

19 August 2022

*Badan Pengawas Pemegang Saham Minoriti Berhad*  
Level 23, Unit 23-2, Menara AIA Sentral  
No. 30, Jalan Sultan Ismail  
50250 Kuala Lumpur

**BY FAX/EMAIL**

Attn: Mr. Devanesan Evanson

Dear Sir,

**RE: 50<sup>TH</sup> ANNUAL GENERAL MEETING (AGM) OF KUMPULAN FIMA BERHAD (KFIMA)**

We refer to your letter dated 9 August 2022 and append herewith our clarification on the following points and queries raised in your letter as follows:

**Operational & Financial Matters**

1. **Q.** *As highlighted in the segmental review in Annual Report 2022, several measures have been taken to address the manpower shortage at the plantation estates. How acute is the labour shortage issue faced by the plantation division? What is the total number of workers required for the upstream oil palm plantation business to operate efficiently and what is the current size of workforce?*

**A.** While labour shortages in the Malaysian oil palm sector are not new, they have become more acute after the government imposed a freeze on the intake of new foreign workers in March 2020 due to the pandemic. To-date, the sector is still impacted by the slow entry of foreign labour, despite the reopening of the country's borders in April 2022.

At present, the Group's Malaysian estates are operating at 76% of its plantation workforce requirement, with a shortage of approximately 211 workers in the plantation fields, out of which 82% was for harvesting and collecting FFB. As a result of the shortage, harvesting intervals have been extended from an average of 12 to 15 days to as high as 30-45 days, thus impacting the quality of the harvested FFB and loss of between 20% to 30% in FFB production.

The Group has taken proactive measures and mechanised a number of functions, but harvesting FFB still requires manual labour with specific skill sets.

2. **Q.** *For the manufacturing division, what is the percentage of the FY2022 segmental revenue generated from the Malaysian market? What are the security and confidential documents being manufactured by the group for the local market? How and to what extent will the rise in the adoption of card and mobile payments and EU Tobacco Products Directive/FCTC Protocol impact the group's security printing business?*

**A.**

- i. Majority of security documents are produced for the local security market. About 10% of the business is produced for the international market ie Travel Documents.
- ii. Products for local market includes – Travels Document, Certificates and Licenses, ID Cards and Confidential Printing Document.
- iii. The rise in the adoption of card and mobile payment has minimal impact because the group security printing business is not involved in financial technologies and also not the supplier for the Custom's Department Alcohol and Tobacco Tax Stamps.

3. **Q.** *In FY2022, the group spent RM42.62m on capital expenditure. What is the budgeted capital expenditure amount for FY2023? Please provide the breakdown of the budgeted capital expenditure by divisions.*

**A.** The Group's budgeted capital expenditure for FY2023 is estimated to be approximately RM72 million. Details of our material investment made by our divisions (if any), will be announced appropriately during the year.

#### **Corporate Governance Matters**

4. **Q.** *The company departed from Practice 13.6 of Malaysian Code on Corporate Governance 2021 which requires minutes of general meeting to be circulated to shareholders no later than 30 business days after the general meeting (page 78 of FY2022 corporate governance report). In our view, the minutes of general meeting should be prepared and tabled as soon as possible after the meeting while it is fresh in the mind of the Chairman of the general meeting and the board members, so that the minutes could be transcribed and formalised accurately and timely, and actions items could be assigned to accountable parties to get the task executed accordingly. The company was silent on the measure and timeframe to apply the above practice. Does the Board intend to apply the abovementioned Practice 13.6 of Malaysian Code on Corporate Governance 2021 for the current 50<sup>th</sup> AGM? If not, please explain why.*

**A.** We have not provided any disclosures on the measure and timeframe to apply Practice 13.6 of MCCG, as we understand that these sections are only required to be completed by companies falling within MCCG's definition of "large company" i.e., companies on the FTSE Bursa Malaysia Top 100 Index or those with market capitalisation of RM2 billion and above. Notwithstanding the foregoing, we will endeavour to apply this new Practice 13.6 of MCCG and circulate to shareholders the complete Minutes of AGM instead of the Summary of Key Matters Discussed at the AGM moving forward.

The above points raised and its related responses will be presented at the forthcoming AGM.

Thank you.

Yours faithfully,

**KUMPULAN FIMA BERHAD**



**FADZIL BIN AZAHA**

Chief Financial Officer/Company Secretary