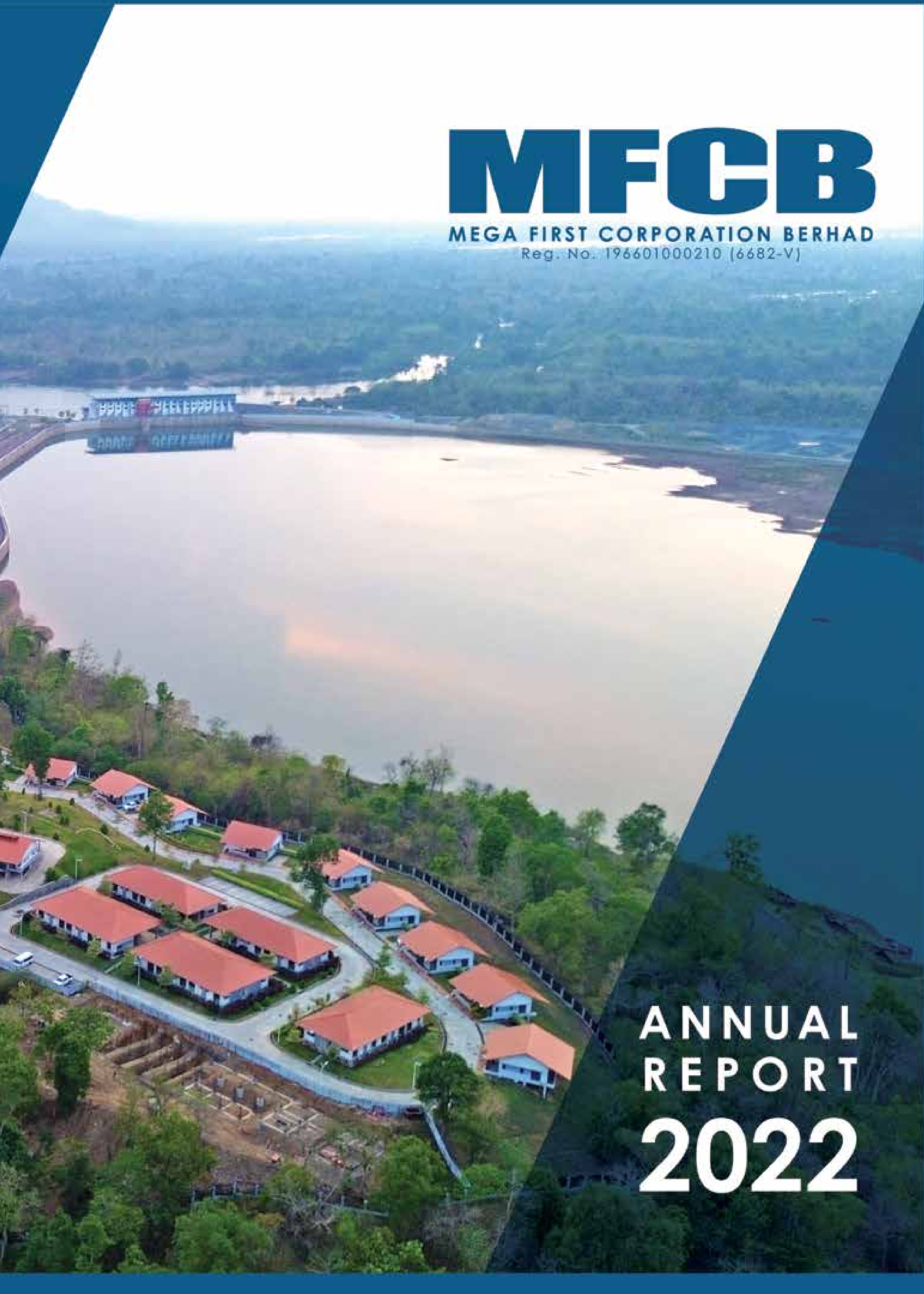
MFCB

MEGA FIRST CORPORATION BERHAD

Reg. No. 196601000210 (6682-V)



ANNUAL REPORT 2022

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

ANNUAL REPORT 2022

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Corporate Information

Board of Directors

Executive Chairman

Goh Nan Kioh

Non-Independent Non-Executive Deputy Chairman

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

Au Siew Loon

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 | Executive Chairman

Aged 70

Board Committees Membership(s): Employees' Share Option Committee (Chairman)

Board Meeting Attendance in 2022: 5/5

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 an uncle of Mr Chu Beng Han.

Tay Kheng Chiong | Non-Independent Non-Executive Deputy Chairman

Aged 59

Board Committees Membership(s): Nil

Board Meeting Attendance in 2022: 5/5

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 | Executive Director and Alternate Director to Mr Goh Nan Kioh

Aged 60

Board Committees Membership(s): Nil

Board Meeting Attendance in 2022: 5/5

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

Goh Mei Sze | Executive Director

Aged 35

Board Committees Membership(s): Nil

Board Meeting Attendance in 2022: 5/5

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, a niece of Mr Goh Nan Yang and a sister of Mr Goh Chin San.

Khoo Teng Keat | Executive Director

Aged 53

Board Committees Membership(s): Nil

Board Meeting Attendance in 2022: 5/5

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 | Senior Independent Director

Aged 71

Board Committees Membership(s): Nominating Committee (Chairman), Remuneration Committee and the Employees' Share Option Committee

Board Meeting Attendance in 2022: 5/5

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 District, 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, a company listed on Bursa Malaysia.

Yeow See Yuen | Independent Director

Aged 56

Board Committees Membership(s): Audit Committee (Chairman), Nominating Committee and the Employees' Share Option Committee

Board Meeting Attendance in 2022: 5/5

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 | Independent Director

Aged 66

Board Committees Membership(s): Audit Committee

Board Meeting Attendance in 2022: 5/5

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 | Independent Director

Aged 69

Board Committees Membership(s): Remuneration Committee (Chairman) and Audit Committee

Board Meeting Attendance in 2022: 4/5

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.

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 | Independent Director

Aged 68

Board Committees Membership(s): Nil

Board Meeting Attendance in 2022: 4/5

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 | Independent Director

Aged 62

Board Committees Membership(s): Nominating Committee and Remuneration Committee

Board Meeting Attendance in 2022: 4/5

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.

Au Siew Loon | Independent Director

Aged 62

Board Committees Membership(s): Nil

Board Meeting Attendance in 2022: n/a

Mr Au Siew Loon joined the Board on 1 January 2023.

Mr Au commenced his articleship with Ernst and Young, Malaysia in 1981 and qualified as a Chartered Accountant in 1985. He is a member of The Malaysian Institute of Certified Public Accountants and a member of The Malaysian Institute of Accountants. He was seconded to Ernst and Young, London in 1986 for a period of 18 months. He left the profession in 1989. He was the Chief Financial Officer of Hap Seng Consolidated Berhad (HSCB) since 3 September 2012 before his retirement from the position on 31 May 2022.

Prior to him joining the HSCB group of companies, he had held various senior management positions in companies involved in the financial services, insurance and food and beverage industries. He spent more than two decades in QSR Brands Sdn Bhd, a large fast food operator and food processor/manufacturer, and had held various senior positions in the areas of internal audit, finance, upstream and downstream operations of the group.

Mr Au is also a Director of D&O Green Technologies Berhad ("D&O"), a company 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.

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 | Head, Resources Division

Aged 58

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 | Head, Don Sahong Hydropower Project

Aged 70

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 | Chief Resident Engineer, Don Sahong Power Company Ltd

Aged 65

In 2015, 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 | Managing Director, Hexachase Group   Aged 56

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 & 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 | Managing Director, Stenta Films (Malaysia) Sdn Bhd   Aged 61

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 | Financial Controller, Mega First Corporation Berhad   Aged 50

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 | Business Development Manager, Mega First Corporation Berhad   Aged 30

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 joined Mega First Corporation Berhad in February 2019. He 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 & 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

Joint Ventures

50%	Edenor Technology Sdn Bhd
	Other Joint Venture

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

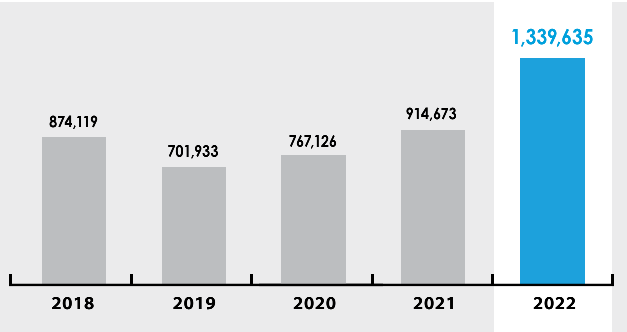
Resources Division

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

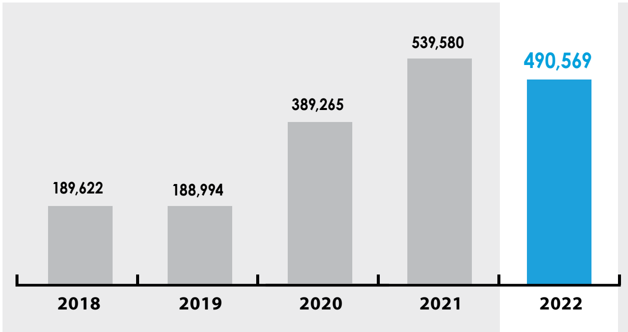
Packaging Division

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

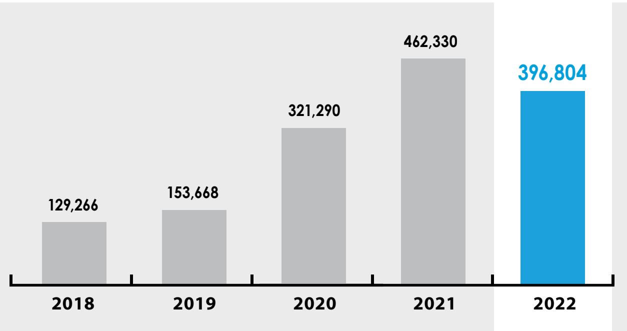
Financial Highlights



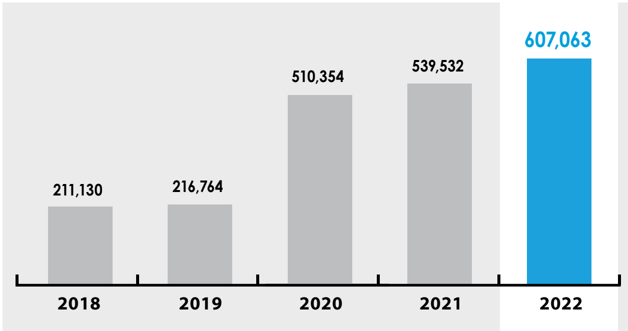
Revenue (RM'000)



Profit before tax (RM'000)



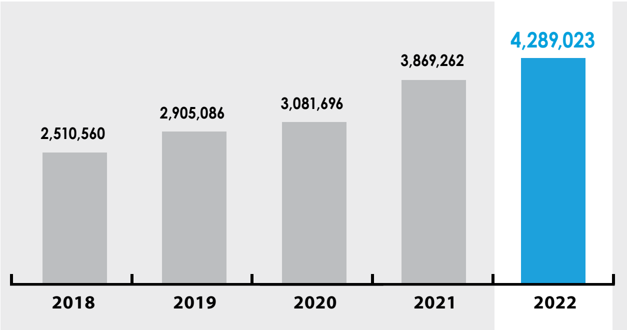
Profit after tax attributable to owners of the Company (RM'000)



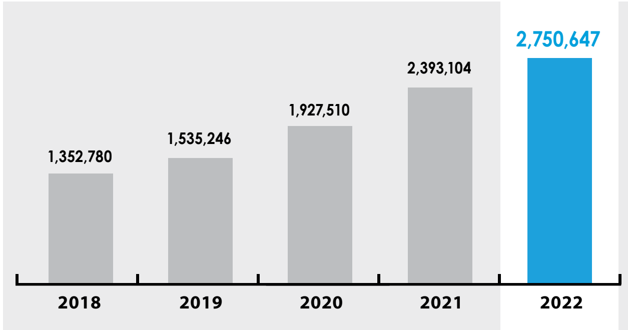
EBITDA (RM'000)

Financial Year Ended 31 December	**2018** RM'000	**2019** RM'000	**2020** RM'000	**2021** RM'000	**2022** RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income					
Revenue	874,119	701,933	767,126	914,673	1,339,635
EBITDA*	211,130	216,764	510,354	539,532	607,063
Profit before tax	189,622	188,994	389,265	539,580	490,569
Profit after tax	145,786	175,109	378,180	530,665	475,727
Profit after tax attributable to owners of the Company	129,266	153,668	321,290	462,330	396,804
Additional Information					
Finance costs	7,744	8,433	22,331	20,866	29,589
Depreciation and amortisation	16,362	21,093	102,947	110,589	127,403
Interest income	2,599	1,756	4,200	9,539	23,358
Share of profit/(loss) in equity accounted investments	(1)	-	(11)	121,964	17,140

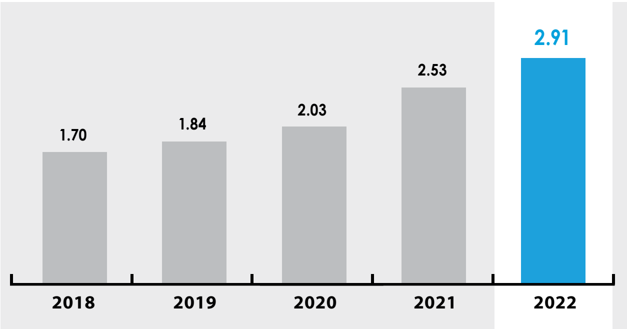
* *EBITDA represents earnings (excluding share of profit/loss in equity accounted investments) before interest, taxes, depreciation and amortisation.*



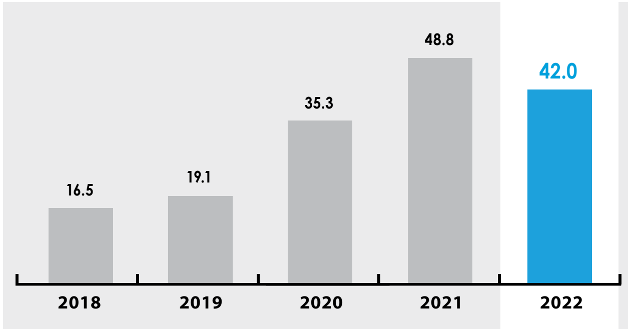
Total assets (RM'000)



Shareholders' equity (RM'000)



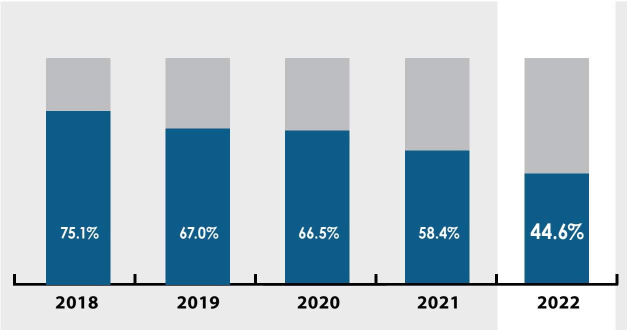
Net assets per share (RM)



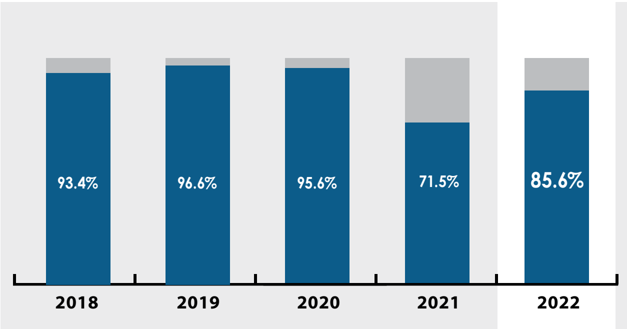
Basic earnings per share (sen)

Financial Year Ended 31 December	**2018** RM'000	**2019** RM'000	**2020** RM'000	**2021** RM'000	**2022** RM'000
Consolidated Statements of Financial Position					
Total assets	2,510,560	2,905,086	3,081,696	3,869,262	4,289,023
Total borrowings	598,695	746,140	657,875	777,881	712,953
Shareholders' equity	1,352,780	1,535,246	1,927,510	2,393,104	2,750,647
Bank balances and deposits	130,508	91,031	93,607	257,649	492,254
Financial Indicators					
Return on equity (%)	9.6%	10.0%	16.7%	19.3%	14.4%
Return on total assets (%)	5.1%	5.3%	10.4%	11.9%	9.3%
Gearing ratio (%)	44.3%	48.6%	34.1%	32.5%	25.9%
Net assets per share (RM)	1.70	1.84	2.03	2.53	2.91
Dividend per share (sen)	2.00	3.00	6.25	6.75	7.45
Gross dividend yield (%)	1.3%	1.2%	1.8%	1.9%	2.2%
Interest cover (times)	25.5	23.4	18.4	26.9	17.6
Basic earnings per share (sen)	16.5	19.1	35.3	48.8	42.0
Price earning ratio (times)	9.4	13.4	9.8	7.2	7.9
Share price as at the financial year end (RM)	1.55	2.56	3.45	3.50	3.32

Renewable energy · Other divisions/segments

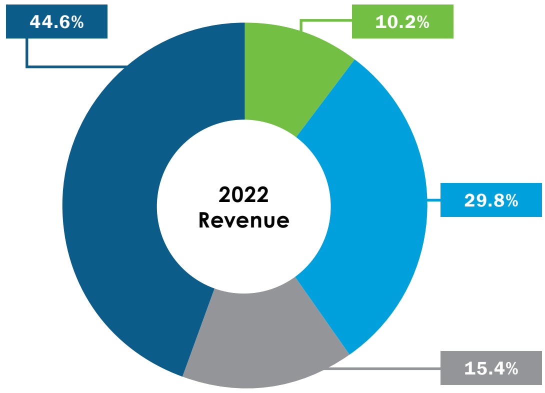


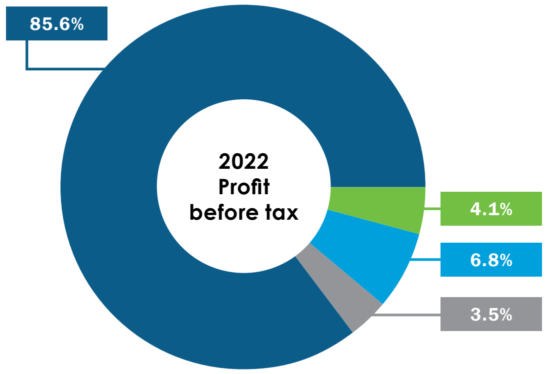
Revenue



Profit before tax

Renewable energy · Resources · Packaging · Investment holding and others





Financial Year Ended 31 December	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue					
Renewable Energy	656,228	470,375	510,214	533,864	596,925
Resources	142,249	143,624	142,819	154,880	206,324
Packaging	57,433	68,427	97,775	208,217	398,964
Subtotal	855,910	682,426	750,808	896,961	1,202,213
Investment Holding and Others	18,209	19,507	16,318	17,712	137,422
Total	**874,119**	**701,933**	**767,126**	**914,673**	**1,339,635**
Profit Before Tax					
Renewable Energy	177,058	182,482	372,086	385,585	419,698
Resources	18,606	16,460	18,766	16,725	17,385
Packaging	(4)	(501)	9,461	22,219	33,546
Subtotal	195,660	198,441	400,313	424,529	470,629
Investment Holding and Others	(6,038)	(9,447)	(11,048)	115,051	19,940
Total	**189,622**	**188,994**	**389,265**	**539,580**	**490,569**

Chairman's Statement

Dear Valued Shareholders,

I am delighted to present Mega First Corporation Berhad's Annual Report for the financial year ended 31 December 2022 ("FY2022") on behalf of our Board of Directors.

Despite the lingering headwinds posed by the COVID-19 pandemic and a changing global economic landscape, we are proud to report a strong record performance for our core divisions in FY2022. We have continued to deliver sustainable growth and create value for you, while also making a positive impact on the communities and surrounding environments in which we operate in.

Financial Performance

Our focus on delivering value to our stakeholders has resulted in significant growth and profitability.

In FY2022, I am pleased to report on our strong financial results as we achieved:-

a) A record recurrent revenue (excluding Serudong Power) of RM1.23 billion, representing an increase of 34.2% from FY2021;

b) a pre-tax profit (excluding Edenor's one-off bargain gain) of RM473.6 million, representing an increase of 14.3% from FY2021;

c) an all-time high after-tax cash flow from operating activities of RM575 million, representing an increase of 22.5% from FY2021; and

d) a sharp decline in net debt-to-equity to 6.9% at the end for FY2022 from 19.0% at the start of FY2022, despite our allocation of RM193.4 million for expansionary capex and investments.

Looking ahead, we are excited to continue our growth trajectory by leveraging on our strong balance sheet and talented workforce to further develop our core strengths, while also exploring new opportunities to expand our reach and impact. Having said that, we recognise that the business environment in FY2023 will continue to be challenging and uncertain, and will therefore stay focused on maintaining a strong financial position, delivering long-term value to our stakeholders, and building a sustainable and resilient business for the future, in accordance to our strategic roadmap.

Please refer to the Management's Discussion and Analysis on pages 18-24 in this Annual Report for further details on the Group's financial performance.

Prospects and Future Plans

Renewable Energy ("RE") Division

Our RE Division delivered yet another year of strong financial performance, whereby it continued to be the largest contributor to the Group's overall income, contributing 85.6% (2021: 92.3%) to the Group's total PBT (excluding our JV share of profit as a result of unallocated bargain gain). Similarly, Don Sahong Hydropower Plant ("DSHP") remained the strongest contributor in our RE Division.

Some highlights of our RE Division's achievements in FY2022 include:

i. Improved Energy Availability Factor ("EAF") of DSHP

DSHP achieved a record high PBT of RM419 million (2021: RM385 million) on an average EAF of 94.6% (2021: 91.0%) in FY2022. Assuming a stable RM:USD exchange rate at around FY2022 levels of RM4.401/USD, Management expects PBT in FY2023 to be marginally lower on an expected lower EAF and higher interest expense (due to interest rate hikes), offset by a 1% tariff adjustment (annually on 1 October) and lower-than-expected credit loss.

The average EAF in FY2023 is expected to be about 2% lower than that in FY2022 due to the deferment of DSHP's annual turbine maintenance period from August/September 2022 to February/March 2023.

ii. Construction of DSHP's Fifth Turbine

Construction of DSHP's fifth turbine commenced smoothly and is progressing according to schedule. It is expected to be completed in 3Q2024.

iii. Additions to Commercial & Industrial Solar Photovoltaic ("C&I Solar PV") Investment Portfolio

Solar energy sales revenue grew 58.7% to RM6.4 million in FY2022 and is expected to increase in FY2023 with the progressive energisation of the new C&I Solar PV projects we embarked on in FY2022. A total of 6.0 MW has been energised since 1Q2022, while the remaining 19.9 MW with executed PPAs are expected to be commissioned over the next 18 months. Upon completion, our cumulative capacity is expected to reach 40.4 MW by the middle of FY2024. This is in line with our long-term target of adding at least 15 to 20 MW of C&I Solar PV investments each year to grow our solar portfolio.

As we look to the future, we will continue to build on our expertise and experience in the growing RE space within the APAC region, by reinvesting our strong cash flows into other RE projects. We will continue to actively look for good RE projects that can generate healthy and sustainable returns for shareholders, while also making a positive impact on the environment. We will only invest in RE projects that pass our stringent risk assessments and meet our strict requirements, in order to ensure that we invest our resources wisely and minimise any potential risks to our business.

At our core, we believe that we have a collective responsibility to reduce our carbon footprint and contribute to a more environmentally sustainable future. We recognise that a transition towards RE is necessary and not an easy feat, but we are committed to exploring new and innovative ways to generate and utilise clean energy. Our long-term goal is to make RE an integral part of our business strategy, which we believe will not only benefit us and our stakeholders, but also the planet. We look forward to the opportunities that lie ahead for us as we continue to lead the way in sustainable and clean energy.

Packaging Division

Our Packaging Division's performance in FY2022 has been exceptional, with revenue hitting a record level of RM399.0 million, despite the challenges presented to us by the increasingly difficult business environment we found ourselves in FY2022. We managed to exceed our targets and achieve this breakthrough thanks to our commitment to innovation and sustainability that has allowed us to differentiate ourselves in the market and attract new customers, while our focus on operational efficiency enabled us to improve productivity.

While we expect to encounter an increasingly difficult economic landscape and stiffer regional competition in FY2023, we are confident that we can emerge from this stronger due to our proactive approach in anticipating our customer's sustainable packaging needs that is on the rise and our commitment to staying ahead of the curve. By closely monitoring trends, engaging with our customers, and investing heavily in R&D, we have been able to develop innovative, more environmentally-friendly, and efficient packaging solutions that meet the growing and changing needs of our customers. As such, we expect to further grow our market share moving forward, build stronger relationships with our customers and ultimately register yet another healthy performance in FY2023 despite the headwinds we may face. In fact, to fulfil expected demand, the construction of two new factories for the Division in Melaka and Bangi is proceeding smoothly as planned, with completion expected to be at the end of FY2023.

Since we made sustainability the forefront of our strategy, we have made significant strides in reducing our environmental footprint and meeting our environmental goals. We will continue to prioritise the development and implementation of sustainable packaging solutions which are better for the planet, and look forward to continuing to work closely with our customers to meet their evolving needs. With all the hard work and support of our employees and stakeholders, I am confident we will continue to create value for our customers and shareholders.

Resources Division

Our Resources Division made healthy progress in FY2022, whereby the total sales volume of our lime products rose by 14.7%, despite the various challenges faced by the industry, such as high fuel and logistics costs. Our ability to deliver better results this year is a testament to the resilience and determination of our management team and employees, who have worked tirelessly to improve our operational efficiency, reduce costs and identify new opportunities for growth. We are optimistic that we will continue to perform better going forward, as demand for lime products will remain robust as the world leaves the COVID-19 pandemic behind for good in FY2023 and whatever related logistical difficulties we faced are expected to taper off.

We are the largest commercial quicklime producer in Malaysia with abundant amount of reserves to last for at least another 100 years, which we fully intend to responsibly utilise for as long as is viable. We remain confident in the resilience and long-term value of the industry and our mines respectively, as there is simply no substitute to limestone, which has been used for centuries up to now in strategically important and vital industries, including mining, construction, agriculture, and manufacturing.

Moving forward, we do expect some obstacles in the form of increasing labour costs and a steep rise in electricity surcharge that was implemented at the start of FY2023, but we will continue to focus on delivering healthy earnings for the Division, by closely monitoring our costs, optimizing our operations, and improving efficiency.

Finally, as we continue to derive economic value from our mining activities, we will also remain committed to responsible and sustainable practices that minimises our impact on the environment and prolongs the life of our mines to ensure that this irreplaceable resource is available for future generations to use in the years to come.

Resilient Business Model

MFCB has demonstrated remarkable resilience in the face of great economic uncertainty and pressure over the past few years. I am particularly proud that we have emerged from the pandemic and beyond stronger and more determined than ever, which is due in large part to the resilience of our business model and the dedication of our employees. We were able to quickly adapt to changing market conditions and pivot our business strategies to focus on key areas of growth instead. As a result of our efforts, we have managed to register two consecutive years of record core earnings (excluding one-off unallocated bargain gain, via share of joint venture profit from Edenor).

Looking ahead, we recognise that our challenges are far from over as the economic outlook is as uncertain as ever, so we must and will remain vigilant, agile and adaptable to continue to thrive in the ever-changing business environment we operate in. To this end, we are always taking steps and looking for ways to further strengthen our business resilience, whether it be investing in new technology, exploring new markets, or diversifying our revenue streams.

All in all, I am confident in our ability as a Group to navigate through whatever difficult times we may encounter together in the future and am sure that we will always come out of them better than before.

Delivering Shareholder Value

I am pleased to report that our Board of Directors and Management have stayed committed to delivering long-term value to our shareholders, even in the face of unprecedented challenges and uncertainty.

Over the past year, we have delivered yet another strong financial performance, with solid revenue growth and consistent profitability, indicating that our efforts to diversify our revenue streams and strengthen our existing businesses have paid off. This would not have been possible without our experienced management teams. Each of our divisions is headed by qualified independent professionals, who are experts with a deep understanding of their respective industries, and who are empowered to make their own timely and informed decisions to ensure that we are able to adapt quickly to evolving customer needs and industry dynamics. I believe that our commitment to independent management has been a key driver of our success and will continue to deliver value to shareholders in the years to come.

Our commitment to independent management is also reflected in our strong corporate governance practices. We have a diverse, dedicated and independently qualified Board of Directors who provide oversight and guidance to our management teams, ensuring that we remain focused on creating long-term value to our shareholders and safeguard the interests of our stakeholders.

I recognise that good governance alone is not enough to ensure the longevity of our business and create value for shareholders. It is equally important for us to consider our social and environmental impact to stay relevant and compete in today's world. Therefore, we are committed to adopting responsible business practices that promote sustainable development and minimise any negative impacts on the environment. This includes reducing our carbon footprint, promoting diversity and inclusion, and supporting social and environmental initiatives. For a more in-depth analysis and detailed understanding on our ESG efforts, kindly refer to pages 25-69 of our Sustainability Report.

I am also proud to share that MFCB has once again been awarded twice at The Edge's Billion Ringgit Club Corporate Awards 2022 for the fifth year running for Highest Return to Shareholders over three years and Highest Growth in Profit after Tax over three years, and will do our very best to carry on this winning streak.

Finally, to reward shareholders, I am pleased to share that the Board has approved and declared a record-high total dividend of 7.45 sen per ordinary share for FY2022, representing a double-digit increase from 6.75 sen in FY2021. We are committed to delivering value to our shareholders, and understand the importance of dividends as a means of providing a return to shareholders. We will strive to maintain a fine balance between distributions and our financial performance and growth prospects.

Acknowledgement and Appreciation

As we close yet another successful year, I would like to take a moment to express my sincere appreciation and thanks to our shareholders for your continued support. We have achieved many milestones and made significant progress over the past year, and none of it would have been possible without your unwavering support.

I would like to extend my gratitude to our dedicated employees, who have worked tirelessly to ensure our success. Their hard work, commitment, and professionalism have been instrumental in driving our company forward and achieving our goals.

I would like to express my sincere appreciation to all our financiers, customers, suppliers and business partners for their continued support and commitment to us through the good and bad times.

I would also like to thank our management teams for their leadership, vision, and strategic thinking. They have demonstrated exceptional expertise, and their dedication has been crucial in navigating the challenges we have faced throughout the years.

