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KUMPULAN FIMA BERHAD

(Company No.: 11817-V)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to

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

The Notice of the Forty-second (42nd) Annual General Meeting to be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 24 September 2014 at 3.00 p.m. together with the Proxy Form are enclosed in the Company's Annual Report 2014. Shareholders are advised to refer to the Notice of the Annual General Meeting and the Proxy Form. The Proxy Form should be lodged at the registered office of the Company at Suite 4.1, Level 4, Block C, Plaza Damansara, No. 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 2014.

DEFINITIONS

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
BHR	-	BHR Enterprise Sdn Bhd (64889-A)
Board	-	Board of Directors of KFima
Bursa Securities	-	Bursa Malaysia Securities Berhad (30632-P)
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
IFC	-	International Food Corporation Limited (C-1-19260)
KFima or Company	-	Kumpulan Fima Berhad (11817-V)
KFima Group or Group	-	KFima and its subsidiaries
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 amendments thereto that may be made from time to time
Major Shareholder	-	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: (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (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. 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.

DEFINITIONS

Person Connected	-	Person in relation to a Director or a Major Shareholder who falls under any one of the categories as per Paragraph 1.01 of the Listing Requirements
Proposed Shareholders' Mandate	-	Shareholders' mandate for the KFima Group to enter into RRPT of revenue or trading nature
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
Share(s)	-	Ordinary share(s) of RM1.00 each in KFima
Validity Period	-	Proposed Shareholders' Mandate validity period from 42 nd AGM to 43 rd AGM

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KUMPULAN FIMA BERHAD

(Company No.: 11817-V)

(Incorporated in Malaysia)

Registered Office:

Suite 4.1, Level 4, Block C
Plaza Damansara
No. 45, Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur

29 August 2014

Board of Directors

Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor (*Chairman*)

Roslan bin Hamir (*Group Managing Director*)

Azizan bin Mohd Noor

Rozana Zeti binti Basir

Dato' Rosman bin Abdullah

Rozilawati binti Haji Basir

To: The Shareholders of Kumpulan Fima Berhad

Dear Sir / Madam,

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

1. INTRODUCTION

At the last AGM held on 24 September 2013, the shareholders of KFima had approved the mandate for the KFima Group to enter into RRPT with the Company's Related Party as set out in the Circular to Shareholders dated 29 August 2013. In accordance with the Listing Requirements, the aforesaid shareholders' mandate shall lapse at the conclusion of the forthcoming AGM, unless a mandate for its renewal is obtained from the shareholders of the Company at the AGM.

On 30 June 2014, the Company announced to Bursa Securities that the Board proposes to seek its shareholders' approval for the RRPT in accordance with Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with the relevant details of the Proposed Shareholders' Mandate and to seek your approval for the resolution pertaining to the said proposal to be tabled at the forthcoming Forty-second (42nd) AGM of the Company to be convened on Wednesday, 24 September 2014 at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur at 3.00 p.m.. The Notice of the Forty-second (42nd) AGM together with the Proxy Form are enclosed in the Company's Annual Report 2014.

Shareholders 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 FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company 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 KFima 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 KFima Group or a Person Connected with such a Director or Major Shareholder and the related parties set out in section 2.4 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 2.8 of this Circular.

2.1 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.

2.2 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.

2.3 Principal Activities of the Company

The principal activities of the Company are those of investment holding, property holding and the provision of management services to its related companies. The principal activities of KFima Group are manufacturing, bulking, plantation, canning and packaging food products. Details of KFima's subsidiary which is involved in the RRPT and its principal activities are set out in the notes of section 2.4 of this Circular.

