

FORMOSA PROSONIC INDUSTRIES BERHAD

Company No. 198801004954 (172312-K)

Minutes of the **Thirty-Fifth Annual General Meeting** (“AGM”) of Formosa Prosonic Industries Berhad (“FPI” or “the Company”) held fully virtual and live streaming through online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC:DIA282781) on **Friday, 26 May 2023** at 10.00 a.m.

Participated via : Board of Directors
Video Mr Shih, Chao-Yuan
Conferencing Mr Lim Chung Yin
(Zoom Meeting) Mr Chen, Ching-Sen
Mr Wayne Leow Tze Waye
Mr Lin, Chien-Liang
Mr Koh Meng Ching

By Invitation

Mr Leong Ngai Seng
Ms Goh Saw Tin
Mr Chong Lien Kieung (General Manager for Finance and Accounts)
Ms Lim Chun Hooi (Senior Manager for Internal Controls and Risk Management)
Ms Allison Ng Soe Kei (BDO PLT)
Ms Lok Pei Leng (BDO PLT)
Ms Sanjeevinii A/P Suria Kumaran (BDO PLT)

In Attendance

Ms Lau Yen Hoon, Ann (Company Secretary)
Ms Yew Soo Jing (Tricor Corporate Services Sdn Bhd)

The attendance of shareholders/corporate representatives/proxies is as per the Summary of Attendance List via Remote Participation and Voting (“RPV”) facilities.

1. **OPENING**

The Chairman of the Meeting, Mr Shih Chao Yuan, welcomed everyone to the Thirty-Fifth AGM of the Company.

The Chairman informed that the AGM was conducted fully virtually through the online meeting platform via TIIH Online website in accordance with the Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers revised by Securities Commission Malaysia on 7 April 2022.

The Chairman introduced the members of the Board of Directors who were joining the AGM virtually and informed that the Management team, Company Secretary and External Auditors, BDO PLT were also joining the Meeting remotely.

2. **QUORUM**

The Chairman informed that for a fully virtual general meeting, the quorum shall be determined by the number of members logged-in at the start of meeting. As the requisite quorum was present, the Chairman called the Meeting to order.

3. **NOTICE**

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

4. **POLL VOTING**

The Chairman informed shareholders that pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of the 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.

The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator and Asia Securities Sdn Bhd as Scrutineers to verify the poll results.

Tricor Investor & Issuing House Services Sdn Bhd had briefed the shareholders the voting procedures using the remote participation and voting facility.

Before the Meeting proceed with the agenda, the Chairman informed that shareholders and proxies were welcomed to raise questions using the Query Box. The questions submitted would be responded during the Questions & Answers (Q&A) session after the conclusion of the agenda of this Meeting.

5. **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Chairman informed that pursuant to the provisions of Section 340(1) of 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. The Chairman therefore put on record that the Audited Financial Statement of the Company for the financial year ended 31 December 2022 had been properly laid and received in accordance with the Act.

6. ORDINARY RESOLUTION 1
Payment of Directors' Fees in respect of the financial year ended 31 December 2022

The Chairman proceeded with the second item of the agenda which was to approve the payment of Directors' Fees of RM240,000 in respect of the financial year ended 31 December 2022.

7. ORDINARY RESOLUTION 2
Payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2023 to 30 June 2024

The Meeting then proceeded with the next agenda which was to approve the payment of Directors' benefit of up to RM1,200,000.00 for the financial period from 1 July 2023 to 30 June 2024.

8. ORDINARY RESOLUTION 3
Re-election of Mr Koh Meng Ching

The Meeting then proceeded with the agenda item on the re-election of Mr Koh Meng Ching 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.

9. ORDINARY RESOLUTION 4
Re-election of Mr Wayne Leow Tze Waye

The Meeting proceeded with the agenda item on the re-election of Mr Wayne Leow Tze Waye 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.

10. ORDINARY RESOLUTION 5
Re-election of Mr Lin, Chien-Liang

The Meeting then proceeded with the agenda item on the re-election of Mr Lin, Chien-Liang 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.

11. ORDINARY RESOLUTION 6
Re-appointment of Auditors

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

The Chairman informed that BDO PLT had indicated their willingness to continue office.

12. ORDINARY RESOLUTION 7
Proposed Renewal of Authority for Share Buy-Back

The Meeting proceeded to the next agenda which was regarding 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.

The Chairman informed that the details of this proposal could be found in the Statement to Shareholders dated 26 April 2023.

