

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9172
COMPANY NAME : Formosa Prosonic Industries Berhad
FINANCIAL YEAR : December 31, 2025

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The responsibilities of the Board of Directors of Formosa Prosonic Industries Berhad ("the Company") ("Board") are set out in the Board Policy which has been approved by the Board. The Board Committees' roles, duties and responsibilities in discharging their functions are defined in their respective Terms of Reference which are available on the Company's website. Further details are set out in the Corporate Governance Overview Statement in the Annual Report 2025 and the Company's website www.fp-group.com
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company, at this point in time, does not have a Chairman.	
		Board Meetings are chaired by an Independent Director. Under guidance of the Independent Directors, the Board believes that the current practice still allows the Company to exercise good governance practices.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The Company does not have a Chairman. The meetings of the Board are chaired by Mr Leong Ngai Seng, an Independent Non-Executive Director, while Mr Shih Chao Yuan is the Group Managing Director. The roles of the Independent Director and the Group Managing Director are separate and there is a clear division of functions and responsibilities between them. The Group Managing Director is primarily responsible for the day-to-day management of the business and operations of the Company. Mr Leong is an independent director who has never assumed any executive position in the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	There is no Board Chairman being appointed.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year 2025, the Board was supported by two qualified Company Secretaries; one being a Licensed Secretary and the other a member of The Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</p> <p>All secretaries have legal qualifications and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. All secretaries are also registered with the Registrar of Companies pursuant to section 241(1) of the Companies Act 2016.</p> <p>The Company Secretaries organises and attends all Board, Committee Meetings as well as general meetings. The Company Secretaries updates the Board on all new relevant regulatory requirements including those issued by Bursa Malaysia Securities Berhad and the Securities Commission Malaysia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The proposed Board meeting dates for the entire year would be tabled in advance of every year to facilitate meeting planning.</p> <p>For each Board Meeting or Board Committee Meeting, the agenda and Board papers are distributed at least five days in advance to enable Directors to have sufficient time to review the Board papers and to obtain further explanation or clarification to facilitate the decision-making process and the meaningful discharge of their duties. Deliberations at meetings would be recorded accordingly and the minutes would be circulated for review ahead of the next meetings in which the minutes are tabled and confirmed.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Board Policy, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities, the vision, mission, shared values and principles, as well as the policies and strategic development of the Company. The Board Policy specifies clearly the roles and responsibilities of the Board, the Board Committees and individual directors. The Policy is available for reference on the Company's website at www.fp-group.com	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Codes of Conduct and Ethics for Directors and employees govern the standards of conduct and behaviour expected from Directors and employees respectively. These codes apply to all aspects of business and professional practices and act in good faith in the best interests of Formosa Prosonic Group and its stakeholders.</p> <p>The Code of Conduct and Ethics covers areas such as conflict of interest, confidential information, insider information and securities trading, protection of Group's assets and etc.</p> <p>In addition to the Code of Conduct and Ethics, the Company had adopted a Conflict of Interest Policy which was drafted in consequent to the amendments to the Main Market Listing Requirements on the expanded role of the Audit Committee to review and report to the Board of Directors, any conflict of interest situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts.</p> <p>The Code of Conduct and Ethics together with the Conflict of Interest Policy are available on the Company's website on www.fp-group.com. It requires all to observe high ethical standards of honesty and integrity whilst prohibiting activities or misconduct such as accepting bribes and dishonest behaviour, among others.</p> <p>The Company had adopted Anti-Bribery and Corruption Policy in compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and would be reviewed periodically by the Board. A copy of the policy is available on the Company's website at www.fp-group.com.</p>
Explanation for departure	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has in place a Whistleblowing Policy with clear objectives and procedural guidelines for the reporting of improper conduct or wrongdoings.</p> <p>The Whistleblowing Policy would be reviewed by the Board periodically and it is available on the Company's website at www.fp-group.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has included in its annual reports a sustainability statement / report since 2018. 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.</p> <p>Roles: Develop and monitor Group strategies and policies:</p> <ul style="list-style-type: none"> • Ensure consistent implementation of sustainability practices and standards • Raising sustainability practices awareness amongst employees • Continues stakeholders’ engagement
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Sustainability Statement is included in the Company’s Annual Report, which is available on the Company’s website at www.fp-group.com and is accessible to the public.</p> <p>The Group uses a wide range of communication channels with its stakeholders, including general meetings, feedback surveys, face-to-face dialogue and training and learning programmes. Since 2018, the Company has been publishing its annual sustainability reports with the purpose of ensuring that it remains accountable to all its stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has taken steps to keep abreast of latest regulations and guidance applicable to the business including current and emerging environment problems and develop good practices that factor environmental considerations into decision making.</p> <p>Stakeholders’ views and feedback had given valuable insight into economic and ESG topics, and these help the management team to ensure the integration of sustainability considerations in the Group’s operations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The current performance evaluations have yet to include any criteria on sustainability risks and opportunities. Nevertheless the Management is in constant contact with internal and external stakeholders in addressing the material sustainability risks and opportunities.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>Annual review on the effectiveness of the Board and Board Committees, including independence of Independent Non-Executive Directors will be carried out by the Nomination Committee and thereafter, the findings be reported to the Board for their notation. All Independent Non-Executive Directors are required to declare annually regarding their independence according to the criteria on independence set out in the Listing Requirements and Practice Notes of Bursa Malaysia Securities Berhad.</p> <p>The Directors' Fit and Proper Policy had been adopted by the Company on 27 May 2022 to evaluate the performance and contributions of the retiring Directors. The retiring Directors will be assessed by the Nomination Committee based on the criteria as set out in the policy before tabling to the Board for their recommendation to be re-elected at the Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2025, the Board comprised 4 Directors, i.e. 3 Independent Non-Executive Directors and 1 Executive Director. The Independent Directors constitute 75% of the Board composition.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	The tenure of each Independent Non-Executive Director does not exceed a cumulative period of 9 years.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Not Adopted
Explanation on adoption of the practice	:

