

FORMOSA PROSONIC INDUSTRIES BERHAD

Company No. 198801004954 (172312-K)

Minutes of the **Thirty Second 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, 25 June 2020 at 10.00 a.m.

Present : As per attendance list

1. OPENING

The Chairman of the Meeting, Mr Shih Chao Yuan ("Mr Shih"), 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 2019

- 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 overall impact of the Coronavirus Disease ("COVID-19") pandemic and the enforcement of Movement Control Order ("MCO") by the Government to the Group's business operations. Queries relating to the new products jointly designed with Wistron Corporation ("Wistron") were answered. The Board was also being asked questions on sales performance and profit margin of the Group.
- 2.3 After all questions had been dealt with, the Chairman declared that the audited financial statements for the financial year ended 31 December 2019 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 2019

The Chairman proceeded with the second item of the agenda which was to approve the payment of Directors' Fees of RM248,000.00 in respect of the financial year ended 31 December 2019.

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 2020 to 30 June 2021

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 2020 to 30 June 2021.

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 Chen, Ching-Sen

The Meeting then proceeded with the agenda item on the re-election of Mr Chen, Ching-Sen, who would be retiring in accordance with Clause 117 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 Leow Ing Seng

Next on the agenda was the re-election of Mr Leow Ing Seng, who would be retiring in accordance with Clause 117 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-Election of Mr Koh Meng Ching

Next on the agenda was the re-election of Mr Koh Meng Ching, who would be retiring in accordance with Clause 124 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 5 would be taken at the end of the Meeting.

8. ORDINARY RESOLUTION 6
Re-Appointment of Auditors

The Meeting next moved on to the agenda item on the re-appointment BDO PLT 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.

9. ORDINARY RESOLUTION 7
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 7 would be taken at the end of the Meeting.

10. ORDINARY RESOLUTION 8
Proposed Renewal of 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.

There being no question asked, the Chairman informed that the poll for proposed Ordinary Resolution 8 would be taken at the end of the Meeting.

11. ORDINARY RESOLUTION 9
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 9 would be taken at the end of the Meeting.

12. ORDINARY RESOLUTION 10
Retention of Independent Director

The Meeting then considered the next item on the agenda, in line with the Malaysian Code of Corporate Governance, 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. 10 would be taken at the end of the Meeting.

13. ORDINARY RESOLUTION 11
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, 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. 11 would be taken at the end of the Meeting.

14. ADJOURNMENT OF MEETING

With the permission of shareholders, the Chairman adjourned the Meeting at 11.05 a.m. after the conduct the poll for the resolutions tabled under the notice of the AGM.

15. ANNOUNCEMENT OF POLL RESULTS

At the receipt of the results of the poll, the Chairman reconvened the Meeting at 11.45 a.m. to announce the poll results which were as follows:-

Resolutions	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Resolution 1	108,156,474	99.992	9,000	0.008	108,165,474	100.00
Resolution 2	108,156,474	99.992	9,000	0.008	108,165,474	100.00
Resolution 3	104,970,374	99.937	65,800	0.063	105,036,174	100.00
Resolution 4	104,970,374	99.946	56,800	0.054	105,027,174	100.00
Resolution 5	104,969,574	99.946	56,800	0.054	105,026,374	100.00
Resolution 6	108,155,674	99.939	65,800	0.061	108,221,474	100.00
Resolution 7	108,200,474	99.980	21,800	0.020	108,222,274	100.00
Resolution 8	108,156,474	99.992	9,000	0.008	108,165,474	100.00
Resolution 9	38,953,274	99.977	9,000	0.023	38,962,274	100.00
Resolution 10	104,969,574	99.937	65,800	1.017	105,035,374	100.00
Resolution 11	104,969,574	99.946	56,800	0.054	105,026,374	100.00

Based on the poll results, the Chairman declared that Ordinary Resolution 1 to Ordinary Resolution 11 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 2019

"THAT the payment of Directors' Fees in respect of the financial year ended 31 December 2019 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 2020 to 30 June 2021

"THAT the payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2020 to 30 June 2021 be and is hereby approved."

