



## FITTERS DIVERSIFIED BERHAD

198601000595 (149735-M)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.

### QUESTIONS RECEIVED FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) PRIOR TO THE MEETING

#### Operational and Financial Matters

1. The Group recorded a loss after tax of RM56.1 million in FY2023 mainly arising from (i) the inventories written down for property under development amounting to RM27.8 million due to rescinding of project hence written down of development cost incurred; and (ii) loss on disposal of investment amounting to RM26.3 million. (Page 15 of AR 2023)

- (a) Which project has been rescinded and why? Will there be further write down on inventories in FY2024? What is the Group’s current outstanding orderbook?

*Answer:*

*This is the preliminary cost incurred on a piece of land in Rawang. The Group has written off the preliminary cost incurred, anticipating a change in the project plan due to the national infrastructure plan. The Group does not foresee any further write-downs on inventories related to property development for FY2024.*

*The Group's current outstanding order book is approximately RM154 million.*

- (b) How long was the holding period for the investment which resulted in a disposal loss of RM26.3 million?

*Answer:*

*The holding period was two (2) weeks.*

- (c) Please provide the breakdown of the realised profits/losses on dealing in quoted securities.

*Answer:*

	<i>RM' million</i>
<i>Disposal Considerations</i>	8.5
<i>Compared to:</i>	
<i>Acquisition Considerations (inclusive stamp duty and brokerage fees)</i>	34.8
	<hr/>
<i>Realised losses on Disposals</i>	<u>26.3</u>



## FITTERS DIVERSIFIED BERHAD

198601000595 (149735-M)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.**

---

- (d) Fitters is involved in 3 core businesses with multiple subsegments under each business division. Why is there a need for the Group to trade in quoted securities? Should not the time and effort be better spent on improving or growing your existing businesses?**

*Answer:*

*The Management of FITTERS is actively seeking opportunities to improve its financial position and to maximize returns to the shareholders. Investments in quoted shares in the capital market provide FITTERS with alternative ways to potentially generate capital gains, ultimately enhancing the value for the shareholders.*

- 2. Throughout FY2023, Molecor (SEA) Sdn. Bhd., a direct subsidiary of the Group, accrued outstanding amounts totalling RM10.1 million. On 29 July 2022, the Group entered into a Sale and Purchase Agreement with Molecor Tecnologia S.L. Consequently, the Group decided to write off the remaining outstanding balance. (Page 152 of AR 2023)**

**Please explain the Group’s decision to write off other receivables totalling RM10.1 million. What is the nature of these other receivables?**

*Answer:*

*FITTERS has always taken great pride in its commitment to excellence in every endeavour. In our journey, we ventured into the manufacturing and distribution of Oriented Unplasticized Polyvinyl Chloride (“PVC-O”) pipes, and through Molecor (SEA) Sdn. Bhd. (“Molecor”), a direct subsidiary of the Company. We established ourselves as a completely eco-conscious entity. Utilizing cutting-edge technology for PVC-O pipe production, we implemented an exceptionally efficient air-based system to offer products to the market under the HYPRO brand. It is worth noting that HYPRO PVC-O pipes were the first pipe products to be certified under the SIRIM Eco-Label 054:2016 and are featured in the MyHIJAU Mark and Directory. This recognition highlights that Molecor’s products, when used as intended, have the potential to contribute significantly to reducing energy consumption, conserving water resources, lowering carbon emissions, and promoting a cleaner environment.*

**FITTERS**  
Diversified Berhad  
**FITTERS DIVERSIFIED BERHAD**  
198601000595 (149735-M)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.**

---

*Despite these notable accomplishments, FITTERS has made the difficult decision to discontinue this operation. This decision is primarily driven by the substantial capital investment required in the near term, which may not align with FITTERS' current strategic focus on maximizing returns for our valued shareholders. The Malaysian market has not yet achieved the level of eco-environmental maturity seen in Europe, which results in sustainable future positive cash flow for the Group. In fact, the Group has been incurring losses over the years, leading to concerns regarding Molecor's future sustainability. As a result, the management has chosen to divest it from FITTERS's current core businesses to protect the Group's cash flow and to continue looking for new business opportunities that might yield positive returns to our shareholders.*

