

General AnnouncementReference No **MI-110802-56006**

Submitting Merchant Bank : MAYBANK INVESTMENT BANK BERHAD
 Company Name : **KUMPULAN FIMA BERHAD**
 Stock Name : KFIMA
 Date Announced : 02/08/2011

Type : Announcement
 Subject : NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS)
 ESOS

Description : KUMPULAN FIMA BERHAD ("KFIMA" OR "COMPANY")

(I) PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE SCHEME OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY

(EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME; AND

(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

Attachments : [☞Announcement KFIMA \(2 August 2011\).pdf](#)

Announcement Details/Table Section :

On behalf of the Board of Directors of KFIMA, Maybank Investment Bank Berhad wishes to announce that KFIMA is proposing to establish and implement an employees' share scheme ("**Scheme**") of up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time for the eligible employees and Directors of KFIMA and its subsidiaries (which are not dormant). The Company also proposes to amend the Articles of Association to facilitate the implementation of the Scheme.

Please refer to the attachment below for the full details of the announcement.

This announcement is dated 2 August 2011.

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KUMPULAN FIMA BERHAD (“KFIMA” OR “COMPANY”)

- (I) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE SCHEME OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME; AND**
 - (II) **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)
-

1. INTRODUCTION

On behalf of the Board of Directors of KFIMA (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that KFIMA is proposing to establish and implement an employees’ share scheme (“**Scheme**”) of up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time for the eligible employees and Directors of KFIMA and its subsidiaries (which are not dormant) (“**KFIMA Group**” or “**Group**”) (“**Proposed ESS**”). The Company also proposes to amend the Articles of Association to facilitate the implementation of the Scheme (“**Proposed Amendments**”).

2. DETAILS OF THE PROPOSED ESS

The Proposed ESS will involve the granting of options to subscribe for new ordinary shares of RM1.00 each in the Company (“**Shares**”) (“**Options**”) and/or the granting of new Shares to eligible employees and directors of the Group who fulfill the criteria of eligibility as set out in the bye-laws governing the Scheme (“**Bye-Laws**”).

The Proposed ESS shall comprise the following:

- (a) A share option scheme whereby the eligible participants are granted the right to subscribe for a number of Shares at the prescribed subscription price, subject to the terms and conditions of the Bye-Laws (“**Share Option Scheme**”); and
- (b) A restricted share grant scheme whereby the eligible participants are granted the right to have a number of Shares vest in the eligible participants on the vesting date(s) specified in the offer (“**Share Grant Offer**”), subject to the terms and conditions of the Bye-Laws and the Share Grant Offer (“**Restricted Share Grant Scheme**”).

The Proposed ESS will be administered by a committee comprising directors of the Company appointed by the Board (“**Committee**”).

The salient terms and conditions of the Proposed ESS, which are governed by the Bye-Laws, are as follows:

2.1 Total Number of Shares available under the Scheme

The aggregate number of shares which may be made available under the Scheme (including shares that have been issued under the Scheme) shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme.

2.2 Maximum Entitlement and Basis of Allocation

The Shares under the Scheme ("**Scheme Shares**") may be allocated in such manner as the Committee shall, subject to the following conditions, in its discretion deem fit:

- (a) not more than 50% of the Scheme Shares shall be allocated, in aggregate, to directors and senior management of the Group. "Senior management" shall comprise such persons as shall be determined by the Committee at its discretion upon the commencement of the Scheme; and
- (b) not more than 10% of the Scheme Shares shall be allocated to any individual who meets the criteria of eligibility as set out in sections 2.3 or 2.4 below (as the case may be) ("**Eligible Participant**") and either singly or collectively through persons connected with him (as defined under the Main Market Listing Requirements ("**Listing Requirements**")) holds 20% or more in the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.

In determining the number of Shares to be offered to an Eligible Participant, the Committee shall take into consideration, amongst other things, the length of service, the seniority of the Eligible Participant and his performance in the Group. The actual number of Shares (if any) to be vested in a Share Grantee on the vesting date(s) shall be determined by the Committee after ascertaining the extent to which the performance targets and other vesting conditions are fulfilled and/or such other factors as determined by the Committee in its discretion.

