

METAL FABRICATORS OF ZAMBIA PLC

Minutes of the Annual General Meeting of the Members of Metal Fabricators of Zambia PLC held at the Radisson Blu Hotel, Lusaka on 11 December 2020 at 09h30.

SHAREHOLDERS ATTENDANCE REGISTER

NAME OF SHAREHOLDER/PROXY	DETAILS	NO OF SHARES
JOSEPH MWALE	SHAREHOLDER	110
JACQUELINE CHILELA	SHAREHOLDER	60
SIMON EVARISTO MWIINGA	SHAREHOLDER	30
MENARD ZAKEYO MFUNE	SHAREHOLDER	160
SAMUEL TEMBO	SHAREHOLDER	100
WEBSON C MUMBA	SHAREHOLDER	1,261
FERGUS MUNGO	SHAREHOLDER	1,000
HELEN SAMATEBELE	SHAREHOLDER	310
JANE KUNDA HAMUNYANGA	SHAREHOLDER	300
GEORGE HAATIKI HAMUNYANGA	SHAREHOLDER	300
JOLLY KABAGHE	SHAREHOLDER	1,500
CHITALU KABALIKA BY VIDEOCONFERENCE	SHAREHOLDER	600
MAMBWE KAENGA BY VIDEOCONFERENCE	SHAREHOLDER	300
BRENDA KUNDA BY VIDEOCONFERENCE	SHAREHOLDER	1,177
SHADRECK MULENGA CHANGA BY VIDEOCONFERENCE	SHAREHOLDER	1,253
LAZAROUS MUTALE BY VIDEOCONFERENCE	SHAREHOLDER	1,000
MATTHEW BANDA BY VIDEOCONFERENCE	SHAREHOLDER	2,012
JERAN JERE BY VIDEOCONFERENCE	SHAREHOLDER	200
ESTHER MALUKUTU DAKA BY VIDEOCONFERENCE	SHAREHOLDER	500
SIMON GOODFELLOW PHIRI BY VIDEOCONFERENCE	SHAREHOLDER	100
FRANCIS MUTALE MULENGA BY VIDEOCONFERENCE	SHAREHOLDER	4,877
REUNERT INTERNATIONAL INVESTMENTS (MAURITIUS) LIMITED	PROXY - JONATHAN AMBALI	20,317,580
STOCKBROKERS ASSOCIATION OF ZAMBIA LIMITED	JACK KANYANGA	8,896
LUBAMBE COPPER MINES PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	32,500
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	6,293
ZANACO PLC DC PENSION SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	75,914
ZAMBIA SUGAR PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	78,663
AIRTEL ZAMBIA STAFF PENSION FUND	PROXY NASILELE NGUMBI – AFRICAN LIFE	37,482
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	4,457
CAVMONT BANK ZAMBIA PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	15,000
BUYANTANSHI PENSION TRUST FUND	PROXY NASILELE NGUMBI – AFRICAN LIFE	26,180
SATURNIA REGNA PENSION TRUST FUND	PROXY NASILELE NGUMBI – AFRICAN LIFE	483,083
KCM PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	713,816
INDENI PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	79,548

