

FIMA CORPORATION BERHAD (“FIMACORP” OR “COMPANY”)

- (I) PROPOSED SHARE SPLIT;
 - (II) PROPOSED BONUS ISSUE;
 - (III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
 - (IV) PROPOSED AMENDMENTS
-

1. INTRODUCTION

On behalf of the Board of Directors of Fima Corporation Berhad (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) is pleased to announce that the Company proposes to undertake the following:

- (i) proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in FimaCorp (“**FimaCorp Shares**”) held on an entitlement date to be determined (“**Entitlement Date**”) into two (2) ordinary shares of RM0.50 each in FimaCorp (“**Subdivided Shares**”) (“**Proposed Share Split**”);
- (ii) proposed bonus issue involving the issuance of up to 82,426,810 new Subdivided Shares (“**Bonus Shares**”) to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) Subdivided Shares held on the Entitlement Date (“**Proposed Bonus Issue**”);
- (iii) proposed increase in the authorised share capital of FimaCorp from RM100,000,000 comprising 100,000,000 FimaCorp Shares to RM250,000,000 comprising 500,000,000 Subdivided Shares (“**Proposed Increase in Authorised Share Capital**”); and
- (iv) proposed amendments to the Memorandum and Articles of Association (“**M&A**”) of FimaCorp to facilitate the implementation of the Proposed Share Split, Proposed Bonus Issue and Proposed Increase in Authorised Share Capital (“**Proposed Amendments**”).

(The Proposed Share Split, Proposed Bonus Issue, Proposed Increase in Authorised Share Capital and Proposed Amendments are collectively referred to as the “**Proposals**”)

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Split

2.1.1 Basis and number of the Subdivided Shares

The Proposed Share Split entails the subdivision of every one (1) existing FimaCorp Share into two (2) Subdivided Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

The issued and paid-up share capital of the Company as at 25 June 2014, being the latest practicable date prior to this Announcement (“**LPD**”), is RM82,426,810 comprising 82,426,810 FimaCorp Shares (including 1,956,100 treasury shares held). Upon completion of the Proposed Share Split, the issued and paid-up share capital of the Company shall be RM82,426,810 comprising 164,853,620 Subdivided Shares.

No suspension will be imposed on the trading of FimaCorp Shares on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) to implement the Proposed Share Split.

Fractional entitlements arising from the Proposed Share Split, if any, shall be dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

2.1.2 Ranking of the Subdivided Shares

The Subdivided Shares shall, upon allotment and issuance, rank equally in all respects with each other.

2.1.3 Listing of and quotation for the Subdivided Shares

An application will be made to Bursa Securities for the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities.

The Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment for the Subdivided Shares will be issued and despatched to the Entitled Shareholders within four (4) market days after the listing and quotation of the Subdivided Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Subdivided Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”), the Subdivided Shares will be subjected to the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”). Accordingly, the Subdivided Shares will be credited into the respective Central Depository System (“**CDS**”) accounts of the Entitled Shareholders and no physical share certificate will be issued.

2.2 Proposed Bonus Issue

2.2.1 Basis and number of the Bonus Shares

The Proposed Bonus Issue entails the issuance of up to 82,426,810 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) Subdivided Shares held by the Entitled Shareholders.

The maximum number of 82,426,810 Bonus Shares to be issued pursuant to the Proposed Bonus Issue was arrived at based on the following:

- (i) the issued and paid-up share capital of the Company upon completion of the Proposed Share Split of RM82,426,810 comprising 164,853,620 Subdivided Shares; and
- (ii) assuming 3,912,200 Subdivided Shares that are still held as treasury shares after the Proposed Share Split, are resold to the market and there is no further share buy-back by the Company where the shares purchased are retained as treasury shares.

After the Proposed Bonus Issue, the issued and paid-up share capital of the Company will be up to RM123,640,215 comprising up to 247,280,430 Subdivided Shares.

The Proposed Bonus Issue will involve a single issuance only.

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

The Proposed Bonus Issue shall be implemented after the completion of the Proposed Share Split.

2.2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be capitalised from the Company's share premium and retained earnings.