Finally, I would like to express my appreciation to the Board of Directors for their guidance, support, and commitment to our success. Their extensive experience and knowledge have been invaluable in driving us forward.

As we move forward, we are confident that with the support of our shareholders, stakeholders, employees, management teams, and Board of Directors, we will achieve even greater heights together in the future.

Thank you again for your continued support and trust in us.

Management's Discussion and Analysis

The following table sets forth a summary of the results of the Group for the financial years ended 31 December 2022 and 2021:

Financial Year Ended 31 December	**2022** RM'000	**2021** RM'000	**Changes** RM'000	%
Revenue	1,339,635	914,673	424,962	46.5
Other (loss)/income, net	(6,620)	9,473	(16,093)	N.M.
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	607,063	539,532	67,531	12.5
Operating profit	503,018	438,482	64,536	14.7
Profit before tax	490,569	539,580	(49,011)	-9.1
Profit after tax	475,727	530,665	(54,938)	-10.4
Profit after tax attributable to owners of the Company	396,804	462,330	(65,526)	-14.2
Revenue				
Renewable Energy	596,925	533,864	63,061	11.8
Resources	206,324	154,880	51,444	33.2
Packaging	398,964	208,217	190,747	91.6
Sub-total	1,202,213	896,961	305,252	34.0
Investment Holding and Others	137,422	17,712	119,710	676.0
Total revenue	**1,339,635**	**914,673**	**424,962**	**46.5**
Profit Before Tax				
Renewable Energy	419,698	385,585	34,113	8.8
Resources	17,385	16,725	660	3.9
Packaging	33,546	22,219	11,327	51.0
Sub-total	470,629	424,529	46,100	10.9
Investment Holding and Others	19,940	115,051	(95,111)	-82.7
Total profit before tax	**490,569**	**539,580**	**(49,011)**	**-9.1**
Additional Information:				
Share of profit in equity accounted investments	17,140	121,964	(104,824)	-85.9
Writeback of provision for restoration costs	-	16,650	(16,650)	-100.0
Fair value gain/(loss) on put option liability	4,955	(1,101)	6,056	N.M.
Fair value loss on investment properties	-	(10,109)	10,109	-100.0
Gain/(Loss) on foreign exchange	11,305	(321)	11,626	N.M.

Group turnover rose sharply by 46.5% to RM1.34 billion in 2022 (2021: RM914.7 million) on improved sales performance across all divisions. The Renewable Energy Division expanded 11.8% to RM596.9 million, while the Packaging Division and the Resources Division recorded a 91.6% increase to RM399.0 million and a 33.2% increase to RM206.3 million, respectively.

Turnover of Investment Holding & Others Division was boosted by RM111.8 million revenue contribution from the restart of the Tawau power plant in May 2022.

Excluding unallocated bargain gain (RM16.9 million in 2022 versus RM125.1 million in 2021) arising from the acquisition of Emery's oleochemical business in Malaysia, Group PBT grew 14.3% from RM414.4 million in 2021 to RM473.6 million in 2022, mainly on the back of improved profit contributions from all core divisions.

Excluding unallocated bargain gain in both years, the Group's share of earnings from joint venture and associates swung from a loss of RM3.2 million to a profit of RM0.2 million. The share of loss of Edenor improved from RM3.2 million in 2021 to RM1.2 million in 2022.

Edenor had a good start in the first half of the year. Despite an inherited capacity constraint, the business environment was nonetheless favourable. Together with tighter cost control, management was able to rapidly turnround the operations to achieve a PBT margin of 3.0% in first half of 2022. This profit was however largely erased in the second half as Edenor was hit by collapsing commodity prices and further capacity loss due to various intensified refurbishment and technology upgrade, which management believes are necessary to substantially improve the plant's efficacy and efficiency. Although hedging of raw material was done sufficiently to protect against the commodity price collapse in the second half, it was insufficient to protect against several other emerging issues such as defaults and offtake delays by customers.

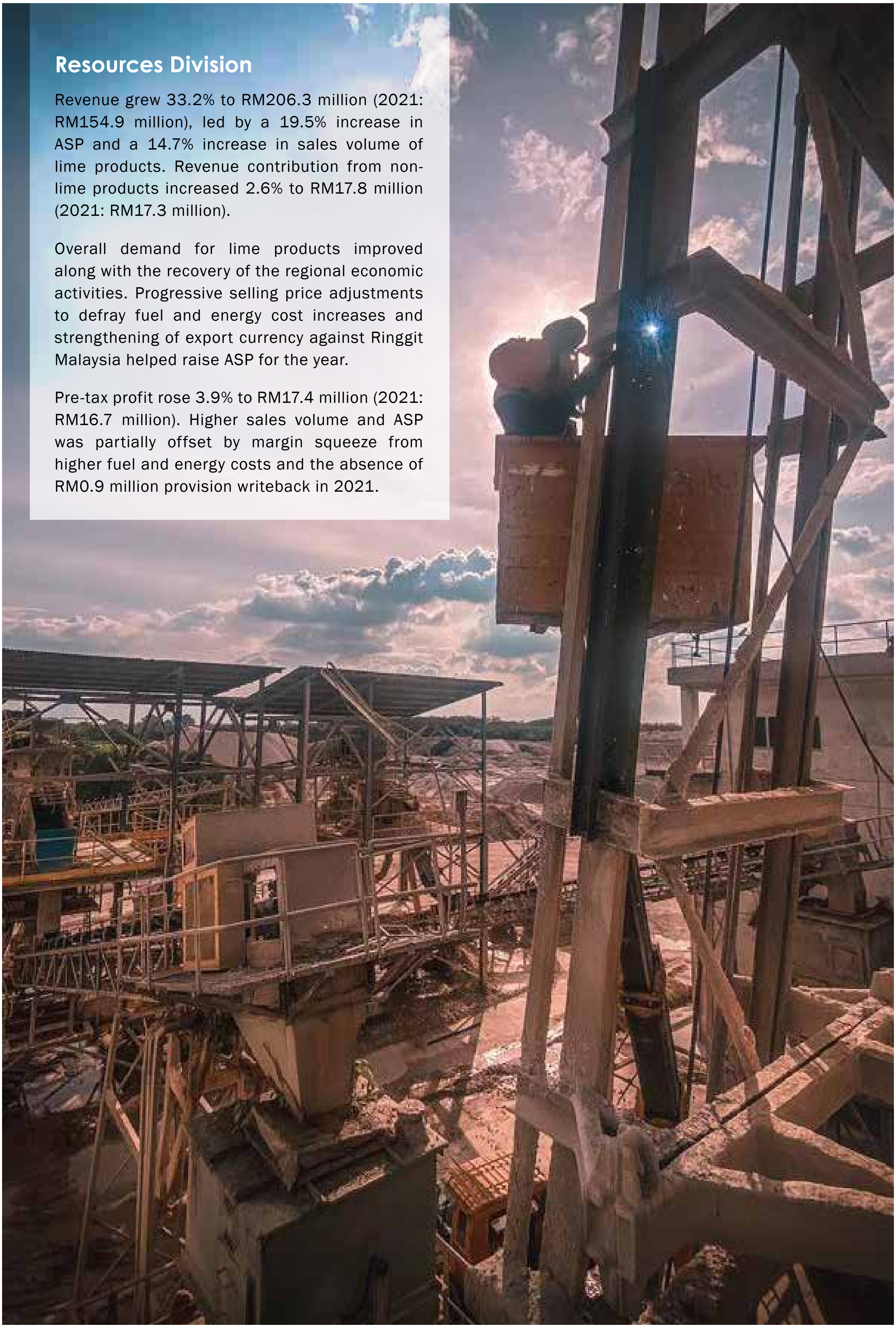
Renewable Energy Division

Revenue in 2022 came in 11.8% higher at RM596.9 million (2021: RM533.9 million). The increase was attributable to a 6.2% strengthening of the US Dollar against Ringgit Malaysia, a 3.9% increase in hydro energy sales volume and 1% hydro tariff adjustment. Solar energy sales jumped 58.7% to RM6.4 million (2021: RM4.0 million).

EAF improved to 94.6% in 2022, from 91.0% a year ago. Aside from higher water levels during the dry season in 2022, the EAF for the current year was also boosted by the deferment of the annual turbine maintenance initially scheduled for 3Q2022 to 1Q2023. The delay in maintenance is not expected to compromise the plant's future effectiveness and efficiency.

During the year, the division added 3.3 MW to its C&I rooftop solar capacity, bringing the cumulative generating capacity to 17.8 MW at 31 December 2022 (As at 31.12.2021: 14.5 MW).

Pre-tax profit for the division grew 8.8% year-on-year to RM419.7 million (2021: RM385.6 million) mainly on higher hydro-energy sales revenue, partially offset by higher interest expense (due to interest rate hike) and ECL.



Resources Division

Revenue grew 33.2% to RM206.3 million (2021: RM154.9 million), led by a 19.5% increase in ASP and a 14.7% increase in sales volume of lime products. Revenue contribution from non-lime products increased 2.6% to RM17.8 million (2021: RM17.3 million).

Overall demand for lime products improved along with the recovery of the regional economic activities. Progressive selling price adjustments to defray fuel and energy cost increases and strengthening of export currency against Ringgit Malaysia helped raise ASP for the year.

Pre-tax profit rose 3.9% to RM17.4 million (2021: RM16.7 million). Higher sales volume and ASP was partially offset by margin squeeze from higher fuel and energy costs and the absence of RM0.9 million provision writeback in 2021.

Packaging Division

Revenue almost doubled to RM399.0 million (2021: RM208.2 million), spurred by a full year consolidation of Stenta's revenue of RM215.2 million (against 5-month consolidation of RM83.2 million in 2021) and a 47.0% increase in revenue of Hexachase to RM183.7 million (2021: RM125.0 million).

The surge in Hexachase's turnover was underpinned by higher demand across all its products categories.

Pre-tax profit expanded by more than half from RM22.2 million in 2021 to RM33.5 million in 2022, underpinned mainly by Stenta's full-year earnings contribution of RM23.3 million (against 5-month PBT of RM11.1 million), partly offset by an 8.0% fall in profit from Hexachase to RM10.2 million (2021: RM11.1 million). Despite a higher revenue base and production efficiency gains, margins of Hexachase were negatively impacted by increases in raw material and other costs. Management was unable to fully pass on these cost increases to customers due to the competitive nature of the converting business.

22 Assets and Liabilities

Changes in key assets and liabilities during the financial year ended 2022 are explained below:

Asset/Liability Items	As At 31.12.2022 RM'000	As At 31.12.2021 RM'000	Changes RM'000	Explanation
Service concession asset	1,940,823	1,922,289	18,534	The increase was due to RM104.1 million translation gain, partially offset by amortisation charge of RM85.5 million.
Property, plant and equipment ("PPE")	481,679	410,393	71,286	The increase was mainly due to RM78.1 million CAPEX and RM31.6 million reclassification from ROU assets, partially offset by RM37.3 million depreciation charge. CAPEX for the year comprised mainly the followings: (a) RM41.3 million by Packaging Division for capacity expansion; (b) RM13.8 million for plantation development; (c) RM11.8 million by Renewable Energy Division mainly for C&I solar projects; and (d) RM9.1 million by other manufacturing arms mainly for construction of new factory and warehouse.
Investment properties	165,203	165,203	-	No movement in the current year.
Right-Of-Use ("ROU") assets	119,021	129,325	(10,304)	The decrease was mainly due reclassification of RM31.6 million to PPE and RM4.1 million depreciation charge, partially offset by RM25.1 million land acquisitions by the Packaging and Resources divisions.
Development expenditures	74,574	633	73,941	The increase was due substantially to construction costs incurred for Don Sahong 5th turbine expansion project.
Investment in joint ventures and associates	174,561	145,952	28,609	The increase was due to RM11.5 million additional equity investment and share of RM17.1 million profit for the year.
Investment in quoted shares	152,305	200,067	(47,762)	The decrease was due mainly to fair value loss of quoted securities.
Inventories (non-current)	43,443	43,443	-	No movement in the current year.
Inventories (current)	147,882	128,858	19,024	The increase was in line with higher revenue base of the Group's manufacturing activities.
Receivables	437,252	408,666	28,586	The increase was mainly due to higher receivable recorded by Tawau Power Plant and higher receivable from Électricité du Laos ("EDL") substantially due to translation difference resulting from a stronger US Dollar against Ringgit Malaysia.
Deferred tax liabilities	124,320	119,508	4,812	The increase was mainly due to translation difference arising from the strengthening of the US Dollar against Ringgit Malaysia.
Payables (current)	155,726	118,515	37,211	The increase was mainly due to recommencement of Tawau power plant, more payables recorded by the manufacturing arms (led by greater revenue base) and higher capex from Renewable Energy Division.

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 31.12.2022 RM'000
Secured Loans					
Trade financing and loans	-	-	-	53,287	53,287
Term loans	-	89,449	-	28,754	118,203
Revolving credit	-	-	-	98,073	98,073
	-	89,449	-	180,114	269,563
Unsecured Loan					
Term loan	307,300	-	136,090	-	443,390
Total Borrowings	**307,300**	**89,449**	**136,090**	**180,114**	**712,953**

At 31 December 2022, total borrowings (exclude lease and hire purchase liabilities) amounted to RM713.0 million, a decrease of RM64.9 million from RM777.9 million at the end of 2021. The decrease was mainly due to RM87.6 million net loan repayment, partially offset by RM22.7 million translation loss on USD-denominated loan.

Interest rates on the Group's bank borrowings are floating in nature. The Group has no debt securities as at 31 December 2022.

Cash Flow Analysis

The Group generated RM575.3 million after tax cash from its operating activities during the financial year ended 2022, 22.5% higher than RM469.7 million in 2021. Investment income totalled RM25.0 million during the year (2021: RM11.2 million) and RM3.5 million was raised from new equity issued to non-controlling interest of subsidiaries.

Of the total RM603.8 million funds made available to the Group, RM288.8 million was deployed in the following manner:-

1. RM175.6 million for Capex (as explained above);
2. RM16.5 million for strategic investments;
3. RM67.1 million for dividends to shareholders of the Company; and
4. RM29.6 million for financing costs paid to lenders.

The balance was retained by the Group resulting in a 57.6% decline (after effects of forex translation on loan and bank balances) in net debt position from RM520.2 million at the beginning of the year to RM220.6 million at 31 December 2022.

Foreign Currency Exposure

1. Translation of profit or loss of the Group's foreign operations in various functional currencies into the Company's reporting currency. Notably, the 6.2% appreciation of the US Dollar against Malaysia Ringgit in 2022 contributed substantially to the 11.8% and 8.8% improvement in revenue and PBT of the Renewable Energy Division during the year, respectively.

2. Foreign currency risks in transactions and balances of non-foreign operations that are denominated in currencies other than Ringgit Malaysia. Notably,

   a) the Resources Division and the Packaging Division derived RM342.1 million or 25.5% of their combined revenue from foreign currencies in 2022. In the same year, the two divisions spent RM178.7 million on purchases in foreign currencies.

   b) As at 31 December 2022, the non-foreign operations have a net exposure in financial assets (after setting off financial liabilities) of RM131.8 million denominated in foreign currencies. Further details are provided in Note 40.1(a)(i) of the Financial Statements 2022.

Dividend Policy

The Company declared a total dividend of 7.45 sen per ordinary share for the financial year ended 31 December 2022. This is a record high and represents more than 10% increase from 6.75 sen in 2021. Subject to the future cash flow and future plans of the Group, the Company intends to continue to gradually step-up dividend distribution by circa. 10% per annum until the pay-out ratio reaches at least 30%.

Forward-Looking Statement

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

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

SUSTAINABILITY REPORT 2022

About This Report

Mega First Corporation Berhad ("MFCB" or "the Group") is proud to present our 2022 Sustainability Report. 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 2022 to provide a complete overview of our operations.

Reporting Frameworks

This report has been prepared with reference to the 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 Bursa Malaysia Index and the United Nations Sustainable Development Goals ("UN SDGs").

Reporting Scope and Boundaries

This report covers the operations of the Group's three largest divisions – Renewable Energy, Resources and Packaging Divisions across Malaysia and Laos. This comprises 90% of the Group's revenue for the period 1 January 2022 to 31 December 2022 (unless otherwise stated) and where applicable, comparative data from the preceding year(s) have been included. In the future we will look to providing a report covering all our divisions.

Restatements

Energy and emissions data has been restated for 2020 and 2021 due to a difference in calculation methodologies. The Group is working to standardise conversion factors and calculation methodologies across the Divisions for greater consistency in data collection.

Assurance

We recognise the importance of assurance to provide our stakeholders confidence in our data and for our continuous improvement. We are working on enhancing our internal reporting processes and will consider obtaining external assurance in the future.

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 my great pleasure to present to you our Sustainability Report for the year ended 31 December 2022.

Sustainable Development and Long-Term Value Creation

At MFCB, we recognise that sustainable development and long-term value creation are closely intertwined. Sustainable development to us means meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. We do this by committing to operate in a way that is environmentally, socially and economically sustainable over the long term.

From an environmental standpoint, sustainable practices help to protect the environment by preserving natural resources, reducing waste and reducing emissions. Being socially responsible ensures that our employees and the communities around the areas we operate continue to grow and prosper, creating positive societal impact and increasing their resilience in the face of pressure. From an economic standpoint, adopting sustainable practices can lead to improved efficiencies, reduced costs associated with waste, energy use and resource consumption. It can also create new markets, drive innovation and meet the changing expectations of customers and regulators who are increasingly demanding that businesses operate in a responsible and sustainable manner. Taking action now enables MFCB to keep up the long-term viability and success of the group, contributing to a better future for all stakeholders involved.

Sustainability Strategy and Targets

MFCB's sustainability efforts have always been focused on the Environmental, Social and Governance pillars of sustainability and we have committed to sustainability targets specific to these three pillars.

For the environmental sustainability pillar, MFCB aims to achieve net zero emissions by 2050 in line with the Paris Agreement adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC). Slowing down and limiting global warming is important to reduce the impacts of climate change that is increasingly wreaking havoc on the world. Closer to home in Malaysia, extreme weather events and natural disasters are increasing in frequency every year. In the last year, heavy consecutive days of rain caused floods that displaced people, caused landslides and loss of lives. As responsible corporate citizens, we are determined to play our part to pursue operational GHG reduction via various initiatives such as:

i) Performing feasibility studies and gradually introducing solar as a source of energy in our operations. At present, the Group has installed a total of 2.7MW of solar PV systems within our subsidiaries operations, with an estimated energy generation of 3,484 MWh annually and this would have avoided approximately 2,417 tCO_2e.

ii) Reducing waste by adopting a circular economy approach with a focus on recycling. This is done in various ways such as proper separation of materials for recycling and reducing waste.

iii) Installing new equipment that improves operational efficiency and reduces wastage.

iv) Innovating new products especially in the Packaging Division that are recyclable and biodegradable.

For the social pillar of sustainability, MFCB recognises that it has a responsibility to all the people it interacts with, be it the people within or outside the organisation. We believe that social responsibility is tied to the longer-term sustainability of the business and thus our target is to enhance the livelihoods of 300,000 people by the year 2030 through investments in the communities nearby our operations. We have over the years run many programmes to improve the livelihoods and quality of life of the people surrounding our business operations. In Laos for example, we have improved the lives of many by building essential infrastructure such as roads and bridges that has improved livelihoods and enabled easier access to education and healthcare. We have also amongst other initiatives, refurbished schools, built healthcare centres and up to this day continue to provide scholarships and school transport to students in the community. Our goal in the coming years is to continue to invest in strategic community projects such as this across all our operations in order to achieve positive societal impact.

In terms of the sustainability pillar for governance, MFCB is committed to prioritizing ethics and good governance practices to ensure that a company is managed effectively and responsibly, ensuring a strong foundation for long term viability and success. We hold not only ourselves to this standard but also hold our suppliers to this standard and as such, our target is to have 100% of our Tier 1 suppliers comply with our responsible sourcing policy by year 2030. In the coming year, we intend to roll out supplier ESG training progressively to ensure suppliers understand our values and conduct their business in line with these values.

Moving Towards a Sustainable Future

At MFCB, we thank you for your continued support of our sustainability efforts. We will continue to prioritise sustainability in our operations and commit to continuous improvement across our ESG pillars while delivering value to our stakeholders. With your support, we believe that we will be able to play a role and become part of a broader solution to build a sustainable future for generations to come.

Who We Are And What We Do

Mega First Corporation Berhad ("MFCB") was established in 1966 and is headquartered in Petaling Jaya, Selangor, Malaysia. MFCB has grown over the years into a diversified group of companies via its various subsidiaries, joint ventures and associates with interests in the Renewable Energy, Resources, Packaging, Property, Plantation, Oleochemical and Automation Equipment Manufacturer industries.

Today, the Group employs close to 1,110 employees across all its operations in Malaysia, Laos and Cambodia.

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. The remaining 20% is owned by EDL-Generation Public Company.

The project is located at the end of the Sahong channel, a 100m wide channel within the Mekong river area known as Siphandone that flows over a geological feature called the "Great Fault Line". Sahong channel is one of seven major channels, which braid the Siphandone area, where the Mekong river is over 10km 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 20m across the "Great Fault Line" to generate over 2,000 GWh of renewable energy in the past two years mainly for export to Cambodia.

The project commenced operations on 7 January 2020 and generates approximately 2,028 GWh per annum. Given that there is planned major overhauls between the years 2025-2028 where one unit will be out of service for four months each year, a decision was made to construct a fifth turbine to ensure that DSPC will be able to deliver sufficient energy to its customer, Electricite du Laos. A new powerhouse annex is being constructed to house the fifth turbine generator and construction is expected to be completed by the third quarter of 2024. The total capacity of the DSHP once this expansion project is completed is 325MW and total energy generation is expected to be approximately 2,200 GWh per annum.

Solar Power

Since 2019, MFCB has been involved in solar photovoltaic ("PV") investment in Commercial and Industrial ("C&I") solar projects in Malaysia, Cambodia and the Maldives. These solar projects are primarily 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 successfully completed various C&I Solar PV power projects with a combined capacity of 20.5MW. These solar plants have been commissioned, energised, and are running smoothly, proving MFP Solar's expertise in solar power.

In addition to the above, the Group has also secured an additional 19.9MW in PPAs from C&I companies, including a 11.4MW PPA with a state-owned utility company in Maldives which will be operational by the second half of 2024, bringing the total solar portfolio of the Group to 40.4MW.

The Group is also in the final stages of negotiating 7.1MW of solar C&I PPAs, that would further expand the Group's total solar portfolio to 47.5MW, upon signing of agreements.

Location	Installed Capacity
Malaysia	
Perak	12MW rooftop and ground-mounted solar system
Klang Valley	2.9MW rooftop and ground-mounted
Penang	3.7MW rooftop and ground-mounted
Batu Kawan, Penang	1.5MW rooftop solar system
Cambodia	
Phnom Penh	1.0MW rooftop solar system

Resources Division

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

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. 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.

RCI owns multiple limestone reserves and operates eight modern lime kilns in Perak, Malaysia with a total rated capacity of 1,960 tonnes per day. It also has the largest hydration capacity in the region, ensuring sustainable supply to customers.

Packaging Division

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

Based in Malacca, the Hexachase Group is divided into three subsidiaries that are involved in the manufacturing of various products. Hexachase Flexipack Sdn Bhd ("Hexachase Flexipack") specialises in the conversion of primary flexible materials into laminated flexible packaging, Hexachase Packaging Sdn Bhd ("Hexachase Packaging") manufactures a wide range of paper bag products and Hexachase Labels Sdn Bhd ("Hexachase Labels") produces a wide range of high-quality printed labels and stickers.

In 2023, Hexachase Flexipack will start construction of a new double-storey warehousing and production site on a 10.4 acre plot of industrial land in Durian Tunggal, Malacca. Completion of this expansion project is expected to be completed in the first half of 2024. Upon completion, the new site (including office and production blocks) will add an additional 305,644 sq. ft. of total space to the current existing space of 106,969 sq. ft. This new factory will install state of the art machinery including four units of double header/high speed production lines. This expansion is expected to add an estimated total capacity of 30,000MT per annum from 10,000MT currently.

Hexachase Packaging is in the midst of constructing a new double storey factory warehouse due to be completed by the end of 2023. This new factory warehouse will add another 31,754 sq. ft. of space to the existing space of 83,281 sq. ft. The new warehouse has the capacity to cater for up to 1,200 pellets of finished goods while three units of high speed SOS bag machines will be added in line with this capacity expansion adding a total capacity of 240MT to its existing 270MT capacity currently.

Stenta is a leading flexible packaging film manufacturer of Biaxially Oriented Polypropylene Film ("BOPP") and Linear Low Density Polyethylene films ("LLDPE") in Malaysia. These films have a variety of applications for industrial uses and consumer good items such as food, general overwrap, labels, adhesive taps and others. Stenta's operations are based in Bandar Baru Bangi, Selangor, Malaysia and in 2023, a new expansion project is planned to commence. This expansion project will be mostly dedicated to the production of LLDPE and will in total add an additional 121,593 sq. ft. of total space to existing facilities. It is expected that this new plant will increase production output from 10,000 MT to 45,000 MT per annum when fully operational in 5 years time.

Property Division

The Group's portfolio includes a number of investment properties in Malaysia which generates rental income for the Group. MFCB is not actively involved in developing any new properties.

Plantation Division

MFCB is developing a coconut and macadamia plantation in Mondulkiri, Cambodia via its subsidiary, Mega First Plantation (Cambodia) Ltd ("MFPC"), on a plot of concession land measuring 6,420 hectares. The term of the concession is 50 years, commencing from 29 April 2013. In 2022, a total area of 345 hectares was planted contributing to a cumulative planted area of 2,500 hectares as at year end. Another 300-400 hectares is planned to be planted in 2023 depending on weather conditions and full completion of planting is expected to be at the end of 2025.

We are in the process of evaluating various downstream processes. This Division is not expected to contribute positively to earnings until after 2026.

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

Industry and membership associations

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

Awards and Recognition

MFCB won two awards at The Edge Billion Ringgit Club 2022 awards. The two awards were for Highest Returns to Shareholders over three years as well as Highest Growth in Profit after Tax over three years in the Utilities sector. This is the fifth consecutive year that that MFCB has been winning awards at this event, demonstrating the Group's ability to consistently create long term sustainable value for its shareholders.

Sustainability at MFCB

At MFCB, sustainability has always been embedded in everything we do. We take careful consideration of any potential or actual ESG impacts in our business and operational decisions and always look to minimise impacts as well as improve outcomes. This year we have focused on operationalising our new Sustainability Strategy that we detailed in our 2021 Sustainability Report. Developing and embedding our new Group ESG policies as well as close engagement with all our divisions, we are beginning to build the foundation of our sustainability response.

In 2023, we plan to appoint a Group Sustainability Manager/Officer who will be responsible for implementing our sustainability roadmap and ensuring the Group meets its sustainability goals. Our Resources Division is also progressing ahead with its own sustainability journey and is targeting to carry out a materiality assessment for their own division and developing their own sustainability roadmap, which will help identify specific activities and initiatives that will be the most impactful.

Sustainability governance

We are guided by our new Group Sustainability Policy that highlights our sustainability commitments and have established a number Group policies which ensure that all our stakeholders are aware of our commitments and expectations across the various ESG topics. One of these policies includes a new Biodiversity Policy which shares our commitments and approach towards biodiversity management and is especially relevant for our Don Sahong Power Plant.

This year, we began implementing a more structured process for managing sustainability through our new sustainability governance structure. Our Board of Directors has ultimate oversight and responsibility for the Group's sustainability performance and have oversight over a range of ESG topics including overall ESG risks and the material issues identified on page 36. Board members are also regularly provided opportunities to enhance their knowledge on certain ESG topics through various trainings.

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.	

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.		

Material issues

This year a quick refresh of our material issues was conducted based on feedback from Group senior management and Division heads. We have also identified the significance of impacts by assessing the severity and likelihood of each material issue. Further details on the impacts of each material issue can be found in the respective sections of this report. We have also identified the relevant UN SDGs that we are contributing towards.

Material issues	Area of Impact		
	Environmental	Social	Governance
Biodiversity	Medium impact		
Energy consumption	Medium impact		
Ethics and compliance			Low impact
GHG emissions and climate change	Medium impact		
Local communities		Medium impact	Medium impact
Occupational health and safety		Medium impact	High impact
Sustainable supply chain			High impact
Customer satisfaction			High impact
Employee training and development		Medium impact	
Employee wellness and engagement		High impact	
Fair labour practices and human rights		Medium impact	Low impact
Innovation and product responsibility	Medium impact		Low impact
Risk and crisis management			Low impact
Waste management	Low impact		
Water and wastewater	Low impact		
Diversity and equal opportunity		Low impact	

**In line with the new GRI Universal Standards, we will no longer publish a materiality matrix. While the process for identifying and prioritising our material issues remain the same, we will instead provide a list of the most important material issues in order of importance (1 being most important).*

Stakeholder engagement

The Group is committed to building trust and developing long-term partnerships with all our stakeholders. We value the perspectives of all stakeholders and are highly cognizant of the impact that their views, decisions and actions can have on our business. We have continued to maintain regular engagement with our key stakeholders and this year, we have improved our reporting in this area by sharing some of the key outcomes of our engagements.

Engagement methods	Frequency	Areas of stakeholder concern	Outcome of engagements
Customer			
• Emails and phone calls • Meetings and site visits • Website	• Annually • Ongoing	• Competitive pricing • Product quality • On-time deliveries • Ability to fulfil contracts • Innovation • Licensing and certifications • Sustainability of products and services • Ethical business practices	Proactive and progressive engagement with customers allowed for both the businesses and customers to pre-empt and review contracts in order to minimise the impact of cost increases brought on by the sudden sharp increases in production costs. MFCB continues to pursue licensing and certifications for our products to build trust among new and existing customers. For example, in the Packaging Division, Stenta obtained International Sustainability & Carbon ("ISCC") Certification in January 2023 while Hexachase Flexipack is on track to obtain Sedex certification during the year. We are also developing new innovative products in collaboration with customers, following feedback on the latest product trends. In the Packaging Division in particular, customers demand new products that are more environmentally friendly and sustainable that maintain the same qualities and properties as the original products. Please refer to page 59 for our product innovation efforts and accomplishments during the year.
Employees			
• Annual performance appraisal • Interview • Briefings • Trainings	• Annually • Ongoing	• Group financial performance • Business strategy and direction • Remuneration and benefits • Training and career development • Work life balance • Workplace health and safety • Ethical business practices	Employees are welcome to join the Group's quarterly performance updates and briefings to better understand the Group's financial performance as well as business strategy and performance. Regular engagement and opportunities to engage directly with management ensures that employee welfare concerns and expectations are understood by management. On work life balance, monthly company functions are held at the Head Office to foster staff interaction and camaraderie. Trainings are provided regularly to ensure employees are up to date with industry expectations of their jobs and are able to learn new skills. Time off is also provided for employees to attend trainings to maintain their professional associations and continuous professional development. In 2022, all employees underwent an annual performance appraisal.

