

PROSONIC

FORMOSA PROSONIC INDUSTRIES BERHAD
198801004954 (172312-K)

2024

ANNUAL REPORT

37th ANNUAL GENERAL MEETING



MEETING VENUE

Crown Hall, Level 1,
Crystal Crown Hotel Harbour View,
217, Persiaran Raja Muda Musa,
42000 Port Klang,
Selangor Darul Ehsan



DATE

Friday, 23 May 2025



TIME

10.00 a.m.

What's INSIDE

02	Corporate Information
04	Group Managing Director's Letter to Shareholders
06	Management Discussion & Analysis
10	Notice of Annual General Meeting
17	Profile of Directors
20	Profile of Key Senior Management
21	Corporate Structure
22	Sustainability Statement
36	Corporate Governance Overview Statement
46	Other Corporate Disclosure
48	Statement on Risk Management and Internal Control
56	Audit Committee Report
59	Financial Statements
126	Analysis of Shareholdings
128	List of Properties
	Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

- SHIH CHAO YUAN**
Group Managing Director
- WAYNE LEOW TZE WAYE**
Independent Non-Executive Director
- LEONG NGAI SENG**
Independent Non-Executive Director
- GOH SAW TIN**
Independent Non-Executive Director
- KOH MENG CHING**
Executive Director

AUDIT COMMITTEE

- Leong Ngai Seng**
Chairman,
Independent Non-Executive Director
- Wayne Leow Tze Waye**
Independent Non-Executive Director
- Goh Saw Tin**
Independent Non-Executive Director

NOMINATION COMMITTEE

- Wayne Leow Tze Waye**
Chairman,
Independent Non-Executive Director
- Leong Ngai Seng**
Independent Non-Executive Director
- Goh Saw Tin**
Independent Non-Executive Director

REMUNERATION COMMITTEE

- Goh Saw Tin**
Chairperson,
Independent Non-Executive Director
- Wayne Leow Tze Waye**
Independent Non-Executive Director
- Leong Ngai Seng**
Independent Non-Executive Director

CORPORATE INFORMATION

(Continued)

PRINCIPAL PLACE OF BUSINESS

No. 1, Lebu 1,
Bandar Sultan Suleiman
Taiwanese Industrial Park
42000 Port Klang,
Selangor Darul Ehsan

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite,
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 03-2783 9191
Fax : 03-2783 9111
Email : info.my@vistra.com

WEBSITE

www.fp-group.com

PRINCIPAL BANKERS

CIMB Bank Berhad
RHB Bank Berhad
Citibank Berhad
United Overseas Bank (Malaysia) Berhad

COMPANY SECRETARY

TAN KOK SIONG
SSM PC NO. 202008001592
(LS0009932)

AUDITORS

BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206)

Chartered Accountants
Level 8, BDO @ Menara Centara
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222
Email : is.enquiry@vistra.com

GROUP MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS



SHIH CHAO YUAN
Group Managing Director

Dear Shareholders,

I am pleased to share with you the annual report of Formosa Prosonic Industries Berhad ("FPI" or "the Company") for the financial year ended 31 December 2024.

This is a key moment in our Company's journey, as the whole world is dealing with significant uncertainty. At FPI, we are navigating these challenges together. Our goal remains on staying focus and true to our core values and building strong connections with all our stakeholders, especially our customers.

As I reflect on the start of a new decade, it is clear that rapid technological forces are reshaping the world. We have entered a new era where societies everywhere face historic challenges. To progress, we must adapt and innovate and to navigate the transformation to meet these changes head-on. Compounding these challenges, the manufacturing sector is now grappling with overcapacity.

To stay competitive, companies are cutting prices to keep their factories running, and FPI also cannot avoid price competition if it wants to survive. Additionally, inflation has increased costs for both consumers and our operations. Geopolitical tensions and trade restrictions, such as tariffs and export bans, have also impacted consumer spending. Meanwhile, fluctuations in foreign currencies have also contributed to an unstable business environment.

As a result, our sales for 2024 dropped by 5% to RM639.2 million, compared to RM673.9 million last year. Our profit before tax also decreased by 27% to RM84.8 million, down from RM116.9 million in the previous year (excluding one-time gains of RM27.6 million). This decline performance was mainly due to lower sales, higher operating costs, and losses from foreign exchange.

In 2024, our Group embarked on a series of strategic initiatives aimed at driving sustainable growth and creating long-term value. These efforts were from many aspects, focusing on innovation and product quality, partnership expansion, product diversification and operational enhancements.

More detailed on the performance and operations are outlined in the Management Discussion & Analysis Section on pages 6 to 9 of this Annual Report.

GROUP MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

(Continued)

LOOKING TO THE YEAR AHEAD

Looking ahead, we expect the challenges to continue into 2025. Inflation and geopolitical uncertainties remain, and the implementation of minimum wage policies in Malaysia will increase costs. Consumers are still cautious with their spending.

To overcome these challenges, we will focus on optimizing our production capacity, strengthening our supply chain, improving product quality, and reducing costs. We will also continue to diversify our customer base and expand our product range.

We remain committed to navigating these challenges and building a stronger, more resilient company. Barring any unforeseen circumstances, we expect to remain profitable in the coming financial year.

RETURNING TO SHAREHOLDERS AND CORPORATE SOCIAL RESPONSIBILITY

We are committed to creating long-term value for all our stakeholders, including our shareholders. This year, the Board declared a first interim single-tier dividend of 18.0 sen per share for FY2024 (FY2023: 23.0 sen per share) which commensurate with the performance of the Company. The Company has consistently paid dividends since its listing in 1994, and we remain dedicated to delivering returns to our shareholders.

Corporate Social Responsibility (CSR) is a vital component of business practices, emphasizing the importance of ethical and sustainable operations that benefit not only the company but also society and the environment.

In 2024, we demonstrated our commitment to social responsibility by donating in-kind aid to various organisations supporting old folk homes, orphanage homes, and homes for the mentally challenged. These donations reflect our dedication to improving the lives of vulnerable members of our community.

Our Group continues to prioritize environmental sustainability through various initiatives aimed at reducing CO2 emissions and conserving water. These projects are crucial in mitigating climate change and ensuring the long-term health of our planet. By investing in environmental initiatives, we not only reduce our ecological footprint but also create cost savings through more efficient operations.

ACKNOWLEDGEMENT

At the conclusion of the forthcoming Annual General Meeting, Mr. Koh Meng Ching, a rank and file long serving colleague until his appointment as a Director, will retire. On behalf of the Board and Management, we extend our heartfelt appreciation for his many years of service and invaluable contributions to the Company.

I would also like to extend my heartfelt gratitude to our fellow Directors for their unwavering leadership and insightful guidance, which have been instrumental in guiding the Group through the challenging operating conditions of recent years.

In conclusion, we are deeply thankful to our valued customers, business partners, and other stakeholders for their unwavering support. FPI is reliant on a robust network of suppliers and vendors who play a crucial role in enabling us to fulfil our commitments to our customers. We look forward to continuing our journey with them, building on the strong relationships that have been forged.

Thank you.

Shih Chao Yuan
Group Managing Director
23 April 2025

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

The year 2024 was a challenging one for our Company, as we went through complex and uncertain global business environment. Despite these challenges, we remained committed to our strategic goals and continued to focus on maintaining a strong financial position. This report provides a discussion of our financial performance, the factors that influenced our results, and the steps we are taking to address the challenges we face.

FINANCIAL PERFORMANCE

In 2024, the sales recorded a decline of 5% compared to the previous year, primarily driven by a decrease in sales volume. This downturn can be attributed to several external factors that have significantly influenced both consumer behaviour and market dynamics.

In the manufacturing sector, overcapacity poses a significant challenge. This issue is compounded by global economic uncertainty and technological advancements, which have enhanced production efficiency but intensified market competition. As a result, many companies are forced to reduce prices to match market demand, leading to supply and demand imbalances that negatively impact overall sales performance. This period of adjustment has proven particularly difficult, as businesses struggle to achieve equilibrium in a rapidly evolving market environment.

In addition, persistent inflationary pressures have played a crucial role in shaping consumer spending habits. As inflation rates rise, consumers face increased costs for essential goods and services, which often leads to a tightening of discretionary spending. This shift in consumer behaviour has resulted in lower sales across various sectors, as individuals prioritize their essential needs over non-essential purchases.

Geopolitical tensions further complicate the sales landscape. Ongoing conflicts and uncertainties on the global stage have created an atmosphere of unease among consumers, impacting their confidence and willingness to spend. Moreover, economic stagnation in major markets such as China and Europe has exacerbated the challenges faced by businesses in 2024. These regions are critical to the global economy, and their economic struggles have effects on international trade and consumer demand.

The following table highlights the Group’s financial performance for the past three financial years

In RM'000	Year ended 31-12-2024	Year ended 31-12-2023	Year ended 31-12-2022
Sales	639,193	673,884	984,018
Profit Before Tax	84,842	144,454	141,168
Profit After Tax	66,811	117,277	105,952
EBITDA	74,711	140,991	149,274
EBITDA Margin	11.7%	20.9%	15.7%
ROE	12.1%	21.7%	22.1%
ROA	9.9%	16.7%	16.2%

The decline in sales had a significant impact on our profitability. Our profit before tax decreased to RM84.8 million in 2024, down from RM144.5 million in 2023. Similarly, our profit after tax fell to RM66.8 million from RM117.3 million last year. This decline in profitability was also influenced by higher operating costs, a loss on foreign exchange, and the absence of a one-off gain from the sale of property and subsidiaries of RM27.6 million that we had recorded in 2023. Our EBITDA (earnings before interest, taxes, depreciation, and amortization) also saw a significant drop, falling to RM74.7 million from RM141 million in 2023 largely due to the same factors that affected our profitability.

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

To address these challenges, we will concentrate on enhancing production efficiency, fortifying our supply chain, elevating product quality, and minimizing costs. This year we have added several new products to our existing product portfolio and will continue in broadening our customer base and expanding our product offerings.

Cost competitiveness has always been a fundamental element of our strategic initiatives. There are no shortcuts to achieving this; it demands steadfast commitment and engagement in every significant aspect of the process, including planning, execution, and monitoring. This involves identifying alternative components, optimizing production lines to lower costs, and leveraging the Group's supply chain expertise to find new sources of supply. To accomplish this, we need to enhance our current systems for tracking machine utilization, downtime, and overall equipment effectiveness to ensure optimal manufacturing operations. Furthermore, improving tracking systems in material storage, production, and logistics is essential for overseeing work order progress and completion status. These systems, combined with a Just-In-Time (JIT) approach, aim to reduce downtime, defects, and production floor space while maximizing efficiency.

The foundation of our business operations' success lies in the robust engineering capabilities and the reliability of our factory workforce. We are committed to furthering this success by investing in the professional development of our employees, assessing the efficiency of our recruitment procedures, reviewing employee compensation and benefits, and fostering a safe and conducive working environment. These efforts aim to attract, nurture, and retain top talent within our organization. Despite global uncertainties and business adversities, the Group remains committed to integrating Environmental, Social, and Governance (ESG) principles into its business practices.

Financial Positions

The table below highlights the Group's financial positions as of 31 December 2024

In RM'000	Year ended 31-12-2024	Year ended 31-12-2023	Change in value
Non-current assets			
Property, plant and equipment	55,575	59,007	(3,432)
Right-of-use assets	27,126	28,367	(1,241)
Current assets			
Inventories	34,072	40,613	(6,541)
Trade receivables	62,962	116,857	(53,895)
Cash and deposits	478,966	450,638	28,328
Assets held for sale	2,078	-	2,078
Others	10,934	5,181	5,753
Non-current liabilities			
Deferred tax	4,652	5,037	(385)
Lease liabilities	36	11	25
Current liabilities			
Trade payables	58,417	90,199	(31,782)
Lease Liabilities	486	656	(170)
Tax liabilities	345	1,581	(1,236)
Others	56,347	61,689	(5,342)
Non-controlling interests	-	-	-
Equity attributable to shareholders	551,430	541,490	
Net Asset Per Share	2.16	2.12	0.04
Cash Per Share	1.88	1.77	0.11
Debt / Equity Ratio (times)	N/A	N/A	N/A

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

Despite the challenges we faced, our financial position remains strong. As of 31 December 2024, our total assets stood at RM672 million, a decrease from RM701 million in 2023. This reduction was primarily due to lower working capital requirements, which resulted in decreased inventory and trade receivables.

Our cash position improved during the year. This strong cash position, combined with zero debt, provides us with significant financial flexibility and resilience in the face of ongoing macroeconomic uncertainties.

Trade receivables decreased significantly to RM63 million from RM117 million in 2023, reflecting lower sales in the final quarter of the year. Inventories also decreased to RM34 million from RM41 million, in line with lower sales volume.

CASH FLOWS

The table below highlights the Group's cash flows and cash flows position for the year ended 31 December 2024.

In RM'000	Year ended 31-12-2024	Year ended 31-12-2023	Change
Operating activities	70,595	91,769	(21,174)
Investing activities	13,764	53,197	(39,433)
Free cash flow ¹	84,359	144,966	(60,607)
Financing activities	(57,276)	(57,610)	334
Net increase in cash and cash equivalents	27,083	87,356	(60,273)
Cash and cash equivalents at end of year	478,966	450,638	28,328

Our cash flow performance in 2024 reflected the challenges we faced during the year. Net cash from operating activities amounted to RM71 million, down from RM92 million in 2023. This decrease was primarily due to lower profits and a reduction in working capital.

Net cash from investing activities was RM14 million, compared to RM53 million used in 2023. The decline in inflow from these activities was largely due to proceeds from the sale of property and subsidiaries amounted to RM46 million recorded in 2023.

Net cash used in financing activities was RM57 million, similar to the previous year, and was primarily related to dividend payments and the purchase of treasury shares.

Our free cash flow, which is the sum of cash flows from operating and investing activities, decreased to RM84.4 million from RM145 million in 2023. Despite this decrease, we remain committed to maintaining a strong cash position to support our strategic initiatives and ensure financial stability.

The Group has always treated our cash as a strategic asset and deployed it prudently at both the strategic as well as tactical levels. To cope with our organic growth, we have always maintained a certain level of spare production capacity and cash reserves for additional production capacity with investments in infrastructure, factory building, and production machinery and equipment. On the tactical front, our cash is deployed to fund working capital flow and commercial contingencies, and the deployment of a sustainable dividend payment.

¹ Free cash flow equals operating cash flows plus investing cash flows

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

RISKS AND CHALLENGES

The business environment in 2024 was marked by several risks and challenges that we had to navigate. One of the key challenges was the changing nature of consumer needs. Consumers are increasingly demanding more personalized, smart, and customized products, which requires us to continuously upgrade our technical and engineering capabilities. We are investing in research and development to meet these evolving demands and stay competitive in the market.

Another challenge we faced was the changing economics of production. Advances in technology, such as the use of robotics and cheaper manufacturing tools, have lowered the barrier to entry in the manufacturing industry. This has increased competition and put pressure on our cost structure. To address this, we are focusing on developing our own tools and equipment, which not only reduces costs but also enhances our competitive advantage.

Foreign currency exposure is another significant risk for our business. We import raw materials such as resin, wood, and metal parts from abroad, and our purchases of plant and machinery are also denominated in foreign currencies. This exposes us to exchange rate fluctuations, which can impact our operating results and cash flows. We manage this risk by entering into forward contracts and by earning export proceeds in foreign currencies.

Credit risk is another area of concern. As is common in our industry, we sell our products on credit, typically with terms of 30 to 90 days. We carefully evaluate the creditworthiness of our customers and set credit limits accordingly. We also regularly review aging reports to identify slow-paying customers and take appropriate actions to recover outstanding debts.

CAPITAL AND DIVIDENDS

Looking ahead, our capital expenditure will focus on expanding production capacity, upgrading our engineering and technical capabilities, and strengthening our human capital. These investments will be fully funded by internally generated funds, ensuring that we maintain a strong balance sheet.

In terms of shareholder returns, the Board has declared a first interim dividend of 18.0 sen per share for the financial year ended 31 December 2024. This is lower than the 23.0 sen per share dividend paid in FY2023, reflecting the challenging business environment and the need to preserve cash for future investments. The dividend was paid on 28 March 2025, to shareholders on record as of 14 March 2025.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting (“AGM”) of the Company will be held at Crown Hall, Level 1, Crystal Crown Hotel Harbour View, 217 Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan on Friday, 23 May 2025 at 10.00 a.m. for the following purposes:

- 1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 and the Reports of the Directors and the Auditors thereon. (Please refer to Note No. 3)
- 2. To approve the payment of Directors’ Fees amounting to RM237,808 for the financial year ended 31 December 2024.
- 3. To approve the payment of Directors’ benefits of up to RM1,200,000 for the financial period from 1 July 2025 to 30 June 2026.
- 4. To re-elect Mr Wayne Leow Tze Wayne who is retiring in accordance with Clause 117 of the Constitution of the Company.
- 5. To re-appoint Messrs. BDO PLT as the Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolutions:

6. Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

“THAT pursuant to Sections 75 and 76 of 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 subject to the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being;

Resolution 5

THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT such authority shall continue to be in force until

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

7. Proposed Renewal of 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”).

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.

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;

Resolution 6

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

- 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."

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 23 April 2025 ("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 following the general meeting at which such mandate was passed, 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;

Resolution 7

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

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."

9. Proposed Granting of Employees' Share Option Scheme ("ESOS") Options ("ESOS Options") to the Directors of the Company

"**THAT**, approval be and is hereby given to the Board of Directors to offer, and if accepted, grant ESOS Options from time to time, to the following Directors, and to issue, allot, and/or transfer such number of ordinary shares in the Company ("FPI Shares") arising from the exercise of the ESOS Options under the ESOS:-

- (i) Mr Wayne Leow Tze Waye
- (ii) Mr Leong Ngai Seng
- (iii) Ms Goh Saw Tin

provided always that, at any one time:

- not more than 10% of the FPI Shares available under the ESOS shall be allocated to the abovenamed Directors if they, either individually or collectively through persons connected with them, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and
- not more than 50% of the ESOS Options available under the ESOS shall be allocated, in aggregate to Directors and senior management of the Company who are Eligible Persons;

AND THAT the proposed allocation of ESOS Options to the Directors shall be subject always to the terms and conditions of the ESOS as may be modified, varied and/or amended from time to time in accordance with the provisions of the By-Laws governing and constituting the ESOS."

10. To transact any other business of the Company of which due notice shall have been given.

By Order of the Board

TAN KOK SIONG (SSM PC No. 202008001592) (LS0009932)
Company Secretary

Kuala Lumpur
Dated: 23 April 2025

NOTES

1. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 16 May 2025 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.

Resolution 8

Resolution 9

Resolution 10

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

2. Appointment of Proxy

- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
- The appointment of a proxy may be made in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:

In hard copy form

The proxy form must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"), at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, in a designated drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

By electronic means

The proxy form can be electronically lodged with the Company's Share Registrar via **TIIH Online** at <https://tiih.online>. Please refer to the Administrative Guide for the 37th AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/CERTIFIED TRUE certificate of appointment of authorised representative with the Company's Share Registrar, Tricor at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

3. Agenda Item No. 1 - Audited Financial Statements for the Financial Year Ended 31 December 2024

This item on the Agenda is for discussion only. Sections 248 and 340(1) of the Act requires the audited financial statements and the Reports of the Directors and Auditors to be laid before the Company at its Annual General Meeting. As such, this Agenda item does not require a resolution to be put to vote by shareholders.

4. Agenda Item No. 2 & 3 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Act, the fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

The Board, upon the recommendation of the Remuneration Committee, has agreed that the proposed Directors' fees for the financial year ended 31 December 2024, and the Directors' benefits for the period from 1 July 2025 until 30 June 2026 (the due date for holding the Company's next Annual General Meeting in 2026), be tabled for shareholders' approval at the AGM. In the event that the proposed Directors' benefits are insufficient (e.g. due to additional meetings or enlarged Board size etc.), approval will be sought at the next AGM for the additional amount to cover the shortfall.

5. Agenda Item No. 4 – Re-election of Director

Clause 117 of the Company's Constitution provides that one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at the conclusion of the AGM each year provided that Directors shall retire from at least once in each three (3) years, but shall be eligible for re-election.

Clause 124 of the Company's Constitution provides any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next following AGM and shall then be eligible for re-election. However, such Director shall not be taken into account in determining the Directors who are retire by rotation at the meeting.

Out of the current Board size of five (5), two (2) Directors, namely Mr Koh Meng Ching and Mr Wayne Leow Tze Waye, will retire in accordance with Clause 117 of the Company's Constitution.

Mr Wayne Leow Tze Waye, an Independent Non-Executive Director, is standing for re-election as a Director of the Company. Being eligible, he has offered himself for re-election. His profile is available on page 17 of the Company's Annual Report 2024.

Mr Koh Meng Ching, an Executive Director, is retiring by rotation in accordance with Clause 117 of the Constitution. He has expressed his intention not to seek re-election as a Director of the Company. Hence, he shall hold office until the conclusion of this AGM.

The Board, through the Nomination Committee ("NC"), has considered the assessment of Mr Wayne Leow Tze Waye and agreed that he meets the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to effectively discharge his roles as a Director. He has also met the relevant requirements under the Company's Fit and Proper Policy, and the NC is satisfied with the outcome of the fit and proper assessment.

The Board (save for the retiring Director, who abstained from deliberations on his own re-election) supports and recommends the re-election of Mr Wayne Leow Tze Waye as Director of the Company at the 37th AGM.

6. Agenda Item No. 5 – Re-appointment of Auditors

The Audit Committee assessed the suitability, objectivity, and independence of the External Auditors, Messrs. BDO PLT, and is satisfied that Messrs. BDO PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Upon the recommendation of the Audit Committee, the Board agreed that the re-appointment of Messrs. BDO PLT as Auditors of the Company be tabled for shareholders' approval at the AGM.

7. Explanatory Notes on Special Business

i) Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 5, seeking a general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. Should the mandate be exercised, the Directors will utilize the proceeds raised for working capital or such other applications they may in their absolute discretion deem fit.