BARCLAYS BANK STAFF PENSION TRUST FUND	PROXY NASILELE NGUMBI – AFRICAN LIFE	250,001
CEC PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	70,275
STANBIC BANK PENSION TRUST FUND	PROXY NASILELE NGUMBI – AFRICAN LIFE	57,928
SUN INTERNATIONAL PENSION TRUST SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	19,430
STANDARD CHARTERED BANK PENSION TRUST FUND	PROXY NASILELE NGUMBI – AFRICAN LIFE	677
SANDVIC MINNING PENSION SCHEME	PROXY NASILELE NGUMBI – AFRICAN LIFE	47,843
SCZ INTERNATIONAL LTD PENSION TRUST	PROXY NASILELE NGUMBI – AFRICAN LIFE	18,574
IN ATTENDANCE		
ALAN DICKSON BY VIDEOCONFERENCE	CHAIRMAN	
CHANCE KABAGHE	NON-EXECUTIVE DIRECTOR	
ROSETA CHABALA	MANAGING DIRECTOR	
PIETER DE VILLIERS	NON-EXECUTIVE DIRECTOR	
JOHANN DU PLESSIS	EXECUTIVE DIRECTOR	
JOHAN STEYN	HEAD OF ADMINISTRATION : AFRICAN OPERATIONS	
JOE MWANSA CHISANGA	NON-EXECUTIVE DIRECTOR	
JONATHAN AMBALI	BDO ZAMBIA LIMITED – COMPANY SECRETARIES	
JOSEPH KANYANGA	BDO ZAMBIA LIMITED – COMPANY SECRETARIES	
ALICE TEMBO	DELOITTE AND TOUCHE	
HINJI INKEDI	LUSAKA SECURITIES EXCHANGE	
SYLVIA MASIYE	EY ZAMBIA	
KATONGO MAPEMBA	SHARETRACK ZAMBIA	
CHAMA NONDE	SHARETRACK ZAMBIA	
MWANTO MWAPE	SHARETRACK ZAMBIA	
MAIDEI MUYAMBO	SHARETRACK ZAMBIA	
RUBY KABWE	SHARETRACK ZAMBIA	

1. CALL TO ORDER

The Chairman of the Board called the meeting to order at 09.40hrs and welcomed all present to the Annual General Meeting (AGM) for the 2020 financial year of Metal Fabricators of Zambia PLC. Due to the rise of the Covid-19 pandemic, the AGM was held both virtually via ZOOM Videoconferencing and physically to allow maximum member participation while adhering the Covid-19 guidelines of maintaining social distancing set by the Ministry of Health. The Board members present were introduced to the members by the Chairman and ShareTrack Zambia was also introduced as the independent scrutinisers of the proceedings of the meeting.

The Chairman reported that during the year the minority shareholders requested that a presentation be given at the AGM to highlight important items mentioned in the annual financial statements, Directors' report and Managing Director's report. The Board resolved to include a presentation as requested as part of the agenda under resolution 4.

2. QUORUM

The Company Secretaries confirmed that the necessary quorum was met and the meeting was therefore properly constituted. The Chairman confirmed that all the shareholders had the necessary voting papers, meeting notices, and other documentation required for the meeting and asked if there were any questions or objections to the notice given to the shareholders. No questions or objections were received.

The Chairman informed the meeting that the voting would be conducted by a poll and each shareholder had one vote for every ordinary share held. He requested that the shareholders indicate the number of shares held at the top of the voting papers while the number of shares held by the members who joined via ZOOM will be verified by the independent scrutinisers. He added that the Board recommended to the shareholders that voting should be in favour of ordinary resolutions 1 to 6 as proposed in the notice of the AGM.

3. RESOLUTIONS

Resolution 1 – Minutes of the previous Annual General Meeting

It was resolved to consider and adopt the minutes of the AGM held on 20 February 2020 for the 2019 financial year-end.

The Chairman requested that the members indicate their votes on resolution 1.

Resolution 2 – Re-election of Directors

The Chairman reported that Nick A Thomson and Pieter W de Villiers had retired as directors by rotation according to the Articles of Association of the Company and the Board recommended their re-election. The appointment of these directors will be voted separately on resolutions 2.1 and 2.2. He added that copies of their Curriculum Vitae had been included on page 96 of the Annual Report for reference.

The Chairman requested that the members indicate their votes on resolutions 2.1 and 2.2.

Resolution 3.1 – Non-Executive Directors remuneration

The Chairman mentioned that the Lusaka Securities Exchange (LuSE) Corporate Governance Code required that the non-executive directors' fees be approved, in principle, by shareholders before implementation and that the Companies Act require that director's remuneration for services as directors be approved by shareholders before implementation.

The Board proposed that an increase of 1,4% in remuneration as set out in the table below in respect of independent Non-executive directors, be approved by the members effective from 1 April 2021. The Chairman added that the non-independent directors did not and would not receive any remuneration for their services as directors. In the event that the Board resolved to appoint an additional independent Non-executive director, the quarterly fee for such a director would not exceed US\$2,687 up to 31 March 2021 where after it would increase to US\$2,725.