Engagement methods	Frequency	Areas of stakeholder concern	Outcome of engagements
Government and Regulatory Bodies			
• Compliance reports • Dialogue sessions • Direct contacts • Industry events and seminars • Official meetings and briefings • Site visits	• Annually • Quarterly • Monthly • Ongoing	• Legal and regulatory compliance • Community investment and development • Environmental management • Labour practices • Occupational health and safety record • Opportunities for local and foreign business investment in order to create employment opportunities and bring revenue to the state and country • Ethical business practices	Report submissions to government and regulatory bodies ensures that we are up to date with all necessary reporting and any issues can be flagged and addressed immediately. Regular engagement with various government bodies better enables businesses to work together with the government to bring investment to the state and country.
Local Community & NGOs			
• Outreach programmes	• Annually • Monthly • Ongoing	• Community investment and development • Job creation • Charitable contributions • Environmental management and protection • Ethical business practices	Engagement with the local community via outreach programmes enables us to better understand the needs of the community and how we can work together to meet them. Please refer to page 55-57 for further details of our community outreach efforts. This year we invested or donated RM1,266,000 to communities.
Suppliers & Business Partners			
• Meetings and site visits • Dialogue sessions • Emails and phone calls	• Annually • Quarterly • Ongoing	• Capability development and knowledge sharing • Ability to fulfil contracts • Innovation • Licensing and certifications • Sustainability of products and services • Ethical business practices	Conducted regular engagement with suppliers to pre-empt and review contracts in order to minimise the impact of cost increases brought on by the sudden sharp increases in production costs. Collaboration with suppliers has helped our businesses to develop new products to keep up with changing consumer trends and improve processes/ source new equipment to enhance operational efficiency and cost effectiveness. For example, during the year, Hexachase Packaging engaged with suppliers to source various polyfluoroalkyl substances ("PFAS) free paper as demanded by certain customers as PFAS is found to accumulate in the human body over time, leading to adverse health effects.
Shareholders & Investors			
• Analyst and investors briefings • Announcements on Bursa Malaysia website • Corporate website - Group and subsidiaries • Shareholders Annual General Meeting	• Annually • Quarterly • Ongoing	• Group financial performance • Business strategy and direction • Transparency of information • Organisational growth • Sustainability efforts • Ethical business practices	MFCB commenced regular quarterly results briefings (including an open Q&A session) to the general public during the year and was recognised as the first listed company on Bursa Malaysia to do so. The presentation shared in these briefings are posted on the company website for the public. This step was taken in the interest of transparency and good corporate governance for all shareholders and investors, current and potential.

Promoting Environmental Sustainability

We prioritise environmental conservation across our operations and look to minimise our impacts where possible.

Our approach

WE WILL ACHIEVE NET ZERO EMISSIONS BY 2050.

This goal underpins our overall approach towards environmental sustainability and ensures that everything we do moving forward will contribute towards this goal. This includes our approach towards emissions reduction, resource efficiency and biodiversity conservation. In 2022, we developed a new Group Sustainability Policy that includes our approach and commitments for environmental sustainability and is applicable to all our stakeholders. In this respect, we will be looking to engage closely with our stakeholders on this policy to ensure that our expectations are communicated and adhered to.

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.

Across our various divisions, we impact the environment in a number of ways and recognise the need to mitigate and minimise our impacts. We operate in highly regulated industries with strict compliance requirements, and as such we have always prioritised good environmental conservation practices. All our divisions pursue relevant international certifications and standards to their division such as ISO 14001 to ensure that they maintain the highest environmental and safety standards.

Renewable Energy

In our Renewable Energy Division, DSPC is guided by its Environmental and Social Policy that details its commitments to environmental protection. As part of the operational requirements set by the Ministry of Natural Resources and Environment ("MONRE"), DSPC is required to implement an Environmental and Social Management and Monitoring Plan for Operation Phase (ESMMP-OP). The ESMMP-OP details DSPC's commitments towards environmental protection, social investment and data monitoring commitments. In addition, DSPC complies with the IFC Environmental, Health and Safety General Guidelines 2007 as well as the Asian Development Bank (ADB) Standards.

Resources

RCI is committed to contributing to the Group's goals and continue to implement environmental best practices. In November 2022, RCI obtained ISO 14001:2015 certification and received a 4-star rating (out of 5) from the Mineral & Geoscience Department (JMG) as part of their Sustainable Development Indicator Program (SDI). The SDI only applies in the Perak region for quarry operations and assesses the company's regulatory compliance, best practices, employee welfare and contribution to communities. These are both good indicators that RCI has excellent ESG practices in place.

The Environmental Regulatory Compliance Monitoring Committee (ERCMC)

The ERCMC 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. The Committee is chaired by the Executive Director of RCI Lime and meets annually.

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

Stenta has always prioritised good environmental practices and in July 2022, Stenta obtained ISO 14001 certification for their operations. Stenta underwent two independent ESG audits by Sedex and Unilever separately, which found zero non-compliance and is a testament to our continuous focus on improving our ESG practices and ensuring that we meet international standards.

This year we also pursued International Sustainability & Carbon (ISCC) Certification and following the final audit in December 2022, Stenta obtained ISCC Plus Certification at the end of January 2023. The ISCC is a voluntary sustainability certification scheme enabling companies to demonstrate that they are producing biomass in a manner that is environmentally, socially and economically sustainable. ISCC Plus, in particular, focuses on the traceability of raw materials within the supply chain, such as plastics, agricultural and forestry raw materials. This is a true testament to Stenta's consistent implementation of sustainability best practices across its operations including its supply chain.

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.

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.

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

With our goal to achieve net zero emissions by 2050, we have been working to identify our pathway to a low-carbon economy. There is a clear recognition that everything we do will have an impact and as we move forward in our sustainability journey, we are taking careful consideration of all our potential and actual impacts. This not only applies to reducing our direct operational emissions, but also undertaking initiatives for sustainable resource consumption, waste management and biodiversity conservation, which will all contribute to indirect emissions reduction. In this respect, we are focusing on identifying key initiatives in each of these areas to implement over the next few years to enable us to achieve our goals. Further details will be shared in our 2023 report.

Climate change and emissions

The Group is committed to joining global efforts to mitigate climate change and minimise its impacts. Pursuing a net zero target will align our emission reduction efforts with national and global goals such as Malaysia's carbon neutral by 2050 goal and the UN SDGs.

22,705 MWh
SOLAR POWER GENERATED

15,758 tCO_2e
SAVED IN 2022

Climate change continues to impact our operations in a number of direct and indirect ways. The impact of more unpredictable weather patterns and extreme weather events has caused the frequency of natural disasters such as floods and landslides to increase. This is a trend that has been more noticeable globally as well as locally here in Malaysia.

The Group is committed to transitioning to a low-carbon economy and pursuing GHG reduction strategies to meet our goal, whilst ensuring we consider the socio-economic impacts of doing so.

Our main areas of focus to reduce emissions lies within our operations. We are able to accurately measure our Scope 1 and 2 emissions and are therefore able identify areas for improvement. Whilst we have calculated our Scope 3 emissions, further research and engagement with our supply chain is required to better understand where we need to focus our efforts to make a significant difference.

MFCB has committed to reducing energy consumption and emissions by installing solar PV systems within its existing key operations in line with its efforts to promote sustainable development and reduce its environmental impact. The Company recognises the importance of transitioning to cleaner sources of energy and is taking proactive steps to reduce its carbon footprint.

As part of this effort, MFCB has installed a total of 23.18MW (as of first quarter of 2023) comprising:

a) 2.7MW of solar PV system within our subsidiaries operations which generated 675 MWh in solar power and saved 469 tCO_2e in 2022. Since our last report, the Group has completed installation of 2 solar PV systems with total installed capacity of 2.15MW through its subsidiaries in the states of Selangor and Malacca.

b) 20.5 MW of solar PV systems for MFCB's C&I solar customers. In 2022, energy generation of 22,030 MWh was recorded. So far, this has avoided 15,289 tCO_2e.

In total, our Group has generated 22,705 MWh of solar energy and contributed to 15,758 tCO_2e in 2022. MFCB's commitment to reducing energy consumption and emissions is in line with its efforts to promote sustainable development and reduce its environmental impact.

Renewable Energy

As a hydropower producer, we generate more than 2,000 GWh of renewable energy for export to Cambodia, which accounts for about 15% of the country's total electricity consumption in 2022. To further reduce operational emissions, DSPC is planning to install a solar power system for its own consumption in 2023. The system is expected to generate up to 1 MWp, which will substantially cover all of its energy needs.

Through the installation of solar PV projects, our solar power business has helped to generate 22,030 MWh of solar power in 2022 for businesses in Malaysia and Cambodia.

In total, our renewable energy business has contributed to 15,289 tCO_2e in avoided emissions in 2022.

Resources

RCI is continuously seeking new ways to reduce emissions and have implemented a number of initiatives this year that will help to reduce our emissions across Scope 1, 2 and 3. We have also conducted energy management studies on all individual production lines and will be analysing the findings to identify further energy saving opportunities.

Sheltered storage for raw petcoke

We began construction of a new sheltered storage space for raw petcoke which will be five times the existing capacity once it is completed in early 2023. Previously, all petcoke was stored in an open air space, but with this new sheltered space, the petcoke will not be exposed to any wet weather. This will significantly reduce the moisture content of the petcoke and reduce the overall amount of energy required for the drying process, resulting in lower Scope 1 emissions.

Additional weighbridge

RCI's existing weighbridge currently services an average of 6,000 vehicles weighing in and out every month. As the business grows, it is clear that having only one weighbridge is inefficient and causes long wait times and traffic congestion. To address this, we have nearly completed the construction of a second weighbridge that will enable us to designate one for weigh-in and the other for weigh-out. This will help to reduce wait times and ease traffic congestion and contribute to lower Scope 3 emissions.

Transition to electric (EV) forklifts

In March 2022, we began to trial the use of three EV forklifts for the packing and product dispatch and loading activities. The average CO_2 emissions from the EV forklifts were significantly lower (up to 95% lower) than those of diesel forklifts. The trial has proven to be successful and we will be conducting a feasibility study to evaluate the use of EV forklifts across our operations with the aim to gradually increase the use of EV forklifts and support our transition towards our Net Zero goal. One of the main constraints to fully switching to EV forklifts is the availability of suitable EVs for our operating environment as it will be exposed to different levels of dust and may impact its operability. As EV forklifts are still relatively new in the Malaysian market, reliable after-sales service and maintenance is also limited, which limits our ability to acquire more forklifts. Moving forward we will continue to identify more EV forklift suppliers that we can work with to full EV adoption. A full fleet of EV forklifts will reduce our Scope 1 emissions by 86 tCO_2e and our Scope 3 emissions by 59.1 tCO_2e resulting in a total reduction of 145.1 tCO_2e as we will no longer need to use diesel to fuel the forklifts[1].

	2022 (March to December)	
	EV Forklift	**Diesel Forklift**
No. of Forklifts	3	13
Total CO_2 emissions	1.31 MT CO_2e	111.61 MT CO_2e
Average CO_2 emissions[2]	0.4 MT CO_2e/forklift	8.6 MT CO_2e/forklift

Upgrading to premium efficiency motors

As part of our long-term plan to reduce our energy consumption, we began upgrading our equipment motors used in blowers, grinding mills and hammer crushers to IE3 electric motors. IE3 motors have a higher efficiency and lower energy consumption (depending on operating conditions) and is expected to provide annual energy savings of up to 9,331 kWh per motor. In 2022, we upgraded five motor units (out of 72) and moving forward we will prioritise the upgrading of all mid-range powered motors. Upon completion of this initiative, we anticipate the total energy savings will be 671,836 kWh.

Packaging

To reduce our emissions and reliance on the grid, our Packaging Division invested in solar rooftop systems and other energy saving measures. At Stenta, we installed a 1,517 kWp solar rooftop system which generates about 151.5 MWh/month and will offset about 7% of our grid consumption (equivalent to 1,100 tCO_2e/year). Stenta also installed insulation jackets on its polyethylene blown film extrusion machines to minimise heat loss, which has contributed about 3% in energy savings.

At Hexachase Group, efforts have been made to reduce the energy consumption in our operations. For example, Hexachase Flexipack has during the year purchased 3 units of high efficiency hybrid chillers that consume 35% less energy than conventional air-cooled chillers. Each unit of these new chillers uses 934,613 kWh/year of energy compared to conventional air chillers that consume 1,521,180 kWh/year. Hexachase Flexipack has also equipped its printing machine dryers with energy saving heat pump machines that has reduced energy usage by 50%.

Hexachase Packaging has during the year purchased and installed in-line printing stations to eliminate the roll-to-roll printing process, increasing production output while reducing energy consumption.

1 *Calculation is based on current diesel consumption of 16 forklifts.*

2 *Calculation assumption: The CO_2 emissions from the packing activity and product dispatch and loading activities utilizing electric forklifts is categorised under Scope 3 Indirect GHG Emissions (Electricity Emission Factor-Purchased). Thus, we refer to the emission factor in the Australian National Greenhouse Accounts Factors.*

Air quality

Resources

We comply with the Environmental Quality Act 1974 and Clean Air Regulations 2014 and conduct continuous performance monitoring of our air pollution control system to ensure we are within the emission limits set by the Department of Environment (DOE). All our production lines are equipped with baghouse systems to remove pollutants from any emissions and we engage an accredited third-party laboratory to conduct isokinetic stack sampling monitoring for our kiln burning equipment.

In addition, we also conduct quarterly ambient air monitoring, which has shown an improvement from 93 μg/m^3 in 2021 to 86 μg/m^3 in 2022. We plan to also include PM10 monitoring in these quarterly ambient air monitoring assessments to provide more comprehensive data on our surrounding air quality.

Replacement of bag filters

From 2021 to 2022, a slight increase in emissions (but still very much within regulation limits) from some of our kilns was detected and pre-emptive action was taken by replacing the main bag filters for these kilns to improve the efficiency of the filters. Moving forward, we will be installing an alarm system for TSP emissions to ensure prompt action can be taken to manage the levels.

Parameters	Emission Limits (mg/m^3)	Year 2022 (Jan-July) *Before bag filter replacement*	Year 2022 (Aug-Dec) *After bag filter replacement*
Total Suspended Particles (TSP)	50	30 mg/m^3	26 mg/m^3
Oxide of Sulfur, (SOx)	400	42 mg/m^3	11.6 mg/m^3
Oxide of Nitrogen, (NOx)	400	148 mg/m^3	112 mg/m^3

Packaging

The Packaging Division performs annual Stack Emission Monitoring for all the chimneys in their manufacturing buildings annually. 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 2022, the Division is in compliance with the regulation.

Water management

Water is a crucial resource for all our businesses. We do not operate in any water-stressed areas and are fortunate to have a consistent supply of municipal water.

Renewable Energy

For our hydropower plant, sufficient water flowing downstream is important so that all the turbines can function. To estimate the discharge (flow), we monitor water levels at seven locations on a daily basis. We also monitor the quality of the water flowing through four different locations across the river to ensure there are no significant changes in water quality during transit through the head-pond. The construction of the fifth turbine is isolated from the river system and has no impact on the water quality. In 2022, all water quality parameters met the National Environment Standard for Laos.

Resources

Water is an essential resource used to produce hydrated lime, which is one of our value-added products. Municipal water from Lembaga Air Perak is used for this process, as well as for our operational use. RCI also maintains a number of sedimentation ponds to capture and naturally filter runoff from rainwater, which is used for road-wetting to suppress road dust, landscaping and wetting of raw-kiln feed stones. This year, RCI increased the storage capacity of two of the sedimentation ponds to enable more rainwater to be captured during monsoon seasons.

To ensure we are in compliance with the National Water Quality Standards Class IIA and Class III and the Department of Environment (DOE) requirements, we engage an accredited third-party laboratory to perform water quality monitoring for our water discharge. In 2022, there were no incidents of non-compliance with water discharge quality.

In 2023, we plan to implement a Water Management Plan that will ensure best practices are embedded across our operations.

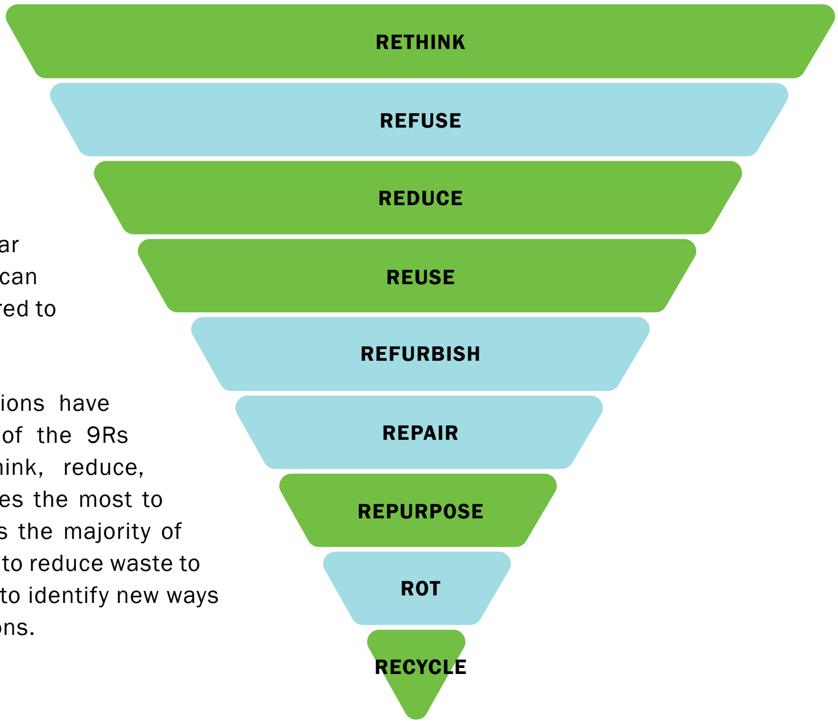
Packaging

At Stenta, we have set a target to reduce 5% of water by the end of 2025. To start, we have installed automatic faucets at hand washing areas and continue to conduct regular water audits to identify and eliminate any new leaks.

Circular economy

Across our operations, we have begun to implement a more conscious approach to waste management in support of the circular economy approach. Apart from the environmental benefits, adopting a circular economy approach towards our business can help drive innovation and be better prepared to comply with future regulations.

As part of existing practices, our divisions have implemented aspects of at least 5Rs of the 9Rs waste management framework – rethink, reduce, reuse, repurpose and recycle. This applies the most to our Packaging Division which contributes the majority of our waste. As we move towards our target to reduce waste to landfill by 50% by 2030, we will continue to identify new ways to implement the 9Rs across our operations.



Resources

In June, RCI launched a 3R Program in conjunction with the launch of our ISO 14001:2015 Environmental Management System. As part of the program we installed four different coloured bins to enable us to collect and recycle various recyclable materials such as paper, metal, plastic and e-waste. A total of 10 bins were installed at three different zones and as of 31 December 2022, 123.7 kg of recyclables have been collected.

We are in preliminary stages of repurposing deteriorated and collapsed fire bricks that line the inner body of kiln walls into planter boxes for landscaping. This is expected to help reduce our waste to landfill moving forward.

Packaging

Through a number of operational efficiency improvements, our Packaging Division continues to identify new ways to reduce the amount of waste in the production process as well as improving product recyclability.

Waste reduction

Hexachase

- Hexachase Packaging installed two new high-speed flat and satchel machines that includes a servomechanism ("servo") that allows for the printing operation to have tighter registration, higher automation and have a faster response to error correction. This reduces machine downtime, improves quality and reduces waste.
- Installed four in-line printing stations for SOS bag production. This cuts down the roll-to-roll production process where wastage occurs. By eliminating this process, there is less downtime and paper wastage involved during the setting up process and adjustment of changing rolls. It is estimated that there is a reduction of paper waste by 3% after the installation of these printing stations.

Stenta

- Consolidation of runs and reduction of changeovers at Stenta contributed to a 4% reduction in waste by enabling better production planning through the optimisation of customer delivery dates.
- Raw material supplier pallets are recycled and reused as pallets for finished goods, contributing to an 18% reduction in the purchase of new pallets.
- All paper cores purchased must contain between 30-100% recycled paper, ensuring we do not purchase paper cores using 100% virgin paper.

Product recyclability

As concerns grow over environmental sustainability, there is an increasing push towards sustainable packaging materials that are recyclable or biodegradable. Stenta is moving away from multi-material multilayer packaging films to mono-material, monolayer films with the aim to improve recyclability and support a circular economy approach. We believe that a circular economy cannot be achieved without closing the loop on plastic waste. It has started producing mono-material structured films that not only improves end product recyclability but also reduces the amount of coating, ink, lacquers and adhesives required for production. The new films also have a lower density and packaging weight compared to multi-material films of equivalent thickness. In addition, we have also increased the amount of recycled materials used in the films where some films include 10-20% of post-consumer recycled materials and some include up to 40% of pre-industrial recycled materials. Ekolene, a product by Stenta is a fully biodegradable film that has been proven to achieve more than 90% biodegradation within 2 years as tested at Intertek under ISO 15985 (anaerobic) and ISO 17556 (aerobic). This is achieved without compromised functionality, with no creation of microplastics, no ecotoxicity residues and the film is fully recyclable.

Hexachase Flexipack on the other hand has been working on projects with customers to convert non-sustainable multilayer materials to sustainable multilayer materials with equivalent quality performance. An example of a project it has embarked on is producing multilayer high barrier films without the use of non-recyclable aluminium foils as the barrier layer.

Hexachase Packaging has Forest Stewardship Council ("FSC") certification and this certification indicates that its products are produced from sustainable materials and are produced using responsible practices. At present, 90% of the products produced are 100% recyclable and we actively encourage customers to move to 100% recyclable products.

Biodiversity conservation

Biodiversity conservation is a key priority for MFCB's Renewables Division, which operates a run-of-river dam within the Mekong River. Our strategy has always involved close engagement with relevant stakeholders, including the local community, fisheries industry and government regulators. Any measures taken are based on scientific research and is aimed at minimising any potential impacts as well as rehabilitating and enhancing existing habitats.

Renewable Energy

The Don Sahong Hydropower Plant (DSHP) is situated within an important area for fisheries, which support the livelihoods and diets of many local people. Since project development began in 2008, DPSC has conducted extensive research to identify project impacts and has taken the necessary steps to mitigate and manage negative impacts. The area around Khone Falls and upstream in Siphandone is particularly rich in fish species because the natural habitat, hydrology and availability of food supply are optimal for aquatic productivity and biodiversity. About a quarter of all fish species in the Mekong River basin are found in the Khone Falls-Siphandone area, where some species are endemic, such as *Aaptosyax grypus* (pa sanak nyai), *Mekongina erythrospila* (pa sa-ee), *Labeo erythropterus* (pa va souang), and *Gyrinocheilus pennocki* (pa ko).

To ensure minimal impact to fisheries, we developed a long-term adaptive management strategy in 2015 called the Don Sahong Fisheries Management Plan (DSFMP). The Plan will be in place until 2030 and aims to ensure the sustainable management of aquatic fauna in the Don Sahong Fisheries Management Area (DSFMA). The DSFMP is overseen by the Don Sahong Fisheries Management Committee (DSFMC) which comprises representatives from various villages, fisheries, local government and other relevant sectors and organisations.

During 2022, we continued to work with the DSFMC to implement measures which support the productivity and diversity of native fish fauna, such as controlling illegal and destructive fishing, breeding and stocking indigenous fish, cultivation of indigenous plants for revegetation of riverbanks, management of Fish Conservation Zones and natural spawning grounds, and other measures as tabulated below. In 2023, we will be developing a 5 to 10 year biodiversity strategy that will outline our targets and approach towards managing and enhancing biodiversity within the Don Sahong Fishery Management Area.

Activities of the DSFMC

Update as of 31 December 2022	Plan for 2023
Registration of fishers and fishery organisations	
In 2022 DSFMC registered three new fish traders; 1 at Don Esom village and 2 at Hang Khone village.	Continued registration of fishers and fishery organisations.
Permitted activities for fishers and traders	
DSFMC completed producing fish-passage rules and regulations, which are waiting for approval from GoL departments.	Dissemination of permitted activities for fishers and traders after endorsement.
Awareness raising	
• DSFMC implemented awareness-raising activities on impact of eating raw fish at 4 schools and 4 villages. • DSFMC implemented awareness-raising activities on impact of using destructive and big gears for fishing at 4 schools and 2 villages. • DSFMC organised and released 30,000 indigenous fish to the Mekong River in the Khong district.	• Organise awareness-raising activities on impact of eating raw fish at 3 schools and 2 villages in the project area. • Organise awareness-raising on impact of using destructive and big gears for fishing at 2 schools and 2 village. • Organise meetings on fish passage rules and regulations at 11 villages in the project area. • Organise the fish release day at Khong district.
Technical training and workshops	
GoL agency (PAFO) is in the process of reviewing and approving fish passage rules and regulations.	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	
In 2022 DSFMC completed identification of 68 Fish Conservation Zones (FCZs) and 3 spawning grounds in the Siphandone area.	Create maps and prepare for submission to Khong district authority for endorsement.
Rehabilitation of important habitats	
DSFMC discussed, identified and decided to grow 3 species of local plants that stabilise river banks, create habitat and provide feed for fish. DSFMC is producing 3000 plant seedlings.	In 2023 DSFMC will plant the 3000 indigenous plants on river banks near fish-passages and important habitats.

Update as of 31 December 2022	Plan for 2023
Education activities and scientific research	
DSPC provided 15 million kip for Ban Hat hatchery station for purchasing wild fish brood stock and feed.	DSPC will continue to support technical activities and support budget for breeding indigenous fish species at Ban Hat hatchery.
Enforcement	
• DSFMC inspected 21 risky locations, made 65 trips and removed 72 rebuilt big gears. • DSFMC checked 2 markets, and made 15 trips. • DSFMC processed 3 offenders for use of illegal gears, 2 for use of electrofishers and 2 for use of poisons.	Continue site inspections at risky locations; and check fish markets once per week.

Fisheries Monitoring Action Plan (FishMAP)

The FishMAP complements the DSFMP to mitigate the impact of blocking Sahong Channel and to facilitate the passage of migrating fish. Since 2011 we have continuously invested in improving fish passages to ensure that fish are able to move freely upstream and downstream. We also regularly monitor fish abundance and diversity through various methods:

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

After additional deepening works were completed in early January 2022, flows through Sadam Channel were >10 m^3/s throughout the dry season, and adequate to support fish passage. In 2022 the minimum flow down Xang Pheuak Channel was about 20 m^3/s, and much greater than 20 m^3/s for most of the dry season. Fish could move freely upstream via Hou Wai sub-channel, but Xang Pheuak Noi sub-channel had little water.

Many people were catching fish throughout 2022 in Sadam and Xang Pheuak channels using legal methods. Monitoring revealed similar species and sizes of fish present along those channels, consistent with free fish passage. However, during the dry season, fish are attracted to and accumulate in the DSHP tailrace discharge. Further action is needed to improve attraction flows, so that these migrating fish will swim from the tailrace into Xang Pheuak Channel through which they can migrate upstream.

We are committed to improving fish passage across Khone Falls and controlling illegal and destructive fishing to support sustainable fisheries.

Fish passage works in 2022

Channel	Location	Work conducted
Xang Pheuak	East inlet	DSPC deepened the eastern inlet of Xang Pheuak Channel to increase minimum flows.
Sadam	West Inlet and main channel downstream	Sadam Channel was excavated (1.5 m deep x 6 m wide x 1500 m long) to increase inflow.

In 2023, we will be monitoring a number of sites and implementing improvement works during the dry season as shown below.

Fish passage works planned in 2023

Channel	Location	Planned works
Xang Pheuak	Xang Pheuak West	Increase inflows by deepening upstream entrance and removing some brush which is blocking flows. Target to maintain Hou Wai flows at > $10m^3/s$ during the dry season.
	Hou Wai Channel	Install 20 energy dissipation blocks to reduce current speed and provide rest areas for upstream-migrating fish.
	Xang Pheuak Noi	Construct instream barriers using gabions to divert more water into this lateral sub-channel and maintain a minimum flow of $2m^3/s$ during the dry season.
Somphamit	Don Lai	Maintain the fish pass which was neglected during COVID lockdowns. Remove some vegetation, clear fish traps, block lateral overflows to impassable waterfalls and maintain a minimum flow of $1m^3/s$ through the Don Lai fish pass during the dry season.
Liphi	Khone Koc	First works at this site. Remove fish traps, flatten barriers, deepen inlet to increase inflows.

Enhancing Livelihoods and Inspiring our People

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

Our approach

WE WILL ENHANCE & UPLIFT THE LIVELIHOODS OF 300,000 PEOPLE IN THE COMMUNITIES WITHIN WHICH WE OPERATE BY 2030.

This is our goal and this is the commitment we are making to for our employees, communities and stakeholders that we engage with. We are committed to invest in the development of our people and inspire meaningful change within our communities. Through our corporate social responsibility initiatives, we have a significant opportunity to improve the livelihoods of communities nearby to our operations and we will continue to develop impactful community initiatives that will also benefit the wider community.

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.

The foundation of our approach and commitment is built upon our corporate people policies, which include our Diversity and Inclusion Policy, Employee Code of Conduct and Discipline and Human Rights Policy, all of which can be found on our corporate website. These policies serve as a guide of our expectations and commitments in these areas and we will be socialising these policies to our internal and external stakeholders in 2023 to ensure we communicate our expectations.

We are also taking steps to enhance our HR function to improve overall organisational performance. In our Resources Division, we are in the midst of digitalizing the majority of our Human Resource functions. This will be a significant step towards managing our human capital in the most efficient and effective way. It will be a great tool for organizing, optimising, and automating HR administration processes. It also provides a high degree of mobility and ease of access for employees as well as contributing towards environmental conservation as we will be going paperless. If proven cost-effective, other divisions may consider digitalizing their HR functions.

Prioritising our people

Diversity and equal opportunity

Diversity of people brings diversity of ideas. The Group values diversity and the different skills and knowledge that each unique individual brings to the business. Our new Group Diversity and Inclusion Policy highlights our commitment to creating and promoting diversity in the workplace and fostering a safe and inclusive work environment. We do not discriminate against any attribute, including gender, age, ethnicity, sexual orientation, religion or disability. Discrimination, bullying or harassment is not tolerated in any manner and stern action will be taken in the event of any incident.

