

## FIBON BERHAD

Registration No. 200801009722 (811010-H)

(Incorporated in Malaysia)

### Summary of Key Matters Discussed at Thirteenth Annual General Meeting of the Company Held Seminar Hall of Seri Malaysia Melaka Hotel, Lebuh Ayer Keroh, 75450 Melaka Bandaraya Bersejarah on Monday, 26 October 2020 at 10:00 A.M.

At the Thirteenth Annual General Meeting (“13th AGM”) of the Company held on 26 October 2020, 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 2020 together with the Reports of the Directors and Auditors thereon.

The matters discussed in the 13<sup>th</sup> AGM relate to the letter dated 5 October 2020 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><b><u>Strategy and Financial Matters</u></b></p> <p>Fibon Berhad (“FIBON”) is principally engaged in the manufacturing of advanced polymer matrix fiber composites for the manufacturing of high-amperage insulators. (Page 8 of Annual Report – AR)</p> <p>(a) What is the demand and supply situation domestically and globally? Is there substantial demand for Fibon’s products? Who are the main competitors locally?</p> <p>(b) Which major industries form FIBON’s major customers?</p>	<p>Mr. Lim Teck Cheong, the Regional Business Development Manager of the Company, then proceeded to address the queries raised by MSWG.</p> <p>Nevertheless, as the electrical switchboard industry is moving towards higher safety standard, there is a shift of consumers’ choice moving from low-quality insulators to high-quality insulators like those produced by Fibon.</p> <p>Fibon is the only manufacturer in Malaysia. The main competitors of Fibon are those traders importing other low-end insulators from overseas.</p> <p>(a) FIBON’s customers are switchboard builders, each and everyone of them is involved in a mix of industries including the oil &amp; gas, mining, infrastructure, power distribution and building industries. All are equally important.</p>

No.	Key Matters raised by MSWG	Summary of the reply from the Management of the Company															
	<p>Fibon Australia is one of the subsidiaries which serves as the distribution arm for the Group in Australia. It is equipped with fabrication facilities to manufacture Fibon products to suit specific local requirements. (Page 8 of AR)</p> <p>(a) What is Australia's contribution to the Group's revenue? What is the percentage revenue contribution from Malaysia and overseas?</p> <p>(b) Where are all the Group's facilities located? What are the average utilisation rates of these facilities?</p>	<p>Ms. Chong Sok Wei, the Account Executive of the Company, informed on the following:-</p> <p>(a) Percentage contribution to the Group Revenue from:-</p> <table border="1" data-bbox="902 499 1341 653"> <thead> <tr> <th>Item</th> <th>Region</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>i)</td> <td>Australia</td> <td>12.13</td> </tr> <tr> <td>ii)</td> <td>Malaysia</td> <td>23.90</td> </tr> <tr> <td>iii)</td> <td>Overseas</td> <td>63.97</td> </tr> <tr> <td colspan="2">Total:</td> <td>100.00</td> </tr> </tbody> </table> <p>The total overseas percentage is 76.10%. (Refer to page 114 of the Annual Report, Note 25(b), Geographical Segments)</p> <p>(b) The Group's facilities are located in Malaysia &amp; Australia, the estimated rate of utilisation is about 80%.</p>	Item	Region	Percentage (%)	i)	Australia	12.13	ii)	Malaysia	23.90	iii)	Overseas	63.97	Total:		100.00
Item	Region	Percentage (%)															
i)	Australia	12.13															
ii)	Malaysia	23.90															
iii)	Overseas	63.97															
Total:		100.00															
2.	<p>FIBON is also involved in the business of providing financial services such as business loans, credit services, factoring, and invoice discounting through its subsidiary Fibon Capital Sdn. Bhd. (Page 8 of AR).</p> <p>For FY2020, revenue from financing income totaled only RM79,000, a decrease from RM139,000 in FY2019. (Pages 111, 112 of AR).</p> <p>Does the Group have any plans to further grow this business?</p>	<p>Ms. Wan Hui Ern, the Administrator of the Company informed that the Group does have plans to further grow the business. The Group is studying and researching on few niches and acceptable risk financial products. The area which is focusing on currently are:</p> <p>i) Automotive industry                      ii) e-Perolehan (Government Project)</p> <p>However, at this point in time, there is nothing concrete being firmed up yet.</p> <p>The Company shall make announcement if any major decisions are being firmed up.</p>															
3.	<p>Electrical components and solutions are the driving factors of its core business. Therefore, the need to upgrade its technical skills and maintain a competent team to stay competitive and provide innovative solutions remains crucial to its business. FIBON also needs to invest in human capital development while retaining technical key staff. (Page 8 of AR)</p> <p>(a) Does FIBON face severe challenges in recruiting technical staff? How does it cope with the challenges in retaining existing technical staff?</p>	<p>Mr. Lim Teck Cheong replied that the testing requirement in the electrical switchboard industry is ever-evolving. Fibon focus on continuous on-hand training of staff and upgrading of knowledge</p> <p>Meanwhile, Fibon's R&amp;D mission is to upkeep the position of Fibon as the lead adviser in the electrical switchboard industry on type tests and to always fulfill customers' requests for attaining higher and higher testing requirement.</p>															

