

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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Bursa Securities has not perused Part B of this Circular/Statement prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.



**FITTERS DIVERSIFIED BERHAD**

(Registration No. 198601000595 (149735-M))  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE**

The Notice convening the Thirty-Fourth (“34th”) Annual General Meeting (“AGM”) of FITTERS Diversified Berhad to be held at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 9 July 2020 at 10.00 a.m. to consider the abovementioned proposals, together with the Form of Proxy are enclosed therein, is circulated to all the shareholders on 5 June 2020.

If you are unable to attend and vote at the 34th AGM in person, you are requested to complete, sign and return the original Form of Proxy, in accordance to the instructions contained therein as soon as possible and in any event so as to arrive at the Company’s Registered Office at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not later than forty-eight (48) hours before the time fixed for convening the 34th AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Tuesday, 7 July 2020 at 10.00 a.m.  
Date and Time of the AGM : Thursday, 9 July 2020 at 10.00 a.m.

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## DEFINITIONS

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*Except where the context otherwise requires, the following definitions apply throughout this Circular:*

<b>2019 Annual Report</b>	– The Annual Report of FITTERS for the financial year ended 31 December 2019
<b>2020 Annual Report</b>	– The Annual Report of FITTERS for the financial year ending 31 December 2020
<b>Act</b>	– The Companies Act, 2016
<b>AGM</b>	– Annual General Meeting
<b>Board</b>	– The Board of Directors of FITTERS
<b>Bursa Securities</b>	– Bursa Malaysia Securities Berhad
<b>Circular/Statement</b>	– This Circular/Statement to the Shareholders of FITTERS dated 5 June 2020
<b>Constitution</b>	– Constitution of FITTERS, as amended from time to time
<b>Director</b>	– Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company or a Chief Executive of the Company, its subsidiary or holding company
<b>EPS</b>	– Earnings per share
<b>Existing Mandate</b>	– The Shareholders' Mandate obtained on 28 May 2019 for the Group to enter into Recurrent Related Party Transaction(s)
<b>FITTERS Group or the Group</b>	– FITTERS and its subsidiaries
<b>FITTERS or the Company</b>	– FITTERS Diversified Berhad
<b>Listing Requirements</b>	– Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	– 18 May 2020, being the latest practicable date prior to the printing of this Circular/Statement

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## DEFINITIONS

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<b>Major Shareholder(s)</b>	<ul style="list-style-type: none"><li>– A person who has an interest or interests in one or more voting shares in the Company and the number aggregate number of those shares, is:<ul style="list-style-type: none"><li>(a) 10% or more of the total number of voting shares in the Company; or</li><li>(b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company;</li></ul></li></ul> <p>includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company</p> <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.</p>
<b>Mandated Related Party</b>	<ul style="list-style-type: none"><li>– The persons listed as Mandated Related Party in Section 2.3 of this Circular</li></ul>
<b>NA</b>	<ul style="list-style-type: none"><li>– Net Assets</li></ul>
<b>Person Connected</b>	<ul style="list-style-type: none"><li>– Shall have the same meaning as in Chapter 1.01 of the Listing Requirements</li></ul>
<b>Proposed Mandate</b>	<ul style="list-style-type: none"><li>– Proposed Renewal of Shareholders’ Mandate sought and approved at the previous AGM of the Company held on 28 May 2019 for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the Group</li></ul>
<b>Proposed Share Buy-Back</b>	<ul style="list-style-type: none"><li>– Proposal of the Company to grant its Directors a general mandate to exercise the authority to carry out a share buy-back of its own Shares up to a maximum of 10% of its total number of issued shares (excluding treasury shares)</li></ul>
<b>Proposed Renewal of Share Buy-Back Mandate</b>	<ul style="list-style-type: none"><li>– Proposed Renewal of Shareholders’ Mandate for the Proposed Share Buy-Back</li></ul>
<b>Related Party(ies)</b>	<ul style="list-style-type: none"><li>– Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) as defined in Paragraph 10.02 of the Listing Requirements</li></ul>
<b>Related Party Transaction(s)</b>	<ul style="list-style-type: none"><li>– Transaction(s) entered into by FITTERS or its subsidiaries which involves the interest, direct or indirect, of a related party</li></ul>
<b>Recurrent Related Party Transaction(s) or RRPT(s)</b>	<ul style="list-style-type: none"><li>– Recurrent related party transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations of the FITTERS Group and are on terms not more favourable to the related party than those generally available to the public</li></ul>

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## DEFINITIONS

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- RM and sen** – Ringgit Malaysia and sen respectively
- Rules on Take-Overs** – Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 as amended from time to time
- Share(s) or FITTERS Share(s)** – Ordinary shares in FITTERS
- Substantial Shareholder** – Shall have the meaning given in Section 136 of the Act
- Treasury Shares** – The Purchased FITTERS Shares which are retained by the Company and shall have the meaning given under Section 127(4)(b) of the Act

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to person shall include corporation, unless otherwise specified.

Any reference in this Circular/Statement to any enactment is a reference to that enactment as for the time being amended or de-enacted.

Any reference to a time of day in this Circular/Statement shall be a reference to a Malaysian time, unless otherwise stated.

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**APPENDIX I – FURTHER INFORMATION**

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**PART A**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE**

**Registered Office:**

Wisma FITTERS  
No. 1, Jalan Tembaga SD 5/2  
Bandar Sri Damansara  
52200 Kuala Lumpur

Date : 5 June 2020

**The Board of Directors:**

Dato' Ir. Low Keng Kok (*Chairman / Independent Non-Executive Director*)

Dato' Wong Swee Yee (*Managing Director / Executive Non-Independent Director*)

Datin Goh Hooi Yin (*Executive Non-Independent Director*)

Datuk Dr. Soh Chai Hock @ Soh Hai San (*Independent Non-Executive Director*)

Mr. Chan Seng Fatt (*Independent Non-Executive Director*)

Mr. Chong Kwea Seng (*Independent Non-Executive Director*)

Dato' Ir. Ho Shu Keong (*Independent Non-Executive Director*)

**To: The Shareholders of FITTERS**

Dear Sir/Madam,

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

On 28 May 2019, the Company obtained a general mandate from its shareholders for the Company and its subsidiaries to enter into RRPTs in the ordinary course of business of a revenue or trading nature which are necessary for the day-to-day operations based on commercial terms which are not more favourable to the Related Parties than those generally available to the public.