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

ii) Proposed Renewal of Authority for Share Buy-Back

The proposed Resolution 6, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company, utilizing funds that shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

For further information, please refer to the Share Buy-Back Statement dated 23 April 2025, accompanying the Company's Annual Report for the financial year ended 31 December 2024.

iii) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution No. 7 seeks the renewal of the Shareholders' Mandate to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature, in compliance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate will take effect from the date the Ordinary Resolution is passed until the next AGM of the Company.

For further information, please refer to the Circular to Shareholders dated 23 April 2025, accompanying the Company's Annual Report for the financial year ended 31 December 2024.

iv) Proposed Granting of ESOS Options to the Directors of the Company

The ESOS was implemented on 20 August 2021 following shareholders' approval obtained at the Extraordinary General Meeting of the Company held on 29 June 2021.

The proposed Resolutions No. 8, 9, and 10 if passed, will authorise the Board of Directors ("Board") to offer, and if accepted, grant ESOS Options from time to time to the following Directors of the Company. The Board will also be authorised to issue, allot and/or transfer such number of ordinary shares in the Company as may arise from the exercise of these ESOS Options:-

- (a) Ordinary Resolution 8 – Mr Wayne Leow Tze Waye
Mr Wayne Leow Tze Waye was appointed as an Independent Non-Executive Director of the Company on 27 May 2022.
- (b) Ordinary Resolution 9 – Mr Leong Ngai Seng
Mr Leong Ngai Seng was appointed as an Independent Non-Executive Director of the Company on 26 May 2023.
- (c) Ordinary Resolution 10 – Ms Goh Saw Tin
Ms Goh Saw Tin was appointed as an Independent Non-Executive Director of the Company on 26 May 2023.

The abovenamed Directors have abstained from deliberations and voting on the resolution concerning them at the Board meeting. They will also ensure that neither they nor any persons connected with them vote on the relevant resolution at the forthcoming AGM.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. There is no individual standing for election as a director of the Company at the Thirty-Seventh Annual General Meeting.

PROFILE OF DIRECTORS



SHIH CHAO YUAN was appointed as Director and Managing Director of FPI Group of Companies on 4 May 1989. Mr. Shih holds a Master Degree in Management Science from Taiwan National Chiao Tung University. He came to Malaysia in 1986 to set up Formosa Prosonic Industries Sdn Bhd.

He is instrumental for the rapid growth and success of the FPI Group and is responsible for its business development. Prior to joining the FPI Group, he was Assistant to the President of Friendship Corporation in Taiwan and was actively involved in the management and affairs of Friendship Corporation. He has in-depth knowledge, expertise and experience in speaker systems operations, and has a network of business contacts in the electrical and electronic product industry.

Mr. Shih holds directly 6,214,100 ordinary shares or 2.43% interest in the Company.



WAYNE LEOW TZE WAYE was appointed as an Independent Non-Executive Director of FPI on 27 May 2022. Mr. Leow holds a Bachelor Degree in Accounting and Finance from the London School of Economics and Political Science, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Leow has 20 years of experience in accountancy, banking and finance and is currently a Director in the Corporate & Investment Banking Division of a major international bank.

Mr. Leow is the Chairman of the Nomination Committee and a Member of the Audit Committee and Remuneration Committee of the Company.

Mr. Leow does not hold any shares in the Company or its subsidiary companies.

PROFILE OF DIRECTORS

(Continued)



LEONG NGAI SENG

Independent
Non-Executive Director

Nationality : **Malaysian**
Age : **53**
Gender : **Male**

LEONG NGAI SENG was appointed as an Independent Non-Executive Director of FPI on 26 May 2023. Mr. Leong holds a Bachelor's degree in law and Commerce from the University of Melbourne, and was admitted as an Advocate & Solicitor of the High Court of Malaya in 1997.

Mr. Leong is an experienced lawyer in conveyancing, banking & corporate matters. He has formerly served as general counsel to multinational business corporations.

Mr. Leong is the Chairman of the Audit Committee and a Member of the Nomination Committee and Remuneration Committee of the Company.

Mr. Leong does not hold any shares in the Company or its subsidiary companies.



GOH SAW TIN

Independent
Non-Executive Director

Nationality : **Malaysian**
Age : **55**
Gender : **Female**

GOH SAW TIN was appointed as an Independent Non-Executive Director of FPI on 26 May 2023. Ms. Goh is a fellow member of Chartered Institute of Management Accountants in the United Kingdom and a member of the Malaysian Institute of Accountants. She holds a Diploma in Management Accounting.

Ms. Goh has vast experience in corporate finance and is currently a Finance General Manager of a multinational shipping company.

Ms. Goh is the Chairperson of the Remuneration Committee and a Member of the Audit Committee and Nomination Committee of the Company.

Ms. Goh does not hold any shares in the Company or its subsidiary companies.

PROFILE OF DIRECTORS

(Continued)



KOH MENG CHING was appointed as Director of FPI Group on 22 August 2019. He joined FPI in 1993 as a production executive and was later promoted to the Senior General Manager position in 2017. He has vast working experiences and is exposed to various operations within the Group. He holds a diploma in accounting from YMM College.

Mr. Koh holds directly 370,000 ordinary shares or 0.14% interest in the Company.

NOTES :-

FAMILY RELATIONSHIP

None of Directors have any family relationship with any other director and/or major shareholder of the Company.

CONFLICT OF INTERESTS

None of the Directors have any conflict of interest or potential conflict of interest, and/or interest in any competing business with the Group.

CONVICTION FOR OFFENCES

None of the Directors have been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2024.

OTHER DIRECTORSHIP

None of Directors have any other directorship in public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT

CHEONG HONG YIP

Age : 57 Nationality : Malaysian
Gender : Male

Mr. Cheong is currently a General Manager in charge of operations in Port Klang. He joined FPI in 1993 as a Purchasing Executive. Later in his path of procurement and vast experience in plastic division, he was promoted to Manager of the division. Later, he was transferred to Corporate Management & planning Department where skill of management is used to plan, design and implement several corporate projects. He holds a Degree in International Business from National Taiwan University.

CHEW BOON HUA

Age : 56 Nationality : Malaysian
Gender : Male

Mr. Chew is currently a General Manager of FPI Business Group. He is in charge of marketing & development of speaker system of FPI Group. He joined FPI in 1993 as a Production Planner and was later promoted to the current position in 2014. He has vast working experiences and is exposed to various operations within the Group. He holds a Degree in Industrial Management Science from Taiwan National Cheng Kung University.

CHONG LIEN KIEUNG

Aged : 55 Nationality : Malaysian
Gender : Male

Mr. Chong is currently a General Manager for finance and accounts department of the Group. He joined FPI in 2003 as a manager in the Executive Secretary Office and was later promoted to the current position in 2015. He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA). He graduated from University of Malaya in 1996 with a bachelor's degree of Arts major in Economics.

YOW SIEW WEI

Age : 53 Nationality : Malaysian
Gender : Male

Mr. Yow is currently an Assistant General Manager in charge of business group in charge of marketing and development of music instrument products. He joined FPI in 2004 as an executive in the research and development department and was later promoted to the current position in 2017. Throughout his working experience with the Company, he was exposed to various operations. He holds a diploma in electronics engineering from Tokyo Electronics College, Japan.

LIM CHUN HOOI

Age : 55 Nationality : Malaysian
Gender : Female

Ms. Lim is currently a Senior Manager for internal controls and risk management. She joined FPI in 2005 as a manager in the Executive Secretary Office in 2005 and was later promoted to the current position in 2010. She is a fellow member of the Association of Chartered Institute of Management Accountants (ACMA). She holds a Diploma in Management Accounting from Tunku Abdul Rahman College.

LIM CHOO WOOL

Age : 51 Nationality : Malaysian
Gender : Male

Mr. Lim is currently a Senior Manager in Business Group with a focus on sourcing in the Sungai Petani operations. He joined FPI in 1998 as a management executive, paving the way for him to gain exposure and experience in various jobs including marketing, sourcing and production. He was later promoted to the current position in 2010. He holds a degree in Distribution from Nagasaki Prefecture University, Japan and he is fluent in Japanese language.

CHONG HUI LING

Age : 48 Nationality : Malaysian
Gender : Female

Ms. Chong is currently a Senior Manager in Business Group with a focus on marketing and products development in the Sungai Petani operations. She joined FPI in 2003 as a costing executive. Later in her path she was exposed to various operations including business development, engineering and sourcing and was promoted to the current position in 2017. She holds a Bachelor Degree of Management Information System from Wichita State University, USA.

Notes

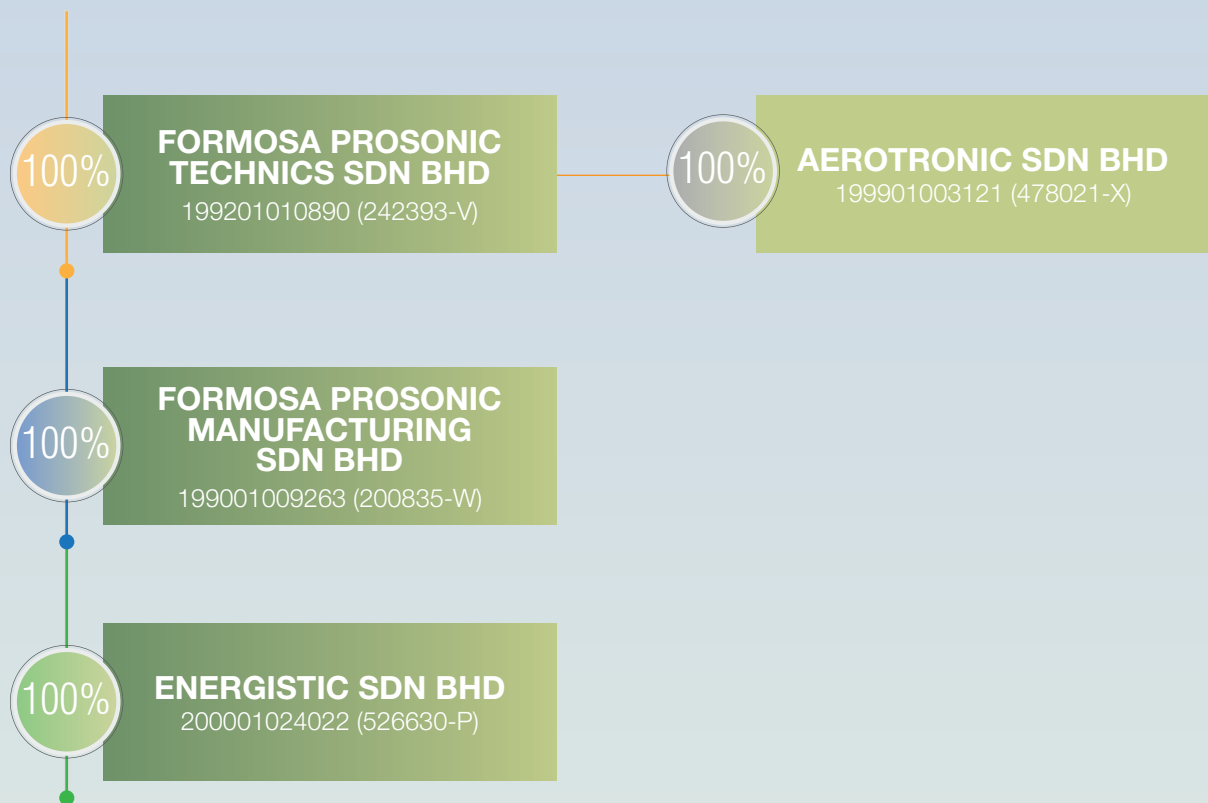
None of the Key Senior Management has:

- Any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries.
- Directorship in public companies and listed companies.
- Any family relationship with any director and/or major Shareholder.
- Other than traffic offences, the list of convictions for Offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the year.

CORPORATE STRUCTURE

PROSONIC

FORMOSA PROSONIC INDUSTRIES BERHAD
198801004954 (172312-K)



SUSTAINABILITY STATEMENT

With sustainability at our core, Formosa Prosonic Industries Berhad (“FPI” or “the Company”) and its subsidiary companies are firmly committed to continue building on our strong foundation of responsible business. Our sustainability efforts represent our commitment towards maximising opportunities and efficiency to continuously operate as a profitable entity and to create long term values to all stakeholders while bringing positive impact to economic, environment and social.

Our sustainability approach focuses on key material aspects (economic, environment and social) as highlighted by our key internal and external stakeholders. These aspects are influenced by the way we manage and operate our daily operations. Respective management approach is developed and carried out to best serve our customers, safeguard the environment and encourage long-term business growth. As such, various sustainability initiatives had been identified and are being undertaken by the Group to enhance value across all the three aspects of the sustainability framework.

This Sustainability Statement needs to be read in conjunction with the rest of the sections contained in the Annual Report that cover financial and non-financial reports such as corporate governance statement and risk management and internal control statement.

GOVERNANCE STRUCTURE

Our Sustainability Working Group (“SWG”) was formed in 2018 to manage and implement our sustainability efforts. The SWG, reporting to the Group Managing Director, is chaired by the Officer in Charge of SWG and supported by the heads of operations, business group, finance, risk and human resources. The diagram below illustrates our sustainability governance structure and its roles and responsibilities:



Roles:

Develop and monitor Group strategies and policies

Responsibilities:

- Ensure consistent implementation of sustainability practices and standards
 - Raising sustainability practices awareness amongst employees
 - Continues stakeholders' engagement

SUSTAINABILITY STATEMENT

(Continued)

The scope of this sustainability reporting encompasses the following key operations within FPI in Malaysia that covers from 1 January 2024 to 31 December 2024:

Operating companies	Manufacturing plant location	Principal business
FPI	Port Klang, Selangor	OEM and ODM services for woodworking, plastic component, transducers and finished products assembly
FPI	Sungai Petani, Kedah	OEM and ODM services for woodworking, plastic component, transducers and finished products assembly
Formosa Prosonic Technics Sdn Bhd	Port Klang, Selangor	Manufacturing and sale of speaker driver units
FPI	Songshan District, Taipei City Taiwan	Research and development centre

STAKEHOLDERS' EXPECTATION

In the pursuit of sustainability, we believe managing stakeholders' expectation is important in the conduct of business. We continuously reach out to them to appreciate their concerns and to obtain feedback on tasks we could improve on. It also provides opportunities for future potential collaborations. We therefore have identified stakeholders that require most attention from FPI. We had identified and explore engagement channels and areas with these stakeholders as tabulated below.

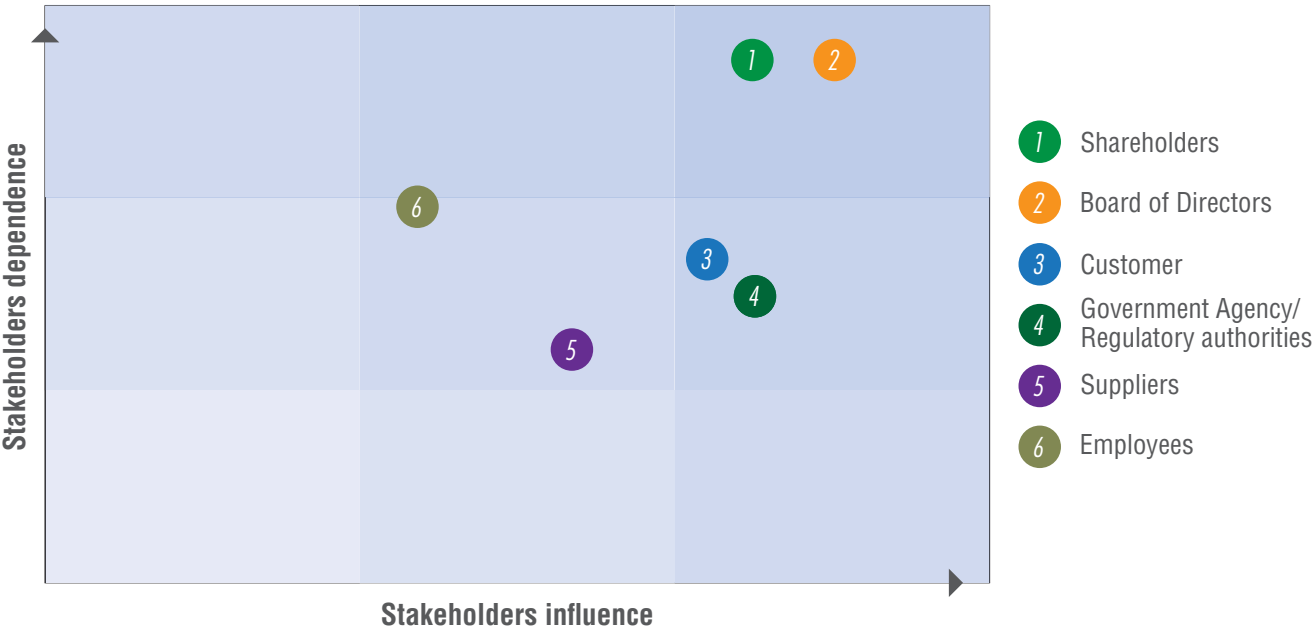
Stakeholder	 Board of Directors	 Major Shareholders	 Customers
Channel for Engagement	- Board and Board Committees Meetings - Annual General Meetings - Company organised events	- Board representative - Annual General Meetings	- Face to face and virtual meetings - Customer audits - Feedback survey
Area of Interest	- Company strategy and performance - Sustainable practices - Risk Management - Corporate governance	- Financial performance - Dividend - Share performance	- Delivery and quality - Capacity and business operations - Engineering capabilities - Sustainable and competitive sourcing
Responses	- Reporting and presentation - Site visits	Reporting and presentation	- Reporting and presentation - Site visits

SUSTAINABILITY STATEMENT

(Continued)

Stakeholder	 Suppliers	 Employees	 Government agency / regulatory authorities
Channel for Engagement	- Face to face and virtual meetings - Supplier audits - Evaluation	- Induction training - Learning and development programmes - Performance appraisal - Company organised events	- Ongoing interaction - Formal and informal meetings
Area of Interest	- Sustainable procurement - Plan supply chain code of conduct - Strategic alliance	- Career development opportunities - Remuneration package - Occupational safety and health - Diversity	- Labour and manufacturing issues and policies - Governance and compliance - Occupational safety and health - Environment and social impact
Responses	- Assessment reports - Site visits	- Human resource practises and policies - Mark to market and competitive remuneration package	- Compliance and good practises - Constructive interactions

To further enhance our stakeholder engagement initiatives, an assessment had been carried out to prioritise the following stakeholders based on the level of their influence and dependence on FPI.



SUSTAINABILITY STATEMENT

(Continued)

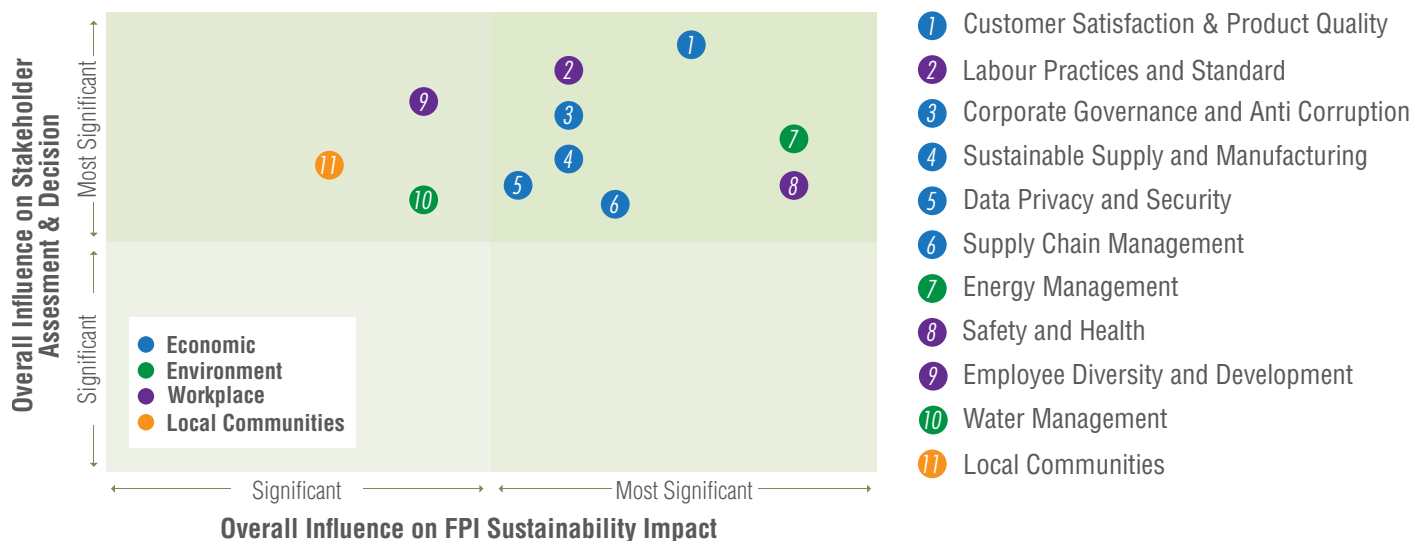
Our Sustainable Strategy

Our sustainability strategy is underpinned by our four Sustainability Pillars, which encompass Economic, Environmental, Workplace, and Local Community initiatives. To demonstrate our commitment towards sustainable development, we have integrated each pillar within our business value chain.

 ECONOMIC	 WORKPLACE	 ENVIRONMENT	 LOCAL COMMUNITIES
Material Sustainability Matters: - Corporate Governance and Anti-Corruption - Customer Satisfaction - Product Quality - Sustainable Supply and Manufacturing - Supply Chain Management - Data Privacy and Security	Material Sustainability Matters: - Employee Gender, Diversity and Inclusion - Employee Development and Talent Retention - Human and Labour Rights - Occupational Safety and Health	Material Sustainability Matters: - Energy Usage - Water Management	Material Sustainability Matters: Local Communities

Material Sustainability Matters

We are taking a progressive approach in our sustainability reporting. We continue engaging with our internal stakeholders to assess and identify material sustainability matters to FPI. Through communications and dialogue sessions with our internal stakeholder representatives from various divisions who are at the operation frontlines, we have identified the following sustainability matters that are closely connected to all stakeholders. The result of the materiality assessment is shown in the following diagram:



SUSTAINABILITY STATEMENT

(Continued)

Relying upon the stakeholders' expectation and the Company's business strategy and from a business perspective, we disclose in the following table the relevant policies, activities and some indicators on how we manage our identified material sustainability matters.

