

FIBON BERHAD

[Registration No. 200801009722 (811010-H)]
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWELFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE SEMINAR HALL OF SERI MALAYSIA MELAKA HOTEL, LEBUH AYER KEROH, 75450 MELAKA BANDARAYA BERSEJARAH ON TUESDAY, 29 OCTOBER 2019 AT 10:00 A.M.

At the Twelfth Annual General Meeting ("**12th AGM**") of the Company held on 29 October 2019, there were no questions raised on the business and operations of the Group, as well as on the Annual Report containing the Audited Financial Statements for the year ended 31 May 2019 together with the Reports of the Directors and Auditors thereon.

The matters discussed in the 12th AGM relate to the letter dated 17 October 2019 received from the Minority Shareholders Watch Group ("**MSWG**").

The clarifications from the Company in response to the enquiries raised by the MSWG are summarised as follows:-

No.	Key Matters raised by MSWG	Summary of the reply from the Management of the Company										
1.	<p><u>Strategy and Financial Matters</u></p> <p>The Group's profit after taxation ("PAT") over the last 4 financial years (Financial Year 2016 to Financial Year 2019) was on a declining trend (page 9 of the Annual Report 2019 ("AR 2019") as follows:</p> <table border="1"><thead><tr><th></th><th>2016</th><th>2017</th><th>2018</th><th>2019</th></tr></thead><tbody><tr><td>PAT</td><td>RM5.002 million</td><td>RM4.32 million</td><td>RM2.931 million</td><td>RM2.806 million</td></tr></tbody></table> <p>What are the measures to be taken to address the declining trend of the Group's PAT, going forward?</p>		2016	2017	2018	2019	PAT	RM5.002 million	RM4.32 million	RM2.931 million	RM2.806 million	<p>Mr. Lim Teck Cheong, the Business Development Manager of the Company, explained that the causes of the declining trend were as follows:</p> <ol style="list-style-type: none">Decline in the oil and gas industry. Fibon Berhad ("Fibon" or "the Company" or "the Group") has been supplying Fibon's products to switchboard builders in the oil and gas industry. In view of the decline in the oil and gas industry, i.e. some oil exploration works had been shelved or put on hold, resulted in the drop of demand for the Fibon's products in this sector temporarily; andEconomic slowdown, resulting in less major infrastructure development as well as industrial, commercial and residential development. <p>Mr. Lim further informed that Fibon would continued to focus on high-end market which demands the highest possible safety standard and value added Fibon's products (oil and gas industry) and also to continue in promoting safety awareness campaign amongst the consultants, end-users and switchboard builders in the mid-range market and developing countries.</p>
	2016	2017	2018	2019								
PAT	RM5.002 million	RM4.32 million	RM2.931 million	RM2.806 million								

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2.	<p>The Independent Auditors have highlighted the recoverability of trade receivables as a key audit matter of the group (page 49 of AR2019). Trade receivables of the Group had increased to RM6.05 million (2018: RM4.58 million) (Note 11, Pages 96 & 98 of AR2019).</p> <p>To date, how much of the RM6.05 million of trade receivables have been collected?</p>	<p>Datin Kelly Lim Wai Kiew, the Executive Director of the Company, informed that out of the RM6.05 million trade receivables, approximately RM5.00 million has been collected as at 25 Oct 2019.</p> <p>The remaining trade receivables amounted to RM1.05 million, of which;</p> <ul style="list-style-type: none"> • RM0.30 million comprised of maximum 150 days trade receivables by Hexa Analisa Sdn. Bhd., and it was expected to be collected in November 2019; and • RM0.75 million comprised of 24 months term loan facility by Fibon Capital Sdn. Bhd. to clients. <p>Datin Kelly further elaborated that the remaining RM0.75 million of 24 months term loan facility by Fibon Capital Sdn. Bhd. to clients, included the non-current assets RM0.23 million which belong to long-term receivable. While the RM0.52 million current trade receivable was expected to be collected within the current financial year.</p>
3.	<p>For the financial year ended 31 May 2019, segment profit before income tax ("PBIT") from financing income business had decreased to RM 114,000 (2018: RM1.27 million) (Note 25 – Operating Segments, page 113 of AR2019).</p> <p>What is the reason for the significant decrease in segment PBIT from financing income business?</p>	<p>Ms. Chong Sok Wei, the Finance Personnel of the Company, informed that segment profit for Financial Year Ended ("FYE") 2018 was recorded high PBT at RM 1.27 million was mainly due to reversal of impairment at approximately RM1,068,000 (for FYE 2017 trade receivable Impairment amount). Hence, the segment profit of PBT 2019 (approximately RM114,000) has a consistent margin with PBT 2018 (approximately RM198,000) in the situation if the sum of reversal impairment was deducted.</p>
4.	<p>Revenue from external customers from Singapore, Australia and Indonesia have increased, while Malaysia and Others have decreased (Note 25 (b), page 116 of AR2019).</p>	<p>Mr. Lim Teck Cheong, informed that the global economy is ever volatile and dynamic, with some regions going up while others monotonous or going down.</p>

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	<p>What is the Company's outlook and prospects in terms of revenue contribution from external customers based on geographical segments, going forward?</p>	<p>Mr. Lim further informed that to mitigate any adverse effect of any economic downturn in any specific geographical segments, Fibon should explore the new region such as the Middle East and with wider coverage in different geographical regions and countries, hopefully this will cushion off any drastic downside effect from any specific regions.</p> <p>At this juncture, Mr. Lim also clarified on the enquiry raised by Encik Hafizam bin Shamsudin, the representative of the Malaysia Venture Capital Management Berhad in relation on who are the <i>Others Customers</i> based on the geographical segments under the said Note, it was noted that it included the other region comprised of Africa, United States and some in South Korea.</p>
5.	<p>Under Note 25 (c), there were 2 major customers who contributed approximately 26% of the Group's total revenue (page 116 of AR2019.)</p> <p>How does the Risk Management Committee manage the risk of dependency on major customers?</p>	<p>Mr. Gavin Chong Chee Siong, the Chairman of Board Risk Management Committee, informed that the committee and the management would continuously monitor the profile of customers including those that have long trading history with the group.</p> <p>Fibon also work closely and provide technical support to the customers as at when required.</p> <p>The orders for these 2 major customers are not guaranteed. Therefore, the group is not only dependent on these 2 customers.</p> <p>In reply to Encik Hafizam bin Shamsudin's question on whether is new or existing customer under the said Note, Mr. Lim Teck Cheong further explained that these two (2) major customers were Fibon's existing customer, whom having a long relationship many years ago.</p>
6.	<p>As disclosed on page 128 of the AR2019, the Company has a piece of vacant land acquired on 4 November 2016.</p> <p>What are your plans for this piece of land?</p>	<p>Datuk Seri Pang Chee Khiong, the Chairman of the Board, informed that the said vacant land had converted from Agriculture land to Industrial land and it was in the progress of getting individual title.</p> <p>Datuk Seri Chairman further informed that the said vacant land was for Future Industrial Development purpose.</p>

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All the resolutions tabled at the 12th AGM were duly passed by way of poll, the results of which had been announced to Bursa Malaysia Securities Berhad on 29 October 2019.