

FORMOSA PROSONIC INDUSTRIES BERHAD
(Company No. 172312-K)

Minutes of the **Thirty First Annual General Meeting** of Formosa Prosonic Industries Berhad ("FPI" or "the Company") held at Crystal Room, Level 1, Crystal Crown Hotel Harbour View, 217 Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan on Friday, 24 May 2019 at 10.00 a.m.

Present : As per attendance list

1. OPENING

The Chairman of the Meeting, Mr Shih Chao Yuan, welcomed everyone to the Meeting.

As the requisite quorum was present, Chairman called the Meeting to order.

The Notice convening the Meeting having been circulated and advertised in the newspaper was, with the consent of the Meeting, taken as read.

The Chairman informed shareholders that pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions as set out in the notice of the Annual General Meeting ("AGM") would be decided by poll, which would be taken at the end of the Meeting after the Directors had dealt with questions from the shareholders.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2.1 The Chairman informed that under the Companies Act, 2016 ("the Act"), the audited financial statements were required to be laid before the Meeting and was not an item requiring a resolution to be put to vote.

2.2 Questions were raised by shareholders on the Group's prospects on the increase of sales and future plan on the business operations. Queries on the reasons for the better performance and increase of labour costs was answered. The Board was also asked questions on the impact on the weakening Ringgit Malaysia on the Group's operations and their future plan with Wistron.

2.3 After all questions had been dealt with, the Chairman declared that the audited financial statements for the financial year ended 31 December 2018 have, in accordance with the Act, been properly laid and received.

3. ORDINARY RESOLUTION 1
Payment of Directors' Fees in respect of the financial year ended 31 December 2018

The Chairman proceeded with the second item of the agenda which was to approve the payment of Directors' Fees of RM240,000.00 in respect of the financial year ended 31 December 2018.

There being no question asked, Chairman informed that the poll for proposed Ordinary Resolution 1 would be taken at the end of the Meeting.

4. ORDINARY RESOLUTION 2
Payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2019 to 30 June 2020

The Meeting then proceeded with the next item of the agenda which was to approve the payment of Directors' benefit of up to RM1,200,000.00 for the financial period from 1 July 2019 to 30 June 2020.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution 2 would be taken at the end of the Meeting.

5. ORDINARY RESOLUTION 3
Re-Election of Mr Shih, Chao-Yuan

The Meeting then proceeded with the agenda item on the re-election of Mr Shih, Chao-Yuan, who would be retiring in accordance with Article 109 of the Constitution of the Company and who had offered himself for re-election, as a Director of the Company.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution 3 would be taken at the end of the Meeting.

6. ORDINARY RESOLUTION 4
Re-Election of Mr Lim Chung Yin

Next on the agenda was the re-election of Mr Lim Chung Yin, who would be retiring in accordance with Article 109 of the Constitution of the Company and who had offered himself for re-election, as a Director of the Company.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution 4 would be taken at the end of the Meeting.

7. ORDINARY RESOLUTION 5
Re-Appointment of Auditors

The Meeting next moved on to the agenda item on the re-appointment Messrs BDO as the Auditors of the Company and to authorise the Directors to fix their remuneration.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution 6 would be taken at the end of the Meeting.

8. ORDINARY RESOLUTION 6
Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016

The Meeting then proceeded to the next item on the agenda which was the proposed resolution to obtain authority from shareholders to authorise the Directors to allot and issue shares of the Company pursuant to Section 75 and 76 of the Companies Act 2016.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution 6 would be taken at the end of the Meeting.

9. ORDINARY RESOLUTION 7
Proposed Authority for Share Buy-Back

The Chairman informed that the next agenda item was the proposed resolution to obtain a mandate from shareholders for the Company to purchase its own shares up to 10% of the issued and paid up share capital at any given point in time during the authorised period.

After dealing with the questions asked by the shareholders, the Chairman informed that the poll for proposed Ordinary Resolution 7 would be taken at the end of the Meeting.

10. ORDINARY RESOLUTION 8
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Next on the agenda was to obtain the shareholders' approval for the Ordinary Resolution to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.

After dealing with the questions asked by the shareholders, the Chairman informed that the poll for proposed Ordinary Resolution 8 would be taken at the end of the Meeting.

**11. ORDINARY RESOLUTION 9
Retention of Independent Director**

The Meeting then considered the next item on the agenda, in line with the Malaysian Code of Corporate Governance 2017, which was the retention of Mr Leow Ing Seng who had served for more than nine (9) years, as an Independent Director of the Company.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution no. 9 would be taken at the end of the Meeting.