SUSTAINABILITY MATTERS	POLICY	ACTIVITIES	PERFORMANCE INDICATORS
Economic - Customer satisfaction 	- To create good sound and quality products - Customers always come first	- Offering integrated products and services - Early involvement by developing capacity to assist customers - Quick, flexible and corrective action plan to every enquiry/audit finding	- Customer satisfaction survey - Passing the audits conducted by our customers - Number of complaints received - Sales uptrend over the years
Economic - Product quality 	- Lasting commitment to product excellence - Continuous research and development	- Best practices throughout design/planning, production and delivery stages - Product safety compliance and security management - Education and Training - ISO 9001 : 2015	- Defect rate - Number of complaints received - Award recognition
Economic - Sustainable supply and manufacturing 	One-stop solution manufacturing	- Lean manufacturing programmes to reduce wastage sources from over-processing, cycle time, waiting time, logistic handling and defects - Implementation of 5S workplace to maximise efficiency and effectiveness - Tactical investment in new machines and automation	- Defect and wastage rates. - Competency Persons - Production lead time
Economic - Supply Chain Management 	Our efforts are centred upon upholding fair and ethical procurement practices, diligent screening and assessment of supply chain performance and advocating responsible sourcing of raw materials	- Suppliers' qualification and requalification evaluation - Adhere to Restriction of Hazardous Substances (RoHS) - Plant qualification audit and process control audit	Assessment report
Economic - Corporate Governance 	- Anti-Bribery and Corruption Policy - Whistle-Blowing Policy	All management level staff have received briefing on anti-corruption policy	
Economic - Data Privacy and Security 	Personal Data Protection Policy	FPI shall not process personal data ("PD") unless the owner of the PD provides their consent	There have been no breaches or incidents report over the reporting period

SUSTAINABILITY STATEMENT

(Continued)

SUSTAINABILITY MATTERS	POLICY	ACTIVITIES	PERFORMANCE INDICATORS
		- To all stakeholders, the PD collected should only be sufficient for the intended purpose. - Annual license & support renewal for Antivirus software (Upgrade of firewall appliance) and Backup software (Implement secure file transfer system). - Periodic hardware maintenance	
Economic - Energy Consumption - Water Management 	To continue to advocate green development across all our current and future business operations	- ISO 14001: 2015 certification and implementation - Material waste reduction/recovery systems under 5S - Metal scrap either reused internal or sold to external parties for recycling purpose - Solid waste such as oil and chemical were being disposed to licensed collector	- Greenhouse gas emissions - Waste reduce and recycle management
Workplace - Employee training, development and retention 	- Human capital is the key driver of our success - Uphold fundamental rights and respect culture, customs and value - Career development and welfare trainings on a need basis	- Training programmes cover technical skills, sales communications, 5S initiatives and regulations update - Encourage direct and open engagement between workers and management on working conditions and management practices without fear of reprisal and harassment	- Relevant training programmes - Fair and diversified employment practices
Workplace - Occupational safety and health ("OSH") 	- OSH procedures - COVID-19 pandemic standard operating procedures (SOP)	- Implement management systems to identify, assess, monitor and control hazards and review performance, to identify risks - Openly communicate with our employees, the government and the community on OSH issues - Periodically review the Group's OSH Policy for effectiveness and suitability - CCTV (Closed Circuit Television) - Collaboration with local government departments and police - Strictly adhere to COVID-19 related administrative guidelines and measures (SOP) issued by the authorities	- Occupational injury and illness tracking and reporting - Monitoring and measuring cleanliness of toilet, canteen facilities and eating environment. - Competency Safety Officer
Local - Communities Community / Society 	Contribute to the wellbeing and living standards of local communities	- Contributed to the charity screening organised by the Sports, Welfare and Cultural Association of the Fire and Rescue Headquarters - Sponsored the VTAR students CSR activities	

SUSTAINABILITY STATEMENT

(Continued)

Anti-Corruption and Bribery Policy

FPI Group’s businesses and operations are governed under an anti-bribery management system developed in conjunction with the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect on 1 June 2020. During the course of the past three years from FY2022 to FY2024:

- 1. Our Company conducted training for all our employees to enable the smooth implementation of our Anti-Corruption and Bribery Policy.
- 2. We have assessed corruption risks throughout the entire operations of the Company, focusing on current and potential corruption risks. During this assessment, we evaluate the potential impact and likelihood of these risks, assess the effectiveness of existing controls, and develop action plans to reduce the risk of corruption.
- 3. Our Company has no reported incidents of corruption or breaches against our Anti-Corruption and Bribery Policy.

Supply Chain Management

We prioritise procurement of goods and services from local suppliers who meet the standards we require.

In terms of business operations, working with local equipment improves production and development turnaround time. We are also proud to be contributing positively to the Malaysian economy.

The proportion of our spending on local and foreign suppliers is as shown below.

	FY2024	FY2023	FY2022
	(%)	(%)	(%)
Local	77.4	78.0	77.5
Foreign	22.6	22.0	22.5
Total	100.0	100.0	100.0

Other priorities in the supply chain management include:

- Strengthen relationships with suppliers
- Sharing of awareness of human rights protection and CO2 emissions reduction, and promotion of collaborations
- Enhancement of resilience in case of emergency

Data Privacy and Security

As technology continues to play a vital role in our workplace, fostering better collaboration and efficiency, it's crucial that we effectively manage the growing threats and risks of cyber-attacks to our Company. We are dedicated to safeguarding the private information and personal data of our customers, suppliers, and employees.

Our cybersecurity practices ensure that information is shared appropriately and legally, and data is handled with the utmost care, confidentiality, and integrity. We adhere to our Personal Data Protection Policy, which governs the handling and processing of personal data in commercial transactions. Our integrated data protection and information security strategy ensure the security of all information and personal data.

SUSTAINABILITY STATEMENT

(Continued)

Thanks to our efforts in data privacy and protection, we have not experienced any data breaches or received complaints from external stakeholders regarding data security.

Energy Usage

We acknowledge the rising concern surrounding climate change arising from heightened energy consumption and GHG emissions. Therefore, we are taking measurable steps in the execution and reinforcement of energy-efficient initiatives.

We studied and audited our plant operations to apply energy-saving measures in our plant such as the implementation of Energy Monitoring System for constant monitoring of the consumption and efficiency of manufacturing equipment. The Sustainable Energy Development Authority (SEDA) audited our manufacturing plant to evaluate our energy conservation efforts. Additionally, two of our staff members successfully attained certification as Energy Managers from the Energy Commission Malaysia (Suruhanjaya Tenaga), empowering them to spearhead improvement initiatives in our production area.

Over the period of three years from FY2022 to FY2024 the energy intensity measured by total energy usage per consolidated sales has increased mainly due to the change in product mix.

Energy Usage	FY2024	FY2023	FY2022
Sales (RM'000)	639,193	673,884	984,018
Energy Usage (GJ)	71,368	67,655	92,661
Energy Intensity (GJ/RM'000)	0.1117	0.1004	0.0942

Water Management

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. As low-uneven water pressure supply becomes more frequent, the Group is committed to mitigating the risk of water shortages through efficient water management across our operations. These initiatives include raising awareness among employees for responsible water usage behaviour at our operating sites and closely monitoring potential leaks and increases in water consumption.

Over the three-year period from FY2022 to FY2024, the water intensity, measured by water usage per consolidated sales, increased during this time has increased mainly due to the change in product mix.

Water Consumption	FY2024	FY2023	FY2022
Sales (RM'000)	639,193	673,884	984,018
Cubic Meter ('000 m ³)	72,095	62,784	71,777
Water Intensity (m ³ /RM'000)	0.1128	0.0932	0.0729

SUSTAINABILITY STATEMENT

(Continued)

GHG Emissions

The emission factors used for the calculation are sourced from recognised organisations like the Department for Energy Security and Net Zero, United Kingdom and Energy Commission, Malaysia and other relevant sources that pertain to our operations. As part of our commitment to environmental sustainability, we have set a clear goal to reduce our GHG emissions while actively pursuing opportunities to optimise our carbon footprint and enhance our environmental performance.

FY2024 marked the first emission report by the company, with which we aim to improve our disclosures and monitoring. Below are the emission data over the three-year period from FY2022 to FY2024:

GHG Emissions	FY2024	FY2023	FY2022
Scope 1 (tCO ₂)	541	801	728
Scope 2 (tCO ₂)	14,252	13,509	18,571
Scope 3 (tCO ₂)	640	682	682

Scope 1 emissions include the following:

Diesel and petrol from forklift, company vehicles, refrigerators, chillers, and fire extinguishers.

Scope 2 emissions include the following:

Electricity usage at factory, offices, and employee hostels.

Scope 3 emissions include the following:

Fuel from vehicles used by employees for commuting to work and business travel.

Employee Gender, Diversity, and Inclusion

Percentage of Directors by gender, age, from FY2022 to FY2024 are shown below.

Diversity Table	Director					
	FY2024		FY2023		FY2022	
Breakdown by Gender	No.	%	No.	%	No.	%
Male	4	80.0	6	85.7	6	100.0
Female	1	20.0	1	14.3	-	-
Total	5	100.0	7	100.0	6	100.0
Breakdown by Age Group	No.	%	No.	%	No.	%
41-45	1	20.0	1	14.2	1	16.7
46-50	-	-	-	-	-	-
51-55	2	40.0	2	28.6	2	33.3
56-60	1	20.0	2	28.6	-	-
61-65	-	-	-	-	-	-
65-70	1	20.0	2	28.6	3	50.0
Above 71	-	-	-	-	-	-
Total	5	100.0	7	100.0	6	100.0

SUSTAINABILITY STATEMENT

(Continued)

The Company total employee categorised by employee category, gender and age from FY2022 to FY2024 are shown below.

Diversity Table	Employee		
	FY2024	FY2023	FY2022
Breakdown by Employee Category	%	%	%
Manager and above	2.8	2.6	2.1
Executive	10.7	11.5	10.8
Non-Executive	86.5	85.9	87.1
Total	100.0	100.0	100.0
Breakdown by Gender	%	%	%
Male	73.8	73.3	72.8
Female	26.2	26.7	27.2
Total	100.0	100.0	100.0
Breakdown by Age Group	%	%	%
<30	32.6	37.4	42.8
30-50	60.8	55.4	51.0
>50	6.6	7.2	6.2
Total	100.0	100.0	100.0

Employee Turnover

Employee turnover is 23% in FY2024 compared to 22% in FY2023. The implementation of various measures has contributed to a lower labour turnover rate within our organisation. We will continue to focus on employee welfare, career development, a positive work environment and compensation and benefits packages that are competitive and reflective of employees' contributions.

Employee Turnover By Employee Category	Headcount		
	FY2024	FY2023	FY2022
Manager and above	10	3	5
Executive	77	28	54
Non-Executive	370	478	619

The Company does not have any contract, freelance, temporary or part-time employees.

SUSTAINABILITY STATEMENT

(Continued)

Employee Development and Talent Retention

The total hours of training by employee category from FY2022 to FY2024 are shown below.

Total number of training hours	FY2024	FY2023	FY2022
By Gender			
Female	2168	325	1065
Male	2471	1226	3674
By Employee Category			
Manager and above	160	210	332
Executive	3334	1137	2268
Non-Executive	1145	204	2139

Average number of training hours per employee	FY2024	FY2023	FY2022
By Gender			
Female	21	12	6
Male	8	11	5
By Employee Category			
Manager and above	16	16	16
Executive	20	11	11
Non-Executive	5	14	3

The Group outlines its fundamental human resource strategy policy as follows:

- Our personnel system prioritises "fairness" and "enhancing employee engagement."
- We aim to create a system where employees are recognized based on their accomplishments, skills, and contributions to the Company, regardless of age, gender, race, or length of service.
- Our goal is to establish a personnel system that rewards employees appropriately in alignment with the Company's growth track.
- All employees are considered valuable assets to the Company.

SUSTAINABILITY STATEMENT

(Continued)

Human and Labour Rights

The Company prioritises legal compliance and a respectful work environment by providing training on labour laws and harassment to employees. This training aims to increase awareness and reduce the risk of labour-related disputes. The Company enforces strict guidelines outlined in the "Anti-Discrimination and Anti-Harassment" for all employees to follow. Furthermore, a whistleblowing system, governed by the "Whistleblowing Policy," ensures early detection, correction, and prevention of any violations of laws, regulations, or company policies. Additionally, the Company adheres to best practices and common standards to monitor and uphold human rights within the Group. This commitment ensures a respectful and ethical work environment throughout its operations.

Our actions implemented to avoid, prevent and mitigate human right issue include, but are not limited to, the following measures:

- **Grievances Management**

As part of our commitment to open communication and continual growth, we provide multiple channels for employees to voice their opinions and contribute ideas. These include a whistleblowing mechanism and a grievances feedback box, which enable employees to report instances of human and labour rights violations such as child labour, forced labour, discrimination, bullying, and harassment.

- **Child Labour and Forced Labour Prohibition**

We have zero tolerance for any form of child labour or forced labour, as outlined in our Code of Conduct and Ethics, which expressly forbids forced labour, human trafficking, and exploitative child labour. We expect our suppliers and vendors to the same standard, and part of our policy includes verifying valid and appropriate age verification documentation to prevent the employment of underage labour.

Our Company has recorded Zero cases reported for forced labour, child labour, discrimination or grievances on human rights.

- **Dormitories management**

We ensure our workers, both local and foreign, are provided with adequate and safe accommodation with space per individual as stipulated in the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446). Additionally, workers have access to wardens responsible for ensuring their safety and maintaining order at the hostel, providing a supportive environment for all employees.

- **Fair Treatment in Managing Foreign Labour**

We hire foreign workers only if they possess valid legal work permits. We have strict policies against withholding wages, and any personal documents. We do not require any monetary deposits as a condition of employment, and we never charge recruitment fees to our workers. Adhering strictly to labour laws, we ensure that employees receive at least minimum wages and that wage deductions are not used as disciplinary measures. Our foreign workers receive proper contracts of employment and we prioritise effective communication by engaging with foreign workers in their native language to ensure they fully understand their entitlements and rights.

SUSTAINABILITY STATEMENT

(Continued)

Occupational Safety And Health (“OSH”)

The Group actively addresses employee health and safety, as it is an important factor in increasing employee engagement and productivity. Amongst the measures we take:

- i. Improve the management skills of managers to maintain mental health and ensure psychological safety in the workplace;
- ii. Ensure physical safety by conducting monthly workplace-specific checks, in addition to medical check-ups for employees;
- iii. Improve the workplace environment in cooperation with relevant departments, based on the feedback and employee engagement;
- iv. As for operations facility, maintain a healthy work environment, led by the Safety and Health Committee (“SHC”) in accordance with the Occupational Safety and Health Act 1994 (Act 514)

Our SHC is responsible for monitoring, recording, and reporting the Group’s occupational safety and health performance. They also report on measures carried out towards the prevention of accidents. Through our stringent efforts, we have successfully managed to record zero cases of occupational fatality or work-related illnesses within the Group.

The analysis of the number of safety incidents from FY2022 to FY2024 is reported below.

Type	Units	FY2024	FY2023	FY2022
Number of injury incidents	Number	2	7	9
Number of fatalities	Number	_(b)	_(b)	_(b)
Number of work-related illnesses	Number	_(b)	_(b)	_(b)
Total number of hours worked	Hours	6,185,177	6,090,226	8,228,826
Lost Time Injury Frequency (LTIF)	Rate	0.32	1.15	1.09

Note:

- (a) Rates are calculated based on the formulas as follows:
- Lost Time Injury Frequency No. lost time injuries/total man-hours x 1,000,000

- (b) No cases reported.

We will continue to be vigilant and commit to safeguarding the health and safety of our employees by enforcing tighter controls to mitigate possible safety risks identified.

	FY2024	FY2023	FY2022
Number of employees trained on Health and Safety standards	935	839	1442

SUSTAINABILITY STATEMENT

(Continued)

Local Communities Development

The Company recognise the importance of giving back to the communities we operate by engaging in various corporate social responsibility ("CSR") initiatives. Over the course of three years (2022-2024), we have focused our efforts on providing support to our employees and contributing to the well-being of communities through programs such as disaster relief aid, funeral expenses aid, and charitable donations.

Local Community Sponsorship:

The Company has actively supported local community programs organized by Rukun Tetangga Bandar Sultan Suleiman, including the Merdeka Run, the Community Clean-Up (better known as "Gotong-Royong"), the Futsal Tournament, and the Annual Dinner. Through these initiatives, the Company not only contributes to the well-being and unity of the community but also reinforces its commitment to social responsibility, strengthening relationships, and fostering a vibrant and engaged local environment.

Disaster Relief Aid:

In response to natural disasters such as floods and Covid-19 emergencies, the Company has actively participated in disaster relief efforts. The Management responded swiftly to distribute cash and food aid, these efforts have touched the lives of our employees and families, aiding in their recovery and rebuilding processes.

Condolences Assistance:

Understanding the emotional and financial challenges that comes with unexpected tragedies, the Company has taken the initiative in aiding the funeral expenses for immediate family members of our deceased employees, providing a compassionate and meaningful support system during the difficult times.

Charitable Donations:

In a steadfast commitment to social responsibility, during FY2024 our Company has undertaken an initiative to assist vulnerable groups within our community. This program focuses on providing essential food and necessities to orphanages, homes for the elderly, and organizations supporting individuals with disabilities.

Recognizing the immediate needs of underserved populations, we have extended our support to 10 local establishments committed to serving these communities. A total of 530 individuals have benefited from this program, including the orphans, seniors and individuals with disabilities. We donated in-kind aid worth RM120,000 towards this initiative, ensuring the procurement and delivery of food items and essential daily necessities.

Assurance

This statement has not been externally assured. Notwithstanding, this statement adheres to the required reporting frameworks and procedures to ensure that all information and data are reported accurately and has been assessed and reviewed by the internal audit.

This statement and the system setup in relations to areas covered herein have been reviewed and approved by the Board and Internal Audit Unit (IAU).

Looking Ahead

In line with our business strategy and operational processes, we shall progressively implement initiatives in and across all spectrums of our business operations which reflect our commitment to responsible and sustainable business practices. The Board of Directors believes it is one of the key factors towards achieving corporate objectives and stakeholder value creation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group is committed to business integrity and best practices in all its activities. As part of this commitment, the Board is pleased to present this statement to provide investors with an overview of the extent of compliance with an application of the Principles as set out in the Malaysian Code on Corporate Governance ("MCCG").

This statement also serves as a compliance with Paragraph 15.25 (1) of the Main Market Listing Requirements ("Main LR") of Bursa Securities.

The Corporate Governance Report prepared in compliance with Paragraph 15.25 (2) of the Main LR and disclosure on the application of each Principle set out in the MCCG is available on the Company's website at www.fp-group.com.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Board Responsibilities

The Board is responsible for the overall corporate affairs, strategic direction, establishing corporate goals and monitoring of the achievement of these goals. The Group is headed by the Board that leads and controls and the overall performance of the Group through the discharge of the following principal duties and responsibilities:-

- (a) reviewing and adopting a strategic plan for the Group;
- (b) overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- (c) identifying principal risks and the implementation of appropriate systems and mitigation measures;
- (d) succession planning, including the implementation of appropriate programs for appointing, training and where appropriate, replacing senior management; and
- (e) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To ensure effective discharge of its responsibilities, the Board delegates specific authorities to other Board Committees as prescribed under the MCCG:

- (a) Audit Committee;
- (b) Nomination Committee;
- (c) Remuneration Committee; and
- (d) Risk Management Committee.

The Managing Director takes on primarily responsibilities in managing day-to-day operations whilst the Independent Directors are involved in the various committees and contribute to areas such as performance monitoring and providing independent views for enhancement of corporate governance and controls. The Management is accountable for execution of the Group's corporate objectives.

The Company Secretary plays a vital advisory role to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. Directors have access to all information within the Company and to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

1.2 Board Policy

The Group has adopted a Board Policy which governs how the Group conducts its affairs. The Board Policy is applicable to all Directors of the Company which sets out the authority, responsibilities, membership and operation of the Board of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.2 Board Policy (continued)

The Board Policy entails, inter alia, the following main items:-

- Objectives of the Board;
- Roles of the Board;
- Board structure; and
- Board processes.

The Board Policy is to be periodically reviewed by the Board as and when required. A full copy of the Board Policy is available for viewing under the "Investor Relation" section of the Group's corporate website at www.fp-group.com.

1.3 Code of Ethics and Conflict of Interest Policy

One of the key roles of the Board is to establish a corporate culture which yields ethical conduct that runs throughout the Group. Consequently, the Board has formalised the policy to ensure the implementation of appropriate internal systems by the Management to support, promote and ensure its compliance.

The Code of Ethics which set out the ethical standards and appropriate conduct at work adopted by the Group are applicable to all employees and Directors of the Group. The Code of Ethics cover the area of conflict of interest, confidential information, insider information and securities trading, protection of Group's assets and etc.

The Board has adopted a Conflict of Interest Policy which provides guidance on how to deal with conflict of interest or potential conflict of interest situations as they arise and protect the interest of the Group.

The full copy of all the Company's corporate governance policies are available at <http://www.fp-group.com>.

1.4 Sustainability Policy

The Board recognises that sustainability encompasses all aspects of ethical business practices and has formulated the Sustainability Policy to address relevant market place, community, work place and environment issues responsibly and profitably. This policy aims mainly to integrate the principles of sustainability into the Group's strategies, policies and procedures.

A summary of the practices is set out in the Sustainability Statement on pages 22 to 35 of this Annual Report. A full copy of this policy is available for viewing under the "Investor Relation" section of the Group's corporate website at www.fp-group.com.

1.5 Whistleblowing Policy

The Company has established a Whistleblowing Policy to provide an avenue and an independent feedback channel through which employees, customers, suppliers, contractors or other third parties providing services to the Group may, in good faith and have reasonable ground, report any wrongdoings in accordance with the procedures in the policy without fear of reprisal. Under the policy, a whistleblower will be accorded with protection of confidentiality of identity.

