

Annual Report 2025

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38th

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,
Malaysia



DATE

Friday, 29 May 2026



TIME

10.00 a.m.

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

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

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

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

CORPORATE INFORMATION

(Continued)

PRINCIPAL PLACE OF BUSINESS

No. 1, Lebuhr Sultan Mohamad 1,
Bandar Sultan Suleiman
42000 Port Klang,
Selangor Darul Ehsan
Malaysia

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 SECRETARIES

TAN KOK SIONG

LS0009932
SSM PC NO. 202008001592

LAU YEN HOON

MAICSA 7061368
SSM PC NO. 202008002143

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 (the Company or FPI) for the financial year ended 2025. This year proved to be a particularly challenging year, my team and I working closely and implementing strategies—from cost optimisation and operational streamlining to proactive stakeholder engagement—to not only keep the business afloat but also position it for sustainable recovery into 2026.

”

2025 BUSINESS ENVIRONMENT

The 2025 business environment proved challenging, with cautious customers and volatile market conditions forcing companies to adapt swiftly and deliver superior value. The ongoing wars, escalating trade barriers—such as tariffs, export controls, and protectionist measures—created high uncertainty and disrupting global supply chains. Manufacturers, suppliers, and customers grappled with unclear responses to these uncertainties.

At the same time, customers consolidated suppliers and forged strategic alliances, reshaping industry supply chains and procurement strategies. This squeezed margins and demanded rapid adaptation from all players. Yet these headwinds also spurred stronger teamwork, smarter decision-making, and greater organisational resilience.

GROUP MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

(Continued)

COMPANY PERFORMANCE

Amid these headwinds, our company has worked diligently to adapt and perform at this critical crossroads. Through the tireless efforts of our management team, we have successfully developed and launched a new product line, expanding our portfolio to meet evolving market demands. We remain committed to innovating further, actively exploring additional product lines to drive sustainable growth and capture new opportunities.

Sales for 2025 declined by 32.6% to RM430.7 million from RM639.2 million in 2024, while profit before tax fell 48.7% to RM43.5 million from RM84.8 million, primarily due to lower sales volumes, elevated operating costs, and foreign exchange losses.

More detailed management discussion and analysis on performance and operations are on pages 6 to 9.

LOOKING TO THE YEAR AHEAD

Looking ahead, we anticipate that the operating environment will remain challenging into 2026 with the ongoing geopolitical uncertainties. In response, we will intensify our focus on enhancing operational efficiency and resilience—through diversifying our customer base and product portfolio, optimising production capacity, improving product quality, and driving cost efficiencies across the organisation.

From customers' perspective, customers value stability, reliability, and consistent product availability, especially during uncertain times. Customers are no longer focused on a single manufacturing source; they are expanding their production base across multiple locations like moving into Malaysia as one of the major manufacturing bases.

The market outlook remains bright and full of opportunity. Rapid technological innovation, evolving consumer needs, and increasing global connectivity continue to create new avenues for growth. While challenges persist, the current environment also encourages resilience, creativity, and strategic thinking—laying a strong foundation for sustainable progress and long-term success.

We remain confident in our strategic direction and steadfast commitment to long-term value creation; barring any unforeseen circumstances, we expect to sustain profitability while building a stronger, more resilient organisation.

RETURNING TO SHAREHOLDERS

We remain committed to delivering sustainable, long-term value to all our stakeholders, including our shareholders. In line with this commitment, the Board paid a special first interim dividend of 80.0 sen per share, followed by a second interim dividend of 10.0 sen per share for FY2025 (FY2024: 18.0 sen per share).

Since our listing on Bursa Malaysia in 1994, the Company has proudly maintained a consistent dividend track record spanning over three decades, underscoring our unwavering dedication to rewarding shareholders' loyalty while upholding prudent financial discipline and reinvesting prudently for future growth.

ACKNOWLEDGEMENT

I extend my heartfelt gratitude to our fellow Directors for their unwavering leadership and insightful guidance, which have been instrumental in steering the Group through these challenging times. I also thank our dedicated management team and staff for their tireless hard work, as well as our valued customers, business partners, and suppliers for their continued support and trust. Together, we look forward to advancing with resilience and confidence into a stronger future.

Thank you.