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied	
Explanation on application of the practice	:	The current Board comprises members with a mixture of skill sets ranging from finance, business, economics and legal. The Nomination Committee is delegated with the responsibility of assessing and considering and recommending to the Board, suitable candidates for appointment as Directors or senior management, where there are vacancies, after taking into consideration the candidates' background, capabilities, expertise, experience, character, integrity and professionalism.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	<p>In identifying new Board members, the Board seeks recommendations for candidates from the existing Board members, management, major shareholders and/or independent sources.</p> <p>However, all appointments of new Directors will be subjected to screening and appropriate recommendation of the Nomination and Remuneration Committees prior to consideration and approval of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>At the forthcoming 38th Annual General Meeting (“AGM”) scheduled to be held on 29 May 2026, Mr Shih Chao Yuan will retire in accordance with Clause 117 of the Company’s Constitution and has offered himself for re-election.</p> <p>The performance of Mr Shih Chao Yuan, the retiring Director recommended for re-election at the forthcoming 38th AGM, had been assessed through the Board annual evaluation. His profile, which includes the nature of interest with the Company, whichever applicable, is set out in the Annual Report 2025 of the Company.</p> <p>The Board (save for the retiring Director, who abstained from deliberations on his own re-election) had at the recommendation of the Nomination Committee agreed that the re-election of Mr Shih Chao Yuan be tabled for shareholders’ approval at the forthcoming 38th AGM. The justification and statement elaborating the Board’s recommendation on the re-election of Mr Shih Chao Yuan are provided in the notes under the Notice of the 38th AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Mr Wayne Leow Tze Waye, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently has only 1 female director, namely Ms Goh Saw Tin, which represents 25% woman directors.	
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Notwithstanding the recommendation of the Malaysian Code on Corporate Governance, the Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. The Board is of the view that the selection of a candidate for the Board should be dependent on the candidate's skills, expertise, experience, integrity, character, commitment and other qualities in meeting the requirements of the Company regardless of gender.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: Annual review on the effectiveness of the Board and Board Committees, including independence of Independent Non-Executive Directors will be carried out by the Nomination Committee and thereafter, the findings be reported to the Board for their notation. All Independent Non-Executive Directors are required to declare annually regarding their independence according to the criteria on independence set out in the Listing Requirements and Practice Notes of Bursa Malaysia Securities Berhad.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Group has adopted a remuneration policy and further details are available on the Company's website at www.fp-group.com	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Company has established its Remuneration Committee consist of Independent Non-Executive Directors. The Remuneration Committee's Terms of Reference is available for reference on the Company's website at www.fp-group.com	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Departure
Explanation on application of the practice	:	Kindly refer to the details of Directors' remuneration for the financial year 2025 in the Company's Corporate Governance Overview Statement contained in the Annual Report for disclosure.