Reporting channels that are available including a dedicated email: whistleblow@fp-group.com. Letter/document/report may also be sent and addressed to the Chief Audit Executive at Formosa Prosonic Industries Berhad, No.2, Jalan 1, Bandar Sultan Suleiman, Taiwanese Industrial Park, 42000 Port Klang, Selangor.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.6 Directors' Fit & Proper Policy

The Company has adopted a Fit & Proper Policy which sets out the fit and proper criteria for selection of candidates for appointment to the Board and also for re-election of retiring Directors. The Fit & Proper Policy is available at the Company's website at www.fp-group.com.

2. STRENGTHEN COMPOSITION

2.1 Board Committees

The Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

All of these Committees have written terms of reference clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by the Board as a whole.

2.2 Audit Committee

The membership and terms of reference of the Audit Committee are stated in the Audit Committee Report of this Annual Report. A summary of the activities of the Audit Committee during the financial year, including an evaluation of the independent audit process, is set out in the Audit Committee Report on pages 56 to 58 of this Annual Report.

2.3 Nomination Committee

The members of the Nomination Committee are as follows:-

Wayne Leow Tze Waye	Chairman, Independent Non-Executive Director
Goh Saw Tin	Independent Non-Executive Director
Leong Ngai Seng	Independent Non-Executive Director

The duties and functions of the Nomination Committee encompass the following:-

- recommend to the Board, candidates nominated by shareholders or the Board or from other sources for directorships to be filled;
- recommend to the Board, Directors to fill seats on board committees;
- review annually the required skills and experience and other qualities and core competencies non-executive Directors should bring to the Board; and
- assess annually the effectiveness of the Board as a whole and the contribution of each Individual Director prior to recommending a Director for re-election or re-appointment to another term.

The decision on new appointment of Directors rests with the Board after considering the recommendation of the Nomination Committee. In evaluating the suitability of candidates to the Board the Nomination Committee will consider certain criteria such as independence (in the case of appointment of an Independent Director), skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

2. STRENGTHEN COMPOSITION (continued)

2.3 Nomination Committee (continued)

During the financial year under review, the Committee held two (2) meetings to resolve the following agenda:-

- (a) reviewed the Directors who were due for retirement by rotation and re-appointment;
- (b) reviewed Board's representation and required mix of skills and experience and assessed the effectiveness of the Board as a whole;
- (c) reviewed the current size and composition of the Board;
- (d) assessment and evaluation of effectiveness of the Board and Board Committees, Individual Director where the main criteria adopted are Directors experience and skills in areas of management, operations, marketing, training & human resource, financial and statutory & regulatory compliance;
- (e) deliberated on the findings of the assessments and reported the findings to the Board; and
- (f) discussed on Directors' training needs.

The MCCG recommends that the Chair of the Nomination Committee should be an Independent Director or the Senior Independent Director identified by the Board. Mr. Wayne Leow Tze Waye, the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee, is an Independent Non-Executive Director of the Company.

A full copy of the term of reference of the Nomination Committee is available for viewing under the "Investor Relation" section of the Group's corporate website at www.fp-group.com.

2.4 Re-election of Directors

The Company's Constitution provides that one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at the conclusion of the AGM each year provided that Directors shall retire from at least once in each three (3) years, but shall be eligible for re-election.

Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next following AGM and shall then be eligible for re-election. However, such Director shall not be taken into account in determining the Directors who are retire by rotation at the meeting.

2.5 Board Diversity Policy

The Nomination Committee and Board of the Company have considered the annual performance assessment together with the fit and proper criteria set out in the Company's Fit and Proper Policy, for the retiring Director namely, Mr Wayne Leow Tze Waye and collectively agreed that he met the criteria as prescribed by Paragraph 2.20A of the Main Market LR to effectively discharge his roles as a Director.

The Board approved the Nomination Committee's recommendation that the retiring Director is eligible to stand for re-election at the AGM.

The retiring Director had abstained from deliberation and decision on his own eligibility and suitability to stand for re-election at the relevant Nomination Committee and Board Meetings.

There is no Independent Director who has served on the Board for nine (9) years.

In year 2023, a female Director namely Ms. Goh Saw Tin had been appointed to the Board for the enhancement of the boardroom diversity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

2. STRENGTHEN COMPOSITION (continued)

2.6 Remuneration Committee

The Board has set up a Remuneration Committee whose primary responsibility include reviewing and making recommendations on remuneration packages and framework applicable to the Managing Director, Senior Executives and Directors themselves.

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages. Individual Directors are required to abstain from discussion on their own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole.

The members of the Remuneration Committee are as follows:-

Goh Saw Tin (Chairperson)	Independent Non-Executive Director
Leong Ngai Seng	Independent Non-Executive Director
Wayne Leow Tze Waye	Independent Non-Executive Director

The term of reference of the Remuneration Committee is available for viewing at www.fp-group.com.

2.7 Remuneration of Directors

For the financial year 2024, the remuneration of the Directors of the Company are as follows:-

	Fees RM	Total Emoluments RM	Benefits In-Kind RM	Remuneration RM
Executive Directors	80,000	2,975,859	-	3,055,859
Non-Executive Directors	157,808	109,500	-	267,308
	237,808	3,085,359	-	3,323,167

The number of Directors whose total remuneration falls within the following bands is as follows:-

	Non Executive Directors	Executive Directors
RM 20,000 - RM 100,000	Wayne Leow Tze Waye Leong Ngai Seng Goh Saw Tin Chen Ching Sen (Retired on 24 May 2024) Lin Chien Liang (Resigned on 18 July 2024)	- - - - -
RM 500,000 - RM 2,000,000	-	Shih Chao Yuan Koh Meng Ching

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

3. REINFORCE INDEPENDENCE

3.1 Board Composition and Balance

The Company is led by an experienced Board comprising five (5) members of whom three (3) are Independent Non-Executive Directors and two (2) are Executive Directors. No individual or group of individuals dominates the Board's decision making. Independent Directors constitute more than one-third of the Board and interest of the significant shareholder is fairly represented on the Board. The present Directors bring a wide range of experiences and skills relevant to the business of the Group. Brief descriptions on the background of each Director are set out on pages 17 to 19.

The Board takes cognizance of the tenure limit of Independent Directors as recommended under the MCCG and as announced by Bursa Malaysia Securities Berhad on 19 January 2022. Mr Chen Ching Sen who had served as Independent Director of the Company had retired from the Board after the conclusion of the 36th Annual General Meeting in year 2024.

Mr Koh Meng Ching, an Executive Director who is retiring by rotation in accordance with Clause 117 of the Constitution, has expressed his intention not to seek re-election as a Director of the Company. Hence, he shall hold office until the conclusion of this AGM.

The Managing Director is under the control of the Board. The Independent Non-Executive Directors provide independent judgement and check and balance on the Board. The meetings of the Board are chaired by Independent Non-Executive Directors. The current size and composition of the Board are considered adequate to provide the optimum skills and experience. Furthermore the Board is of the view that the current Board size is balanced in skills and composition.

3.2 Annual Assessment of Independence of Directors

In addition to the annual review by the Nomination Committee of the Directors' Independence, all Independent Non-Executive Directors are required to submit an annual declaration regarding his independence according to the criteria on independence set out in the Listing Requirements and Practice Notes of Bursa Securities on independence.

4. FOSTER COMMITMENT

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

4.1 Board Meeting and Attendance

The Board meets at least four (4) times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the financial year ended 31 December 2024, five (5) meetings were held in which the Board deliberated upon and considered various issues including the Groups' financial results, annual budgets, performance of the Group's business, major investment, business plan and policies, and strategic issues affecting the Group's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

4. FOSTER COMMITMENT (continued)

4.1 Board Meeting and Attendance (continued)

Details of attendance of the Directors at Board meetings held during the financial year are as follows:-

		Total Number of Meetings	Number of Meetings Attended
Shih Chao Yuan		5	5
Koh Meng Ching		5	5
Wayne Leow Tze Waye		5	5
Leong Ngai Seng		5	5
Goh Saw Tin		5	5
Chen Ching Sen	(Retired on 24 May 2024)	2	2
Lin Chien Liang	(Resigned on 18 July 2024)	3	3

4.2 Access to Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. Formal agenda, papers and reports are provided to each Director ahead of the meetings to enable the Board to familiarise themselves with the matters prior to their respective meetings. At each Board meeting, the Managing Director briefs the Board on the Group's activities and operations.

Directors have access to the advice and services of the Company Secretary and where necessary, obtain independent professional advice at the Group's expense.

4.3 Directors' Training

The Directors are mindful that they should continually attend seminar and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements.

The Directors have been briefed and updated on listing requirements and corporate governance practices and new applicable accounting standards together with the senior management and the relevant staff. The Directors have attained trainings on areas relevant to their duties and responsibilities as Directors by attending continuous professional development briefings covering various topics ranging from changes in statutory and regulatory requirement, corporate governance practices and compliance, and industry knowledge.

During the financial year, the Directors, namely Mr. Shih Chao Yuan, Mr. Koh Meng Ching, Mr. Wayne Leow Tze Waye, Mr. Leong Ngai Seng and Ms. Goh Saw Tin had completed the Mandatory Accreditation Program Part II: Leading for Impact (LIP).

Mr Wayne Leow Tze Waye had completed the Climate Change and Environmental Risk Management Training on 15 November 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

5.1 Financial Reporting

The Board aims to provide and present a balanced and clear assessment of the Groups' financial performance and prospects primarily through the annual financial statements and quarterly report as well as announcements to the Bursa Malaysia.

The Audit Committee assists the Board to oversee the financial reporting process and the quality of its financial reporting by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to endorsing the same to the Board for release to Bursa Securities and Securities Commission Malaysia.

5.2 Statement of Directors' Responsibility in respect of Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their financial performance and cashflows for the period. These involve Directors selecting appropriate accounting policies and then applying them consistently, make judgements and estimates that are reasonable and prudent and preparing the financial statements on a going concern basis.

The Directors have the responsibility of ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company and which ensures that the financial statements comply with the Companies Act 2016.

The Directors have taken steps as necessary to safeguard the assets of the Group and the Company to prevent fraud and other irregularities.

5.3 Assessment of Suitability and Independence of External Auditors

For FY2024, the Audit Committee has assessed the suitability and independence of External Auditors vide an annual assessment of the suitability and independence of the External Auditors. The Audit Committee noted for FY2024, BDO PLT, the External Auditors of the Company confirmed that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee also noted that having served the requisite years, the engagement partner of BDO PLT was rotated. The Audit Committee was satisfied with BDO PLT's technical competency, audit independence and transparency report during the financial year under review and recommended to the Board the re-appointment of BDO PLT as the External Auditors for the financial year ending 31 December 2025. The Board has recommended the same for shareholders' approval at the forthcoming AGM of the Company.

The external auditors, BDO PLT have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements. The auditors have, from time to time, highlighted to the Audit Committee and the Board matters requiring the Board's attention.

The amount of fees paid to the external auditors for the statutory audit and non-audit assignments for 2024 were RM140,000 and RM3,000 respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

6. RECOGNISE AND MANAGE RISK

6.1 Sound Framework to Manage Risks

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

Risk Management Committee ("RMC") was established to develop a risk management framework. The methodology used to establish the framework is referred to as Control Self-Assessment (CSA) which involves operating units and departments identifying, evaluating, monitoring and reporting of risks and internal controls. The risk profile covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified are to be presented to the Audit Committee. The RMC together with the operating units will ensure timely resolution of outstanding issues and implementation of action plans that are to be carried out and completed within the reasonable time frame to mitigate the risks level.

The Audit Committee summarises and communicates the key business risks to the Board for consideration and resolution.

6.2 Internal Audit Function

Internal audit activities are conducted in-house. The internal audit unit conducted its work based on an annual internal audit plan which was tabled before and approved by the Audit Committee. The internal audit functions are carried out impartially, proficiently and with due professional care. Reports issued by the internal audit for the financial year under review were tabled at Audit Committee meetings. Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit Committee members.

The Statement on Risk Management and Internal Control of the Group are set out on pages 48 to 55 of the Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations through timely dissemination of information on the Group's performance and major developments which are communicated via:-

- (a) the Annual Reports;
- (b) the convening of AGM and/or Extraordinary General Meeting; and
- (c) the release of various disclosures and announcements including quarterly results.

The Company follows its policy, making announcements to the Bursa Malaysia when it becomes aware of information which might materially affect the price of its shares.

The Group's website at www.fp-group.com provides information to the public, which includes inter alia, corporate information, business activities, corporate governance matters, annual reports and financial results.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The AGM that is held once a year is the principal forum for a dialogue with individual shareholders. At the AGM, shareholders have direct access to the Board and are invited to pose questions during the meeting. Shareholders are also encouraged to pose questions about the resolutions being proposed and about the Group's operations in general. The Managing Director normally addresses the shareholders on the review of the Group's operations and outlines the prospects.

During the last AGM held on 24 May 2024, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic poll voting on all resolutions for the virtual AGM, which was live streamed through online meeting platform. After the AGM, the full set of Minutes is made available on the Company's website at www.fp-group.com.

All Directors of the Company attended the AGM in 2024. The external auditors of the Company were also invited to attend the AGM to respond to any questions relating to the conduct of the audit and contents of the Auditors' Report.

Stakeholders who wish to reach the Group may do so through the "Contact Us" page for enquiries and feedback purposes at www.fp-group.com.

The Board deliberated, reviewed and approved this Corporate Governance Overview Statement on 17 April 2025.

OTHER CORPORATE DISCLOSURE

a) Utilisation of Proceeds

Save for the conversion of options under the Employees' Share Option Scheme of the Company details of which are set out below, there were no issuance of new shares, rights issue or issuance of bonds during the financial year to raise any cash proceeds.

b) Non-Audit Fees

Non-audit fees of RM 26,300 were paid to the external auditors for the financial year.

c) Profit Estimates, Forecast or Projections

The Company did not make any release on profit estimates, forecast or projections during the financial year.

d) Material Contracts and Contracts Relating to Loan

None of the Directors, Chief Executive and/or major Shareholders had any material contract with the Company and/or its subsidiaries either still subsisting at the end of the financial year ended 31 December 2024 or entered into since the end of the previous financial year.

e) Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 27 to the financial statements.

f) Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 29 June 2021, the Company's shareholders approved the establishment of an ESOS for eligible Directors and employees of the Group.

The ESOS is administered by the ESOS committee which is appointed by the Board of Directors in accordance with the By-Laws of the ESOS. The ESOS shall be in force for a period of five (5) years commencing from 20 August 2021 and may be extended for a period of five (5) years.

- (i) According to the register of the options, the number of schemes currently in existence during the financial year were as follows:

Total Number of Options Granted	Total Number of Options Exercised and Vested	Total Number of Options Lapsed *	Total Number of Options Outstanding
13,326,500	10,762,900	1,564,000	999,600

*Due to resignation

OTHER CORPORATE DISCLOSURE

(Continued)

Employees' Share Option Scheme ("ESOS") (continued)

- (ii) The total number of options granted, exercised and vested to each category of participants during the financial year were as follows:

Category	Option Price	Date of Grant	Total Options Granted	Number of options over ordinary shares					
				As at 1.1.2024	Exercised and Vested	No. of Participants	Lapsed*	As at 31.12.2024	
Directors	RM2.55	20.8.2021	1,200,000	300,000	300,000 (25%)	2	-	-	
Senior Management	RM2.55	20.8.2021	3,480,000	606,000	273,000 (8%)	5	115,000	218,000	
Middle Management	RM2.55	20.8.2021	2,350,000	406,600	292,000 (12%)	13	-	114,600	
Junior Management	RM2.55	20.8.2021	6,296,500	1,000,500	189,500 (3%)	37	144,000	667,000	
				13,326,500	2,313,100	1,054,500	259,000	999,600	

() represents percentage over the Total Options Granted

* due to resignation

- (iii) There were no share options granted during the financial year ended 31 December 2024.

- (iv) Percentage of options granted to Directors and Senior Management under the ESOS are as follows:

Since commencement up to 31 Dec 2024

- Aggregate maximum allocation 50.00%
- Actual percentage granted and accepted 35.1%

- (v) The interest of the Directors during the financial year were as follows:

Name of Directors		Granted	Exercised and Vested
Shih Chao Yuan		-	-
Wayne Leow Tze Waye		-	-
Leong Ngai Seng		-	-
Goh Saw Tin		-	-
Koh Meng Ching		-	100,000
Chen Ching Sen	(Retired on 24 May 2024)	-	200,000
Lin Chien Liang	(Resigned on 18 July 2024)	-	-

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Formosa Prosonic Industries Berhad (“FPI” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2024. This statement has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is aligned with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The document provides a comprehensive overview of the Group's risk management framework and internal control mechanisms, providing the scope, adequacy, and operational effectiveness throughout the financial year under review.

BOARD'S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility in establishing, maintaining, and continuously improving internal controls system. This framework is designed to safeguard the interests and investments of shareholders and to protect and preserve the Group's assets in a prudent and effective manner. The Board is committed to fulfil its obligations in identifying, assessing, and addressing potential risks through the implementation of risk management systems. These systems are aligned with the practices prescribed under the Malaysian Code on Corporate Governance.

Furthermore, the Board recognizes its duty to conduct regular assessments of the adequacy, effectiveness, and integrity of the Group's internal control framework, as well as its management information systems. It is important to note that, while no internal control system can eliminate risks or provide absolute assurance against all material misstatements or losses, the Group's system is strategically designed to mitigate and manage these risks to acceptable levels.

The Board also confirms that there is a systematic approach to identifying, evaluating, and addressing significant risks that may impede the achievement of the Group's strategic and business objectives. This structured process is adaptive with periodic reviews and updates to ensure its continued relevance and effectiveness in addressing the challenges of a constantly evolving business landscape. This risk management and internal control process has been implemented throughout the financial year under review and remains in effect as of the date of this Annual Report's adoption.

RISK POLICY

The Group recognizes that risk is an inherent and inevitable aspect of daily operations, one that cannot be entirely eliminated. To this end, it is mandatory that all employees develop a comprehensive understanding of the nature of risks and accept accountability for the risks associated with their respective areas of responsibility. The Group is committed to fostering this understanding by providing the necessary support, guidance, and unwavering commitment of senior management.

This Risk Policy forms an integral component of the Group's internal control and governance framework. It is underpinned by the following risk management objectives:

1. Integrate risk management into the culture of the organization.
2. Manage risk in accordance with best practice and provide reasonable assurance regarding the achievement of the Group objective and maximise stakeholder's value.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

RISK POLICY (CONTINUED)

This Risk Policy forms an integral component of the Group's internal control and governance framework. It is underpinned by the following risk management objectives: (continued)

3. Consider legal compliance as an absolute minimum.
4. Anticipate and respond quickly to social, environmental and legislative change.
5. Prevent injury and damage and reduce the cost of risk.
6. Raise awareness of the need for risk management.

APPROACH TO ACHIEVE RISK MANAGEMENT OBJECTIVES

To fulfil these objectives, the Group has established a robust and comprehensive framework, guided by the following strategies:

1. Establishing risk management framework to manage the risks associated with the Group's business activities.
2. Establishing a risk management organizational structure to act in an advisory and guiding capacity and which is accessible to all relevant parties.
3. Adopt processes, which demonstrate that risk management principles are being applied across the whole organization.
4. Provide training in risk awareness.
5. Maintain documented procedures for the control of risk and provision of suitable information, training and supervision.
6. Maintain an appropriate system for recording incidents and carrying out post event checks to ascertain causes and identify preventive measures against re-occurrence.
7. Devise and maintain contingency plans in key risk areas to secure business continuity where there is a potential for an event having a major impact upon the management ability to function.
8. Maintain effective communication and involvement of all staff and stakeholders.
9. Monitor arrangements on an ongoing basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

RISK MANAGEMENT FRAMEWORK

The Risk Management framework encompasses the following key elements:

Risk Governance

- **The Board of Directors (BOD)**
BOD is responsible for compliance with the Listing Requirements of Bursa Malaysia Securities Berhad by ensuring that a sound system of internal controls is maintained to safeguard shareholders' investment and the Group's assets. The BOD through an independent Board Audit Committee would ensure adherence to the Listing Requirements.
- **Board Audit Committee (BAC)**
The BAC is to ensure that through the risk assessment the significant risks are being identified and appropriate systems are implemented to manage the risks and the adequacy and the integrity of the internal controls are reviewed.
- **Risk Management Committee (RMC)**
The RMC is led by the Managing Director who is responsible for control and oversight over the implementation of the risk management process for the Group. The responsibility of implementing the risk management process lies with designated senior officers at the Group level and the subsidiary level.
- **Head of Internal Audit (HIA)**
HIA will be responsible for developing the framework and laying the groundwork for the successful implementation of the risk management process. He or she will also coordinate with the designated officers or their representatives to ensure a smooth implementation of the risk assessment exercise and act as facilitator by conducting training and workshops for the operational/functional departments for the business units within the Group.

Risk Assessment Process

The methodology employed to establish a comprehensive framework for risk management utilizes the Control Self-Assessment (CSA) technique. This process empowers departments and business areas to identify and evaluate the controls within key functions and activities of their operational processes. To support the business and operational units in approaching this exercise systematically, workshops are conducted for representatives from these units, familiarizing them with the underlying concepts and the overall framework.

The CSA approach integrates both bottom-up and top-down methodologies to address operational and strategic risks, respectively. This dual approach ensures that risks are assessed comprehensively, fostering a culture of risk awareness throughout the organization and enhancing our ability to achieve strategic objectives while safeguarding against potential uncertainties.

Additionally, the Risk Assessment Process represents an established and structured approach adopted by the Group to systematically evaluate and manage the significant risks it faces. This process is continuously refined to ensure its effectiveness, particularly in response to changes in the business environment or updates to regulatory guidelines.