The elements of our policy have always been embedded in the way we operate where our hiring practices as well as job-related decisions are strictly merit-based and non-discriminatory. We pride ourselves to be an Equal Opportunity Employer that does not discriminate against any employee or job applicant because of race, colour, religion, nationality, gender, physical or mental disability, or age.

We recognise the importance of gender diversity at the highest level as it can provide a more balanced approach to decision-making. As such, we will aim to continue improving the gender ratio of our Board of Directors and employees in the future.

1,108
EMPLOYEES

30.8%
FEMALES IN MANAGEMENT LEVELS AND ABOVE

44.9%
BELOW AGE 30

Employee wellness and engagement

Our employees are our greatest asset and we are committed to ensuring they are happy, healthy and engaged in our workplace. We believe that when employees are happy and well, they are more productive and engaged in their work leading to higher levels of job satisfaction and employee retention.

We recognise the importance of a health work-life balance and have measures in place such as production planning and staff shift scheduling in advance to eliminate excessive working hours. We comply with all local regulations on working hours and overtime and do not force our employees to work overtime.

Renewable Energy

Due to the significant depreciation of the Lao Kip and rising fuel costs, DSPC raised the local wages of Lao employees to help them cope with inflation. In January 2023, we have restated their wages to USD, which will result in a further wage increase. It is envisaged that all these initiatives will help improve the financial situation of our employees in Laos.

Resources

In conjunction with the celebration of Malaysia Day, RCI organised a “Unity Night” event where employees were treated to a scrumptious dinner, treasure hunt and karaoke session. The event aimed to foster stronger relationships between all employees as well as management and was a huge success.

RCI organises weekly badminton game nights as well as occasional team nights with inter-department employees to encourage team bonding and camaraderie.

Fair labour and human rights

The Group published a formal Human Rights Policy in 2022 (available on our corporate website) that is aligned with the UN’s Universal Declaration on Human Rights (UDHR), UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights. We are committed to ensuring we uphold all laws and regulations in the jurisdictions we operate in and have a zero-tolerance policy on unlawful and unethical human rights abuse and discrimination. Our policy covers topics on children’s rights, forced labour, freedom of movement, expression and association as well as equal employment opportunities. At the end of the year under review, 15.8% of our employees were covered by collective agreements. We also support the right to a minimum wage and across the Group we pay above the minimum wage for all roles.

Our commitment to providing a safe and conducive workplace is a priority and we expect all our employees, business partners and suppliers to respect and adhere to our policy. In this aspect, we have shared our policy on our website where our stakeholders, including business partners, can learn about our expectations and all new employees are provided training on the policy. The policy also applies to the security guards that we have on-site, who help ensure the safety and security of our people and operations. We will be engaging with them closely to ensure they are aware of the boundaries with respect to the provision of security and human rights.

The Group proactively assesses our human rights impacts on an on-going basis as part of our commitment to ensuring compliance with relevant laws and regulations. In Malaysia, through our engagement with our workers, we have identified that some foreign workers have had to pay recruitment fees to agencies to come and work here. This is not something that we condone and we are looking at implementing new processes and procedures that will ensure we no longer support such practices. Stenta established their own set of Social Responsibility Policies which details their commitments on labour practices and human rights, among other topics. In this respect, in addition to supporting all basic human rights principles, Stenta has also committed to zero recruitment fees for hiring of foreign workers.

None of our sites are located on indigenous land and we do not impose on the rights of indigenous people. In the unlikely event that this may happen in the future, we are committed to respecting the rights of the indigenous people and ensuring we undertake the necessary steps to consult with them and obtain their free, prior and informed consent.

<u>Provisions and commitments to workforce</u>

- ✓ Accommodation
- ✓ Insurance cover
- ✓ Social security / pension
- ✓ Keep own possessions including passport
- ✓ Freedom of movement and association
- ✓ No discrimination
- ✓ Grievance mechanism

In the event of any grievances, any individual or organisation can raise it through our formal grievance mechanism which is covered by our Whistleblowing Policy. Any concerns about our operations, from environmental impacts to human rights or corruption, can be raised anonymously through this channel. Should there be any human rights impacts identified, MFCB is committed to remedy the affected parties.

In 2022, there were no reported incidents of human rights violations, discrimination or non-compliance with human rights laws.

Training and development

We encourage and support continuous personal and professional development of our workforce to maintain high productivity and engagement. Across the Group, all employees are provided internal and external training opportunities to enhance their skills and knowledge in their respective roles. Annual training needs assessments are carried out in each division to identify skill gaps and the training required to close these gaps. This is in addition to any mandatory training required by local regulators such as fire-fighting, first aid and emergency response management.

Renewable Energy

All new operation and maintenance employees are provided comprehensive technical and safety training while refresher courses are provided for existing employees. As part of the Mekong River Commission's (MRC) Joint Environmental Monitoring (JEM) initiative, DSPC's Environmental and Social Management Office (ESMO) participated in training on fisheries, water quality and sediment monitoring. In addition, the ESMO team also participated in other relevant training as below:

Training on fish tagging and passage monitoring

Participants were introduced to the approach and methodology for designing and implementing fish passage monitoring and tagging techniques such as spaghetti tags, pit tags and acoustic tags.

Fish tagging training

Participants received training on the technique to cut and insert tags in a fish including implementation of a fish tagging trial and data management. Participants were also trained to understand the logistics and river geomorphology conditions when installing the acoustic receivers in order to ensure the receivers are working properly.

Weather early warning system, via online platform for floods

Participants were trained in undertaking risk assessments to set priorities for mitigation and prevention strategies and design an early warning system. This would help to provide timely estimates of the potential risk and deliver warning messages to the relevant local and regional governmental agencies.

Acoustic Telemetry

Participants were introduced to acoustic telemetry and the different types of acoustic systems and tags.

Resources

Employees at RCI receive training to develop their skills, knowledge and competency on various topics relevant to their roles. This year 40% of RCI's workforce received training, which is a 10% increase from last year. The increase in the total workforce trained is contributed by all the training in preparation for the ISO 14001:2015 Environmental Management System certification.

Categories	Training/Courses	
Training on Skills Focuses on developing practical abilities	Forklift Safety Training	
Training on Knowledge Focuses on providing employees with theoretical understanding	• Halal Competency Training • Effective Management of Environmental Aspect & Impact Training • Ergonomics & Manual Handling Training • ISO 14001:2015 Understanding of Environmental Compliance Obligations Training	• ISO 14001:2015 Internal Audit Training • Chemical Handling & Spill Management Training • Basic Occupational First Aid (BOFA) & CPR Training • Hearing Conservation Training
Training on the Development of Competency Focuses on developing specific competencies that are essential to the job or role	• Environmental Management Course • Certified Environmental Professional in Bag Filter Operation (CePBFO)	• Certified Environmental Professional in Scheduled Waste Management (CePSWaM)

Packaging

A total of 2,870 hours of training were carried out in 2022. We provided a mix of internal and external training opportunities across a number of topics, with 49% being external training courses.

External	Internal
• Basic occupational first aid, SPR and AED training • Ergonomic & manual handling awareness • International sustainability & carbon certification (ISSC) plus awareness training • New staff induction, SEDEX training, ETI base code and stenta policy training • Polyethylene blown films process • The insight of polypropylene • Working at height training	• Executive presence • GMP & HACCP awareness training • Identification of COF testing (fresh, oven, aging) • ISCC 203 requirements • ISO 9001 : 2015 basic awareness training • Metallised PE formulation • Redefining performance management to drive impact

Occupational health and safety

At MFCB, we are committed to ensuring the health and safety of our employees. It is imperative that our employees are able to go home safely each day and remain healthy to maintain productivity. Our Group Occupational Health and Safety ("OHS") Policy details our commitments to providing a safe work environment and complying with all local and relevant international health and safety standards. In this aspect, both our Resources and Packaging Divisions are working towards ISO 45001:2018 Occupational Health and Safety Management System certification by the end of 2023.

Subsidiary	Certification Standards			
	ISO 9001:2015	ISO 14001:2015	ISO 22000:2018	ISO 45001:2018
Hexachase Packaging			✓	
Hexachase Flexipack & Labels	✓	✓	✓	
Stenta Films	✓	✓		By end 2023
RCI	✓	✓		By end 2023*

**The OSH (Amendment) Act 2022 was gazetted by the Federal Legislation which required time to make the necessary adjustments to align our OSH system. Therefore, certification was delayed from September 2022 to the end of 2023.*

Each of our divisions have their own OHS management systems, OHS Committees and SOPs for managing and reporting work-related hazards. OHS Committees meet every two months and is represented by both management and employees who are encouraged to provide suggestions for improvement. We also provide OHS training for all new employees and for those working in our production and mining areas, OHS briefings are held regularly to ensure safety procedures and risks are communicated on a more regular basis.

Standard health and safety training is carried out in all divisions as well as other relevant mandatory industry training as required by regulators. These include (but not limited to):

- Fire-fighting and prevention courses
- First-aid
- Emergency preparedness and response procedures
- Control of health status and disease procedures
- Personal hygiene
- Confined spaces
- Chemical handling
- Forklift driving
- Waste handling

OHS risks are identified using the Hazard Identification, Risk Assessment and Risk Control (HIRARC) process and all relevant employees have been trained to conduct HIRARC. The results of any assessment are reviewed during OHS Committee meetings where they will determine any follow up actions required. Safety is our top priority and employees are aware that they have a responsibility and duty to report any safety risk or hazard and to remove themselves from any potentially dangerous situations. All employees are encouraged to report potential safety risks or hazards directly to their managers or anonymously through our grievance mechanism, without fear of reprisal as managers are trained to manage such situations.

In the event of any incident, it needs to be reported within 24 hours to respective managers or departments and an Incident Investigation Report must be lodged. Serious accidents resulting in lost-time, must be reported online to the Department of Occupational Safety and Health (DOSH). All incidents are investigated within a certain timeframe to identify the root cause and corrective action in the form of additional training or physical improvements to eliminate similar safety risks is implemented to minimise the potential of another incident. This process is usually completed within one month of the incident occurring. We also monitor the outcome of the corrective action to assess its effectiveness and if a similar non-conformance re-occurs, another investigation is conducted to further assess the improvements required.

In 2022, there were eight recordable work incidents where workers experienced minor injuries or irritation to their hands and eyes as well as ergonomic issues. The majority of incidents were caused by worker negligence and the respective Divisions have taken the necessary steps to prevent future incidents.

Renewable Energy

As a testament to our exceptional OHS practices, the fifth turbine expansion project commenced construction in the fourth quarter of 2021 and until now has recorded zero lost time incidents.

Resources

In the Resources Division, workplace noise and chemical exposure are considered potential occupational hazards. We conducted a Noise Risk Assessment (NRA) in 2020 to identify the noise levels in all our work areas and therefore, the employees who are exposed to noise limits that exceed regulatory limits. The NRA found that 10 work areas (out of 13 work areas) exceeded the Noise Exposure Limit (NEL) of 85 dB(A), which affect 46 employees (out of 160). We have since implemented control measures on 5% of these areas and installed VSD controllers to reduce blower speeds and noise and created enclosures to try and reduce noise levels. Existing controls include Personal Hearing Protectors with a Noise Reduction Rating (NRR) of 24 dB – 25 dB, which are mandatory for areas exceeding the NEL, and implementing job rotation for affected workers.

All new employees are sent for Audiometric Testing within one month of joining RCI to establish a baseline of their hearing ability. For employees who have existing hearing impairments caused by other factors, we provide annual Audiometric Testing and annual Heating Conservation Training to ensure their hearing does not further deteriorate.

We also conduct quarterly boundary noise level monitoring as part of our compliance requirements set by the DOE. In 2022, there were no incidents of non-compliance with boundary noise levels.

Long-term exposure to Crystalline Silica (quartz) dust can cause serious lung damage and lung cancer and exposure on a daily basis may cause irritation in the nose and throat. We minimise the risk of exposure to employees by implementing a number of measures using the Hierarchy of Control, such as controlling the workflow of employees to minimise their exposure to quartz and providing PPE that offers protection against contaminant gases, vapours and particulates.

Chemical Exposure Monitoring (CEM) was conducted for 17 sections in our plant to measure the levels of quartz and ensure it is below the permissible exposure limit of 0.1mg/m^3. In 2022, all sections were below the PEL for quartz.

For the first time, we also conducted an Initial Ergonomics Risk Assessment for 15 potentially high-risk work units based on ergonomic risk factors such as poor posture, forceful exertion, static loading, static posture, contact stress and other environmental factors (heat and vibration). From the 15 work units, six work units were identified to undergo an Advanced Ergonomics Risk Assessment in 2023. The advanced assessment will further assess the risk levels and workstation configurations to set priorities for ergonomic improvements.

Packaging

Noise levels are also a potential occupational hazard for the packaging industry. The machines used for production generate a lot of noise and we conduct annual NRA’s to identify any work sections that may exceed the NEL of 85 dB(A).

All employees involved in manufacturing are required to go for annual Audiometric Screening Tests to ensure their hearing has not been impacted.

Empowering communities

Our goal is to enhance the livelihoods of 300,000 people in nearby communities by 2030. At MFCB, we also strongly believe in supporting children’s rights, which include preserving the environment for them and ensuring they have access to education, healthcare and adequate food and nutrition. It is in this light that we continue to invest in supporting the education of young children and in Laos, the Group continues to invest in the development of the local communities in the areas of healthcare access, education and livelihood opportunities.

In 2022, 100% of our sites had community development programs and we invested a total of RM 1,266,000 in our communities. Employees are also encouraged to participate in volunteer work and support our community outreach efforts. This year, a number of community events were organised and employees volunteered their time to assist.

In 2023, we will be focusing on establishing a community investment fund aimed at creating positive societal impact in the areas we operate in. We envisage that local communities and NGOs will be able to apply for funds to carry out projects that will benefit the wider community. This will form a large part of our community outreach efforts and help contribute to our greater goal of enhancing the lives of 300,000 people by 2030.

Renewable Energy

Infrastructure

Initiatives	Objectives	Outcome
Widening of roads	Improved and widened 3km of dirt roads in Hua Sadam, Hang Sadam and Don Sahong villages.	In 2022, DSPC improved and widened 1,557m of dirt roads in three villages. More than 2,500 villagers from nearby villages and 1,000 visitors use the roads, enabling them to gain easier access to the local villages and support their businesses.
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.
Construction of toilets	To construct 92 toilets for families who currently do not have access to one.	92 families from six villages will have access to their own toilet.

**ongoing from 2021.*

Health and education

Initiatives	Objectives	Outcome
Financial assistance for the community public health centre	To pay for the electricity bills so that funds can be better spent on healthcare.	DSPC paid all the electricity bills for 2022 (12,509,686 LAK equivalent to RM 3,360), freeing up funds for the health centre, which served 776 patients.
Provision of scholarships	To provide financial aid to students who completed school and obtained an average score of 40 points to continue higher/tertiary education.	In 2022, DSPC provided four full scholarships to underprivileged children who graduated from high school to study in university.
Bus service for high school students	To encourage and assist students to continue high school in other villages (60km+ away) as there are no high schools in the local vicinity.	DSPC provided a vehicle to pick up 35 students to attend high school for 225 school days.
Boat service for Don Phapheng primary students	To enable 21 students in Don Phapheng to travel to a primary school in another village as their own school closed down in 2021.	DSPC supplied petrol for the boat for 214 school days for 21 students, which enabled them to attend school.
Assisting underprivileged children	To assist underprivileged students experiencing financial hardship to return to school.	DSPC purchased bicycles, school uniforms, shoes, school bags, books and pens for five underprivileged children and also paid their school fees for them, enabling them to return to school.
Provision of primary textbooks	To provide new textbooks to primary schools that had insufficient and old textbooks.	DSPC purchased 115 textbooks for three primary schools in Hua Sadam, Hang Sadam and Don Sahong villages, benefitting 184 primary school students.

Livelihood support

Initiatives	Objectives	Outcome
Revolving fund program	To create additional steady income of local villagers from 6 villages in project areas.	The original budget of around RM 274,500 has been distributed across 105 families in six villages since 2017. Households are required to repay after two years and in 2023, we will be releasing new funds to 35 more families.
Technical support on dry-season rice production	To educate and advise farmers on the technical aspects for dry-season rice production.	In 2022, 64 tonnes of rice were produced. This is less than the previous two years because the number of households participating in this programme dropped by nearly 70 to 29. This is due to the rising costs involved in farming.

Technical advice and financial assistance for agricultural production

To provide assistance to farmers who were growing vegetables and livestock. The number of livestock continued to increase and farmers were able to sell their livestock at a profit. The estimated total value of livestock sold in 2022 was RM 273,829.

Resources

After being hampered by the MCO for the last two years, we took the opportunity to ramp up our CSR programs this year. We donated financial aid to six schools in Gopeng, Gunung Panjang and Jeram, which are all located in the vicinity of RCI, in conjunction with their respective school's Sports Day. We believe supporting local schools' Sports Day brings positive benefits to the development of physical education in schools and provides a platform for young talents to grow their capabilities. With respect to developing sports talent, we also supported one of our employee's children who is an emerging marathon runner. We provided sponsorship for his running gear, to motivate and support him to achieve his goal of becoming a state marathon runner.

Packaging

Hexachase Flexipack continued its support of the Pay Fong Middle School in Malacca, donating RM82,000 in 2022. Employees also volunteered their time to visit the Handicapped and Mentally Disabled Children Love Centre where they donated food and cash totalling over RM7,000 to assist the centre in caring for the children.

Stenta organised a Blood Donation Drive together with the National Blood Bank Centre, which saw employees volunteering their time to donate blood.

Building A Sustainable and Ethical Business

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

Our approach

100% OF OUR TIER 1 SUPPLIERS WILL COMPLY WITH OUR RESPONSIBLE SOURCING POLICY BY 2030.

This goal highlights our commitment to enhancing the sustainability of our business, with a clear focus on building a sustainable and resilient supply chain. At the core of this goal, is our commitment to conduct our business with integrity and transparency. Strong corporate governance has always been a core principle across our operations and in 2022 we took that a step further by establishing a number of Group policies that will guide how we will operate responsibly in addition to complying with all applicable laws and regulations. The policies highlight our approach and commitments on important topics and these policies are available on our company website.

Group Corporate Policies

- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Board Composition Policy
- Diversity and Inclusion Policy
- Employee Code of Conduct and Discipline
- Fit and Proper Policy
- Group Sustainability Policy
- Human Rights Policy
- Occupational Health and Safety Policy
- Policy on Nomination & Assessment Process of Board Members
- Remuneration Policy and Procedures for Directors and Senior Management
- Sustainable Procurement Policy
- Waste Management Policy
- Water Management Policy
- Whistle-Blowing Policy

All Group policies can be found at **http://mega-first.com/corporate-governance/**

The development of our Sustainable Procurement Policy in 2022 was the first-step towards our goal of creating a sustainable supply chain. The policy details the environmental and social practices that we expect of our suppliers. We will review this policy on a regular basis to continuously improve the standards we set for ourselves and for our suppliers. In addition, we are working towards achieving the other two sub-targets that we have set for ourselves and look forward to reporting on our progress in future reports.

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

As supply chains become more complex and international regulations on the supply and use of certain products tighten, the Group is acutely aware of the need to have greater visibility and control on the sustainable performance of its suppliers. Any issues of non-compliance or wrongdoing in our supply chain will expose the Group to legal and reputational risk, which will impact our operations. As such, we are partial towards suppliers who adopt sustainability practices in their operations. By the year 2030, we intend for 100% of our Tier 1 suppliers to comply with our Responsible Sourcing Policy. During the year, the Resources Division took the first step in engaging suppliers by disseminating its Occupational Safety and Health Policy and Environmental Policy to Tier 1 suppliers and external providers. Written acknowledgement and commitment to adhering to our policies from 100% of the suppliers we engaged were received.

Another factor that contributes towards sustainable procurement is the procuring of local products and services wherever possible. The support of local suppliers promotes economic growth and creates employment opportunities while also being more environmentally friendly by reducing emissions associated with transportation. In 2022, our proportion of spending on local suppliers across the Group was 56.9%. This was less than in 2021 where spending on local procurement comprised 65.7% and is mainly attributable to the kick off of the fifth turbine expansion project that went on for a full year where equipment and construction materials were sourced from foreign suppliers.

Innovating for a more sustainable future

Innovation is a key driver for sustainability as it provides new and creative solutions to the complex environmental and social challenges we face today. Through innovation, we know we can maintain our competitiveness and meet our customers evolving needs, whilst growing sustainably.

At MFCB, innovation is embedded from the design stage through to operations and our divisions are always looking for ways to improve and enhance our products or the way we operate, through the use of new technologies, production processes and materials.

In 2022, the majority of our initiatives in this area were in our Packaging Division. Consumers and our customers are increasingly concerned with the damaging impact of packaging solutions to the environment. As a result, there has been a conscientious shift towards using recyclable and environmentally friendly packaging materials and moving away from plastic-based packaging. Some of the examples of the demand shift include:

Plastic bags	Paper bags
Hard plastic containers	Light-weight flexible plastic wrappers/pouches
Multi-family-material	Single-family-material flexible plastic packaging

In line with this demand shift, Hexachase Flexipack works in collaboration with customers to convert non-sustainable material to sustainable material such as producing multilayer high barrier films without the use of non-recyclable aluminium foils as the barrier layer. We are also Malaysia's first and only manufacturer that only uses 100% toluene-free print ink and solvent free lamination processes to ensure the highest food safety standards. Solvent-free plastic packaging is a more sustainable and environmentally alternative to traditional plastic packaging as it reduces the amount of harmful chemicals released into the environment during production.

In Hexachase Packaging, work on the development of new sustainable products is actively ongoing. During the year, we engaged with suppliers to source various polyfluoroalkyl substances ("PFAS") free paper with the same properties as conventional raw paper materials. Many customers are currently keen to use PFAS-free paper as PFAS has been found to accumulate in the human body over time, leading to adverse health effects.

Stenta is developing packaging solutions to future proof its expanding product portfolio, with a particular focus on mono-material structures including the likes of oriented PE, PP and coated films. We have developed a new product portfolio, under the brand names PotectA, Starlene and Ekolene, which includes recyclable high barrier mono-material structures that are biodegradable. During the year, we also launched a new heat resistant BOPP that is designed to replace biaxially oriented polyethylene terephthalate ("BOPET") to support recyclable mono-material structures. This material facilitates higher line speeds with its super thermal dimensional stability.

Customer satisfaction

We work closely with our customers to build trust and ensure that our products meet their needs. We conduct annual customer satisfaction surveys to obtain feedback on our performance and product quality. In the year under review, we implemented a number of initiatives to improve customer services such as providing multiple support channels for customer service and technical support and providing more competitive pricing through alternative sourcing methods. In 2023, we are aiming to have more regular engagements with our key customers to better understand their needs and requirements and to fulfil them as best as we can.

In addition, we take the privacy and security of our customer's data seriously. In line with our commitment to uphold strong governance and compliance across our operations, we have in place a number of systems and processes that ensure all corporate data remains safe.

In 2022, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

Renewable Energy

At the request of EDL, DSPC's sole customer, DSPC has deferred the annual maintenance schedule for August and September 2022 to February and March 2023 in order to help EDL meet its obligation to its customer. DSPC is continuously exploring ways to maximise energy production subject to water availability and energy demand from EDL.

DSPC's four existing turbine generators will be undergoing a major overhaul from 2025 to 2028 with one generator taken out for service for four months each year. To avoid potential energy production disruptions and ensure that EDL will be able to fulfill its energy contract with its customer, DSPC decided to build a fifth turbine generator which started construction in December 2021 and is expected to be completed in the second half of 2024. This is a crucial investment in order to help EDL avoid being penalised by its customer for energy shortfall from 2025 onwards.

Resources

In this division, customer satisfaction is surveyed twice annually, via a customer survey questionnaire. The survey categories were product, delivery, staff & service and other general areas. Appropriate action plans are formulated through these meetings, to improve any area where a complaint has been raised. For the year 2022, the annual customer satisfaction survey results was 87.4% (2021: 89.4%).[1]

Packaging

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. In 2022, the average score was 89.42%, an improvement from 2021 of 87%.

1 *The figure for 2021 has been restated to reflect the average customer satisfaction score after two surveys as at the end of 2021. The previous figure in the 2021 Sustainability Report was based on mid-year scores.*

An ethically responsible business

Anti-corruption and bribery

The Group has a zero-tolerance policy for corruption and bribery and have strict policies in place to ensure we comply with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. Our Anti-Bribery and Corruption (ABC) Policy is aligned with ISO 37001:2016 Anti-Bribery Management Systems (ABMS) and applies to all employees, regardless of position, as well as third-party individuals and organisations. In this respect, our Resources Division, who is ISO 37001:2016 certified, has shared the ABC Policy with all their business associates and have received written commitments from 100% of them. RCI also engages a third-party external auditor to conduct annual audits to ensure compliance with the standards.

Our ABC Policy covers topics on facilitation payments, donations, gifting and entertainment, among others, and describes the responsibilities of employees in raising any concerns or violations. Further, our Whistleblowing Policy details the channels which employees can use to report their concerns. All matters are directed to the Chairman of the Audit Committee who is responsible for investigating any substantiated claims.

Across the Group, new employees receive training on these policies during onboarding and are required to sign a declaration form upon joining certifying that they have read, understood and will abide by all our Group policies, including the Anti-Bribery and Corruption Policy. In addition, our Resources and Packaging Divisions conduct annual face-to-face training to provide employees with a refresher on relevant policies.

In 2022, no incidents of corruption were reported. There were also no significant non-compliance with laws and regulations (i.e. fines exceeding RM100,000 or restrictions imposed). There was one minor incident where we began construction of labour quarters before approval was received and a small fine of RM 6,792 was paid. We also did not make any political contributions in any of the countries we operate in, which is aligned with our Group policy to always remain apolitical.

Environmental

		2020				2021				2022			
	Unit	PKG[1]	RCI[2]	REE	GROUP	PKG	RCI	REE	GROUP	PKG	RCI	REE	GROUP
Energy													
Total energy consumption	GJ	35,342.50	123.068.49	-	158,410.99	234,910	127,241.38	-	362,151.38	189,534.73	141,962.49	-	331,497.22
Emissions[3]													
Scope 1	tCO_2e	7.53	425,085.85	-	425,093.38	1,376	432,245.54	-	433,621.54	2,828.54	485,850.25	-	488,678.79
Scope 2	tCO_2e	2,381.48	11,137.46	-	13,518.94	11,786.56	12,191.84	-	23,978.40	18,440.69	14,285.86	-	32,726.55
Scope 3	tCO_2e	1,618.71	12,929.41	-	14,548.12	4,170.85	17,360.99	-	21,531.84	6,536.86	20,450.22	-	26,987.08
Total emissions	tCO_2e	4,007.72	449,152.72	-	453,160.44	17,333.41	461,798.37	-	479131.78	27,806.09	520,586.33	-	548,392.42
Water and effluents[4]													
Third-party water	megalitres	13.78	90.50	6.58	110.86	35.92	90.10	6.58	132.60	66.78	111.61	5.72	184.11
Waste diverted from disposal													
Hazardous													
Preparation for reuse	tonnes									-	-	-	-
Recycling	tonnes									703	-	-	703
Others	tonnes									25.89	-	-	25.89
Non-hazardous													
Preparation for reuse	tonnes									9,215.05	-	-	9,215.05
Recycling	tonnes									1,707.14	0.12	-	1,707.26
Others	tonnes									-	-	-	-
Waste directed to disposal													
Hazardous													
Landfill	metric tons	36.46	6.32	-	42.78	127.58	6.64	-	134.22	157.86	-	-	157.86
Non-hazardous													
Landfill	metric tons	672.3	31.1	29.5	732.9	1,140.4	32.6	35	1,208	807.22	18.12	21.8	847.14

PKG: Packaging, RCI: Resources, REE: Renewable Energy

1. *Packaging Data for 2021 includes Stenta's data apportioned to 156 days from date of acquisition of 28 Jul 2021 to 31 Dec 2021.*
2. *Energy and emissions data has been restated for RCI due to miscalculations in 2021 for preceding years.*
3. *Emissions data has only been calculated for the Packaging and Resources Divisions. Scope 3 emissions include upstream and downstream transportation and distribution, waste generation (excl. RCI), business travel and commuting.*
4. *REE water consumption is estimated based on number of employees and type of activities.*

Social

WORKFORCE DATA	2021 No.	2021 %	2022 No.	2022 %
Total workforce	**989**	**100.0**	**1108**	**100.0**
Male	773	78.2	851	76.8
Female	216	21.8	257	23.2
Malaysia	925	93.5	1026	92.6
Laos	23	2.3	25	2.3
Cambodia	41	4.2	57	5.1
Permanent full-time	**983**	**99.4**	**1106**	**99.8**
Male	770	77.9	850	76.7
Female	213	21.5	256	23.1
Malaysia	921	93.1	1024	92.4
Laos	23	2.3	25	2.3
Cambodia	39	4.0	57	5.1
Permanent part-time	**3**	**0.3**	**2**	**0.2**
Male	1	0.1	1	0.1
Female	2	0.2	1	0.1
Malaysia	3	0.3	2	0.2
Laos	0	0.0	0	0.0
Cambodia	0	0.0	0	0.0
Temporary	**3**	**0.3**	**0**	**0.0**
Male	2	0.2	0	0.0
Female	1	0.1	0	0.0
Malaysia	1	0.1	0	0.0
Laos	0	0.0	0	0.0
Cambodia	2	0.2	0	0.0

WORKERS WHO ARE NOT EMPLOYEES	2021	2022
Direct engagement	34	71
Indirect engagement	202	126
Total	**236**	**197**