2.4 Class and Nature of the RRPT

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

Existing RRPT:

Name of Companies	Related Parties	Nature of RRPT	Interested Major Shareholder, Directors and Persons Connected to Them of KFima	Estimated Annual Value Disclosed in the Preceding Year's Circular RM'000	Actual Value of Transactions from 24 September 2013 to latest practicable date on 1 August 2014 RM'000	Estimated Value of Transactions during Validity Period ⁽¹⁾ RM'000
KFima ⁽²⁾ IFC ⁽³⁾	KFima/ IFC	Sale of frozen fish Seller: KFima Buyer: IFC	Major Shareholder BHR Directors Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor ⁽⁴⁾ Roslan bin Hamir ⁽⁵⁾ Rozana Zeti binti Basir ⁽⁶⁾ Rozilawati binti Haji Basir ⁽⁷⁾ Persons Connected Persons Connected to BHR (refer to section 2.11)	45,000	10,962	45,000

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)
Sale of frozen fish Seller: KFima Buyer: IFC	45,000 (As per IFC's projection for the financial year 2014/2015)

(2) KFima holds 95.57% effective interest in IFC, by virtue of its 77.85% direct investment and 17.72% indirect investment through Endell Pte Ltd (a company incorporated in the Republic of Singapore), an 80.00% owned subsidiary of Fima Overseas Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of KFima;

(3) IFC's principal activities are in the manufacturing and distribution of canned fish;

(4) Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor is a Director and Chairman of IFC and has direct shareholding in KFima;

(5) Roslan bin Hamir is the Group Managing Director of KFima and Director of IFC and has direct shareholding in KFima;

(6) Rozana Zeti binti Basir is a Non-Independent Non-Executive Director of KFima and has direct and indirect shareholding in KFima; and

(7) Rozilawati binti Haji Basir is a Non-Independent Non-Executive Director of KFima and has an indirect shareholding in KFima.

2.5 Amount Due and Owning by Related Parties

The breakdown of the principal sum and interest for the total outstanding amount due under the mandated RRPT which exceeded the credit term as at the end of the financial year ended 31 March 2014 are as follows:-

Transacting Party	Principal Sum (RM)	Interest charges (7.5% per annum) (RM)	Amount owing from Transacting Parties as at 31 March 2014 exceeding credit term (RM)			
			1 year or less	1 to 3 years	3 to 5 years	More than 5 years
IFC	33,457,546	2,646,595	14,887,755	21,216,386	-	-

The Company imposes an interest of 7.5% per annum on the outstanding amount. The Management monitors and analyses the outstanding amounts on a regular basis, and has and will continue to meet and discuss with IFC for early settlement of the outstanding amounts. Notwithstanding the foregoing:-

1. Monthly statements are issued to IFC in respect of the said amounts; and
2. Details of the outstanding amounts and the repayments made are also tabled and discussed at the Audit Committee Meetings.

The Board and the Audit Committee have reviewed the outstanding amounts and are of the opinion that the same were part of the Group's normal business operations and there was no recoverability issue as IFC has had a long standing business relationship with the Group and have proven to be creditworthy with good payment records.

2.6 Benefits

The companies within the KFima Group have long-standing business relationships with each other. The Board is of the view that such close co-operation and strong relationship that exist within the KFima Group enables KFima to benefit from better services and attention than would otherwise be derived from third parties.

The RRPT within the KFima Group are synergistic to the activities of the subsidiaries of the KFima Group. The Board is of the view that KFima's close working relationship with IFC would enhance the competitiveness of the KFima Group. The upstream and downstream linkages help to reduce inventory driven costs, increase the availability of inventory to fulfil customer demands, reduce inventory lead-time and improve asset-allocation.

2.7 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.

2.8 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.

2.9 Approval Thresholds

There are no specific thresholds for approvals of RRPT within the Group. However, all RRPT are subject to the approval of Group 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.

2.10 Statement by Audit Committee

The Audit Committee is of the view that the procedures in section 2.8 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:

Name	Position	Designation
Azizan bin Mohd Noor	Chairman	Senior Independent Non-Executive Director
Dato' Rosman bin Abdullah	Member	Independent Non-Executive Director
Rozana Zeti binti Basir	Member	Non-Independent Non-Executive Director

2.11 Interests of Directors, Major Shareholder and Persons Connected To Them in the Proposed Shareholders' Mandate

As at 1 August 2014, save as disclosed below, none of the Directors and Major Shareholder or Persons Connected with them have any interest, direct and/or indirect, in the Proposed Shareholders' Mandate:

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Directors				
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	100,000	0.04	-	-
Roslan bin Hamir	421,000	0.15	-	-
Rozana Zeti binti Basir	50,000	*	⁽⁴⁾ 165,125,000	59.98
Rozilawati binti Haji Basir	-	-	⁽³⁾⁽⁴⁾ 165,175,000	60.00
Major Shareholder				
BHR	146,202,300	53.11	⁽¹⁾ 511,000	0.19
Persons Connected to Directors and/or Major Shareholder of KFima other than disclosed above				
<i>Persons Connected to BHR</i>				
Puan Sri Datin Hamidah binti Abdul Rahman	200,000	0.07	⁽²⁾ 164,975,000	59.93
Roshayati binti Basir	200,000	0.07	⁽⁴⁾ 164,975,000	59.93
Rozilawati binti Haji Basir	-	-	⁽³⁾⁽⁴⁾ 165,175,000	60.00
Rozana Zeti binti Basir	50,000	*	⁽⁴⁾ 165,125,000	59.98
Ahmad Riza bin Basir	-	-	⁽⁴⁾ 165,175,000	60.00
Zailini binti Zainal Abidin	400,000	0.15	⁽⁵⁾ 164,775,000	59.86

* Negligible

Notes:

- (1) Puan Sri Datin Hamidah binti Abdul Rahman, Roshayati binti Basir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir's direct and indirect shareholding, respectively, in the Company. Deemed interested by virtue of their shareholdings in BHR of more than 15%.
- (2) Puan Sri Datin Hamidah binti Abdul Rahman is the mother of Roshayati binti Basir, Rozilawati binti Haji Basir, Rozana Zeti binti Basir and Ahmad Riza bin Basir. Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR.
- (3) Rozilawati binti Haji Basir's shareholding in the Company is held under M&A Nominees (Tempatan) Sdn Bhd.
- (4) Deemed interested by virtue that:
 - (i) Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir are sisters and their shareholdings in BHR of more than 15%.
 - (ii) Ahmad Riza bin Basir is the son of Puan Sri Datin Hamidah binti Abdul Rahman and brother of Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir and:
 - (a) His indirect shareholdings in the Company are held under M&A Nominees (Tempatan) Sdn Bhd of 100,000 (or 0.04%) and Subur Rahmat Sdn Bhd (SRSB) pursuant to Section 6A of the Companies Act, 1965 (the Act). SRSB holds 11,509,200 (or 4.18%) and 6,398,500 (or 2.32%) direct and indirect interests, respectively in KFima.
 - (b) His wife, Zailini binti Zainal Abidin's shareholding in SRSB pursuant to Section 6A of the Act and her direct shareholding in KFima.
- (5) Zailini binti Zainal Abidin is deemed interested by virtue of her shareholding in SRSB pursuant to Section 6A of the Act; and wife of Ahmad Riza bin Basir.

The abovementioned interested Directors, interested Major Shareholder namely, BHR, and Persons Connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in KFima on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM. Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, Roslan bin Hamir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir, being Directors interested in the Proposed Shareholders' Mandate have abstained and will continue to abstain from deliberating and voting on the ordinary resolution in respect of the Proposed Shareholders' Mandate at the relevant Board meetings.

As at 1 August 2014, save as disclosed below, the interest, direct and/or indirect, of all interested Directors, Major Shareholder and/or Persons Connected to Directors and/or Major Shareholder of KFima in IFC are shown below:

BHR

Related Companies	No. of Shares			
	Direct	%	Indirect#	%
IFC	-	-	56,456,000	95.57

Deemed interested by virtue of its direct substantial shareholding in KFima of 53.30%, which in turn owns IFC as mentioned in the notes of section 2.4 of this Circular.

Puan Sri Datin Hamidah binti Abdul Rahman

Related Companies	No. of Shares			
	Direct	%	Indirect#	%
IFC	-	-	56,456,000	95.57

Deemed interested by virtue of her shareholding of preference shares in BHR which carry veto rights in all the decisions in BHR, which holds 53.30% in KFima and in turn owns IFC as mentioned in the notes of section 2.4 of this Circular.

Roshayati binti Basir, Rozilawati binti Haji Basir and Rozana Zeti binti Basir

Related Companies	No. of Shares			
	Direct	%	Indirect#	%
IFC	-	-	56,456,000	95.57

Deemed interested by virtue of their direct substantial shareholdings in BHR, which holds 53.30% in KFima and in turn owns IFC as mentioned in the notes of section 2.4 of this Circular.