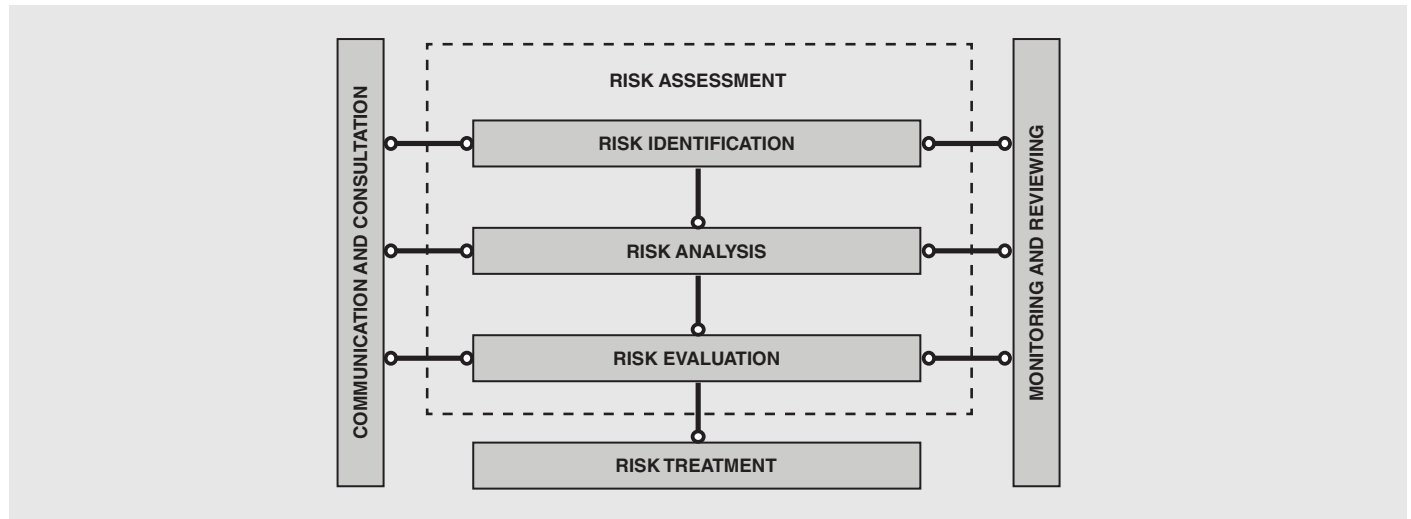
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

RISK MANAGEMENT FRAMEWORK (CONTINUED)

Risk Assessment Process (continued)

Risk assessment process as following stated:



Risk Guidelines

The Risk Management Framework incorporates a set of guidelines that categorize risks into three distinct levels: High, Medium, and Low (H, M, and L). These guidelines provide a clear and consistent methodology for risk assessment and evaluation and have been formally reviewed, approved, and endorsed by both the Board Audit Committee (BAC) and the Board of Directors (BOD).

Reporting Mechanisms

To ensure accountability and transparency, the following reporting practices have been implemented:

- Letters of Assurance**
 Head of Division, Operating Unit, or Business Unit is required to issue a Letter of Assurance addressed to the BAC and BOD, confirming the completion of the Control Self-Assessment (CSA) process within their respective areas.
- Annual Risk Management Reports**
 The Risk Management Committee (RMC) prepares and submits a comprehensive risk management report to the BAC and BOD annually, typically in February of each year. This report provides an overview of the Group's risk management activities and outcomes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

RISK MANAGEMENT FRAMEWORK (CONTINUED)

Monitoring, Review, and Continuous Improvement

Risk management is a dynamic and iterative process that requires continuous updates and revisions to risk profiles. Monitoring compliance with established policies, procedures, guidelines, and legislation is primarily the responsibility of the Internal Audit Unit (IAU), which reports directly to the BAC. Heads of Divisions, Operating Divisions, and Business Group are also actively engaged in enhancing the control processes within their respective areas of responsibility. Lesson learned from past shall frequently review for continuous improvement. Reassessments of risks are conducted annually to ensure the effective management of business and operational risks as well as the adequacy of the control environment.

Activities Undertaken During the Year

Throughout the financial year, the following key activities were undertaken to monitor and review the Group's risk management practices:

1. Control Self-Assessment (CSA)

Each Head of Division, Operating Unit, or Business Unit completed a CSA Checklist to evaluate the effectiveness of their internal control systems. This assessment covered areas such as risk identification, control environment, information flow, and general controls.

2. Performance Reviews

A structured Performance Management Review System (KPI), chaired by respective Heads of Divisions, was conducted quarterly. This process addressed risk factors affecting the Group's short- and long-term objectives, with key performance indicators linked to these risks. Division heads reported their performance to the Group Managing Director, and evaluations were carried out accordingly.

3. Operational Division Meetings

Weekly operational division meetings were convened across divisions and business units, during which operational risk issues were discussed and reviewed. Appropriate risk mitigation actions were developed and implemented as required.

4. Internal Audit Activities

Quarterly Internal Audit programs (excluding the first quarter of the year) were conducted to assess the effectiveness of internal control processes. Detailed findings were reported in the Audit Committee Report under the subheading of "Internal Audit Function".

5. Annual Strategic and Budget Meeting

Annual budgets were prepared by individual Business Group and Management teams during strategic and budget meetings. These plans were evaluated by the Senior Management Group and Audit Committee before being submitted to the Board for approval. Monthly reviews were subsequently conducted to monitor performance and ensure adherence to established internal control procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Monitoring, Review, and Continuous Improvement (continued)

Activities Undertaken During the Year (Continued)

Throughout the financial year, the following key activities were undertaken to monitor and review the Group's risk management practices: (continued)

6. Quarterly Financial Reporting

Financial reports were prepared and tabled for the Audit Committee's review on a quarterly basis prior to submission to the Board for approval.

7. Anti-Bribery and Corruption Policies

In compliance with Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), the Group implemented robust Anti-Bribery and Corruption Management policies. Comprehensive compliance, monitoring, and reporting mechanisms were established to uphold the standards of ethical governance.

8. Environmental, Social, and Governance (ESG) Initiatives

In alignment with Bursa Malaysia's ongoing emphasis on enhancing Environmental, Social, and Governance (ESG) practices, the Group initiated staff training programs and awareness campaigns related to the reporting of carbon emissions. A dedicated system for collecting and analysing Greenhouse Gas (GHG) emission data was also established. This system facilitates the preparation of detailed reports for Management's review and action. The Group reaffirms its unwavering commitment to corporate social responsibility, which encompasses the welfare of employees, sustainable business operations, and environmental stewardship.

9. Monitoring Geopolitical Risks

The prolonged geopolitical uncertainties, including the potential trade wars between USA-China, have posed challenges to the global business environment. The Group remains alert, actively monitoring these developments and implementing measures to mitigate any potential impact on its operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Internal Control Function

The Internal Control Function is a fundamental of the Group's governance framework, ensuring the systematic management of business and operational risks. The following are the salient features of the key processes within the Group's internal control system:

1. The management structure is well defined, with clear lines of authority and responsibility.
2. The Board continually assesses business performance and evaluates operation controls at all levels, and where necessary takes appropriate remedial action.
3. The Managing Director provides updates to the Board on industry trend, key customers and performance of various units within the Group, and the Board endorses responses taken.
4. Financial results are reviewed quarterly by the Audit Committee and the Board and compared to budgets and forecasts.
5. Executive Directors and Heads of Department conduct meetings to discuss operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks.
6. Operations "ISO Standards 9001:2015 and 14001:2015" and Accounting procedures are communicated to staff at all levels.
7. The Group's Internal Audit Unit (IAU) which reports to the Audit Committee performs reviews to assess the effectiveness of internal controls and to identify significant risks.
8. The Audit Committee reviews actions taken on internal control issues raised by the IAU and external auditors.
9. Formal recruitment, training and development, and performance appraisals are in place to ensure and maintain the professionalism and competency of staff.
10. IT Policy and Information Security Management Policy & Procedures are reviewed annually, which is aligned with the needs of a public listed company. Cyber Security Risk is reviewed, and adequate control and monitoring system is put in place to minimise the risk.
11. The Group had established a set of corporate values, ethical behavior, and a guidance for quality products and services and these are set out in the Group's Employee Handbook and Safety Handbook.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Review of the Statement by External Auditors

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2024. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon.

CONCLUSION

The Board is of the view that Group's system of internal control is generally satisfactory.

The Board has received assurance from Managing Director that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

The Board and Management will continue to take necessary measure to strengthen the control environment and monitor the effectiveness of the internal control framework of the Group.

This statement was approved by the Board of Directors on 17 April 2025.

AUDIT COMMITTEE REPORT

During the financial year under review, the Audit Committee (“AC”) of the Company carried out its duties and responsibilities in accordance with its Term of Reference.

COMPOSITION

Chairman

Leong Ngai Seng
Independent Non-Executive Director

Members

Wayne Leow Tze Waye
Independent Non-Executive Director

Goh Saw Tin
Independent Non-Executive Director

All Members of the Committee are familiar with basic finance and accounting practices and one of its members i.e. Wayne Leow Tze Waye is a Fellow Member of the Institute of Chartered Accountants in England and Wales (ICAEW).

TERMS OF REFERENCE (“TOR”)

The TOR of AC is available for reference on the Company’s website at www.fp-group.com.

Authority

- The Audit Committee is authorised by the Board to investigate any activity within its terms of reference.
- It has unlimited access to all information relevant to its activities.
- It is authorised by the Board to obtain legal or other professional advice if it deems necessary.

Composition

- The Audit Committee shall comprise at least 3 Directors all of which must be non-executive Directors with a majority of them being independent Directors.
- Alternate director shall not be appointed as members of the Audit Committee.
- At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person who fulfills the specific requirements as prescribed or approved by the Exchange.
- In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Exchange’s Listing Requirements, the vacancy shall be filled within 3 months.
- The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
- Any former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee of the Company.

AUDIT COMMITTEE REPORT

(Continued)

TERMS OF REFERENCE (Continued)

Functions

The Audit Committee shall, amongst others, discharge the following functions:-

- Review the following and report the same to the Board of Directors;
 - with the external auditors, the audit plan;
 - with the external auditors, his evaluation of the system of internal controls;
 - the assistance given by employees to the external auditors;
 - the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority of the internal auditor has to carry out the work;
 - the internal audit program, processes, the results of the internal audit program, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - the quarterly results and year-end financial statements, prior to the approval by the Board focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) the going-concern assumptions; and
 - (iv) compliance with accounting standards and other legal requirement.
 - any related party transaction and conflict of interests situation that arose, persist or may arise within the listed corporation or group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
 - any letter of resignation from the external auditors; and
 - whether there is any reason and supported by grounds, to believe that the external auditors is not suitable for reappointment.
- Recommend the nomination of a person or persons as external auditors;
- Report promptly to the Exchange on any matter the Audit Committee had reported to the Board of Directors, which was not satisfactorily resolved and/or resulted in a breach of the Exchange's Listing Requirements; and
- Consider and report on matter requested by the Board of Directors.

MEETINGS

During the financial year ended 31 December 2024, the Audit Committee had convened five (5) meetings, attended by the members as follows:

	Meeting Attendance
Wayne Leow Tze Wayne	5/5
Leong Ngai Seng	5/5
Goh Saw Tin	5/5

AUDIT COMMITTEE REPORT

(Continued)

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2024, the Audit Committee carried out the following activities:-

- Reviewed the quarterly reports and year end financial statements of the Group and the Company;
- Reviewed the audit plan, external auditors' report on the financial statements and the evaluation of the system of internal control;
- Reviewed the scope of internal audit function to ensure that a risk-based approach was adopted;
- Considered internal audit programs, reports and management responses on audit issues;
- Considered the checklist of risks identified and appraised the adequacy of managing these risks;
- Reviewed related party transactions and reported the same to the Board;
- Considered and recommended the external auditors for re-appointment;
- To consider other topics deemed fit by the committee within its terms of reference and/or as defined by the Board; and
- Reviewed and reported to the Board, any Conflict of Interest situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit Unit (IAU) which is independent of the activities audited. The internal audit function is carried out with impartiality, proficiently and due professional care. IAU reports to the Audit Committee on its regular audits and appraisals of key operations of the Group.

Its activities during the financial year 2024 include:-

- appraised the adequacy and integrity of internal controls and management information systems;
- ascertained the effectiveness of management in identifying and managing major risks;
- ascertained the level of compliance with the Group's plan, policies and procedures and with legal and regulatory requirements;
- appraised administrative controls and the integrity of data produced within the Group;
- ascertained the adequacy of controls for safeguarding the Group's assets from losses; and
- conducted reviews requested by the Audit Committee.

The cost of internal audit was RM60,000 during the financial year.

This Report is made in accordance with a resolution of the Board dated 17 April 2025.

FINANCIAL STATEMENTS

60	Directors' Report
69	Statement by Directors
69	Statutory Declaration
70	Independent Auditors' Report
74	Statements of Financial Position
76	Statements of Profit or Loss and Other Comprehensive Income
78	Consolidated Statement of Changes in Equity
80	Statement of Changes in Equity
82	Statements of Cash Flows
85	Notes to the Financial Statements

DIRECTOR'S REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the assembly of high quality speaker systems. The principal activities of the subsidiaries are mainly manufacturing and assembly of speaker units. The principal activities and details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year		
Attributable to:		
Shareholders of the parent	66,810,528	62,115,455

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of financial year ended 31 December 2023:	
First interim single tier dividend of 23.0 sen per ordinary share, paid on 30 April 2024	58,914,745

On 20 February 2025, the Directors declared a first interim single tier dividend of 18.0 sen per ordinary share in respect of the financial year ended 31 December 2024 and to be paid to the shareholders on 28 March 2025, whose names appeared on the Record of Depositors of the Company at the close of business on 14 March 2025.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

Material transfers to or from reserves or provisions during the financial year include the following:

	Group and Company RM
Ordinary shares issued pursuant to Employees' Share Option Scheme	(495,615)
Share options lapsed	(121,730)

DIRECTOR'S REPORT

(Continued)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 257,066,666 to 258,121,166 by way of issuance of 1,054,500 new ordinary shares pursuant to options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM2.55 per ordinary share for cash totaling of RM2,688,975.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

An Employees' Share Option Scheme ("ESOS") was established on 29 June 2021 for the benefit of the eligible employees and Directors of the Group.

On 20 August 2021, the Company offered a total of 13,421,500 share options at an option price of RM2.55 per ordinary share to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS out of which 13,326,500 share options were accepted by the Eligible Persons. As at 31 December 2024, the number of outstanding share options was 999,600.

The salient features of the ESOS are as follows:

a) Maximum number of shares available under the ESOS

The maximum number of new ordinary shares in the Company ("FPI Shares"), which may be granted under the ESOS shall not in aggregate exceed ten percent (10%) of the issued share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the ESOS.

b) Eligibility

Employee of the Group (excluding dormant subsidiaries)

Subject to the discretion of the committee appointed by the Board to administer the ESOS ("ESOS Committee"), any employee of the Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the employee:

- i. has attained at least eighteen (18) years of age;
- ii. is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;
- iii. is confirmed in writing and has been in employment of the Group for a period of at least six (6) months of continued service prior to and up to the Offer Date, including service during the probationary period; and
- iv. fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

DIRECTOR'S REPORT

(Continued)

EMPLOYEES' SHARE OPTION SCHEME (Continued)

b) Eligibility (continued)

Director of the Group

Subject to the discretion of ESOS Committee, any Director of the Group shall be eligible to participate in the ESOS if, as at Offer Date, the Director:

- i. has attained at least eighteen (18) years of age;
- ii. is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;
- iii. has been appointed as a Director (and not as an alternate director) of a company within the Group for a period of at least six (6) months;
- iv. the specific allocation of Options to such Director under the ESOS must have been approved by the Shareholders at a general meeting and he/she is not prohibited or disallowed by the relevant authorities or laws from participating in the ESOS; and
- v. fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

(The eligible employees (including Director) above are hereinafter referred to as "Eligible Person(s)")

c) Maximum allowable allotment and basis of allocation

Subject to any adjustment which may be made under the By-Laws, the maximum number of new FPI Shares that may be offered under the ESOS shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the Eligible Person's position, performance, length of service and seniority in the Group respectively, or such other matters which the ESOS Committee may in its discretion deem fit subject to the following:

- i. the Eligible Person does not participate in the deliberation or discussion in respect of their own allocation and the allocations to any persons connected with them; and
- ii. the number of new FPI Shares allotted to any Eligible Person, who either singularly or collectively through person connected with him/her [as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")], holds twenty percent (20%) or more of the issued capital of the Company, shall not exceed ten percent (10%) of the total number of new FPI Shares to be issued under the ESOS, provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

d) Exercise price

Following the implementation of the Companies Act 2016 in Malaysia, the exercise price shall be based on the five (5)-day volume weighted average market price of FPI Shares, as quoted on Bursa Securities, immediately preceding the Offer Date, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS.

DIRECTOR'S REPORT

(Continued)

EMPLOYEES' SHARE OPTION SCHEME (continued)

e) Duration and termination of the ESOS

- i. The ESOS came into force on 20 August 2021 ("Effective Date") and shall be for a duration of five (5) years. On or before the expiry of the ESOS Period ("Date of Expiry"), the ESOS may be extended at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee, without having to obtain approval from the shareholders of the Group in a general meeting, for a further period of up to five (5) years commencing from the date after the Date of Expiry.
- ii. The ESOS may be terminated by the Company at any time before the expiry of its duration provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:
 - the effective date of termination;
 - the number of options exercised or shares vested, if applicable; and
 - the reasons and justification for termination.
- iii. Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of grantees who have yet to exercise their options and/or vest the unvested shares (if applicable) are not required to effect a termination of the ESOS.

f) Exercise of option

Options are exercisable commencing from the Offer Date and expiring at the end of five (5) years from the Effective Date or in the event of a termination of the ESOS, the date of termination of the ESOS.

g) Ranking of the new FPI Shares

The new FPI Shares to be allotted and issued upon any exercise of the option shall, upon allotment and issuance, rank pari passu in all respects with the existing issued and paid-up FPI Shares, save and except that the holders of the new FPI Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to the shareholders of the Company, where the entitlement date precedes the date of allotment of the said shares. The options shall not carry any right to vote at a general meeting of the Company until and unless options are exercised into FPI Shares.

The movements of the options over the unissued ordinary shares in the Company granted under the ESOS during the financial year were as follows::

Option price	Date of offer	Number of options over ordinary shares			
		As at 1.1.2024	Exercised	Lapsed*	As at 31.12.2024
RM2.55	20 August 2021	2,313,100	(1,054,500)	(259,000)	999,600

* Due to resignation.

DIRECTOR'S REPORT

(Continued)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At the Extraordinary General Meeting of the Company held on 29 June 2021, shareholders of the Company approved the establishment of an ESOS of up to ten per centum (10%) of the issued and paid-up capital (excluding treasury shares, if any) of the Company for the eligible Directors and employees of the Group.

REPURCHASE OF SHARES

At the 36th Annual General Meeting held on 24 May 2024, shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

In the previous financial year, the Company repurchased 1,853,100 of its issued ordinary shares from the open market of Bursa Malaysia Securities at an average price of RM2.35 per share.

As at 31 December 2023, 1,853,100 treasury shares at a total cost of RM4,347,882 are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Malaysia Securities.

The number of ordinary shares (net of treasury shares) as at 31 December 2024 is 256,268,066.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Formosa Prosonic Industries Berhad

Shih Chao Yuan
Koh Meng Ching
Wayne Leow Tze Waye
Leong Ngai Seng
Goh Saw Tin
Chen Ching Sen
Lin Chien Liang

(Retired on 24 May 2024)
(Resigned on 18 July 2024)

DIRECTOR'S REPORT

(Continued)

DIRECTORS (continued)

Subsidiaries of Formosa Prosonic Industries Berhad

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report, not including those Directors listed above are as follows:

Cheong Hong Yip
Gan Ah Chu

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2024 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	Number of ordinary shares			
	Balance As at 1.1.2024	Bought	Sold	Balance As at 31.12.2024
Direct interests:				
Shih Chao Yuan	6,200,000	14,100	-	6,214,100
Chen Ching Sen	1,500,000	200,000	(451,700)	1,248,300
Koh Meng Ching	270,000	100,000	-	370,000

Shares in the Company	Number of options over ordinary shares			
	Balance As at 1.1.2024	Bought	Sold	Balance As at 31.12.2024
Direct interests:				
Chen Ching Sen	200,000	-	(200,000)	-
Koh Meng Ching	100,000	-	(100,000)	-

None of the other Director holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTOR’S REPORT

(Continued)

DIRECTORS’ BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest other than certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS disclosed above.

DIRECTORS’ REMUNERATION

Directors’ remuneration of the Group and of the Company for the financial year ended 31 December 2024 were as follows:

	RM
Executive:	
Director’s fees	80,000
Short term employee benefits	2,910,067
Defined contribution plans	65,792
	3,055,859
Non-Executive:	
Director’s fees	157,808
Short term employee benefits	109,500
	267,308
	3,323,167

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors’ and officers’ liability insurance during the financial year to protect the Directors’ and officers’ of the Group and of the Company against potential costs and liabilities arising from claims brought against them. During the financial year, the total amount of insurance premium paid amounting to RM13,078.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTOR'S REPORT

(Continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTOR’S REPORT

(Continued)

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors’ remuneration of the Group and of the Company for the financial year ended 31 December 2024 were as follows:

	Group RM	Company RM
Statutory audit	140,000	111,000
Non-audit services	3,000	3,000
	143,000	114,000

Signed on behalf of the Board in accordance with a resolution of the Directors.

Shih Chao Yuan
Director

Port Klang
17 April 2025

Leong Ngai Seng
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 74 to 125 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Shih Chao Yuan
Director

Leong Ngai Seng
Director

Port Klang
17 April 2025

STATUTORY DECLARATION

I, Chong Lien Kieung (CA 168885), being the officer primarily responsible for the financial management of Formosa Prosonic Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur this
17 April 2025

Chong Lien Kieung

Before me:

Mardhiyyah Abdul Wahab
No. W729
Pesuruhjaya Sumpah Malaysia
Suite 9-03, Tingkat 9
Menara Raja Laut
No.288, Jalan Raja Laut
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To The Members Of Formosa Prosonic Industries Berhad (Incorporated In Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Formosa Prosonic Industries Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 74 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To The Members Of Formosa Prosonic Industries Berhad (Incorporated In Malaysia) (Continued)

Key Audit Matters (continued)

Valuation of inventories at lower of cost and net realisable value

Inventories of the Group and of the Company as at 31 December 2024 amounted to RM34,071,686 and RM29,632,802 respectively of which RM2,099,825 and RM2,086,611 are stated at net realisable value as disclosed in Note 8 to the financial statements.

We have determined this to be a key audit matter due to judgements made by management in their assessment of the current selling prices and future demand to evaluate the adequacy of write down of the inventories to their net realisable values.