**12. ORDINARY RESOLUTION 10
Retention of Independent Director**

In addition, the Chairman informed that the next item on the agenda, in line with the Malaysian Code of Corporate Governance 2017, was on the retention of Mr Lim Chung Yin who also had served for more than nine (9) years, as an Independent Director of the Company.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution no. 10 would be taken at the end of the Meeting.

**13. SPECIAL RESOLUTION 1
Proposed Adoption of the New Constitution of the Company**

Next on the agenda was to proposed adoption of the new constitution of the Company. The proposed new Constitution of the Company was set out in the Appendix to the Shareholders circular dated 25 April 2019.

After dealing with the questions asked by the shareholders, the Chairman informed that the poll for proposed Special Resolution would be taken at the end of the Meeting.

12. ADJOURNMENT OF MEETING

With the permission of shareholders, the Chairman adjourned the meeting at 11.10 a.m. after the conduct the poll for the resolutions tabled under the notice of the AGM.

13. **ANNOUNCEMENT OF POLL RESULTS**

At the receipt of the results of the poll, the Chairman reconvened the Meeting at 11.40 a.m. and invited the Company Secretary to read out the results which were as follows:-

Resolutions	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Resolution 1	108,181,774	100.00	0	0.00	108,181,774	100.00
Resolution 2	108,181,774	100.00	0	0.00	108,181,774	100.00
Resolution 3	108,124,974	99.947	56,800	0.053	108,181,774	100.00
Resolution 4	107,081,774	98.983	1,100,000	1.017	108,181,774	100.00
Resolution 5	108,124,974	99.947	56,800	0.053	108,181,774	100.00
Resolution 6	108,181,774	100.00	0	0.00	108,181,774	100.00
Resolution 7	108,124,974	100.00	0	0.00	108,124,974	100.00
Resolution 8	38,921,774	100.00	0	0.00	38,921,774	100.00
Resolution 9	107,081,774	98.983	1,100,000	1.017	108,181,774	100.00
Resolution 10	107,081,774	98.983	1,100,000	1.017	108,181,774	100.00
Special Resolution 1	108,160,774	100.00	0	0.00	108,160,774	100.00

Based on the poll results, the Chairman declared that Ordinary Resolution 1 to Ordinary Resolution 10 and Special Resolution 1 as tabled at the Meeting were carried.

It was **RESOLVED** as follows:-

ORDINARY RESOLUTION 1

Payment of Directors' Fees in respect of the financial year ended 31 December 2018

"THAT the payment of Directors' Fees in respect of the financial year ended 31 December 2018 be and is hereby approved."

ORDINARY RESOLUTION 2

Payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2019 to 30 June 2020

"THAT the payment of Directors' benefits of up to RM1,200,000 for the financial year period from 1 July 2019 to 30 June 2020 be and is hereby approved."

ORDINARY RESOLUTION 3

Re-Election of Mr Shih, Chao-Yuan

"THAT Mr Shih, Chao-Yuan, the Director retiring in accordance with Article 109 of the Constitution of the Company, be and is hereby re-elected as Director of the Company."

**ORDINARY RESOLUTION 4
Re-Election of Mr Lim Chung Yin**

“THAT Mr Lim Chung Yin, the Director retiring in accordance with Article 109 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.”

**ORDINARY RESOLUTION 5
Re-Appointment of Auditors**

“THAT the retiring auditors, Messrs BDO, having indicated their willingness to continue in office be hereby re-appointed as the Auditors of the Company and that the Directors be hereby authorised to fix their remuneration.”

**ORDINARY RESOLUTION 6
Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016**

“THAT pursuant to Section 75 and 76 of the Companies Act 2016 and approvals from Bursa Malaysia for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the total number of issued shares of the Company at any point of time AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**ORDINARY RESOLUTION 7
Proposed Authority for Share Buy-Back**

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest

management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

ORDINARY RESOLUTION 8

Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT, approval be and is hereby given for the Proposed Renewal of Shareholders’ Mandate for the Company and/or its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature falling within the nature of transactions set out in Section 3.3 of the Circular to Shareholders dated 25 April 2019 (“the Circular”), with the related parties falling within the classes of persons set out in Section 3.2 under the Circular, such transactions are necessary for the Company and/or its subsidiaries’ day-to-day operations and which are carried out in the ordinary course of business, on terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution.”

ORDINARY RESOLUTION 9

Retention of Independent Director in accordance with the Malaysian Code on Corporate Governance 2017

“THAT Mr Leow Ing Seng, an Independent Director who has served in the Company for more than nine (9) years be hereby retained as an Independent Director and to hold office until the next Annual General Meeting.”