	Current fee per quarter in US\$	Proposed fee per quarter in US\$
Chairman of the Board	3,705	3,757
Chairman of the Audit Committee	3,060	3,103
Other independent Non-Executive Directors	2,687	2,725

The Chairman asked if the members had any questions relating to this resolution and requested that the members indicate their votes on resolution 3.1.

Resolution 3.2 – Director's remuneration for ad hoc assignments

The Chairman pointed out that the requirement to have fees for services as directors approved by shareholders before implementation constrained the ability of the Board to fairly remunerate directors for unforeseen matters that arise during the year.

He added that the purpose of resolution 3.2, was to provide the Chairman of the Remuneration Committee with limited discretion to pay additional fees to independent non-executive directors of not more than USD2,705 (no increase from prior year) per director per annum if the directors are involved in ad hoc committee or other assignments on behalf of the Company that significantly exceed the time commitments typically required from non-executive directors in the exercise of their duties to the Board and the standing Committees on which they serve.

It was resolved further that, should the Chairman have an interest in the matter, the above discretion will be exercised by the Remuneration Committee, excluding the interested individual or individuals. The Chairman mentioned that the authority granted in resolution 3.2 would commence on 1 April 2021 and shall endure until the earlier of a superseding resolution being passed by shareholders, or two years from the date of passing of this resolution.

The Chairman highlighted that fees proposed in resolution 3.2 were limited to services as directors and do not allow for consulting or other services to be provided to the group. In addition, the Board and Board Committee fees did not pertain only to the preparation for and attendance of meetings but also assumed that the particular director would be reasonably available to consider matters that may arise during the course of the year. The payment of additional fees to non-executive directors could be made only in extraordinary circumstances.

The Chairman requested that the members indicate their votes on resolution 3.2.

Resolution 4 – Directors’ report and separate and consolidated financial statements

The Chairman stated that the annual financial statements had been reviewed by Deloitte & Touche, the Company auditors, and approved by the directors. It was proposed to receive and adopt the Directors’ report on pages 19-32, the audited financial statements for the period ending 30 September 2020 on pages 40-91, and the auditor’s report on pages 34-39.

Management tabled a presentation in which prominent issues mentioned in directors report and annual financial statements were highlighted.

Queries from shareholders

- Mr. Simon Evaristo Mwiinga wanted to know why the Company acquired the long-term loan and what capital projects had been undertaken from the loan. It was explained that the long-term loan was not a new loan. When the current majority shareholder bought their share in the Company in 2016, the Company had an overdraft facility of USD30million with the local banks, which was almost fully utilized. This resulted mainly from unpaid VAT and Duty draw back claims by Zambia Revenue Authority (ZRA). In an effort to strengthen the Company’s balance sheet, the majority shareholder agreed to extent a long-term loan of \$20 million to the Company, which allowed the Company to reduce its overdraft by \$20 million. There was therefore no capital projects funded by the long-term loan as the majority shareholder only funded the debt due by the ZRA to the Company with this loan.
- Mrs. Jacqueline Chilela commended the Board on the detailed presentation and requested that the Articles of Association be amended to allow for representation from the minority shareholders on the Board. Mrs. Helen Samatebele seconded the motion to have the Articles of Association be amended to allow for representation from the minority shareholders on the Board. She commended the Company on giving students an opportunity through the industrial experience but was concerned with the lack of gender diversity on the Board, management, and employees. Mrs. Roseta Chabala explained that the number of female employees had increased from 5% when she joined in 2013 to 10% in 2020. She added that the Company faced difficulties in finding qualified female employees due to the technical nature of the jobs available but would be a continuous focus area for the Company.
- Mr. George Haatiki Hamunyanga said that he was also concerned with the lack of representation on the Board by the minority shareholders and wondered why the Company was facing foreign exchange losses when it exports in markets in the region that purchase product in United States Dollars. Mr. Pieter de Villiers explained that the foreign exchange losses do not originate from export sales. It resulted mainly from the large amount of VAT and Duty Draw back claims that the ZRA owed to the company. This debt had to be funded by USD based funding, which resulted in a net foreign exchange liability in the company. In terms of the International Financial Reporting Standards (IFRS) the net foreign liability had to be restated at the ruling Zambian kwacha exchange rate at the end of each financial period. The sharp weakening of the Zambian Kwacha against the US dollar resulted in the exchange loss on the re-measurement of net foreign exchange based liabilities.
- Mr. Pieter de Villiers emphasised the confidence that the majority shareholder had in the Company and its commitment in safeguarding the interests of the minority shareholders by firstly investing the supplementary US20million in the Company in the form of a long-term loan, secondly by converting the long-term loan into an equity loan with a 0% interest rate.