2.3 Eligibility for Share Option Scheme

An employee of the Group shall be eligible to be considered for the grant of an Option offer under the Share Option Scheme ("**Eligible Option Participant**") if, as at the date of the offer, the employee;

- (i) is a resident (as defined under the Bye-Laws) and has attained at least eighteen (18) years of age;
- (ii) is under full-time employment with, and is on the payroll of, at least one (1) company within the Group;
- (iii) has been employed by the Company and/or any other company within the Group on a full time basis for more than one (1) continuous year in service, and whose employment has been confirmed by the relevant company on or prior to the date of the offer;
- (iv) where he is employed by the Company and/or any other company within the Group on a fixed-term contract basis, the term of his contract of employment with the Company or any other Group company is not less than two (2) years, provided that where his contract of employment has been renewed and such renewal shall be effected within six (6) months (or such longer period as the Committee may determine in its discretion) from the expiration of his employment with the relevant company, the Committee shall have the discretion (but not the obligation) to take into consideration the total aggregate term of all the contracts of employment of the employee with the relevant company within the Group for determining his satisfaction of the eligibility criteria as set out in this section 2.3(iv); and
- (v) falls within such other categories and fulfills such other criteria that the Committee may from time to time at its discretion determine.

A director of a company within the Group shall be eligible to be considered for the grant of an Option offer if, as at the date of the offer, the director;

- (i) is at least eighteen (18) years of age;
- (ii) is a director (including non-executive independent directors) of the Company or an executive director of any other company within the Group; and
- (iii) falls within such other categories and fulfills such other criteria that the Committee may from time to time at its discretion determine.

For the avoidance of doubt, the eligibility criteria set out above shall not apply to determine the eligibility of a director (including non-executive independent directors) of the Company or an executive director of any other company within the Group in respect of the Option offer.

2.4 Eligibility for Restricted Share Grant Scheme

An employee of the Company or any other company within the Group who meets the following criteria shall be eligible for consideration and/or selection as a participant for the Restricted Share Grant Scheme by the Committee ("**Selected Share Grant Participant**"):

- (i) he is under full-time employment with, and is on the payroll of, the Company or any other company within the Group, having the designation of General Manager or above;
- (ii) he is a resident (as defined in the Bye-Laws) and has attained at least eighteen (18) years of age;
- (iii) he has been employed by the Company and/or any of other company within the Group on a full-time basis for more than one (1) continuous year in service, and his employment has been confirmed by the relevant company on or prior to the date of offer;
- (iv) where he is employed by the Company and/or any other company within the Group on a fixed-term contract basis, the term of his contract of employment with the Company or the Group company is not less than two (2) years, provided that where his contract of employment has been renewed and such renewal shall be effected within six (6) months (or such longer period as the Committee may determine in its discretion) from the expiration of his employment with the relevant company, the Committee shall have the discretion (but not the obligation) to take into consideration the total aggregate term of all the contracts of employment of the employee with the relevant company within the Group for determining his satisfaction of the eligibility criteria as set out in this section 2.4(iv); and
- (v) falls within such other categories and fulfills such other criteria that the Committee may from time to time at its discretion determine.

A director of any company within the Group shall be eligible to be considered for a Share Grant offer if, as at the date of offer, he:

- (i) is at least eighteen (18) years of age;
- (ii) is an executive director of a company within the Group; and
- (iii) falls within such other categories and fulfills such other criteria that the Committee may from time to time at its discretion determine.

For the avoidance of doubt, the eligibility criteria set out above shall not apply to determine the eligibility of an executive director of a company within the Group in respect of a Share Grant offer.

2.5 Subscription Price

The subscription price of each share comprised in any Option shall, subject always to adjustment provisions in the Bye-Laws, be the weighted average market price of the shares for the five (5) market days immediately preceding the date of the offer, with a discount at the rate to be determined by the Committee at its discretion (which shall not in any event exceed ten percent (10%)), provided that the subscription price shall in no event be less than the par value of the Shares.

The price at which the Restricted Share Grant Shares (as defined in Section 2.8(i) below) shall be issued and allotted to the Trustee shall be the weighted average market price of the Shares for the five (5) market days immediately preceding the date of offer, with a discount at a rate to be determined by the Committee at its discretion (which shall not in any event exceed ten percent (10%)), provided that the subscription price for such Restricted Share Grant Shares shall in no event be less than the par value of the Shares.

