

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

IF YOU ARE IN ANY DOUBT ABOUT THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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**FIMA CORPORATION BERHAD**

(Company No: 21185-P)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO:-**

**PART A**

**PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK**

**PART B**

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Notice of the Thirty-Eighth (38<sup>th</sup>) Annual General Meeting to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 24 September 2013 at 10.30 a.m. together with the Proxy Form are enclosed in the Company's Annual Report 2013. The Proxy Form should be lodged at the registered office of the Company at Suite 4.1, Level 4, Block C, Plaza Damansara, 45 Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time stipulated for holding the meeting.

This Circular is dated 29 August 2013

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## DEFINITIONS

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For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

Act	:	Companies Act, 1965
AGM	:	Annual General Meeting
Board or Board of Directors	:	Board of Directors of FimaCorp.
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CMSA	:	Capital Market and Services Act 2007
Director(s)	:	Has the meaning given in section 2(1) of the CMSA, and includes in the case of any issuer of structured warrant or a listed issuer which is collective investment scheme, a director of the issuer of the structured warrants or a director of a management company of the collective investment scheme respectively. The director (s) shall also include any person who is and was within the preceding 6 months of the date on which the terms of transaction were agreed upon a director or chief executive of the listed issuer, its subsidiary or holding company or in relation to Special Purpose Acquisition Company (SPAC), a member of the SPAC's management team
EPS	:	Earnings per share
FimaCorp or Company	:	Fima Corporation Berhad (21185-P)
FimaCorp Group or Group	:	FimaCorp and its subsidiaries
FFB	:	Fresh fruit bunches
Listed Issuer	:	Mean any one or more, as the context may require, of the following: (a) a listed corporation, including a SPAC; (b) a listed collective investment scheme; or (c) an issuer of any other listed securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities including any amendment thereto that may be made from time to time

Major Shareholder	:	<p>Major shareholder means a person who has an interest or interests in one or more of voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amount of those share, is:</p> <p>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or</p> <p>(b) 5% or more of the aggregate of the nominal amounts of all voting shares in the corporation where such person is the largest shareholder of the corporation.</p> <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act. The major shareholder shall also include any person who is and was within the preceding 6 months of the date on which the terms of transaction were agreed upon, a major shareholder of the listed issuer as defined under Paragraph 1.01 of the Listing Requirements or any other company which is its subsidiary or holding company</p>
Market Day	:	Any day between Monday to Friday (inclusive) which is not a public holiday and when the Bursa Malaysia is open for trading in securities
NA	:	Net assets
Person Connected	:	Means person in relation to a Director or Major Shareholder who falls under any one of the categories as per Paragraph 1.01 of the Listing Requirements
Proposed Share Buy-Back	:	The proposal to enable FimaCorp to purchase FimaCorp Shares up to ten per cent (10%) of the issued and paid-up share capital of the Company
Proposed Shareholders' Mandate	:	Shareholders' mandate for the FimaCorp Group to enter into RRPT
PT PEL	:	PT Pohon Emas Lestari, a limited liability company organized and existing under the Law of Republic of Indonesia
PT NJL	:	PT Nunukan Jaya Lestari, a subsidiary of the Company
Related Party	:	A Director, Major Shareholder or Person Connected with such Director or Major Shareholder
RRPT	:	Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and in the ordinary course of business
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission
Shares	:	Ordinary share(s) of RM1.00 each in the Company
Validity Period	:	Proposed Shareholders' Mandate validity period from 38 <sup>th</sup> AGM to 39 <sup>th</sup> AGM

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**FIMA CORPORATION BERHAD**  
(Company No: 21185-P)  
(Incorporated in Malaysia)

**Registered Office**

Suite 4.1, Level 4  
Block C, Plaza Damansara  
45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur

29 August 2013

**Directors**

Dato' Adnan bin Shamsuddin (*Chairman/Independent Non-Executive Director*)  
Roslan bin Hamir (*Managing Director*)  
Rezal Zain bin Abdul Rashid (*Senior Independent Non-Executive Director*)  
Datuk Alias bin Ali (*Independent Non-Executive Director*)  
Dr. Roshayati binti Basir (*Non-Independent Non-Executive Director*)

**To: The Shareholders of Fima Corporation Berhad**

Dear Sir/Madam,

**PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK**

**1. INTRODUCTION**

The Shareholders of FimaCorp had on 30 September 2008, approved the Board to purchase and/or hold its own Shares of up to 8,242,600 FimaCorp Shares or 10% of the issued and paid-up share capital of the Company of RM82,426,810. The approval obtained by the Board shall continue to be in full force until the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the Shareholders of FimaCorp at the AGM.