GOVERNANCE BODIES AND EMPLOYEE DIVERSITY DATA	2021		2022	
	No.	%	No.	%
Board members	**11**	**100.0**	**11**	**100.0**
Male	9	81.8	9	81.8
Female	2	18.2	2	18.2
Aged <30 or below	0	0	0	0
Aged 30-50 years	1	9.1	1	9.1
Aged >50 years	10	91.9	10	90.9
Senior Management	**14**	**100.0**	**16**	**100.0**
Male	13	92.9	15	93.7
Female	1	7.1	1	6.3
Aged <30 or below	1	7.2	2	12.5
Aged 30-50 years	3	21.4	3	18.8
Aged >50 years	10	71.4	11	68.7
Chinese	14	100	16	100
Malay	0	0	0	0
Indian	0	0	0	0
Others	0	0	0	0
Management	**100**	**100.0**	**104**	**100.0**
Male	66	66	68	65.4
Female	34	34	36	34.6
Aged <30 or below	6	6	6	5.8
Aged 30-50 years	65	65	66	63.5
Aged >50 years	29	29	32	30.7
Chinese	73	73	73	70.2
Malay	15	15	17	16.3
Indian	6	6	8	7.7
Others	6	6	6	5.8
Executive	**185**	**100.0**	**197**	**100.0**
Male	114	61.6	119	60.4
Female	71	38.4	78	39.6
Aged <30 or below	63	34.1	69	35.0
Aged 30-50 years	101	54.6	108	54.8
Aged >50 years	21	11.3	20	10.2
Chinese	70	37.9	83	42.1
Malay	87	47	90	45.7
Indian	10	5.4	11	5.6
Others	18	9.7	13	6.6
Non-Executive	**690**	**100.0**	**791**	**100.0**
Male	580	84.1	649	82.0
Female	110	15.9	142	18.0
Aged <30 or below	373	54.1	421	53.2
Aged 30-50 years	278	40.3	328	41.5
Aged >50 years	39	5.6	42	5.3
Chinese	47	6.8	39	4.9
Malay	297	43	348	44.0
Indian	42	6.1	38	4.8
Others	304	44.1	366	46.3
GROUP TOTAL	**989**	**100.0**	**1108**	**100.0**

RATIO OF AVERAGE TOTAL REMUNERATION OF MEN TO WOMEN	2021 %	2022 %
Senior Management		
Malaysia	1.04:1	0.94:1
Laos	N/A	N/A
Management		
Malaysia	1.15:1	1.16:1
Laos	1.50:1	2.69:1
Executive		
Malaysia	1.28:1	1.43:1
Laos	1.72:1	1.38:1
Non-Executive		
Malaysia	1.39:1	1.22:1
Laos	1.87:1	1.83:1

	2021		2022	
NEW EMPLOYEE HIRES	Number	Rate (%)	Number	Rate (%)
Gender				
Male	93	12.5	210	27.2
Female	28	13.3	56	25.9
Age Group				
Aged <30 or below	87	18.8	178	40.2
Aged 30-50 years	31	7.7	82	18.3
Aged >50 years	3	3.3	6	6.1
Region				
Malaysia	112	12.6	246	24.9
Laos	4	13.8	2	0.2
Cambodia	5	12.2	18	1.8
TOTAL	**121**		**266**	

	2021		2022	
EMPLOYEE TURNOVER	Number	Rate (%)	Number	Rate (%)
Gender				
Male	82	11	122	15.8
Female	33	15.6	27	12.5
Age Group				
Aged <30 or below	66	6.9	78	17.6
Aged 30-50 years	42	10.4	59	13.2
Aged >50 years	7	7.8	12	12.1
Region				
Malaysia	106	12	140	14.2
Laos	3	10.3	0	0.0
Cambodia	6	14.6	9	0.9
TOTAL	**115**		**149**	

**Rate of turnover by category is calculated by dividing the turnover by the total number of employees at the beginning of the year.*

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	2020	2021	2022
Gender			
Male	100%	97%	100%
Female	100%	94%	100%
Employment Category			
Senior management	100%	100%	100%
Management	100%	100%	100%
Executive	100%	100%	100%
Non-Executive	100%	94%	100%

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

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER AND EMPLOYMENT CATEGORY	2020	2021	2022
Gender			
Male	2.9	3.2	7.4
Female	5.1	5.2	8.3
Employment category			
Senior management	0.0	3.0	0.1
Management	5.7	7.0	15.1
Executive	6.1	7.2	13.7
Non-Executive	2.3	2.2	5.3

WORK-RELATED INJURIES	2020	2021	2022
All Employees			
Fatalities as a result of work-related injury			
Number	0	0	0
Rate	0	0	0
High-consequence work-related injuries			
Number	0	0	0
Rate	0	0	0
Recordable work-related injuries			
Number	6	10	8
Rate	0.80	1.24	0.75
Number of hours worked	**1,502,925**	**1,614,612**	**2,125,365**
Workers who are not employees but whose work and /or workplace is controlled by the organisation			
Fatalities as a result of work-related injury			
Number	0	0	0
Rate	0	0	0
High-consequence work-related injuries			
Number	0	0	0
Rate	0	0	0
Recordable work-related injuries			
Number	0	0	0
Rate	0	0	0

**All injury rates calculated based on 200,000 hours worked*

WORK-RELATED ILL HEALTH	2020	2021	2022
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	8	8	3
Main types of work-related ill health	Hearing impairment	Hearing impairment	Hearing impairment
Workers who are not employees but whose work and /or workplace is controlled by the organisation			
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	0	0

COMMUNITY INVESTMENT	2020	2021	2022
Amount invested in community projects	RM 1,076,000	RM 2,072,000	RM 1,266,000

Governance

	2020	2021	2022
Confirmed incidents of corruption and action taken	0	0	0
Confirmed incidents of non-compliance with laws and regulations	0	0	1
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	0	0	0
Total number of substantiated complaints received concerning breaches of customer privacy categorised by: • complaints received from outside parties and substantiated by the organization; • complaints from regulatory bodies.	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0

GRI Index

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Governance				
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2-11	Chair of the highest governance body	Please refer to our 2022 Annual Report – Corporate Governance Overview Statement	70	
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Disclosure	Description	Where It Can Be Found	Page	Omissions
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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 2022 ("FY2022").

The details on how the Company has applied each Practice set out in the MCCG during FY2022 are disclosed in the Corporate Governance Report 2022 ("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 FY2022. 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. The Board reviews and updates the Board Charter periodically, the latest being in March 2023. 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 chairs all shareholder meetings and ensures orderly conduct of these proceedings and adequate opportunity is given for shareholder engagement on the business of these meetings. The Executive Chairman also oversees the business affairs of the Group and is responsible for leading the Management in the execution of 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. In addition, the Senior Independent Director also acts as a sounding board for the Executive Chairman, as an intermediary for other directors when necessary and as the point of contact for shareholders and other stakeholders.

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 Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 Board has overall oversight and decision-making responsibility with regards to sustainability. The Sustainability Executive Committee, which comprise of Executive Directors and managing directors of the various divisions, provide overall directions to the Group and reports to the Board. The Group has established a Sustainability Policy which provides guiding principles on how the culture of sustainability should be promoted across the Group. The Sustainability Policy complements the Group's approach to sustainability by expanding on the key focus areas of MFCB's sustainability strategy. The Sustainability Policy is available at the Company's website, **www.mega-first.com**.

Please refer to Sustainability Report embedded in this Annual Report for more details.

2. Board Composition

The Board, led by an experienced Executive Chairman is made up of twelve (12) members of whom four (4) are Executive Directors, seven (7) are Independent Directors and one (1) Non-Independent Non-Executive Director. Independent Directors form more than half of the Board, thus fulfilling the MCCG best practice for ensuring that minority shareholders' interests are adequately represented.

Independent Directors

Since 28 April 2021, the Malaysia Code on Corporate Governance (MCCG) recommends the tenure of an independent director does not exceed a term of nine years. If the Board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process. The Company has complied with the aforesaid MCCG recommendation since its effective date.

Notwithstanding the above, on 19 January 2022, Bursa Malaysia capped the tenure of "Independent Director" to a maximum of twelve years. Bursa Malaysia further gave listed issuers 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.

In light of the above, Dato' Koh Hong Sun, has indicated his intention to retire as an Independent Non-Executive Director at the upcoming 57th Annual General Meeting ("AGM") of the Company. In this regard, Dato' Koh Hong Sun shall hold office as an Independent Non-Executive Director until the conclusion of the 57th AGM of the Company. As for Mr Yeow See Yuen, the Nominating Committee ("NC") has reviewed and assessed Mr Yeow See Yuen based on the results of Board Effectiveness Evaluation for FY2022 and Directors' Fit and Proper Policy. The NC and the Board acknowledged and is satisfied with his contributions and participations in the decision making of the Board. He possesses tremendous insights and in-depth knowledge of the Company's business and affairs. He has also devoted sufficient attention to his responsibilities during his tenure as Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. 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. Upon recommendations by the NC, the Board approved the redesignation of Mr Yeow See Yuen as Non-Independent Non-Executive Director. In this regard, Mr Yeow See Yuen will be redesignated as Non-Independent Non-Executive Director upon the conclusion of the 57th AGM of the Company.

For a large company like MFCB, the MCCG recommends that the Board should consist of majority independent directors. With the changes above, the Board acknowledges MFCB will no longer comply with the recommended practice upon the conclusion of the 57th AGM. The Board is currently actively looking for suitable candidates to fill the gap created by the aforesaid changes.

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, which is available on the Company's website, **www.mega-first.com** 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. 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 2022, 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 evaluates 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	• Supercharge ESG Ambitions with Technology
Goh Nan Yang	• Supercharge ESG Ambitions with Technology
Goh Mei Sze	• Supercharge ESG Ambitions with Technology
Khoo Teng Keat	• Supercharge ESG Ambitions with Technology • Due Diligence on ESG Risks – Why it Matters and How to Prepare for it • Bursa's Voluntary Carbon Market (VCM) Exchange • TCFD 102 Building Experience in Climate Related Financial Reporting
Dato' Koh Hong Sun	• Senior Manager Climate Change and Sustainability Services • The Launch of Survey Report and Complimentary Webinar: "Embracing the ESG Revolution Zeroing in on Investor Expectations" • Supercharge ESG Ambitions with Technology • Advocacy Session for Directors and Senior Management of Main Market Listed Issuers • Professional Skepticisms for Board of Directors • Briefing on Introduction to Integrated Reporting • Professional Skepticism for Board of Directors
Tay Kheng Chiong	• TCFD 102 Building Experience in Climate Related Financial Reporting
Yeow See Yuen	• Audit Oversight Board's Conversation with Audit Committees • Supercharge ESG Ambitions with Technology • TCFD 102 Building Experience in Climate Related Financial Reporting • Directors' Duties and Climate Change • BlackRock's Evolving Approach to Stewardship in Asia
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP	• Supercharge ESG Ambitions with Technology
Jesper Bjorn Madsen	• Supercharge ESG Ambitions with Technology
Professor Dato' Dr. Tan Hui Meng	• 31st Malaysian Urology Conference
Datin Jeyanthini a/p M. Kannaperan	• Supercharge ESG Ambitions with Technology
Mr Au Siew Loon (appointed on 1 January 2023)	• Not Applicable

Board and Board Committees Meetings

The dates for Board and Board Committees meetings for the financial year are scheduled in advance before the end of each financial year to facilitate the Directors' time management. Prior to the Board meetings, all Directors will receive the agenda and a set of Board papers containing information for deliberation at the Board meetings. Minutes of each Board meeting are circulated to all Directors prior to the confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are confirmed as a correct record of the proceedings of the meeting.

During the year under review, five (5) Board meetings, five (5) Audit Committee meetings, two (2) Nominating Committee meetings and one (1) Remuneration Committee meeting were held. The attendance record of each Director is as follows:-

Board Meeting	Attendance
Goh Nan Kioh (Chairman)	5/5
Tay Kheng Chiong	5/5
Goh Nan Yang	5/5
Goh Mei Sze	5/5
Khoo Teng Keat	5/5
Yeow See Yuen	5/5
Dato' Koh Hong Sun	5/5
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP	5/5
Jesper Bjorn Madsen	4/5
Professor Dato' Dr. Tan Hui Meng	4/5
Datin Jeyanthini a/p M. Kannaperan	4/5
Mr Au Siew Loon (Appointed as Director on 1 January 2023)	n/a

Audit Committee	Attendance
Yeow See Yuen (Chairman)	5/5
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP	4/5
Jesper Bjorn Madsen	4/5

Nominating Committee	NC
Dato' Koh Hong Sun (Chairman)	2/2
Yeow See Yuen	2/2
Datin Jeyanthini a/p M. Kannaperan	1/2

Remuneration Committee	RC
Jesper Bjorn Madsen (Chairman)	1/1
Datin Jeyanthini a/p M. Kannaperan	1/1
Dato' Koh Hong Sun	1/1

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.

Directors' Fit and Proper Policy was adopted in 2022 which sets out the approach, guidelines and procedures to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment and/or re-election of the Directors of the Group upon recommended by the NC. The said policy is available on the Company's website, **www.mega-first.com**.

Board Effectiveness Evaluation ("BEE") are conducted annually to identify opportunities for increasing efficiency, maximise strengths and to highlight areas for improvement. Professional consultants are engaged to conduct the assessment once every three years.

In FY2022, the BEE was conducted by Securities Services (Holdings) Sdn Bhd. Sets of online questionnaires which consisted of evaluations by the Board, Board Committees, self and peer assessment as well as independent directors' assessment were developed to maximise the effectiveness and performance of the Board in the best interests of the Group. The areas covered were as follows:

Evaluation	Assessment Criteria
Board of Directors	Board mix and composition, quality of information and decision making, boardroom activities, strategy governance and monitoring role, Board's relationship with the Management and Environmental, Social and Governance ("ESG")/Sustainability
Board Committee	Board Committees' composition, boardroom activities and key responsibilities
Individual Director	Individual Directors' fit and proper, contribution and performance, and caliber and personality

The results were presented to the NC and the Board in March 2023 for deliberation. Upon review, the Board is satisfied with the performance of the Board, Board Committees and individual Directors and noted the areas that required improvements. The results were used as a basis for recommending the relevant Directors for re-election at the AGM, re-designation of an Independent Director to Non-Independent Non-Executive Director and such practice is in line with the Directors' Fit and Proper Policy adopted by the Company.

The activities undertaken by the NC in FY2022 were summarised below:

- evaluated a new director based on the Directors' Fit and Proper Policy and subsequently recommended for appointment as Independent Director, reviewed and assessed the skills mix, independence, expertise, composition, size diversity and experience to meet the needs of the Board;
- discussed and reviewed the results of the FY2022 BEE conducted by Securities Services (Holdings) Sdn Bhd;
- reviewed and recommended Directors who are retiring and being eligible for re-election, based on the results of BEE and Fit and Proper Policy; and
- reviewed and assessed the re-designation of an Independent Director whose tenure has exceeded cumulative twelve years (12), to Non-Independent Non-Executive Director, based on the results of BEE and Directors' Fit and Proper Policy.

3. Remuneration

The Remuneration Committee ("RC") is responsible to implement the Remuneration Policy and Procedure 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.

RC reviews annually and the Board approves the remuneration for Executive Directors and senior management staff. The remuneration of the Executive Directors and senior management staff are structured so as to link rewards to corporate and individual performance. The director's fees attributable to the Executive Directors for their directorship in other companies within the Group are paid to the Company.

The remuneration for Non-Executive Directors is by way of fixed annual fees, based on recommendations of the Remuneration Committee and approval by the Board and shareholders at annual general meeting. The level of remuneration reflects level of responsibilities undertaken by the particular Non-Executive Director concerned. The meeting allowance for Non-Executive Directors is based on their attendance for Board, Board Committee or general meeting. They are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. The Directors concerned do not participate in the deliberation and decision in respect of his individual remuneration.

The Terms of Reference of Remuneration Committee and Remuneration Policy and Procedure for Directors and Senior Management is available on 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 56th AGM held on 25 May 2022. 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 2022

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 Corporate Governance – 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 2021, 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 covering not only financial controls but also operational, environmental and compliance controls, 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.

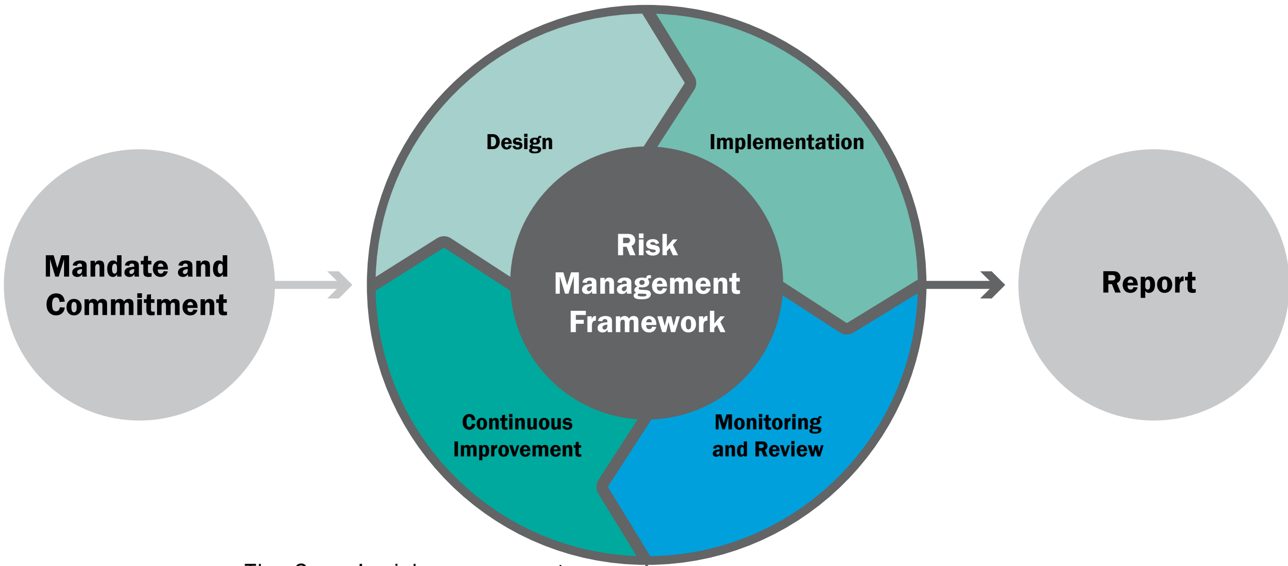
Risk Management Framework

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.

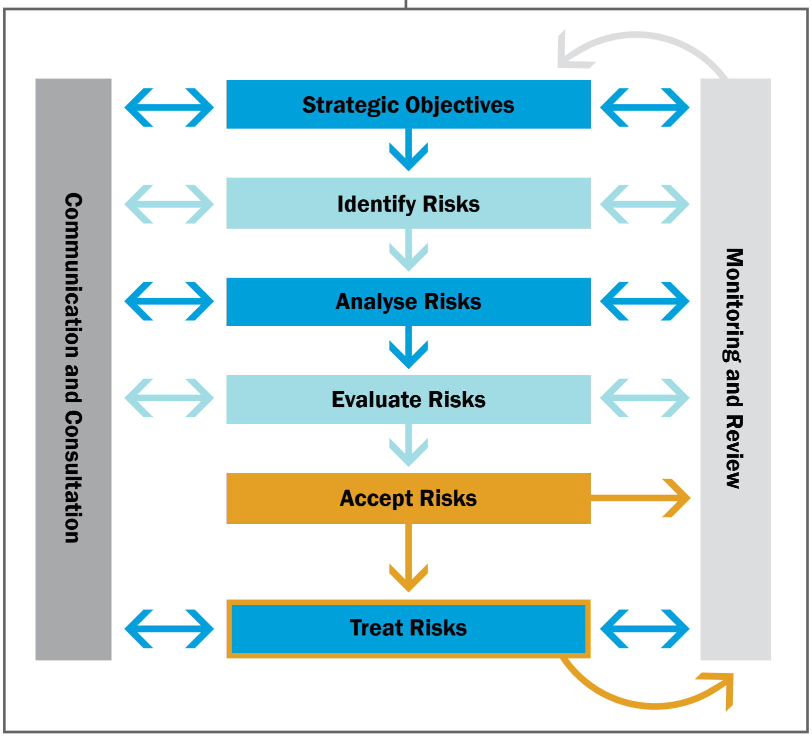
The Framework, which is benchmarked against the International Organisation for Standardisation (Risk Management – Guidelines), sets out the structured process to continuously identify, evaluate, respond and monitor the risks that might affect the Group's business objectives. It adopts both the "top-down 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.

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. Risk assessment interviews have been conducted by the senior manager overseeing the risk management function with the chief executives and managers of the respective divisions/business units as part of the assessment of strategic risks affecting the Group.

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.

A summarised annual update on salient changes to the key risk profile is tabled to the Audit Committee to facilitate timely assessment. Any major changes to risks together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Chairman of the Audit Committee.

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.

This is designed to be responsive to changes in the business environment and is communicated to the appropriate levels through existing reporting structures and processes of the Group.

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 RAT, 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, these policies and procedures provide guidance and direction for proper management and governance of operations and business activities of 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;
- Biodiversity Policy;
- Diversity and Inclusion Policy;
- Directors' Fit and Proper Policy;
- Group Sustainability Policy;
- Human Rights Policy;
- Occupational Health and Safety Policy;
- Responsible Sourcing Policy;
- Water Management Policy; and
- Waste Management Policy.

(d) Annual budget system is in place. The 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) Regular visits to operating units by senior management whenever appropriate.

(f) The Group information technology systems that capture, compile, analyse and report relevant data are in place with continuous development and improvement, which enable effective decision making from the accurate and timely information provided. Management and financial reports are generated regularly to facilitate financial and operating reviews of the various divisions/business units by the Board and Management.

(g) 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.

(h) Human resource function sets out policies for recruitment, training and staff appraisal to ensure competency of employees and employees are trained adequately in carrying out their responsibilities.

(i) 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.

(j) The internal audit function of the Group is performed in-house by its Internal Audit Department. The Head of Internal Audit reports directly to the Audit Committee and has unrestricted access to the Committee members on all matters. All the internal auditors had declared to the Committee by signing the annual declarations that they were and had been independent, objective and in compliance with the Code of Ethics of The Institute of Internal Auditors Standards (Global) in carrying out their duties for the financial year. The Audit Committee is of the view that the internal auditors had demonstrated strong value and principles under the Code of Ethics.

The primary roles of the Internal Audit Department are to undertake regular and systematic review of the risk management processes, adequacy and effectiveness of internal controls and governance practices 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 Committee is assisted by the Internal Audit Department in discharging its duties and responsibilities.

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 audit findings, update on implementation of corrective actions on past key audit findings and review of the quarterly related party transactions, if any. During the financial year under review, 6 internal audit assignments were completed covering operating units on Resources, Packaging and other investment holding entities within the Group. The audit activities encompassed operational and compliance audits of operations to ascertain adequacy and effectiveness of its 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 and completeness of the Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control with regards to the compliance with the Malaysian Code on Corporate Governance 2021, Paragraph 15.15 of the MMLR of Bursa Malaysia and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

The Internal Audit Department expenses in respect of the financial year ended 31 December 2022 was RM349,400.

(k) The Group's risk management framework and internal control system applies to the Company and its subsidiaries only. Joint ventures and associates are excluded. However, the Group's interest is served through representation on the Board of these companies, 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 their 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

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 2022.

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

Our Committee comprises three (3) members, all of whom satisfy the independence requirements of the Listing Requirements. The composition and attendance of each member at the Audit Committee ("AC") meetings during the financial year ended 31 December 2022 ("the financial year") were as follows:-

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

Five (5) Committee meetings were held 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 to provide clarifications on matters discussed and updates on financial performance and Group's operations. In addition, the Committee had two independent dialogues with the External Auditors, Crowe Malaysia PLT without the presence of management during the financial year, to discuss matters of interest that arose in the course of the audit. No significant matters were highlighted and discussed.

B. Terms of Reference

In carrying out its statutory duties and responsibilities, the Committee is guided by its Terms of Reference ("TOR") which are available on the Company's website at **www.mega-first.com**.

The performance of the Committee and its members were reviewed and assessed by the Board via the Nominating Committee and the Board is satisfied that the Committee and its members had discharged their functions, duties and responsibilities in accordance with the Committee's TOR.

C. Summary of Activities of the Audit Committee

The Committee had carried out these activities in 2022:

1. Financial Statement and Reporting Review

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

1.2 Reviewed the adequacy and appropriateness of disclosure in the unaudited quarterly financial statements before recommending to the Board 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 obtaining assurance from management and external auditors and are satisfied 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 submitting to the Board for approval, after that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, Companies Act 2016, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Income Tax Act 1967 and it presented a true and fair view of the Company's financial performance.

1.4 Reviewed the disclosure statements in the published annual report of the Group and of the Company which encompasses the Corporate Governance Overview Statement, Corporate Governance Report (set out in corporate website), Statement on Risk Management and Internal Control and other documents as set out in Part A of Appendix 9C of the MMLR of Bursa Malaysia.

2. External Audit

2.1 Reviewed and discussed with the external auditors their 2022 Audit Planning Memorandum before commencement of the annual audit. The 2022 Audit Planning Memorandum covered 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 deficiencies, status of audit and accounting issues and on the independence of the external auditors.

2.3 In determining there-appointment of Crowe Malaysia PLT as auditors of the Company, the Committee had conducted an annual assessment of the auditors' quality of services provided, interaction, communication, objectivity and professionalism in the form of assessment questionnaires. The Committee also obtained feedback from the management who had interactions with the audit engagement team. The assessments encompassed the following areas:-

a. Objectivity and Independence

The external auditors provided written assurance to the Committee confirming that they were not aware of any relationship which would to impair their independence, and they have 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 seven (7) years less the number of years already served. The audit engagement partner responsible for the Group audit was rotated since 2022.

The provision of non-audit services by the external auditors was also reviewed by the Committee for its reasonableness of fees charged and whether such services would affect their independence. 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 in the areas of technical competency, availability of resources and quality of services. The lead audit engagement partner and engagement teams have demonstrated openness, objectivity and professionalism in their communications with the AC including discussions at private meetings.

In addition, the AC also considered the information in the Annual Transparency Report tabled by the external auditors. Based on foregoing assessment, the Committee was satisfied with Crowe Malaysia PLT and recommended to the Board for their re-appointment as External Auditors of the Company. A resolution for the re-appointment will be tabled for approval at the forthcoming Annual General Meeting.

3. Internal Audit

As regards to the work of the internal auditors of the Company, the AC carried out the following:

3.1 Reviewed and approved the Audit Planning Memorandum of the internal auditors for the financial year ending 31 December 2023 after ensuring the adequacy of the audit scope and coverage activities of the Group and the resources of the internal audit function. The scope was determined after assessment of key risk areas of the Group's activities.

3.2 Reviewed and discussed the internal audit reports which comprised audit findings, recommendations and 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 until all material negative findings have been fully rectified.

3.4 Reviewed with Internal Audit on a quarterly basis any related party transactions to ensure transactions are carried out at arm's length and are fair and reasonable and complied with Company procedures and the MMLR of Bursa Malaysia.

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

For information relating to the internal audit function and its activities, please refer to the Statement on Risk Management and Internal Control.

Additional Compliance Information Disclosures

(FINANCIAL YEAR ENDED 31 DECEMBER 2022)

1) 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 2022 or entered into since the end of the previous financial year other than as disclosed in Notes 29 and 44(b) to the financial statements for the financial year ended 31 December 2022.

2) Audit fees and non-audit fees for external auditors

The amount of audit fees incurred by MFCB Group and MFCB amounted to approximately RM1,071,000 and RM213,000 respectively.

The amount of non-audit fees payable for services rendered by MFCB's external auditors and their affiliated firm or corporation companies for the financial year ended 31 December 2022 amounted to approximately RM272,000 and RM18,000 for the Group and the Company respectively. Non-audit services provided by external auditors and its member firms to the Group and the Company comprised mainly tax compliance fees of RM212,000 and RM11,000 respectively.

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 2022 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 2022, 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 2022.

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.

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	490,569	11,870
Tax expense	(14,842)	(81)
Profit after tax for the financial year	475,727	11,789
Attributable to:-		
Owners of the Company	396,804	11,789
Non-controlling interests	78,923	-
	475,727	11,789

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 recognition of approximately RM16,937,000 (2021: RM125,146,000) unallocated bargain difference 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 3.5 sen per ordinary share amounted to RM33,085,703 in respect of the financial year ended 31 December 2021 on 18 April 2022.

(b) an interim single-tier dividend of 3.6 sen per ordinary share amounted to RM34,031,009 for the financial year ended 31 December 2022 on 14 October 2022.

On 27 February 2023, the Company declared a second and final single-tier dividend of 3.85 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 2023. The final dividend will be paid on 25 April 2023 to the Depositors who are registered in the Record of Depositors at the close of business on 13 April 2023.

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 were no issues of debentures by the Company.

TREASURY SHARES

The information on the treasury shares is disclosed in 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 2022.

OTHER STATUTORY 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) other 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

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
- Au Siew Loon (Appointed on 1.1.2023)

The names of Directors of subsidiaries (who have held office during the financial year and up to the date of this report, not including those directors mentioned above) as required under Section 253(2) of the Companies Act 2016 have not been disclosed in this Report by virtue of relief order granted by the Companies Commission of Malaysia. Their names are set out in the respective subsidiaries' Directors' Report and the said information is deemed incorporated herein by such reference and shall form part thereof.

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 1.1.2022	**Acquired**	**Disposed**	**Balance as at 31.12.2022**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	14,831,056	11,266,400	-	26,097,456
- Deemed	300,796,282	688,000	-	301,484,282
Goh Nan Yang				
- Direct	12,594,754	-	-	12,594,754
Khoo Teng Keat				
- Direct	4,677,376	-	-	4,677,376
Tay Kheng Chiong				
- Direct	786,462	-	-	786,462
Dato' Koh Hong Sun				
- Direct	907,738	35,000	-	942,738
Yeow See Yuen				
- Direct	9,429,994	-	-	9,429,994
- Deemed	104,000	-	-	104,000
Professor Dato' Dr. Tan Hui Meng				
- Direct	966,600	-	-	966,600
- Deemed	2,205,000	142,200	-	2,347,200
Goh Mei Sze				
- Direct	2,000,000	-	-	2,000,000
Jesper Bjorn Madsen	500,000	-	-	500,000

DIRECTORS' INTERESTS (CONT'D)

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.

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 1.1.2022	**Acquired**	**Disposed**	**Balance as at 31.12.2022**
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, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 certain Directors have substantial financial interests as disclosed in Note 44 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the Directors to 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 paid or payable to the directors of the Company during the financial year are as follows:-

	GROUP/COMPANY RM'000
Fees	445
Salaries, bonuses and other remuneration	2,041
Defined contribution plan	242
Other emoluments	29
	2,757

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM5,581.

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 EVENT

The significant event occurring during the financial year and after the reporting period is 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 for the financial year are as follows:-

	GROUP RM'000	COMPANY RM'000
Audit fees:		
(i) For the financial year:		
- Crowe Malaysia PLT ("Auditors")	879	185
- Member firms of the Auditors	29	-
- Other auditors	100	-
(ii) Underprovision in previous financial years:		
- Crowe Malaysia PLT	63	28
Non-audit fees:		
(i) Crowe Malaysia PLT	7	7
(ii) Firms or corporations affiliated to Auditors:		
- Tax compliance fees	212	11
- Other service fees	53	-
	1,343	231

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

GOH NAN YANG

KHOO TENG KEAT

29 March 2023

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 2022 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 99 to 181.

