

SUMMARY OF THE KEY MATTERS DISCUSSED AT 48TH ANNUAL GENERAL MEETING (“AGM”) OF KUMPULAN FIMA BERHAD (“THE COMPANY”) HELD FULLY VIRTUAL AT THE BROADCAST VENUE AT TRAINING ROOM, KUMPULAN FIMA BERHAD, SUITE 4.1, LEVEL 4, BLOCK C, PLAZA DAMANSARA, NO. 45, JALAN MEDAN SETIA 1, BUKIT DAMANSARA, 50490 KUALA LUMPUR ON TUESDAY, 29 SEPTEMBER 2020 AT 3.00 P.M.

1. Chairman

Dato’ Idris bin Kechot (the “Chairman”) chaired the Meeting.

2. Quorum

The requisite quorum being present, the Chairman declared the Meeting duly convened.

3. Notice of Meeting

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

The Meeting noted that in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), all resolutions set out in the Notice of the 48th Virtual AGM would be voted by poll.

4. Questions & Answers Session

The following are the key questions that were submitted by the shareholders, which were adequately responded and addressed by the Board:

- (1) How much did our Company spend to hold this virtual AGM plus remote participation & voting (RPV)?

The Chairman informed that the cost of this year’s virtual AGM including the RPV is RM47,423, which is lower than the RM63,835 incurred for the physical AGM last year.

- (2) Given the present business environment (being full of uncertainties and challenges), did the Company downsize any of its operations to be profitable?

The Chairman responded that despite the uncertain market environment which had been further compounded by the COVID-19 pandemic, the Group has not undertaken any downsizing exercise.

- (3) What is the budgeted capex for the expansion at Port Klang? When is the new capacity expected to be commissioned?

The Group Managing Director replied that the budgeted capex for the expansion at Port Klang is RM14.2 million. The tanks are expected to be completed and commissioned in December 2020.

- (4) Why is the huge increase in capacity planned despite just having constructed 2,800 MT at North Port, Port Klang?

The Group Managing Director explained that the capacity expansion programme forms part of the Group's contractual obligations under the current lease agreement for the Group to increase terminal capacity and throughput volume. Be that as it may, the expansion is also demand driven. The Group Managing Director shared that the utilisation rate of the Group's bulking terminals stood at 90% currently and on this note, the Group was confident of the take-up for the new tanks. Moreover, the Group has already begun to receive enquiries from potential customers who were interested to take up storage therefor.

- (5) Referring to page 47 of the Annual Report, Fima Biodiesel Sdn Bhd recorded a loss of RM6.47 million in FY 2020 and one of the reasons is due to operation below optimal utilisation rate. What is the current capacity and actual utilisation rate of Fima Biodiesel? Who are its major customers and when is Fima Biodiesel expected to become profitable?

Fima Biodiesel's current capacity and actual utilisation rate in FYE2020 are 60,000 MT per annum and 20%, respectively. Fima Biodiesel's main customers presently comprised of oil majors and foreign companies. The Group Managing Director informed that Fima Biodiesel hopes to improve its operational efficiencies and break-even in this current financial year. In order to break-even, the plant's utilisation rate has to reach 50%.

- (6) Please explain the reasons behind the increase in the fees of the Audit and Risk Committee (ARC) members.

The Chairman explained that the Board is of the view that the increase is fair and reasonable as it would align the ARC's fee structure with that of the Board's. Moreover, the revised fees commensurate the additional oversight responsibilities undertaken by the ARC members from time to time.

- (7) KFima owns 14 estates in Malaysia and Indonesia of which 10 estates are directly owned by its subsidiary, Fima Corporation Berhad (FimaCorp). Are all the estates owned directly by FimaCorp managed separately? If yes, are there plans to manage all 14 estates collectively i.e. reorganizing all the oil palm operations under one division for better synergy and efficiency?

The Group Managing Director replied that management of all KFima and FimaCorp estates are centralized and overseen by the Group's Estate Operations Department which allows for better coordination and economies of scale.

- (8) Despite not having an official dividend policy, KFima has been consistently rewarding shareholders with dividends of 9 sen per share over the last 5 years. Given its strong annual cashflow and big cash reserves, can the Board assure shareholders that such quantum of dividend will continue as long as the Company is profitable?

The Chairman clarified that the Company does have a formal dividend policy in place whereat the Company aims to distribute to the shareholders at least 40% of the consolidated profit after taxation and non-controlling interest (PATANCI) for the relevant financial year. The Chairman also took the opportunity to thank shareholders for the continued support and confidence over the years.

- (9) The COVID-19 outbreak has sped up the digitisation of many aspects of daily life including the usage of digital identification and conversion of many business documents into digital or electronic formats. A good example is the reduction of physical stamps used in postage as many business documents are now submitted electronically.

What are the long-term strategies of the security printing division to address these structural changes in businesses which will result in lower demand for its printing services in the future?

The Group Managing Director replied that the division is strengthening its organizational and digital competencies by working with strategic partners in particular product segments to provide total end-to-end solutions to its customers. At the same time the division also aims to expand its local and overseas customer base.

5. Voting Results

Having addressed all queries raised and the resolutions voted upon by e-polling, all the following resolutions were duly passed with the results of the e-polling announced accordingly to Bursa Securities on 29 September 2020. The results of the 48th Virtual AGM can be obtained at <http://www.fima.com.my/announcements.html>.

6. Conclusion

There being no other business to be transacted, the Chairman concluded the Meeting at 4.30 p.m. and thanked the members for their support and participation in the proceedings.