The said general mandate for RRPTs shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Thirty-Fourth AGM unless authority for its renewal is obtained from the shareholders of the Company.

On 1 April 2020, the Board announced that FITTERS proposes to seek shareholders' approval on the Existing Mandate.

The purpose of this Circular is to provide you with the relevant details of the Proposed Mandate, to set out the recommendation of the Board thereon and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming Thirty-Fourth AGM, which will be convened at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 9 July 2020 at 10.00 a.m.



## 2. DETAILS OF THE PROPOSED MANDATE

### 2.1 Provision under the Listing Requirements

Under Paragraph 10.09(2), Part E of Chapter 10 and Practice Note 12 of the Listing Requirements allows the Company to seek a shareholders' mandate in respect of RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
  - (ii) the percentage ratio of such Recurrent Related Party Transaction is one per centum (1%) or more;

whichever is the higher.

- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (d) in a meeting to obtain the shareholders' mandate, the interested Director, interested Major Shareholder, or interested Person Connected with a Director or Major Shareholder; and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by ten per centum (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

It is anticipated that the FITTERS Group will, in the ordinary course of business, continue to enter into RRPTs which are detailed in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and can arise at any time.

In view of the time-sensitive, confidential and frequent nature of such RRPTs, the Board is seeking the shareholders' approval for the Proposed Mandate for the FITTERS Group to enter into transactions in the ordinary course of business with the classes of Related Parties set out in Section 2.3 below, provided that such transactions are entered at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.6 below.

The Proposed Mandate will, if approved by shareholders at the forthcoming Thirty-Fourth AGM, be subject to annual renewal. In this respect, any authority conferred by the Proposed Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution in respect of such Proposed Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;

- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is earlier.

## 2.2 Principal Activities of the FITTERS Group

The Company is principally an investment holding company and trading of fire safety materials, equipment and fire prevention systems whilst the principal activities of its subsidiaries are as follows:

<b>Wholly-owned by FITTERS</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
FITTERS Sdn Bhd (“FSB”)	100%	Trading and installation of fire safety materials and equipment.
Master Pyrodor Sdn Bhd	100%	Investment holdings
FITTERS (S) Pte Ltd	100%	Trading and installation of fire safety materials and equipment
FITTERS Engineering Services Sdn Bhd (“FES”)	100%	Design, manufacture, assemble, supply and installation of fire fighting protection and prevention systems and equipment
FITTERS Marketing Sdn Bhd (“FMKT”)	100%	Manufacturing and marketing of fire resistant doorsets and marketing of general building materials
FITTERS Building Services Sdn Bhd (“FBS”)	100%	Property development
Master Pyroserve Sdn Bhd (“MPS”)	100%	Install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba dan Penyelamat Malaysia
Armatrade Sdn Bhd	100%	Construction of civil work, residential and commercial building
Wintip Sdn Bhd	100%	Ceased operations
FITTERS-NRG Sdn Bhd	100%	Renewable energy development

<b>Wholly-owned by FITTERS</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
Future NRG Sdn Bhd (“FNRG”)	100%	Renewable energy development
FITTERS Property Development Sdn Bhd (“FPD”)	100%	Property development
Premier Equity Holdings Limited (“PEHL”)	100%	Investment holding
<b>Subsidiaries of FITTERS</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
FITTERS-MPS Sdn Bhd	51%	Design, installation and maintenance of fire protection of systems
Molecor (SEA) Sdn Bhd (“MSEA”)	72.27%	Manufacturing and distribution of PVC – O pipes
<b>Wholly-owned by FSB</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
Modular Floor Systems (M) Sdn Bhd	100%	Ceased operations
FITTERS Fire Technology Sdn Bhd	100%	Ceased operations
FITTERS (Ipoh) Sdn Bhd	100%	Ceased operations
FITTERS (Sarawak) Sdn Bhd	100%	Trading of fire safety materials and equipment
AHT NRG Asia Sdn Bhd	100%	Ceased operations
<b>Wholly-owned by FBS</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
Pyro-Tech Systems Sdn Bhd	100%	Ceased operations
<b>Wholly-owned by FES</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
FITTERS Construction Sdn Bhd (“FCSB”)	100%	Construction of civil work, residential and commercial building
FITTERS Engineering & Maintenance Services Sdn Bhd ( <i>In the process of striking off</i> )	100%	Ceased operations

<b>Wholly-owned by FES</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
FITTERS Engineering Services (Johor) Sdn Bhd	100%	Ceased operations
<b>Subsidiary of FES</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
FITTERS-MCCT Sdn Bhd	55%	Mechanical engineering works and fabricators
<b>Wholly-owned by FNRG</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
Solid Orient Holdings Sdn Bhd	100%	Operation of palm oil mill
Future Biomass Gasification Sdn Bhd	100%	Renewable energy development
<b>Subsidiary of FNRG</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
A.H.T. Syngas Technology N.V. ("AST")	40%	Renewable energy development
<b>Wholly-owned by AST</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
A.H.T. Services GmbH	100%	Renewable energy development
<b>Wholly-owned by FPD</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
ZetaPark Development Sdn Bhd	100%	Property development
Superior Villa Sdn Bhd	100%	Property development
Rasa Anggun Development Sdn Bhd	100%	Property development
<b>Wholly-owned by PEHL</b>	<b>Equity Interest as at LPD</b>	<b>Principal Activities</b>
Future NRG (SEA) Pte Ltd	100%	Renewable energy development

### 2.3 Classes of Related Party with Whom Transactions will be Carried Out

The Proposed Mandate would apply to transactions with Related Parties comprising Directors and/or Major Shareholders of the FITTERS Group and/or Persons Connected with such Directors and/or Major Shareholders and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or Major Shareholder of FITTERS or any other company which is its subsidiary.