On 23 May 2013, the Company announced to Bursa Malaysia that the Board proposes to seek renewal of its shareholders' approval to purchase its own shares of up till ten per cent (10%) of the issued and paid-up share capital of FimaCorp.

The purpose of this Circular is to provide you with information on the Proposed Share Buy-Back together with your Directors' recommendation and to seek your approval for the resolution to be tabled at the forthcoming AGM. The Notice of AGM is enclosed together with the said Annual Report of the Company for the financial year ended 31 March 2013.

**SHAREHOLDERS OF FIMACORP ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED AUTHORITY TO BUY BACK SHARES AT THE FORTHCOMING AGM.**

**2. DETAILS OF THE PROPOSED SHARE BUY-BACK**

The Board proposed to seek the approval from the shareholders of the Company for the Company to purchase and/or hold its own Shares of up to 8,242,600 FimaCorp Shares or 10% of the issued and paid-up share capital of the Company of RM82,426,810 as at 31 July 2013 comprising 82,426,810 ordinary shares of RM1.00 each, subject to compliance with Section 67A of the Act, any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase and the availability of retained profits. The maximum number of FimaCorp Shares that can be bought back under this renewal would take into account the number of FimaCorp Shares previously bought back and retained as treasury shares.

The maximum amount of funds to be utilized for the Proposed Share Buy-Back shall not exceed the total retained profits and share premium account, if any, of the Company. The audited retained profits and share premium account of the Company as at 31 March 2013 was RM86,003,000 and RM534,000 respectively.

The Directors may deal with the FimaCorp Shares purchased by the Company in accordance with Section 67A of the Act, in the following manner:-

- (i) cancel the FimaCorp Shares so purchased; or
- (ii) retain the FimaCorp Shares so purchased as treasury shares; or
- (iii) retain part of the FimaCorp Shares so purchased as treasury shares and cancel the remainder; or
- (iv) distribute the treasury shares as share dividends to the shareholders of the Company and/or re-sell on the Bursa Malaysia in accordance with the Listing Requirements and/or cancellation of all or part of them subsequently.

The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back and shall continue to be in force until:

- (i) the conclusion of the next AGM of FimaCorp following the general meeting in which the authorization is obtained, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the listing requirements issued by the Bursa Malaysia and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

The Proposed Share Buy-Back will allow the Directors to purchase FimaCorp Shares at any time within the abovementioned time period.

Pursuant to the Listing Requirements, FimaCorp may only purchase its own shares at a price which is not more than fifteen per cent (15%) above the weighted average market price of FimaCorp Shares for the past five (5) Market Days immediately preceding the date of the purchase(s) and the Company may only resell the purchased FimaCorp Shares held as treasury shares on the Bursa Malaysia at a price which is not less than the weighted average market price of FimaCorp Shares for the past five (5) Market Days immediately preceding the date of resale. FimaCorp will make the relevant announcement in the event of each purchase or resale of such FimaCorp Shares.

The fundings of the Proposed Share Buy-Back will be from internally generated funds and/or external borrowings, the proportion of which to be utilized will depend on the actual number of FimaCorp Shares to be purchased, the price of FimaCorp Shares and the availability of funds of the FimaCorp Group at the time of purchase. In the event that borrowings are used for the Proposed Share Buy-Back, the amount of borrowings will depend on the amount of FimaCorp Shares to be purchased by the Company and the appropriate borrowing capacity of the Company. The Company's net cash flow may be affected to the extent of the interest costs associated with such borrowings, if any. The maximum fund to be allocated by the Company for the Proposed Share Buy Back will be made wholly out of retained profits, and share premium account, if any. As at 31 March 2013, the audited retained profits and share premium account of the Company were RM86,003,000 and RM534,000 respectively.

The actual number of FimaCorp Shares to be purchased, the total amount of funds involved for each purchase and the timing of each purchase will depend on the market conditions and sentiments of the stock market and the financial resources available to the Company.

At present, the Company has not decided on the method the purchased shares are to be treated. However, an immediate announcement will be made to the Bursa Malaysia upon the purchase or re-sale of the Shares. In addition, the Company will announce as to whether the Shares purchased under the Proposed Share Buy-Back will be cancelled or retained as treasury shares or a combination of both. As at 31 July 2013, the total number of FimaCorp Shares bought back since FimaCorp implemented the shares buy-back is 1,956,100 all of which were retained as treasury shares.

