

# **FIMA CORPORATION BERHAD**

(Company No. 21185-P)

## **SUMMARY OF MINUTES OF THE 42<sup>ND</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 9.30 A.M.

### **1. OPENING REMARKS**

The Chairman welcomed shareholders, proxies and invitees to the Company's 42<sup>nd</sup> Annual General Meeting ("42<sup>nd</sup> AGM" or the "Meeting").

### **2. QUORUM**

Upon confirming the presence of the requisite quorum by the Secretary, the Chairman called the Meeting to order at 9.30 a.m.

### **3. 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 Messrs Hanafiah Raslan & Mohamad who were in attendance, to the members present.

With that, the Chairman continued with the first agenda of the Meeting.

### **4. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 ("FYE2017") 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 156 of the Company's Constitution and hence, it would not be put forward for voting.

At this juncture, a video presentation on the Group's performance for FYE2017 was aired for the members' viewing.

The Managing Director, Dato' Roslan Hamir, was then invited to present to the members the Group's financial performance, the 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.

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, Puan Susan Lee to present the replies to the questions and points raised by MSWG. A snapshot of the questions and the Company’s responses was also projected for the benefit of those present.

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

- (1) The Board should seriously look into the issue of Board succession planning including setting a tenure limit for independent directors in view of the fact 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 and that the Board was currently looking into a managed succession approach to ensure a smooth transition when effecting any changes to the Board composition.*

- (2) 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 (“HGU”). What would be the estimated sum of the additional impairments, if any?

*The Managing Director explained that the impairment of RM29.4 million was in respect of the biological assets and property, plant and equipment (“PPE”) 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.*

- (3) It was rather puzzling that the HGU can be revoked due to administrative irregularities caused by certain officers of the Badan Pertanahan Nasional. It was proposed that PTNJL leverage on the support of the local communities and to use it to its advantage.

*The Chairman responded that the Board is equally puzzled by the revocation order. Nevertheless, PTNJL has been receiving the full support of the local government in Kabupaten Nunukan who has continued to allow PTNJL to operate its plantation operations until the final determination of the matter by the Indonesian Courts. PTNJL’s business and operations have not been affected to date.*

- (4) How does the Group derive economic benefits from its land acquisitions in recent years given the relatively small size of these lands?

*The Managing Director replied that the lands that were purchased recently were actually in close proximity i.e. within 100km radius of each other. This would enable the Group to achieve economies of scale and operational efficiencies and would allow for a mill to be built in the future once the Group achieves to accumulate more than 4,000 hectares.*

- (5) It was noted that “Other expenses” in the Statement of Comprehensive Income as disclosed on page 89 of the Annual Report increased substantially from RM20.116 million in FYE2016 to RM52.903 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 Managing Director replied that the increase in “Other expenses” was largely due to:*

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

*Similarly, the reversal of revaluation surplus was made arising from the impairment of PTNJL’s biological assets.*

*The Managing Director acknowledged the comments that the explanatory notes for these items should have been included in the Financial Statements.*

- (6) What are the Manufacturing Division’s future plans given (i) the rise of digital technologies such as e-wallet etc.; and (ii) expiry of the contract to supply a certain travel document to the government?

*Bidding for government contracts has become more competitive given the increasing number of players in the market. For the Manufacturing Division to remain competitive in an increasingly digitalised 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.*

With that, the Chairman concluded the question and answer session for Agenda 1.

The Chairman advised that the voting of all resolutions would be conducted on a 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 this 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.

## **5. ANY OTHER BUSINESS**

There being no other business to be deliberated for which due notice had been given, the Chairman then declared that the registration for attendance at this Meeting closed at 10.55 a.m.

## **6. 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.

## **7. 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 42nd 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	%
<p><b><u>ORDINARY RESOLUTION 1</u></b></p> <p>To approve the payment of a single-tier final dividend of 7.5 sen and a single-tier special dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 March 2017 as recommended by the directors.</p>	157,768,865	100	0	0.0000	0	0.0000
<p><b><u>ORDINARY RESOLUTION 2</u></b></p> <p>To re-elect Dato' Adnan bin Shamsuddin, who retires pursuant to Article 113 of the Company's Constitution.</p>	157,765,565	99.9979	3,300	0.0021	0	0.0000
<p><b><u>ORDINARY RESOLUTION 3</u></b></p> <p>To re-elect Dr. Roshayati binti Basir, who retires pursuant to Article 113 of the Company's Constitution.</p>	157,598,265	99.9981	3,000	0.0019	167,600	0.1062
<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>	157,593,265	99.9981	3,000	0.0019	172,600	0.1094
<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>	157,760,865	99.9981	3,000	0.0019	5,000	0.0032

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<p><b><u>ORDINARY RESOLUTION 6</u></b></p> <p>To approve the payment of Directors' remuneration (excluding Directors' fees) for the Non-Executive Directors from 1 April 2017 until the conclusion of the next AGM of the Company.</p>	157,593,265	99.9981	3,000	0.0019	172,600	0.1094
<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>	157,765,865	99.9981	3,000	0.0019	0	0.0000
<p><b><u>ORDINARY RESOLUTION 8</u></b></p> <p>Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.</p>	157,768,865	100	0	0.0000	0	0.0000
<p><b><u>ORDINARY RESOLUTION 9</u></b></p> <p>Proposed renewal of the authority for shares buy-back.</p>	157,768,865	100	0	0.0000	0	0.0000
<p><b><u>ORDINARY RESOLUTION 10</u></b></p> <p>Authority for Encik Rezal Zain bin Abdul Rashid to continue in office as Independent Non-Executive Director.</p>	157,760,565	99.9979	3,300	0.0021	5,000	0.0032
<p><b><u>ORDINARY RESOLUTION 11</u></b></p> <p>Authority for Dato' Adnan bin Shamsuddin to continue in office as Independent Non-Executive Director.</p>	157,765,565	99.9979	3,300	0.0021	0	0.0000

AGENDA	FOR		AGAINST		ABSTAINED	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b><u>ORDINARY RESOLUTION 12</u></b>  Authority for Datuk Alias bin Ali to continue in office as Independent Non-Executive Director.	157,765,565	99.9979	3,300	0.0021	0	0.0000

**8. CLOSURE OF MEETING**

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

The Meeting adjourned at 11.20 a.m. with a vote of thanks to the Chairman.