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

Next item on the agenda was to obtain the shareholders' approval to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature with certain related parties, as stated in the Notice of this meeting.

The Chairman informed that the full details of the proposed resolution were set out in Circular to Shareholders dated 26 April 2023.

14. ANY OTHER BUSINESS

The last item on the agenda was to transact any other business.

The Chairman was informed that the Company did not receive any notice to transact other matters.

15. QUESTIONS AND ANSWERS SESSION

The Meeting proceeded to the Q&A session.

The list of questions and answers that had been addressed at the AGM was annexed hereto and marked as Annexure A.

16. POLL VOTING

There being no further question raised, the Meeting proceeded to the voting session.

17. ADJOURNMENT OF MEETING

The Meeting was adjourned at 10.55 a.m. for the counting of votes.

18. ANNOUNCEMENT OF POLL RESULTS

At the receipt of the results of the poll, the Chairman reconvened the Meeting at 11.15 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	109,766,052	99.5998	441,102	0.4002	110,207,154	100.0000
Resolution 2	109,686,950	99.5271	521,204	0.4729	110,208,154	100.0000
Resolution 3	108,000,252	98.9315	1,166,402	1.0685	109,166,654	100.0000
Resolution 4	107,985,952	98.9094	1,190,702	1.0906	109,176,654	100.0000
Resolution 5	107,990,152	98.9132	1,186,502	1.0868	109,176,654	100.0000
Resolution 6	110,519,552	99.7139	317,102	0.2861	110,836,654	100.0000
Resolution 7	109,921,492	99.7356	291,362	0.2644	110,212,854	100.0000
Resolution 8	41,288,552	99.3075	287,902	0.6925	41,576,454	100.0000

Based on the poll results, the Chairman declared that Ordinary Resolution 1 to Ordinary Resolution 8 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 2022

"THAT the payment of Directors' Fees in respect of the financial year ended 31 December 2022 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 2023 to 30 June 2024

"THAT the payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2023 to 30 June 2024 be and is hereby approved."

ORDINARY RESOLUTION 3
Re-election of Mr Koh Meng Ching

“**THAT** Mr Koh Meng Ching, 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 Wayne Leow Tze Waye

“**THAT** Mr Wayne Leow Tze Waye, 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 5
Re-election of Mr Lin, Chien-Liang

“**THAT** Mr Lin, Chien-Liang, 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 authorized to fix their remuneration.”

ORDINARY RESOLUTION 7
Proposed Renewal of Authority for Share Buy-Back

“**THAT** subject always to 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 authorized, 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 AGM 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 AGM 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 authorized, 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 authorized 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 26 April 2023 (“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 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 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.”

19. CLOSURE

The Chairman informed that Mr Lim Chung Yin, an Independent Non-Executive Director, had expressed his intention to step down as a Director of the Company after the conclusion of the AGM. The Board put on record their appreciation to Mr Lim Chung Yin for his past services and valuable contribution to the Board and the Company and wished him well and every success in his future endeavour.

There being no other business, the Meeting was closed at 11.20 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN

Annexure A

Questions addressed during Questions and Answers Session

(i) Questions from the Minority Shareholders Watch Group (“MSWG”)

The Chairman informed that the Company had received a letter containing questions raised by the MSWG prior to the Meeting. The following questions from MSWG and responses from the Management of the Company were projected onto the screen:-

Q1. FPI reported sales of RM984 million in Financial Year (“FY”) 2022, an increase of 5% Year-on-Year (“YoY”) mainly attributable to sales mix and strengthening of US dollar (page 6 of Annual Report 2022).

- a) Please provide a breakdown or an estimate of how much the strengthening of the US dollar contributed to the overall increase in sales for FY2022.
- b) Please provide insights into the sales mix that led to the sales increase, including the contributing product categories or market segments and any notable trends or shifts within the mix.

A1. YoY comparison excluding the impact of foreign exchange rates, sales for FY2022 would have been lowered by 5%.

FY2022 sales were made up more of higher value-added products notably the soundbar speaker systems.

Q2. FPI's steady financial performance is attributable to its diversified product range across various market segments and its customers' leading market share in their respective major product categories (page 6 of Annual Report 2022).

Within the audio and musical instrument market segments, what are the prevailing market trends and consumer preferences that FPI is closely monitoring or capitalizing on? Additionally, are there any standout or highly successful products in FPI's current portfolio?

