



FITTERS DIVERSIFIED BERHAD

198601000595 (149735-M)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-EIGHTH ANNUAL GENERAL MEETING (“38TH 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, 27 SEPTEMBER 2024 AT 10:00 A.M.

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

Operational and Financial Matters

1. The fire services division has been FITTERS Diversified Berhad and its subsidiaries’ (“the Group”) second largest revenue contributor in the past five financial years. This division is dependent on contracting services and construction activities which were impacted by the softening property market. Following thereto, the division is striving to catch up on its orderbook and work progress. (page 18 of AR 2024)

(a) What is the current outstanding orderbook for this division?

Answer:

The current outstanding orderbook is RM183 million.

(b) What are the current tender book and your target orderbook replenishment for FY2025?

Answer:

The current tender book is RM356 million, and our target orderbook replenishment for FY2025 is estimated to be RM200 million.

2. The Group is proactively working on the next project for the re-development of Plaza Pekeliling. It is currently preparing the submission of the building plan for this redevelopment to transform this property into a modern office building. Moving forward, the Group aims to leverage its track record and build its construction order book with earning visibility in the medium term. (page 18 of AR 2024).

(a) What is the expected total net lettable area for Plaza Pekeliling? When does the Group expect to complete the re-development?

Answer:

The net lettable area for Plaza Pekeliling is 145,042 square feet. The estimated period for the re-development of the building is targeted to be 18 months after obtaining Building Plan and Bomba approvals.

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(b) What is the expected rental income from this office building?

Answer:

The expected rental income is estimated to be RM580,000 per month at the rate of RM4/- per square foot.

3. As of 31 March 2024, the Group has trade receivables amounting to RM13.4 million (FY2024: RM14.6 million) that are past due but not impaired. (page 168 of AR 2024).

(a) How much of the said trade receivables that are past due are from related parties and/or major customers?

Answer:

None of the receivables are from related parties. The total amount due from major customers is RM8.2 million.

(b) How long has the said trade receivables been overdue?

Answer:

The debts overdue date range from 30 to 120 days.

(c) To date, how much of the said trade receivables have been collected?

Answer:

As at to-date, the above debts have been fully collected.

Corporate Governance Matters

4. 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 FY2024, 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.

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Guidance G1.4 states:

Having the same person assume the positions of Chairman of the board, and Chairman of the AC, NC or RC gives rise to the risk of self-review and may impair the objectivity of the Chairman and the board when deliberating on the observations and recommendations put forth by the board committees. Thus, the Chairman of the board should not be involved in these committees to ensure there is check and balance as well as objective review by the board.

Does the Company intend to apply Practice 1.4 to further enhance the independence and objectivity of the board committee, and if yes, by when?

Answer:

The Board acknowledges Practice 1.4 of the Malaysian Code of Corporate Governance (“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, the Chairman of the Board does not hold any common equity in FITTERS, does not assume the position of Chairman for any of the Board Committees, which vote based on “one person, one vote” principle – i.e. the Chairman of the Board does not have an over-riding vote 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.

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.

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- 5. Practice 5.9 of the MCG stipulates that the Board should comprise at least 30% women directors.**

The Board currently has only one female Director, namely Miss Kho See Yiing, which represents 20% of the Board composition.

What specific actions has the Board taken or intends to take to increase the representation of women on the Board to adopt Practice 5.9 within a reasonable timeframe?

Answer:

The Board acknowledges Practice 5.9 of the MCG. 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 recognise 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.

The Board believes it is essential to recruit and retain the best available talent regardless of gender, ethnicity or age, to maximise the effectiveness of the Board.

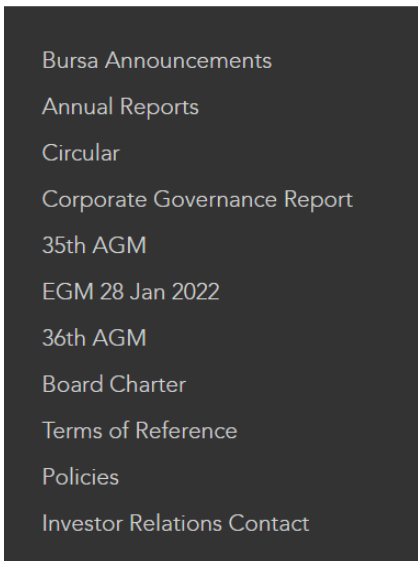
- 6. Practice 13.6 of the MCG stipulates that minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.**

FITTERS's response: Departure. The minutes of the 37th AGM were not circulated to the shareholders, however, the Summary of Key Matters Discussed at the 37th AGM was published on the Company's website at www.fittersgroup.com.my.