ORDINARY RESOLUTION 10

Retention of Independent Director in accordance with the Malaysian Code on Corporate Governance 2017

“THAT Mr Lim Chung Yin, an Independent Director who has served in the Company for more than nine (9) years be hereby retained as an Independent Director and to hold office until the next Annual General Meeting.”

SPECIAL RESOLUTION 1

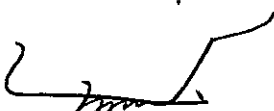
Proposed Adoption of the New Constitution of the Company

“THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Appendix to the Shareholders dated 25 April 2019 be and is hereby adopted as the Constitution of the Company **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

15. CLOSURE

There being no other business the Meeting was closed at 11.45 am with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD


CHAIRMAN

Date: 22 August 2019

Questions raised at the AGM

**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2018**

1. Mr Joseph Lam Wai ("Mr Joseph"), a shareholder, enquired on the following:-
 - Q1. It was reported on page 6 in the Management Discussion & Analysis ("MD&A") that the manufacturing of smart audio systems and musical instrument components had promoted better growth prospects for FPI. Did FPI manufacture the Bluetooth boards or merely did the assembly of the Bluetooth and wireless speaker model?
 - A1. The Company does not produce the Bluetooth boards but buys them.
 - Q2. What was FPI's strategy to influence the clients on material selection?
 - A2. The Company would advise customers on the best materials for the manufacturing process and would also advised on the material costs. Most of the time, clients would respect the recommendation.
 - Q3. On page 60, the auditors commented on the valuation of inventories at lower of cost and net realizable value, and expressed their different opinion. What was the amount in difference between the auditors' comment and the Management?
 - A3. The representative of BDO Plt, Mr Tan Yeong Tat replied that Key Audit Matter ("KAM") does not mean difference in opinion. KAM refers to the key areas that the auditors wished to highlight to shareholders and the procedures performed to express the audit matters. KAM does not represent disagreement, but would just highlight significant areas the auditors would look into, for shareholders to pay attention. One of the key areas the auditors wished to highlight was on inventories especially on the long-retained inventories that were not in used. The auditors were of the opinion that FPI have to ensure that these inventories were stated in the net realisable value. As FPI had stated the inventories of selling price and net of selling cost, they would have to make sure that the inventories can be sold above market selling price.
 - Q4. On page 79, there was additional asset amounting to RM20.7 million. What was the additional asset?
 - A4. In year 2018, the Company acquired a piece of land including the building attached, next to the existing facility and the acquisition was due to a project to be entered into together with Wistron Corporation ("Wistron"). The sign board of that piece of land had been changed to the name of FPI. At the same time, FPI was upgrading the existing facilities.

- Q5. Joseph asked which countries clients of FPI were mostly based in.
- A5. FPI's products were exported worldwide and clients were mostly multinational companies. However, the major customer of FPI is from Japan.
- Q6. Joseph requested for further breakdown on the capital commitments amounting to RM 5.2 million.
- A6. Mr Shih replied that it was mostly on machinery investment. as the Company needed to order additional machineries to produce specific products.
- Q7. In the agreement with the client on the newly set-up plant, was there any clause on minimum take up rate?
- A7. Mr Shih replied that there was no minimum take up rate specified on. The customer had, in the past accurately forecasted their orders. The Company was confident that the customer, a company with good reputation and good relationship, would be responsible for the amount they order.
- Q8. The staff of FPI grew from 2,200 to 3,300 people. Were the 3,300 staffs inclusive of sub-contract staff?
- A8. 3,300 staffs were permanent staff under FPI. The Company had employed a lot of foreign workers due to the operation of the new facilities and FPI did not employed much sub-contract staff.
- Q9. The Company had focused on investment in automation, however at the same time the depreciation of automation was higher than labour costs. Hence, what was the breakeven point for the Company?
- A9. Chairman replied that it would depend on product type. The Company produced a lot of models though not in big quantities but these carry better market value. So, the automation lines would keep changing. The Company do think that manpower costs was cheaper. However, for certain production which it required high accuracy, the production line would be replaced with machines.
- Q10. On page 25 of the AR, there was a research and development center in Neihu District, Taipei, Taiwan. What research and development was performed and were the staff working there Malaysians?
- A10. FPI worked together with Wistron in the research and development center on smart audio devices. There were five Taiwanese working in the center.
- Q11. What was the star product for the year 2019 to be introduced by FPI?
- A11. The products of FPI was quite consistent. And the new plant would produce different type of products. However, the Company would keep growing and improving the operations.