The Related Parties are as described below:

No.	Mandated Related Party	Principal Activities	Relationship with FITTERS Group
1.	FITTERS (Sabah) Sdn Bhd (“Fsabah”)	Distributors of engineering products, fire fighting and protection system contractors and the provision of related project management services.	Dato’ Wong Swee Yee and Datin Goh Hooi Yin are Directors and Major Shareholders of FITTERS. Dato’ Wong Swee Yee is also a Director and Major Shareholder of Fsabah.
2.	Wai Soon Engineering Sdn Bhd (“Wai Soon Engineering”)	Provision of contract works and support services to manufacture fire rated doors.	Wong Swee Loy who is the brother of Dato’ Wong Swee Yee is a Director and a Major Shareholder of Wai Soon Engineering.
3.	Syarikat Logam Unitrade Sdn Bhd (“Unitrade”)	Trading and distribution of plumbing and engineering hardwares, building material and imports and exports.	Nomis Sim Siang Leng, a Director of MSEA, and Sim Keng Chor, father of Nomis Sim Siang Leng owns 50% shareholding in Unitrade.

## 2.4 Nature of RRPTs Contemplated

The RRPTs which are covered by the Proposed Mandate, if renewed and granted as stated in this proposal are the general transactions entered into by the FITTERS Group relating to the provision of or obtaining products and services to or from the Mandated Related Parties in the ordinary course of business as set out below:

### (i) Proposed Renewal of Existing Mandate

Nature of RRPT	Subsidiary of FITTERS Involved in the Transaction	Related Party	Interested Directors/Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value from forthcoming Thirty-Fourth AGM to Next AGM (RM'000) <sup>(5)</sup>		Actual value transacted from 28 May 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 26 April 2019 (RM'000)		Reason for deviation where Actual value exceeds Estimated value by 10% or more
				Subcontract From Related Party	Subcontract To Related Party	Subcontract From Related Party	Subcontract To Related Party	Subcontract From Related Party	Subcontract To Related Party	
Subcontract works <sup>(1)</sup>	FMKT	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	-	15,000	-	3,425	-	15,000	Not applicable
Sale of goods and services <sup>(2)</sup>	FSB Group FMKT MPS	Fsbah	Dato' Wong Swee Yee and Datin Goh Hooi Yin	Sale To Related Party	158	Purchase From Related Party	-	Sale To Related Party	1,500	Not applicable
				Related Party	124	Related Party	-	Related Party	1,000	Not applicable
				Party	-	Party	-	Party	300	Not applicable
Sale of goods <sup>(3)</sup>	FMKT	Wai Soon Engineering	Dato' Wong Swee Yee and Wong Swee Loy	Sale To Related Party	-	Purchase From Related Party	-	Sale To Related Party	100	Not applicable
				Related Party	2	Related Party	-	Related Party	2,000	Not applicable
				Party	-	Party	-	Party	2,000	Not applicable
Sale of goods <sup>(3)</sup>	MSEA	Unitrade	Nomis Sim Siang Leng and Sim Keng Chor	Sale To Related Party	25,509	Purchase From Related Party	-	Sale To Related Party	100,000	Not applicable
				Related Party	-	Related Party	-	Related Party	-	Not applicable
				Party	-	Party	-	Party	-	Not applicable

(i) Proposed Renewal of Existing Mandate (cont'd)

Nature of RRPT	Subsidiary of FITTERS Involved in the Transaction	Related Party	Interested Directors/Major Shareholders/ Persons Connected to Directors and Major Shareholders	Estimated value from forthcoming Thirty-Fourth AGM to Next AGM (RM'000) <sup>(5)</sup>		Actual value transacted from 28 May 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 26 April 2019 (RM'000)		Reason for deviation where Actual value exceeds Estimated value by 10% or more
				Sale To Related Party	Purchase From Related Party	Sale To Related Party	Purchase From Related Party	Sale To Related Party	Purchase From Related Party	
Purchase of goods <sup>(4)</sup>	FES FSB Group MSEA FCSB	Unitrade	Nomis Sim Siang Leng and Sim Keng Chor	- - - -	100,000 20,000 50,000 50,000	- - - -	10,654 - - -	- - - -	100,000 20,000 50,000 50,000	Not applicable Not applicable Not applicable Not applicable
<b>Aggregate</b>				<b>106,900</b>	<b>235,000</b>	<b>25,793</b>	<b>14,079</b>	<b>106,900</b>	<b>235,000</b>	

Notes:

- (1) Portions of certain contracts secured are subcontracted due to certain product expertise is unique to that particular company inclusive of manpower and miscellaneous items, which are used in the manufacture of fire rated doors by the Related Party. Transaction prices are determined based on market rates, which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.
- (2) Sale of finished goods comprising certain fire safety and protection equipment, fire rated doors and maintenance services to the Related Party was performed in order to meet the needs of their customers at various geographical locations. Transaction prices for sales are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.
- (3) Sale of HYPRO® PVC-O pipes to the Related Party to meet the needs of their customers at various geographical locations. Transaction prices are determined based on market rates, which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.
- (4) Purchase of pipes and fittings from the Related Party. Transaction prices are determined based on market rates, which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.
- (5) The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the FITTERS Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosures will be made in the 2019 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Mandate.

## **2.5 Amount Due and Owning by Related Parties**

There was no outstanding amount due to the FITTERS Group under the Recurrent Related Party Transactions which exceeded the credit term as at 31 December 2019. Hence, there was no late payment charge imposed by the Group.

## **2.6 Review Methods or Procedures on Which Transaction Prices will be Determined**

To ensure that such RRPTs are undertaken on an arm's length basis and on the Group's normal commercial terms consistent with the Group's usual business arrangements, practices and policies, on prices and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to minority shareholders, the Management will ensure that:

- (i) All companies within the FITTERS Group have been informed of the Related Party and the review procedures applicable to all RRPT with such Related Party.
- (ii) The Management will ensure that the transactions with the Related Party will only be entered into after taking into account the pricing, level of service, quality of product and other related factors, which are generally on terms not more favourable to the Related Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders.
- (iii) The pricing, level of service and quality of products shall be at the prevailing market rates/prices of the service or product including where appropriate preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase) and on the service or product provider's usual commercial terms, and otherwise in accordance with applicable industry norm.
- (iv) The terms and conditions on purchases and sales are determined by market force, under similar commercial terms for transaction with third parties which depend on the demand and supply of the products and subject to the availability of the products in the market.
- (v) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the transaction price offered to/by the Related Parties will be determined by the FITTERS Group based on its usual business practices to ensure that the RRPT is not detrimental to the FITTERS Group.
- (vi) Proper records are maintained to capture all RRPTs to ensure accurate disclosures, adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner.
- (vii) The annual Internal Audit Plan will also incorporate a review of the RRPTs to ensure that the procedures are adhered to and ensuring that the RRPTs are on normal commercial terms and on transaction price and terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.
- (viii) The Internal Auditors of the Company will review the existence and adequacy of the procedures and processes of the FITTERS Group to monitor, track and identify RRPTs in a timely and orderly manner.



