

# **KUMPULAN FIMA BERHAD**

(Company No. 11817-V)

## **SUMMARY OF MINUTES OF THE 45<sup>TH</sup> ANNUAL GENERAL MEETING**

VENUE : DEWAN BERJAYA  
BUKIT KIARA EQUESTRIAN & COUNTRY RESORT  
JALAN BUKIT KIARA, OFF JALAN DAMANSARA  
60000 KUALA LUMPUR

DATE/TIME : WEDNESDAY, 23 AUGUST 2017 AT 3.00 P.M.

### **1. OPENING REMARKS**

The Chairman welcomed shareholders, proxies and invitees to the Company's 45<sup>th</sup> Annual General Meeting ("AGM" or the "Meeting").

The Chairman introduced himself to members present. Before proceeding with the Meeting, the Chairman requested those present at the Meeting to take a moment of silence and to recite Al-Fatihah in honour of the late Tan Sri Muhammad Radzi bin Haji Mansor, the Company's Chairman, who had passed away on 21 July 2017.

The Chairman proceeded to introduce his fellow Directors, Company Secretaries and external auditors to the members present.

### **2. QUORUM**

Upon confirming the presence of the requisite quorum by the Secretary, the Chairman called the Meeting to order at 3.10 p.m.

### **3. VOTING PROCEDURES**

The Chairman advised that the voting of all resolutions would be conducted via poll through electronic polling (e-polling). The Chairman informed that the Company had appointed Symphony Share Registrars Sdn Bhd as Poll Administrator to conduct the polling procedures and Symphony Corporatehouse Sdn Bhd as independent scrutineers to verify the poll results. The polling process for the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the AGM.

The Chairman further informed that where he has been appointed as proxy with discretion as to how to vote as proxyholder, he intends to vote in favour of all resolutions.

### **4. NOTICE OF MEETING**

The members present agreed unanimously with the Chairman's proposal that the notice convening the Meeting, which had been sent and circulated within the prescribed time, be taken as read.

The Chairman proceeded to introduce the Directors, Company Secretaries and external auditors who were in attendance, to the members present.

### **5. PRESENTATION BY THE GROUP MANAGING DIRECTOR**

Before the Chairman proceeded with the presentation by the Group Managing Director ("Group Managing Director"), the Group's corporate video was aired for the members' viewing.

The Group Managing Director, Dato' Roslan Hamir, was then invited to present to the members the Group's financial performance, achievements and activities of the Group during FYE2017, operational review of each division as well as the outlook and prospects of the Group. He concluded his presentation by thanking all present.

After the said presentation, the Chairman continued with the formal business of the Meeting.

**6. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 AND THE DIRECTORS' AND AUDITORS' REPORTS THEREON.**

The Audited Financial Statements for FYE2017 and the Director's and Auditor's Reports thereon were tabled to the Meeting.

The Chairman informed the Meeting that the Audited Financial Statements together with the Director's and Auditor's Reports were meant for discussion only as it did not require a formal approval of the shareholders as stipulated under Section 340(1)(a) of the Companies Act, 2016 and Article 167 of the Company's Constitution and hence, it would not be put forward for voting.

The Chairman then informed the Meeting that the Company had received several questions from the Minority Shareholder Watchdog Group ("MSWG") vide its letter dated 16 August 2017. The Chairman called upon the Chief Financial Officer/ Company Secretary Encik Mohd Yusof bin Pandak Yatim to present the replies to the questions and points raised by MSWG. A snapshot of the questions and responses was also projected for the benefit of the members present.

The Chairman then invited questions from the floor on the Audited Financial Statements for the FYE2017. Among the pertinent issues raised by the shareholders/proxies were responded by the Board as follows:

- (1) It was felt that the amounts which have remained due and owing for more than 1 year by the Company's subsidiary, International Food Corporation Ltd ("IFC") as set out in page 4 of the Circular dated 28 July 2017 must be dealt with on an arm's length basis in line with the "spirit of the Circular". Why are these long outstanding sums not taken up as a Key Audit Matter by the external auditors?