Audit response

Our audit procedures included the following:

- (i) Assessed and tested the design and operating effectiveness of key controls over the valuation of the inventories;
- (ii) Obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories;
- (iii) Evaluated whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost;
- (iv) Selected samples to test the integrity of the inventory ageing report in order to conclude that the inventory ageing report can be relied upon for the assessment of slow moving inventories;
- (v) Analysed inventories turnover period by comparing that to the assessment of management on the identification of slow moving inventories; and
- (vi) Evaluated, on a sample basis, the appropriateness of inventories written down by verifying selling prices subsequent to the end of the reporting period.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To The Members Of Formosa Prosonic Industries Berhad (Incorporated In Malaysia) (Continued)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRS Accounting Standards, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To The Members Of Formosa Prosonic Industries Berhad (Incorporated In Malaysia) (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report..

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Koh Yang Wei

03423/03/2027 J
Chartered Accountant

Kuala Lumpur
17 April 2025

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2024

			Group		Company
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	55,575,023	59,006,671	48,001,158	51,175,822
Right-of-use assets	6	27,126,331	28,367,137	17,797,443	18,902,556
Investments in subsidiaries	7	-	-	22,383,794	22,383,794
		82,701,354	87,373,808	88,182,395	92,462,172
Current assets					
Inventories	8	34,071,687	40,612,657	29,632,802	37,225,479
Trade and other receivables	9	69,308,180	122,036,130	71,260,939	121,938,300
Current tax assets		4,587,472	1,851	4,585,471	-
Short term funds	10	265,526,905	248,961,103	265,445,761	248,882,693
Cash and bank balances	11	213,439,531	201,677,307	187,098,892	187,599,435
		586,933,775	613,289,048	558,023,865	595,645,907
Assets held for sale	12	2,077,716	-	2,077,716	-
		589,011,491	613,289,048	560,101,581	595,645,907
TOTAL ASSETS		671,712,845	700,662,856	648,283,976	688,108,079
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the parent					
Share capital	13	157,176,957	153,992,367	157,176,957	153,992,367
Treasury shares	13(c)	(4,347,882)	(4,347,882)	(4,347,882)	(4,347,882)
Reserves	14	398,601,067	391,845,605	343,643,740	341,583,351
		551,430,142	541,490,090	496,472,815	491,227,836
Non-controlling interests	7(c)	-	-	-	-
TOTAL EQUITY		551,430,142	541,490,090	496,472,815	491,227,836

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2024 (continued)

	Note	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
EQUITY AND LIABILITIES (continued)					
LIABILITIES					
Non-current liabilities					
Lease liabilities	6	35,853	10,498	35,853	10,498
Deferred tax liabilities	15	4,652,248	5,036,929	4,255,812	4,657,870
		4,688,101	5,047,427	4,291,665	4,668,368
Current liabilities					
Trade and other payables	16	114,763,417	151,887,861	147,033,338	190,497,744
Lease liabilities	6	486,158	655,801	486,158	655,801
Current tax liabilities		345,027	1,581,677	-	1,058,330
		115,594,602	154,125,339	147,519,496	192,211,875
TOTAL LIABILITIES		120,282,703	159,172,766	151,811,161	196,880,243
TOTAL EQUITY AND LIABILITIES		671,712,845	700,662,856	648,283,976	688,108,079

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2024

			Group		Company
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Revenue	18	639,193,357	673,883,921	664,446,052	693,269,876
Cost of sales		(542,619,556)	(556,885,357)	(576,634,922)	(585,864,267)
Gross profit		96,573,801	116,998,564	87,811,130	107,405,609
Other income		29,560,366	68,430,277	28,042,911	67,008,339
Distribution costs		(14,824,262)	(15,219,930)	(13,140,795)	(13,816,900)
Administrative expenses		(12,250,400)	(16,403,142)	(10,619,755)	(14,094,746)
Other expenses		(15,304,573)	(9,381,101)	(14,449,721)	(8,203,497)
Finance costs		(86,964)	(102,075)	(85,128)	(98,885)
Net gains on impairment of financial assets	19	1,174,277	131,040	1,172,546	129,775
Profit before tax	20	84,842,245	144,453,633	78,731,188	138,329,695
Tax expense	22	(18,031,717)	(27,176,906)	(16,615,733)	(25,102,722)
Profit for the financial year		66,810,528	117,276,727	62,115,455	113,226,973
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(644,706)	235,556	(644,706)	235,556
Total other comprehensive income/(loss), net of tax		(644,706)	235,556	(644,706)	235,556
Total comprehensive income for the financial year		66,165,822	117,512,283	61,470,749	113,462,529

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2024 (continued)

Note		Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Profit attributable to:					
Shareholders of the parent		66,810,528	117,321,375	62,115,455	113,226,973
Non-controlling interests	7(c)	-	(44,648)	-	-
		66,810,528	117,276,727	62,115,455	113,226,973
Total comprehensive income attributable to:					
Shareholders of the parent		66,165,822	117,556,931	61,470,749	113,462,529
Non-controlling interests	7(c)	-	(44,648)	-	-
		66,165,822	117,512,283	61,470,749	113,462,529
Earnings per ordinary share attributable to equity holders of the Company:					
- Basic earnings per ordinary share (sen)	24	26.09	45.87		
- Diluted earnings per ordinary share (sen)	24	26.08	45.83		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024

Group	Note	Share capital RM	Capital reserve RM	Share options reserve RM	Exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total attributable to shareholders of the parent RM	Total equity RM
Balance as at 1 January 2024		153,992,367	1,259,157	1,087,157	688,692	(4,347,882)	388,810,599	541,490,090	541,490,090
Profit for the financial year		-	-	-	-	-	66,810,528	66,810,528	66,810,528
Other comprehensive income, net of tax		-	-	-	(644,706)	-	-	(644,706)	(644,706)
Total comprehensive income		-	-	-	(644,706)	-	66,810,528	66,165,822	66,165,822
Transactions with shareholders									
Dividend paid	23	-	-	-	-	-	(58,914,745)	(58,914,745)	(58,914,745)
Ordinary shares issued pursuant to ESOS	13	3,184,590	-	(495,615)	-	-	-	2,688,975	2,688,975
Share options lapsed		-	-	(121,730)	-	-	121,730	-	-
Total transactions with shareholders		3,184,590	-	(617,345)	-	-	(58,793,015)	(56,225,770)	(56,225,770)
Balance as at 31 December 2024		157,176,957	1,259,157	469,812	43,986	(4,347,882)	396,828,112	551,430,142	551,430,142

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024 (continued)

Group	Note	Share capital RM	Capital reserve RM	Share options reserve RM	Exchange translation reserve RM	Treasury shares RM	Retained earnings RM	Total attributable to shareholders of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2023		151,574,857	1,259,157	1,769,832	453,136	-	325,145,574	480,202,556	10,025,546	490,228,102
Profit for the financial year		-	-	-	-	-	117,321,375	117,321,375	(44,648)	117,276,727
Other comprehensive loss, net of tax		-	-	-	235,556	-	-	235,556	-	235,556
Total comprehensive income		-	-	-	235,556	-	117,321,375	117,556,931	(44,648)	117,512,283
Transactions with shareholders										
Capital return to non-controlling interests		-	-	-	-	-	-	-	(5,130,000)	(5,130,000)
Dividend paid	23	-	-	-	-	-	(53,962,790)	(53,962,790)	-	(53,962,790)
Disposal of equity interest in a subsidiary		-	-	-	-	-	-	-	(4,850,898)	(4,850,898)
Ordinary shares issued pursuant to ESOS	13	2,417,510	-	(376,235)	-	-	-	2,041,275	-	2,041,275
Repurchase of shares of the Company	13(c)	-	-	-	-	(4,347,882)	-	(4,347,882)	-	(4,347,882)
Share options lapsed		-	-	(306,440)	-	-	306,440	-	-	-
Total transactions with shareholders		2,417,510	-	(682,675)	-	(4,347,882)	(53,656,350)	(56,269,397)	(9,980,898)	(66,250,295)
Balance as at 31 December 2023		153,992,367	1,259,157	1,087,157	688,692	(4,347,882)	388,810,599	541,490,090	-	541,490,090

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024

Company	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Exchange translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2024		153,992,367	(4,347,882)	1,087,157	688,692	339,807,502	491,227,836
Profit for the financial year		-	-	-	-	62,115,455	62,115,455
Other comprehensive income, net of tax		-	-	-	(644,706)	-	(644,706)
Total comprehensive income		-	-	-	(644,706)	62,115,455	61,470,749
Transactions with shareholders							
Dividend paid	23	-	-	-	-	(58,914,745)	(58,914,745)
Ordinary shares issued pursuant to ESOS	13	3,184,590	-	(495,615)	-	-	2,688,975
Share options lapsed		-	-	(121,730)	-	121,730	-
Total transactions with shareholders		3,184,590	-	(617,345)	-	(58,793,015)	(56,225,770)
Balance as at 31 December 2024		157,176,957	(4,347,882)	469,812	43,986	343,129,942	496,472,815

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2024 (continued)

Company	Note	Share capital RM	Treasury shares RM	Share options reserve	Exchange translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023		151,574,857	-	1,769,832	453,136	280,236,879	434,034,704
Profit for the financial year		-	-	-	-	113,226,973	113,226,973
Other comprehensive loss, net of tax		-	-	-	235,556	-	235,556
Total comprehensive income		-	-	-	235,556	113,226,973	113,462,529
Transactions with shareholders							
Dividend paid	23	-	-	-	-	(53,962,790)	(53,962,790)
Ordinary shares issued pursuant to ESOS	13	2,417,510	-	(376,235)	-	-	2,041,275
Repurchase of shares of the Company	13(c)	-	(4,347,882)	-	-	-	(4,347,882)
Share options lapsed		-	-	(306,440)	-	306,440	-
Total transactions with shareholders		2,417,510	(4,347,882)	(682,675)	-	(53,656,350)	(56,269,397)
Balance as at 31 December 2023		153,992,367	(4,347,882)	1,087,157	688,692	339,807,502	491,227,836

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		84,842,245	144,453,633	78,731,188	138,329,695
Adjustments for:					
Depreciation of property, plant and equipment	5	7,966,415	9,382,237	7,467,618	8,581,656
Depreciation of right-of-use assets	6	1,506,048	2,026,192	1,370,355	1,651,324
Gain on disposal of equity interest in a subsidiary	7(e)	-	(20,115,026)	-	(20,302,576)
Income distribution from short term funds	20	(10,862,359)	(9,515,613)	(10,859,625)	(9,184,227)
Interest expense on lease liabilities	6(d)	25,414	34,556	25,414	34,556
Interest income	20	(8,827,802)	(5,457,172)	(7,858,572)	(5,143,775)
Inventories written down	8(c)	1,039,574	504,895	1,037,644	439,255
Net gains on disposal of property, plant and equipment	20	(69,247)	(7,531,094)	(29,247)	(7,531,094)
Net unrealised (gain)/loss on foreign exchange		(2,392,109)	694,170	(2,176,061)	399,586
Net gains on impairment of trade receivables	9(g)	(1,174,277)	(131,040)	(1,172,546)	(129,775)
Gain on reassessments and modifications of leases	6(d)	(1,805)	(2,193)	(1,805)	(2,193)
Written off on property, plant, equipment	5	114,908	8,267	114,908	8,267
Operating profit before changes in working capital		72,167,005	114,351,812	66,649,271	107,150,699
Changes in working capital:					
Inventories		5,501,396	10,608,620	6,555,033	9,355,620
Trade and other receivables		54,733,338	(2,970,221)	52,682,281	(2,274,868)
Trade and other payables		(37,452,705)	(3,795,986)	(43,745,686)	(3,433,714)
Cash generated from operations		94,949,034	118,194,225	82,140,899	110,797,737
Tax paid, net of refund		(24,238,669)	(26,417,025)	(22,661,592)	(25,981,386)
Net cash from operating activities		70,710,365	91,777,200	59,479,307	84,816,351

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024 (continued)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital return to non-controlling interests		-	(5,130,000)	-	-
Proceeds from capital reduction exercised in a subsidiary	-		-	-	11,970,000
Income distribution from short term funds		10,862,359	9,515,613	10,859,625	9,184,227
Interest received		8,827,802	5,457,172	7,858,572	5,143,775
Withdrawal of deposits placed with licensed banks with original maturity of more than three (3) months		-	142,522	-	-
Proceeds from disposal of property, plant and equipment		69,247	15,565,822	29,247	15,565,822
Proceeds from disposal of equity interest in a subsidiary, net of disposal cost	7(e)	-	30,500,012	-	31,432,576
Purchase of property, plant and equipment	5	(6,110,240)	(2,862,017)	(5,868,427)	(1,639,438)
Net cash from/(used in) investing activities		13,649,168	53,189,124	12,879,017	71,656,962
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to ordinary shareholders of the Company	23	(58,914,745)	(53,962,790)	(58,914,745)	(53,962,790)
Payments of lease liabilities	6	(1,050,290)	(1,340,600)	(1,050,290)	(1,340,600)
Proceeds from ordinary shares issued pursuant to ESOS exercised	13(a)	2,688,975	2,041,275	2,688,975	2,041,275
Repurchase of treasury shares of the Company	13(c)	-	(4,347,882)	-	(4,347,882)
Net cash used in financing activities		(57,276,060)	(57,609,997)	(57,276,060)	(57,609,997)
Net increase in cash and cash equivalents		27,083,473	87,356,327	15,082,264	98,863,316
Cash and cash equivalents at beginning of financial year		450,638,410	361,661,767	436,482,128	335,723,280
Effects of exchange rate changes on cash and cash equivalents		1,244,553	1,620,316	980,261	1,895,532
Cash and cash equivalents at end of financial year	11(d)	478,966,436	450,638,410	452,544,653	436,482,128

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2024 (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6)	
	Group RM	Company RM
At 1 January 2023	946,965	946,965
Non-cash flows		
- Accretion of interest expense	34,556	34,556
- Addition of lease liabilities	1,149,129	1,149,129
- Modification of lease arising from termination	(123,751)	(123,751)
Cash flows		
- Repayments	(1,340,600)	(1,340,600)
At 31 December 2023/1 January 2024	666,299	666,299
Non-cash flows		
- Accretion of interest expense	25,414	25,414
- Addition of lease liabilities	1,056,801	1,056,801
- Modification of lease arising from termination	(176,213)	(176,213)
Cash flows		
- Repayments	(1,050,290)	(1,050,290)
At 31 December 2024	522,011	522,011

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE INFORMATION

Formosa Prosonic Industries Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 1, Lebuhr 1, Bandar Sultan Suleiman, Taiwanese Industrial Park, 42000 Port Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2024 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 April 2025.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the assembly of high quality speaker systems. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 74 to 125 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 29.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

4. OPERATING SEGMENTS

Segmental reporting is not separately presented as the Group is principally engaged in the manufacturing and sales of high quality speaker systems, which are substantially within a single operating segment. The Group operates primarily in Malaysia.

For the purpose of resources allocation and performance assessment, the chief operating decision-maker reviews the profit from operations of the Group as disclosed in the statements of profit or loss and other comprehensive income.

All non-current assets of the Group are located in Malaysia and the external revenue of the Group are derived from Malaysia, being the Group's country of domicile.

Major customers

The following are major customers with significant revenue contribution to Group revenue:

	Revenue	
	2024	2023
- Customer A	52.3%	53.1%
- Customer B	32.9%	32.4%
- Customer C	6.3%	6.4%
	91.5%	91.9%

The major customers of the Group are derived from the manufacturing and sales of speaker systems.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2024 RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Reclassification to assets held for sale (Note 12) RM	Balance as at 31.12.2024 RM
Carrying amount						
Buildings	36,140,402	-	-	(2,077,847)	(1,460,565)	32,601,990
Plant and machinery	20,211,909	2,843,914	(40,775)	(4,740,154)	-	18,274,894
Motor vehicles	397,247	-	-	(64,549)	-	332,698
Furniture, fittings and equipment	675,664	392,697	(1,972)	(526,684)	-	539,705
Renovations	1,393,894	2,873,629	(35,543)	(516,994)	-	3,714,986
Electrical installations	187,555	-	(36,618)	(40,187)	-	110,750
	59,006,671	6,110,240	(114,908)	(7,966,415)	(1,460,565)	55,575,023
				Cost RM	At 31.12.2024 Accumulated depreciation RM	Carrying amount RM
Buildings				56,456,635	(23,854,645)	32,601,990
Plant and machinery				94,225,666	(75,950,772)	18,274,894
Motor vehicles				456,959	(124,261)	332,698
Furniture, fittings and equipment				5,531,453	(4,991,748)	539,705
Renovations				14,107,302	(10,392,316)	3,714,986
Electrical installations				4,277,268	(4,166,518)	110,750
				175,055,283	(119,480,260)	55,575,023

31 December 2024 (continued)

31 December 2024 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2023 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
Carrying amount						
Freehold land	5,975,870	-	(5,975,870)	-	-	-
Buildings	40,309,461	-	(2,058,858)	-	(2,110,201)	36,140,402
Plant and machinery	23,641,196	2,288,185	-	(8,267)	(5,709,205)	20,211,909
Motor vehicles	103,761	322,743	-	-	(29,257)	397,247
Furniture, fittings and equipment	1,031,815	251,089	-	-	(607,240)	675,664
Renovations	2,252,195	-	-	-	(858,301)	1,393,894
Electrical installations	255,588	-	-	-	(68,033)	187,555
	73,569,886	2,862,017	(8,034,728)	(8,267)	(9,382,237)	59,006,671
					At 31.12.2023	Carrying amount
				Cost RM	Accumulated depreciation RM	RM
Buildings				59,972,295	(23,831,893)	36,140,402
Plant and machinery				102,707,461	(82,495,552)	20,211,909
Motor vehicles				802,136	(404,889)	397,247
Furniture, fittings and equipment				5,933,956	(5,258,292)	675,664
Renovations				13,362,376	(11,968,482)	1,393,894
Electrical installations				4,892,710	(4,705,155)	187,555
				187,670,934	(128,664,263)	59,006,671

31 December 2024 (continued)

89

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

Company	Balance as at 1.1.2023 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
Carrying amount						
Freehold land	5,975,870	-	(5,975,870)	-	-	-
Buildings	33,304,056	-	(2,058,858)	-	(1,815,237)	29,429,961
Plant and machinery	23,321,977	1,065,606	-	(8,267)	(5,203,588)	19,175,728
Motor vehicles	23,880	322,743	-	-	(29,257)	317,366
Furniture, fittings and equipment	1,071,384	251,089	-	-	(607,240)	715,233
Renovations	2,228,027	-	-	-	(858,301)	1,369,726
Electrical installations	235,841	-	-	-	(68,033)	167,808
	66,161,035	1,639,438	(8,034,728)	(8,267)	(8,581,656)	51,175,822
				↔	At 31.12.2023	→
				Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings				51,058,111	(21,628,150)	29,429,961
Plant and machinery				84,750,130	(65,574,402)	19,175,728
Motor vehicles				810,428	(493,062)	317,366
Furniture, fittings and equipment				5,938,863	(5,223,630)	715,233
Renovations				13,204,287	(11,834,561)	1,369,726
Electrical installations				3,277,910	(3,110,102)	167,808
				159,039,729	(107,863,907)	51,175,822

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation periods and annual rates used are as follows:

Buildings	2% - 10%
Plant and machinery	10% - 50%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 50%
Renovations	10% - 33%
Electrical installations	10%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

6. LEASES

The Group as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2024 RM	Additions RM	Depreciation RM	Modification of lease* RM	Reclassification to assets held for sale (Note 12) RM	Balance as at 31.12.2024 RM
Leasehold land	27,708,136	-	(481,608)	-	(617,151)	26,609,377
Buildings	659,001	1,056,801	(1,024,440)	(174,408)	-	516,954
	28,367,137	1,056,801	(1,506,048)	(174,408)	(617,151)	27,126,331

Carrying amount	Balance as at 1.1.2023 RM	Additions RM	Depreciation RM	Modification of lease* RM	Disposal of a subsidiary RM	Balance as at 31.12.2023 RM
Leasehold land	43,629,812	-	(720,785)	-	(15,200,891)	27,708,136
Buildings	936,837	1,149,129	(1,305,407)	(121,558)	-	659,001
	44,566,649	1,149,129	(2,026,192)	(121,558)	(15,200,891)	28,367,137

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

6. LEASES (continued)

The Group as lessee (continued)

Lease liabilities	Balance as at 1.1.2024 RM	Additions RM	Lease payments RM	Interest expense RM	Modification of lease* RM	Balance as at 31.12.2024 RM
Carrying amount						
Buildings	666,299	1,056,801	(1,050,290)	25,414	(176,213)	522,011

	Balance as at 1.1.2023 RM	Additions RM	Lease payments RM	Interest expense RM	Modification of lease* RM	Balance as at 31.12.2023 RM
Carrying amount						
Buildings	946,965	1,149,129	(1,340,600)	34,556	(123,751)	666,299

The Company as lessee

Right-of-use assets	Balance as at 1.1.2024 RM	Additions RM	Depreciation RM	Modifica- tion of lease* RM	Transfer to assets held for sale (Note 12) RM	Balance as at 31.12.2024 RM
Carrying amount						
Leasehold land	18,243,555	-	(345,915)	-	(617,151)	17,280,489
Buildings	659,001	1,056,801	(1,024,440)	(174,408)	-	516,954
	18,902,556	1,056,801	(1,370,355)	(174,408)	(617,151)	17,797,443

	Balance as at 1.1.2023 RM	Additions RM	Depreciation RM	Modification of lease* RM	Balance as at 31.12.2023 RM
Carrying amount					
Leasehold land	18,589,472	-	(345,917)	-	18,243,555
Buildings	936,837	1,149,129	(1,305,407)	(121,558)	659,001
	19,526,309	1,149,129	(1,651,324)	(121,558)	18,902,556

Lease liabilities	Balance as at 1.1.2024 RM	Additions RM	Lease payments RM	Interest expense RM	Modification of lease* RM	Balance as at 31.12.2024 RM
Carrying amount						
Buildings	666,299	1,056,801	(1,050,290)	25,414	(176,213)	522,011

Lease liabilities	Balance as at 1.1.2023 RM	Additions RM	Lease payments RM	Interest expense RM	Modification of lease* RM	Balance as at 31.12.2023 RM
Carrying amount						
Buildings	946,965	1,149,129	(1,340,600)	34,556	(123,751)	666,299