### **3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back has the following potential benefits for the Company and its shareholders:

- (i) the Company may be able to stabilize the supply and demand of FimaCorp Shares traded on the Bursa Malaysia and thereby supports its fundamental value;
- (ii) if FimaCorp Shares bought back by the Company are cancelled, shareholders are likely to enjoy an increase in the value of their investment in the Company as the net earnings per share of FimaCorp will increase; and
- (iii) if the FimaCorp Shares bought back are kept as treasury shares, it will give the Directors an option to sell the FimaCorp Shares so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively, the FimaCorp Shares so purchased can be distributed to shareholders as dividends and serve as reward to the shareholders of the Company.

The Proposed Share Buy-Back will, however, utilize the financial resources of FimaCorp and may need to be balanced against investment opportunities and other shareholders' value proposals. The Directors in exercising any decision on the Proposed Share Buy-Back will be mindful of the interest of the Company and its shareholders.

#### 4. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The financial effects of the Proposed Share Buy-Back are as follows:

##### 4.1 Share Capital

In the event that the Proposed Share Buy-Back is carried out in full and all the shares acquired are cancelled, the issued and fully paid-up share capital of the Company will be reduced.

The effects of the Proposed Share Buy-Back on the issued and paid-up share capital of FimaCorp are illustrated below :-

	<b>No. of Shares</b>	<b>RM</b>
Share Capital as per audited financial statements as at 31 March 2013	82,426,810	82,426,810
Less : Cancellation of FimaCorp Shares bought back	(8,242,600)	(8,242,600)
<b>Share capital upon completion of the Proposed Share Buy-Back as at 31 July 2013</b>	<b>74,184,210</b>	<b>74,184,210</b>

However, if the FimaCorp Shares purchased are retained as treasury shares, the Proposed Share Buy-Back will not affect the issued and fully paid-up share capital of FimaCorp but the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage shares or of a class of shares in the Company for any purposes including calculation of substantial shareholdings, take-overs, notices, the requisitioning of meetings, calculation of quorum for meetings and the result of a vote on a resolution at meeting.

##### 4.2 Net Assets ("NA")

The effect of the Proposed Share Buy-Back on the NA per FimaCorp Share will depend on the purchase price of FimaCorp Shares, the effective funding cost to FimaCorp to finance the purchase of the FimaCorp Shares and/or any loss of interest income to the Company and whether the FimaCorp Shares are cancelled, retained as treasury shares or resold on the Bursa Malaysia.

If all the FimaCorp Shares purchased are cancelled and the purchase price exceeds the NA per FimaCorp Share at the time of purchase, the Proposed Share Buy-Back will reduce the NA per FimaCorp Share. Conversely, the NA per FimaCorp Share will increase if purchase price is less than the NA per FimaCorp Share at the time of purchase.

If the treasury shares are resold on the Bursa Malaysia, the NA per FimaCorp Share will increase if the Company realizes a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per FimaCorp Share will increase by the cost of the treasury shares.



#### **4.3 Working Capital**

The Proposed Share Buy-Back will reduce the working capital of the FimaCorp Group, the quantum of which would depend on the purchase price of the FimaCorp Shares, the number of FimaCorp Shares purchased and the effective funding cost and/or loss of interest income to the Company.

However, the financial resources of the FimaCorp Group may be restored upon the re-sale of the purchased Shares which are held as treasury shares.

#### **4.4 Earnings**

Whether the FimaCorp Shares to be purchased under the Proposed Share Buy-Back are maintained as Treasury shares or cancelled, it will result in a lower number of FimaCorp Shares being used for the purpose of computing the EPS of the Company.

The extent of the effects of the Proposed Share Buy-Back on the EPS of the FimaCorp Group will depend on the actual number of FimaCorp Shares bought back, the purchase prices of the FimaCorp Shares and the effective cost of funding or any loss in interest income to the Group.

Assuming that the FimaCorp Shares purchased are retained as treasury shares and resold, the effects on the earnings of the FimaCorp Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the FimaCorp Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of the FimaCorp Group provided the income foregone and/or interest expense incurred on the FimaCorp Shares purchased is less than the EPS before the share buy-back.