2. Mr Chee Sai Mun ("Mr Chee"), a shareholder, enquired on the following:-

Q1. Mr Chee enquired about the amount of RM1.27 million and RM0.92 million stated on page 60 of the Annual Report ("AR") under valuation of inventories at lower of cost and net realizable value.

A1. RM1.27 million was the amount at Group's level, and RM0.92 million was the amount on Company's level.

Q2. Was the additional RM1.2 million on plant and machinery due to the additional new plant?

A2. The cost was not merely for the additional new plant. The Company had invested a lot on new machines. Due to the change of product combination, the Company had to invest in different machines example Computer Numerical Control (CNC) cutting machines. The investment on new machines was not only for Wistron's project, but also for other projects.

Q3. Did FPI export their products to China? If yes, what was the percentage of sales to China?

A3. FPI did export products to China however they have no statistical reports on the sales volume based on different countries as the trend kept changing.

Q4. What was the capacity of the current machineries of FPI?

A4. The machines run for 24 hours. For assembly facilities, the machines worked in normal shift, and overtime if necessary. During peak season, the Company needed to have two shifts. As at the date of meeting, the machines is running in normal shift plus some overtime. The Company planned to set up additional night shift. Hence, it was difficult to measure capacity as it would depend on the shift arranged.

Q5. Referred to page 112, the compensation of key management personnel had gone up by 50%. What was the cause to the increase?

A5. The Company had paid some incentive reward to the management staff due to the good results and performance by the Company, as FPI did not pay any performance bonus in the middle of the previous year as previously done.

Q6. On Page 6 of the AR, it was mentioned that the Group would focus on strengthening capabilities and capacities. What was the enhanced capability and enhanced capacity in specific?

A6. Capacity was in terms of production capacity and capability referred to research and development, design and skills.

- Q7. Mr Chee queried that the Group had recorded higher sales turnover however the EBITDA of the Group did not grow.
- A7. Operation cost had increased due to the increase of minimum wages. The Company also need to increase staff salaries to retain staff. Hence it was the major contributor to operation cost other than utilities cost.
- Q8. It was mentioned in page 8 of the AR that the increase of net cash was due to the absence of dividend payment to non-controlling interests. Which company was it referring to?
- A8. The Company had sold its investment in China and sold all facilities in the plant. The plants was however currently directly controlled by FPI, hence the Company was not required to pay any dividend.
- Q9. Referring to page 9 of the AR, on which segment was the major customer who contributed to 65.3% of the Group's sales?
- A9. Sales were contributed from a variety of products of FPI.
- Q10. The rental expenses had increased to RM2.4 million. Why was rental increased since the Company had already bought over Formosa Prosonic Technics Sdn. Bhd. ("FPT")?
- A10. The Company only bought over FPT's operations but not their property i.e. land and building. So FPI had to rent it from FPT.
- Q11. How did the movement of Ringgit Malaysia impact the profitability of the Company?
- A11. The Chairman informed that a weaker RM would benefit the Company. However, the value of assets would then depreciated.
- Q12. As Wistron's factory in Malaysia had been empty for many years, does Wistron have any plans to restart the operation of the factory?
- A12. Mr Shen Ching Yao, the director, replied that there would be advantages for Wistron if they planned to move their factory from India to Malaysia in the future as they had an empty factory and their partner, FPI in Malaysia. Wistron and their partners wished to diversify the operation risks.
- Q13. Would FPI venture into automobile speaker market?
- A13. FPI would not be entering into the automobile speaker market as it was not FPI's major business. FPI would only be involved in the aftermarket services. Venturing into automobile speaker market would require a lot of work on building relationships with car companies.

- Q14. What would be the cost for FPI to build a factory on the empty land acquired by FPI.
- A14. The cost would vary depending on the type of factory to be built and the layout.
3. Mr Chin Wei Hun ("Mr Chin"), a proxy, raised the following questions:-
- Q1. Could the renovation costs stated on page 79 be tax deductible, or claimed for capital allowance?
- A1. The FPI's Tax Department would try to apply for tax allowance.
- Q2. Mr Chin enquired on the reason for the increase in the total other payables, from RM28 million in year 2017 to RM50 million in year 2018.
- A2. Mr Chong Lien Keung, General Manager for Finance and Accounts Department, replied that as FPI was a labour intense company, the other payables arose from the accrual salary payment for year 2018 and bonuses for year 2017.
- Q3. He requested for a breakdown of sales by musical instruments and audio systems.
- A4. Chairman replied that it was private and confidential, and the Company believe that such disclosure would provide valuable information to competitors and that FPI have no plans to provide such disclosures in the AR in the future.
- Q5. The cash balance of the Company for the year 2018 was RM167 million. What was FPI's plan for the cash balance?
- A5. FPI usually maintained a high level of cash. For year 2019, FPI did not have much capital commitment hence FPI declared 10 sen dividend. As of the date of the meeting, FPI have no plans for the cash balance.
4. Mr Tan Boon Ping ("Mr Tan"), a shareholder, raised the following questions:-
- Q1. Did the trade war affect the Company's sales and cost of raw materials?
- A1. The trade war would affect the worldwide market. However, it was difficult to judge or estimate the impact on FPI's business. A lot of customers were trying to look for manufacturing centers outside China. There were both good and bad impacts and different products would be impacted deliberately.
- Q2. Mr Tan asked for the update on the new plant acquired by FPI. There was mentioned that there would be a customer taking up part of the plant. Hence, he wished to know the party that would take up the space.