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 2022, 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.

Don Sahong Hydropower Project - Service Concession Asset Refer to Note 14 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The carrying amount of the service concession asset as at 31 December 2022 is RM1.941 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.

Independent Auditors' Report (cont'd)
to the members of Mega First Corporation Berhad
(Incorporated in Malaysia)
(Registration Number: 196601000210 (6682-V))

Valuation of put option Refer to Note 33 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The acquisition of Stenta Films (Malaysia) Sendirian Berhad ("Stenta") in the previous financial year 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 the shares held by non-controlling interest. 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 2022 is RM84.7 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.

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.

Independent Auditors' Report (cont'd)
to the members of Mega First Corporation Berhad
(Incorporated in Malaysia)
(Registration Number: 196601000210 (6682-V))

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.
- 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.

Independent Auditors' Report (cont'd)
to the members of Mega First Corporation Berhad
(Incorporated in Malaysia)
(Registration Number: 196601000210 (6682-V))

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
01772/11/2024 J
Chartered Accountant

Kuala Lumpur

29 March 2023

Statements of Profit or Loss and Other Comprehensive Income
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		GROUP		COMPANY	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	5	1,339,635	914,673	12,872	350,021
Cost Of Sales		(778,799)	(439,127)	-	-
Gross Profit		560,836	475,546	12,872	350,021
Other Income		49,504	36,623	15,192	1,330
Administrative And Distribution Expenses		(51,198)	(46,537)	(9,565)	(8,014)
Other Expenses		(56,124)	(27,150)	(1,417)	(3,584)
Profit From Operations	6	503,018	438,482	17,082	339,753
Finance Costs	8	(29,589)	(20,866)	(5,212)	(2,859)
Share Of Results In Equity Accounted Investments		17,140	121,964	-	-
Profit Before Tax		490,569	539,580	11,870	336,894
Tax Expense	9	(14,842)	(8,915)	(81)	(168)
Profit After Tax For The Financial Year		475,727	530,665	11,789	336,726
Other Comprehensive Income/(Expenses)	10	39,747	163,646	(354)	(71)
Total Comprehensive Income For The Financial Year		515,474	694,311	11,435	336,655
Profit After Tax Attributable To:					
- Owners Of The Company		396,804	462,330	11,789	336,726
- Non-controlling Interests		78,923	68,335	-	-
		475,727	530,665	11,789	336,726
Total Comprehensive Income Attributable To:					
- Owners Of The Company		425,052	620,058	11,435	336,655
- Non-controlling Interests		90,422	74,253	-	-
		515,474	694,311	11,435	336,655
Earnings Per Share (sen)	11	41.98	48.81		

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Financial Position
AS AT 31 DECEMBER 2022

		GROUP		COMPANY	
	Note	**2022** RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	13	481,679	410,393	10,742	9,059
Service Concession Asset	14	1,940,823	1,922,289	-	-
Investment Properties	15	165,203	165,203	-	-
Inventories	16	43,443	43,443	-	-
Right-Of-Use Assets	17	119,021	129,325	10,855	11,624
Subsidiaries	18	-	-	1,319,678	1,283,686
Joint Ventures	19	157,695	141,964	20,000	20,000
Associates	20	16,866	3,988	-	-
Investments In Quoted And Unquoted Shares	21	152,658	200,591	1,506	1,860
Goodwill On Consolidation	22	54,673	54,673	-	-
Development Expenditures	23	74,574	633	-	-
		3,206,635	3,072,502	1,362,781	1,326,229
Current Assets					
Inventories	16	147,882	128,858	-	-
Contract Assets		-	1,587	-	-
Receivables	24	437,252	408,666	18,476	14,672
Bank Balances And Deposits	25	492,254	257,649	59,154	156,189
Short-Term Investment		5,000	-	-	-
		1,082,388	796,760	77,630	170,861
TOTAL ASSETS		4,289,023	3,869,262	1,440,411	1,497,090

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Financial Position (cont'd)
as at 31 December 2022

		GROUP		COMPANY	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Share Capital	26	743,121	743,121	743,121	743,121
Treasury Shares	27	(37,261)	(36,869)	(37,261)	(36,869)
Reserves	28	2,044,787	1,686,852	474,524	530,206
Equity Attributable To Owners Of The Company		2,750,647	2,393,104	1,180,384	1,236,458
Non-Controlling Interests	18(a)	440,379	346,472	-	-
Total Equity		3,191,026	2,739,576	1,180,384	1,236,458
Non-Current Liabilities					
Long-Term Borrowings	29	396,749	504,586	-	-
Lease and Hire Purchase Liabilities	30	12,764	15,589	-	-
Deferred Tax Liabilities	31	124,320	119,508	-	-
Payables	32	540	540	-	-
Put Option Liability	33	84,702	89,657	84,702	89,657
		619,075	729,880	84,702	89,657
Current Liabilities					
Payables	32	155,726	118,515	125,325	127,958
Short-Term Borrowings	34	316,204	273,295	50,000	43,000
Lease and Hire Purchase Liabilities	30	6,992	7,996	-	17
		478,922	399,806	175,325	170,975
Total Liabilities		1,097,997	1,129,686	260,027	260,632
TOTAL EQUITY AND LIABILITIES		4,289,023	3,869,262	1,440,411	1,497,090
Net Assets Per Ordinary Share (RM)	35	2.91	2.53		

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Changes in Equity
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

			Non-Distributable				Distributable			
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	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:										
Dividends paid to:										
- shareholders of the Company (Note 12)	-	-	-	-	-	-	(61,578)	(61,578)	-	(61,578)
- subsidiaries' 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 2021/1 January 2022	743,121	(36,869)	847	140,324	27,394	(88,556)	1,606,843	2,393,104	346,472	2,739,576
Profit after taxation for the financial year	-	-	-	-	-	-	396,804	396,804	78,923	475,727
Other comprehensive (expenses)/income for the financial year:										
- Fair value changes of equity investments	-	-	-	(47,993)	-	-	-	(47,993)	-	(47,993)
- Foreign currency translation difference	-	-	76,241	-	-	-	-	76,241	11,499	87,740
Total comprehensive income/(expenses) for the financial year	-	-	76,241	(47,993)	-	-	396,804	425,052	90,422	515,474
Contributions by and distributions to owners of the Company:										
Dividends paid to:										
- shareholders of the Company (Note 12)	-	-	-	-	-	-	(67,117)	(67,117)	-	(67,117)
Purchase of treasury shares	-	(392)	-	-	-	-	-	(392)	-	(392)
Total transactions with owners of the Company	-	(392)	-	-	-	-	(67,117)	(67,509)	-	(67,509)
Subscription of shares in subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-	3,485	3,485
Balance at 31 December 2022	743,121	(37,261)	77,088	92,331	27,394	(88,556)	1,936,530	2,750,647	440,379	3,191,026

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)
for the financial year ended 31 December 2022

COMPANY	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable Fair Value Reserve RM'000	Non-Distributable Other Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 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 expenses for the financial year:						
- Fair value changes of equity investments	-	-	(71)	-	-	(71)
Total comprehensive (expenses)/income for the financial year	-	-	(71)	-	336,726	336,655
Contributions by and distributions to owners of the Company:						
Dividends paid to shareholders of the Company (Note 12)	-	-	-	-	(61,578)	(61,578)
Purchase of treasury shares	-	(6,823)	-	-	-	(6,823)
Total transactions with owners of the Company	-	(6,823)	-	-	(61,578)	(68,401)
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 2021/1 January 2022	743,121	(36,869)	(1,239)	(88,556)	620,001	1,236,458
Profit after taxation for the financial year	-	-	-	-	11,789	11,789
Other comprehensive expenses for the financial year:						
- Fair value changes of equity investments	-	-	(354)	-	-	(354)
Total comprehensive (expenses)/income for the financial year	-	-	(354)	-	11,789	11,435
Contributions by and distributions to owners of the Company:						
Dividends paid to shareholders of the Company (Note 12)	-	-	-	-	(67,117)	(67,117)
Purchase of treasury shares	-	(392)	-	-	-	(392)
Total transactions with owners of the Company	-	(392)	-	-	(67,117)	(67,509)
Balance at 31 December 2022	743,121	(37,261)	(1,593)	(88,556)	564,673	1,180,384

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

GROUP	Note	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		490,569	539,580
Adjustments for:			
Allowance for/(Writeback of) impairment losses on:-			
- receivables (net)	6(a)	27,941	(484)
Amortisation of service concession asset		85,525	80,521
Amortisation of development expenditures		478	132
Depreciation of property, plant and equipment		37,350	22,915
Depreciation of right-of-use assets		4,050	7,021
Impairment loss on:			
- Property, plant and equipment		-	656
- Right-of-use assets		-	1,199
Finance costs:			
- Interest on bank borrowings		27,076	18,777
- Interest on lease and hire purchase liabilities		1,386	956
- Others		1,127	1,133
Fair value (gain)/loss on put option liability		(4,955)	1,101
Fair value loss on investment properties		-	10,109
Provision for retirement benefits		48	48
Share of results in equity accounted investments		(17,140)	(121,964)
Unrealised (gain)/loss on foreign exchange (net)		(7,899)	1,505
Right-of-use assets written off		-	4,008
Write-down in value of inventories		829	824
Property, plant and equipment written off		4,500	-
Dividend income from equity investments at fair value through other comprehensive income		(1,626)	(1,640)
Deferred income recognised		(239)	(240)
Writeback of provision for restoration costs		-	(16,650)
Gain on disposal of property, plant and equipment		(172)	(72)
Gain on disposal of investment properties		-	(1,660)
Interest income		(23,358)	(9,539)
Operating Profit Before Working Capital Changes		625,490	538,236

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Operating Profit Before Working Capital Changes		625,490	538,236
Changes in Working Capital:			
- Increase in inventories		(19,853)	(36,550)
- Increase in receivables		(57,115)	(27,804)
- Decrease/(Increase) in contract assets		1,587	(1,183)
- Increase in payables		38,167	7,515
Cash From Operations		588,276	480,214
Income tax paid		(12,974)	(10,498)
Retirement benefits paid		(48)	-
Net Cash From Operating Activities		575,254	469,716
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		23,358	9,539
Dividends received		1,626	1,640
Cash outflow for Don Sahong Hydropower Project		-	(39,192)
Acquisition of subsidiaries	38	-	(124,313)
Investment in associates		(11,469)	-
Investment in joint ventures		-	(20,000)
Proceeds from disposal of:			
- Investment properties		-	3,560
- Property, plant and equipment		188	245
- Quoted shares		-	4,664
Payments for purchase of:			
- Property, plant and equipment	39(a)	(78,085)	(112,077)
- Right-of-use assets		(23,740)	(449)
- Development expenditures	23	(73,734)	-
- Quoted shares		(62)	(1,850)
- Short-term investment		(5,000)	-
Net Cash For Investing Activities		(166,918)	(278,233)
Balance Carried Forward		408,336	191,483

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Balance Brought Forward		408,336	191,483
CASH FLOWS FOR FINANCING ACTIVITIES			
Finance costs paid:			
- Interest expenses	39(b)	(28,462)	(19,733)
- Others		(1,127)	(1,133)
Dividends paid to:			
- Shareholders of the Company	12	(67,117)	(61,578)
- Non-controlling interests		-	(7,712)
Net drawdown/(repayment) of:			
- Revolving credits, trade financing and loans	39(b)	5,537	95,116
- Lease and hire purchase liabilities	39(b)	(5,492)	(6,484)
- Term loans	39(b)	(92,260)	(30,738)
Purchase of treasury shares		(392)	(6,823)
Proceeds from issuance of shares by subsidiaries to non-controlling interests		3,485	8,512
(Placement)/Withdrawal of deposits pledged to licensed bank or with original maturity period of more than 3 months		(6,747)	924
Net Cash For Financing Activities		(192,575)	(29,649)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		13,027	2,202
NET INCREASE IN CASH AND CASH EQUIVALENTS		228,788	164,036
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		253,985	89,949
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	25	482,773	253,985

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the financial year ended 31 December 2022

COMPANY	2022 RM'000	2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	11,870	336,894
Adjustments for:		
Depreciation of:		
- Equipment	175	39
- Right-of-use assets	568	569
Finance costs:		
- Interest on bank borrowings	1,846	324
- Interest on advances from subsidiaries	3,277	2,271
- Others	89	264
Fair value (gain)/loss on put option liability	(4,955)	1,101
Dividend income	(10,000)	(348,278)
Deferred income recognised	(239)	(240)
Gain on disposal of property, plant and equipment	(40)	(18)
Interest income:		
- Advances to subsidiaries	(306)	(222)
- Deposits with financial institutions and others	(1,288)	(3)
Unrealised (gain)/loss on foreign exchange (net)	(8,474)	1,747
Operating Loss Before Working Capital Changes	(7,477)	(5,552)
Increase in receivables	(300)	(108)
Increase in payables	756	504
Cash For Operations	(7,021)	(5,156)
Income tax paid	(130)	(193)
Net Cash For Operating Activities	(7,151)	(5,349)

The accompanying Notes on pages 109 to 181 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Net Cash For Operating Activities		(7,151)	(5,349)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received		1,594	225
Dividends received		10,000	348,278
Capital repayment received from a subsidiary		376	-
Subscription of equity shares in subsidiaries		(36,368)	(255,986)
(Advances to)/Repayment from subsidiaries		(6,883)	59,686
Repayment from/(Advances to) joint venture		3,521	(3,521)
Advances to an associate		(127)	-
Investment in joint venture		-	(20,000)
Payment for purchase of property, plant and equipment	39(a)	(1,657)	(1,046)
Proceeds from disposal of property, plant and equipment		40	19
Proceeds from disposal of quoted investment		-	402
Net Cash (For)/From Investing Activities		(29,504)	128,057
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Finance costs paid:			
- Interest on bank borrowings	39(b)	(1,846)	(324)
- Interest on advances from subsidiaries		(3,277)	(2,271)
- Others		(89)	(264)
Dividends paid	12	(67,117)	(61,578)
Net drawdown/(repayment) of:			
- Revolving credits	39(b)	7,000	43,000
- Hire purchase liabilities	39(b)	(17)	(260)
(Repayment to)/Advances from subsidiaries		(3,116)	60,132
Purchase of treasury shares		(392)	(6,823)
Net Cash (For)/From Financing Activities		(68,854)	31,612
EFFECT OF FOREIGN EXCHANGE TRANSLATION		8,474	(1,747)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(97,035)	152,573
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		156,189	3,616
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	25	59,154	156,189

The accompanying Notes on pages 109 to 181 form an integral part of 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 29 March 2023.

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.

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)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024

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 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

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 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 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of Consolidation (cont'd)

(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.

4.3 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (cont'd)

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.

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.

Debt Instruments

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.

(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.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

Equity Instruments (cont'd)

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.

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, to reflect the liability up to the amount payable under the option at the date at which it becomes exercisable.

(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).

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 separately. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (cont'd)

(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.

(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:-

	2022 RM	**2021** RM
1 United States Dollar	4.390	4.165
1 Singapore Dollar	3.274	3.085
1 Australian Dollar	2.984	3.026
1 Chinese Renminbi	0.632	0.655

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.

4.6 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Joint Arrangements (cont'd)

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 2022. 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 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 2022. 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Associates (cont'd)

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	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.

4.8.1 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment (cont'd)

4.8.1 Bearer Plants (cont'd)

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 as follow:-

Leasehold land and Land Use Right	over the lease term ranges from 25 to 99 years

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 4.22(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.

4.12 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Service Concession Asset (cont'd)

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 Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;

(b) the product or process is technically and commercially feasible;

(c) its future economic benefits are probable;

(d) its intention to complete and the ability to use or sell the developed asset; and

(e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.14 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Inventories (cont'd)

(b) Property under Development (cont'd)

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.

(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.

4.15 Contract Costs Assets

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Contract Costs Assets (cont'd)

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.

4.16 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.

4.17 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.

4.18 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.

4.19 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 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.

4.21 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.

4.22 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Revenue from Contracts with Customers (cont'd)

(a) Revenue from the Sale of Goods (cont'd)

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.

(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.

4.23 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)

4.24 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.

4.25 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 Employee Benefits (cont'd)

(c) 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.

4.26 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.

4.27 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.

4.28 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.

4.29 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Fair Value Measurement (cont'd)

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.

4.30 Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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 reported at fair value under level 2 are based on valuations performed by Management with reference to the sales prices of comparable properties in close proximity location and where necessary, adjusting for factors such as tenure, location, property size, and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations.

For investment properties carried at fair value under level 3 which are valued using discounted cash flows approach, the Management have exercised judgement in determining discount rates as represented by rental yields, estimates of future cash flows, market rental rate, rental void rate 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.30 Accounting Estimates and Judgements (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(d) Impairment of Property, Plant and Equipment, Right-Of-Use Assets, Service Concession Asset and Other Assets

The Group determines whether its property, plant and equipment, right-of-use assets, 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.

(e) Fair Value of Put Option Liability

The fair value of put option liability over shares of a subsidiary held by non-controling interest is determined using expected future value of a subsidiary with the resulting value discounted to present value. In the estimating the fair value of the redemption amount of put option, the Group has used discounted cash flows model in projecting expected exercise price payable, utilising comparable discount rate and estimated sales and profit margin reflecting current market conditions specific to the industry it operates within. Although the Group and the Company believe that the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales 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 value of trade receivables.

(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.

(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.

Critical Judgements Made in Applying Accounting Policies

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.

5. REVENUE

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from Contracts with Customers				
Revenue recognised at a point of time:				
- Energy sale	708,741	533,864	-	-
- Sales of goods	623,337	374,005	-	-
- Render of services	-	-	1,278	1,518
- Sale of properties	-	889	-	-
	1,332,078	908,758	1,278	1,518
Revenue from Other Sources				
Dividend income	360	369	10,000	348,278
Interest income	1,290	9	1,594	225
Rental income	5,907	5,537	-	-
	1,339,635	914,673	12,872	350,021
Represented by geographical markets:				
- Lao PDR	590,531	529,835	-	-
- Malaysia	406,959	194,416	12,828	299,254
- Other countries	342,145	190,422	44	50,767
	1,339,635	914,673	12,872	350,021

6. PROFIT FROM OPERATIONS

This is arrived at:-

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
After crediting:				
Dividend income from equity investments at fair value through other comprehensive income	1,626	1,640	10,000	348,278
Deferred income recognised	239	240	239	240
Fair value gain/(loss) on put option liability	4,955	(1,101)	4,955	(1,101)
Gain on disposal of:				
- Property, plant and equipment	172	72	40	18
- Investment properties	-	1,660	-	-
Gain on foreign exchange:				
- Realised	3,406	1,184	1,112	990
- Unrealised	7,899	-	8,474	-
Interest income on financial assets that are measured at amortised cost:				
- Advances to subsidiaries	-	-	306	222
- Deposits with financial institutions and others	23,358	9,539	1,288	3

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Rental income	5,908	6,024	-	-
Share of results in equity accounted investments	17,140	121,964	-	-
Writeback of provision for restoration costs	-	16,650	-	-
After charging:				
Amortisation of:				
- Service concession asset	85,525	80,521	-	-
- Development expenditures	478	132	-	-
Auditors' remuneration:				
(a) Audit fees:				
(i) For the financial year				
- Crowe Malaysia PLT ("Auditors")	879	560	185	125
- Member firms of the Auditors	29	20	-	-
- Other auditors	100	80	-	-
(ii) Underprovision in previous financial years:				
- Crowe Malaysia PLT	63	1	28	-
(b) Non-audit fees:				
(i) Crowe Malaysia PLT	7	7	7	7
(ii) Firms or corporations affiliated to Auditors:				
- Tax compliance fees	212	205	11	12
- Other service fees	53	121	-	-
Depreciation of:				
- Property, plant and equipment	37,350	22,915	175	39
- Right-of-use assets	4,050	7,021	568	569
Direct operating expenses arising from investment properties	2,467	1,956	-	-
Fair value loss on investment properties	-	10,109	-	-
Impairment loss on:				
- Property, plant and equipment	-	656	-	-
- Right-of-use assets	-	1,199	-	-
Loss on foreign exchange:				
- Unrealised	-	1,505	-	1,747
Property, plant and equipment written off	4,500	-	-	-
Right-of-use assets written off	-	4,008	-	-
Staff costs:				
- Defined contribution plan	3,431	3,230	529	440
- Salaries, wages, bonuses and allowances	53,949	33,846	4,463	3,685
- Other benefits	6,277	4,557	251	157
Write-down in value of inventories	829	824	-	-

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	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
After charging:				
Net impairment loss on financial assets:				
- Impairment loss on receivables (Note 24)	28,772	458	-	-
- Writeback of impairment loss on receivables (Note 24)	(831)	(942)	-	-
	27,941	(484)	-	-

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	
	2022 RM'000	**2021** RM'000
Executive Directors		
- Salary, bonus and other emoluments	2,041	1,415
- Defined contribution plan	242	170
Non-Executive Directors		
- Fees	445	445
- Other emoluments	29	33
	2,757	2,063

The estimated monetary value of benefits-in-kind provided by the Group and of the Company to the directors of the Company were RM5,581 (2021: RM4,103).

The details of Directors' remuneration received and receivable for the financial year in bands are as follows:-

	GROUP/COMPANY	
	2022 Number of Directors	**2021** Number of Directors
Executive Directors		
Below RM50,000	1	1
RM400,001 - RM450,000	-	1
RM500,001 - RM550,000	-	1
RM550,001 - RM600,000	1	-
RM600,001 - RM650,000	1	-
RM650,001 - RM700,000	-	1
RM1,050,001 - RM1,100,000	1	-
Non-Executive Directors		
RM50,001 – RM100,000	7	7

8. FINANCE COSTS

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- Bank overdrafts	31	83	-	-
- Revolving credits	3,412	792	1,845	307
- Amount owing to subsidiaries	-	-	3,277	2,271
- Term loans	21,754	17,241	-	-
- Lease and hire purchase liabilities	1,386	956	1	17
- Trade financing and loans	1,879	661	-	-
Others	1,127	1,133	89	264
	29,589	20,866	5,212	2,859

9. TAX EXPENSE

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Current tax:				
- Current financial year	13,173	5,913	78	126
- Underprovision in the previous financial years	732	841	3	42
	13,905	6,754	81	168
Deferred tax (Note 31):				
- Relating to originating and recognition of temporary differences	3,135	2,473	-	-
- Overprovision in the previous financial years	(2,397)	(312)	-	-
	738	2,161	-	-
Real property gains tax	199	-	-	-
	14,842	8,915	81	168

9. TAX EXPENSE (CONT'D)

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	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Profit before tax	490,569	539,580	11,870	336,894
Tax at Malaysian statutory rate of 24%	117,738	129,500	2,849	80,855
Tax effects of:				
- Non-taxable/Tax exempted income	(123,898)	(103,260)	(4,724)	(83,886)
- Expenses not deductible	27,366	15,248	1,953	3,157
- Deferred tax assets not recognised during the financial year	291	350	-	-
- Utilisation of deferred tax asset not recognised previously	(306)	(152)	-	-
- Share of results in equity accounted investments	(3,643)	(29,271)	-	-
- Utilisation of reinvestment allowances	(1,240)	(4,029)	-	-
- Under/(Over)provision in previous financial years:				
- Current tax	732	841	3	42
- Deferred tax	(2,397)	(312)	-	-
- Real property gains tax arising from disposal of investment properties	199	-	-	-
Tax expense	14,842	8,915	81	168

Malaysia Income Tax Act 1967

Domestic income tax is calculated at the statutory tax rate of 24% (2021: 24%) on the estimated assessable profit for the year.

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% (2021: 24%)

b) Kingdom of Cambodia ("Cambodia") - 20% (2021: 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.

10. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation:				
- Changes during the financial year	87,740	59,555	-	-
Items that will not be reclassified subsequently to profit or loss				
Fair value of equity instruments				
- Changes during the financial year	(47,993)	104,091	(354)	(71)
Other comprehensive income/(expenses)	39,747	163,646	(354)	(71)

11. EARNINGS PER SHARE

	GROUP	
	2022	**2021**
Profit after tax for the financial year attributable to owners of the Company (RM'000)	396,804	462,330
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares on 1 January	988,352	988,352
Effect of treasury shares held	(43,025)	(41,116)
Weighted average number of ordinary shares for the financial year	945,327	947,236
Basic earnings per share (sen)	41.98	48.81

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.

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	
	2022 RM'000	**2021** RM'000
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 2022 (post Share Split completed on 14 June 2021)	-	30,789
Final single-tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 December 2021	33,086	-
First interim single-tier dividend of 3.6 sen per ordinary share in respect of the financial year ended 31 December 2022	34,031	-
	67,117	61,578

12. DIVIDENDS (CONT'D)

On 27 February 2023, the Company has declared a final single-tier dividend of 3.85 sen per ordinary share for the financial year ended 31 December 2022. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023. The final dividend will be paid on 25 April 2023 to the Depositors who are registered in the Record of Depositors at the close of business on 13 April 2023.

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 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	-	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 2021/1 January 2022	111,256	662,507	63,778	68,668	906,209
Additions	10,903	41,370	12,237	13,575	78,085
Disposals/Write-offs	-	(66)	(4,500)	(819)	(5,385)
Reclassification from Right-of-use Assets (Note 17)	-	34,277	-	9,046	43,323
Translation differences	58	197	2,934	483	3,672
At 31 December 2022	122,217	738,285	74,449	90,953	1,025,904
Impairment Losses					
At 1 January 2021	(80)	-	-	-	(80)
Acquisition of subsidiaries	-	(48,334)	-	-	(48,334)
Reclassification from Assets Held for Sale	-	(10,392)	-	(79)	(10,471)
Additions	-	(656)	-	-	(656)
At 31 December 2021/1 January 2022	(80)	(59,382)	-	(79)	(59,541)
Reclassification	50	(50)	-	-	-
At 31 December 2022	(30)	(59,432)	-	(79)	(59,541)
Accumulated Depreciation					
At 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	-	(93,549)	-	(2,764)	(96,313)
Reclassification	(212)	(100)	-	312	-
Depreciation charges	(1,557)	(18,369)	-	(2,989)	(22,915)
Disposals/Write-offs	-	282	-	713	995
Translation difference	(4)	(9)	-	(87)	(100)
At 31 December 2021/1 January 2022	(20,024)	(386,911)	-	(29,340)	(436,275)
Depreciation charges	(2,696)	(29,502)	-	(5,152)	(37,350)
Disposals/Write-offs	-	50	-	819	869
Reclassification from Right-of-use Assets (Note 17)	-	(7,899)	-	(3,828)	(11,727)
Translation differences	(53)	(65)	-	(83)	(201)
At 31 December 2022	(22,773)	(424,327)	-	(37,584)	(484,684)
Net Book Value					
At 31 December 2022	99,414	254,526	74,449	53,290	481,679
At 31 December 2021	91,152	216,214	63,778	39,249	410,393

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	Bearer Plants RM'000	Equipment and Vehicles RM'000	Total RM'000
Cost			
At 1 January 2021	7,954	2,868	10,822
Additions	988	58	1,046
Disposals	-	(804)	(804)
Write-offs	-	(79)	(79)
At 31 December 2021/1 January 2022	8,942	2,043	10,985
Additions	895	762	1,657
Disposals	-	(153)	(153)
Reclassification from Right-of-use Assets (Note 17)	-	1,228	1,228
At 31 December 2022	9,837	3,880	13,717
Accumulated Depreciation			
At 1 January 2021	-	(2,769)	(2,769)
Depreciation charges	-	(39)	(39)
Disposals	-	803	803
Write-offs	-	79	79
At 31 December 2021/1 January 2022	-	(1,926)	(1,926)
Depreciation charges	-	(175)	(175)
Disposals	-	153	153
Reclassification from Right-of-use Assets (Note 17)	-	(1,027)	(1,027)
At 31 December 2022	-	(2,975)	(2,975)
Net Book Value			
At 31 December 2022	9,837	905	10,742
At 31 December 2021	8,942	117	9,059

Property, plant and equipment of the Group with net book value of RM130,179,000 (2021: RM110,036,000) have been charged as security for banking facilities granted to certain subsidiaries.

Included in the property, plant and equipment of the Group were plant and equipment with a total carrying amount of RM13,200,000 held under hire purchase arrangements.

14. SERVICE CONCESSION ASSET

	GROUP	
	2022 RM'000	2021 RM'000
Cost		
At 1 January	2,084,166	2,010,106
Translation differences	112,590	74,060
At 31 December	2,196,756	2,084,166
Accumulated Amortisation		
At 1 January	(161,877)	(78,062)
Amortisation during the financial year	(85,525)	(80,521)
Translation differences	(8,531)	(3,294)
At 31 December	(255,933)	(161,877)
Net carrying amount as at 31 December	1,940,823	1,922,289

14. SERVICE CONCESSION ASSET (CONT'D)

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.

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.

At the expiration of the concession period or upon the early termination of the CA under the terms of the CA, 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 2020. 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	
	2022 RM'000	**2021** RM'000
Leasehold land and buildings, at fair value:-		
At 1 January	165,203	177,212
Disposal	-	(1,900)
Fair value loss recognised in profit or loss (Note 6)	-	(10,109)
At 31 December	165,203	165,203

(a) Certain investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 3 (2021: 1 to 3) years and with an option that is exercisable by the customers to extend their leases, which are negotiated separately on a contract-by-contract basis.

The Group requires 1 (2021: 1) month advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	GROUP	
	2022 RM'000	**2021** RM'000
Within 1 year	4,666	4,594
Between 1 and 2 years	3,250	3,074
Between 2 and 3 years	667	2,109
Between 3 and 4 years	-	123
	8,583	9,900

15. INVESTMENT PROPERTIES (CONT'D)

(b) Investment property of a subsidiary with carrying value of approximately RM111,000,000 (2021: RM111,000,000) has been charged as security for revolving credit facilities granted to the Company and a subsidiary.

(c) 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
2022			
Leasehold land and buildings	29,658	135,545	165,203
2021			
Leasehold land and buildings	153,158	12,045	165,203

(i) 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 tenure, location, property size and market trends. 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.

(ii) The level 3 fair value of the leasehold land and buildings has been determined using a discounted cash flow approach based on the following significant unobservable inputs:-

Valuation techniques	Significant unobservable inputs	Relationship of unobservable input to Fair Value
Discounted cash flow approach which capitalises the actual or estimated rental income stream, net of projected operating costs, using discount rates derived from market yields.		The estimated fair value would increase/(decrease) if:
	(aa) Expected market rental rate (per square feet) ranging from RM2.91 to RM5.39.	(aa) Expected net rental income were higher/(lower)
	(bb) Discount rate represented by rental yield ranging from 4.5% to 8.6%.	(bb) Expected yield were lower/(higher).
	(cc) Void rate of 5%.	(cc) Rental void rate were lower/(higher).