- (ix) The Audit Committee and the Board of FITTERS would review the internal audit reports quarterly to ascertain if the guidelines and procedures established to monitor the RRPTs have been complied with.

The guidelines for the relevant approving authority practised by the FITTERS Group in relation to the RRPTs are as follows:

- (a) Transactions below RM1,000,000 each in value, will be reviewed and approved by any one of the Independent Non-Executive Directors (not being a Person Connected to the Related Party) and tabled for review by the Audit Committee on a quarterly basis; and
- (b) Transactions equal to or exceeding RM1,000,000 each in value will be reviewed and approved by the Audit Committee.

The Board and the Audit Committee have reviewed the procedures and shall continue to review the procedures on quarterly basis and/or as and when required, with the authority to sub-delegate the reviews process to individuals or committees within the FITTERS Group as they deem appropriate.

Further, where any Director has an interest (direct or indirect) in any RRPTs, such Director (or his alternate, where applicable) shall abstain from voting on the matter. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder, and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, shall abstain from voting on the resolution approving the RRPTs.

An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions. Interested Directors shall also abstain from deliberating at board meetings in respect of the RRPTs in which they are interested.

### **3. STATEMENT BY THE AUDIT COMMITTEE**

The overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate, rest on the Audit Committee. Review and ascertainment of whether the guidelines and procedures established to monitor RRPTs have been complied with will be conducted by the Audit Committee on quarterly basis. Should the Audit Committee determine that the guidelines and/or procedures stated in Section 2.6 are inadequate to ensure that RRPTs entered into:

- (i) Are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority Shareholders of the Company; and
- (ii) Are monitored, tracked and identified in a timely and orderly manner and such procedures are reviewed annually or whenever the need arises.

The Company will obtain a fresh shareholders' mandate based on the new guidelines and procedures.

The Audit Committee shall also have the discretion to request for the limits to be imposed or for the additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has seen and reviewed the terms of the Proposed Mandate and is satisfied that the review procedures for RRPTs, as well as the reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that RRPTs are not more favourable to the Related Parties than those generally available to the public and will be made at arm's length and in accordance with the Group's normal commercial terms, and hence, will not be detrimental to minority shareholders or disadvantageous to the Group. The Audit Committee is also of the view that the FITTERS Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in timely and orderly manner. The Audit Committee conducts the review of these procedures and processes on a quarterly basis.

The members of the Audit Committee of the Company are as follows:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Mr. Chan Seng Fatt	Chairman	Independent Non-Executive Director
Mr. Chong Kwea Seng	Member	Independent Non-Executive Director
Dato' Ir. Ho Shu Keong	Member	Independent Non-Executive Director

#### **4. RATIONALE AND BENEFITS OF THE PROPOSED MANDATE**

The Related Party Transactions entered or to be entered into by the FITTERS Group are all in the ordinary course of business to meet the business needs of the FITTERS Group. They are recurring and likely to occur with some degree of frequency and may arise at any time and from time to time.

The rationale for and the benefit to the FITTERS Group of the Proposed Mandate for the FITTERS Group to enter into RRPTs are as follows:

- (i) The RRPT would give additional business volume to the FITTERS Group thereby improving the turnover and profit of the FITTERS Group. Transacting with Related Party provides the FITTERS Group with support for its operational and business needs at the best possible terms. It also enhances its ability to explore business opportunities within the FITTERS Group. Companies within the FITTERS Group have a better understanding of each other's business needs thus providing a platform where all parties can benefit from relatively cheaper transaction costs.

Due to these reasons and as well as to increase synergy and economies of scale, certain contract works are being subcontracted to and/or from, and sales and purchases of goods and services are being made to Related Parties. New products that are more technologically advanced were brought into the fold. In addition, the involvement of the individuals possessing the technical know-how in the production, marketing and the management of the product would provide an exponential factor for market expansion.

- (ii) The provision of management support services to the Related Party are at a price that will enhance the income of the Group since the Company has the expertise and human resources to meet their needs.
- (iii) The Related Party Transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case to case basis before entering into such Related Party Transactions. As such, the Board is seeking a renewal of the shareholders' mandate for RRPTs pursuant to Paragraph 10.09 of the Listing Requirements for Related Party Transactions as described in Section 2.4. This would allow the FITTERS Group to enter into such RRPT which are made on arm's length basis and on FITTERS Group's normal commercial terms that are not more favourable to the Related Party than those generally available to the public and which are not detrimental to the interest of the minority shareholders.

- (iv) By obtaining the shareholders' mandate on an annual basis would eliminate the need to announce and convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT with Mandated Related Party arise, thereby improving administrative efficiency and eliminating inconvenience and expenses associated with the convening of such meetings and allowing resources to be channeled towards achieving corporate objectives of the FITTERS Group.
- (v) The cooperation between the FITTERS Group and the Related Party has reaped mutual benefits and are expected to continue to be of benefit to the FITTERS Group.

## 5. APPROVAL REQUIRED

The Proposed Mandate is subject to the approval being obtained from the shareholders at the forthcoming Thirty-Fourth AGM on Thursday, 9 July 2020.

## 6. FINANCIAL EFFECTS

The Proposed Mandate, if obtained at the Thirty-Fourth AGM, will not have any effect on the EPS and NA per share at the Group level, share capital and substantial shareholding of the Company.