No.	Key Matters raised by MSWG	Summary of the reply from the Management of the Company
	(b) What achievements have the Group made in R&D especially in providing innovative solutions and products?	Through continuous R&D on innovative ideas and designs, Fibon has achieved excellent results on all type of tests done on countless electrical switchboards designed for myriads of industries.
4.	<p>The management views the current year contraction in revenue as just a temporary setback due to the pandemic and slowdown in the global economy. FIBON still expects a positive contribution in years to come from the new and existing market segment. The Board expects the performance of the Group to be satisfactory for the next financial year ending 31 May 2021, despite facing various challenges of competitive markets. (Page 8 of AR)</p> <p>(a) Which new market segments are the Group looking at?</p> <p>(b) What sort of growth is the Group anticipating or foreseeing post COVID-19?</p>	<p>Ms. Wan Hui Ern, informed that the Group, under Fibon Capital, is exploring some niche financial products in relation to the financing of imported unregistered cars for end-consumers from source till destination in a one-stop centre model.</p> <p>Further, Mr. Lim Teck Cheong added that as it is yet post covid19, where most businesses are still struggling adjusting to the disruption the pandemic brought. Any additional contribution to the Group from the above niche financial products, whatever amount, will be considered an achievement in a new market segment in this challenging time.</p>
5.	<p>A portion of FIBON's clients are directly or indirectly affected by the overall economy in the oil &amp; gas (O&amp;G) industry, hence FIBON's business prospects continue to be affected indirectly by the clients' industry risk. (Pages 8, 9 of AR)</p> <p>What has FIBON done, or plan to do, to mitigate the clients' industry risk?</p>	Mr. Lim Teck Cheong, informed that Fibon will continue to promote, emphasize and bring awareness to consultants, consumers and all related stakeholders on the important safety in the electrical switchboard industry.
6.	<p>For the last 5 financial years since FY2016, Group revenue has been hovering between approximately RM13 million to RM18 million without much growth. Profit after taxation has also been on a declining trend; registering the highest amount of RM5.0 million in FY 2016 and continuously declining to the lowest amount of RM2.1 million in FY2020. (Page 12 of AR)</p> <p>(a) Are there any plans to diversify the Group's business?</p> <p>(b) Have any concrete measures been taken to grow the revenue and profit?</p>	<p>Encik Mohamad Fahmi Bin Mohd Yusoff, the Sales Executive of the Company, informed that the Group currently has no plans to diversify the business.</p> <p>Further, the Group is currently preparing for Fibon Techno Park and Fibon Electric's new factory for the production of Fibon Logicube which is a type-tested switchboard system. The estimated time to complete will be in two (2) to three (3) years' time.</p>

No.	Key Matters raised by MSWG	Summary of the reply from the Management of the Company
7.	<p><b><u>Corporate Governance Matters</u></b></p> <p>Under Bursa Malaysia Main Market Listing Requirements Chapter 9, Appendix 9C Part A, Para. (30), a listed issuer is required to disclose in the Annual Report, a statement relating to the internal audit function of the listed issuer, i.e. whether the internal audit function is performed in-house or is outsourced and the costs incurred for the internal audit function in respect of the financial year.</p> <p>We do not see such disclosure in the Annual Report. Please explain.</p>	<p>Ms. Chong Sok Wei, replied on the following:-</p> <p>(a) The Internal Audit Functions were disclosed on page 41 of the Annual Report, under “Statement on Risk Management &amp; Internal Control”.</p> <p><i>“The Group had engaged an independent internal auditor to assist the AC, and by extension, the Board. The scope covers the audit of business units and operations as agreed with Management. The scope is reviewed by the AC to ensure its relevancy and effectiveness.”</i></p> <p>(b) The Board has outsourced to an External Independent Internal Auditor to perform Internal Audit Function. The information is disclosed on page 39 of the Annual Report, 4<sup>th</sup> Paragraph, under sub-title “Board Responsibilities”.</p> <p><i>“To enhance effectiveness and independence from the management of company, the Board has appointed an external independent internal audit firm for the auditing of risk and internal control framework within the Group. The outsourced services of internal audit covers Governance, Risk and Control.”</i></p> <p>(c) The costs incurred for the internal audit function in respect of the financial year were disclosed on the 1<sup>st</sup> Paragraph, Page 42 of the Annual Report.</p> <p><i>“The fee incurred for the independent internal audit services in respect of the financial year 31 May 2020 was RM 13,665.60.”</i></p>

All the resolutions tabled at the 13th AGM were duly passed by way of poll, the Chairman announced the results of the poll for each of the resolutions and declared that all the resolutions set out therein were duly carried and passed by the shareholders and proxies present. The results of which had been announced to Bursa Malaysia Securities Berhad on 26 October 2020.