2.12 Determining Transacted Price

The transacted price with the Related Party is determined by KFima's purchase price of fish (mackerel) sourced from China and/or Korea plus its financing costs and other related costs to the transactions. The purchase price is purely determined by the world's demand and supply of mackerel. However, given the nature and type of transaction that KFima enters into, in a number of occasions, it is impossible to find at least two other similar or contemporaneous transactions with unrelated third parties for price comparison thereof which can be used as comparison to determine whether the prices and terms offered by KFima to the Related Party, as the case may be, are fair and reasonable and comparable to those offered to or by other unrelated parties.

In these instances, prices are determined based on market knowledge and on normal commercial terms in accordance with KFima 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 the KFima minority shareholders.

3. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The proposed shareholders' mandate is not expected:-

- (i) to have any effect on KFIMA'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 2015.

4. APPROVALS REQUIRED

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

5. DIRECTORS' RECOMMENDATION

The Board (save for the interested Directors, namely, Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, Roslan bin Hamir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir who have abstained from giving their opinions and recommendations), having considered the rationale of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company.

Accordingly, the Board (save for the interested Directors, namely, Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor, Roslan bin Hamir, Rozana Zeti binti Basir and Rozilawati binti Haji Basir who have abstained from giving their opinions and recommendations), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

6. SPECIAL BUSINESS AT AGM

For the purpose of approving the Proposed Shareholders' Mandate, the matter will be tabled as a special business at the Company's Forty-second (42nd) AGM (the Notice of the 42nd AGM together with the Proxy Form are set out in the Company's Annual Report 2014) to be held at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 24 September 2014 at 3.00 p.m..

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 Company's Annual Report 2014 in accordance with the instruction printed thereon as soon as possible, so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time set for the meeting. The completion and return of the Proxy Form does not preclude you from attending and voting in person at the meeting if you are able to do so.

7. FURTHER INFORMATION

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

Yours faithfully,
for and on behalf of the Board of
KUMPULAN FIMA BERHAD

TAN SRI DATO' IR. MUHAMMAD RADZI BIN HAJI MANSOR
Chairman

APPENDIX I

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACT

Save as disclosed below, KFima 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 the Company's subsidiary, Fima Corporation Berhad 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.

Pursuant to Clause 3.9 of the Sale and Purchase Agreement, the period for fulfilment of the Conditions Precedents was automatically extended for a further period of 6 months from 24 June 2013 to 23 December 2013.

On 28 October 2013, the Purchaser announced that all Conditions Precedent pertaining to the proposed acquisition have been fulfilled. However, the Purchaser's obligation to pay the balance purchase price or such part thereof in accordance with the terms of the SPA has been suspended until two (2) private caveats lodged against the Lands vide presentation No.338/2013 registered on 16 June 2013 and presentation No.546/2013 registered on 6 October 2013 respectively have been removed or the Lands are free from any encumbrances.

On 18 November 2013, the Purchaser announced that the private caveat No.338/2013 had been withdrawn on 7 November 2013 and private caveat presentation No.546/2013 had also been withdrawn pursuant to a court order dated 7 November 2013. Subsequently on 2 December 2013, a Consent to Variation was signed by the Purchaser, the Vendor and the Directors to vary certain terms of the SPA.

The acquisition was completed on 6 January 2014.

3. MATERIAL LITIGATION, CLAIM OR ARBITRATION

Save as disclosed below, KFima and 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 KFima Group or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the KFima Group except for the following:

In the High Court of Malaya at Kuala Lumpur
Suit No: S-22-728-2001

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, Fima Corporation Berhad (“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, Fima Corp’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, Fima Corp 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, Fima Corp 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. As at to-date, the matter has yet to be remitted to the High Court for full trial.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of KFima at Suite 4.1, Level 4, Block C, Plaza Damansara, No. 45, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur, 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) the Memorandum and Articles of Association of KFima;
- (ii) the Audited Financial Statements of the KFima Group for the past two (2) financial years ended 31 March 2013 and 2014 (pending adoption by shareholders respectively);
- (iii) the unaudited accounts for the financial period ended 30 June 2014;
- (iv) the material contract referred to in paragraph 2 above; and
- (v) the relevant cause papers in respect of the material litigation referred to in paragraph 3 above.

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