ORDINARY RESOLUTION 3

Re-Election of Mr Chen, Ching-Sen

"THAT Mr Chen, Ching-Sen, the Director retiring in accordance with Clause 117 of the Constitution of the Company, be and is hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 4

Re-Election of Mr Leow Ing Seng

"THAT Mr Leow Ing Seng, the Director retiring in accordance with Clause 117 of the Constitution of the Company, be and is hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 5
Re-Election of Mr Koh Meng Ching

"THAT Mr Koh Meng Ching, the Director retiring in accordance with Clause 124 of the Constitution of the Company, be and is hereby re-elected as Director of the Company."

ORDINARY RESOLUTION 6
Re-Appointment of Auditors

"THAT the retiring auditors, BDO PLT, 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 7
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 8
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 9

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 28 May 2020 ("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 10

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

"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 11

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

"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."

15. CLOSURE

There being no other business, the Meeting was closed at 11.50 am with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD



CHAIRMAN

Date: 13 August 2020

Questions raised at the AGM

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. Mr Joseph Lau Lam Wai, a shareholder, expressed his appreciation to the Company for the dividend paid to shareholders and the commendable performance for 2019. He enquired on the following:-

Q1. What was the impact of COVID 19 to FPI during the MCO period in view that the Company had ceased its production for 1-2 months?

A1. Mr Shih answered that the impact of COVID 19 to FPI was mainly on the decrease of sales. As disclosed in the first quarter's financial result for the period ended 31 March 2020, the Group was short of 2 weeks' production, which resulted in a loss of around RM30 million sales. There was no new sales in April due to a full shut down of production except minimal sales of the ready-to-sale finished goods. The Company ceased its production since the MCO started on 18 March 2020 up to end April 2020 and had resumed limited production from the beginning of May. In June, FPI had resume full production and would continue in July and August. Due to uncertain global market condition and customers' reaction/ market response, it was premature to estimate the overall impact of the COVID 19 to FPI for the financial year 2020.

Q2 Referring to page 6 of the Annual Report ("AR") 2019, what were the new products developed together with the customers as well as its contribution to the Company?

A2. The Company had developed a number of new products jointly designed by FPI and Wistron and produced in FPI's factory. Started from year 2019, the Company had achieved an increase in sales from the new products. Mr Shih expressed the importance for FPI to keep developing new products in order to be competitive in the market. Further, investment in new products would be important for the Company to grow in future. Mr Shih also expressed the Company's appreciation to Wistron for their support in product development.

Q3. The Company had been investing in fully or semi-automated machines, as stated in page 7 of the AR 2019. Is the Company going towards the direction of automation due to labour costs or a change in market demand on high technology products? This was also relating to the disclosure in page 9 of the AR 2019 where the Company claimed to develop more smart products.

A3. Mr Shih replied that many products required very high precision in terms of specification, which in turn required a high amount of numeric control machines. Semi automation of the CNC machines was more for product quality. Mr Shih added that due to the limited quantity of each product model, it would be difficult for production to be fully automatic. The Company will continue to invest in developing new products and at the

same time to reduce manpower, the supply of which was unstable and insufficient at all time.

- Q4. Why sales improved 36%; however margin reduced around 2.4% as shown in page 66 of the AR 2019?
- A4. In year 2019, the Company has increased the basic salary of employees, thus factory cost increased. Besides, the higher finished products sales also associated with a higher total cost, hence reducing the margin.
- Q5. As stated in page 71 of the AR 2019, the provision of doubtful debt was RM2.6 million as of year ended 2019. In view of current situation, what is the probability of the increase of doubtful debts and slowdown in collections?
- A5. The major reason for the provision of doubtful debt was due to compliance with MFRS 9 that requested the Company to estimate credit losses. Further, one of FPI's customers, which was a large multinational company, was facing financial issue and having some cash flow problems pending funding exercise. As the outstanding amount owing by the customer to FPI had exceeded the credit limit terms, the Company had made provisions for the said account receivable. From the beginning of year 2020, the Company had been trying to recover and had managed to recollect substantial part of the debts. Upon full recovery of the account receivable, the said amount would be reflected in the second quarter's results for the period ending 30 June 2020.