2.6 Duration and Termination of the Scheme

The Scheme shall be in force for a period of five (5) years from the effective date ("**First Five Years**") provided always that on or before the expiry thereof, the Committee shall have the discretion, without the Company's shareholders' approval in general meeting, to extend in writing the duration or tenure of the Scheme (as many times as the Committee may deem fit) for up to another five (5) years immediately from the expiry of the First Five Years provided that the Scheme does not exceed a maximum period of ten (10) years in its entirety.

Notwithstanding anything set out in the Bye-Laws, the Scheme may be terminated by the Company at any time provided always that prior to the termination of the Scheme:

- (i) the approval of the Company's shareholders by ordinary resolution at a general meeting has been obtained;
- (ii) the written consents from all holders of Options who have yet to exercise their Option(s), either in part or in whole, have been obtained; and
- (iii) the Committee may (but shall not be obliged to) at its discretion permit the vesting of shares which have yet to vest in any Selected Share Grant Participant who has accepted the offer, subject to such terms and conditions as may be prescribed ("**Share Grantee**").

2.7 Rights attaching to the Scheme Shares

The new Shares to be allotted and issued pursuant to the Scheme shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Shares, except that the new Shares will not entitle their holders to any dividend, right, allotment and/or any other distributions, the entitlement date of which is prior to the date of allotment or transfer of the said Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.

The Scheme Shares to be issued and allotted pursuant to the Scheme will not be subject to any retention period or restriction on transfer (save as otherwise provided in the Articles of Association of the Company, the Listing Requirement or by law). Pursuant to the Listing Requirement, a non-executive director must not sell, transfer or assign the Shares obtained through the exercise of the Scheme Shares for a period of one (1) year from the date of offer.

2.8 Implementation of Restricted Share Grant Scheme and Trust

- (i) In implementing the Restricted Share Grant Scheme, the Shares to be made available under the Restricted Share Grant Scheme ("**Restricted Share Grant Shares**") shall be satisfied by way of issuances of new Shares to the Trustee from time to time.
- (ii) The Company and/or the Committee will establish a trust ("**Trust**") to be administered by a trustee appointed by the Company from time to time ("**Trustee**") for the purposes of subscribing for the new Shares and transferring such new Shares to the Share Grantees at such times as the Committee shall direct. To enable the Trustee to subscribe for new Shares for the purposes of the Restricted Share Grant Scheme and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company, its subsidiaries and/or third parties.
- (iii) The Trustee shall administer the Trust in accordance with the trust deed ("**Trust Deed**"). For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, arrangements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the Committee may in its discretion direct for the implementation and administration of the Trust.
- (iv) The Company shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

2.9 Listing and Quotation of the Shares

The Company will make the necessary application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Scheme Shares on the Main Market of Bursa Securities.

3. DETAILS OF THE PROPOSED AMENDMENTS

The Company proposes to amend its Articles of Association to facilitate the implementation of the Proposed ESS.

The Proposed Amendments are as follows:

Proposed Amendments	Existing Clause	New Clause
<p>Article 4(b)</p> <p>To delete the words "and unless he holds office in the Company in an executive capacity" in their entirety;</p>	<p>"no Director shall participate in an issue of shares to employees of the Company unless the Members in General Meeting have approved of the specific allotment to be made to such Director and unless he holds office in the Company in an executive capacity; and"</p>	<p>"no Director shall participate in an issue of shares to employees of the Company unless the Members in General Meeting have approved of the specific allotment to be made to such Director; and"</p>