## 7. DISCLOSURE

Disclosure of Recurrent Related Party Transactions will be made in accordance with the applicable approved accounting standards, relevant regulations and Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions entered into during the financial year, including amongst others, the following information:

- (i) the type of the Recurrent Related Party Transactions; and
- (ii) the names of the Related Party involved in each type of the Recurrent Related Party Transactions entered into and their relationship with the Company,

in the annual reports of the Company for subsequent financial years if the Proposed Mandate continues to be in force.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The direct and indirect interest of interested Directors, Major Shareholders and persons connected to the Directors and Major Shareholders of FITTERS Group as at LPD are as follows:

Directors and Major Shareholders of FITTERS	No. of ordinary shares			
	Direct	%#	Indirect	%#
Dato' Wong Swee Yee	150,608,378	32.53	319,998 <sup>(a)</sup>	0.07
Datin Goh Hooi Yin	-	-	150,928,376 <sup>(b)</sup>	32.60
Persons Connected to Directors and Major Shareholders of FITTERS	No. of ordinary shares			
	Direct	%#	Indirect	%#
Martyn Wong Jing Xiong <sup>(c)</sup>	106,666	0.02	150,608,378 <sup>(d)</sup>	32.53
Marvyn Wong Jing Wen <sup>(c)</sup>	106,666	0.02	150,608,378 <sup>(d)</sup>	32.53
Melvyn Wong Jing Han <sup>(c)</sup>	106,666	0.02	150,608,378 <sup>(d)</sup>	32.53
Wong Swee Seong <sup>(e)</sup>	88,004	0.02	-	-
Wong Swee Loy <sup>(f)</sup>	-	-	612	*
Wong Swee Keng	612	*	-	-
Interested Persons Connected	No. of ordinary shares			
	Direct	%#	Indirect	%#
Nomis Sim Siang Leng <sup>(g)</sup>	-	-	4,150,718	0.90
Sim Keng Chor <sup>(g)</sup>	4,150,718	0.90	-	-

Notes:

- (a) *Deemed interested by virtue of the direct shareholdings of his sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS.*
  - (b) *Deemed interested by virtue of the direct shareholdings of her spouse, Dato' Wong Swee Yee and her sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS.*
  - (c) *Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han are the sons of Dato' Wong Swee Yee and Datin Goh Hooi Yin.*
  - (d) *Deemed interested in his parents' direct shareholdings in FITTERS.*
  - (e) *Wong Swee Seong is the brother of Dato' Wong Swee Yee and Wong Swee Loy; brother-in law of Datin Goh Hooi Yin and Wong Swee Keng.*
  - (f) *Wong Swee Loy is the brother of Dato' Wong Swee Yee and Wong Swee Seong and the brother-in-law of Datin Goh Hooi Yin, and is deemed interested in his spouse, Wong Swee Keng's direct shareholding in FITTERS.*
  - (g) *Nomis Sim Siang Leng is a Director of Molecor (SEA) Sdn Bhd ("MSEA"), a 72.27%-owned subsidiary of FITTERS Diversified Berhad, and Sim Keng Chor is Nomis Sim Siang Leng's father, who owns 50% shareholding in Unitrade which trades with MSEA.*
- \* *Negligible.*
- # *Excluding a total of 17,559,248 FITTERS Shares bought back by the Company and retained as Treasury Shares as at LPD.*

The interested Directors namely Dato' Wong Swee Yee and Datin Goh Hooi Yin have abstained and will continue to abstain from deliberation and voting at Board Meetings of FITTERS on the Proposed Mandate and shall abstain from voting in respect of their direct and indirect shareholdings in the Company at the forthcoming Thirty-Fourth AGM approving the resolution on the Proposed Mandate. They have undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and indirect interest on the same.

The interested Major Shareholders namely Dato' Wong Swee Yee and Datin Goh Hooi Yin will abstain from voting on the Proposed Mandate in respect of their direct and indirect shareholdings in the Company at the forthcoming Thirty-Fourth AGM approving the resolution on the Proposed Mandate.

Mr. Wong Swee Loy, Mr. Wong Swee Seong, Madam Wong Swee Keng, Mr. Martyn Wong Jing Xiong, Mr. Marvyn Wong Jing Wen and Mr Melvyn Wong Jing Han being the persons connected to Dato' Wong Swee Yee and Datin Goh Hooi Yin, shall abstain from voting in respect of their direct and indirect shareholdings in the Company at the forthcoming Thirty-Fourth AGM approving the resolution on the Proposed Mandate.

The Interested Persons Connected namely Mr. Nomis Sim Siang Leng and Mr. Sim Keng Chor will abstain from voting on the Proposed Mandate in respect of their direct and/or indirect shareholdings in the Company at the forthcoming Thirty-Fourth AGM. They have undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect interest on the same.

Save as disclosed above, none of the other Directors and/or Major Shareholders and persons connected to them, as defined in the Listing Requirements, have any interest direct or indirect in the Proposed Mandate.

## **9. DIRECTORS' RECOMMENDATION**

The Board (save for Dato' Wong Swee Yee and Datin Goh Hooi Yin who shall abstain from voting on the resolution pertaining to the Proposed Mandate at the forthcoming Thirty-Fourth AGM), having considered all aspects of the Proposed Mandate, is of the opinion that the Proposed Mandate is in the best interest of the Company and its shareholders. Accordingly, the Directors, except for Dato' Wong Swee Yee and Datin Goh Hooi Yin recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at the forthcoming Thirty-Fourth AGM.

## **10. THIRTY-FOURTH AGM**

The Thirty-Fourth AGM, notice of which is circulated to all the shareholders on 5 June 2020, will be held on Thursday, 9 July 2020 at 10.00 a.m. at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur for the purpose of considering and if thought fit, to pass the resolution pertaining to the Proposed Mandate.

If you are unable to attend and vote in person at the Thirty-Fourth AGM, you are requested to complete, sign and deposit the Form of Proxy which is circulated together with the notice of the Thirty-Fourth AGM in accordance with the instructions printed thereon, at the Registered Office of the Company at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not later than forty-eight (48) hours before the time fixed for the Thirty-Fourth AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming Thirty-Fourth AGM should you subsequently wish to do so.

## **11. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully  
For and on behalf of the Board of Directors of  
**FITTERS Diversified Berhad**

**DATO' IR. LOW KENG KOK**  
**CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR**

**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE****1. INTRODUCTION**

On 1 April 2020, the Board announced that FITTERS proposes to seek approval of its shareholders for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back of up to 10% of the total number of issued shares of the Company at the forthcoming Thirty-Fourth AGM to be convened.

The purpose of this Statement is to provide you with the information on the Proposed Renewal of Share Buy-Back Mandate and to seek your approval on the Ordinary Resolution therein to be tabled at the forthcoming Thirty-Fourth AGM, which will be convened at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 9 July 2020 at 10.00 a.m. The notice of the AGM together with the Form of Proxy are circulated to all the shareholders on 5 June 2020.