**Corporate Governance Matters**

3. **Practice 1.4 of the Malaysian Code of Corporate Governance (“MCCG”) stipulates that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee. For FY2023, the Company did not apply Practice 1.4. The Chairman of the Board, Dato’ Sok One A/L Esen is also a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee. Does the Company intend to apply Practice 1.4, and if yes, by when?**

*Answer:*

*The Board acknowledges Practice 1.4 of the MCCG.*

*FITTERS has a moderate-sized Board comprising one (1) Executive Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board recognizes that the individual Directors, particularly the Independent Directors, bring diverse skills and competencies to form a capable and robust Board.*

*While the Chairman of the Board is a member of the Board Committees, he does not assume the position of Chairman for any of the Board Committees. The participation of the Chairman at the respective committee level is determined based on his ability to contribute and actively participate while ensuring the need for objectivity is upheld.*

*The Board believes that this approach does not compromise the objectivity in receiving or assessing reports from the committees in any manner.*



## FITTERS DIVERSIFIED BERHAD

198601000595 (149735-M)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.**

---

*The Board will review the appointment of the Chairman in the position at the Audit and Risk Management Committee, Nomination and Remuneration Committee to ensure a balance of power and authority.*

- 4. Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FY2023, there was only one woman director which represents 20% female representation on the Board. Does the Company intend to apply Practice 5.9, and if yes, by when?**

*Answer:*

*The Board acknowledges Practice 5.9 of the MCCG. The Company had complied with Paragraph 15.02 (1)(b) Main Market Listing Requirements of the Bursa Malaysia Securities Berhad where the composition of the Board should consist of one (1) woman Director.*

*The Company is committed to promoting diversity and inclusion within our Group, including gender diversity on the Board. We recognize the importance of having a more substantial representation of women directors. Women's representation on the Board and in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Group's strategic objectives.*

There were several questions raised by the Shareholders of the Company during the live streaming which were duly responded to by Mr. Hoo Swee Guan, the Executive Director of the Company. The questions and answers provided, where relevant, are as summarised below:-

- Q1. What is the Company's future outlook? Will the Board consider giving door gifts such as e-vouchers as a token of appreciation for shareholders attained in this AGM?**

The Group is principally involved in three (3) core activities which are renewable and waste-to-energy, provision of fire services and property development and construction.

The palm oil mill operations have been the Group's largest revenue contributor in the past five (5) financial years. The Group's palm oil mill business has continued to operate throughout the COVID-19 pandemic.

  
**FITTERS DIVERSIFIED BERHAD**  
198601000595 (149735-M)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.**

---

The palm oil mill has also received and processed higher crops in the financial year ended (“FYE”) 31 March 2023 due to a better crop season, whereas the palm oil mill processed approximately 275,000 metric ton of crops in FYE 31 March 2023 as compared to last year of 282,000 metric ton of crops. Despite this reason and dry season ad hoc earning, the Management foresaw that from the period of April until July, FITTERS encountered low season and low oil extraction rate (“OER”) session.

The Management foresaw that starting from August onward until December, the fresh fruit bunches higher crops and better OER as well as may turn operational with a good result. The Board and the Management are of the view that the business operations of its palm oil mill will continue to thrive as the demand for crude palm oil (CPO) remains high in Malaysia. The Group seeks to continue its efforts to improve operational efficiency and cost optimisation.

On the other hand, the fire services division has been the Group’s second largest revenue contributor in the past five (5) financial years. Under this division, the Group has completed the provision of fire protection and prevention services for projects such as KLCC Lot C, Menara Telekom and Genting Sky Casino and Mall, with a total contract value amounting to RM92.70 million. This division is dependent on contracting services and construction activities. The projects under this division were delayed since 2021 due to the movement control order (MCO) imposed by the Government of Malaysia. Following thereto, the division is striving to catch up on its order book and work progress. As mentioned in the previous MSWG session, the current order book is RM154 million.

