

SUMMARY OF THE KEY MATTERS DISCUSSED AT 49TH ANNUAL GENERAL MEETING (“AGM”) OF KUMPULAN FIMA BERHAD (“THE COMPANY”) CONDUCTED FULLY VIRTUAL THROUGH AN ONLINE MEETING PLATFORM AT <https://meeting.boardroomlimited.my> (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A357657) PROVIDED BY BOARDROOM SHARE REGISTRARS SDN BHD IN MALAYSIA ON TUESDAY, 21 SEPTEMBER 2021 AT 3.00 P.M.

1. Chairman

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

The Chairman welcomed shareholders, proxies and invitees to the Company’s 49th AGM which was held fully virtual (“AGM”). On behalf of the Board, the Chairman apologized for the 18-minute delay in commencing the virtual AGM owing to certain technical problems encountered, and expressed regret for the inconvenience caused.

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 49th 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) For the bulking division, what will be your strongest revenue contributor for FY2022?

The Group Managing Director replied that the division is seeing continued strong demand for feedstock for renewable energy i.e. used cooking oil (UCO), tallow and other waste fats.

- (2) The Company has disclosed more information and data on sustainability activities. I would like to know if the Company intends to have your sustainability report independently assured?

The Group Managing Director informed that KFima is exploring the possibility of seeking independent assurance for its sustainability reporting going forward.

- (3) Has there has been any breach of data reported during the financial year?

The Group Managing Director responded that there were zero breaches of data privacy and information in FYE2021.

- (4) Referring to page 194 of the Annual Report, the Group has invested RM209.532 million in Islamic money market funds in FYE2021. However, distribution from these financial investments was RM4.056 million for FYE2021 representing a return of approximately 2%, which is low. Please explain the reason(s) for the low returns and what are the steps taken by the Board to improve the returns from its growing cash balances.

Distribution from Islamic money market funds were lower in FY2021 as the pandemic had greatly impacted the financial markets (average FY2021: 1.8% to 2.8 vs FYE2020: 3.1% to 3.6%). However, income from these Islamic funds is tax-exempted.

The Group's priority has always been to invest in our existing businesses together with improving our efficiencies, which would give better returns in the long term.

- (5) What is the Company's future outlook? How has the Movement Control Order impacted the Company?

The Group Managing Director explained that as disclosed in the Group's Q1 FY2021 results recently, almost all of the manufacturing division's product segments recorded declines in sales, amid extended periods of travel restrictions and business/border closures. The Group anticipates that the division would be able to catch up as restrictions ease in the second half of the year although they will likely remain below pre-pandemic levels.

With regard to the Group's plantation segment, there has not been any significant impact on the Group so far given the strong commodity prices although some of our estates are experiencing labour supply shortages as a result of the freeze on hiring of foreign workers. Similarly, there has not been any significant impact on the bulking division, The Group Managing Director also informed that the Group's property investment segment has given up to 30% rental discount to its SME tenants in line with the Government's stimulus package. However, the Group will be entitled to tax reliefs on the same. For the food division, the Group expects further uplift in their performance as markets begin to recover.

- (6) How much is the cost saving for this virtual AGM as compared to the physical one?

The Chairman informed that the cost of this year's virtual AGM including the RPV is RM27,000 which is lower than last year's RM47,423.

- (7) Major shareholders/the Company have been accumulating shares in the open market. Any chance to privatize or undertake a share capital repayment as the Company is constantly undervalued (after net off the cash in hand)?

The Chairman responded that as of now, there are no plans to undertake a capital repayment exercise nor privatise the Company.

- (8) Apart from King Cup sardine brand which is available from most grocery or supermarkets, the other products of KFIMA are not well known. Despite having a well-developed end-to-end supply chain of fish products, there seems to be minimal efforts in developing a strong branding for its manufactured products. Can the Board and Management comment on this?

King Cup is produced by our associate company. For our fish product segments, we are focusing primarily on the Papua New Guinea (PNG) and EU markets as PNG enjoys duty exemptions from the EU for its tuna products. Bringing in products from PNG to Malaysia would be extremely costly due to the high logistics costs. In respect of the Group's Malaysian food subsidiary, its main clientele are mostly institutional - fast-food chains, hotels and

airlines. Given the pandemic, its immediate priority is to improve operational efficiencies in order to increase its competitive advantage and protect its position.