* Modification of lease arising from termination.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

6. LEASES (continued)

Represented by:	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current liabilities	486,158	655,801	486,158	655,801
Non-current liabilities	35,853	10,498	35,853	10,498
	522,011	666,299	522,011	666,299
Lease liabilities owing to non-financial institutions	522,011	666,299	522,011	666,299

- (a) The Group leases a number of properties in the location which it operates. The property leases the periodic rent is fixed over the lease term.
- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	35 - 99 years
Buildings	12 - 24 months

- (c) The Group and the Company have certain leases of buildings with lease term of twelve (12) months or less. The Group and the Company apply the "short-term lease" exemption for these leases.
- (d) The following are the amounts recognised in profit or loss:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Depreciation charge of right-of-use assets	1,506,048	2,026,192	1,370,355	1,651,324
Interest expense on lease liabilities	25,414	34,556	25,414	34,556
Gain on reassessments and modifications of leases	(1,805)	(2,193)	(1,805)	(2,193)
Rental expense relating to short-term leases	54,732	66,301	46,800	58,322
	1,584,389	2,124,856	1,440,764	1,742,009

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

6. LEASES (continued)

- (e) The Group determines the lease term of a lease as the non-cancellable period of the lease together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company that are exposed to interest rate risk:

Group	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	Total RM
31 December 2024				
Lease liabilities				
Fixed rates	5%	486,158	35,853	522,011
31 December 2023				
Lease liabilities				
Fixed rates	5%	655,801	10,498	666,299
Company				
31 December 2024				
Lease liabilities				
Fixed rates	5%	486,158	35,853	522,011
31 December 2023				
Lease liabilities				
Fixed rates	5%	655,801	10,498	666,299

- (g) Sensitivity analysis for fixed rate lease liabilities at the end of the reporting period is not presented as the fixed rate instruments are not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

6. LEASES (continued)

- (h) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM	One to two years RM	Total RM
31 December 2024			
Lease liabilities	495,210	36,280	531,490
31 December 2023			
Lease liabilities	665,560	10,620	676,180
Company	On demand or within one year RM	One to two years RM	Total RM
31 December 2024			
Lease liabilities	495,210	36,280	531,490
31 December 2023			
Lease liabilities	665,560	10,620	676,180

- (i) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Included in net cash from operating activities:				
Payment relating to short-term leases	(54,732)	(66,301)	(46,800)	(58,322)
Included in net cash from financing activities:				
Payment of lease liabilities	(1,050,290)	(1,340,600)	(1,050,290)	(1,340,600)
Total cash outflows for leases	(1,105,022)	(1,406,901)	(1,097,090)	(1,398,922)

The Group and Company as lessor

The Group and Company had entered into lease arrangements on factory buildings for term of three (3) years. The lease includes a clause to enable renegotiation of the rental charges prior to the expiry of the third year depending on prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

6. LEASES (continued)

The Group and Company as lessor (continued)

The Group and Company have aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group and Company	
	2024	2023
	RM	RM
Not later than one (1) year	2,330,174	2,542,008
Later than one (1) year and not later than five (5) years	-	2,330,174
	2,330,174	4,872,182

7. INVESTMENTS IN SUBSIDIARIES

	Group and Company	
	2024	2023
	RM	RM
Unquoted shares, at cost	22,383,794	22,383,794

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2024	2023	2024	2023	
		%	%	%	%	
Formosa Prosonic Manufacturing Sdn. Bhd.	Malaysia	100	100	-	-	Inactive
Energistic Sdn. Bhd.	Malaysia	100	100	-	-	Inactive
Formosa Prosonic Technics Sdn. Bhd.	Malaysia	100	100	-	-	Manufacturing and assembly of speaker units
Subsidiary of Formosa Prosonic Technics Sdn. Bhd.						
Aerotronic Sdn. Bhd.	Malaysia	-	-	100	100	Inactive

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

7. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) The subsidiaries of the Group that have non-controlling interests (“NCI”) are as follows:

	Heracles Enterprises Limited 2023
NCI percentage of ownership interest and voting interest	-
Carrying amount of NCI (RM)	-
Loss allocated to NCI (RM)	(44,648)
Total comprehensive loss allocated to NCI (RM)	(44,648)

- (d) In the previous financial year, the summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period were as follows:

	Heracles Enterprises Limited 2023
Loss for the financial year	(148,826)
Total comprehensive loss	(148,826)

- (e) On 24 July 2023, the Company announced the proposed disposal of 371 ordinary shares, representing 70% equity interest in the issued and paid-up share capital of Heracles Enterprises Limited for a cash consideration of RM31,833,647. The transaction has been completed on 24 October 2023.

In the previous financial year, the gain on disposal of Heracles Enterprises Limited and its subsidiary (“HEL Group”) was as follows:

	Group RM	Company RM
Cost of investment	-	11,130,000
Right-of-use assets	15,200,891	-
Other receivables, deposits and prepayments	40,993	-
Short term funds	889,522	-
Cash and cash equivalents	43,042	-
Other payables and accruals	(6,000)	-
Net assets at date of disposal	16,168,448	11,130,000
Less: Non-controlling interests of a subsidiary	(4,850,898)	-
Net assets at date of disposal less non-controlling interests of a subsidiary	11,317,550	11,130,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

7. INVESTMENTS IN SUBSIDIARIES (continued)

- (e) In the previous financial year, the gain on disposal of Heracles Enterprises Limited and its subsidiary ("HEL Group") was as follows (continued):

	Group RM	Company RM
Cash consideration received, net of disposal cost	31,432,576	31,432,576
Less: Net assets at date of disposal less non-controlling interests of a subsidiary	(11,317,550)	(11,130,000)
Gain on disposal of equity interest in a subsidiary	20,115,026	20,302,576

The effect of the disposal of HEL Group on cash flows is as follows:

	Group RM
Cash consideration received, net of disposal cost	31,432,576
Less: Cash and cash equivalents of disposed subsidiary	(932,564)
Net cash inflow on disposal of equity interest in a subsidiary	30,500,012

8. INVENTORIES

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
At cost				
Raw materials	16,089,805	20,801,473	13,172,259	18,549,882
Work-in-progress	7,102,911	6,180,392	6,747,239	5,899,514
Finished goods	8,779,146	11,711,356	7,626,693	10,971,428
	31,971,862	38,693,221	27,546,191	35,420,824
At net realisable value				
Work-in-progress	-	56,187	-	56,187
Finished goods	2,099,825	1,863,249	2,086,611	1,748,468
	2,099,825	1,919,436	2,086,611	1,804,655
	34,071,687	40,612,657	29,632,802	37,225,479

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

9. INVENTORIES (continued)

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the first-in-first-out basis.
- (c) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM416,031,373 (2023: RM435,585,958) and RM467,155,467 (2023: RM479,577,226) respectively. In addition, the amounts recognised in the cost of sales include:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Inventories written down	1,039,574	504,895	1,037,644	439,255

The Group and the Company writes down its obsolete or slow moving inventories based on assessment of their estimated recoverable amount. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses the current market prices and future demand when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables				
Third parties	56,278,384	111,666,487	56,160,944	111,202,963
Amount owing by a related party	6,995,492	6,677,199	6,995,492	6,677,199
Amount owing by a subsidiary	-	-	3,387,616	2,076,536
	63,273,876	118,343,686	66,544,052	119,956,698
Less: Impairment losses - Third parties	(312,190)	(1,486,467)	(311,603)	(1,484,149)
	62,961,686	116,857,219	66,232,449	118,472,549
Other receivables				
Other receivables	4,205,869	2,935,848	3,950,449	2,241,124
Deposits	893,986	991,336	884,586	981,936
	5,099,855	3,927,184	4,835,035	3,223,060
Total receivables	68,061,541	120,784,403	71,067,484	121,695,609
Prepayments				
Prepayments	1,246,639	1,251,727	193,455	242,691
	69,308,180	122,036,130	71,260,939	121,938,300

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

9. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group ranged from 30 to 90 days (2023: 30 to 90 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Trade amount owing by a subsidiary is subject to normal trade credit terms of 30 to 90 days (2023: 30 to 90 days).
- (d) Foreign currency exposure of trade and other receivables of the Group and of the Company (excluding prepayments) are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	11,162,785	10,246,301	14,535,233	12,306,426
United States Dollar	56,712,096	110,538,102	56,345,591	109,389,183
Japanese Yen	8,388	-	8,388	-
New Taiwan Dollar	178,272	-	178,272	-
	68,061,541	120,784,403	71,067,484	121,695,609

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The Group and the Company uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method. The expected loss rates are based on the Group's and the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's and the Company's customers. The Group and the Company have identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within net (gains)/losses on impairment of financial assets in statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

9. TRADE AND OTHER RECEIVABLES (continued)

(f) Lifetime expected loss provision for third parties trade receivables are as follows:

Group	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total RM
31 December 2024					
Expected loss rate	0.5%	0.5%	0.5%	0.1%	
Gross carrying amount (RM)	30,454,291	30,925,953	1,889,009	4,623	63,273,876
Impairment (RM)	155,084	148,164	8,939	3	312,190
31 December 2023					
Expected loss rate	0.5%	1.0%	1.7%	6.0%	
Gross carrying amount (RM)	41,772,461	43,790,088	26,377,405	6,403,732	118,343,686
Impairment (RM)	213,824	433,971	455,689	382,983	1,486,467

Company	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total RM
31 December 2024					
Expected loss rate	0.5%	0.5%	0.5%	0.1%	
Gross carrying amount (RM)	33,724,467	30,925,953	1,889,009	4,623	66,544,052
Impairment (RM)	154,497	148,164	8,939	3	311,603
31 December 2023					
Expected loss rate	0.5%	1.0%	1.7%	6.0%	
Gross carrying amount (RM)	43,618,210	43,584,042	26,350,714	6,403,732	119,956,698
Impairment (RM)	212,670	432,941	455,555	382,983	1,484,149

(g) The movement of the allowance for impairment loss on trade receivables is as follows:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
2024			
At 1 January 2024	1,486,467	-	1,486,467
Reversal of impairment losses	(1,174,277)	-	(1,174,277)
At 31 December 2024	312,190	-	312,190
2023			
At 1 January 2023	1,617,507	-	1,617,507
Reversal of impairment losses	(131,040)	-	(131,040)
At 31 December 2023	1,486,467	-	1,486,467

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

9. TRADE AND OTHER RECEIVABLES (continued)

(g) The movement of the allowance for impairment loss on trade receivables is as follows:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
2024			
At 1 January 2024	1,484,149	-	1,484,149
Reversal of impairment losses	(1,172,546)	-	(1,172,546)
At 31 December 2024	311,603	-	311,603
2023			
At 1 January 2023	1,613,924	-	1,613,924
Reversal of impairment losses	(129,775)	-	(129,775)
At 31 December 2023	1,484,149	-	1,484,149

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

(h) Impairment for other receivables are recognised based on general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as payment delays and past due information of other receivables. The probability of non-payment by the other receivables is adjusted by forward looking information as stated in Note (e).

No expected credit loss is recognised arising from the other receivables as it is negligible.

(i) The credit risk concentration profile of the trade receivables at the end of the reporting period, approximately are as follows:

- 88.3% (2023: 97.6%) of the trade receivables of the Group were due from 3 major customers, who are multi-industry conglomerates.
- 83.9% (2023: 96.2%) of the trade receivables of the Company were due from 3 major customers, who are multi-industry conglomerates.
- 4.8% (2023: 1.7%) of the trade and other receivables of the Company were amount due from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

9. TRADE AND OTHER RECEIVABLES (continued)

- (j) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Effects of foreign currencies strengthen by 3% against RM				
Profit after tax and equity	1,297,292	2,520,269	1,288,935	2,494,073

If the relevant foreign currencies weaken by 3% against RM, impact on the profit after tax and equity would be vice versa.

10. SHORT TERM FUNDS

- (a) Short term funds are classified as fair value through profit or loss and measured at fair value, which is under Level 1 of fair value hierarchy. The fair value of short term funds in Malaysia is determined by reference to counter parties' quotes at the close of the business at the end of the reporting period.
- (b) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (c) The short term funds of the Group and of the Company represent investments in highly liquid money market, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (d) Foreign currency exposure of short term funds are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	111,928,383	99,167,054	111,847,239	99,088,644
United States Dollar	153,598,522	149,794,049	153,598,522	149,794,049
	265,526,905	248,961,103	265,445,761	248,882,693

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

10. SHORT TERM FUNDS (continued)

- (e) Sensitivity analysis of RM against foreign currency at the end of each reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Effects of foreign currency strengthen by 3% against RM				
Profit after tax and equity	3,502,046	3,415,304	3,502,046	3,415,304

If the relevant foreign currency weaken by 3% against RM, impact on the profit after tax and equity would be vice versa.

11. CASH AND BANK BALANCES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	4,021,324	9,421,877	3,373,092	8,518,685
Deposits with licensed banks	209,418,207	192,255,430	183,725,800	179,080,750
	213,439,531	201,677,307	187,098,892	187,599,435

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Deposits with licensed banks of the Group and of the Company are subject to fixed weighted average effective interest rates of 4.49% (2023: 8.14%) and 3.98% (2023: 8.35%) respectively, with a maturity period ranging from 2 days to 67 days (2023: 4 days to 32 days) and 2 days to 67 days (2023: 4 days to 32 days) respectively.
- (c) Sensitivity analysis for fixed rate deposits with licensed banks at the end of the reporting period is not presented as the fixed rate instruments are not affected by changes in interest rates.
- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	4,021,324	9,421,877	3,373,092	8,518,685
Deposits with licensed banks	209,418,207	192,255,430	183,725,800	179,080,750
Short term funds (Note 10)	265,526,905	248,961,103	265,445,761	248,882,693
	478,966,436	450,638,410	452,544,653	436,482,128

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

11. CASH AND BANK BALANCES (continued)

(e) Foreign currency exposure of cash and bank balances are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	7,989,120	16,383,686	6,371,778	15,735,539
United States Dollar	204,835,816	180,769,505	180,152,837	167,428,534
Chinese Renminbi	87,546	129,623	47,228	40,869
Japanese Yen	3,608	4,082	3,608	4,082
Singapore Dollar	105	111	105	111
New Taiwan Dollar	523,336	4,389,774	523,336	4,389,774
Pound Sterling	-	526	-	526
	213,439,531	201,677,307	187,098,892	187,599,435

(f) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Effects of foreign currencies strengthen by 3% against RM				
Profit after tax and equity	4,684,269	4,224,695	4,120,578	3,918,497

If the relevant foreign currencies weaken by 3% against RM, impact on the profit after tax and equity would be vice versa.

(g) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

12. ASSETS HELD FOR SALE

	Group and Company 2024 RM
Buildings (Note 5)	1,460,565
Leasehold land (Note 6)	617,151
	2,077,716

The Group and the Company entered into sale and purchase agreement with Laser Industries Sdn. Bhd. on 26 December 2024 to dispose of buildings and leasehold land located at Plot 251 and 252, Jalan PKNK 1/5, Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani, Kedah for a cash consideration of RM9,000,000. Accordingly, the buildings and leasehold land under the property, plant and equipment and right-of-use assets are classified as assets held for sale respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

12. ASSETS HELD FOR SALE (continued)

This transaction is pending completion.

13. SHARE CAPITAL

Issued and fully paid with no par value	Number of shares	Group and Company		2023
		2024		
		RM	Number of shares	RM
Balance as at 1 January	257,066,666	153,992,367	256,266,166	151,574,857
Issuance of ordinary shares pursuant to ESOS exercised	1,054,500	3,184,590	800,500	2,417,510
Balance as at 31 December	258,121,166	157,176,957	257,066,666	153,992,367

- (a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 257,066,666 ordinary shares to 258,121,166 ordinary shares by way of issuance of 1,054,500 new ordinary shares pursuant to options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM2.55 per ordinary share for cash totalling of RM2,688,975.

In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 256,266,166 ordinary shares to 257,066,666 ordinary shares by way of issuance of 800,500 new ordinary shares pursuant to options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM2.55 per ordinary share for cash totalling of RM2,041,275.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) Shareholders of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (c) Treasury shares

In the previous financial year, the Company repurchased its issued ordinary shares from the open market as summarised below:

Month	Number of Shares	Market Price			Consideration Paid RM
		Lowest RM	Highest RM	Average RM	
Shares repurchased					
May 2023	1,039,300	2.320	2.350	2.335	2,450,027
May 2023	813,800	2.300	2.350	2.325	1,897,855
	1,853,100				4,347,882

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

13. SHARE CAPITAL

(c) Treasury shares (continued)

As at 31 December 2023, a total of 1,853,100 treasury shares at a total cost of RM4,347,882 are held by the Company. Shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and listing requirements and applicable guideline of Bursa Malaysia Securities.

The number of ordinary shares was at 31 December 2024 net of treasury shares is 256,268,066.

14. RESERVES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Capital reserve	1,259,157	1,259,157	-	-
Exchange translation reserve	43,986	688,692	43,986	688,692
Share options reserve	469,812	1,087,157	469,812	1,087,157
Retained earnings	396,828,112	388,810,599	343,129,942	339,807,502
	398,601,067	391,845,605	343,643,740	341,583,351

(a) Capital reserve

This represents capitalisation of retained earnings as a result of bonus issue of shares in a subsidiary.

(b) Exchange translation reserve

Exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to Directors and employees. This reserve comprises the cumulative value of services received from Directors and employees for the issue of share options. Whenever options are exercised, an amount from the share options reserve is transferred to share capital. Whenever the share options expire, an amount from the share options reserve is transferred to retained earnings.

15. DEFERRED TAX

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax liabilities	4,652,248	5,036,929	4,255,812	4,657,870

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

15. DEFERRED TAX (continued)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position (continued):

(a) The amount of the deferred tax income or expense recognised in profit or loss during the financial year are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Balance as at 1 January	5,036,929	3,911,952	4,657,870	3,825,425
Recognised in profit or loss (Note 22)	(384,681)	1,124,977	(402,058)	832,445
Balance as at 31 December	4,652,248	5,036,929	4,255,812	4,657,870

(b) The components and movements of deferred tax liabilities during the financial year are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
2024			
At 1 January 2024	5,526,983	(490,054)	5,036,929
Recognised in profit or loss	(537,639)	152,958	(384,681)
At 31 December 2024	4,989,344	(337,096)	4,652,248
2023			
At 1 January 2023	5,219,274	(1,307,322)	3,911,952
Recognised in profit or loss	307,709	817,268	1,124,977
At 31 December 2023	5,526,983	(490,054)	5,036,929

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Other temporary differences RM	Total RM
2024			
At 1 January 2024	5,111,719	(453,849)	4,657,870
Recognised in profit or loss	(609,977)	207,919	(402,058)
At 31 December 2024	4,501,742	(245,930)	4,255,812
2023			
At 1 January 2023	5,050,174	(1,224,749)	3,825,425
Recognised in profit or loss	61,545	770,900	832,445
At 31 December 2023	5,111,719	(453,849)	4,657,870

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

15. DEFERRED TAX (continued)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	2024 RM	Group 2023 RM
Unused tax losses		
- Expires by 31 December 2029	1,433,419	1,433,419
Unabsorbed capital allowances	6,393,309	6,393,309
	7,826,728	7,826,728

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the tax authority.

16. TRADE AND OTHER PAYABLES

	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Trade payables				
Third parties	54,412,536	84,796,630	46,127,716	78,733,637
Amount owing to a related party	4,004,276	5,402,391	4,004,276	5,402,391
Amount owing to a subsidiary	-	-	1,713,184	4,647,640
	58,416,812	90,199,021	51,845,176	88,783,668
Other payables				
Amounts owing to subsidiaries	-	-	45,130,317	45,084,556
Other payables	4,538,159	4,999,631	4,234,109	4,697,794
Accruals	45,971,922	50,676,295	40,704,389	46,472,702
	50,510,081	55,675,926	90,068,815	96,255,052
Contract liabilities	5,836,524	6,012,914	5,119,347	5,459,024
	114,763,417	151,887,861	147,033,338	190,497,744

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.

- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranged from 30 to 120 days (2023: 30 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

16. TRADE AND OTHER PAYABLES (continued)

- (c) Trade amount owing to a subsidiary is subject to normal trade credit terms of 30 to 120 days (2023: 30 to 120 days).
- (d) Non-trade balances owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand or within one (1) year in cash and cash equivalents.
- (e) Foreign currency exposure of trade and other payables of the Group and of the Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	87,635,154	121,604,132	123,171,628	159,955,205
United States Dollar	23,813,403	25,989,544	22,790,280	28,305,512
Chinese Renminbi	3,159,426	4,287,931	915,996	2,230,773
Japanese Yen	-	6,254	-	6,254
New Taiwan Dollar	115,956	-	115,956	-
Singapore Dollar	39,478	-	39,478	-
	114,763,417	151,887,861	147,033,338	190,497,744

- (f) Sensitivity analysis of RM against foreign currencies at the end of each reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Effects of foreign currencies strengthen by 3% against RM				
Profit after tax and equity	(618,524)	(690,469)	(544,047)	(696,370)

If the relevant foreign currencies weaken by 3% against RM, impact on the profit after tax and equity would be vice versa.