MSWG's comments: Please explain the reasons for not circulating the minutes of the 37th AGM to the shareholders. Are there any challenges faced by the Company that led to this departure? Please also note that the Summary of Key Matters Discussed at the 37th AGM was not published on the Company's website as of 19 September 2024 (refer to the screenshot below from the Company's website).

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INVESTOR RELATIONS



Answer:

The Board acknowledges that Practice 13.6 of the MCGG stipulates that the minutes of the general meeting should be circulated to shareholders no later than 30 business days after the meeting.

The omission of uploading Summary of Key Matters Discussed at the 37th AGM was unintentional. We have now updated the Company’s website to include this information. Moving forward, the Board will be more vigilant in monitoring investor relations to ensure timely communication.

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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. How strong does Malaysia Ringgit affect the Company?

The Management interpret the question as the foreign currency risk. The Group has transactional currency exposures arising from sales or purchases that are dominated in currency other than respective functional currency of the Group entity primarily in the United States dollar (USD), European dollar (Euro) and Singapore dollar (SGD), approximately 0.01% in year 2024 and 2023 is about the same, 0.01% of the Group's sales dominated in foreign currencies whilst almost 1.56% in 2024, whereas in 2023 about 2.14% of the costs are dominated in the respective functional currency of the Group entities. The Group's trade receivables and trade payables, balance and reporting have similar exposure.

The Company always perform a sensitivity analysis to determine the sensitivity of the Group net profit to take a reasonable possible change in the foreign currency exchange rate against the respective functional currency of the Group entities.

This analysis assumes that all other variables, in particular interest rate, remain constant. Based on the analysis, there's no material impact on the Group's net profit on potential fluctuation of the foreign currency is relevant to the Group.

Q2. What is the operation of the prospect of the Company?

The Group is principally involved in renewable and waste-to-energy, provision of the fire services and property development and construction.

Palm oil mill operations have been the Group's largest revenue contributor in the past five (5) financial years. In the financial year ended 31 March 2024, the Group experienced a drop in the fresh fruit bunches (“FFB”) processing volume due to the unpredictable weather and El Nino effect. Despite this, the Group remains committed to enhancing operational efficiency and optimizing costs. The Group is expecting an improvement in the FFB processing volume as the El Nino season is over. The oil extraction rate of the FFB and the operating margins in the milling industry have historically been seasonal. Any changes in weather patterns and FFB seasons will affect oil content in the FFB and the resulting oil extraction rate, which are crucial factors influencing the profitability of the

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milling industry. For the first quarter of the year 2024, the Group’s operation and the profitability of the oil palm oil increased significantly.

Secondly, the Fire Service Division has been the second largest revenue contributor in the past five (5) financial years. Under this division, the Group complete the provision of fire protection and prevention solutions for projects such as KLCC Lot C, Menara Telekom and Genting Sky Casino and Mall, with a total contract value amounting to RM92.7 million. This division is dependent on contracting service and construction activities and impacted by the softening of the property market. Following thereto, the division is striving to catch up on its order book and work progress.

As the shareholders might notice the Company answered the MSWG, so currently the Company have tender books of about RM183 million, and the Company are pursuing another RM300 million, and the Company are confident that we will get another RM200 million in the year 2025. The profit in 2024 has been impaired by the provision for doubtful debts of about RM3.3 million.

For the Property Development and Construction business, the Group completed Phase 2 of Taman Putra (Belleza Project) in February 2024. The Group is proactively working on the next project for the re-development of Plaza Perkeliling and is currently preparing the submission of the building plan for this redevelopment to transform this property into a modern, multi-functional office building. The redevelopment project is aligned with the Group’s strategic objective to maximize the value of the existing assets and, ensure it meets market demands and contributes to the long-term growth of the Group. 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 of the Group’s future prospects. The Group will continue to manage its cash flows prudently and monitor closely its business operations amidst a challenging business environment.

Q3. Kindly distribute door gifts to delight the shareholders.

The Company has noted this request and is committed to delivering on it.