Based on the latest audited financial statements of FimaCorp for the financial year ended ("FYE") 31 March 2013, the Company's share premium and retained earnings amount to RM534,360 and RM86,003,342 respectively, while the Company's share premium and retained earnings based on the latest unaudited financial results of FimaCorp for the FYE 31 March 2014 amount to RM534,360 and RM82,145,873 respectively.

The Board confirms that based on the latest audited financial statements of FimaCorp for the FYE 31 March 2013 and the latest unaudited financial results of FimaCorp for the FYE 31 March 2014, the Company will have adequate reserves for the capitalisation required for the Proposed Bonus Issue and that the reserves required for the capitalisation of the Proposed Bonus Issue are unimpaired by losses on a consolidated basis, in compliance with Paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Securities.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the Subdivided Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of such Bonus Shares.

2.2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment of the Bonus Shares will be issued and despatched to the Entitled Shareholders within four (4) market days after the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Bonus Shares are prescribed securities under Section 14(5) of the SICDA, the Bonus Shares will be subjected to the SICDA and the Rules of Bursa Depository. Accordingly, the Bonus Shares will be credited into the respective CDS accounts of the Entitled Shareholders and no physical share certificate will be issued.

2.3 Proposed Increase in Authorised Share Capital

As at the LPD, the authorised share capital of FimaCorp is RM100,000,000 comprising 100,000,000 FimaCorp Shares, of which 82,426,810 FimaCorp Shares have been issued and credited as fully paid-up.

In order to facilitate the implementation of the Proposed Share Split and Proposed Bonus Issue as well as any further increase in the share capital of the Company pursuant to any future corporate exercise, the Company proposes to increase its authorised share capital to RM250,000,000 comprising 500,000,000 Subdivided Shares.

2.4 Proposed Amendments

The Company proposes to amend its M&A to facilitate the implementation of the Proposed Share Split and Proposed Bonus Issue, as well as to effect the Proposed Increase in Authorised Share Capital.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Split

The Proposed Share Split is expected to enhance the marketability and trading liquidity of the ordinary shares of FimaCorp on Bursa Securities as a result of the increase in the number of shares in issue. However, the Proposed Share Split will result in an adjustment to the market price of FimaCorp's ordinary shares, making the shares more affordable and appeal to a wider group of public shareholders and/or investors to participate in the growth of the Company.

The Proposed Share Split will also enable the shareholders of FimaCorp to have a larger number of ordinary shares in FimaCorp while maintaining their percentage of equity interest in FimaCorp.

3.2 Proposed Bonus Issue

The Proposed Bonus Issue is meant to reward the Entitled Shareholders for their loyalty and continuing support to FimaCorp and its subsidiaries ("**FimaCorp Group**") by enabling them to have greater participation in the Company in terms of the number of shares held. Further, the enlarged share base of the Company pursuant to the Proposed Bonus Issue is expected to improve the trading liquidity of the shares of FimaCorp on Bursa Securities as well as potentially broadening the shareholder base of the Company.

3.3 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital is to accommodate the increase in the Company's issued and paid-up share capital pursuant to the Proposed Share Split and Proposed Bonus Issue as well as any further increase in the share capital of the Company pursuant to any future corporate exercise.

3.4 Proposed Amendments

The Proposed Amendments is to facilitate the implementation of the Proposed Share Split and Proposed Bonus Issue, as well as to effect the Proposed Increase in Authorised Share Capital.

4. EFFECTS OF THE PROPOSALS

The Proposed Increase in Authorised Share Capital and the Proposed Amendments will not have any effect on the share capital, substantial shareholders' shareholdings in the Company, net assets ("NA"), gearing and consolidated earnings and earnings per share ("EPS") of FimaCorp.