A2. FPI produces wide range of audio and musical instrument components and products. FPI's major customers are well known global brand companies with long and rich establishment history in their respective industry and product segments. They have been able to command good market standing of their products respectively.

As OEM player, FPI would continue to strive for the best in term of cost competitiveness, quality, reliability and total solutions producer.

Q3. Moving forward, the Group's capital expenditure (“Capex”) is principally anchored for the expansion of production capacity including mechanisation of production, upgrading of engineering and technical capabilities and

strengthening of human capital. The budgeted Capex will be fully funded by internally generated funds (page 9 of Annual Report 2022).

- (a) What is the estimated Capex for FY2023 and its breakdown?
- (b) What specific product categories will be the focus of the planned capacity expansion?
- (c) What are FPI's planned capacity expansion goals? What is the current capacity level and utilization rate?

A3. The Group expected to spend an estimated Capex of RM10 million to RM20 million for 2023 on new business, research and development ("R&D"), factory and production re-layout as well as new automation. In particular, the Group intends to upgrade and upskill the injection moulding processes and technical capabilities.

Current capacity utilisation had not been at optimal level. Depending on the market condition, FPI is ever ready to capture any upswing in increase of demand.

Q4. On page 74 of Annual Report 2022, it was stated that major customers of FPI contributing over 10% of revenue in FY2022 were Customer A at 52.4% (FY2021: 44.1%), Customer B at 26.7% (FY2021: 27.8%) and Customer C at 10.5% (FY2021: 21.4%).

- a) What were the reasons behind the revenue increase from Customer A and the decrease from Customer C? If there any restrictions or limitations due to non-disclosure agreements ("NDA") that prevent the disclosure of specific details, please provide general insights or trends regarding the factors that influenced these revenue changes.
- b) How many years has FPI maintained business relationships with each of these three customers, respectively. Are there any long-term contracts in place with these customers to mitigate concentration risk?

A4. The increase or decrease of sales to these customers were in the ordinary course of business. In respect of product end market, it would depend on various factors such as product competition, product mix, new products timed to market, product pricing strategy. In addition, sales performance was also affected by worldwide economic downturn.

Th Management responded that they do not comment on a specific customer due to the NDA were signed between parties. FPI's length of business relationship with these customers ranges from 8 years to more than 30 years.

FPI draws strength from its long term business relationships and trusts with these customers to win orders.

Q5. FPI's staff count totalled 2,672 in FY2022, slightly lower than the previous year's count of 2,810 (page 28 of Annual Report 2022).

(a) Is FPI currently facing any labour shortage challenges? If so, how is the Company addressing these issues?

(b) Is FPI utilizing overtime work to meet any heightened demand or increased orders currently?

(c) Based on FPI's current operations, what would be the number of staff required for optimal efficiency and capacity?

A5. Currently supply of labour was at manageable level. Nevertheless, labour head count remains an important source of manpower for the Group due to the nature of its business.

FPI places utmost importance of ensuring customer's orders were fulfilled and delivered on time. In doing so, the Group deployed and managed its manpower and other resources proactively and efficiently to ensure jobs are carried out as planned. Generally, the Group planned and structured its man hours by working on shift basis, flexible hours and overtime in compliance with the relevant rules and regulations.

It would depend on order trends to determine what would be the number of workers for optimal operations.

Q6. Currently, there are no women directors on the Board of FPI.

According to FPI's 2022 Corporate Governance Report, the Board was aware of the revised Main Market Listing Requirement (MMLR) to have at least one woman director by 1 June 2023. The Board had identified a suitable female candidate to be appointed to the Board, subject to the Board's approval in the Board Meeting to be held in due course.

However, apart from appointing at least one woman director by 1 June 2023 as required by the MMLR, what steps are being taken to achieve a 30% women representation on the board as stipulated by the Malaysian Code of Corporate Governance (MCCG)? What specific plans and strategies does the Board have in place to work towards this goal?

A6. Subsequent to appointing at least one woman director by 1 June 2023 to meet the requirement of the revised MMLR, the Board would deliberate further on implementing initiatives to promote gender diversity so as to source for suitable female candidates to fill board positions and increase gender diversity in future.

Q7. FPI has been without a Chairman since the retirement of Mr. Jhang Tzu Hsiang on 12 June 2014.

The MCCG guidelines emphasize that such prolonged vacancy and inconsistency in the leadership of the Board is against the principles of good

corporate governance. The Chairman plays a critical role and one should be appointed to ensure there is accountability on the execution of the Chairman's role and the role of the Board.