- (g) Maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (h) Contract liabilities represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

The contract liabilities comprise deferred income which arises from contract entered into with the customers at the end of the reporting period for goods to be sold.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

16. TRADE AND OTHER PAYABLES (continued)

- (i) The movements in the contract liabilities are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At beginning of the year	6,012,914	6,106,072	5,459,024	7,111,408
Net revenue recognised during the financial year	(4,425,123)	(5,351,376)	(3,741,405)	(5,025,301)
Net cash receipts in advance	4,248,733	5,258,218	3,401,728	3,372,917
At end of the year	5,836,524	6,012,914	5,119,347	5,459,024

- (j) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2024 RM	2025 RM	Total RM
Group			
31 December 2024	-	5,836,524	5,836,524
31 December 2023	6,012,914	-	6,012,914
Company			
31 December 2024	-	5,119,347	5,119,347
31 December 2023	5,459,024	-	5,459,024

17. COMMITMENTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Capital expenditure in respect of purchase of property, plant and equipment:				
- contracted but not provided for	1,311,475	320,722	1,311,475	319,402
- approved but not contracted for	-	4,590,146	-	4,590,146
	1,311,475	4,910,868	1,311,475	4,909,548

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

18. REVENUE

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Revenue from contracts with customers				
Sale of goods	639,193,357	673,883,921	664,446,052	693,269,876
Timing of revenue recognition				
Point in time	639,193,357	673,883,921	664,446,052	693,269,876

Sale of products and services rendered

Revenue from sale of products and services rendered are recognised at a point in time when the products has been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

19. NET GAINS ON IMPAIRMENT OF FINANCIAL ASSETS

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Reversal of impairment losses on trade receivables	9(g)	(1,174,277)	(131,040)	(1,172,546)	(129,775)

20. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
After charging:				
Auditors' remuneration:				
BDO PLT				
- Statutory audit	140,000	129,900	111,000	103,900
- Non-statutory audit	3,000	2,000	3,000	2,000
Other auditors:				
- Statutory audit	-	6,000	-	-
Research and development costs	5,291	2,639	4,582	2,395
Net realised loss on foreign exchange	9,927,172	-	9,530,220	-
Unrealised loss on foreign exchange	460,045	6,025,641	411,226	5,623,294
Written off on property, plant and equipment	114,908	8,267	114,908	8,267

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

20. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
And crediting:				
Gain on disposal of equity interest in a subsidiary	-	20,115,026	-	20,302,576
Income distribution from short term funds	10,862,359	9,515,613	10,859,625	9,184,227
Interest income	8,827,802	5,457,172	7,858,572	5,143,775
Net gain on disposal of property, plant and equipment	69,247	7,531,094	29,247	7,531,094
Net realised gain on foreign exchange	-	15,265,793	-	14,560,942
Rental income	3,430,658	3,570,390	3,347,214	3,485,610
Unrealised gain on foreign exchange	2,852,154	5,331,471	2,587,287	5,223,708

(a) Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

21. DIRECTORS' REMUNERATION

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company				
Executive: (Note 25)				
Director's fees	80,000	80,000	80,000	80,000
Short term employee benefits	2,910,067	2,498,200	2,910,067	2,498,200
Defined contribution plans	65,792	77,384	65,792	77,384
	3,055,859	2,655,584	3,055,859	2,655,584
Non-Executive:				
Director's fees	157,808	202,082	157,808	202,082
Short term employee benefits	109,500	120,000	109,500	120,000
	267,308	322,082	267,308	322,082
Total	3,323,167	2,977,666	3,323,167	2,977,666

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

22. TAX EXPENSE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Income Tax				
Current year provision	17,571,597	25,981,959	16,055,310	24,206,870
Under provision in prior years	844,801	69,970	962,481	63,407
	18,416,398	26,051,929	17,017,791	24,270,277
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	(221,612)	138,863	(198,215)	282,078
(Over)/Under provision in prior years	(163,069)	986,114	(203,843)	550,367
	(384,681)	1,124,977	(402,058)	832,445
Total tax expense	18,031,717	27,176,906	16,615,733	25,102,722

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) Numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit for the financial year	66,810,528	117,276,727	62,115,455	113,226,973
Add: Total tax expense	18,031,717	27,176,906	16,615,733	25,102,722
Profit before tax	84,842,245	144,453,633	78,731,188	138,329,695

	Group		Company	
	2024 %	2023 %	2024 %	2023 %
Applicable tax rate	24.0	24.0	24.0	24.0
Tax effects in respect of:				
Non-allowable expenses	0.3	0.4	0.2	0.2
Non-taxable income	(3.9)	(6.3)	(4.1)	(6.5)
	20.4	18.1	20.1	17.7
Under/(Over) provision in prior years:				
- current tax	1.0	-	1.2	-
- deferred tax	(0.2)	0.7	(0.3)	0.4
Average effective tax rate	21.2	18.8	21.0	18.1

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

22. TAX EXPENSE (continued)

(d) Tax on each component of other comprehensive income is as follows:

Group	Before tax RM	Tax effect RM	After tax RM
2024 Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(644,706)	-	(644,706)
2023 Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	235,556	-	235,556
Company	Before tax RM	Tax effect RM	After tax RM
2024 Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(644,706)	-	(644,706)
2023 Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	235,556	-	235,556

23. DIVIDENDS

	Group and Company			
	2024	2023		
	Dividend per ordinary share Sen	Amount of dividend RM	Dividend per ordinary share Sen	Amount of dividend RM
First interim single tier dividend in respect of financial year ended 31 December 2023/2022	23.0	58,914,745	21.0	53,962,790

On 20 February 2025, the Directors declared a first interim single tier dividend of 18.0 sen per ordinary share in respect of the financial year ended 31 December 2024 and to be paid to the shareholders on 28 March 2025, whose names appeared on the Record of Depositors of the Company at the close of business on 14 March 2025.

The financial statements for financial year ended 31 December 2024 do not reflect this declared dividend. The dividend shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

24. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to equity holders and the weighted average number of ordinary shares in issue during the financial year.

	2024	Group 2023
Profit attributable to equity holders (RM)	66,810,528	117,321,375
Weighted average number of ordinary shares in issue	256,046,393	255,749,059
Basic earnings per ordinary share (sen)	26.09	45.87

(b) Diluted

Diluted earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the financial year attributable to equity holders and the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

	2024	Group 2023
Profit attributable to equity holders (RM)	66,810,528	117,321,375
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	256,046,393	255,749,059
Effect of dilution: - Employees' Share Options Scheme	130,116	216,784
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	256,176,509	255,965,843
Diluted earnings per ordinary share (sen)	26.08	45.83

25. EMPLOYEE BENEFITS

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Salaries and allowances	101,328,448	97,831,621	86,946,559	85,614,254
Defined contribution plan	4,017,696	4,339,133	3,522,039	3,872,064
Other employee benefits	8,917,390	8,401,824	7,504,455	7,230,100
	114,263,534	110,572,578	97,973,053	96,716,418

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

25. EMPLOYEE BENEFITS (continued)

Compensation of key management personnel

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive Directors				
Remuneration (Note 21)	3,055,859	2,655,584	3,055,859	2,655,584
Other key management personnel				
Short term employee benefits	5,191,308	5,505,455	5,191,308	5,505,455
Defined contribution plans	299,220	303,624	299,220	303,624
Benefits-in-kind (ESOS)	2,800	10,080	2,800	10,080
	5,493,328	5,819,159	5,493,328	5,819,159
Total compensation of key management personnel	8,549,187	8,474,743	8,549,187	8,474,743

26. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

An ESOS was established on 29 June 2021 for the benefit of the eligible employees and Directors of the Group.

On 20 August 2021, the Company offered a total of 13,421,500 share options at an option price of RM2.55 per ordinary share to the Eligible Persons (as defined below) of the Group in accordance with the By-Laws of the ESOS out of which 13,326,500 share options were accepted by the Eligible Persons. As at 31 December 2024, the number of outstanding share options was 999,600 (2023: 2,313,100).

The salient features of the ESOS are as follows:

a) Maximum number of shares available under the ESOS

The maximum number of new ordinary shares in the Company ("FPI Shares"), which may be granted under the ESOS shall not in aggregate exceed ten percent (10%) of the issued share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the ESOS.

b) Eligibility

Employee of the Group (excluding dormant subsidiaries)

Subject to the discretion of the committee appointed by the Board to administer the ESOS ("ESOS Committee"), any employee of the Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the employee:

- i. has attained at least eighteen (18) years of age;
- ii. is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

26. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

The salient features of the ESOS are as follows (continued)

b) Eligibility (continued)

Employee of the Group (excluding dormant subsidiaries) (continued)

- iii. is confirmed in writing and has been in employment of the Group for a period of at least six (6) months of continued service prior to and up to the Offer Date, including service during the probationary period; and
- iv. fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

Director of the Group

Subject to the discretion of ESOS Committee, any Director of the Group shall be eligible to participate in the ESOS if, as at Offer Date, the Director:

- i. has attained at least eighteen (18) years of age;
- ii. is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;
- iii. has been appointed as a Director (and not as an alternate director) of a company within the Group for a period of at least six (6) months;
- iv. the specific allocation of Options to such Director under the ESOS must have been approved by the Shareholders at a general meeting and he/she is not prohibited or disallowed by the relevant authorities or laws from participating in the ESOS; and
- v. fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

(The eligible employees (including Director) above are hereinafter referred to as "Eligible Person(s)")

c) Maximum allowable allotment and basis of allocation

Subject to any adjustment which may be made under the By-Laws, the maximum number of new FPI Shares that may be offered under the ESOS shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the Eligible Person's position, performance, length of service and seniority in the Group respectively, or such other matters which the ESOS Committee may in its discretion deem fit subject to the following:

- i. the Eligible Person does not participate in the deliberation or discussion in respect of their own allocation and the allocations to any persons connected with them; and
- ii. the number of new FPI Shares allotted to any Eligible Person, who either singularly or collectively through person connected with him/her [as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")], holds twenty percent (20%) or more of the issued capital of the Company, shall not exceed ten percent (10%) of the total number of new FPI Shares to be issued under the ESOS, provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other requirements of the relevant authorities and as amended from time to time.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

26. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

The salient features of the ESOS are as follows (continued)

d) Exercise price

Following the implementation of the Companies Act 2016 in Malaysia, the exercise price shall be based on the five (5)-day volume weighted average market price of FPI Shares, as quoted on Bursa Securities, immediately preceding the Offer Date, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS.

e) Duration and termination of the ESOS

- i. The ESOS came into force on 20 August 2021 ("Effective Date") and shall be for a duration of five (5) years. On or before the expiry of the ESOS Period ("Date of Expiry"), the ESOS may be extended at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee, without having to obtain approval from the shareholders of the Group in a general meeting, for a further period of up to five (5) years commencing from the date after the Date of Expiry.
- ii. The ESOS may be terminated by the Company at any time before the expiry of its duration provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:
 - the effective date of termination;
 - the number of options exercised or shares vested, if applicable; and
 - the reasons and justification for termination.
- iii. Approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of grantees who have yet to exercise their options and/or vest the unvested shares (if applicable) are not required to effect a termination of the ESOS.

f) Exercise of option

Options are exercisable commencing from the Offer Date and expiring at the end of five (5) years from the Effective Date or in the event of a termination of the ESOS, the date of termination of the ESOS.

g) Ranking of the new FPI Shares

The new FPI Shares to be allotted and issued upon any exercise of the option shall, upon allotment and issuance, rank pari passu in all respects with the existing issued and paid-up FPI Shares, save and except that the holders of the new FPI Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to the shareholders of the Company, where the entitlement date precedes the date of allotment of the said shares. The options shall not carry any right to vote at a general meeting of the Company until and unless options are exercised into FPI Shares.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

26. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (continued)

The salient features of the ESOS are as follows (continued)

g) Ranking of the new FPI Shares (continued)

The movements of the options over the unissued ordinary shares in the Company granted under the ESOS during the financial year were as follows:

Option price	Date of offer	Number of options over ordinary shares			
		As at 1.1.2024	Exercised	Lapsed*	As at 31.12.2024
RM2.55	20 August 2021	2,313,100	(1,054,500)	(259,000)	999,600
Remaining contractual life (months)		31			19
Exerciseable period		20 August 2021 - 19 August 2026			20 August 2021 - 19 August 2026

* Due to resignation.

Option price	Date of offer	Number of options over ordinary shares			
		As at 1.1.2023	Exercised	Lapsed*	As at 31.12.2023
RM2.55	20 August 2021	3,765,600	(800,500)	(652,000)	2,313,100
Remaining contractual life (months)		43			31
Exerciseable period		20 August 2021 - 19 August 2026			20 August 2021 - 19 August 2026

* Due to resignation.

Fair value of share options granted

The fair value of share options was determined using a Black-Scholes model. The fair values of the share options were arrived at based on the following assumptions. .

Fair value of share options granted on 20 August 2021 (RM)	0.47
Average share price at grant date (RM)	2.83
Exercise price (RM)	2.55
Expected volatility (%)	20
Expected dividend yield (%)	7.11
Risk free interest rate (%)	2.65

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
 - (ii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group;
 - (iii) Wistron Corporation ("Wistron"), a major corporate shareholder of the Company.
- (b) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Subsidiaries:				
Purchase of products	-	-	88,985,653	75,820,995
Sale of products	-	-	27,708,862	22,952,465
Related parties:				
Sale of products	40,534,798	43,392,391	40,534,798	43,392,391
Purchase of products	14,827,108	15,033,554	14,827,108	15,033,554

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

(c) Compensation of key management personnel

The key management personnel comprise the Executive Directors and other key management personnel of the Group and their remuneration during the financial year are disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

27. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Executive Directors of the Group have been granted the following number of options under the ESOS:

	Group	
	2024 Number of shares	2023 Number of shares
Balance as at 1 January	100,000	100,000
Exercised	(100,000)	
Balance as at 31 December	-	100,000

The terms and conditions of the ESOS are detailed in Note 26 to the financial statements.

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2024 or entered into since the end of the previous financial year.

28. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base, good credit rating and healthy capital ratios to support its businesses and maximise its shareholders' value.

The Group manages its capital structure and makes adjustments to it, as deemed appropriate. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, issue new shares and redeem debts, where necessary. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2024 and 31 December 2023.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

28. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The branch operating in overseas had assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currency.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates relates primarily to the short term funds and the deposits placed with licensed banks

(iii) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group and the Company also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Note 9 to the financial statements.

(iv) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2024 (continued)

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

29.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

29.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

The following are Standard and Amendments of the MFRS Framework that have been issued by MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements</i> to MFRS Accounting Standards—Volume 11	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for future financial years.

ANALYSIS OF SHAREHOLDINGS

As at 28 March 2025

SHARE CAPITAL

Total Number of Issued Shares (including Treasury Shares)	:	258,127,166
Issued & Fully Paid-Up Capital	:	RM 157,195,077
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares*	% of Shareholdings*
1 - 99 shares	54	0.458	1,097	0.000
100 - 1,000 shares	2,888	24.491	1,988,912	0.776
1,001 - 10,000 shares	6,740	57.158	29,252,642	11.414
10,001 - 100,000 shares	1,928	16.350	54,124,033	21.120
100,001 to less than 5% of issued shares	181	1.535	101,647,382	39.664
5% and above of issued shares	1	0.008	69,260,000	27.026
TOTAL	11,792	100.00	256,274,066	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of Shares	Percentage*	Indirect No. of Shares	Percentage
1) Wistron Corporation	69,260,000	27.026	-	-
TOTAL	69,260,000	27.026	-	-

DIRECTORS' INTEREST

Name	Direct No. of Shares	Percentage*	Indirect No. of Shares	Percentage
1) Shih Chao Yuan	6,214,100	2.425	-	-
2) Koh Meng Ching	370,000	0.144	-	-
3) Goh Saw Tin	0	0.000	-	-
4) Leong Ngai Seng	0	0.000	-	-
5) Wayne Leow Tze Waye	0	0.000	-	-
TOTAL	6,584,100	2.569	-	-

* The number and percentage have excluded 1,853,100 treasury shares

ANALYSIS OF SHAREHOLDINGS

As at 28 March 2025

LIST OF TOP 30 SHAREHOLDERS

Name	No. of Shares Held	Percentage
1) WISTRON CORPORATION	69,260,000	27.026
2) CHANG, SONG-HAI	9,000,000	3.512
3) WU SWEE NGOR	6,393,400	2.495
4) SHIH CHAO YUAN	6,214,100	2.425
5) TAN LEE HWA	4,428,000	1.728
6) AKROS TRADING MALAYSIA SDN BHD	4,267,704	1.665
7) YAP CHOOI WAH	4,220,000	1.647
8) WANG, WEI-NAN	2,738,400	1.069
9) FOO KHEN LING	2,620,000	1.022
10) AU YONG MUN YUE	2,550,000	0.995
11) CITIGROUP NOMINEES (TEMPATAN) SDN BHD LEMBAGA TABUNG HAJI (UOB)	2,372,600	0.925
12) HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	2,322,000	0.906
13) CIMB GROUP NOMINEES (TEMPATAN) SDN BHD HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)	2,200,000	0.858
14) SHIH HUANG HSIU FANG	2,016,000	0.787
15) CHANG, KEI-POI	2,010,000	0.784
16) UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,693,500	0.661
17) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)	1,577,800	0.616
18) FONG SILING	1,550,000	0.605
19) CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	1,481,437	0.578
20) YEO KHEE HUAT	1,000,000	0.390
21) HSBC NOMINEES (ASING) SDN BHD SG NANTES FOR CIVETTA NANJIA FUND (NANJIA CAPICAV)	935,563	0.365
22) UOBM NOMINEES (ASING) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD AGGRESSIVE FUND	809,000	0.316
23) IPG ASSET SOLUTIONS SDN BHD	754,400	0.294
24) MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU TIING UH	660,400	0.258
25) CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	642,763	0.251
26) DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG CONSUMER PRODUCTS SECTOR FUND	600,000	0.234
27) RONIE TAN CHOO SENG	600,000	0.234
28) CHEAH YEAN HWA	583,300	0.227
29) AU YONG MUN YUE	577,000	0.225
30) LAI SHWU YAN	568,400	0.222
TOTAL	136,645,767	53.320

LIST OF PROPERTIES

As at 31 December 2024

Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Age of Building (Years)	Approximate Site Area (Sq. Ft)	Built-up/ Lettable Area (Sq. Ft)	Carrying Amount (RM)	Existing Use
No. 1 Lebu 1 Bandar Sultan Suleiman Taiwanese Industrial Park 42000 Port Klang Selangor Darul Ehsan	Double storey office block location at the front portion and a connecting single factory to the rear	Leasehold (99 years Expiring 30/12/2093)	May 1993	35	349,232	234,680	8,876,210	For Factories Cum Offices
	Single storey factory cum office (Building No. E1)	Leasehold (99 years Expiring 30/12/2093)	November 1999	35	365,060	221,287	12,397,012	For Factories Cum Offices
	Single storey factory cum office (Building No. E2)			35				
No. 2 Lebu 1 Bandar Sultan Suleiman Taiwanese Industrial Park 42000 Port Klang Selangor Darul Ehsan	Double storey factory cum office (Building No. E4)			34				
	Four Storey Office Block	Leasehold (99 years Expiring 21/9/2093)	October 2021	28	188,058	115,426	15,744,364	For Offices
	Single storey factory			32				For Factory
	Warehouse			26				For Warehouse
	Single storey Guard house			26				For Security

LIST OF PROPERTIES

As at 31 December 2024

Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Age of Building (Years)	Approximate Site Area (Sq. Ft)	Built-up/ Lettable Area (Sq. Ft)	Carrying Amount (RM)	Existing Use
Plot 236,238 & 240 Kawasan Perusahaan LPK Taman Ria Jaya 08000 Sungai Petani Kedah Darul Aman	Double storey office block location at the front portion and a connecting single storey office	Leasehold (60 years expiring 31/5/2050)	August 2015	25	423,775	193,314	10,975,558	For Office Cum Factory
	Warehouse facility		August 2015	16				For Storage
No.3 Lebuhr Sultan Mohamad 2 Kawasan Perindustrian Sultan Sulaiman 42000 Pelabuhan Klang Selangor Darul Ehsan	Single storey factory cum office	Leasehold (99 years expiring 21/09/2093)	October 2017	34	113,075	60,858	9,041,559	For Factory and storage
	Warehouse facility			23				
74 units PKNS Apartments at Bandar Sultan Suleiman	Medium to low cost apartments	Leasehold (99 years expiring 11/07/2103)	27 May 2019	15	-	56,554	2,176,662	For Workers Accommodation

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FORMOSA PROSONIC INDUSTRIES BERHAD

(Company Registration No.: 198801004954 (172312-K))

(Incorporated In Malaysia)

PROXY FORM

CDS Account No. (nominee accounts only)	
No. of shares held	

I/We, _____

I.C./Passport/Company No. _____ Contact No. _____

of _____

being a member of **FORMOSA PROSONIC INDUSTRIES BERHAD ("the Company")**, do hereby appoint

_____ I.C. / Passport No. _____

Contact No. _____ of _____

and (if more than one (1) proxy) _____ I.C. / Passport No. _____

Contact No. _____ of _____

or failing him/her *the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the Thirty-Seventh Annual General Meeting ("AGM") to be held at **Crown Hall, Level 1, Crystal Crown Hotel Harbour View, 217 Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan** on Friday, 23 May 2025 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
ORDINARY BUSINESS			
Ordinary Resolution 1	Approval of Directors' Fees amounting to RM237,808 for the financial year ended 31 December 2024		
Ordinary Resolution 2	Approval the payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2025 to 30 June 2026		
Ordinary Resolution 3	Re-election of Mr Wayne Leow Tze Waye as Director		
Ordinary Resolution 4	Re-appointment of Messrs. BDO PLT as External Auditors and authorize the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 5	Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 6	Proposed Renewal of Authority for Share Buy-Back		
Ordinary Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Proposed Granting of Employees' Share Option Scheme Options to Mr Wayne Leow Tze Waye		
Ordinary Resolution 9	Proposed Granting of Employees' Share Option Scheme Options to Mr Leong Ngai Seng		
Ordinary Resolution 10	Proposed Granting of Employees' Share Option Scheme Options to Ms Goh Saw Tin		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

Signed this _____ day of _____ 2025

Signature/Common Seal of Member(s)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

No of shares	Percentage
Proxy 1 _____	%
Proxy 2 _____	%
Total _____	100%

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **16 May 2025** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall not be valid.
6. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.
7. The appointment of a proxy may be made in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:

In hard copy form

The proxy form must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"), at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, in a designated drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

By electronic means

The proxy form can be electronically lodged with the Company's Share Registrar via **TIIH Online** at <https://tiih.online>. Please refer to the Administrative Guide for the 37th AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

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STAMP

**The Share Registrar of
FORMOSA PROSONIC INDUSTRIES BERHAD**
(Company No.: 198801004954 (172312-K))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar's office at the above address not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/CERTIFIED TRUE certificate of appointment of authorised representative with the Company's Share Registrar, Tricor at the above address. The certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

www.fp-group.com

PROSONIC

FORMOSA PROSONIC INDUSTRIES BERHAD
198801004954 (172312-K)

REGISTERED OFFICE

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