### **5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at 31 July 2012 and assuming the Proposed Share Buy-Back is implemented in full (namely up to 10% of the paid-up capital) and that the FimaCorp Shares purchased are from the shareholders other than the substantial shareholders and Directors, the effect of the Proposed Share Buy Back on the shareholdings of the existing substantial shareholders and Directors of FimaCorp by virtue of Section 67A (3C) of the Act are set out below :

	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
<b>Directors</b>								
<i>Roslan bin Hamir</i>	205,600	0.25	-	-	205,600	0.28	-	-
<i>Roshayati binti Basir</i>	-	-	50,127,886 <sup>(3)</sup>	60.82	-	-	50,127,886 <sup>(3)</sup>	67.57
<b>Substantial Shareholders</b>								
<i>Fima Metal Box Holdings Sdn Bhd</i>	49,081,786	59.55	-	-	49,081,786	66.16	-	-
<b>Persons Connected</b>								
<i>Kumpulan Fima Berhad</i>	-	-	49,081,786 <sup>(1)</sup>	59.55	-	-	49,081,786 <sup>(1)</sup>	66.16
<i>BHR Enterprise Sdn Bhd</i>	440,500	0.53	49,081,786 <sup>(2)</sup>	59.55	440,500	0.59	49,081,786 <sup>(2)</sup>	66.16
<i>Hamidah binti Abdul Rahman</i>	605,600	0.73	49,081,786 <sup>(4)</sup>	59.55	605,600	0.82	49,081,786 <sup>(4)</sup>	66.16
<i>Rozilawati binti Basir</i>	-	-	49,081,786 <sup>(4)</sup>	59.55	-	-	49,081,786 <sup>(4)</sup>	66.16
<i>Rozana Zeti binti Basir</i>	-	-	49,081,786 <sup>(4)</sup>	59.55	-	-	49,081,786 <sup>(4)</sup>	66.16

Notes:

1. Deemed interest by virtue of its interest in Fima Metal Box Holdings Sdn Bhd, a substantial shareholder of FimaCorp.
2. Deemed interest by virtue of its interest in Kumpulan Fima Berhad which in turn owns Fima Metal Box Holdings Sdn Bhd, a substantial shareholder of FimaCorp.
3. Deemed interest by virtue of her mother, Puan Sri Datin Hamidah binti Abdul Rahman's direct shareholding in the Company and her direct shareholding in BHR Enterprise Sdn Bhd, which owns Kumpulan Fima Berhad, which in turn owns Fima Metal Box Holdings Sdn Bhd, a substantial shareholder of FimaCorp.
4. Deemed interest by virtue of their substantial direct shareholding in BHR Enterprise Sdn Bhd, which owns Kumpulan Fima Berhad, which in turn owns Fima Metal Box Holdings Sdn Bhd, a substantial shareholder of FimaCorp.

## **6. PUBLIC SHAREHOLDING SPREAD**

As at 31 July 2013, the public shareholding spread of the Company was 40.20%. The public shareholding spread is expected to reduce to 33.56% assuming the Proposed Share Buy-Back is implemented in full and all the FimaCorp Shares so purchased are cancelled.

The Board is mindful of the requirement that any purchase of FimaCorp Shares by the Company must not result in a public shareholding spread of less than 25% of its total listed shares.

## **7. IMPLICATIONS ON THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 (“THE CODE”)**

As at 31 July 2013, the substantial shareholder of FimaCorp, Fima Metal Box Holdings Sdn Bhd, holds 59.55% of the voting shares of FimaCorp. In the event that FimaCorp implements the Proposed Share Buy-Back in full, the said shareholding will increase to 66.16%.

Under Part III and subparagraph 10.1 Practice Note 9 of the Code, a person and any persons acting in concert with him will be obliged to make a mandatory offer for the remaining FimaCorp Shares not already owned by him/them if as a result of the Proposed Share Buy-Back:

- (a) a person obtains control in the Company;
- (b) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of the Company) increases his holding of the voting shares or voting rights of the Company by more than 2% in any six-month period; or
- (c) the person (holding more than 33% but not more than 50% of the voting shares or voting rights of the Company) acquires more than 2% of the voting shares or voting rights of the Company when he knows or reasonably ought to know that the Company would carry out a share buy-back scheme.

Based on the shareholding of other shareholders of FimaCorp as at 31 July 2013, none of their shareholding will exceed 33% of the total voting shares of FimaCorp in the event that FimaCorp implements the Proposed Share Buy-Back in full.

In the circumstances, the Proposed Share Buy-Back has no implications on FimaCorp's shareholders under the Code.