Shih Chao Yuan
Group Managing Director
29 April 2026

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

The year 2025 presented ongoing challenges for our company, extending the complex and uncertain global business environment from 2024, compounded by geopolitical tensions and trade barrier uncertainties. Evolving business requirements have necessitated adjustments to our business plans and strategies. Despite these headwinds, we remain steadfast in our commitment to strategic goals, financial strength, and proactive measures to navigate the landscape ahead. This report details our financial performance, key influencing factors, and the steps we are taking to drive sustainable growth.

FINANCIAL PERFORMANCE

The 2025 financial performance must be viewed against a global environment marked by increasing instability. Ongoing conflicts and escalating trade disputes among major economies have severely disrupted supply chains and inflated input costs, leaving manufacturers, suppliers, and consumers to navigate uncertainty with little clarity. Tariffs, export restrictions, and sanctions have created pronounced volatility in materials, product pricing, and logistics—directly affecting our operations. While many organisations face similar headwinds, the scale and unpredictability of these pressures have tested the resilience of even the most well-prepared companies, highlighting how policy and geopolitics often overshadow business fundamentals.

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

In RM'000	Year ended 31-12-2025	Year ended 31-12-2024	Year ended 31-12-2023
Sales	430,678	639,193	673,884
Profit Before Tax	43,537	84,842	144,454
Profit After Tax	36,650	66,811	117,277
EBITDA	37,639	74,711	140,991
EBITDA Margin	8.7%	11.7%	20.9%
ROE	10.7%	12.1%	21.7%
ROA	5.7%	9.9%	16.7%

In 2025, the Group recorded sales of RM430.7 million, a 32.6% decline from RM639.2 million in 2024 and a 36.1% drop from the RM673.9 million peak in 2023. This contraction together with loss on foreign exchange flowed through to the profitability, with profit before tax falling 48.7% year-on-year to RM43.5 million, profit after tax decreasing 45.1% to RM36.7 million, and EBITDA shrinking 49.6% to RM37.6 million. Margins were compressed with EBITDA margin at 8.7% versus 11.7% in 2024 and a robust 20.9% in 2023. Return on Equity (ROE) moderated to 10.7% from 12.1%, while Return on Assets (ROA) dipped to 5.7% from 9.9%. These figures reflect a year of intensified external pressures, yet the Group's balance sheet remains solid, providing a foundation for recovery.

To address ongoing challenges and secure stronger position in winning orders, we will prioritise cost competitiveness and will build on last year's foundations by further enhancing production efficiency, strengthening our supply chain, elevating product quality, and driving down costs.

Going forward, we will capitalise on several new products currently in production by executing a new business plan. This plan emphasises diversification across our customer base and product offerings, while steadfastly maintaining our position as a leading manufacturer of mechanical parts and components.

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

The foundation of our success continues to be our robust engineering expertise and dedicated factory workforce. We are intensifying employee professional development, refining recruitment efficiency, optimising compensation and benefits, and cultivating a safe, inclusive workplace. These measures will attract, develop, and retain talent amid global uncertainties.

Despite economic headwinds, the Group reaffirms its dedication to Environmental, Social, and Governance (ESG) principles, embedding sustainability into every facet of our operations. During the year, we achieved certifications by SEDEX and Amfori BSCI, underscoring our commitment to ethical standards and responsible practices.

FINANCIAL POSITIONS

The table below highlights the Group's financial positions as of 31 December 2025

In RM'000	Year ended 31-12-2025	Year ended 31-12-2024	Change in value
Non-current assets			
Property, plant and equipment	50,561	55,575	(5,014)
Right-of-use assets	26,694	27,126	(432)
Current assets			
Inventories	32,029	34,072	(2,043)
Trade receivables	64,011	62,962	1,049
Cash and deposits	464,158	478,966	(14,808)
Assets held for sale	-	2,078	(2,078)
Others	9,115	10,934	(1,819)
Non-current liabilities			
Deferred tax	562	4,652	(4,090)
Lease liabilities	1	36	(35)
Current liabilities			
Trade payables	55,000	58,417	(3,417)
Lease liabilities	548	486	62
Tax liabilities	590	345	245
Dividend payable	214,705	-	214,705
Others	31,917	56,347	(24,430)
Non-controlling interests	-	-	-
Equity attributable to shareholders	343,245	551,430	
Net Asset Per Share	1.28	2.16	(0.88)
Cash Per Share	1.73	1.88	(0.15)
Debt / Equity Ratio (times)	N/A	N/A	N/A

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

The Group's balance sheet as of 31 December 2025 underscores a robust financial position, highlighted by our strong cash reserves of RM464.2 million—down RM14.8 million from RM479.0 million in 2024. This cash per share of RM1.73 compared to RM1.88 2024 provides ample liquidity for growth and resilience.