**2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE****2.1 Proposed Renewal of Share Buy-Back Mandate**

On 28 May 2019, the Company obtained the approval of its shareholders to purchase up to 10% of the total number of issued shares of the Company on Bursa Securities at any point of time, subject to Section 127 of the Act, Chapter 12 of the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and other requirements issued by the relevant authorities. As at LPD, the total number of issued shares of the Company is 480,497,159 (inclusive of 17,559,248 Treasury Shares) FITTERS Shares.

As the authority for the purchase of the Company's Shares will expire at the forthcoming Thirty-Fourth AGM, the Board proposes to seek a renewal of the mandate from its shareholders for the Proposed Share Buy-Back.

The Proposed Renewal of Share Buy-Back Mandate, if approved at the forthcoming Thirty-Fourth AGM, shall be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Mandate at the forthcoming Thirty-Fourth AGM and shall be valid until:

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The proposed purchase of FITTERS own Shares and/or resale of the Purchased FITTERS Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. FITTERS shall ensure that all dealing(s) in its own Shares/Purchased FITTERS Shares are made through stockbroker(s) appointed by FITTERS.

## **2.2 Maximum Amount of Funds to be Allocated and the Source of Funds**

Pursuant to the Listing Requirements, the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company. Therefore, the maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the retained profits account of the Company.

Based on the audited financial statements of the Company for the financial year ended 31 December 2019, the retained profits of the Company was RM34,563,000.

The Proposed Share Buy-Back will be financed from internally generated funds and/or borrowings (if necessary), the proportion of which will depend on the quantum of purchase consideration as well as the availability of the internally generated funds and bank borrowings at the time of purchase(s).

In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient financial capability to repay the bank borrowings and that the bank borrowings will not have a material impact on the cash flow of the Company.

The actual number of Shares to be purchased, the total amount of funds to be utilised, the impact on cash flows and the timing of the purchase(s) will depend on the prevailing equity market conditions and sentiments of Bursa Securities as well as the financial resources available to the Company at the time of purchase(s).

## **2.3 Treatment of Shares Purchased**

In accordance with Section 127(4) of the Act, the Purchased FITTERS Shares may, at the discretion of the Board, be dealt with in the following manner:

- (a) to cancel the Purchased FITTERS Shares; or
- (b) to retain the Purchased FITTERS Shares as Treasury Shares; or
- (c) to retain part of the Purchased FITTERS Shares as Treasury Shares and cancel the remainder of the Purchased FITTERS Shares.

Where the Purchased FITTERS Shares are held as Treasury Shares, the Board may:-

- (a) distribute the Treasury Shares as dividends to shareholders, such dividends to be known as “share dividends”;
- (b) resell the Treasury Shares or any of the Treasury Shares in accordance with the relevant rules of the stock exchange;
- (c) transfer the Treasury Shares, or any of the Treasury Shares for the purposes of or under an employees’ share scheme;
- (d) transfer the Treasury Shares, or any of the Treasury Shares as purchase consideration;
- (e) cancel the Treasury Shares or any of the Treasury Shares; or
- (f) sell, transfer or otherwise use the Treasury Shares for such other purposes as the Minister (as defined in the Act) may by order prescribe.

The Company will make an immediate announcement to Bursa Securities of any purchase, resale or transfer of the FITTERS Shares and whether the Purchased FITTERS Shares will be cancelled or retained as Treasury Shares or a combination of both.



## **2.4 Ranking of Treasury Shares**

In the event that the Purchased FITTERS Shares are held as Treasury Shares, Sections 127(8) and 127(9) of the Act states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the Purchased FITTERS Shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in FITTERS for any purposes including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of votes on resolutions at a meeting of shareholders.

## **2.5 Purchase and Resale/Transfer Price**

The Company shall purchase its own Shares or resell/transfer its Treasury Shares (if applicable) only on the market of Bursa Securities. Pursuant to Paragraph 12.17 of the Listing Requirements, FITTERS may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for FITTERS Shares for the five (5) market days immediately before the purchase.

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell the Treasury Shares on Bursa Securities or transfer Treasury Shares pursuant to Section 127(7) of the Act, at:

- (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price for the Shares for the five (5) market days immediately before the resale or transfer provided that:
  - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of the purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

## **2.6 The Public Shareholding Spread**

As at the LPD, the public shareholding spread of the Company was 60.67%. Assuming that the Company purchases up to the maximum number of Shares as allowed under the Proposed Share Buy-Back, the public shareholding spread is expected to reduce to 57.89%.

The Company shall not buy-back any Shares if it results in the Company being in breach of the minimum public shareholding spread requirement of the Listing Requirements.

## **3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources not immediately required, to purchase its own Shares. It may stabilise the supply and demand of FITTERS Shares traded on Bursa Securities and thereby supports the fundamental values of the Shares.

The Proposed Share Buy-Back may enhance the EPS of the Group (in the case where the Directors resolve to cancel the Purchased FITTERS Shares so purchased and/or retain the Purchased FITTERS Shares as Treasury Shares and the Treasury Shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.

If the Purchased FITTERS Shares are kept as Treasury Shares, it will give the Directors an option to sell the Purchased FITTERS Shares at a higher price and therefore, make an exceptional gain for the Company. Alternatively, the Purchased FITTERS Shares can be distributed as share dividends to shareholders.

#### 4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

- (a) The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:
- (i) allows the Company to take preventive measures against speculation particularly when the FITTERS Shares are undervalued, which action would in turn stabilise the market price of FITTERS Shares and hence, enhance investors' confidence;
  - (ii) the shareholders of FITTERS may enjoy an increase in value of their investment due to the strengthening of EPS of the Company as a result of a reduced share capital base if the Purchased FITTERS Shares are cancelled; and
  - (iii) if the Purchased FITTERS Shares are retained as Treasury Shares, the Company may increase its financial resources and realise potential gains from the resale of Treasury Shares at a higher price than when it was purchased.
- (b) The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:
- (i) as the Proposed Share Buy-Back can only be made out of retained profits, it may reduce the distributable reserves available for dividends to be declared to the shareholders of the Company in the immediate future.
  - (ii) it may result in the Company foregoing other investment opportunities that may emerge in the future due to the reduction in financial resources of the FITTERS Group after financing the Proposed Share Buy-Back.