What specific actions has the Board taken or intends to take to appoint a Chairman, and within what reasonable timeframe does the Board aim to accomplish this objective?

- A7. The Company intends to have a Chairman and is still searching for a right candidate who is suitable for the said position to fill the vacancy in due course.

(ii) Questions received prior to the Meeting

The Chairman informed that there were some questions submitted by shareholders or proxies before the Meeting. The questions and responses from the Management were projected onto the screen.

1. Mr Ng Chee Keong, a shareholder, raised the following questions:-

- Q1. Sales for the quarter ended 31 December 2022 had dropped significantly. What causes this and what is the sales outlook going forward?

Similar questions were raised by another shareholders.

Mr Chan Chee Huat enquired how would the Company perform in the coming year given the strong inflationary pressure and high interest environment?

Mr Joseph Lam Wai enquired that with most of FPI's customer adjusting the inventory to lower level after logistic infrastructure has improved, how would that affect FPI's sales order in the first half of the year?

- A1. The Management responded that the drop in sales for the quarter ended 31 December 2022 was affected by lower sales order. Given the still tough market condition arising from rising interest rates and inflationary pressure, and could continue to see inventory adjustment, therefore FPI is expected to face more challenges and uncertainties in the worldwide marketplace.
- Q2. What is the current production utilisation rates of different product segments?
- A2. Current production utilisation has not been at optimal level. The production capacity stands ready for any increase in demand.
- Q3. What is the plan for growth and expansion in mid to long term?
- A3. It would depend on the market condition. FPI is ever ready to capture any upswing in sales order.

2. Mr Chan Chee Huat, a shareholder, enquired that a substantial foreign exchange (FOREX) loss of 21.9 million was incurred for year 31 December 2022, which was an increase of 9 million over preceding year, whether the Management has taken any mitigating factor to avoid such losses.

The Management responded that the Company made FOREX net gain of RM21.9 million for the year ended 31 December 2022.

3. Ms Christina Tan Moon Imm, a shareholder, raised the following recommendation/questions:-

Q1. Recommended the Company to pay dividend twice a year instead of once a year.

A1. The Management thanked the shareholder for the recommendation. The Board had considered the current dividend payment cycle to accommodate the Company's underlying sales and operating cash flow conditions.

Q2. Based on annual report 2022, one of the 3 major customers of Company with its revenue dropped from 21.4% (2021) to 10.5% of 2022. Any action or strategies of FPI to mitigate this?

A2. FPI was currently working very closely and aggressively with the said customer to win more sales order.

Q3. What is the update for the 22-hectare land next to the factory of Wistron Corporation ("Wistron")?

Similar questions were raised by other shareholders.

Mr Lim Wei Liang and Mr Ee Yih Chin enquired for an update for the 22-hectare land next to the factory of Wistron Corporation.

The shareholders were being informed that there were still ongoing customer negotiations during the 2022 AGM.

A3. In respect of the vacant 20 acres land, FPI is in preliminary stage of pursuing various options including to sell it, and shall disclose more information in due course.

Q4. What is the expected Capex for 2023? What are the main Capex items?

Similar question was raised by another shareholder.

Mr Lim Wei Liang enquired about the capacity expansion plan in the pipeline and the Capex required.

A4. The Company expected to spend estimated Capex of RM10 million to RM20 million for 2023 on new business, R&D, factory and production re-layout as well as new automation. In particular, the Group intends to upgrade and upskill the injection moulding processes and technical capabilities.

Q5. Any new customers approaches to FPI?

A5. The Company has consistently invested on new customer opportunity and new or diversified business opportunity from existing customers. The Management replied that they do not comment on a specific customer due to the NDA.

4. Mr Wong Lean Huat, a shareholder, enquired on the following:-

Q1. Can the Management/Board explain the reasons why the fourth quarter (Q4) result was lower than the first three quarters.

A1. The Management responded that it was mainly due to lower sales and loss on FOREX differences.

Q2. What is the estimated net profit over the next two years?

A2. The Management responded that they do not comment on any profit forecast. Nevertheless, FPI believes growth opportunities for audio products to remain healthy and would not allow chances to slip away easily.

5. Mr Joseph Lam Wai, a shareholder, raised the following questions:-

Q1. Do FPI secure new customers in Year 2022 and 2023? If yes, are they in audio or musical instrument segment?

A1. The Management responded that they do not comment on a specific customer due to NDA.