The following table shows a reconciliation of level 3 fair value:-

	GROUP	
	2022 RM'000	**2021** RM'000
At 1 January	12,045	12,045
Transfer from level 2 into level 3	123,500	-
At 31 December	135,545	12,045

During the financial year, certain properties with carrying amount of approximately RM123,500,000 were transferred from level 2 to level 3 as the fair value are determined by Management using a discounted cash flow approach due to latest observable transactions or market prices are not available.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

16. INVENTORIES

	GROUP 2022 RM'000	GROUP 2021 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	9,238
(iv) Other inventories		
- Finished goods and work-in-progress	25,650	28,588
- Materials, spare parts and consumables	112,994	91,032
	138,644	119,620
	147,882	128,858
Recognised in profit or loss		
Inventories recognised as cost of sales	595,484	292,313
Write-down in value of inventories	829	824

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 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 2021/1 January 2022	129,340	43,258	172,598
Additions	25,053	-	25,053
Written off	(341)	-	(341)
Reclassification to property, plant and equipment (Note 13)	-	(43,323)	(43,323)
Translation differences	240	65	305
At 31 December 2022	154,292	-	154,292
Accumulated Depreciation			
At 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 2021/1 January 2022	(29,813)	(11,726)	(41,539)
Depreciation charges	(4,050)	-	(4,050)
Written off	341	-	341
Reclassification to property, plant and equipment (Note 13)	-	11,727	11,727
Translation differences	(15)	(1)	(16)
At 31 December 2022	(33,537)	-	(33,537)

17. RIGHT-OF-USE ASSETS (CONT'D)

GROUP	Leasehold Land and Land Use Right RM'000	Plant and Equipment RM'000	Total RM'000
Impairment Losses			
At 1 January 2021	(535)	-	(535)
Addition	(1,199)	-	(1,199)
At 31 December 2021/1 January 2022	(1,734)	-	(1,734)
Addition	-	-	-
At 31 December 2022	(1,734)	-	(1,734)
Net Book Value			
At 31 December 2022	119,021	-	119,021
At 31 December 2021	97,793	31,532	129,325
COMPANY			
Cost			
At 1 January 2021	13,654	1,228	14,882
Additions	-	-	-
At 31 December 2021/1 January 2022	13,654	1,228	14,882
Reclassification to Property, Plant and Equipment (Note 13)	-	(1,228)	(1,228)
At 31 December 2022	13,654	-	13,654
Accumulated Depreciation			
At 1 January 2021	(2,153)	(536)	(2,689)
Depreciation charges	(323)	(246)	(569)
At 31 December 2021/1 January 2022	(2,476)	(782)	(3,258)
Depreciation charges	(323)	(245)	(568)
Reclassification to Property, Plant and Equipment (Note 13)	-	1,027	1,027
At 31 December 2022	(2,799)	-	(2,799)
Net Book Value			
At 31 December 2022	10,855	-	10,855
At 31 December 2021	11,178	446	11,624

The Group owns some leasehold land and has land use rights on certain pieces of land through various agreements (which are non-cancellable operating lease in nature). The land has a remaining lease period or right of use period of between 23 and 90 years.

The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The leasehold land and land use right of the Group with net book value of approximately RM30,403,000 (2021: RM12,592,000) are pledged as security for bank borrowings of certain subsidiaries as disclosed in Notes 29 and 34 to the financial statements.

In the previous financial year, the Group's right-of-use assets included plant and equipment with net book value of approximately RM17,334,000 were secured by lease and hire purchase liabilities.

Included in the cost of leasehold land and land use right is an amount of RM12,889,000 related to initial sum paid in securing the right to carry out plantation activities on a piece of land 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.

17. RIGHT-OF-USE ASSETS (CONT'D)

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 right-of-use assets and determined that no impairment is required in current financial year.

18. SUBSIDIARIES

	COMPANY	
	2022 RM'000	**2021** RM'000
i) Unquoted ordinary shares in Malaysia		
At cost:-		
At 1 January	1,451,148	1,139,390
Additions	16,550	234,433
Conversion from preference shares	-	77,325
At 31 December	1,467,698	1,451,148
Less: Accumulated impairment losses:-		
At 1 January	(360,696)	(283,371)
Transfer from preference shares	-	(77,325)
At 31 December	(360,696)	(360,696)
	1,107,002	1,090,452
ii) Unquoted equity shares outside Malaysia, at cost		
At cost:-		
At 1 January	193,234	171,681
Additions	19,818	21,553
Capital repayment	(376)	-
At 31 December	212,676	193,234
iii) Unquoted preference shares in Malaysia		
At cost:-		
At 1 January	-	77,325
Conversion into ordinary shares	-	(77,325)
At 31 December	-	-
Less: Accumulated impairment losses:-		
At 1 January	-	(77,325)
Transfer to ordinary shares	-	77,325
At 31 December	-	-
Net carrying amount as at 31 December	1,319,678	1,283,686

The subsidiaries are listed in Note 42 to the financial statements.

18. SUBSIDIARIES (CONT'D)

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		GROUP	
	2022 %	**2021** %	**2022** RM'000	**2021** RM'000
Don Sahong Power Company Ltd. ("DSPC")	20.0	20.0	296,580	216,048
Stenta Films (Malaysia) Sendirian Berhad and its subsidiary ("Stenta Group")	25.0	25.0	42,738	38,167
Idaman Harmoni Sdn. Bhd. ("IHSB")	35.0	35.0	38,809	37,918
Hexachase Corporation Sdn. Bhd. and its subsidiaries ("Hexachase Group")	47.6	47.6	21,732	17,859
Paya Emas Sdn. Bhd. ("PESB")	40.0	40.0	12,409	12,319
Serudong Power Sdn. Bhd. ("SPSB")	49.0	49.0	12,659	10,556
Other individually immaterial subsidiaries			15,452	13,605
			440,379	346,472

(b) 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 2022				
Non-current assets	2,014,920	117,386	131,486	108,040
Current assets	573,532	42,203	82,777	128,169
Non-current liabilities	(1,066,609)	(5,628)	(65,003)	(19,772)
Current liabilities	(38,943)	(39,297)	(98,320)	(47,491)
Net assets	1,482,900	114,664	50,940	168,946
Financial year ended 31 December 2022				
Revenue	590,531	5,530	183,737	234,893
Profit after tax	345,168	2,547	8,857	18,283
Total comprehensive income	431,380	2,547	8,857	18,283
Total comprehensive income attributable to non-controlling interests	80,532	891	3,872	4,571
Net cash flows from operating activities	502,616	1,105	27,126	27,356
Net cash flows (for)/from investing activities	(57,977)	1,627	(53,203)	(9,705)
Net cash flows (for)/from financing activities	(182,840)	-	27,213	(12,086)

18. SUBSIDIARIES (CONT'D)

(b) The sumamarised 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	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 operating activities	452,829	1,159	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)	(1,518)	45,242	16,340

** - for the 5-month period ended 31 December 2021.*

19. JOINT VENTURES

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Unquoted shares in Malaysia, at cost	20,000	20,000	20,000	20,000
Share of post-acquisition profits	137,695	121,964	-	-
	157,695	141,964	20,000	20,000

The details of the joint ventures are as follows:-

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held	
			2022 %	**2021** %
Edenor Technology Sdn. Bhd. ("Edenor")	Investment holding	Malaysia	50	50
Merchant Commodities Pty. Ltd. ("MC")	Dormant	Australia	50	50

19. JOINT VENTURES (CONT'D)

Edenor and its subsidiaries (collectively known as "Edenor Group") are involved in the oleochemical and specialty chemical operations in Malaysia.

The Group's 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 Group and MC as joint venture.

(a) The summarised financial information (after fair value adjustment at acquisition date) for joint ventures which is material to the Group is presented below:-

	Edenor Group	
	2022 RM'000	**2021*** RM'000
At 31 December		
Non-current assets:		
- Property, plant and equipment	373,949	329,607
- Right-of-use assets	46,881	50,752
- Intangible assets	4,220	1,596
Current assets:		
- Inventories	202,575	198,532
- Receivables, deposits and prepayments	133,300	131,016
- Bank balances and deposits	72,365	32,715
Non-current liability - Deferred tax liabilities	(39,364)	(19,216)
Current liabilities:		
- Bank borrowings	(314,130)	(268,964)
- Payables and other liabilities	(98,623)	(118,106)
Non-controlling interests	(65,783)	(54,004)
Net assets	315,390	283,928
Financial year/period ended 31 December		
Revenue	1,264,875	154,818
Bargain purchase gain arising from acquisition	33,874	250,292
Interest income	220	76
Depreciation and amortisation	(34,488)	(5,708)
Interest expense	(11,067)	(1,414)
Profit before tax	36,679	243,883
Income tax savings	573	45
Profit after tax	36,106	244,201
Profit after tax less non-controlling interest	31,462	243,928
Total comprehensive income	31,462	243,928
Group's share of results in joint venture:		
- loss after tax less non-controlling interest	(1,206)	(3,182)
- bargain purchase gain arising from acquisition	16,937	125,146
Group's share of total comprehensive income	15,731	121,964
Carrying Amount		
Group's share of net assets/Carrying amount of Group's interest in Edenor Group	157,695	141,964

** - for the 2-month period ended 31 December 2021.*

19. JOINT VENTURES (CONT'D)

(b) The Group's commitment in respect of the joint ventures is as follows:

	GROUP/COMPANY	
	2022 RM'000	**2021** RM'000
Financial guarantee contracts in relation to corporate guarantees given to a subsidiary of the joint venture*	300,167	174,950

** - represent the outstanding credit facilities of a joint venture's subsidiary as at end of reporting period.*

(c) The summarised financial information for MC is not presented as its results are immaterial to the Group.

(d) 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 RM3,590,000 (2021: RM3,392,000). The Group has no obligation in respect of these losses.

20. ASSOCIATES

	GROUP	
	2022 RM'000	**2021** RM'000
Unquoted shares in Malaysia, at cost:-		
At 1 January	3,988	3,988
Additions	11,469	-
Share of post-acquisition profits	1,409	-
At 31 December	16,866	3,988

The details of the associates incorporated in Malaysia are as follows:-

Company	**Principal Activities**	**Percentage of Issued Share Capital Held**	
		2022	**2021**
Golden Blue Capital Sdn. Bhd.	Investment holding	40%	40%
Asset 1 Land Sdn. Bhd. (formerly known as Asset 1 Development Sdn. Bhd.)	Investment holding	30%	50%
Integrated Smart Technologies Sdn. Bhd. ("IST")	Investment holding	28.83%	-

IST and its subsidiaries are involved in the manufacturing of automated assembly and test machines in Malaysia.

(a) The summarised financial information has not been presented as the associates are individually immaterial to the Group.

(b) The Group's commitment in respect of an associate is as follows:

	GROUP/COMPANY	
	2022 RM'000	**2021** RM'000
Financial guarantee contracts in relation to corporate guarantees given to an associate*	12,270	-

** - represent the outstanding credit facilities of an associate as at end of reporting period.*

21. INVESTMENTS IN QUOTED AND UNQUOTED SHARES

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Equity investments, at fair value:				
- Quoted shares	152,305	200,067	1,506	1,860
- Unquoted shares	353	524	-	-
	152,658	200,591	1,506	1,860

The Group designated its investments in quoted and unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold the investments for the long-term.

22. GOODWILL ON CONSOLIDATION

	GROUP	
	2022 RM'000	**2021** RM'000
Cost:-		
At 1 January	54,673	8,357
Acquisition of subsidiaries (Note 38)	-	46,316
At 31 December	54,673	54,673

The carrying amount of goodwill allocated to each cash-generating unit ("CGU") is as follows:-

	GROUP	
	2022 RM'000	**2021** RM'000
Resources segment	4,582	4,582
Packaging segment	49,101	49,101
Others	990	990
	54,673	54,673

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 period of 1 year. 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 Sales Growth Rates		Discount Rates	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Resources segment	18%	18%	1%	9%	9.4%	12.4%
Packaging segment	19%	18%	23%	27%	9.7%	11.4%

Average gross margin is determined by management based on past experience. Growth rates are based on 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. DEVELOPMENT EXPENDITURES

	GROUP	
	2022 RM'000	**2021** RM'000
Cost		
At 1 January	1,582	-
Acquisition of subsidiaries (Note 38)	-	1,582
Additions:		
- Don Sahong Hydropower Project	72,006	-
- Other development project	1,728	-
Translation difference	685	-
At 31 December	76,001	1,582
Accumulated amortisation		
At 1 January	(949)	-
Acquisition of subsidiaries (Note 38)	-	(817)
Addition during the financial year	(478)	(132)
At 31 December	(1,427)	(949)
	74,574	633
Represented by:-		
Don Sahong Hydropower Project	72,691	-
Other development project	1,883	633
	74,574	633

Development expenditure consist primarily of construction costs incurred for the development of fifth turbine, in connection with the Don Sahong Hydropower Project.

24. RECEIVABLES

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Trade receivables				
Gross amount	460,034	382,910	-	-
Less: Allowance for impairment losses				
- At 1 January	(24,173)	(22,947)	-	-
- Acquisition of subsidiaries	-	(1,515)	-	-
- Additions [Note 6(a)]	(28,772)	(458)	-	-
- Writeback [Note 6(a)]	831	942	-	-
- Write-offs	82	11	-	-
- Translation differences	(270)	(206)	-	-
- At 31 December	(52,302)	(24,173)	-	-
	407,732	358,737	-	-

24. RECEIVABLES (CONT'D)

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Other receivables				
Gross amount	7,395	5,657	1,136	1,086
Less: Allowance for impairment losses				
- At 1 January	(1,270)	(1,214)	(702)	(702)
- Acquisition of subsidiaries	-	(56)	-	-
- Translation differences	(2)	-	-	-
- At 31 December	(1,272)	(1,270)	(702)	(702)
	6,123	4,387	434	384
Deposits and Prepayments				
Refundable deposits	4,960	3,848	250	-
Prepayments and non-refundable deposits	15,690	35,705	381	381
Current tax assets	2,620	2,468	15	-
Amount owing by Related Parties				
(i) Joint venture	-	3,521	-	3,521
(ii) An associate	127	-	127	-
(iii) Subsidiaries:				
Gross amount	-	-	17,563	10,680
Less : Allowance for impairment losses	-	-	(294)	(294)
	-	-	17,269	10,386
	437,252	408,666	18,476	14,672

The credit periods granted for trade receivables range from 21 to 120 (2021: 21 to 120) days.

Sundry receivables are interest-free, unsecured and receivable on demand. There was no indication that amounts owing at the end of the reporting period are not recoverable.

Included in prepayments of the Group as at end of the reporting period are amounts of approximately RM2,095,000 (2021: RM14,072,000) paid for future purchase of properties, plant and equipment.

In the previous financial year, the amount owing by joint venture was non-trade in nature, unsecured and bore interest rate of 3.77% per annum. The amount was received in cash.

Amount owing by an associate is non-trade in nature, unsecured and bears interest rate of 2.8% (2021: Nil) per annum. The amount owing is receivable on demand.

The amount owing by subsidiaries is non-trade in nature, interest-free, unsecured and receivable on demand except for a principal sum of approximately RM12,249,000 (2021: RM7,560,000) which bears interest rate of 2.8% (2021: 2.6%) per annum. The amount owing is to be settled in cash.

25. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	135,374	233,237	5,596	156,189
Deposits with financial institutions	356,733	24,266	53,558	-
Housing Development Accounts	147	146	-	-
	492,254	257,649	59,154	156,189

The deposits with financial institutions of the Group earn interest at rates ranging from 0.05% to 3.60% (2021: 0.05% to 3.60%) per annum. The deposits have maturity periods ranging from 30 to 365 days (2021: 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.

Included in bank balances and deposits of the Group are RM4,361,000 (2021: RM2,734,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bank balances and deposits	492,254	257,649	59,154	156,189
Bank overdrafts (Note 34)	-	(930)	-	-
Less:				
- Deposits pledged to banks and/or with original maturity period of more than 3 months	(9,481)	(2,734)	-	-
	482,773	253,985	59,154	156,189

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	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Ordinary Shares				
At 1 January	988,352	494,176	743,121	743,121
Shares split	-	494,176	-	-
At 31 December	988,352	988,352	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) In the previous financial year, the Company completed a share split exercise involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares.

(iii) Of the total 988,352,102 (2021: 988,352,102) issued and fully paid-up ordinary shares as at 31 December 2022, 43,046,300 (2021: 42,931,300) 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 2022 was therefore 945,305,802 (2021: 945,420,802).

27. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
At beginning of financial year	42,931	20,497	36,869	30,046
Share split	-	20,498	-	-
Purchase of shares	115	1,936	392	6,823
At end of financial year	43,046	42,931	37,261	36,869

During the financial year, the Company purchased 115,000 (2021: 1,936,700) of its issued ordinary shares from the open market at an average price of approximately RM3.41 (2021: RM3.52) per share for a total consideration of RM392,128 (2021: RM6,822,963). These shares are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

None of the treasury shares were resold or cancelled during the financial year.

28. RESERVES

		GROUP		COMPANY	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable reserves					
Translation reserve	28.1	77,088	847	-	-
Fair value reserve	28.2	92,331	140,324	(1,593)	(1,239)
Capital reserve	28.3	27,394	27,394	-	-
Other reserve	28.4	(88,556)	(88,556)	(88,556)	(88,556)
		108,257	80,009	(90,149)	(89,795)
Distributable reserve					
Retained profits		1,936,530	1,606,843	564,673	620,001
		2,044,787	1,686,852	474,524	530,206

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.

28.2 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. RESERVES (CONT'D)

28.4 Other reserve

Other reserve relates to put option agreement entered by the Company with the 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	
	2022 RM'000	**2021** RM'000
Term loan from a major shareholder	443,390	524,790
Other term loans with financial institutions	118,203	106,338
	561,593	631,128
Less: Current liabilities (Note 34)	(164,844)	(126,542)
	396,749	504,586

Term loan from a major shareholder

The Group had on 8 October 2020 obtained a USD150 million loan from a major shareholder. The purpose of such loan was to redeem the outstanding short-term revolving credit facility drawn to repay club-deal facilities procured in 2017 which was utilised to part finance the construction of the Don Sahong Hydropower Project.

The loan is unsecured and bears floating interest rate, determined with reference to LIBOR/SOFR plus margin of 2.20% to 2.45%, payable on quarterly basis. The loan is repayable over the financing tenure of 5 years from the date of first disbursement.

Other term loans with financial institutions

The interest rate of other term loans ranges between 2.44% and 5.21% (2021: 2.44% and 3.48%) 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 25 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 AND HIRE PURCHASE LIABILITIES

The lease and hire purchase liabilities are analysed as follows:-

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Non-current				
Lease liabilities	4,155	3,579	-	-
Hire purchase liabilities and other finance leases (secured)	8,609	12,010	-	-
	12,764	15,589	-	-
Current				
Lease liabilities	723	613	-	-
Hire purchase liabilities and other finance leases (secured)	6,269	7,383	-	17
	6,992	7,996	-	17
Total	19,756	23,585	-	17

The hire purchase liabilities bear effective interest rates ranging from 3.78% to 9.00% (2021: 2.27% to 9.00%) and are secured by certain plant and equipment, as disclosed in Note 13 to the financial statements.

31. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities during the financial year is analysed as follows:-

	GROUP	
	2022 RM'000	**2021** RM'000
At beginning of financial year	119,508	100,536
Acquisition of subsidiaries	-	14,132
Recognised in profit or loss (Note 9)	738	2,161
Effect of foreign exchange translation	4,074	2,679
At end of financial year	124,320	119,508

The deferred tax liabilities represent the tax effects of:-

	GROUP	
	2022 RM'000	**2021** RM'000
Service concession asset	79,459	75,385
Accelerated capital allowances over depreciation on qualifying costs of property, plant and equipment	36,139	31,448
Fair value gain on investment properties	9,938	9,938
Others	(1,216)	2,737
	124,320	119,508

31. DEFERRED TAX LIABILITIES (CONT'D)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	GROUP	
	2022 RM'000	**2021** RM'000
Unutilised tax losses, expires in year of assessment:		
- 2025	-	7,170
- 2026	-	811
- 2027	-	1,227
- 2028	6,993	513
- 2029	811	-
- 2030	1,227	-
- 2031	513	-
- 2032	1,073	-
Unabsorbed capital allowances	7,771	8,178
Others	2,864	3,417
	21,252	21,316

As at 31 December 2022 subject to agreement with the Inland Revenue Board, the Group has unutilised reinvestment allowances of approximately RM13,855,000 (2021: RM7,480,000) available to be carried forward to be offset against future taxable income.

The Malaysia Finance Act 2021 has been gazetted on 31 December 2021 and take effect on 1 January 2022 which concludes time limit for carrying forward unutilised business losses has been extended from seven (7) to a maximum period of ten (10) consecutive Year of Assessment ("YA"), from YA2019 i.e. unutilised business losses previously carried forward up to YA2018 can now be carried forward up to YA2028.

Based on the current legislation in Malaysia, the unabsorbed reinvestment allowances are allowed to be utilised for 7 consecutive years of assessment, whereas, the unabsorbed capital allowances and unabsorbed investment tax allowances are allowed to be carried forward indefinitely.

The unused tax losses of the subsidiary in 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.

32. PAYABLES

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Non-current				
Provision for retirement benefits	540	540	-	-
Current				
Trade payables	82,191	66,754	-	-
Other payables and accruals				
- Other payables	22,879	12,202	93	93
- Accruals	42,266	32,377	2,818	2,062
	65,145	44,579	2,911	2,155
Deferred income	6,569	6,642	5,448	5,687
Current tax liabilities	1,821	540	-	34
Amount owing to subsidiaries	-	-	116,966	120,082
	155,726	118,515	125,325	127,958

32. PAYABLES (CONT'D)

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 is as follows:-

	GROUP	
	2022 RM'000	**2021** RM'000
At beginning of financial year	540	492
Recognised in profit or loss:		
- Current service cost	36	36
- Interest cost	12	12
Payment during financial year	(48)	-
At end of financial year	540	540

The principal assumptions used in computing the estimated contributions based on the Projected Unit Credit Method are as follows:-

	GROUP	
	2022	**2021**
Discount rate	4%	4%
Expected rate of salary increases	7%	7%

The credit period granted by 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 RM5,447,701 (2021: RM5,687,161) 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 RM71,421,000 (2021: RM65,594,000) which bears interest at rate of 2.80% (2021: 2.60% to 3.13%). The amount owing is to be settled in cash.

33. PUT OPTION LIABILITY

	GROUP/COMPANY	
	2022 RM'000	**2021** RM'000
At 1 January	89,657	-
Initial recognition at put option date	-	88,556
Recognised in profit or loss (Note 6)	(4,955)	1,101
At 31 December	84,702	89,657

The Company entered into a Put Option Agreement with the non-controlling interests of Stenta Group whereby the non-controlling interests have the right to require the Company to buy their equity interest in Stenta Group in accordance to the terms of the Put Option Agreement.

The obligation by the Company to purchase Stenta Group's equity interest held by the non-controlling interests 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	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Revolving credits:				
- Secured	93,073	83,000	45,000	38,000
- Unsecured	5,000	5,000	5,000	5,000
	98,073	88,000	50,000	43,000
Term loans (Note 29):				
- Secured	28,754	22,417	-	-
- Unsecured	136,090	104,125	-	-
	164,844	126,542	-	-
Trade financing and loans:				
- Secured	53,287	57,823	-	-
Bank overdrafts:				
- Secured	-	930	-	-
	316,204	273,295	50,000	43,000

The effective interest rates of the short-term borrowings (other than term loans as 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 5.17% (2021: 2.65% to 3.27%) per annum whereas the Company's revolving credits bear interest rates ranging from 4.57% to 5.07% (2021: 3.06% to 3.27%) per annum.

(b) The trade financing and loans of the Group bear interest rates ranging from 3.65% to 5.55% (2021: 1.01% to 3.74%) per annum.

In the previous financial year, the bank overdrafts of the Group bore interest rate of 6.10% per annum.

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 RM2,750,647,000 (2021: RM2,393,104,000) on 945,305,802 (2021: 945,420,802) ordinary shares in issue, net of treasury shares.

36. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Property, plant and equipment:				
- approved and contracted for	276,456	298,008	-	-
- approved but not contracted for	187,592	118,988	-	-
	464,048	416,996	-	-

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 totaling 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.

IHSB registered the appeal with the High Court on 15 September 2021. On 18 April 2022, the High Court Judge allowed IHSB's appeal. On 20 April 2022, IRBM filed an appeal with the Court of Appeal against the decision of the High Court. The Court of Appeal has on 2 March 2023 allowed the IRBM's appeal against the High Court's decision. This effectively reinstates the decision of the Special Commissioners of Income Tax which affirmed the Assessments.

IHSB is currently seeking legal advice on its options and the next course of action.

38. NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Group:-

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 Group 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	FAIR VALUE RECOGNISED
	RM'000	RM'000
Property, plant and equipment	47,535	76,347
Right-of-use assets	20,758	33,047
Development expenditures	765	765
Inventories	31,327	31,327
Trade receivables	44,926	44,926
Other receivables, 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 and hire purchase 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

38. NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARIES (CONT'D)

The fair values of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows (Cont'd):-

	AT DATE OF ACQUISITION	
	CARRYING AMOUNT	**FAIR VALUE RECOGNISED**
	RM'000	RM'000
Net identifiable assets acquired	112,005	143,242
Less: Non-controlling interests		(35,810)
Add: Goodwill on consolidation (Note 22)		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.

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 previous 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	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Cost of property, plant and equipment purchased	78,085	105,756	1,657	1,046
Prepayments for future purchases	-	6,321	-	-
Cash disbursed for purchase of property, plant and equipment	78,085	112,077	1,657	1,046

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

GROUP	Term Loans RM'000	Lease and Hire Purchase Liabilities RM'000	Other Short-term Borrowings RM'000	Total RM'000
2022				
At 1 January	631,128	23,585	145,823	800,536
Changes in Financing Cash Flows				
Proceeds from drawdown	-	-	7,000	7,000
Repayment of principal	(92,260)	(5,492)	(1,463)	(99,215)
Net (repayment)/drawdown	(92,260)	(5,492)	5,537	(92,215)
Interest paid	(21,754)	(1,386)	(5,322)	(28,462)
Acquisition of new lease	-	1,313	-	1,313
Others Changes				
Interest expense recognised in profit or loss (Note 8)	21,754	1,386	5,322	28,462
Foreign exchange adjustments	22,725	350	-	23,075
At 31 December	561,593	19,756	151,360	732,709
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
Interest paid	(17,241)	(956)	(1,536)	(19,733)
Acquisition of new lease	-	3,567	-	3,567
Acquisition of subsidiary	-	12,033	33,137	45,170
Other 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):-

COMPANY	Lease and Hire Purchase Liabilities RM'000	Other Short-term Borrowings RM'000	Total RM'000
2022			
At 1 January	17	43,000	43,017
Changes in Financing Cash Flows			
(Repayment of principal)/ Proceeds from drawdown	(17)	7,000	6,983
Interest paid	(1)	(1,845)	(1,846)
Other Changes			
Interest expense recognised in profit or loss (Note 8)	1	1,845	1,846
At 31 December	-	50,000	50,000
2021			
At 1 January	277	-	277
Changes in Financing Cash Flows			
(Repayment of principal)/Proceeds from drawdown	(260)	43,000	42,740
Interest paid	(17)	(307)	(324)
Other Changes			
Interest expense recognised in profit or loss (Note 8)	17	307	324
At 31 December	17	43,000	43,017

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.

40.1 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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

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 RM'000	SINGAPORE DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
2022				
Financial assets				
Investments in quoted shares	-	17,691	208	17,899
Receivables	41,400	4,009	508	45,917
Bank balances and deposits	101,563	250	1,485	103,298
	142,963	21,950	2,201	167,114
Financial liabilities				
Payables (current)	(4,486)	(10)	(315)	(4,811)
Trade financing and loans	(30,475)	-	-	(30,475)
	(34,961)	(10)	(315)	(35,286)
Currency exposure, net financial assets	108,002	21,940	1,886	131,828
2021				
Financial assets				
Investments 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)
Currency exposure, net financial assets	191,846	19,870	7,007	218,723

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 Company's exposure to foreign currency is as follows:-

COMPANY	UNITED STATES DOLLAR RM'000
2022	
Financial asset	
Bank balances and deposits	55,392
2021	
Financial asset	
Bank balances and deposits	155,033

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	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Effects on profit after taxation and equity				
USD/RM:				
- strengthened by 5%	4,104	7,290	2,105	5,891
- weakened by 5%	(4,104)	(7,290)	(2,105)	(5,891)
SGD/RM:				
- strengthened by 5%	834	755	-	-
- weakened by 5%	(834)	(755)	-	-

(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 at the end of the reporting period as disclosed in Notes 24, 25, 29, 32 and 34 to the financial statements. 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	
	2022 RM'000	**2021** RM'000
Effect on profit after taxation and equity		
Increase of 25 basis points (bp)	(677)	(1,478)
Decrease of 25 bp	677	1,478

Any reasonably possible change in the interest rates at the end of the reporting period does not have a material impact in the Company's profit after taxation and equity. Hence, no sensitivity analysis is presented.

(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	
	2022 RM'000	**2021** RM'000
Effects on equity		
Increase of 5%	7,615	10,003
Decrease of 5%	(7,615)	(10,003)

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact in the Company's profit after taxation and equity. Hence, no sensitivity analysis is presented.

(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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (cont'd)

(b) Credit Risk (cont'd)

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by a debtor which constituted approximately 71% of its total trade receivables at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	GROUP	
	2022 RM'000	**2021** RM'000
Lao PDR	289,958	260,994
Malaysia	71,866	59,639
Others	45,908	38,104
	407,732	358,737

(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, associate and subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the joint venture, associate 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 difficulty of the debtor;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the debtor's financial difficulty;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group considers a debtor to be in default when the debtor 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 debtors 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 12 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. 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
2022			
Current (not past due)	178,476	(281)	178,195
1 to 90 days past due	157,052	-	157,052
91 to 180 days past due	29,892	-	29,892
Past due more than 180 days	76,845	(34,252)	42,593
	442,265	(34,533)	407,732
Credit impaired:			
- individually impaired	17,769	(17,769)	-
	460,034	(52,302)	407,732
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

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 24 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, and impairment loss has been provided as detailed in Note 24 to the financial statements.