Proposed Amendments	Existing Clause	New Clause
<p>Article 61</p> <p>To insert the words "these Articles (including Article 4(b) hereof)," after the words "Subject to"; and</p> <p>To replace the words "rules of the Exchange" with the words "Listing Requirements";</p>	<p>"Subject to the provisions of the Act and the rules of the Exchange, the Directors are empowered to create options of any kind whatsoever over or in respect of the unissued share capital of the Company, including warrants, to such persons, at such time, for such consideration and on such terms as the Directors shall in their absolute discretion think fit."</p>	<p>"Subject to these Articles (including Article 4(b) hereof), the provisions of the Act and the Listing Requirements, the Directors are empowered to create options of any kind whatsoever over or in respect of the unissued share capital of the Company, including warrants, to such persons, at such time, for such consideration and on such terms as the Directors shall in their absolute discretion think fit."</p>
<p>Article 62 and Article 63</p> <p>To delete the word "OPTION" appearing in the heading</p>	<p>"EMPLOYEES' SHARE OPTION SCHEME"</p>	<p>"EMPLOYEES' SHARE SCHEME"</p>
<p>Article 62</p> <p>To replace the existing article in its entirety with the new Article.</p>	<p>"The Directors may recommend, and if so authorized by an ordinary resolution passed at a general meeting, may establish and carry into effect and, modify from time to time without reference to the Company in general meeting, a share option scheme for the benefit of employees (including Directors holding any executive office with the Company and its subsidiaries) of the Company and its subsidiaries upon such terms and subject to such conditions as shall deem fit and proper and to issue all shares pursuant thereto."</p>	<p>"Subject to these Articles and the provisions of the Act and the Listing Requirements, the Directors may recommend, and if so authorised by an ordinary resolution passed at a general meeting, may establish and carry into effect and modify, from time to time without reference to the Company in general meeting, a share scheme for the benefit of the directors and employees of the Company and/or any of its subsidiaries which are not dormant upon such terms and subject to such conditions as it shall deem fit and proper and to issue all shares pursuant thereto."</p>
<p>Article 63</p> <p>To replace the existing article in its entirety with the new Article.</p>	<p>"Notwithstanding Article 62 hereof, all schemes involving the issue or sale of shares or Securities to employees shall comply with the provisions contained in the Listing Requirements which shall apply to schemes of all subsidiaries of the Company even if the subsidiary were incorporated and operating abroad."</p>	<p>"Notwithstanding Article 62 hereof, all schemes involving the issue or sale of shares or Securities to directors and employees of the Company or any of its subsidiaries which are not dormant, whether implemented by the Company or any of its subsidiaries (including subsidiaries incorporated and operating outside of Malaysia) shall comply with the relevant provisions contained in the Listing Requirements."</p>

4. RATIONALE FOR THE PROPOSALS

The rationale for the Proposed ESS are as follows:

- (i) To retain and motivate existing as well as attract prospective skilled and experienced employees to the KFIMA Group by making the total compensation package more competitive;
- (ii) To reward and retain the Eligible Participants by recognising their contributions to the KFIMA Group and to reinforce a high performance culture;
- (iii) To reward the Eligible Participants by allowing them to participate in the Company's profitability and eventually realise capital gains arising from any appreciation in the value of KFIMA Shares;
- (iv) To create a greater sense of belonging and dedication amongst the Eligible Participants upon allotment of their Shares as they will be able to participate directly in the future growth of the KFIMA Group; and
- (v) To motivate the Eligible Participants towards better performance through greater productivity and loyalty.

The Share Option Scheme is also extended to the non-executive directors of the Company in recognition of their contribution to the Company and to enable them to participate in its future growth.

The Proposed Amendments are undertaken to facilitate the implementation of the Proposed ESS.

5. UTILISATION OF PROCEEDS

The total proceeds to be received by KFIMA pursuant to the exercise of the Options under the Share Option Scheme will depend on, among others, the number of Options granted and exercised at the relevant point in time and the subscription price of the Shares.

As such, the amount of proceeds to be received from the exercise of the Options is not determinable at this juncture. However, KFIMA intends to utilise the net proceeds from the exercise of the Options for the working capital of the KFIMA Group.

No proceeds will be raised from the Restricted Share Grant Scheme given that the KFIMA Shares to be issued and transferred to the Selected Share Grant Participants would not require any payment by the said participants.

6. FINANCIAL EFFECTS OF THE PROPOSALS

The financial effects of the Proposed ESS are set out below:

6.1 Share capital

The Proposed ESS will not have an immediate effect on the issued and paid-up ordinary share capital of KFIMA until and unless the new KFIMA Shares are issued. The issued and paid-up ordinary share capital of KFIMA will increase progressively depending on the number of new KFIMA Shares which may need to be issued in connection with the exercise of the Options and/or the vesting of the Scheme Shares under the Restricted Share Grant Scheme.