Nevertheless, the Board will be mindful of the interests of the Company and its shareholders in implementing the Proposed Share Buy-Back.

#### 5. FINANCIAL EFFECTS

Based on the assumption that the Proposed Share Buy-Back is carried out in full, the effect of the Proposed Share Buy-Back on the share capital, NA, EPS and working capital of FITTERS are as set out below:

##### 5.1 Share Capital

The Proposed Share Buy-Back if carried out in full and all the Purchased FITTERS Shares are cancelled, the proforma effects of the Proposed Share Buy-Back on the total number of issued shares of the Company will be as follows:

	<b>No. of FITTERS Shares</b>
Total number of issued shares as at LPD	480,497,159
<i>Less:</i>	
Maximum number of FITTERS Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(48,049,716)
Resultant Share Capital	<u>432,447,443</u>

The Proposed Share Buy-Back will have no effect on the total number of issued shares of the Company if the Purchased FITTERS Shares are held as treasury shares and are not cancelled. If the FITTERS Shares so purchased are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purpose including without limiting the generality of this provision, the provision of any law or requirements of the Constitution of FITTERS or the Listing Requirements on substantial shareholders' shareholding, takeovers, notices, requisitions of meetings, quorum for meetings and the result of votes on resolution at a meeting of shareholders.

## 5.2 NA per Share and EPS

The NA per share of the Company and the Group may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company.

Should the purchase prices exceed the existing NA per share, the NA of the remaining shares should decrease accordingly.

Should the Purchased FITTERS Shares be held as Treasury Shares and later resold, the NA per share of the Company and the Group will increase if the Company realise a gain from the resale and vice versa.

The effective reduction in the total number of issued shares of the Company pursuant to the Proposed Share Buy-Back would generally, all things being equal, increase the consolidated EPS of the Company for the financial year when the Shares Buy-Back is implemented.

Should the Purchased FITTERS Shares be held as Treasury Shares and later resold, the extent of the impact to the earning of FITTERS Group will depend on the actual selling price, the number of Treasury Shares resold and the gain or loss on the disposal, if any.

However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company or the Group for the financial year ending 31 December 2020.

## 5.3 Working Capital

Although the Proposed Share Buy-Back will reduce the working capital of the Company to the extent of the amount of funds utilised for the purchase of the Company's Shares, it is not expected to have a material effect on the working capital of the Company.

## 5.4 Directors' and Substantial Shareholders' Shareholdings

The proforma effect on the direct and indirect interests of the Directors and substantial shareholders of FITTERS as at the LPD is set out below:

	As at LPD				After the Proposed Share Buy-Back <sup>1</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>2</sup>	No. of Shares	% <sup>2</sup>	No. of Shares	%	No. of Shares	%
<b>Directors</b>								
Dato' Wong Swee Yee	150,608,378	32.53	319,998 <sup>(a)</sup>	0.07	150,608,378	34.83	319,998 <sup>(a)</sup>	0.07
Datin Goh Hooi Yin	-	-	150,928,376 <sup>(b)</sup>	32.60	-	-	150,928,376 <sup>(b)</sup>	34.90
Dato' Ir. Low Keng Kok	1,535,607	0.33	-	-	1,535,607	0.36	-	-
Dato' Ir. Ho Shu Keong	29,522,218	6.38	-	-	29,522,218	6.83	-	-
<b>Substantial Shareholders</b>	As at LPD				After the Proposed Share Buy-Back <sup>1</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>2</sup>	No. of Shares	% <sup>2</sup>	No. of Shares	%	No. of Shares	%
Dato' Wong Swee Yee	150,608,378	32.53	319,998 <sup>(a)</sup>	0.07	150,608,378	34.83	319,998 <sup>(a)</sup>	0.07
Datin Goh Hooi Yin	-	-	150,928,376 <sup>(b)</sup>	32.60	-	-	150,928,376 <sup>(b)</sup>	34.90
Dato' Ir. Ho Shu Keong	29,522,218	6.38	-	-	29,522,218	6.83	-	-

Notes:

1 On the assumption that the Company repurchase the maximum 48,049,716 FITTERS Shares, representing ten per centum (10%) of its total number of issued shares comprising 480,497,159 FITTERS Shares.

2 Excluding a total of 17,559,248 FITTERS Shares bought back by the Company and retained as Treasury Shares as at LPD.

(a) Deemed interested by virtue of the direct shareholdings of his sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han in FITTERS.

(b) Deemed interested by virtue of the direct shareholdings of her spouse, Dato' Wong Swee Yee and her sons, Martyn Wong Jing Xiong, Marvyn Wong Jing Wen and Melvyn Wong Jing Han direct shareholdings in FITTERS.

## 6. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Mandate is subject to the approval being obtained from the shareholders of FITTERS at the forthcoming Thirty-Fourth AGM.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of FITTERS Shares as traded on Bursa Securities for the past 12 months from June 2019 to May 2020 are as follows:

	High (RM)	Low (RM)
<b>2019</b>		
June	0.430	0.400
July	0.450	0.405
August	0.415	0.390
September	0.400	0.375
October	0.425	0.375
November	0.385	0.355
December	0.400	0.360
<b>2020</b>		
January	0.390	0.350
February	0.365	0.345
March	0.335	0.165
April	0.260	0.205
May	0.245	0.215

The last traded price of FITTERS Shares as at LPD is RM0.235.

(Source: Investing.com)

## 8. PURCHASE, RESALE AND/OR CANCELLATION OF FITTERS SHARES MADE IN THE PREVIOUS 12 MONTHS

During the previous 12 months up to the LPD, the Company had purchased 38,454,400 Shares and retained as Treasury Shares. Details of the share buy-back were as follows:

Month	No. of Shares repurchased (units)	Lowest Price paid (RM)	Highest Price paid (RM)	Average Price paid (RM)	Total Consideration paid* (RM)
May 2019	1,707,600	0.410	0.425	0.417	712,564.16
June 2019	1,541,400	0.410	0.420	0.415	639,691.03
July 2019	350,000	0.405	0.410	0.411	143,963.26
August 2019	4,071,400	0.390	0.415	0.400	1,629,635.51
September 2019	3,550,000	0.385	0.395	0.391	1,387,576.93
October 2019	250,000	0.385	0.385	0.388	96,988.03
February 2020	3,939,000	0.335	0.360	0.349	1,376,477.46
March 2020	23,045,000	0.170	0.335	0.275	6,341,637.73
<b>Total</b>	<b>38,454,400</b>				<b>12,328,534.11</b>

\* Inclusive transaction cost.