Q2. Page 97 of the Annual Report 2022, cash balance in USD had increased from 75 million to 141 million in 2022. Is FPI intending to continue to hold more USD or will unwind some USD to MYR to take advantage of the high USD rate?

A2. USD would continue to remain as core holding in FPI's cash balance after taking into consideration hedging, capital preservation and yield return purposes. FPI would not discount to take opportunity to sell if the exchange rate is attractive.

Q3. Proposed for a bonus issue to increase the number of share issue. This is to allow more liquidity in the market to allow shareholders to have better accessibility in FPI share. What is the Management's/Board's thought on

this? Please do not reply that the Management/Board would consider and would appreciate a yes or no answer.

- A3. The Management thanked the shareholder for the suggestion and replied that FPI had no plan for bonus issue.

6. Mr Lim Wei Liang, a shareholder, raised the following questions:-

- Q1. Refer to Note 20 of the Notes to the Financial Statements, why did R&D costs reduce sharply from RM100,500 in 2021 to RM3,700 in 2022? Will the lack of investment in R&D affected the Group's competitive edge?
- A1. FPI spent regularly and tactically to improve its mechanical, acoustic engineering, production engineering and others like jig equipment to boost up the quality, production efficiency and engineering in all aspect for its business.
- Q2. Refer to Note 27 of the Notes to the Financial Statements, the annual sales to Wistron had drastically declined from RM200 million 2021 to RM100 million in 2022. What are the challenges to maintain the sales from Wistron?
- A2. The Management replied that they do not comment on a specific customer due to NDA.
- Q3. What is the current level of capacity utilization?
- A3. Current production utilization has not been at optimal level.
- Q4. Did the Company get any new customer on board since last year or recently?
- A4. The Management responded that they do not comment on a specific customer due to the NDA.
- Q5. Does the Company plan to diversify into new markets, products, or businesses?
- A5. FPI has been in audio business for over 30 years now and would continue to be a leading and formidable Company in its field for many more years to come. FPI would continue to focus on the business that it does best.
- Q6. Did the Company use or consider the use of Solar energy?
- A6. FPI has no plan to use solar energy at this moment.

7. Mr Lim Boon Yan, a shareholder, enquired the following:-

- Q1. Based on the Annual Report, one of the risks faced by the Company was the changing nature of products. With the introduction of more sophisticated and smart products in the market, what effort is the Company making to upgrade its technical and staff skills to evolve with the market trends? Additionally, has FPI benefited from this smart product trend?
- A1. The Group manufactures wide range of audio products including TV speakers, home theaters, smart speakers, portable speakers, musical instruments and audio components. FPI's nature of business remains strong as usual.
- Q2. With a cash and cash equivalent of RM361 million, are there any expansion plans for FPI in the next year and the next five years? Are there any new customer sources? Please provide further elaboration.
- A2. The Group expected to continue to spend on new business, research and development, factory and production re-layout as well as new automation. In particular, the Group intends to upgrade and upskill the injection moulding processes and technical capabilities. The Management did not comment on specific customer due to the NDA.
- Q3. What is the main challenge currently faced by FPI, and how does the Company overcome and prepare for it?
- A3. The Management responded that they see the current economic conditions continue to be dampened by inflationary pressure, rising interest rates and rising operating costs. FPI had been working very closely with its customers and suppliers to overcome challenges that it faced.
- Q4. Has the Company made consistent improvements in its manufacturing process automation? Are there any plans to utilize artificial intelligence (AI) to enhance and assist in the manufacturing process?
- A4. FPI's nature of business only allows to innovate semi-automation and in-house jigs to assist in manufacturing process.

8. Mr Teh Sun Nee, a shareholder, enquired on the following:-

- Q1. Based on pre-orders in hand, how close or how far is the revenue in USD for FY2023 compares to FY2022?
- A1. With persistent headwinds from inflationary pressure and rising interest rates, and the downward revision to economic outlook, the Group would continue to face more challenges and uncertainties in the worldwide marketplace.

- Q2. Revenue contribution from customer C dropped significantly from 21.4% in year 2021 to 10.5% in year 2022. What is the reason for the big changes?
- A2. The decrease in sales was due to lower sales orders and was in the ordinary course of business.
- Q3. Inventories turnover had decreased to 22 days. What is the current situation and is this likely to maintain throughout FY2023 (page 8 of Annual Report 2022)?
- A3. In view of current market conditions and inventory adjustment in the market, FPI would continue to manage its inventory level proactively to be supportive to production and delivery requirements.
- Q4. In FY2022, which category contributes more revenue? Musical instrument or audio?
- A4. FPI generally involved in audio-related products business with no segregation of product segments.
- Q5. Is dividend going to be higher or same?
- A5. Payment of dividend would largely depend on the results/ performance of the Group.