For illustrative purpose only, assuming that the maximum number of Scheme Shares available are fully issued and allotted pursuant to the Scheme, the effect of the Proposed ESS based on the issued and paid-up ordinary share capital of the Company as at 30 June 2011 is set out in the table below:

	<u>No. of KFIMA Shares</u> '000	<u>Share capital</u> RM'000
As at 30 June 2011	263,160	263,160
New KFIMA Shares to be issued pursuant to the Scheme	26,316	26,316
Enlarged issued and paid-up ordinary share capital	<u>289,476</u>	<u>289,476</u>

6.2 Net assets (“NA”) and gearing

(i) Share Option Scheme

The Share Option Scheme will not have an immediate effect on the consolidated NA, NA per Share and gearing of KFIMA until such time as new KFIMA Shares are issued in connection with the exercise of the Options. Any potential effect on the consolidated NA per Share will depend on the number of Scheme Shares granted, which will only be determined at the point of the offer.

The consolidated NA per Share of KFIMA immediately following the exercise of the Options will increase if the subscription price exceeds the consolidated NA per Share at the point of exercise of the Options and conversely will decrease if the subscription price is below the consolidated NA per Share at the point of exercise of the Options.

(ii) Restricted Share Grant Scheme

The Restricted Share Grant Scheme will not have an immediate effect on the consolidated NA, NA per Share and gearing of KFIMA until such time as new KFIMA Shares are issued in connection with the vesting of the Scheme Shares. Any potential effect on the consolidated NA per Share will depend on the number of Scheme Shares issued and vested, which will only be determined at the point of vesting.

The consolidated NA per Share of KFIMA immediately following the vesting of the Scheme Shares will increase if the issue price exceeds the consolidated NA per Share at the point of vesting of the Scheme Shares and conversely will decrease if the issue price is below the consolidated NA per Share at the point of vesting of the Scheme Shares.

6.3 Earnings

The Proposed ESS is not expected to have any immediate effect on the earnings of KFIMA Group until such time as the Options are granted and/or the Scheme Shares under the Restricted Share Grant Scheme are vested. However, the potential effect on the consolidated earnings per Share of KFIMA in the future, as a consequence of the recognition of the expense at each offer date and/or vesting date (as the case may be), would depend on various factors affecting the fair value of the granted Options and/or Scheme Shares under the Restricted Share Grant Scheme.

With the adoption of the Financial Reporting Standard 2 on Share-Based Payment (“FRS 2”) as issued by the Malaysian Accounting Standards Board, which requires the recognition of an expense arising from the granting of the Options and/or vesting of the Scheme Shares under the Restricted Share Grant Scheme to the income statement over the vesting period, the future earnings of KFIMA Group may be affected, the quantum of which cannot be determined at this juncture as it is dependent on the number of Options and/or Scheme Shares to be granted at the respective offer dates.

The Board has taken note of the potential impact of FRS 2 on KFIMA Group’s earnings and will take proactive measures to manage the earnings impact in the granting of the Options and/or vesting of the Scheme Shares under the Restricted Share Grant Scheme.

6.4 Substantial shareholders

The Proposed ESS is not expected to have an immediate material effect on the shareholdings of the substantial shareholders of KFIMA until and unless new KFIMA Shares are issued. Any potential effect on the substantial shareholders’ shareholdings in KFIMA would depend on the number of new KFIMA Shares issued at the relevant point in time.

For illustration purposes only, assuming the maximum of ten percent (10%) of KFIMA’s issued and paid-up ordinary share capital is made available under the Proposed ESS through the subscription for new Shares pursuant to the exercise of the Options and/or grant of Scheme Shares, the effects of the Proposed ESS on KFIMA’s substantial shareholders’ shareholdings in KFIMA are set out in the table below:

	As at 30 June 2011		After the exercise of Options and grant of new Shares under the Restricted Share Grant Scheme	
	No. of KFIMA Shares held	%	No. of KFIMA Shares held	%
BHR Enterprise Sdn Bhd (“BHR”)	146,202,300	55.56	146,202,300	50.50

6.5 Dividends

The Proposed ESS is not expected to have any impact on KFIMA’s dividend policy as determined by the Board. Future dividends to be declared will depend upon a number of factors, including KFIMA’s level of cash and retained earnings, the KFIMA Group’s results of operations, business prospects, capital requirements, general financial condition and other factors considered relevant by the Board.

