

FIMA CORPORATION BERHAD

(Company No. 21185-P)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE FORTY-FOURTH ANNUAL GENERAL MEETING (44TH AGM) OF THE COMPANY HELD AT DEWAN BERJAYA, BUKIT KIARA EQUESTRIAN & COUNTRY RESORT, JALAN BUKIT KIARA, OFF JALAN DAMANSARA, 60000 KUALA LUMPUR ON WEDNESDAY, 28 AUGUST 2019 AT 9.30 A.M.

1. Chairman

Dato' Adnan bin Shamsuddin (the Chairman) chaired the Meeting.

2. Quorum

The requisite quorum being present pursuant to Article 67 of the Company's Constitution, the Chairman declared the Meeting duly convened.

3. Notice of Meeting

The Notice convening the Meeting having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

The Meeting noted that in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in the Notice of the 44th AGM would be voted by poll.

4. Audited Financial Statements of the Company for the financial year ended 31 March 2019 ("FYE2019") and the Directors' and Auditors' Reports thereon

The following are the key questions that were raised from the floor, which were adequately responded and addressed by the Board:

- (1) What is the expected trend for crude palm oil ("CPO") prices in this current financial year? What is the current cost of FFB production per MT?

The Managing Director replied that high CPO inventory levels coupled with market uncertainties related to the US-China trade war tensions have led to the dismal CPO price performance in first half of 2019. He went on and expressed the view that CPO prices is likely to be rangebound at present levels up to RM2,200 per MT for the remainder of the financial year.

Meanwhile, the Group's average FFB production cost (excluding fixed overheads) is approximately RM250 per MT.

- (2) What is the status of the legal case involving PT Nunukan Jaya Lestari's land title?

The outcome of the judicial review is still pending at the moment.

- (3) What is the current status of the Group's greenfield estate at Sungai Siput?

The DOE review panel had requested that certain revisions be made to the initial EIA report which the company had submitted earlier. The revised EIA report has since been submitted and is currently pending approval.

- (4) It was observed that the Group still has a lot of unplanted lands yet it continues to acquire more.

The Managing Director explained that most of the unplanted areas (13,000 hectares) are in Indonesia. Procuring the necessary approvals has been a long-drawn process and PTNJL has yet to be granted permission to commence any development works thereon. Meanwhile, in Malaysia, the planting programmes at the Group's estates in Kelantan are ongoing and the estates are expected to be fully planted by the end of this current financial year.

In terms of CAPEX, the Group has allocated RM25 million spread over the course of 3 years for its planting programmes, the bulk of which would go towards developing the estate in Sungai Siput.

- (5) In relation to Percetakan Keselamatan Nasional Sdn Bhd's ("PKN") RM24.98 million lawsuit against Datasonic Technologies Sdn Bhd ("DTSB"), it was noted that DTSB had disclosed a contingent liability of about RM5 million in its books. How much provision has PKN made in its books?

The Board is not in the position to comment on the sum of contingent liability which DTSB has provided. The Board however, believes that PKN has made adequate provisions in relation to the said lawsuit and does not expect PKN to make any further provisions thereon. Should the final outcome of the lawsuit be unfavourable to PKN, the impact on PKN as well as the Group's profit & loss is not expected to be material.

- (6) Referring to page 175 of the Annual Report, it was noted that the Group's property management segment recorded a profit of RM1.45 million in FYE2019, which is low when compared against its asset value of RM60.799 million. Please explain.

The Managing Director responded that the Company's Plaza Damansara office building is currently registering an occupancy rate of 80% compared to full occupancy a few years ago; due mainly to the prevailing soft property market. The Managing Director added that the Company would continue to strive to improve its occupancy rates.

- (7) There have been reports that the Company may be taken private. Is this true?

The Board is not aware of any privatization exercise as the Board has not received any notice to this effect to-date.

- (8) Referring to page 175 of the Annual Report, it was noted that the Group's trade receivables had increased substantially, in particular those more than 121 days.

The said sums were primarily related to the amounts owing to PKN by DTSB (pertaining to the legal dispute involving the pricing disagreement for the supply of 1.5 million Malaysian passports) and by the Government. In the case of the latter, the Managing Director explained that payments made by the Government tends to be 'lumpy' and inconsistent but nevertheless, going by their track records with PKN, the Board is

confident that the amounts are recoverable.

- (9) Given the slew of tenders issued recently, does the Board foresee any new project wins for the Manufacturing Division?

The Managing Director shared that PKN has participated in a few large tenders currently, in which many other companies have also submitted their bids. The Managing Director went on to explain that the tenure of the existing contracts of this nature is normally 5 years and as such he reckoned that it would be a while before the tenders are formally awarded.

- (10) What kind of contracts have the Manufacturing Division secured overseas?

The Division is currently producing passports for 3 foreign countries, and there has been a modest increase in the volumes produced y-o-y.

- (11) The Company is holding a lot of cash. It was suggested that the Company should return some of the excess cash to shareholders by increasing its dividend payout in the coming years.

The Company has recently formalised a dividend policy whereat the Company aims to distribute to the shareholders at least 40% of the consolidated profit after taxation and non-controlling interest (“PATANCI”) for the relevant financial year.

When asked if the Company has ever reduced its dividend payments y-o-y over the years, the Managing Director responded that it has always been the Company’s practice to maintain or hold its dividend rate, at a minimum, the same rate the previous year’s. On that note, the Managing Director affirmed that the Company has never decreased its dividend rates.

The Company’s dividend policy is based on a balance of long-term interests of the Group and its shareholders who expect stable dividends from the Company.

5. Voting Results

Having addressed all queries raised and the resolutions voted upon by e-polling, all the following resolutions were duly passed with the results of the e-polling announced accordingly to Bursa Securities on 28 August 2019. The results of the 44th AGM can be obtained at <http://www.fimacorp.com/announcements.php>.

6. Conclusion

There being no other business to be transacted, the Chairman concluded the Meeting at 10.40 a.m. and thanked all present for their attendance.