## 8. SHARE PRICES

The monthly high and low market price of FimaCorp Shares as traded on the Bursa Malaysia for the past twelve (12) months from August 2012 to July 2013 are as follows:-

	<u>High</u> RM	<u>Low</u> RM
2012		
August	6.65	6.17
September	6.39	5.90
October	6.01	5.85
November	5.99	5.83
December	6.00	5.80
2013		
January	6.00	5.60
February	5.85	5.72
March	5.90	5.72
April	5.86	5.68
May	6.16	5.62
June	6.10	5.74
July	6.45	5.80

Last transacted price of FimaCorp Shares on 22 May 2013 being the day prior to the date of announcement of the Proposed Share Buy-Back. RM6.16

Last transacted price of FimaCorp Shares on 19 August 2013 being the latest practicable date prior to the printing of the Circular. RM6.30

*(Source: The Star Online - Market Watch)*

## 9. PURCHASES MADE IN THE PREVIOUS TWELVE (12) MONTHS

The Company did not made any purchases of FimaCorp Shares in the previous twelve (12) months up to 19 August 2013, being the latest practicable date prior to the printing of this Circular.

As at 19 August 2013, 1,956,100 FimaCorp shares purchased by the Company were held as treasury shares and there were no purchase, resale, cancellation or trading of treasury shares on the Exchange for the preceding 12 months.

## 10. APPROVALS REQUIRED

The Proposed Share Buy-Back is conditional upon the approval of the shareholders of FimaCorp at the forthcoming AGM.

**11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors, substantial shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back or resale of the treasury shares, if any.

**12. DIRECTORS' RECOMMENDATION**

Having considered all aspects of the Proposed Share Buy-Back, the Board is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and therefore, recommends that you vote in favour of the ordinary resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

**13. AGM**

The Thirty-Eighth (38<sup>th</sup>) AGM, the notice of which is set out in the enclosed 2013 Annual Report, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 24 September 2013 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Proxy Form enclosed in the 2013 Annual report in accordance with the instructions printed thereon as soon as possible so as to arrive at the registered office of the Company at Suite 4.1, Level 4, Block C, Plaza Damansara, 45 Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM. The completion and return of the Proxy Form does not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

**14. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,  
for and on behalf of the Board of Directors of  
**FIMA CORPORATION BERHAD**

**DATO' ADNAN BIN SHAMSUDDIN**  
Chairman



**FIMA CORPORATION BERHAD**  
(Company No: 21185-P)  
(Incorporated in Malaysia)

**Registered Office**

Suite 4.1, Level 4  
Block C, Plaza Damansara  
45, Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur

29 August 2013

**Directors**

Dato' Adnan bin Shamsuddin (*Chairman/Independent Non-Executive Director*)  
Roslan bin Hamir (*Managing Director*)  
Rezal Zain bin Abdul Rashid (*Senior Independent Non-Executive Director*)  
Datuk Alias bin Ali (*Independent Non-Executive Director*)  
Dr. Roshayati binti Basir (*Non-Independent Non-Executive Director*)

**To: The Shareholders of Fima Corporation Berhad**

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

On 25 June 2013, the Company announced to the Bursa Securities that the Board proposes to seek its shareholders' approval for the proposed mandate for RRPT in accordance with Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with information on the Proposed Shareholders' Mandate together with your Directors' recommendation and to seek your approval for the resolution to be tabled at the forthcoming AGM. The Notice of AGM is enclosed together with the said Annual Report of the Company for the financial year ended 31 March 2013.

**SHAREHOLDERS OF FIMACORP ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Shareholders' Mandate

Under Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of RRPT subject to, *inter-alia*, the following :-

- i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- iii) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- iv) the Director, Major Shareholder or Person Connected with such Director or Major Shareholder; who has an interest, direct or indirect in RRPT that is subject to such mandate must not vote on the resolution to approve the shareholders mandate and RRPT; and
- v) the Company to immediately announce to Bursa Securities when the actual value of a RRPT entered into by FimaCorp Group exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in the Company's announcement.

In compliance with Paragraph 10.09 of the Listing Requirements, the Board is hereby seeking shareholders' approval for the Proposed Shareholders' Mandate for the Group to enter into recurrent arrangements or transactions in the ordinary course of business from time to time with a Director or Major Shareholder of the FimaCorp Group or a Person Connected with such a Director or Major Shareholder and the related parties set out in section 2.5 of this Circular, provided such transactions are entered into at arm's length and on normal commercial terms which are no more favourable to the related parties than those generally available to the public and which will not be to the detriment of the minority shareholders. The RRPT will also be subject to the review procedures set out in section 2.9 of this Circular.