- (9) May I know why the shareholders are required to sign up 2 days before to attend this AGM when other listed companies do not have such requirement?

This is to allow our Share Registrar and scrutineers sufficient time to prepare and deal with administrative matters for this virtual Meeting.

- (10) Q1 FY2022 results indeed are good - however, the operational cash flow has turned to deficit, any reason for keeping high inventories? Besides, receivables have also increased a lot. Any issues on collection?

The Group Managing Director explained that there is no particular reason for the increase in receivables, which has gone up by RM17 million, and the increase is purely due to timing differences. The big chunk of the payment would usually be received at the year-end.

Similarly, the manufacturing division's inventories for transport documents have increased as the MCO had prevented the division from distributing the same to the customer, especially in the month of June 2021.

- (11) The substantial increase in the CPO prices to more than RM4,000 currently will benefit the upstream oil palm operations of the Group. How will the high CPO prices impact the biodiesel operations? Will the biodiesel operations be able to return to profitability in view of such high CPO prices?

The Group supplies biodiesel to a local oil company, based on mandated price set by the Government which is price of RBDPO + fixed processing charges. As such, fluctuation in CPO prices will not have that much of an effect on margins.

- (12) Based on the current CPO price, any chance to declare interim dividends instead of once in a year?

For FYE2021, we have declared an interim dividend of 9.0 sen and special dividend of 3.0 sen per share, bringing the total dividend for FYE2021 to 12 sen per share, representing approximately 66% of the Group's PATANCI. The Board will continuously review the Group's current liquidity position, future growth requirements and the resulting cash flow outlook in determining any dividend payments.

- (13) Any reason for the hike in carbon emissions in FYE2021 despite a drop in electricity consumption?

The Group Managing Director explained that the increase is mainly attributed to the increase in estate applications i.e. plantation activities that generate carbon gains and losses such as planting oil palms, frond piles, fertilisers and POME. The Group Managing Director went on to explain that the Group uses intensity as a key metric to gauge progress on its carbon emission reductions, and on this score, there has been encouraging year to year improvements overall.

- (14) Any risks to recruit foreign workers due to Covid-19?

At the moment no new foreign workers are being employed as a result of the freeze on hiring of foreign workers. In any event, most of our workers have received their first dose of the

vaccine. We will continue to observe and strengthen our standard operating procedures to ensure of the safety and wellbeing of all our employees even after the freeze on hiring is uplifted.

- (15) There has been a significant drop in the yield per hectare of KFima's oil palm production from 20.77 MT per hectare in FYE2019 to a low 16.03 MT per hectare last year which is on the low side compared to other mid-size listed plantation companies on Bursa. What are the actions taken to increase the yields back to 20+ MT per hectare achieved prior to FY2019?

The decline in crop yields is mainly attributed to the newly matured areas in our Malaysian estates. Among the actions being taken include among others completing the manuring programmes, increasing the number of harvesting rounds per month as well as to step up on our mechanization initiatives.

- (16) The intention to place in money market is expecting to get higher return than from the bank interest. The results turn otherwise. We note that our Directors are busy with the operations of the Company, I suggest the Board engage an experienced and competent money broker to manage our excess funds efficiently.

The Board takes note of the comments and suggestion.

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 21 September 2021. The results of the 49th AGM can be obtained at <https://www.fima.com.my/announcements.html>.

6. Closure of Meeting

The Chairman informed the shareholders that Encik Azizan bin Mohd Noor will be retiring from the Board at the conclusion of the AGM. On behalf of the Board, the Chairman thanked Encik Azizan for his valuable insights and important contributions throughout his 18-year tenure as the Company's Independent Non-Executive Director, and wished him the very best.

The Chairman then concluded the Meeting and thanked the members for their participation in the proceedings and declared the AGM closed.

The Meeting adjourned at 5.00 p.m. with a vote of thanks to the Chairman.