As at LPD, a total of 17,559,248 FITTERS Shares were purchased and held as Treasury Shares.

The Company resold a total of 31,000,000 FITTERS Shares on Bursa Securities during the financial year ended 31 December 2019.

There were no cancellations of Treasury Shares in the previous twelve (12) months.

The Company has distributed 28,931,752 Treasury Shares to its shareholders pursuant to an interim single-tier dividend via a share dividend distribution on the basis of 1 Treasury Share for every 15 ordinary shares held (“Share Dividend”), fractions of a Treasury Share disregarded, and the Share Dividend have been credited into the respective depositors’ securities accounts on 17 April 2020. Upon distribution of the Share Dividend, the total number of Treasury Shares held by the Company is 17,559,248.

## **9. RULES ON TAKE-OVERS**

As at the LPD, Dato’ Wong Swee Yee and persons connected to him, collectively hold 32.60% of the total number of issued shares of FITTERS. Assuming that the Proposed Share Buy-Back is implemented in full and the Company purchases its own Shares from its shareholders other than from the aforementioned parties (it is also assumed that the total number of Shares held by the aforementioned parties remains unchanged), the collective shareholdings of the aforementioned parties will increase to 34.90% of the total number of issued shares of FITTERS.

Pursuant to Note 9 Paragraph 4.01 of the Rules on Take-Overs, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining Shares of the Company not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33% or if his/her/their shareholding is between 33% and 50% and increases by another 2% in any six (6) months period.

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory general offer by its substantial shareholders and/or parties acting in concert with them, the Directors of the Company will ensure that only such number of shares are purchased, retained as treasury shares, cancelled or distributed such that the Rules on Take-Overs will not be triggered.

However, an exemption from mandatory offer obligation may be granted by the Securities Commission Malaysia under Paragraph 4.15 of the Rules on Take-Overs subject to the parties acting in concert complying with the conditions stipulated in the Paragraph 4.15 of the Rules on Take-Overs.

## **10. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS**

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Mandate, none of the Directors and Substantial Shareholders of the Company and/or persons connected with them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate or resale/transfer of Treasury Shares.

## **11. DIRECTORS’ RECOMMENDATION**

The Board having considered all aspects of the Proposed Renewal of Share Buy-Back Mandate, is of the opinion that the Proposed Renewal of Share Buy-Back Mandate is in the best interest of the Company and its shareholders. Accordingly, the Directors recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming Thirty-Fourth AGM.

## **12. THIRTY-FOURTH AGM**

The Thirty-Fourth AGM, notice of which is circulated to all the shareholders on 5 June 2020, will be held on Thursday, 9 July 2020 at 10.00 a.m. at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur for the purpose of considering and if thought fit, passing the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate.

If you are unable to attend and vote in person at the Thirty-Fourth AGM, you are requested to complete, sign and deposit the Form of Proxy which is circulated together with the notice of the Thirty-Fourth AGM in accordance with the instructions printed thereon, at the Registered Office of the Company at Wisma FITTERS, No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur not later than forty-eight (48) hours before the time fixed for the Thirty-Fourth AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming Thirty-Fourth AGM should you subsequently wish to do so.

**13. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

This Statement is dated 5 June 2020.

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## APPENDIX I – FURTHER INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This Circular/Statement has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy of the information contained herein. The Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Circular/Statement misleading.

### 2. MATERIAL CONTRACTS

There are no other material contracts, not being contracts entered into in the ordinary course of business, that have been entered into by FITTERS or its subsidiary companies within the past two (2) years immediately preceding the date of this Circular/Statement.

### 3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, FITTERS and its subsidiary companies are not involved in any material litigations, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of FITTERS Group and the Company is not aware of any proceedings pending or threatened against FITTERS Group or any facts likely to give rise to any proceedings which may materially affect the financial position or business of FITTERS Group:-

***Wycom Construction Sdn Bhd (“Wycom”) (Petitioner) vs FITTERS Engineering Services Sdn Bhd (“FESSB”)***

FESSB, a wholly-owned subsidiary of the Company had on 17 October 2019 been served via The High Court of Malaya at Shah Alam, Winding-Up Petition No.: BA-28NCC-661-10/2019 dated 14 October 2019 and Affidavit Verifying Petition dated 15 October 2019 by Wycom.

Wycom was appointed as the subcontractor via a letter of acceptance for the architectural and hardscape works at a contract sum of RM13,759,325.02. The construction contract was based on the letter of acceptance and amended PAM 2006 Conditions of Contract. Disputes have arisen between Wycom and FESSB which were referred to adjudication under the Construction Industry Payment and Adjudication Act 2012.

Wycom is claiming the payment of RM1,379,078.05 comprising (a) Adjudicated Amount of 1,286,354.65; (b) Interest of 5% per annum on the Adjudicated Amount from 10 August 2019 to 3 September 2019 of RM4,405.32; (c) Costs and Adjudicator’s Fee & Expenses of RM38,318.08; and (d) Party to Party Fee of RM50,000.00.

The Winding-Up Petition has been fixed for Case Management on 13 November 2019 before Senior Assistant Registrar at the High Court of Shah Alam and the hearing date fixed on 15 January 2020 had been vacated and a new hearing date was fixed on 29 January 2020.

The Case Management which came up for hearing on 29 January 2020 before the learned Judge at the High Court of Shah Alam had been withdrawn by Wycom without liberty to file afresh and with no order as to costs.

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## **APPENDIX I – FURTHER INFORMATION**

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### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at No. 1, Jalan Tembaga SD 5/2, Bandar Sri Damansara, 52200 Kuala Lumpur following the publication of this Circular, from Mondays to Fridays (except public holidays) during business hours up to and including the date of the Thirty-Fourth AGM:

- (i) Constitution of the Company;
- (ii) The relevant caused papers in respect of material litigation referred to in Section 3 of this Appendix; and
- (iii) Audited consolidated financial statements of FITTERS Group for the past two (2) financial years ended 31 December 2018 and 31 December 2019.