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

- Q1. What was the amount of backorders of the Company subsequent to the impact of COVID 19 and whether the Company was working on the backorders?
- A1. Mr Shih replied that FPI had been rescheduling its production and shipment schedules for its customers' orders. However those orders were not considered as "backorders" as the customers had been sharing a common base with FPI that the pandemic was a global issue and that the parties had reached a consensus on the re-schedule.
- Q2. How much was the profit contribution of new products to the overall FPI's profits?
- A2. The Company was confident that the new products would bring up the total sales of FPI, however at lower margin. Mr Shih added that as sales base increases, the proportion of expenses allocation would decrease, hence improving profitability. It was however difficult to estimate the exact profit from those new products in the Group's results.

3. Mr Teh Kian Lang, a shareholder, raised the following questions:-

Q1. As the Company managed to sell some finished goods despite the zero production in April, what was the sales quantum?

A1. Mr Shih answered that FPI had very minimal sales for April 2020.

Q2. Was the Company qualified for any wages subsidy programs or rebates under the Government's Economic Stimulus Packages to mitigate costs for the months from March to May?

A2. FPI was not likely to qualify for the wage subsidies as the Government had stringent conditions in granting those subsidies standard e.g. registering a decline of more than 50% in revenue. Management clarified that they had submitted application for certain subsidies and were awaiting the authority's evaluation on FPI's entitlements.

Q3. Was there any layoff or pay cut for staff in FPI?

A3. Mr Shih answered that FPI did not layoff or retrench any staff, but had removed some allowances i.e. management's transportation allowance, shift & quality assurance allowances for operational staff during the MCO period.

Q4. Is there any concern on impairment of Property, Plant and Equipment ("PPE") raised by the External Auditors of the Company?

A4. FPI did not foresee any impairment provisions in terms of auditor's requirement. The Company was considered to be in healthy financial situation, hence was not expected to provide for any impairment arising from the halt of production during the MCO.

Q5: Was the supply chain for raw materials interrupted? If so, how did the Company manage the risks therefrom and whether there was any price changes for the raw materials such as resin?

A5: FPI staff had been working closely with the Company's suppliers. Production was smooth and that they did not encounter any major problem. He added that the main raw materials were for PCB assembly and the Company took note of the shareholder's suggestion to negotiate a price reduction from their suppliers.

Q6: Where is the location of the new factory which the Company was constructing last year?

A6: Mr Shih clarified that the Company did not construct any new factory but had acquired a new factory in year 2018, which had commenced mass production since last year.

4. Mr Lye Zhen Xiong, a proxy, raised the following questions:-

Q1. As FPI would be back to 100% capacity of in the months from June to August, what would be the general utilization rate, capacity and capital expenditure of the Company as compared with year 2019?

A1. Mr Shih answered that the third quarter (July to September) would always be the most challenging and highest sales period of the Company. Previously, the Company did not have high production requirement in June, but was different for this year due to the COVID-19 pandemic which required the rescheduling of production. He added that production would be expected to increase in July and August, which were traditionally the peak season for FPI. He was however unable to make estimation for September due to the uncertain market situation.

Q2. There was a substantial increase in the estimated transaction value of recurrent related party transactions ("RRPT") with Wistron. Was the margin compatible with the usual sales?

A2. FPI had been working and securing business together with Wistron as a partner with the aim to achieve a win-win situation. The RRPT were entered into based on market prices and the parties had been negotiating the product prices together with their mutual customers.