- He further mentioned that the LuSE had formally approached the Company on the concerns regarding lack of representation on the Board by the minority shareholders. A response to this letter had been submitted by the Board to the LuSE in which the Board's view of the matter had been fully explained and any further communication from the LuSE in this regard, will be shared with the Company Secretaries. He also encouraged the shareholders to engage with the directors and management during the tea break or after the meeting to discuss further some of the concerns raised.
- The Chairman mentioned that the level of effort and attention that the Board extends before making decisions is significant to ensure that the rights of all of the shareholders are protected. He added that he had confidence in the Board and particularly the independent non-executive directors to ensure that the rights of the minority shareholders are protected.

The Chairman requested that the members indicate their votes on resolution 4.

Resolution 5 – Dividend

The Chairman reported that despite the reduction in the ZRA debt at the end of the financial year and the restructuring of the long-term loan, the Company's gearing ratio remained high at 79%. The Board of directors, therefore, recommended the payment of a nil dividend as the low liquidity ratio could not support the payment of a dividend.

The Chairman asked if the members had any queries on resolution 5 and requested that the members indicate their vote.

Resolution 6 – Appointment of Auditors

The Chairman reported that it was proposed to re-elect independent auditors Deloitte and Touche for the financial year ending 30 September 2021 and to authorise the directors to set their remuneration.

Mrs. Helen Samatebele asked for how long Deloitte and Touche had been auditing the Company and why the financial year-end was 30 September. Mrs. Alice Tembo responded that Deloitte had been the auditors of the Company for at least 7 years. She added that the ZICA requirement was to have the audit report signing partner changed every 5 years for governance related compliance and she had been the designated signing partner for 3 years. Mr. Pieter de Villiers added that the financial year-end was aligned to that of the majority shareholder, being September, for reporting purposes.

The Chairman requested that the members indicate their votes on resolution 6.

4. ANY OTHER BUSINESS

Mr. Jack Kanyanga asked if any submissions had been made to the government on the concerns raised at the previous AGM by management, regarding Chinese contractors importing their own cable and wire from China used in Zambian based construction projects. Mrs Chabala reported that it is an ongoing process. Mr. Johann du Plessis stated that the Company's commercial team had since engaged the Chinese contractors directly to supply cable and wire for these projects and mentioned that the Company was currently supplying two major projects by Chinese contractors requiring cable and wire.

Mr. Alan Dickson excused himself from the proceedings of the meeting as Chairman due to other commitments and appointed Mr. Chance Kabaghe as Chairman to conduct proceedings for the rest of the meeting.

5. VOTING RESULTS

The Chairman announced that resolutions 1-6 had been passed with the required percentages.

The voting results are summarized below:

Resolution No	In favour	%
1. Adoption of minutes	22 360 990	99,999%
2.1 Re-election NA Thomson	22 360 300	99,996%
2.2 Re-election PW de Villiers	22 360 300	99,996%
3.1 Non-exec directors remuneration	22 360 690	99,997%
3.2 Non-exec directors remuneration - ad hoc assignments	22 360 690	99,997%
4. Approval of AFS	22 360 690	99,997%
5. Approval of Nil Dividend	22 360 660	99,997%
6. Appointment of auditors	22 361 290	100,000%

The Chairman thanked the members for their contributions and advised that members of the Board and management were available to respond to any queries.

There being no other business, the Chairman duly closed the meeting at 11.10hrs.

Chairman
Date:

Secretary
Date: