44th Annual General Meeting

24th August 2016

DEWAN BERJAYA, BUKIT KIARA EQUESTRIAN & COUNTRY RESORT
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AGENDA

1. KFIMA AT A GLANCE
2. PERFORMANCE OVERVIEW
3. FINANCIAL SNAPSHOT
4. CHALLENGES
5. OPERATION OVERVIEW
6. MOVING FORWARD
KFIMA AT A GLANCE

4 CORE BUSINESSES

- **Manufacturing**
  - Production and trading of security and confidential documents

- **Food**
  - Manufacturing and distribution of canned fish and food packaging

- **Plantation**
  - Oil Palm and pineapple cultivation and processing

- **Bulking**
  - Bulk handling and storage of various types of liquid; as well as transportation and forwarding services

3 COUNTRIES

- Malaysia
- Indonesia
- Papua New Guinea

TOTAL WORKFORCE

- **Female**: 48%
- **Male**: 52%
- **Total**: 3,232
**PERFORMANCE OVERVIEW**

- **Revenue**: RM541.11mil
- **EBITDA**: RM150.43mil
- **Net Asset per Share**: RM2.70
- **Proposed Dividend**: 9.0%

- **Shareholders’ Funds**: RM748.30mil
- **Total Cash**: RM247.59mil
- **Total Assets**: RM1,185.66mil
- **Group Borrowings**: RM32.73mil
## FINANCIAL SNAPSHOT

<table>
<thead>
<tr>
<th></th>
<th>FYE 2016</th>
<th>FYE 2015</th>
<th>VARIANCE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>541.11</td>
<td>544.79</td>
<td>(0.7)</td>
</tr>
<tr>
<td>PBT</td>
<td>111.67</td>
<td>122.30</td>
<td>(8.7)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>150.43</td>
<td>159.44</td>
<td>(5.7)</td>
</tr>
<tr>
<td>EARNING PER SHARE (EPS)</td>
<td>20.51</td>
<td>21.26</td>
<td>(3.5)</td>
</tr>
<tr>
<td>NET ASSETS PER SHARE</td>
<td>2.70</td>
<td>2.65</td>
<td>1.89</td>
</tr>
</tbody>
</table>
CHALLENGES

Macroeconomic conditions not expected to change significantly in current financial year in light of prevailing challenges

Cautious consumer spending & higher input costs due to tighter monetary policies
Volatile commodity prices affecting global demand & products
Weakened Malaysian ringgit against major currencies

Adverse weather / Climate change
El Nino, El Nina

Slowdown in major economies such as China and EU
## Financial Snapshot – Revenue Breakdown

### FYE 2016
RM541.11mil  
-0.7% Decrease Y-o-Y

<table>
<thead>
<tr>
<th>Business</th>
<th>FYE 2016</th>
<th>FYE 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>268.3</td>
<td>266.48</td>
</tr>
<tr>
<td>Plantation</td>
<td>112.63</td>
<td>115.69</td>
</tr>
<tr>
<td>Bulking</td>
<td>67.45</td>
<td>66.81</td>
</tr>
<tr>
<td>Food</td>
<td>4.31</td>
<td>5.05</td>
</tr>
<tr>
<td>Others</td>
<td>88.42</td>
<td>90.76</td>
</tr>
</tbody>
</table>

### Revenue Contribution By Geography (%)

- Malaysia: 65.8%
- Papua New Guinea: 15.2%
- Indonesia: 19.0%

Revenue by Business and Geography representation.
FINANCIAL SNAPSHOT – PBT BREAKDOWN

FYE 2016
RM111.67mil

-8.7% Decrease Y-o-Y

FYE 2016
FYE 2015

Manufacturing
Plantation
Bulking
Food

4.72
38.88
14.78
54.01

0.28
38.08
24.73
50.54

PBT Contribution By Geography (%)

Indonesia 19.2%
Papua New Guinea 4.2%
Malaysia 76.6%
DIVIDEND

DELIVERING SHAREHOLDERS’ VALUE

Highest Ever Single Tier Final Dividend of 9.0%

PROPOSED PAY OUT IS ON 30 SEPTEMBER 2016

Dividend Entitlement FYE 2016

FYE 2015 Dividend 8.5%
OPERATIONAL OVERVIEW - MANUFACTURING

Revenue (in RM million)

- **2015/2016**: 268.30
- **2014/2015**: 266.48

PBT (in RM million)

- **2015/2016**: 54.01
- **2014/2015**: 50.54

Revenue Breakdown (in RM million)

- **2015/2016**:
  - Travelling Documents: 152.28
  - Licenses: 86.94
  - Confidential Documents: 6.97
  - Rental Income: 1.57
  - Others: 20.27

- **2014/2015**:
  - Travelling Documents: 149.06
  - Licenses: 87.94
  - Confidential Documents: 9.98
  - Rental Income: 1.53
  - Others: 18.24

Increased due to improved sales volumes

PBT increased mainly due to lower depreciation costs

+ 0.7% Y-o-Y
+ 6.9% Y-o-Y
OPERATIONAL OVERVIEW - MANUFACTURING

MANUFACTURING PRIORITIES

- Focus On Core Activities
- Enhance Product & Services Pipe-line
- Entry Into New Markets
- Strengthen Strategic Alliance With Partners
- Turn Customer Into Key Account
### OPERATIONAL OVERVIEW - PLANTATION

#### Revenue (in RM million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015/2016</th>
<th>2014/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>112.63</td>
<td>115.69</td>
</tr>
<tr>
<td>Change</td>
<td>(2.6%)</td>
<td>Y-o-Y</td>
</tr>
</tbody>
</table>

#### PBT (in RM million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015/2016</th>
<th>2014/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT</td>
<td>14.78</td>
<td>28.79</td>
</tr>
<tr>
<td>Change</td>
<td>(48.8%)</td>
<td>Y-o-Y</td>
</tr>
</tbody>
</table>

Both revenue and PBT reduced due to lower of CPO Price.

#### Age Profile of Palms (FYE 2016)

- **Immature**: 4-9 Years - 38%, 10-18 Years - 49%, 4-9 Years - 13%

#### FYE 2016

- **21.26 mt** Yield Per Hectare
- **22.42%** Oil Extraction Rate
OPERATIONAL OVERVIEW – PLANTATION

- Gabungan Warisan Sdn Bhd
  Kuala Krai, Kelantan
  249.82 ha.

- Taka Worldwide Trading Sdn Bhd
  Gua Musang, Kelantan
  202.30 ha.

- Etika Gangsa Sdn Bhd
  Gua Musang, Kelantan
  202.30 ha.

- R.N.E. Plantation Sdn. Bhd
  Sg. Siput, Perak
  2,000.00 ha.

- Cendana Laksana Sdn Bhd
  Kemaman, Terengganu
  785.39 ha

- Pineapple Cannery of Malaysia Sdn Bhd
  Johor
  1,241.67 ha (Oil Palm and Pineapple)

- Amgreen GainSdn Bhd
  Ladang Amgreen
  4888.89 ha.

- PT Nunukan Jaya Lestari
  Kalimantan Timur, Indonesia
  19,974.13 ha

29,544.58 HA TOTAL AREA

12,545.7 HA PLANTED AREA
## OPERATIONAL OVERVIEW – PLANTATION

### Estate Update: Cendana Laksana Sdn Bhd (Kemaman, Terengganu)

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>PHASE 1 380.38 ha</th>
<th>PHASE 2 388.69 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorities Approval</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>land Clearing</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Road</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Terracing</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Main Drain</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Field Drain</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Chambering</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Holing</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Maucuna Bracteata Planting</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Palm Planting</td>
<td>▼</td>
<td>▼</td>
</tr>
</tbody>
</table>

Palm planting will be completed by end of August 2016
### Operational Overview – Plantation

**Estate Update: Gabungan Warisan Sdn Bhd (Kuala Krai, Kelantan)**

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>250.00 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorities Approval</td>
<td></td>
</tr>
<tr>
<td>land Clearing</td>
<td></td>
</tr>
<tr>
<td>Road</td>
<td></td>
</tr>
<tr>
<td>Terracing</td>
<td></td>
</tr>
<tr>
<td>Main Drain</td>
<td></td>
</tr>
<tr>
<td>Field Drain</td>
<td></td>
</tr>
<tr>
<td>Chambering</td>
<td></td>
</tr>
<tr>
<td>Holing</td>
<td></td>
</tr>
<tr>
<td>Maucuna Bracteata Planting</td>
<td></td>
</tr>
<tr>
<td>Palm Planting</td>
<td></td>
</tr>
</tbody>
</table>

- **Completed** - completed activities
- **In Progress** - activities in progress
- **Not Started** - activities not started yet

Planting program have started in August 2016
### OPERATIONAL OVERVIEW – PLANTATION

**Estate Update: Taka Worldwide Trading Sdn Bhd & Etika Gangsa Sdn Bhd (Gua Musang, Kelantan)**

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>ARING 1 202.34 ha</th>
<th>ARING 2 202.34 ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorities Approval</td>
<td>⬜️</td>
<td>⬜️</td>
</tr>
<tr>
<td>Land Clearing</td>
<td>⬜️</td>
<td>⬜️</td>
</tr>
<tr>
<td>Road</td>
<td>⬜️</td>
<td>⬜️</td>
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<tr>
<td>Terracing</td>
<td>⬜️</td>
<td>⬜️</td>
</tr>
<tr>
<td>Main Drain</td>
<td>⬜️</td>
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<tr>
<td>Field Drain</td>
<td>⬜️</td>
<td>⬜️</td>
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<tr>
<td>Chambering</td>
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<td>⬜️</td>
</tr>
<tr>
<td>Holing</td>
<td>⬜️</td>
<td>⬜️</td>
</tr>
<tr>
<td>Maucuna Bracteata Planting</td>
<td>⬜️</td>
<td>⬜️</td>
</tr>
<tr>
<td>Palm Planting</td>
<td>⬜️</td>
<td>⬜️</td>
</tr>
</tbody>
</table>

Completed ⬜️  In Progress ⬜️  Not Started ⬜️

**Planting expected to commence in September 2016**
### OPERATIONAL OVERVIEW – PLANTATION

**Estate Update: R.N.E Plantation Sdn Bhd (Sg. Siput, Perak)**

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>SG. SIPUT 2,000 HA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorities Approval</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Land Clearing</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Road</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Terracing</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Main Drain</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Field Drain</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Chambering</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Holing</td>
<td>![Completed]</td>
</tr>
<tr>
<td>Maucuna Bracteata Planting</td>
<td>![In Progress]</td>
</tr>
<tr>
<td>Palm Planting</td>
<td>![Not Started]</td>
</tr>
</tbody>
</table>

**Map of Sungai Siput Area**

- **Completed**
- **In Progress**
- **Not Started**
Estate Update: Amsgreen Gain Sdn Bhd (Miri, Sarawak)

- **Net Area**: 4,888.89 ha
- **Plantable Area**: 4,713.76 ha (96% of net area)
- **Balance**: 103.39 ha to be completed in Q4 2016
OPERATIONAL OVERVIEW – PLANTATION

Estate Update: Amgreen Gain Sdn Bhd (Miri, Sarawak)
OPERATIONAL OVERVIEW – PLANTATION

Estate Update: Amgreen Gain Sdn Bhd (Miri, Sarawak)

Palm Oil Mill Project, Miri, Sarawak

- Machineries and lorries delivered to the site: 2 April 2016
- Site clearing works of 7.5 ha on the proposed mill area completed: 30 April 2016
- Setting out grid line, main roads, sub roads & mill station building was completed: 4 May 2016
- Earth works for main road and sub-road started: 8 April 2016
- The transfer of 304 palm at the proposed mill site has been carried out by estate: 10 May 2016
- As of now: 4 May 2016

Contractors Appointed:
- Mechanical works
- Proprietary equipment contractors
- Composting Plant consultant

WIP Tender:
- Piling Works and appointment of piling contractor by September

Construction of the new mill with composting plant expected to start in Quarter 4 2016
OPERATIONAL OVERVIEW – PLANTATION

PLANTATION PRIORITIES

- Focus on development of existing estates
- Pursue land bank expansion
- Yield improvement & cost management practices
- Continuous agriculture practice (GAP) efficiency improvement
Operational Overview - Bulking

**Revenue (in RM million)**
- 2015/2016: 67.45 (Up 1.0% Y-o-Y)
- 2014/2015: 66.81

**PBT (in RM million)**
- 2015/2016: 38.88 (Up 2.1% Y-o-Y)
- 2014/2015: 38.08

**Improved performance due to higher contributions from edible oil**

**Top 3 Revenue Contribution (RM million)**
- Edible Oil
  - FYE 2015: 15.98
  - FYE 2016: 26.34 (Up 2.1% Y-o-Y)
- Base Oil
  - FYE 2015: 15.05
  - FYE 2016: 12.46 (Down 15.6% Y-o-Y)
- Industrial Chemicals
  - FYE 2015: 9.15
  - FYE 2016: 7.39 (Down 18.6% Y-o-Y)

**Throughput Performance (in '000MT)**
- Total Throughput
  - 2015/2016: 1,125.29
  - 2014/2015: 1,109.07
- FBS
  - 2015/2016: 351.35
  - 2014/2015: 358.80
- FChem
  - 2015/2016: 369.48
  - 2014/2015: 411.54
- FLQ
  - 2015/2016: 49.41
  - 2014/2015: 50.91
- FPB
  - 2015/2016: 226.07
  - 2014/2015: 266.07
- FFF
  - 2015/2016: 49.95
  - 2014/2015: 49.95
OPERATIONAL OVERVIEW - BULKING

BULKING PRIORITIES

- Enhance operational capabilities
- Maintain strong relationships with clients
- Capacity expansion & increase flexibility
- Value Added Services
OPERATIONAL OVERVIEW - FOOD

Revenue (in RM million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuna Sales</th>
<th>Mackerel Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>90.76</td>
<td>88.42</td>
</tr>
<tr>
<td>2014/2015</td>
<td>90.76</td>
<td>88.42</td>
</tr>
</tbody>
</table>

Recorded lower revenue due to lower mackerel sales

PBT (in RM million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuna Sales</th>
<th>Mackerel Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>4.72</td>
<td>0.28</td>
</tr>
<tr>
<td>2014/2015</td>
<td>0.28</td>
<td>0.28</td>
</tr>
</tbody>
</table>

PBT improved due to lower overheads and implementation of a number of efficiency to reduce costs of the operations.

Tuna & Mackerel Performance Statistics Vs Volume & Sales

<table>
<thead>
<tr>
<th></th>
<th>Total Carton</th>
<th>Tuna Carton</th>
<th>Mackerel Carton</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>403.19</td>
<td>131.93</td>
<td>271.26</td>
</tr>
<tr>
<td>2014/2015</td>
<td>405.57</td>
<td>131.32</td>
<td>274.25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Sales</th>
<th>Tuna Sales</th>
<th>Mackerel Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>63.68</td>
<td>13.22</td>
<td>50.46</td>
</tr>
<tr>
<td>2014/2015</td>
<td>63.41</td>
<td>12.02</td>
<td>50.89</td>
</tr>
</tbody>
</table>
OPERATIONAL OVERVIEW - FOOD

FOOD PRIORITIES

- Improve cost efficiency
- Improve sourcing and distribution network
- Continuous improvement and operational excellence
- Brand and product expansion
MOVING FORWARD

Maintain Prudent Financial Profile

Strengthen Core Businesses

Leverage on Market Opportunities

Establish Strong Pillars For Future Growth

MAXIMIZE SHAREHOLDERS’ RETURNS
STRONG CASH FLOW
ORGANIC GROWTH
THANK YOU
REPLY TO MINORITY SHAREHOLDER WATCHDOG GROUP ("MWSG") LETTER DATED 17 AUGUST 2016
Q1 The Chairman’s Statement reported that the Food Division made profit contributions to the Group which has given the Board cause for cautious optimism and encouragement to grow its business to positive levels of growth.

a. How would the Board grow the Food Division given the knowledge that its revenue dropped to RM88.42 million from the previous year’s revenue of RM90.76 million? What had accounted for this Division’s improved results of RM4.72 million compared to previous year’s results of RM276,000?

The revenue of the Division dropped from RM90.76 million to RM88.42 million mainly due to the strong market competition from cheaper imported products in PNG.

Our key action plan to grow Food Division are as follows:

i. To further improve internal efficiencies and reduce the costs of capital through additional improvements to our stock management and procurement practices.
ii. Identify opportunities to enhance our sales and distribution performance along with planned expansion into new markets and segments that can serve as the next engines of growth.

iii. In PNG, we also actively participate and respond to any trade measures on fish and support the PNG government’s initiatives to protect local PNG businesses from export-dumping activities.

iv. Introducing new products with lower cost but maintaining margin.

PBT of the Division improved from RM0.28 million to RM4.72 million largely due to lower overheads as well as implementation of a number of efficiency projects to reduce the fixed and variable costs of our operations.

Please also refer to our Annual Report under KFIMA Management’s Discussion & Analysis pages 34 and 35.
b. What are the Board’s strategies to boost the sales volume of tuna products more than mackerel products which currently contributing to the major portion of the Food Division’s revenue. In what ways would the Board propose to increase this Division’s revenue particularly for export markets amid PNG market for its products had been rather stagnant for the past years and the PNG Government’s initiatives to protect local businesses?

i. Exports of tuna to the European Union (EU) remains positive, and there is great potential for growth. The Division’s improved results were primarily due to improved margins and reduced overheads through the implementation of strict cost control measures. The Division will continue with its internal efficiency improvements as well as further cost reduction exercises throughout its operations.

ii. As mentioned earlier, tuna exports to the EU has great growth potential. The Division is preparing to venture into the production of precooked tuna loins for export to the EU markets to boost its tuna sales. As for the domestic PNG market, the Division is stepping up efforts to strengthen its Besta brand to differentiate itself from the inferior quality and cheap imports and widen its distribution network and making its products easily available nationwide.
Reply to MSWG Q2 (Strategy/Financials)

Q2 The Bulking Division’s revenue and results did not grow much but had remained at almost the same level for the past 3 years despite the Board continued to refurbish and upgrade its terminal infrastructure as part of its on-going commitment to improve the efficiency of its facilities and enhance its product handling equipment.

What the Board’s strategies and measures that would help improved the Bulking Division’s revenue amid its recorded capacity to meet highly customised and specialised services for its customers whilst securing short-term contracts and long term deals to leverage and capture new revenue streams and maintain its competitive edge?

Despite challenging market situation with crude oil prices which caused our customers that related to petroleum industries to be more cautious in pilling up their stock, bulking division manage to record some growth for this year.

The refurbishment exercise taken up by the division is more to improve the aging facilities and also to meet special handling requirements requested by the customers.
**Reply to MSWG Q3 (Strategy/Financials)**

**Q3** The share of profit of associates had been declining for the past 3 years and the Company owns a 38% equity interest in Marushin Canneries (Malaysia) Sdn Bhd as an associate.

<table>
<thead>
<tr>
<th>a.</th>
<th>What are the reasons that had caused the decline in the share of profit from this associate?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marushin is badly affected by the weakening of RM against USD. Most of our raw materials such as frozen sardine and tomato paste are imported and payable in USD.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b.</th>
<th>What are the Board’s plans that could help improve the share of this associate’s profit?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Company is focusing on operational efficiency, productivity, margin improvement and cost control as well as improving in marketing.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c.</th>
<th>Who is the major shareholder of this associate that owns the major equity interest of 62%?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The balance of the 62% equity owns by:</td>
</tr>
<tr>
<td>Kawasho Corporation</td>
<td>38%</td>
</tr>
<tr>
<td>Wanda Holding Sdn Bhd</td>
<td>24%</td>
</tr>
</tbody>
</table>
Reply to MSWG Q1 (Corporate Governance)

Q1 MSWG is promoting high standards of corporate governance best practices in PLCs. In this regard, we hope the Board would address the issue of long serving independent Non-Executive Directors ("INEDS"). We noted two of the INEDs had served the Board for more than 11 years and would like the Board to address the issue in its succession planning process in compliance with the Recommendation 3.3 of the MCCG 2012.

Each year, as part of the Board and Committee performance evaluation process, the Nomination Committee reviews the size and composition of the Board, whether any changes are required, performance and contribution of individual Directors and the Group's strategic direction. Succession planning and future requirements in respect of the Board structure are part of this annual process.

Although the Company currently does not have a policy on the tenure of its Independent Non-Executive Directors (INEDs), the Board would like to assure the MSWG that the criteria for the retention of INEDs are strictly driven by their contributions to the Company, personal qualities, integrity and objectivity. In this regard the Board, after having reviewed the performance of the 2 INEDs, is satisfied that the Directors have acted in the best interests of the Company and the Group, free from any conflicts or undue influence and that the Group should continue to benefit from their experience and knowledge.
THANK YOU