The Proposed Amendments will not have any effect on the share capital, NA, gearing, earnings and shareholdings of the substantial shareholders of KFIMA Group.

7. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the new KFIMA Shares to be issued pursuant to the Proposed ESS; and
- (ii) the shareholders of KFIMA at an extraordinary general meeting (“EGM”) to be convened.

Application to the relevant authorities will be made within one (1) month from the date of this announcement.

The Proposed ESS and the Proposed Amendments are inter-conditional upon each other.

8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

All the Directors of KFIMA, namely Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, Roslan bin Hamir, Rozilawati binti Haji Basir, Azizan bin Mohd Noor, Rozana Zeti binti Basir and Dato' Rosman bin Abdullah are deemed interested in the Proposed ESS in respect of their respective entitlements under the Proposed ESS.

The shareholdings of the Directors and persons connected to Directors and/or major shareholders of KFIMA as at 30 June 2011 are as follows:

Name(s)	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Roslan bin Hamir	111,000	0.04	-	-
Puan Sri Datin Hamidah binti Abdul Rahman	200,000	0.076	⁽¹⁾ 158,796,000	60.342
Roshayati binti Basir	200,000	0.076	⁽³⁾ 158,796,000	60.342
Rozilawati binti Haji Basir ("RHB")	-	-	⁽²⁾⁽³⁾ 158,996,000	60.418
Rozana Zeti binti Basir ("RZB")	50,000	0.019	⁽³⁾ 158,946,000	60.399
Ahmad Riza bin Basir	-	-	⁽³⁾ 158,996,000	60.418
Zailini binti Zainal Abidin	228,000	0.087	⁽⁴⁾ 158,768,000	60.331

Notes:

(1) Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir. Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.

(2) Rozilawati binti Haji Basir's shareholding in the Company is held under M&A Nominees (Tempatan) Sdn Bhd.

(3) Deemed interested by virtue that:

a. Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir are sisters and their shareholdings in BHR of more than 15%.

b. Ahmad Riza bin Basir is the son of Puan Sri Datin Hamidah binti Abdul Rahman and brother of Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir and:

i. His shareholding in Subur Rahmat Sdn Bhd ("SRSB"). SRSB holds 12,105,700 (or 4.60%) shares in KFima.

ii. His wife, Zailini binti Zainal Abidin's shareholding in her direct shareholding in KFima.

(4) Zailini binti Zainal Abidin is deemed interested by virtue of her shareholding in SRSB; and wife of Ahmad Riza bin Basir.

Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, Azizan bin Mohd Noor and Dato' Rosman bin Abdullah do not hold any Shares in KFIMA as at 30 June 2011.

The Directors have abstained and will continue to abstain from all deliberations and voting in respect of their respective entitlements under the Proposed ESS at the relevant Board meetings. The Directors and persons connected to them will also abstain from voting in respect of their direct and/or indirect shareholdings in KFIMA (if any), on the resolutions pertaining to their respective entitlements under the Proposed ESS, to be tabled at an EGM to be convened.

RHB and RZB are substantial shareholders of KFIMA through their shareholdings in BHR. As such BHR is deemed interested in the Proposed ESS in respect of the respective entitlements of RHB and RZB and accordingly, will abstain from voting in respect of its direct and indirect shareholdings in KFIMA (if any), on the resolutions pertaining to the respective entitlements of RHB and RZB under the Proposed ESS, to be tabled at an EGM to be convened. BHR will also ensure that persons connected to it will abstain from voting on the relevant resolutions pertaining to the entitlements of RHB and RZB under the Proposed ESS, to be tabled at the EGM.

Save as disclosed above, the Directors, major shareholders and/or persons connected to them, do not have any interest, direct or indirect, in the Proposals as well as the entitlements under the Proposed ESS.

9. DIRECTORS' RECOMMENDATION

As stated in Section 8 above, the Directors have abstained and will continue to abstain from all deliberations and voting in respect of their respective entitlements under the Proposed ESS.

Subject to the above, the Board, after having considered the rationale of the Proposed ESS, is of the opinion that the Proposed ESS (as a whole) is in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposals are expected to be completed by December 2011.

11. ADVISER

Maybank IB has been appointed as the adviser to the Company for the Proposals.

This announcement is dated 2 August 2011.