Non-current assets lowered to RM77.3 million from RM82.7 million in 2024 mainly due to depreciation charges in property, plant and equipment.

Inventories at RM32.0 million aligned well with production needs, while trade receivables of RM64.0 million (up RM1.0 million) stay within standard credit terms, reflecting disciplined collections.

The sharp drop in net assets to RM343.2 million from RM551.4 million in 2024 and net assets per share to RM1.28 from RM2.16 in 2024 stems mainly from a special interim dividend of RM0.80 per share—totalling RM214.7 million payable—rewarding shareholders generously.

CASH FLOWS

The table below highlights the Group's cash flows and cash flows position for the year ended 31 December 2025.

In RM'000	Year ended 31-12-2025	Year ended 31-12-2024	Change
Operating activities	9,103	70,710	(61,607)
Investing activities	21,429	13,649	7,780
Free cash flow ¹	30,532	84,359	(53,827)
Financing activities	(33,274)	(57,276)	24,002
Net increase in cash and cash equivalents	(2,742)	27,083	(29,825)
Cash and cash equivalents at end of year	464,158	478,966	(14,808)

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

Net cash generated from operating activities decreased significantly to RM9.1 million from RM70.7 million in the previous year. This drop was largely attributable lower sales.

Net cash from investing activities increased by RM7.8 million to RM21.4 million compared to RM13.6 million in 2024 mainly driven by proceeds of RM9.0 million from the disposal of properties during the year.

Net cash used in financing activities dropped substantially to RM33.3 million from RM57.3 million in 2024 was primarily due to lower dividend payments, partially mitigated by proceeds from the issuance of ESOS.

As a result, our free cash flow which is the combined cash flows from operating and investing activities, dropped sharply by RM53.9 million to RM30.5 million, compared to RM84.4 million in 2024 commensurate with the lower sales in 2025.

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.

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

RISKS AND CHALLENGES

The business landscape in 2025 brought a range of risks and hurdles that demanded careful navigation. A primary challenge remained the shifting preferences of consumers, who now seek highly personalised, intelligent, and tailored products. This evolution compels us to bolster our technical and engineering expertise on an ongoing basis.

Production economics also evolved amid technological progress. Innovations and more affordable manufacturing technologies have reduced entry barriers across the sector, intensifying competition and straining our cost base. Our response involves in-house development of proprietary tools and equipment, which cuts expenses while strengthening our competitive position.

Currency risk persists as a material exposure. We source key raw materials—including resins, wood, and metal components—from overseas, and our plant and machinery acquisitions are often in foreign currencies. Exchange rate volatility can thus affect our operational performance and cash flows. We mitigate this through forward contracts and by generating export revenues in foreign currencies.

CAPITAL EXPENDITURE AND DIVIDENDS

Future capital expenditure will be prioritised on increasing production capacity, enhancing our engineering and technical capabilities, and developing our human capital. These investments will be financed entirely through internally generated funds, allowing us to maintain a healthy balance sheet.

The Board has declared a special first interim dividend of 80.0 sen and a second interim dividend of 10.0 sen per share in respect of the financial year ended 31 December 2025. These dividends were paid on 16 January 2026 and 10 April 2026 to shareholders registered in the Company's Record of Depositors as at the close of business on 26 December 2025 and 19 March 2026 respectively.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth 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, Malaysia on Friday, 29 May 2026 at 10.00 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and the Auditors thereon. *(Please refer to Note 3)*
2. To approve the payment of Directors’ Fees amounting to RM175,671 for the financial year ended 31 December 2025.
3. To approve the payment of Directors’ benefits of up to RM1,200,000 for the financial period from 1 July 2026 to 30 June 2027.
4. To re-elect Mr Shih, Chao Yuan 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. 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)
LAU YEN HOON (SSM PC No. 202008002143) (MAICSA 7061368)
Company Secretary

Kuala Lumpur
Dated: 29 April 2026

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

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 **21 May 2026** 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. 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, at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, in the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

By electronic means

The proxy form can be electronically lodged with the Company's Share Registrar via Vistra Share Registry and IPO (MY) Portal ("The Portal") at <https://smy.vistra.com>. Please refer to the Administrative Guide for the 38th AGM on the procedures for electronic lodgement of Proxy Form via The Portal.

