Berhad at the point of purchase ("Share Buy-Back"). This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first.

For further information, please refer to the Share Buy-back Statement.

Statement Accompanying Notice of Annual General Meeting
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The profiles of the Directors who are standing for re-election under Agenda 3 of the Notice of 56th AGM are found on the Profile of Directors section of this Annual Report 2021.

Directory

MEGA FIRST CORPORATION BERHAD

Address	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Email Address	**mfcb@mega-first.com**
Telephone No.	+603-7960 8818
Facsimile No.	+603-7960 7818
Person-to-Contact	Mr. Khoo Teng Keat

MEGA FIRST INVESTMENTS (L) LIMITED

Address	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Email Address	**mfil@mega-first.com**
Telephone No.	+603-7960 8818
Facsimile No.	+603-7960 7818
Person-to-Contact	Mr. Khoo Teng Keat

DON SAHONG POWER COMPANY LTD.

Address	Lao-Thai Friendship Avenue, 374/15, Vat Nak Village, Sisattanak District, Vientiane, Lao PDR.
Email Address	**contact@dshpp.com**
Telephone No.	+856-2135 3532
Facsimile No.	+856-2135 3532
Person-to-Contact	Mr. Khoo Teng Keat

MEGA FIRST C&I SOLAR SDN BHD
MFP SOLAR SDN BHD

Address	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Email Address	**enquiry@mfpsolar.com**
Telephone No.	+603-7960 8818
Facsimile No.	+603-7960 7818
Person-to-Contact	Mr. Goh Chin San

ROCK CHEMICAL INDUSTRIES (MALAYSIA) SDN. BERHAD
RCI LIME SDN BHD

Address	Lot 45157 & 45158, Gunung Panjang, 31600 Gopeng, Perak Darul Ridzuan.
Email Address	**info@rci.com.my**
Telephone No.	+605-359 3188
Facsimile No.	+605-359 3228
Person-to-Contact	Mr. John Chu

BATAMAS SDN. BERHAD

Address	Lot 138321, Jalan Changkat Larang, P.O. Box 15, 31007 Batu Gajah, Perak Darul Ridzuan.
Email Address	**batamasmy@yahoo.com**
Telephone No.	+605-366 1654 / +605-366 3500
Facsimile No.	+605-366 3555
Person-to-Contact	Mr. John Chu

ANTING SENDIRIAN BERHAD

Address	Lot 15588, Mukim Sungai Raya, 31300 Simpang Pulai, Ipoh, Perak Darul Ridzuan.
Email Address	**antingsb@hotmail.com**
Telephone No.	+605-357 4105
Facsimile No.	+605-357 6472
Person-to-Contact	Mr. John Chu

SYARIKAT CHENG SUN QUARRY SDN BHD

Address	Lot 67887, Mukim Sg. Raia, 31300 Keramat Pulai, Perak Darul Ridzuan.
Email Address	**csquarry@yahoo.com.my**
Telephone No.	+605-357 1502 / +605-357 1503 / +605-357 1505
Facsimile No.	+605-357 1504
Person-to-Contact	Mr. John Chu

STENTA FILMS (MALAYSIA) SENDIRIAN BERHAD
STENTA MULTIFILMS SDN BHD

Address	Lot No. 10, Jalan P/10, Kawasan Perusahaan Seksyen 10, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.
Email Address	**enquiries@stentafilms.com**
Telephone No.	+603-8924 3388
Facsimile No.	+603-8925 3907 / +603-8925 3157
Person-to-Contact	Dato' Wong Kok Hwa

HEXACHASE FLEXIPACK SDN BHD

Address	No. 18, Jalan TTC 26, Taman Teknologi Cheng, 75250 Melaka.
Email Address	**hcsb@hexachase.com**
Telephone No.	+606-335 8299
Facsimile No.	+606-335 0009
Person-to-Contact	Mr. Danny Yeo

HEXACHASE LABELS SDN BHD

Address	No. 20, Jalan TTC 26, Taman Teknologi Cheng, 75250 Melaka.
Email Address	**hcsb@hexachase.com**
Telephone No.	+606-335 7461 / +606-335 7472
Facsimile No.	+606-335 7429
Person-to-Contact	Mr. Danny Yeo

HEXACHASE PACKAGING SDN BHD

Address 1	Lot 4788 & 4789, Jalan TTC 29, Taman Teknologi Cheng, 75250 Melaka.
Address 2	No. 5A, Jalan TTC 30, Taman Teknologi Cheng, 75250 Melaka.
Email Address	**pkgcs@hexachase.com**
Telephone No.	+606-337 1201 / +606-337 1202
Facsimile No.	+606-337 1200
Person-to-Contact	Mr. Deric Sim

MEGA FIRST HOUSING DEVELOPMENT SDN BHD
GOMBAK LAND SDN BHD
IDAMAN HARMONI SDN BHD
PAYA EMAS SDN BHD

Address	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.
Email Address	**mfcb.property@mega-first.com**
Telephone No.	+603-7960 8818
Facsimile No.	+603-7960 7818
Person-to-Contact	Mr. Khoo Teng Keat

GREENTOWN PARKING SDN BHD

Address	No. 15A Persiaran Greentown 4A, Greentown Avenue, 30450 Ipoh, Perak Darul Ridzuan.
Email Address	**mfcb.property@mega-first.com**
Telephone No.	+605-243 3092
Facsimile No.	+605-243 3094
Person-to-Contact	Mr. Khoo Teng Keat

BLOXWICH (MALAYSIA) SDN BHD

Address	Lot 31, Seri Iskandar Technology Park, Mukim Bota, Daerah Perak Tengah, 32600 Bota, Perak Darul Ridzuan.
Email Address	**admin@bloxwich.com.my**
Telephone No.	+605-371 1516 / +605-371 2859
Facsimile No.	+605-371 1520
Person-to-Contact	Mr. Ong Hock Kheng

This page is intentionally left blank

MFCB

MEGA FIRST CORPORATION BERHAD
Reg. No. 196601000210 (6682-V)
(Incorporated in Malaysia)

No. of MFCB shares held:
CDS Account Number:

FORM OF PROXY

(To be completed in block letters)

I/We ____
(Full Name as per NRIC/Certificate of Incorporation in block letters)

Company No. / NRIC No. ____

of ____
(Full address)

being a member of MEGA FIRST CORPORATION BERHAD ("the Company") hereby appoint:

Full Name (in Block Letters)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of MFCB Shares	**%**
Address:			
Email Address:			
Tel No:			

AND / OR

Full Name (in Block Letters)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of MFCB Shares	**%**
Address:			
Email Address:			
Tel No:			

as my/our proxy/proxies to attend and, on a poll, to vote for me/us on my/our behalf at the 56th Annual General Meeting of the Company, to be conducted on a virtual basis through live streaming and live streaming and online remote voting via the Remote Participation and Electronic Voting ("RPEV") 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 at any adjournment thereof, in the manner indicated below.

RESOLUTIONS		For	Against	Abstain
1.	Payment of Directors' remuneration.			
2.	Re-elect Mr Yeow See Yuen as Director.			
3.	Re-elect Mr Khoo Teng Keat as Director.			
4.	Re-elect Professor Dato' Dr. Tan Hui Meng as Director.			
5.	Re-elect Datin Jeyanthini a/p M. Kannaperan as Director.			
6.	Re-appoint Crowe Malaysia PLT as auditors and authorise the Board of Directors to fix their remuneration.			
7.	Retention of Dato' Koh Hong Sun as Independent Director.			
8.	Retention of Mr Yeow See Yuen as Independent Director.			
9.	Authority to issue shares pursuant to Section 75 of the Companies Act 2016.			
10.	Renewal of Share Buy-Back Authority.			

(Please indicate with an (X) in the space provided as to how you wish your vote to be cast. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit).

Date:
Contact Number:

____
Signature/Common Seal of Shareholder

Please cut here

NOTES:

(1) As part of the initiatives to curb the spread of COVID-19, the 56th Annual General Meeting ("AGM") of the Company will be conducted on fully virtual basis through live streaming and online remote voting via the RPEV Facilities which are available at ***https://meeting.boardroomlimited.my****.*

Please read and follow the procedures as set out in the Administrative Guide for the AGM which can be viewed and downloaded from the website of the Company at ***www.mega-first.com*** *in order to register, participate and vote remotely via the RPEV facilities.*

(2) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders/Proxies/Corporate Representatives WILL NOT BE ALLOWED to attend the 56th AGM in person at the Broadcast Venue on the day of the meeting.

(3) Depositors whose names appear in the Record of Depositors as at 18 May 2022 shall be regarded as members of the Company entitled to attend the AGM or to appoint proxies to attend on their behalf.

(4) A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

(5) In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its common seal; or (b) under the hand of its attorney, and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

(6) A member shall, subject to paragraph (7) below, be entitled to appoint no more than 2 proxies to attend and vote at the AGM. Where a member appoints 2 proxies to attend and vote at the AGM, such appointment shall not be valid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

(7) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds MFCB Shares for multiple beneficial owners in 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. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least 1 proxy in respect of each securities account it holds with MFCB Shares standing to the credit of the said securities account.

(8) A member or his/her proxy or proxies must register himself/herself to participate in the AGM for the RPEV Facilities via Boardroom Smart Investor Portal at ***https://investor.boardroomlimited.com*** *by 10.00 a.m. on 23 May 2022. Procedures for registration can be found in the Administrative Guide for the AGM.*

(9) The instrument appointing a proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof:

In hard copy form

In the case of an appointment is made in hard copy form, the Form of Proxy must be deposited at the registered office of the Company situated at A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

By electronic means

In the case of an appointment is made by electronic means, the Form of Proxy must be electronically deposited via Boardroom Smart Investor Portal at ***https://investor.boardroomlimited.com****. Please refer to the Procedure for Electronic Lodgement of Form of Proxy stated in the Administrative Guide for the AGM.*

Please fold here

Affix
Postage
Stamp

The Company Secretary
MEGA FIRST CORPORATION BERHAD
A-12-01 Level 12 Block A PJ8
No. 23 Jalan Barat
Sekyen 8
46500 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here

Please cut here

MEGA FIRST CORPORATION BERHAD
Reg. No. 196601000210 (6682-V)

A-12-01, Level 12, Block A, PJ8
23 Jalan Barat, Seksyen 8
46050 Petaling Jaya

Tel: +603-7960 8818
Fax: +603-7960 7818
E-mail: **mfcb@mega-first.com**