*The Group Managing Director explained that IFC actually has the financial capacity to repay the outstanding sums to KFIMA as it has a healthy cash position of RM14.6 million. It is also for this reason no impairment was recognized or taken up as a Key Audit Matter. Further, the PNG central bank had toughened capital outflow controls in an effort to arrest depreciation of the Kina thereby making it difficult for IFC to remit the funds to KFIMA.*

*Management is giving this matter due attention and is currently considering various options to address this issue, including the possibility of IFC taking out a US Dollar off-shore loan.*

- (2) Given that the new MCCG Code advocates the "apply or explain an alternative" approach, the Board should seriously look into the issue of Board succession planning including setting a tenure limit for independent directors as it was noted that all of the Company's independent directors have served on the Board for more than 9 years.

*The Chairman explained that the matter was being addressed as per the Board's reply to MSWG's letter.*

- (3) The Board was complimented on the quality and content of the Company's 2017 Annual Report. However, it was proposed that moving forward, the Company should come out with an abridged Annual Report setting out not only the Notice of the AGM

but the Chairman's Statement, strategic reports and salient financial highlights as well. It was also suggested that the corporate video and AGM slide presentations be uploaded onto the Company's website.

*The Chairman thanked the Shareholder for his kind words and suggestions. The Chairman also informed that the video and slide presentations would be made available at the Company's website.*

- (4) Whether there would be further impairments to be made in the event PT Nunukan Jaya Lestari ("PTNJL") fails its bid to reinstate/preserve the status of its Hak Guna Usaha.

*The Group Managing Director explained that the impairment of RM29.4 million was in respect of the biological assets and property, plant and equipment of all the areas which overlapped with forest areas. The areas that do not overlap with the forest areas have not been impaired as land title for the same can be reapplied. Any further impairments, if any would be minimal as the company has fully provided for the same.*

- (5) Over the years, the Company has remained stable with consistent dividend payments and strong cash flow. However, in light of the recent loss/ expiry of the concession to supply travel documents, is the Manufacturing Division ready for the digital era? Further, what are the Company's plans for the next 3 to 5 years? Does the Group intends to diversify?

*The Chairman explained that in order for the Manufacturing Division to maintain its edge in an increasingly competitive digitalized business environment, the Division has entered into partnerships and collaboration with technology providers to develop and deliver innovative ID and security solutions to customers which in turn could help cushion the loss/ expiry of the aforesaid supply contract.*

*The Group remains open to the prospect of pursuing new investments/ businesses and the Boards of both KFIMA and Fima Corporation Berhad had in fact dealt with this issue at length during the Joint Board Retreat held recently. The Group has always taken a prudent approach towards any new investment, having regard to defined risk limits to ensure that shareholders' interests are not being compromised.*

- (6) It was noted that "Other expenses" in the Statement of Comprehensive Income as disclosed on page 123 of the Annual Report increased substantially from RM24.019 million in FYE2016 to RM52.615 million in FYE2017. It was also noted that there was a reversal of revaluation surplus of PPE of RM11.522 million under "Other Comprehensive Income". What are the reasons for the increase in "Other expenses" and the reversal of revaluation surplus?

*The Group Managing Director replied that the increase in "Other expenses" was largely due to:*

- *the recognition of PTNJL's impairment losses of RM29.4 million;*
- *higher write down of inventories (RM5.3 million); and*
- *lower realized foreign exchange gain (RM3.2 million).*

*The reversal of revaluation surplus was made arising from the impairment of PTNJL's biological assets.*

- (7) Why does FimaCorp perform better than KFIMA? Are they any plans to restructure these 2 companies to address the business overlap, in particular, plantation? Such a move would reduce costs and duplication of resources.

*The Chairman replied that the companies are at different phases of investment. As a comparison, FimaCorp's manufacturing businesses have been around for a long time and are therefore matured while its plantation business in Indonesia was a brownfield when it was acquired. On the other hand, KFIMA's investment in IFC is capital*

*intensive and the company was only able to turn in a profit in the last few years as it took some time to build the business. KFIMA's plantation investment in Miri is also fairly new but it is expected to be a major revenue earner for KFIMA in the next 2 years, once the estate is fully matured. As for Bulking, although the business is cyclical in nature (having been severely impacted by the effects of low CPO production in FYE2017), the business remains fundamentally solid and the Board will continuously evaluate opportunities in order to maintain its competitiveness.*

*The Chairman also informed that whilst the Board cannot comment on the point made regarding Group restructuring, any plans to restructure the Group would take into account the interests of key stakeholders and the Group's overall long-term strategic agenda.*

- (8) Has there been any share buy-backs by KFIMA to date?