- A2. The new plant had started operations on February 2019. The Chairman apologized that he could not disclosed the information of the party as they have signed a non-disclosure agreement.
- Q3. What was the future plan for the 22 hectare empty land that sits next to Wistron's factory acquired by the Company?
- A3. FPI was in discussion with Wistron on the future development of the land. It would also depends on the customers that Wistron secure.
- Q4. If the new plant went into full operation, how much would it contribute to the revenue and profit after tax of the Company?
- A4. The Company was confident that with the new facility, sales would increase. However, it was difficult to forecast the contribution in revenue and profit.
5. Mr Ng Ah Hai ("Mr Ng"), a shareholder, asked on the order book or confirmed orders as at the date of meeting. The Chairman replied that mostly all the model that would be produced have been fixed in the previous year. The customers would order based on market situation and trend and they would have their own forecast on the quantity. Normally customers would confirm their orders two or three months earlier. However, he was confident that sales would be better than previous year based on pre-orders in hand.
- Mr Ng asked whether the Company would develop their own brand and products as FPI was an Original Equipment Manufacturing Company. Chairman replied that FPI used to have its own brand and products selling in United Kingdom. However, running a brand and product was not easy especially facing the worldwide economic environment and the change in consumer behavior from retail store to online shopping. In year 2017, FPI had decided to let the Management of Acoustic Energy in UK buy out the brand. FPI would not be developing its own brand and products.
6. Mr Lim Chew How, a proxy, asked about passive component shortage in the market and its cause to production. He mentioned that FPI had come into the peak season, was the Company's shortage issue still prevalent?
- Chairman replied that passive components was in shortage last year. FPI however was not responsible for it. Some of the customers have good relationships with their suppliers, hence they managed to get sufficient supply. Hence, production was not affected and the Company did not foresee any impact on production in year 2019.
7. Mr Chai Ser Yong, a proxy, asked whether FPI had a policy on Research and Development. Chairman replied that it would depend on customers' requirement and market requirement.

Resolution 7 - Proposed Authority for Share Buy-Back

1. Mr Joseph queried whether FPI planned to perform share buy back in the year 2019. The Chairman replied that it would depend on the share price of FPI for the Company.
2. Mr Chee asked whether FPI have any treasury shares. The Chairman replied in negative as FPI had not performed any share buy backs in the previous years. And in replied to Mr Chee enquiry, FPI had yet to open a trading account and the directors would arrange to open a trading account soonest possible.

Resolution 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

1. Mr Joseph asked whether the RRPT mandate proposed only involved one customer and whether the proposed mandate had factored in additional potential customers. And what were the parts that was supplied by Wistron?

The Chairman replied that the proposed RRPT only involved one customer. An Extraordinary General Meeting would be required if there is additional customer involved in any RRPTs. FPI designed smart devices together with Wistron. However, FPI did not have the facilities to produce the parts. Hence, Wistron would supply the parts and FPI bought from them. The finished products would be sold back to Wistron who would directly ship it to their customers

2. Mr Chee asked on the origin of the materials bought to manufacture the parts supplied to FPI.

Mr Shen Ching Yao replied that the parts were imported from China.

Special Resolution 1 - Proposed Adoption of the New Constitution of the Company

1. Mr Chee queried on the reason to adopt the new constitution and what were the major changes.

Chairman replied that the change was due to compliance with Bursa Malaysia Listing Requirement. Ms Donna Lim added that year 2019 was the last year for public listed companies to adoption the Constitution, which was to be aligned with the new Companies Act 2016 and the changes to the Main Market Listing Requirements which was effected on 1 July 2016. The changes included the qualification for appointment as alternate directors, abolished par value of shares, shares revaluation reserves and others.