4.1 Share capital

The proforma effects of the Proposed Share Split and Proposed Bonus Issue on the share capital of FimaCorp (assuming none of the treasury shares are resold to the market and there is no further share buy-back by the Company) are as follows:

	Par value (RM)	No. of FimaCorp Shares	Amount (RM)
As at the LPD⁽¹⁾	1.00	82,426,810	82,426,810
Issued and paid-up share capital after the Proposed Share Split	0.50	164,853,620	82,426,810
<i>Less: treasury shares</i>		(3,912,200)	(1,956,100)
Enlarged issued and paid-up share capital after the Proposed Share Split (excluding treasury shares)	0.50	160,941,420	80,470,710
To be issued pursuant to the Proposed Bonus Issue ⁽²⁾	0.50	80,470,710	40,235,355
Enlarged issued and paid-up share capital after the Proposed Share Split and Proposed Bonus Issue⁽²⁾	0.50	241,412,130	120,706,065

Notes:

⁽¹⁾ Includes 1,956,100 treasury shares held by FimaCorp as at the LPD.

⁽²⁾ In the event that all of the treasury shares are resold to the market and there is no further share buy-back by the Company where the shares purchased are retained as treasury shares, 82,426,810 Bonus Shares will be issued pursuant to the Proposed Bonus Issue and the enlarged issued and paid-up share capital after the Proposed Share Split and Proposed Bonus Issue will be 247,280,430 Subdivided Shares.

4.2 NA and gearing

Based on the latest audited statement of financial position of FimaCorp Group as at 31 March 2013 and on the assumption that the Proposed Share Split and Proposed Bonus Issue have been completed on that date, the proforma effects of the Proposed Share Split and Proposed Bonus Issue on the NA of FimaCorp Group are as follows:

		Proforma I	Proforma II
	Audited as at 31 March 2013	After the Proposed Share Split	After Proforma I and the Proposed Bonus Issue
	(RM'000)	(RM'000)	(RM'000)
Share capital	82,427	82,427	122,662
Share premium	534	534	— ⁽³⁾
Treasury shares	(3,604)	(3,604)	(3,604)
Other reserves	(4,921)	(4,921)	(4,921)
Retained earnings	392,392	392,392	352,461 ^{(3) (4)}
Shareholders' funds / NA	466,828	466,828	466,598
Non-controlling interests	22,595	22,595	22,595
Total equity	489,423	489,423	489,193
No. of FimaCorp shares in issue ('000)	80,471 ⁽¹⁾	160,941 ⁽²⁾	241,412 ⁽²⁾
Par value (RM)	1.00	0.50	0.50
NA per share (RM)	5.80	2.90	1.93

Notes:

⁽¹⁾ Excludes 1,956,100 FimaCorp Shares held as treasury shares.

⁽²⁾ Excludes 3,912,200 Subdivided Shares held as treasury shares after the Proposed Share Split.

⁽³⁾ After deducting the amount to be capitalised for the Proposed Bonus Issue.

⁽⁴⁾ After taking into account the estimated expenses relating to the Proposals of approximately RM230,000.

Based on the latest audited consolidated statement of financial position of FimaCorp as at 31 March 2013, the FimaCorp Group does not have any borrowings.

4.3 Substantial shareholders' shareholding

The Proposed Share Split and Proposed Bonus Issue will not have any effect on the percentage of the substantial shareholders' shareholding in FimaCorp. However, the number of shares held by the substantial shareholder in FimaCorp will increase proportionately as a result of the Proposed Share Split and Proposed Bonus Issue.

4.4 Earnings and EPS

The Proposed Share Split and Proposed Bonus Issue are not expected to have any material effect on the earnings of the FimaCorp Group for the FYE 31 March 2015.

However, there will be a corresponding dilution in the EPS of the FimaCorp Group as a result of the increase in the number of ordinary shares of FimaCorp pursuant to the Proposed Share Split and Proposed Bonus Issue.

4.5 Convertible securities

As at the LPD, the Company does not have any convertible securities in issue.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Subdivided Shares and Bonus Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of FimaCorp at an extraordinary general meeting to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Share Split, Proposed Bonus Issue, Proposed Increase in Authorised Share Capital and Proposed Amendments are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate exercise/scheme of FimaCorp.

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

None of the Directors, major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposals save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, which are also available to all other shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

8. ADVISER

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

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the fourth (4th) quarter of 2014.

10. APPLICATIONS TO RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the applications to the relevant authorities for the Proposals are expected to be submitted within two (2) months from the date of this Announcement.

This Announcement is dated 26 June 2014.