No	Name	Directorate	Company (‘ 000)							Group (‘ 000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that it is commercially disadvantageous to reveal the remuneration of our top senior management in this very competitive environment.	
		The recruitment and retention of key technical/managerial personnel is challenging and is a key focus of our human resource policy. It is cognisant that the future success of the Company is dependent on its ability to attract, motivate and retain the right talented employees. Among the various programmes to support this ambition is a competitive remuneration policy.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1								
2								
3								
4								
5								

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company (' 000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1								
2								
3								
4								
5								

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Mr Leong Ngai Seng, who is an Independent Non-Executive Director and he is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.
The company’s financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently, none of the members of the Audit Committee is a former key audit partner of the Company.</p> <p>The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit & Risk Management Committee. The Terms of Reference of the Audit Committee has been amended to reflect the above practice.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.
The company’s financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has adopted its External Auditors Policy for the evaluation of External Auditors. The said policy is available on the Company’s website at www.fp-group.com and further details are described in the Corporate Governance Overview Statement in the Annual Report 2025.</p> <p>The Audit Committee had been reviewing the non-audit services and provided with confirmation from the External Auditors, BDO PLT, on their professional independence in respect of their audit engagement in respect of the audited financial statements of the Group for the financial year ended 2025.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises solely of three (3) Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	<p>All members of the Audit Committee possess the necessary skills to discharge their duties in accordance with the Terms of Reference of the Audit Committee and are financially literate. The profiles of the members are provided in the Annual Report 2025.</p> <p>The Audit Committee continuously enhancing its ability to discharge its duties by participating in training courses to expand their knowledge and to keep abreast with the latest regulatory requirements. The training programs that the Audit Committee members have attended during the financial year ended 31 December 2025 are disclosed in the Annual Report 2025.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Company has in place an effective risk management and internal control framework to identify and assess the risks faced by the Company and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks. Further details are available for reference in the Statement on Risk Management and Internal Control of the Annual Report 2025.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2025.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	The Group's independent Internal Audit function is performed by the Internal Audit Department. The Internal Audit Department has direct access to both the Audit Committee and the Chairman of the Audit Committee, and reports to the Audit Committee on all matters of internal control and risk management. During the financial year, the Internal Auditors had three (3) meetings with the Audit Committee. They reported on the Company's system of internal and operational controls with focus on key areas of business risks.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognized framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Auditors attend Audit Committee meetings and report on the internal audit findings based on its annual audit plan, which includes the nature and scope of the internal audit, as well as report on risk management of the Group. The Audit Committee when reviewing and discussing the said plan seeks to ensure that the internal audit plan is aligned with the external audit plan.</p> <p>The Internal Audit Manager namely Ms Lim Chun Hooi, has over 14 years of internal audit experience and she is a Fellow Member of the Association of Chartered Institute of Management Accountants, United Kingdom. All internal audit personnels are free from any relationships with the director and major shareholders of the company and no conflict of interest, which could impair their objectivity and independence.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Company engages its stakeholders in various methods. Through the Annual General Meetings, its Annual Reports and the announcements made to Bursa Malaysia Securities Berhad as well as the Company's website www.fp-group.com , the Company disseminates information to its shareholders and other stakeholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company issues its notice of Annual General Meeting (“AGM”) to shareholders at least 28 days before the AGM. A Notification to Shareholders was sent to inform shareholders on the publication of the Annual Report 2025, Notice of AGM, Administrative Guide for the AGM, as well as the circular to shareholders and Corporate Governance Report were available on the Company’s website. The adequate time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.</p> <p>The explanatory notes under the notice of the AGM, where applicable, includes details of the resolutions proposed along with background information and reports or recommendations that are relevant to enables shareholders to make an informed decision in exercising their voting rights at the AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	The Company's Annual General Meeting in 2025 was attended by all Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company conducts its annual general meeting (AGM) physically to enable better interaction and meaningful engagement between Directors and shareholders.</p> <p>Our general meetings are held at easily accessible venues. As provided in the Company’s Constitution, shareholders entitled to attend, speak, and vote may appoint a proxy (or proxies) to do so on their behalf, supporting voting in absentia.</p> <p>At the 37th AGM, we implemented poll voting via electronic means for all resolutions. Results were verified by our independent scrutineer, Scrutineer Solutions Sdn Bhd, announced by the Chairman during the meeting, and promptly disclosed to Bursa Malaysia on the same day.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of 37th Annual General Meeting (“AGM”) ensured that sufficient opportunities were given to shareholders/proxies to raise issues relating to the affairs of the Company by providing ample time for the Q&A session during the meeting. All shareholders/proxies are encouraged to participate in the AGM and pose questions from the date of the AGM Notice leading up to the AGM.</p> <p>The Board had actively responded to relevant questions received by the Company prior to the AGM and those addressed to the Board during the 37th AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not Applicable – Physical general meetings were conducted in the financial year.
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Company publishes the minutes of the Annual General Meeting ("AGM"), including the list of questions and answers, at the Company website at www.fp-group.com within 30 business days from the date of the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guideline.