## **2.2 Validity Period of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate, if approved at the forthcoming AGM, will continue to be in force until:

- (i) the conclusion of the next AGM of the Company following this AGM, at which time the mandate will lapse, unless by an ordinary resolution passed at general meeting, the mandate is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever is earlier.

## **2.3 Disclosure in the Annual Report**

Disclosure will be made in the annual report of the Company of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandate with a breakdown of the aggregate value of the RRPT made during the financial year; based on the type of the RRPT and the names of the Related Parties involved in each type of the RRPT made and their relationship with the Company.

## **2.4 Principal Activities of the Company**

The principal activities of the Company are those of property management and investment holding. The principal activities of FimaCorp Group are production of security and confidential documents, oil palm production and processing and production and sale of bank notes. Details of FimaCorp's subsidiary which is involved in the RRPT and its principal activities are set out in the notes of section 2.5 of this Circular.



## 2.5 Class and Nature of the RRPT

The details of RRPT for which the mandate of the shareholders are sought, shall include those described below:

Name of Subsidiary	Related Party	Nature of RRPT	Interested Major Shareholder and Director of Subsidiary	Estimated Value of Transactions during the Validity Period (RM'000)
PT NJL <sup>(2)</sup>	PT PEL <sup>(3)</sup>	Purchase of FFB  Buyer: PT NJL Seller: PT PEL	Bapak Muhammad Ramli	12,000 <sup>(1)</sup>

Notes:

- (1) Basis in arriving at the estimated value (may vary and subject to changes) is stated in the table below:

Nature of RRPT	Estimated RM Value of Transactions During Validity Period (RM'000)
Purchase of FFB Buyer: PT NJL Seller: PT PEL	12,000 (As per PT NJL's projection for the financial year 2013/2014)

- (2) PT NJL's principal activities are in the oil palm production and processing. FimaCorp owns 80.0% of PT NJL;  
 (3) PT PEL's principal activity is oil palm production; and  
 (4) Bapak Muhammad Ramli is a Director of PT NJL and has 20% direct shareholding in PT NJL. He is also a Director of PT PEL and has 99.64% direct shareholding in PT PEL.

The RRPT will be made at arm's length on normal commercial terms which are not more favourable to the Related Party than those generally available to the public, are carried out on normal commercial terms and are not detrimental to FimaCorp's minority shareholders.

## 2.6 Amount Due and Owing by Related Parties

There is no total outstanding amount due under the mandated RRPT which exceeded the credit term as at the end of the financial year ended 31 March 2013. Hence, there were no late payment charges imposed on or by the Related Party.

## 2.7 Benefits

The RRPT entered into by FimaCorp Group is synergistic to the activities of the subsidiary of the Group and provide the subsidiary with support to its operational and business needs at the best possible terms. The Board is of the view that PT NJL's close working relationship with PT PEL would enhance the competitiveness of FimaCorp Group.

## **2.8 Rationale**

The RRPT entered into or to be entered into by the Group are all in the ordinary course of business and are intended to meet the business needs of the Group at the best possible terms.

The RRPT are likely to continue in the future on a frequent and recurrent basis from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' prior approval on a case by case basis before entering into such transactions. The Proposed Shareholders' Mandate will therefore eliminate the need to announce and convene separate general meetings from time to time to seek the shareholders' approval as and when such RRPT arise. This will reduce the associated expenses, improve administrative efficiency and allow the Group to channel such resources towards attaining other corporate objectives and business opportunities available to the Group.

## **2.9 Review Procedures for the RRPT**

In ensuring that the RRPT are undertaken on arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies and on transaction prices, which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders, the Group will adhere to the following procedures:

- (i) The Related Parties will be advised that the RRPT are subject to the Proposed Shareholders' Mandate and will also be advised of the review and disclosure policies;
- (ii) The Group will ensure that the RRPT are only entered into after taking into account the pricing, quality and level of service. The transaction prices, terms and conditions shall be determined by market forces, under similar commercial terms for transactions with third parties;
- (iii) The RRPT shall be reviewed by the Company's internal auditors and presented at the Audit Committee Meetings on a quarterly basis. The Audit Committee will also review the internal audit reports pertaining to the RRPT to ascertain that the guidelines and procedures to monitor the RRPT have been complied with;
- (iv) Further, where any Director or Persons Connected to him has an interest (direct or indirect) in any related party transactions, such Director (or his alternate) shall abstain from voting on the matter. Where any member of the Audit Committee is interested in any transaction, the said member shall abstain from deliberation and voting on the particular resolution in approving the transaction; and
- (v) The Company will also maintain a record of all RRPT carried out pursuant to the Proposed Shareholders' Mandate and will be made available by the management to the external auditors, internal auditors and Audit Committee for their review.

