

FITTERS DIVERSIFIED BERHAD
(Company No. 149735-M)

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY HELD AT WISMA FITTERS, NO. 1, JALAN TEMBAGA SD 5/2, BANDAR SRI DAMANSARA, 52200 KUALA LUMPUR ON TUESDAY, 28 MAY 2019 AT 10.00 A.M.

A request from a shareholder of the Company to provide the information on the current business performance of the Group which comprised four (4) key segments namely (i) fire services, (ii) property development and construction, (iii) renewable & waste-to-energy and green palm oil mill and (iv) HYPRO[®] Oriented PVC pipes manufacturing and distribution.

The shareholders and proxy holders were briefed by Dato' Wong Swee Yee (“**Dato' Wong**”), the Managing Director of the Company, on the business performance of the Group as follows:-

(a) **Fire Services Division**

The Fire Services Division was still profitable even though overall revenue decreased. However, the division was facing challenges with the Fire and Rescue Department on the Computerised Fire Alarm Monitoring System (“**CMS**”) whereby a new service provider had been appointed by the Fire and Rescue Department to replace the existing CMS.

(b) **Property Development and Construction Division**

The Property Development and Construction Division had posted a revenue of RM87 million and profit before tax of RM22 million. The division had been awarded a project management and construction contract of RM97.8 million, for Azalea@Taman Putra. Its Property subsidiary is also the marketing manager for Azalea@Taman Putra; which has enjoyed a 100% take-up rate since its launch. Revenue and profit were derived from both contracts; with smooth construction progress and 100% take-up rate.

The division had also been awarded a similar contract valued at RM81.5 million for its second phase which is expected to commence in the second half of 2019.

The proposed medium to high-end housing development on land located in Rawang has been put on hold due to the current challenging environment.

(c) **Renewable & Waste-to-Energy and Green Palm Oil Mill Division**

Due to decreasing crude palm oil and palm kernel price for the last two (2) years, the division recorded a decrease in revenue. The division would now focus on the sale of two (2) megawatt renewable electricity generated from biogas to Tenaga Nasional Berhad. Efforts are also being intensified to repair the Dry Long Fibre Plant that processes empty fruit bunches, the biomass wastes from palm oil mill plant, into dry long fibre. The dry long fibre are being exported for use in mattresses to replace coconut husks.

Dato' Wong informed that the renewable energy division was making a loss last year. In addition, there were new conditions imposed by the Department of Environment on our ozonation waste disposal, which requires our waste to be further sent for incineration which increase our cost of operations. Dato' Wong further informed that our ozonation technology employed in the treatment of medical waste is cleaner and environmentally more friendly as compared to the incineration process.

(d) **HYPRO® Oriented PVC pipes Manufacturing and Distribution Division**

With the wider acceptance of HYPRO® PVC-O pipes as a superior product of choice, the pipe division had begun its turnaround. For 4Q 2018, the division reported a revenue of RM9.7 million and profit before tax of RM69,000. The division had secured a Central Purchase Contract from Pengurusan Aset Air Bhd (PAAB) via an open tender to supply HYPRO® oriented PVC-O (“PVC-O”) pipes from 2018 to 2020 for the replacement of ageing asbestos-cement pipes that are prone to leakages. The division had appointed Syarikat Logam Unitrade Sdn Bhd (“Unitrade”) as Master Stockist and Distributor for its HYPRO® PVC-O pipes who has committed to take up annual stock valued at RM50 million. This strategic partnership will provide access to Unitrade’s existing nationwide distribution network in Malaysia.

In response to a shareholder’s enquiry as to why the pipes were not exported overseas and how the PVC-O water pipe was a superior choice compared to other water pipes, Dato' Wong informed they had begun the process engaging with respective South East Asia countries. However, each country water authority has its own strict legislation and adherence to compliance; and the process of engagement is on-going. Some PVC-O pipes had been exported to Papua New Guinea.

The supply of PVC-O pipes to Sabah was ongoing. However, the supply of our pipes to Sarawak was cut back recently as the new State Government Water Authority made a change of procurement policy to purchase pipes from only local State manufacturers and vendors.