9. Mr Low Yong Ler, a shareholder, enquired on the following:-

- Q1. The R&D costs for FPI have been reducing since 2020, from more than RM1 million annually to RM100,448 in 2021 and RM3,784 in 2022.
- (a) Has the R&D Center in Taiwan gone dormant?
- (b) If yes, why?
- (c) How is FPI going to ensure the competitiveness of products to satisfy customer's rising needs and expectations without investing in R&D?
- A1. The Management responded that the Company spent regularly and tactically to improve its mechanical, acoustic engineering, production engineering and others like jig equipment to boost up the quality, production efficiency and engineering in all aspect for its business. Taiwan currently remains as the R&D Center.

10. Ms Anna Chua Siew Chieng, a shareholder, raised the following questions:-

- Q1. Total staff number is 2,672. What is the number of staff as of 30 April 2023? Is there any shortage of production operator now (Annual Report 2022)?

- A1. Currently supply of labour is at manageable level. It would depend on order trends to determine what would be the number of workers for optimal operations.
- Q2. Is better sales mix and profit margin for FY2023 likely to be as compared with FY2022?
- A2. It would depend on order trends for projection of sales mix and profit margin. Outlook remains challenging in view of tough operating environment.
- Q3. What is the average production lead time (measured in days) achieved by end of year 2022 and current stage?
- A3. FPI's inventories turnover had improved to 22 days in year 2022 from 41 days in year 2021.
- Q4. Is FPI still facing IC or semiconductor shortage in FY2023?
- A4. Based on current operations, FPI does not foresee to face shortages in IC or semiconductor.
- Q5. How many CNC machines FPI currently own? Is it going to increase in the remaining of FY2023?
- A5. FPI owned substantial number of CNC machines. Its priority now is to optimise utilization of these machines. It would depend on order trends to merit any further investment.

11. Mr Ee Yih Chin, a shareholder, enquired on the following:-

- Q1. The last quarter revenue of FY2022 had contracted significantly on both YoY and Quarter on Quarter ("QoQ") basis.
- (a) What is the current sales outlook?
- (b) How flexible is the cost base? Can revenue decline be offset by reduced expenses?
- (c) What is the minimum revenue level required for the Company to stay profitable?
- A1. The Management responded that the drop in last quarter sales for FY2022 was mainly due to lower sales order. Given the still tough market condition arising from rising interest rates and inflationary pressure, and they continue to see inventory adjustment, therefore FPI is expected to continue to face more challenges and uncertainties in the worldwide marketplace.

In anticipation of tough operating environment and softening outlook, the Group had initiated various cost savings measures since the last quarter of 2022 to mitigate impacts from drop in sales.

Q2. The number of staff has continued to decline to 2,672 as of 2022. (page 28 of Annual Report 2022)

(a) How optimal is the current staffing level?

(b) Why did female staff reduced by almost 30% while male staff increased?

A2. Current production utilisation has not been at optimal level. It would depend on order trends to determine what would be the number of workers for optimal operations.

Q3. Purchase of property, plant and equipment ("PPE") is only RM4.8 million in 2022 (page 71 of Annual Report 2022), as compared with RM10 million to RM20 million projection mentioned in 2022 AGM.

(a) Why did the management slow down the investment?

(b) What is the planned Capex level for 2023?

A3. The Group expects to spend an estimated Capex of RM10 million to RM20 million for 2023 on new business, R&D, factory and production re-layout as well as new automation. In particular, the Group intends to upgrade and upskill the injection moulding processes and technical capabilities.

Q4. As shown in Note 27(b) of the Notes to the Financial Statements, the sales to Wistron have almost halved to RM104 million (from RM201 million in 2021). What are the reasons for the drastic decline in sales?

The similar question was raised by another shareholder.

Mr Rajkumar A/L Periannan noted that the revenue from Wistron had dropped by 51% compared to FY2020 (2 years ago). At the moment, they contribute 11% of total revenue versus 27% (2 years ago). He requested the Management/Board to elaborate on the reasons why this significant revenue reduction was taking place.

A4. The Management responded that they do not comment on specific customer due to NDA.