Q3. Is there a trend of "Premiumisation", where the Company is adding more features and value to the products and charge a premium price in the industry?

A3. Mr Shih explained that consumers would always ask for more features and higher quality products at low prices. It was difficult to stay competitive, as there were many alternatives/ brands in the market.

Q4. What is the level of cash flow for FPI and the intention of usage for the cash? How much of cash would be used on working capital?

A4. Mr Shih was confident with the current cash level of FPI. The Company had always taking into consideration its shareholders and employees, while running its operations in a safe and healthy situation. Further, FPI would always ensure it had sufficient cash flow to enable quick decision making if it encounter any good investment opportunities without seeking external financial support.

Q5: What is the difference between Original Equipment Manufacturer ("OEM") and ODM?

A5: Mr Shih explained that OEM is where customers provide all the designs, while FPI carry out the production and add its specialty in the products. On the other hand, ODM is where customers only provide product specification and the Company would handle the entire development. As the design responsibility would fall on FPI, thus it would be charging customers for engineering and other costs.

Q6: Would the Company maintain its generous dividend payout this year in view of the strong cash position?

A6: In the past 10 to 20 years, FPI had always been trying to maximise payment of cash dividend. It would however depend on the operational results for the current year.

5. Mr Simon Chee enquired on the following:-

Q1: Why the sales turnover was high, but the electricity and water consumption decreased as shown in page 31 of the AR 2019?

A1: Mr Shih explained that the major increase in FPI sales were from new projects with Wistron, involving final assembly work at the new factory. The assembly jobs did not require high consumption of electricity and water. At the same time, FPI factory had been constantly looking into energy saving, thus saving some electricity and water consumptions.

Q2: Did the company use or consider the use of Solar energy as an alternative?

A2: Mr Shih cautioned on any usage of Solar energy in the Company. He explained that as the Company's machines required high electricity consumption, therefore it would not be suitable to utilise Solar energy.

Q3: On page 66 of the AR 2019, what had caused the Other Expenses of the Company to increase from RM7.6 Million to RM11 Million (which represented an increase of about 40%)?

A3: The Other Expenses should be linked to Other Income. Whilst there was an increase in Other Income due to foreign exchange gain, the Company had also been purchasing in USD, hence there was also an increase in Other Expenses.

Q4: On page 75 of the AR 2019, the operating profit of RM43 million was from three product segments, namely musical, audio and new products. What were the specific percentage of profit for each segment?

A4: Mr Shih replied that it would be difficult to classify the operating profits by segments as some of the products shared the same facilities. Generally the profit contribution would be relatively even from musical and audio segments respectively.

Q5: What had caused the change of relationship with Wistron and resulting in the Company changed from being a net purchaser in 2018 to a net seller in 2019, as disclosed in page 118 of the AR 2019?

A5: In year 2018, FPI purchased EE parts materials from Wistron. From the beginning of year 2019, FPI started its assembly and new projects together

with Wistron. As the projects were carried out jointly with Wistron, hence it was inaccurate to deem the Company to have changed from a net buyer to a net seller over the years.

Q6: What is the usage for the 22-hectare empty land located next to Wistron's factory?

A6: Mr Shih answered that the land was intended to be a joint venture between FPI (70% shareholder) and Wistron (30% shareholder). Due to the COVID-19 pandemic, both parties would need to re-discuss on the utilisation of the said piece of land. There were some plans from Wistron, which were however inappropriate to be disclosed by the Company.

Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

1. Regarding the RRPT with Wistron, Mr Simon Chee asked whether there was a change in the product traded between the two companies as the amount of purchase in the previous year was 42% while the new estimated amount of purchase was 48%.

The Chairman replied that there would be new products coming up while the production of existing products would continue. Due to the COVID-19 pandemic, the original plan to introduce four new products by end of the year 2020 had to be deferred to a later date.