*The Group Managing Director replied that KFIMA has not purchased any of its shares to-date.*

After all questions for Agenda 1 were dealt with, the Chairman advised the Meeting that the Company had withdrawn Ordinary Resolutions 2 and 12 as stated in the 45<sup>th</sup> AGM Notice following the demise of Tan Sri Muhammad Radzi bin Haji Mansor on 21 July 2017 which was after the printing of the Company's 2017 Annual Report and AGM Notice but just prior to the dispatch thereof.

With that, the Chairman proceeded with the second agenda of the Meeting.

## 7. ANY OTHER BUSINESS

The Chairman informed that there was no other business to be transacted of which due notice had been given, the Chairman then declared that the registration for attendance at this Meeting closed at 5.30 p.m.

## 8. POLLING PROCESS

The Chairman declared the Meeting adjourned for the e-polling process and informed the members to proceed to the polling stations located at the foyer to cast their votes. The members were requested to return to their seats after e-polling for the declaration of the poll results.

## 9. ANNOUNCEMENT OF POLL RESULTS

The Chairman called the Meeting to order for the declaration of poll results and read out the poll results for the 45<sup>th</sup> AGM of the Company.

(The poll results were also projected on screen).

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>ORDINARY RESOLUTION 1</u></b> To approve the payment of final dividend of 9.0 sen under the single-tier system in respect of the financial year ended 31 March 2017.	181,380,750	99.9967	6,000	0.0033	0	0.0000

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<p><b><u>ORDINARY RESOLUTION 2A</u></b></p> <p>To re-elect Dato' Roslan bin Hamir pursuant to Article 114 of the Company's Constitution.</p>	179,551,150	99.8751	224,600	0.1249	1,611,000	0.8882
<p><b><u>ORDINARY RESOLUTION 3</u></b></p> <p>To re-elect Encik Azizan bin Mohd Noor pursuant to Article 114 of the Company's Constitution.</p>	179,254,575	98.8245	2,132,175	1.1755	0	0.0000
<p><b><u>ORDINARY RESOLUTION 4</u></b></p> <p>To approve the payment of Directors' fees for the Non-Executive Directors of the Company for the ensuing financial year.</p>	180,669,750	99.9967	6,000	0.0033	711,000	0.3920
<p><b><u>ORDINARY RESOLUTION 5</u></b></p> <p>To approve the payment of Directors' fees for the Non-Executive Directors who sit on the Boards of subsidiary companies from 1 April 2017 until the conclusion of the next AGM of the Company.</p>	180,669,750	99.9967	6,000	0.0033	711,000	0.3920
<p><b><u>ORDINARY RESOLUTION 6</u></b></p> <p>To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company.</p>	180,669,750	99.9967	6,000	0.0033	711,000	0.3920
<p><b><u>ORDINARY RESOLUTION 7</u></b></p> <p>To re-appoint Messrs. Hanafiah Raslan &amp; Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.</p>	181,380,750	99.9967	6,000	0.0033	0	0.0000

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>ORDINARY RESOLUTION 8</u></b>  Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.	11,817,750	99.9493	6,000	0.0507	169,563,000	93.4815
<b><u>ORDINARY RESOLUTION 9</u></b>  Proposed renewal of the authority for shares buy-back.	181,348,525	99.9967	6,000	0.0033	32,225	0.0178
<b><u>ORDINARY RESOLUTION 10</u></b>  Proposed retention of Encik Azizan bin Mohd Noor as Independent Non-Executive Director.	179,254,575	98.8245	2,132,175	1.1755	0	0.0000
<b><u>ORDINARY RESOLUTION 11</u></b>  Proposed retention of Dato' Rosman bin Abdullah as Independent Non-Executive Director.	179,050,775	98.8211	2,135,975	1.1789	200,000	0.1103

## 10. CLOSURE OF MEETING

The Chairman concluded the Meeting and thanked the members for their attendance and declared the Meeting closed.

The Meeting adjourned at 5.50 p.m. with a vote of thanks to the Chairman.