12. Mr Rajkumar A/L Periannan, a shareholder, enquired the following:-

Q1. Revenue for Q4 FY2022 reduced QoQ by 40% and YoY by 31%. While Q4 does seasonally have lower revenue as compared to third quarter ("Q3"), the quantum of the 40% drop was unusually high. Revenue for Q4 FY2022

was even less than 1 year ago (Q4 FY2021) and 2 years ago (Q4 FY2020) which was unexpected. Could the Management/Board elaborate on the reasons why this took place, and whether there was any loss of key customers?

- A1. The drop in last quarter's sales for FY2022 was mainly due to lower sales order as the market continues to see inventory adjustment and dampening effect from rising interest rates and inflationary pressure.
- Q2. Cash & Equivalents and Short Term Funds was at the highest of RM361.81 million (December 2022) versus RM268 million (December 2021). However, dividend paid was only marginally higher in FY2022 (RM0.21) which resulted in outflow of RM53.7 million versus FY2021 (RM0.2) which resulted in outflow of RM51 million. Could the Management/Board elaborate on the reasons the dividend payment was not higher and provide details of any planned expansions.
- A2. The dividend of RM0.21 per share for FY2022 was 5% higher than the previous year. The Board deemed the dividend payment commensurate with the performance for FY2022 as compared to the previous year.

- 13.** Mr Kho Yen Chuan, a shareholder, enquired about the notable decline in revenue and profit experienced in the Q4 FY2022. Any factors that contributed to this decline and outline any specific measures being taken to address the situation?

Considering the potential impact of rising interest rates on demand for speakers in European countries and drop in related parties transaction (ie. Wistron), the shareholders were interested in understanding the Company's future prospects and planning in this regard.

The Management responded that the drop in last quarter's sales for FY2022 was mainly due to lower sales order as the market continues to see inventory adjustment and dampening effect from rising interest rates and inflationary pressure. FPI is therefore expected to continue to face more challenges and uncertainties in the worldwide marketplace.

(iii) Live questions posted during the AGM

The Chairman had addressed the following questions received via the Query Box:-

- 1.** Mr Yeoh Wei Sheng, a shareholder, raised the following questions:-
- (a) Is the Company losing any significant customer?
 - (b) Why the Company's revenue and profit dropped significantly in Q4?
 - (c) What is the business prospect for 2023?

The Chairman replied that the Company has not lost any customer.

2. Ms Tan Yi-Wan, a shareholder, raised the following questions:

- (a) What is the future revenue outlook for FPI?
- (b) Do we expect the latest quarter to remain as new trend?
- (c) What is the Board's action plan with continuous deteriorating share price? It had dropped more than 1/3 by now and is near 52 weeks low.

The Chairman responded that given the still tough market condition arising interest rates and inflationary pressure, and they continue to see inventory adjustment, therefore FPI is expected to face more challenges and uncertainties in the worldwide.

3. Mr Clint Loh Chi Lun, a proxy, raised the following request/questions:-

- Q1. He is representing the MSWG and would like to request a written responses to the questions that were presented at the AGM to be emailed/mailed/faxed to them.
- A1. The Chairman replied that the responses had been presented during the AGM and the Company Secretary would assist to send the written responses to MSWG on behalf of the Company after the AGM. In addition, the Minutes of the AGM could be viewed at the Company's website in due course.
- Q2. Will the questions from MSWG be presented at the AGM? If not, please provide an explanation.
- A2. The Chairman responded that the questions from the MSWG and the Company's responses to the questions had been presented during the AGM.
- Q3. Are all Board of Directors present at the 35th AGM? If not, please indicate the Directors who are absent and provide a reason for their absence.
- A3. The Chairman informed that all the Directors were present at the AGM.

4. Mr Hong Guo Haur, a shareholder, asked the following questions:-

- (a) How long does the Management/Board expects the current economy impact on FPI's business and when does the Management/Board expect the revenue will improve?
- (b) Is the worst over or just the beginning?

The Chairman responded that it would depend on the market condition and it is still evolving. At the moment the Management still see headwinds from inflationary pressure and interest rate hike.

5. Mr Chee Sai Mun, a shareholder, enquired whether with the rising cost of electricity, FPI had started investing in solar which is greener and able to limit the cost increase.

The Chairman informed that FPI has no plan to use solar energy at this moment.

6. Mr Ang Kwong Han, a shareholder, enquired whether the Company can maintain the same dividend rate for 2023 year which is RM0.21 for each share.