Bank Balances and Deposits

The Group considers these banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. 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
2022			
Low credit risk	17,196	-	17,196
Significant increase in credit risk	367	(294)	73
Credit impaired	-	-	-
	17,563	(294)	17,269
2021			
Low credit risk	10,313	-	10,313
Significant increase in credit risk	367	(294)	73
Credit impaired	-	-	-
	10,680	(294)	10,386

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):-

GROUP	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
2022						
Payables:						
Non-current	-	540	540	-	540	-
Current	-	147,336	147,336	147,336	-	-
Hire purchase liabilities	3.78 to 9.00	14,878	16,988	7,722	9,266	-
Term loans	2.44 to 5.21	561,593	645,632	118,776	496,686	30,170
Trade financing and loans	3.65 to 5.55	53,287	53,287	53,287	-	-
Revolving credits	2.65 to 5.17	98,073	98,073	98,073	-	-
Put option liability	4.82	84,702	100,293	-	100,293	-
Financial guarantee contract#	-	-	312,437	312,437	-	-
		960,409	1,374,586	737,631	606,785	30,170
2021						
Payables:						
Non-current	-	540	540	-	-	540
Current	-	111,333	111,333	111,333	-	-
Hire purchase liabilities	2.27 to 9.00	19,393	24,269	8,885	14,399	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	-	-
		998,804	1,243,454	587,484	624,079	31,891

 # - The contractual undiscounted cash flows represent the outstanding bank facilities of subsidiaries, joint venture and associate 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):-

COMPANY	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
2022						
Payables (current):						
- interest-free	-	48,456	48,456	48,456	-	-
- interest-bearing	2.60 to 4.92	71,421	71,421	71,421	-	-
Revolving credits	4.57 to 5.07	50,000	50,000	50,000	-	-
Put option liability	4.82	84,702	100,293	-	100,293	-
Financial guarantee contract#	-	-	405,425	405,425	-	-
		254,579	675,595	575,302	100,293	-
2021						
Hire purchase liabilities	3.78	17	18	18	-	-
Payables (current):						
- interest-free	-	56,643	56,643	56,643	-	-
- interest-bearing	2.06 to 3.13	65,594	65,594	65,594	-	-
Revolving credits	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	525,591	422,744	102,847	-

 # - The contractual undiscounted cash flows represent the outstanding bank facilities of subsidiaries, joint venture and associate 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 bank balances and deposits. 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	
	2022 RM'000	**2021** RM'000
Term loans (Note 29)	561,593	631,128
Revolving credits (Note 34)	98,073	88,000
Lease and hire purchase liabilities (Note 30)	19,756	23,585
Trade financing and loans (Note 34)	53,287	57,823
Bank overdraft (Note 34)	-	930
	732,709	801,466
Less: Bank balances and deposits (Note 25)	(492,254)	(257,649)
Net debt	240,455	543,817
Total equity	3,191,026	2,739,576
Debt-to-equity ratio (times)	0.08	0.20

There was no change in the Group's approach to capital management during the financial year.

40.3 Classification Of Financial Instruments

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Financial assets				
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition				
Investments in quoted shares	152,305	200,067	1,506	1,860
Investment in unquoted shares	353	524	-	-
Short-term investment	5,000	-	-	-
	157,658	200,591	1,506	1,860
Amortised Cost				
Receivables and deposits	418,815	366,972	434	384
Bank balances and deposits	492,254	257,649	59,154	156,189
Amount owing by subsidiaries	-	-	17,269	10,386
Amount owing by an associate	127	-	127	-
Amount owing by a joint venture	-	3,521	-	3,521
	911,196	628,142	76,984	170,480

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification Of Financial Instruments (cont'd)

	GROUP		COMPANY	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial liabilities				
Fair Value Through Profit or Loss				
Put option liability	84,702	89,657	84,702	89,657
Amortised Cost				
Payables:				
- Non-current	540	540	-	-
- Current	147,336	111,333	2,911	2,155
Hire purchase liabilities	14,878	19,393	-	17
Term loans	561,593	631,128	-	-
Revolving credits	98,073	88,000	50,000	43,000
Trade financing and loans	53,287	57,823	-	-
Bank overdrafts	-	930	-	-
Amount owing to subsidiaries	-	-	116,966	120,082
	875,707	909,147	169,877	165,254

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			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
Financial Assets								
Investments in quoted shares	152,305	-	-	-	-	-	152,305	152,305
Investment in unquoted shares	-	353	-	-	-	-	353	353
Short-term investment	-	5,000	-	-	-	-	5,000	5,000
Financial Liabilities								
Term loans	-	-	-	-	561,593	-	561,593	561,593
Hire purchase liabilities	-	-	-	-	14,878	-	14,878	14,878
Put option liability	-	-	84,702	-	-	-	84,702	84,702

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information (cont'd)

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
GROUP	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021								
Financial Assets								
Investments in quoted shares	200,067	-	-	-	-	-	200,067	200,067
Investment in unquoted shares	-	524	-	-	-	-	524	524
Financial Liabilities								
Term loans	-	-	-	-	631,128	-	631,128	631,128
Hire purchase liabilities	-	-	-	-	19,393	-	19,393	19,393
Put option liability	-	-	89,657	-	-	-	89,657	89,657
COMPANY								
2022								
Financial Asset								
Investments in quoted shares	1,506	-	-	-	-	-	1,506	1,506
Financial Liability								
Put option liability	-	-	84,702	-	-	-	84,702	84,702
2021								
Financial Asset								
Investments in quoted shares	1,860	-	-	-	-	-	1,860	1,860
Financial Liabilities								
Hire purchase liabilities	-	-	-	-	17	-	17	17
Put option liability	-	-	89,657	-	-	-	89,657	89,657

(a) The fair values of financial instruments carried at fair value have been determined using the following basis:-

(i) The fair values of quoted equity 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 short-term investment is estimated by discounting expected future cash flows using current market interest rate.

(iv) 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:-

1. Discount rate at 4.82%; and
2. Post-tax profit with compound annual growth rate of 40.0% over the remaining periods until expiry of exercise date.

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 (cont'd):-

A 1% higher/lower in discount rate would decrease/increase the fair value by approximately RM2.8 million and RM3.0 million, respectively whereas a 5% rise/fall in future profit after taxation would increase/decrease the fair value by approximately RM1.8 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 and hire purchase liabilities 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 and accordingly 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.

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	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
2022						
Revenue						
External revenue	596,925	206,324	398,964	137,422	-	1,339,635
Inter-segment revenue	-	-	-	12,065	(12,065)	-
Consolidated revenue	596,925	206,324	398,964	149,487	(12,065)	1,339,635

41. OPERATING SEGMENTS (CONT'D)

GROUP	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Results						
Profit from operations	438,821	18,107	39,924	19,843	(13,677)	503,018
Finance costs						(29,589)
Share of results in equity accounted investments						17,140
Profit before tax						490,569
Tax expense						(14,842)
Profit after tax						475,727

Included in the profit after tax for the financial year are the following items:-

GROUP	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
2022						
Income						
Dividend income	-	251	-	11,375	(10,000)	1,626
(Loss)/Gain on foreign exchange, net:						
- Realised	(1,306)	1,218	2,398	1,096	-	3,406
- Unrealised	-	2,015	(2,589)	8,473	-	7,899
Interest income	21,818	851	317	4,049	(3,677)	23,358
Fair value gain on put option liability	-	-	-	4,955	-	4,955
Expense						
(Allowance for)/Writeback of impairment losses on receivables (net)	(28,007)	(296)	(112)	474	-	(27,941)
Amortisation of:						
- Service concession asset	(85,525)	-	-	-	-	(85,525)
- Development expenditures	-	-	(478)	-	-	(478)
Depreciation of:						
- Property, plant and equipment	(3,518)	(11,042)	(19,655)	(1,895)	(1,240)	(37,350)
- Right-of-use assets	(26)	(2,446)	(821)	(581)	(176)	(4,050)
Plant and equipment written off	-	-	-	(4,500)	-	(4,500)
Assets						
Segment assets	2,700,252	312,434	491,007	782,710	-	4,286,403
Inter-segment assets	64	24,857	4,897	138,815	(168,633)	-
	2,700,316	337,291	495,904	921,525	(168,633)	4,286,403
Current tax assets						2,620
Consolidated total assets						4,289,023

41. OPERATING SEGMENTS (CONT'D)

GROUP	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Liabilities						
Segment liabilities	523,996	35,497	200,210	212,153	-	971,856
Inter-segment liabilities	4,186	5,384	10,856	147,303	(167,729)	-
	528,182	40,881	211,066	359,456	(167,729)	971,856
Deferred tax liabilities						124,320
Current tax liabilities						1,821
Consolidated total liabilities						1,097,997
Other segment items						
Addition to non-current assets						
other than financial instruments:						
- Property, plant and equipment	12,495	4,644	41,274	19,672	-	78,085
- Right-of-use assets	-	5,474	19,098	481	-	25,053
- Development expenditures	72,691	-	1,728	-	-	74,419
- Associates	-	-	-	11,469	-	11,469
2021						
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	345,352	(350,805)	438,482
Finance costs						(20,866)
Share of results in equity accounted investments						121,964
Profit before tax						539,580
Tax expense						(8,915)
Profit after tax						530,665

Included in the profit after tax for the financial year are the following items:-

GROUP	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
2021						
Income						
Dividend income	-	301	-	349,617	(348,278)	1,640
(Loss)/Gain 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)

GROUP	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Expense						
(Allowance for)/Writeback of impairment losses on receivables (net)	(448)	942	(10)	-	-	484
Amortisation of:						
- Service concession asset	(80,521)	-	-	-	-	(80,521)
- Development expenditures	-	-	(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)

Geographical information

The information on the disaggregation of revenue based on geographical region is summarised below:-

	GROUP	
	2022 RM'000	**2021** RM'000
At A Point Of Time		
Malaysia	406,959	194,416
Lao PDR	590,531	529,835
Other ASEAN countries	126,991	50,845
India	36,221	12,128
Papua New Guinea	64,962	48,096
Australia and New Zealand	28,383	28,066
Other countries	85,588	51,287
	1,339,635	914,673

The analysis of the Group's non-current assets by geographical region is summarised as follow:-

	Non-current Assets	
	2022 RM'000	**2021** RM'000
Malaysia	1,103,989	1,062,956
Lao PDR	2,014,521	1,922,943
Cambodia	88,125	86,603
	3,206,635	3,072,502

Major customer

The following is the major customer with revenue equal to or more than 10% of the Group's revenue:-

	Division	Revenue	
		2022 RM'000	**2021** RM'000
Customer A	Renewable Energy	590,531	529,835

42. SUBSIDIARIES

The principal activities of the subsidiaries, their principal place of business, country 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	
			2022 %	**2021** %
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

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/Country of Incorporation	Effective Percentage of Issued Share Capital Held	
			2022 %	2021 %
Subsidiaries of the Company (cont'd)				
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 ("MFIL")&	Investment holding	Malaysia	100	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Plantation (Cambodia) Ltd @	Plantation development	The 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
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	75
Mega Ventures Limited&	Dormant	Malaysia	100	-
TT Kinta Sdn. Bhd.	Dormant	Malaysia	100	-
Subsidiary of AESB				
Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI")	Investment holding and provision of management consultancy services	Malaysia	100	100
Subsidiaries of BISB				
Bloxwich (Malaysia) Sdn. Bhd.	Engineering, designing and manufacturing of automotive components	Malaysia	100	100
United Excellence Sdn. Bhd.	Investment holding	Malaysia	50.05	-
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 MFR				
Anting Sendirian Berhad	Quarry operator	Malaysia	100	100
Sri Anting Sdn. Bhd.	Operating quarries	Malaysia	100	100
Subsidiary of MFIL				
Don Sahong Holdings Limited @ ("DSH")	Investment holding	Malaysia (the subsidiary is incorporated in British Virgin Islands)	100	100
Subsidiaries of DSH				
Ground Roses Limited @ ("GRL")	Investment holding	Malaysia (the subsidiary is incorporated in British Virgin Islands)	100	100
Silver Acreage Limited @	Investment holding	Malaysia (the subsidiary is incorporated in British Virgin Islands)	100	100
Subsidiary of GRL				
Don Sahong Power Company Ltd*	Develop and operate hydroelectric power plant	Lao People's Democratic Republic	80	80

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/Country of Incorporation	Effective Percentage of Issued Share Capital Held	
			2022 %	2021 %
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
Subsidiary of MFI				
Greentown Parking Sdn. Bhd.	Car park operator	Malaysia	100	100
Subsidiary of SFSB				
Stenta Multifilms Sdn. Bhd.	Manufacturing and sale of flexible packaging materials	Malaysia	75	75
Subsidiaries of HXC				
Hexachase Flexipack Sdn. Bhd.	Manufacturing of flexible packaging products	Malaysia	61.8	61.8
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	55.7
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, the People's Republic of China	100	100
Subsidiaries of MFPI				
Mega First C&I Solar Sdn. Bhd.	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 Mega First C&I Solar Sdn. Bhd.				
MFP Solar Sdn. Bhd.	Solar photovoltaic Investment	Malaysia	55	55
MFP Solar International Limited @ ("MFPSI")	Investment holding	Malaysia (the subsidiary is incorporated in British Virgin Islands)	55	55
Subsidiary of MFPSI				
MFP Solar (Cambodia) Co., Ltd @	Solar photovoltaic Investment	The Kingdom of Cambodia	55	55
Subsidiary of MFP Solar				
S & C Green Pace Sdn. Bhd.	Dormant	Malaysia	80	80

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/Country of Incorporation	Effective Percentage of Issued Share Capital Held	
			2022 %	2021 %
Subsidiaries of RCI				
Batamas Sdn. Bhd. ("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.	Trading in building materials and construction products	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.	Dormant	Malaysia	77.8	77.8

* *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.*

! *The subsidiary has commenced members' voluntary winding up petition on 9 March 2021.*

43. SIGNIFICANT EVENT

The details of significant event occurring after the reporting period are disclosed in Note 37 to the financial statements.

44. RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationships with its subsidiaries, 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	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Dividend income received and receivable	-	-	10,000	348,278
Management fee received and receivable	-	-	1,278	1,518
Interest income received and receivable	-	-	315	222
Interest expense paid and payable	-	-	(3,277)	(2,271)
Rental received and receivable	-	-	310	310
Rental paid and payable	-	-	(480)	(480)

(b) A Major Shareholder of the Company

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Term loan repaid	110,025	99,444	-	-
Interest expense	17,710	14,791	-	-

(c) Person Connected to Directors

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Subscription of new shares in a subsidiary	-	360	-	-

(d) The remuneration of key management personnel is as follows:-

	GROUP		COMPANY	
	2022 RM'000	**2021** RM'000	**2022** RM'000	**2021** RM'000
Salary, bonus and other remuneration, including benefits-in-kind (gross)	7,780	7,220	3,749	3,084

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 2022 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 29 MARCH 2023.

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 29 March 2023

Before me,

SELVARAJAH A/L SIVALINGAM
Commissioner for Oaths

List of Properties
HELD AS AT 31 DECEMBER 2022

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	26	193,300	Leasehold 45 years (Expire in 2065)	1996	1996	2,785
2	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	25	22,600	Freehold	1997	1997	4,032
3	Warehouse	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	11	2,970	Freehold	2011	n/a	652
4	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	13	864	Freehold	2009	n/a	439
5	Integrated lime kiln and hydration plant	Lot 45155 Geran 58731 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	13	22,384	Freehold	2009	n/a	584
6	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	26	18,700	Freehold	1996	1996	163
7	Petcoke Warehouse	Lot 9479 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	1,800	Freehold	2022	2022	2,043
8	Stockyard	Lot 9479 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	64,547	Freehold	2013	2012	1,849
9	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	26	10,600	Freehold	1996	1996	40
10	Stockyard	Lot 312555, 312556, 312557 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	62,290	Freehold	2014	2014	2,376
11	Stockyard	Lot 45137, 45138, 45139 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	87,817	Freehold	2013	2013	5,481
12	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	16	16,415	Freehold	2006	2006	386
13	Stockyard	Lot 45160 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	10	25,040	Freehold	2012	2012	1,279
14	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	10	64,041	Freehold	2012	2012	3,564
15	Road access	Lot 23358 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	5,893	Freehold	2015	2015	186
16	Road access	Lot 45159 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	5,893	Freehold	2019	2019	928

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
17	Road access	Lot 26294 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	6,829	Freehold	2020	2011	182
18	Agriculture land	Lot 17890 31600 Gopeng Perak Darul Ridzuan	2	29,947	Freehold	2021	2021	1,080
19	Agriculture land	Lot 17886 31600 Gopeng Perak Darul Ridzuan	2	31,110	Freehold	2021	2021	1,160
20	Industrial land	Lot 405027 31600 Gopeng Perak Darul Ridzuan	2	40,510	Leasehold	2021	2021	910
21	Quarry and limestone hill	Lot 45152 Mukim Kampar Daerah Kampar Perak Darul Ridzuan	15	16,010	Freehold	2007	n/a	468
22	Quarry and limestone hill and buildings	Lot 311840, PT 1491 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	15	58,474	Leasehold 45 years (Expire in 2065)	2007	n/a	2,227
23	Quarry and limestone hill	Lot 196932, PT 3962 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	15	28,328	Leasehold 45 years (Expire in 2065)	2007	n/a	463
24	Quarry and limestone hill	Lot 214245, PN 473113 Mukim Teja 31600 Gopeng Perak Darul Ridzuan	1	170,000	Leasehold 30 years (Expire in 2050)	2022	2022	5,361
25	Agricultural land	Lot 320491 Mukim Teja Daerah Kampar Perak Darul Ridzuan	9	343,980	Leasehold (Expire in 2073)	2013	n/a	11,108
26	Industrial land	PN 397963 Lot 321568 Mukim Teja, Daerah Kampar Perak Darul Ridzuan	5	469,400	Leasehold 45 years (Expire in 2065)	2017	2017	18,467
27	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	22	892	Freehold	2000	2000	530
28	Industrial land	Lot 4510 Mukim Bastari Jaya Kuala Selangor Selangor Darul Ehsan	25	77,080	Freehold	1997	n/a	1,595
29	Factory building	Lot 15588 Mukim Sungai Raia 31300 Simpang Pulai Kinta District, Perak Darul Ridzuan	9	n/a	Leasehold	2013	n/a	314
30	Factory land and buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	37	42,576	Leasehold (Expire in 2045)	1985	1985	195
31	Double storey terrace house	HS (D) 353154 PT 355802 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	13	121	Leasehold (Expire in 2103)	2009	n/a	67
32	Industrial land	HS (D) 198575 PT 37292 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	10	7,174	Leasehold 60 years (Expire in 2071)	2012	2012	646
33	Agricultural land	HS (D) 198576 PT 37293 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	10	14,636	Leasehold 60 years (Expire in 2071)	2012	2012	1,318

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
34	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	35	28,850	Leasehold 45 years (Expire in 2065)	1987	n/a	2,890
35	Quarrying limestone hill	Lot PT 23156 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	41	36,422	Leasehold 45 years (Expire in 2065)	1981	n/a	850
36	Industrial land	Lot PT 1109 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	30	8,099	Leasehold 45 years (Expire in 2065)	1992	n/a	145
37	Agricultural land	Lot 22974 GRN 46180 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	33,336	Freehold	2012	2011	2,160
38	Quarry land	HS (D) 3238 PT 1008 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	40,467	Leasehold 45 years (Expire in 2065)	2012	2011	3,737
39	Quarry land	PN 283888 Lot 303752 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	60,710	Leasehold 45 years (Expire in 2065)	2012	2011	7,585
40	Agricultural land and buildings	Lot 15588 GRN 11527 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	68,796	Freehold	2012	2011	3,345
41	Agricultural land	Lot 22993 GRN 49450 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	7,664	Freehold	2012	2011	355
42	Industrial land	PN 70403 Lot 158432 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	7,522	Leasehold 45 years (Expire in 2065)	2012	2011	552
43	Industrial land	PN 71751 Lot 187404 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	16,180	Leasehold 45 years (Expire in 2065)	2012	2011	898
44	Industrial land	PN 71752 Lot 197220 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	10	12,132	Leasehold 45 years (Expire in 2065)	2012	2011	1,192
45	Corporate office tower and office suite	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	16	19,104	Leasehold 99 years (Expire in 2106)	2006	2021	111,000
46	Car park	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	16		Leasehold 99 years (Expire in 2106)	2006	2018	6,375
47	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	12	11,621	Leasehold 99 years (Expire in 2094)	2010	2021	12,500
48	Car park	Block A, B, C & D Greentown Business Centre Greentown, Ipoh	16 - 23	4,499	Leasehold 99 years (Expire in 2094)	1999 - 2006	2017	3,500
49	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	5	7,785	Leasehold 99 years (Expire in 2094)	2017	2017	1,533

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
50	4-storey shop office	Lot 8A, 8B, 24C, 29B, 39B, 40, 40A, 40B, Greentown Avenue, Ipoh Perak Darul Ridzuan	5	12,604	Leasehold 99 years (Expire in 2094)	2017	2017	3,532
51	2-storey shop office	PT 1323, 1339, 1340 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	5	459	Freehold	2017	2017	968
52	Low cost flat	PN 38656 Mukim Batu Berendam, Daerah Melaka Tengah, Melaka	5	4,030	Leasehold 99 years (Expire in 2100)	2017	2017	2,170
53	3-storey shop office	PT 1126, 1129, 1130, 1175, 1183 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	5	1,053	Leasehold 99 years (Expire in 2096)	2017	2017	2,968
54	Vacant land	PN 147624, 295228 Greentown, Ipoh Perak Darul Ridzuan	17	16,188	Leasehold 99 years (Expire in 2094)	2005	n/a	20,657
55	Vacant land held for development	Lot 24288, PN 25739 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	35	2,297	Leasehold 99 years (Expire in 2086)	1987	n/a	337
56	Vacant land held for development	PT 134914 Greentown, Ipoh Perak Darul Ridzuan	27	2,982	Leasehold 99 years (Expire in 2103)	1995	n/a	999
57	Vacant land held for development	Lot 277 to 279 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	29	201,616	Freehold	1993	n/a	9,699
58	Vacant land held for development	Lot 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	26	214,645	Leasehold 99 years (Expire in 2097)	1996	n/a	32,408
59	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	26	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	4,587
60	Factory and office	Lot 4915 & Lot 4916 18 & 20, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	2 - 9	15,468	Leasehold 99 years (Expire in 2096)	2013 - 2022	2021	14,513
61	Industrial Land	PN 67903 Lot 64267, Mukim Durian Tunggal Alor Gajah, Melaka	1	42,490	Leasehold 99 years (Expire in 2112)	2022	2022	15,834
62	Factory and office	Lot 4788-4789, Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75250 Melaka	13	3,916	Leasehold 99 years (Expire in 2096)	2009	2021	2,299
63	Factory and office	PN 47679 Lot 8821 5A, Jalan TTC 30 Taman Teknologi Cheng 75250 Melaka	4	4,993	Leasehold 99 years (Expire in 2096)	2018	2021	8,658

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
64	Industrial land	PN 50439 Lot 9422, Mukim Cheng Melaka Tengah, Melaka	1	2,496	Leasehold 99 years (Expire in 2096)	2022	2022	2,155
65	Industrial land	HS (D) 184075 PT 87914 Lot 10, Jalan P/10 Kawasan Perusahaan Seksyen 10 43650 Bandar Baru Bangi Selangor Darul Ehsan	30	27,008	Leasehold 99 years (Expire in 2098)	1992	2021	2,229
66	Land and buildings	HS (D) 184076 PT 87915 Lot 10, Jalan P/10 Kawasan Perusahaan Seksyen 10 43650 Bandar Baru Bangi Selangor Darul Ehsan	10 - 30	40,697	Leasehold 99 years (Expire in 2098)	1992	2021	53,185
67	Concession land	Namlear Wildlife Sanctuary Zone Mondulkiri Province Kingdom of Cambodia	9	6,420 hectares	Leasehold 50 years (Expire in 2063)	2013	n/a	12,948

n/a - Not applicable

Statistics of Shareholdings
AS AT 31 MARCH 2023

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	326	16,879	0.00
100 to 1,000	1,616	930,407	0.10
1,001 to 10,000	6,945	28,385,729	3.00
10,001 to 100,000	1,958	60,831,816	6.44
100,001 to less than 5% of issued shares	557	586,062,289	62.00
5% and above of issued shares	2	269,078,682	28.46
Total	**11,404**	**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	192,308,000	19.46
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)*	32,943,659	3.33
5)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	29,574,960	2.99
6)	Goh Nan Kioh	26,097,456	2.64
7)	PRT Capital Pte Ltd	23,211,200	2.35
8)	Lembaga Tabung Haji	21,967,600	2.22
9)	Kah Hin Loong Sdn Bhd	20,978,100	2.12
10)	Shoptra Jaya (M) Sdn Bhd	14,440,000	1.46
11)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	13,137,800	1.33
12)	Goh Nan Yang	12,594,754	1.27
13)	Grand Terrace Sdn Bhd	12,288,840	1.24
14)	Zulkifli bin Hussain	11,100,000	1.12
15)	Andrew Lim Cheong Seng	9,600,000	0.97
16)	HSBC Nominees (Asing) Sdn Bhd *JPMCB Na for Vanguard Emerging Markets Stock Index Fund*	8,692,900	0.88

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
17)	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT 0D67)*	8,189,900	0.83
18)	HSBC Nominees (Asing) Sdn Bhd *JPMCB Na for Vanguard Total International Stock Index Fund*	7,891,230	0.80
19)	Lanai Etika Sdn Bhd	7,708,800	0.78
20)	Cartaban Nominees (Asing) Sdn Bhd *BBH (Lux) SCA for Fidelity Funds Asean*	7,321,600	0.74
21)	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 19)*	7,236,000	0.73
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)	Carbatan Nominees (Asing) Sdn Bhd *BBH and Co Boston for Fidelity Low – Priced Stock Commingledpool*	4,768,400	0.48
25)	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Khoo Teng Keat (PB)*	4,677,376	0.47
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)*	3,985,100	0.40
28)	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeow See Yuen*	3,897,142	0.39
29)	Hoe Seng Company Pte Limited	3,720,000	0.38
30)	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	3,714,800	0.38
	Total	**628,498,451**	**63.57**

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest		
No.	**Name of Substantial Shareholder**	**Shares**	**% ^**	**Shares**		**% ^**
1)	Goh Nan Kioh	26,097,456	2.76	301,484,282	(a)	31.89
2)	Rubber Thread Industries (M) Sdn Berhad	192,308,000	20.34	7,708,800	(b)	0.81
3)	Keen Capital Investments Limited	76,770,682	8.12	-		-
4)	Camasia Limited	1,485,600	0.16	200,016,800	(c)	21.16
5)	Laju Riang Sdn Bhd	-	-	200,016,800	(c)	21.16
6)	Cam Property (Malaysia) Sdn Bhd	-	-	200,016,800	(c)	21.16

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY

No.	Director	Direct Interest Shares	Direct Interest % ^	Deemed Interest Shares		Deemed Interest % ^
1)	Goh Nan Kioh	26,097,456	2.76	301,484,282	(a)	31.89
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	0.50	-		-
5)	Yeow See Yuen	9,429,994	1.00	104,000	(d)	0.01
6)	Dato' Koh Hong Sun	982,738	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	2,357,200	(e)	0.25
11)	Datin Jeyanthini a/p M. Kannaperan	-	-	-		-
	Total	**58,035,380**	**6.13**	**303,945,482**		**32.15**

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 his/her/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 57th Annual General Meeting ("AGM") of Mega First Corporation Berhad ("MFCB" or "the Company") will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") 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, 24 May 2023 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 2022. **(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 2023, up to an aggregate amount of RM650,000, from 25 May 2023 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 Goh Nan Yang **(Ordinary Resolution 2)**
   b) Mr Tay Kheng Chiong **(Ordinary Resolution 3)**
   c) Mr Jesper Bjorn Madsen **(Ordinary Resolution 4)**

4. To re-elect Mr Au Siew Loon who is retiring pursuant to Clause 123 of the Company's Constitution and who being eligible, offer himself for re-election. **(Ordinary Resolution 5)**

5. 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 :

6. **Authority to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016** **(Ordinary Resolution 7)**

   "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 and 76 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 (10) 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.

   THAT pursuant to Section 85 of the Act, read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Section 75 and 76 of the Act."

7. **Renewal of Share Buy-Back Authority** **(Ordinary Resolution 8)**

"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."

8. 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
25 April 2023

A) ENTITLEMENT OF ATTENDANCE AND APPOINTMENT OF PROXY

(1) The 57th AGM of the Company will be conducted virtually through live streaming and online remote voting via the RPV Facilities which are available at ***https://tiih.online****.*

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 RPV 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) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 17 May 2023 shall be entitled to attend the 57th Annual General Meeting 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 (5) 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) 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 forty-eight (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 at ***https://tiih.online****. 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 ORDINARY AND SPECIAL BUSINESS

1) Ordinary Resolution 1 - Directors' Remuneration

The Shareholders' approval is being sought under Resolution 1 for the payment of the Remuneration to Non-Executive Directors in respect of the financial year ending 31 December 2023, from 25 May 2023 up till the next AGM of the Company.

2) Ordinary Resolution 7 - Authority to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016

Ordinary Resolution 7 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.

3) Ordinary Resolution 8 - Renewal of Share Buy-Back Authority

Ordinary Resolution 8 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 and 4 of the Notice of 57th AGM are found on the Profile of Directors section of this Annual Report 2022.

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 7461 / +606-335 7472
Facsimile No.	+606-335 7429
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

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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)

Registration No./Company No./NRIC No. ______________________________

of ____
(Full address/Tel No.)

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:			

or failing him/her, the chairman of the meeting as my/our proxy/proxies to attend and, on a poll, to vote for me/us on my/our behalf at the 57th Annual General Meeting of the Company, to be held virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") 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, 24 May 2023 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 Goh Nan Yang as Director.			
3.	Re-elect Mr Tay Kheng Chiong as Director.			
4.	Re-elect Mr Jesper Bjorn Madsen as Director.			
5.	Re-elect Mr Au Siew Loon as Director.			
6.	Re-appoint Crowe Malaysia PLT as auditors and authorise the Board of Directors to fix their remuneration.			
7.	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016.			
8.	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

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NOTES:

(1) Depositors whose names appear in the Record of Depositors as at 17 May 2023 shall be regarded as members of the Company entitled to attend the AGM or to appoint proxies to attend on their behalf.

(2) 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.

(3) 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.

(4) A member shall, subject to paragraph (5) 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.

*(5) 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.*

(6) 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 Forty-Eight (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 at **https://tiih.online**. Please refer to the Procedure for Electronic Lodgement of Form of Proxy stated in the Administrative Guide for the AGM.*

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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

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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**