## 2.10 Approval Thresholds

There are no specific thresholds for approvals of RRPT within the Group. However, all RRPT are subject to the approval of the Managing Director upon recommendation made by senior management, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has interest direct and/or indirect in a transaction, the said Director shall abstain from deliberation and voting on the particular resolution in approving the transaction.

## 2.11 Statement by Audit Committee

The Audit Committee is of the view that the procedures in section 2.9 are sufficient to ensure that the RRPT will be transacted on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

In addition, the Audit Committee is also of the view that the Company has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and the said procedures and processes are reviewed on quarterly basis or whenever the need arises.

The composition of Audit Committee is as follows:

Rezal Zain bin Abdul Rashid	<i>Chairman/Senior Independent Non-Executive Director</i>
Dato' Adnan bin Shamsuddin	<i>Independent Non-Executive Director</i>
Datuk Alias bin Ali	<i>Independent Non-Executive Director</i>

## 2.12 Interest of Directors and Major Shareholders

As at 31 July 2013, save as disclosed below, none of the Directors and Major Shareholders of FimaCorp or Persons Connected with them has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

The interested Major Shareholder and Director of PT NJL, Bapak Muhammad Ramli has 20% direct shareholding in PT NJL. He is also a Director of the related party, PT PEL and has 99.64% direct shareholding in PT PEL. Bapak Muhammad Ramli has no direct or indirect shareholdings in FimaCorp. He has undertaken to ensure that he and Persons Connected to him will abstain from voting on the Proposed Shareholders' Mandate at the AGM in respect of their direct and indirect shareholdings, if any.

## 2.13 Determining Transacted Price

The transacted price with the Related Party is based on the monthly FFB price released by "Dinas Perkebunan Provinsi Kalimantan Timur". At least two other contemporaneous transactions with unrelated third parties for similar products and/or quantities are used as comparison to determine whether the price and terms offered to the Related Party, as the case may be, are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar products and/or quantities and to ensure that the RRPT are not detrimental to the FimaCorp Group.

### **2.13 Determining Transacted Price (Contd.)**

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, prices are determined based on market knowledge and on normal commercial terms in accordance with FimaCorp Group policies, which require (among others) that transactions with Related Parties are undertaken on arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public, are carried out on normal commercial terms and are not detrimental to FimaCorp minority shareholders.

### **3. EFFECTS OF THE PROPOSED SHAREHOLDERS MANDATE**

The proposed shareholders mandate is not expected:-

- (i) to have any effect on FimaCorp's issued and paid up capital and shareholding of its substantial shareholders; and
- (ii) to have any material effect on net assets or earnings for the financial year ended 31 March 2014.

### **4. APPROVALS REQUIRED**

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of FimaCorp at the forthcoming AGM.

### **5. DIRECTORS' RECOMMENDATION**

Having considered the rationale for the Proposed Shareholders' Mandate, the Board is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

### **6. AGM**

The Thirty-Eighth (38<sup>th</sup>) AGM, the notice of which is set out in the enclosed 2013 Annual Report, will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 24 September 2013 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Proxy Form enclosed in the 2013 Annual report in accordance with the instructions printed thereon as soon as possible so as to arrive at the registered office of the Company at Suite 4.1, Level 4, Block C, Plaza Damansara, 45 Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM. The completion and return of the Proxy Form does not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

**7. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,  
for and on behalf of the Board of Directors of  
**FIMA CORPORATION BERHAD**

**DATO' ADNAN BIN SHAMSUDDIN**  
Chairman

## APPENDIX I

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### FURTHER INFORMATION

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#### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement stated herein misleading.