For the property development and construction business, the Group has completed the earth work for the Belleza project whereas the main building work is still ongoing with approximately 75% of the construction works completed as at 31 March 2023. The project is expected to be completed by November 2023 following the extension of time granted by the developer. Moving forward, the Group aims to leverage its track record and build its construction order book earning visibility in the medium term.

Premised on the above, the Board is cautiously optimistic about the future prospects of the Group. The Group will continue to manage its cash flows prudently and monitor closely its business operations amidst a challenging business environment.

**Q2. As refer to Page 15 of the annual report stated that the inventories written down for property under development amounted to RM27.8 million due to the rescinding of the project, hence the written-down of development cost incurred. Which project is this? Please explain in detail how and why a project can be cancelled halfway through when substantial cost has been incurred. Does this suggest bad planning?**

**FITTERS**  
Diversified Berhad  
**FITTERS DIVERSIFIED BERHAD**  
198601000595 (149735-M)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.**

---

The Company had presented the same to the MSWG. This involves the preliminary costs incurred from measurements made a decade ago. Due to a change in government and the need for a re-planning of the Rawang, Selangor township, both management and auditors believe it is prudent to adopt a conservative approach by adjusting the values to accurately reflect fair market value before proceeding with the submission of the new plan to the government.

**Q3. FITTERS have been struggling over the past three (3) years with losses, why is the board and management not focusing on its core business, instead of speculatively entering into an investment that is not the speciality of the company and causes big loss? Who are the interested parties in the Computer Forms (Malaysia) Berhad (“CFM”) transaction, and what are their latest shareholdings in FITTERS. Can these parties vote for the two resolutions in the Extraordinary General Meeting?**

The Management of FITTERS had tabled the rationale for the acquisition of the quoted investment in CFM to the Audit and Risk Management Committee. This proposal was carefully considered, taking into consideration several factors, which included CFM's market outlook, the electric vehicle (“EV”) industry's landscape in Malaysia, CFM's financial health, its collaboration with the EV industry leader, namely EA Mobility Holding, and its future potential. FITTERS believes that the joint venture between both parties will yield positive results for CFM, gradually manifesting in an upward trend in its share price over time.

It's important to recognize that investors frequently struggle to make precise predictions about price fluctuations and encounter difficulties in consistently purchasing shares at low prices and selling them at high prices. As stated in the Shareholder Circular dated 7 September 2023, on pages 11 and 12, FITTERS has diligently observed the market price of CFM Shares, aiming to enter the market when prices were more favourable, given the inherent uncertainty in market fluctuations.

FITTERS and CFM have common directors and a common major shareholder, however, it is crucial to note that both companies operate independently with distinct management teams and are engaged in different industries. During that period, FITTERS was under the leadership of two (2) Executive Directors, namely Mr. Hoo Swee Guan and Dato' Sri Gan Chow Tee, while CFM was chaired by three (3) Executive Directors, namely Mr. Hoo Swee Guan, Mr. Pang Nan Yew, and Datuk Wira Justin Lim Hwa Tat.

To ensure transparency and maintain a professional approach, Mr. Hoo Swee Guan, Mr. Wong Kok Seong, and Ms. Kho See Ying took a non-participatory stance by abstaining



## **FITTERS DIVERSIFIED BERHAD**

**198601000595 (149735-M)  
(Incorporated in Malaysia)**

**SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING (“37<sup>TH</sup> AGM” OR “THE MEETING”) OF FITTERS DIVERSIFIED BERHAD (“FITTERS” OR “THE COMPANY”) HELD ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTELY PARTICIPATION AND ELECTRONIC VOTING FACILITIES VIA THE ONLINE MEETING PLATFORM AT [HTTPS://WWW.DVOTE.MY](https://www.dvote.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D6A434007) ON FRIDAY, 22 SEPTEMBER 2023 AT 10:00 A.M.**

---

from voting and offering advisory input during board meetings. They refrained from engaging in discussions or decisions related to the acquisition of shares and warrants in CFM. It's crucial to emphasise that the decision to proceed with the Acquisitions and Disposals was made in a professional and unbiased manner, without any form of prejudice. Furthermore, the common major shareholder had no direct or indirect involvement in the board's decision-making process, underscoring the independence and integrity of the decision.