The Chairman responded that the dividend payment would depend on the results and performance of the Group.

7. Mr Teh Sun Nee, a shareholder, raised the following questions:-

Q1. The share price had dropped to very low levels in the past two days compares to FPI's earnings per share (EPS) and net tangible assets (NTA). Will the Company consider buy back the shares more aggressively to consolidate existing shareholdings as this is a good chance to enhance shareholders' value especially if it is hard to find other good opportunities to invest the extra capital?

A1. The Chairman thanked the shareholder for the recommendation and replied that the Management would consider the same.

Q2. The shareholders understood that increasing the frequency of dividend payout would increase the cost of distributing the dividend. However, in the past one year, FPI's stock price has been very volatile. In order to ensure minor shareholders always have an exit chance at a relatively fair price, will the Company increase the frequency of dividend payout by at least twice a year?

A2. The Chairman thanked the shareholder for the recommendation and informed that the Board had considered the current dividend payment cycle to accommodate the Company's underlying sale and operating cash flow conditions.

8. Ms Lai Sing Zie, a shareholder, raised the following questions:-

Q1. When will Q1 2023 financial result be published?

- A1. The Chairman replied that the Board would deliberate and approve the quarterly result in the Board Meeting to be held after the AGM.
- Q2. Number of staff keeps reducing from 3,749 in Year 2019 to 2,672 in Year 2022. Kindly explain the reasons.
- A2. In order to continue to be cost competitive and efficient, the Group would strive to maintain optimal number of workers for its operations.

9. Mr Lew Tuck Wai, a shareholder, enquired the following:-

- Q1. The recent steep decline of the Company's share price is a real concern. Noted that the Company had begun to buy back its shares.
- (a) Is there any negative development in the operation of the Company that resulted in the sharp decline of FPI shares during the week?
- (b) Hope the Board would continue with the Share Buy-Back to enhance shareholders' value.
- A1. The Chairman responded that they do not comment on movement of share price.
- Q2. RM4.831 million was spent in the purchase of PPE in FY2022 (Page 71 of Annual Report). What is the budgeted Capex for FY2023 and in view of the current unfavourable economic conditions, will there be any change in the original plans?
- A2. The Group expected to spend an estimated Capex of RM10 million to RM20 million for 2023 on new business, R&D, factory and production re-layout as well as new automation. In particular, the Group intends to upgrade and upskill the injection moulding processes and technical capabilities.

10. Mr Kho Yen Chuan, a shareholder, enquired about the Company's performance for the latest quarter FY2023 as follows:-

- (a) Could the Management/Board provide an overview of the key financial highlights and achievements during this period?
- (b) Any notable challenges or areas that require further attention to ensure sustained growth and success moving forward.

The Chairman responded that the sales for Q4 2022 dropped to RM180.7 million in last year's corresponding quarter mainly due to lower sales orders. With worldwide persistent strong headwinds from inflationary pressure and still rising interest rates, and inventory adjustments in the market, the Board anticipates that the operating environment continues to be challenging. The Group was aware of

these circumstances and would continue to monitor the situation closely and take necessary steps to mitigate any adverse impact.

- 11.** Mr Teh Peng Tin, a shareholder, enquired whether the Board would reward shareholders with touch & go e-wallet as a token of appreciation for attending the AGM.

The Chairman thanked him for attending and supporting the AGM.

- 12.** Mr Lim Shuang Wei, a shareholder, raised the following questions:-

- (a) What are the challenges that the company has encountered?
- (b) How do the Management/Board foresee the Company's business and growth over the next five years?

The Chairman replied that FPI has been in audio business for over 30 years now, and would continue to be a leading and formidable Company in its field for many more years to come, FPI would continue to focus on the business that it does best. The Management believes growth opportunities for audio products to remain healthy and would not allow chances to slip away easily.

- 13.** Mr Lee Huong Sing, a shareholder, informed that he did not receive the hardcopy of the Annual Report and requested the Company to send one for him.

The Chairman responded that shareholder could request directly from the Company's Share Registrar - Tricor Investor & Issuing House Services Sdn Bhd.

- 14.** Mr Wong Ming Guan, a shareholder, enquired about the reason why FPI did not read out the Q&A like other Companies, It gave time for viewers to go through and read but the slide show was transitioning too fast for the content. He was of view that the Company could email to the shareholders who attend the AGM with all the Q&A in a pdf version would be better than presenting it.

The Chairman thanked the shareholder for the suggestion and replied that the Board would look into this matter.