#### 2. MATERIAL CONTRACT

Save as disclosed below, FimaCorp and its subsidiaries have not entered into any material contract outside the ordinary course of business, during the two (2) years preceding the date of this Circular:-

On 24 December 2012, Cendana Laksana Sdn Bhd, a wholly owned subsidiary of FCB Plantation Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of FimaCorp entered into a conditional Sale and Purchase Agreement with Lemo Sdn Bhd (Receiver and Manager Appointed), Khuzamy Musa bin Muhammad and Khuzairy Musa bin Muhammad for the acquisition of 2 parcels of agricultural leasehold lands held under HSD 398, Lot PT 757P and PN 7602 Lot 2925, Mukim Tebak, Daerah Kemaman, Negeri Terengganu measuring approximately 1,940.73 acres ("the Lands") for a total purchase consideration of RM29,110,000.00.

Save and except for the conditions precedent stated below, the conditions precedent stipulated in the abovementioned conditional Sale and Purchase Agreement have yet to be fulfilled.

- (a) Under the Guidelines for Acquisition of Properties, approval of the Economic Planning Unit of the Prime Minister's Department is not required and therefore, the condition precedent is deemed fulfilled.
- (b) The consent to transfer the Lands in favour of the Purchaser from Lembaga Kemajuan Terengganu Tengah pursuant to the express conditions endorsed on the Lands was obtained on 27 January 2013.
- (c) The approval of the Estate Land Board to transfer of the said Lands in favour of the Purchaser was obtained on 10 March 2013.
- (d) The State's Authority's consent to the transfer of the Lands in favour of the Purchaser was obtained as per letter from Pejabat Tanah, Kemaman, Terengganu dated 11 April 2013 which was received on 22 July 2013.

Pursuant to Clause 3.9 of the SPA, the period for fulfillment of the Conditions Precedent as set out in the SPA has been automatically extended for a further period of 6 months i.e. from 24 June 2013 to 23 December 2013

### 3. MATERIAL LITIGATION

Save as disclosed below, FimaCorp or its subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or the business of the Company or its subsidiaries.

*Writ of Summons No: S-22-728-2001 High Court of Malaya at Kuala Lumpur*

*Construction Industry Development Board*

*Plaintiff*

*-vs-*

*Fima Corporation Berhad*

*Defendant*

Following the termination of the Tenancy Agreement by Malaysia Airports Holdings Berhad ("MAHB") on 11 May 2000, FimaCorp as the Principal Tenant issued a termination notice dated 15 May 2000 to all its respective sub-tenants at Airtel Complex.

Pursuant to the above, on 28 September 2001, FimaCorp was served a Writ of Summons dated 9 August 2001 from a tenant ("Plaintiff") claiming for a compensation sum of approximately RM2.12 million being the renovation costs and general damages. The Board of FimaCorp had sought the advice of the solicitors and was of the opinion that there should be no compensation payable to the Plaintiff as the demised premises was acquired by a relevant authority, MAHB, which was provided in the Tenancy Agreement between FimaCorp and the Plaintiff.

On 24 June 2002, the Plaintiff filed its amended Writ of Summons and Statement of Claims, naming MAHB as the second defendant and on 14 January 2003, served the same to FimaCorp. On 20 January 2003, FimaCorp's solicitors filed an amended Statement of Defence and on 22 April 2003, the second defendant obtained an Order in Terms from the Courts to strike out the Plaintiff's claim.

The Plaintiff served its Application for Summons in Chambers on FimaCorp on 15 December 2003. Subsequently, FimaCorp replied to the Plaintiff on 16 December 2003 expressly stipulating that the Rules of the High Court requires the Plaintiff to file a Notice of Pre-Trial Case Management seeking the directions of the Judge as to the further conduct of the matter.

On 11 November 2008, the Court had disposed off this matter summarily in favour of the Plaintiff and on 4 March 2009, FimaCorp had filed its Record of Appeal to the Court of Appeal.

On 27 September 2011, the Court of Appeal had allowed FimaCorp's appeal against the decision handed down by the High Court. However, the Court of Appeal had directed that the matter be remitted back to the High Court for full trial. There has been no development since 27 September 2011.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at Suite 4.1, Level 4, Block C, Plaza Damansara, 45, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, not less than 2 weeks following the date of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the AGM:-

- (i) Memorandum and Articles of Association of FimaCorp;
- (ii) audited financial statements of FimaCorp and its subsidiary companies for the past two (2) financial years ended 31 March 2012 and 31 March 2013 (pending adoption by shareholders respectively);
- (iii) unaudited financial statements of FimaCorp Group for three (3) months period ended 30 June 2013;
- (iv) the material contract referred to in section 2 above; and
- (v) the relevant cause papers in respect to the material litigation referred to in section 3 above.