- 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 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.

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

3. Agenda Item No. 1 - Audited Financial Statements for the Financial Year Ended 31 December 2025

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.

The Board, upon the recommendation of the Remuneration Committee, has agreed that the proposed Directors' fees for the financial year ended 31 December 2025, and the Directors' benefits for the period from 1 July 2026 until 30 June 2027 (the due date for holding the Company's next Annual General Meeting in 2027), 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 four (4), one (1) Director, namely Mr Shih, Chao Yuan, will retire in accordance with Clause 117 of the Company's Constitution.

Mr Shih, Chao Yuan, an 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 16 of the Company's Annual Report 2025.

The Board, through the Nomination Committee ("NC"), has considered the assessment of Mr Shih, Chao Yuan 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 Shih, Chao Yuan as Director of the Company at the 38th 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.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

7. Explanatory Notes on Special Business

i) Authority to Issue and Allot 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 utilise the proceeds raised for working capital or such other applications they may in their absolute discretion deem fit.

As at the date of the Notice, the Company has not issued any new shares under the general mandate granted at the last Annual General Meeting of the Company.

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, utilising 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 29 April 2026, accompanying the Company's Annual Report for the financial year ended 31 December 2025.

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-Eighth Annual General Meeting.
2. General Mandate for Issue of Securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements.

Kindly refer to the Explanatory Notes on Special Business for Ordinary Resolution 5 on the Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 under the Notice of the Annual General Meeting for details of the general mandate.

PROFILE OF DIRECTORS



SHIH CHAO YUAN
Group Managing Director

Nationality	Age	Gender
Taiwanese	70	Male

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 17,100,000 ordinary shares or 6.37% interest in the Company.

He holds indirectly 54,827,500 ordinary shares or 20.43% via his spouse and Formosa Prosonic Holdings Sdn Bhd by virtue of Section 8 of the Companies Act 2016.



WAYNE LEOW TZE WAYE
Independent Non-Executive Director

Nationality	Age	Gender
Malaysian	45	Male

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 21 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 holds directly 300,000 ordinary shares or 0.11% interest in the company.

PROFILE OF DIRECTORS

(Continued)



LEONG NGAI SENG
Independent Non-Executive Director

Nationality	Age	Gender
Malaysian	54	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 holds directly 900,000 ordinary shares or 0.33% interest in the company.



GOH SAW TIN
Independent Non-Executive Director

Nationality	Age	Gender
Malaysian	56	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 holds directly 199,600 ordinary shares or 0.07% interest in the company.



Notes

FAMILY RELATIONSHIP

Mr. Shih Chao Yuan is the spouse of the major shareholder, Ms. Wu Swee Ngor. Save as disclosed herein, 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 2025.

OTHER DIRECTORSHIP

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

PROFILE OF KEY SENIOR MANAGEMENT

CHEONG HONG YIP

Age : 58
Nationality : Malaysian
Gender : Male
Date of Appointment :
 12 July 1993

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 : 57
Nationality : Malaysian
Gender : Male
Date of Appointment :
 12 July 1993

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

Age : 56
Nationality : Malaysian
Gender : Male
Date of Appointment :
 1 Oct 2003

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 : 54
Nationality : Malaysian
Gender : Male
Date of Appointment :
 1 Mar 2004

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 : 56
Nationality : Malaysian
Gender : Female
Date of Appointment :
 1 Aug 2005

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 : 52
Nationality : Malaysian
Gender : Male
Date of Appointment :
 5 Jan 1998

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 : 49
Nationality : Malaysian
Gender : Female
Date of Appointment :
 21 July 2003

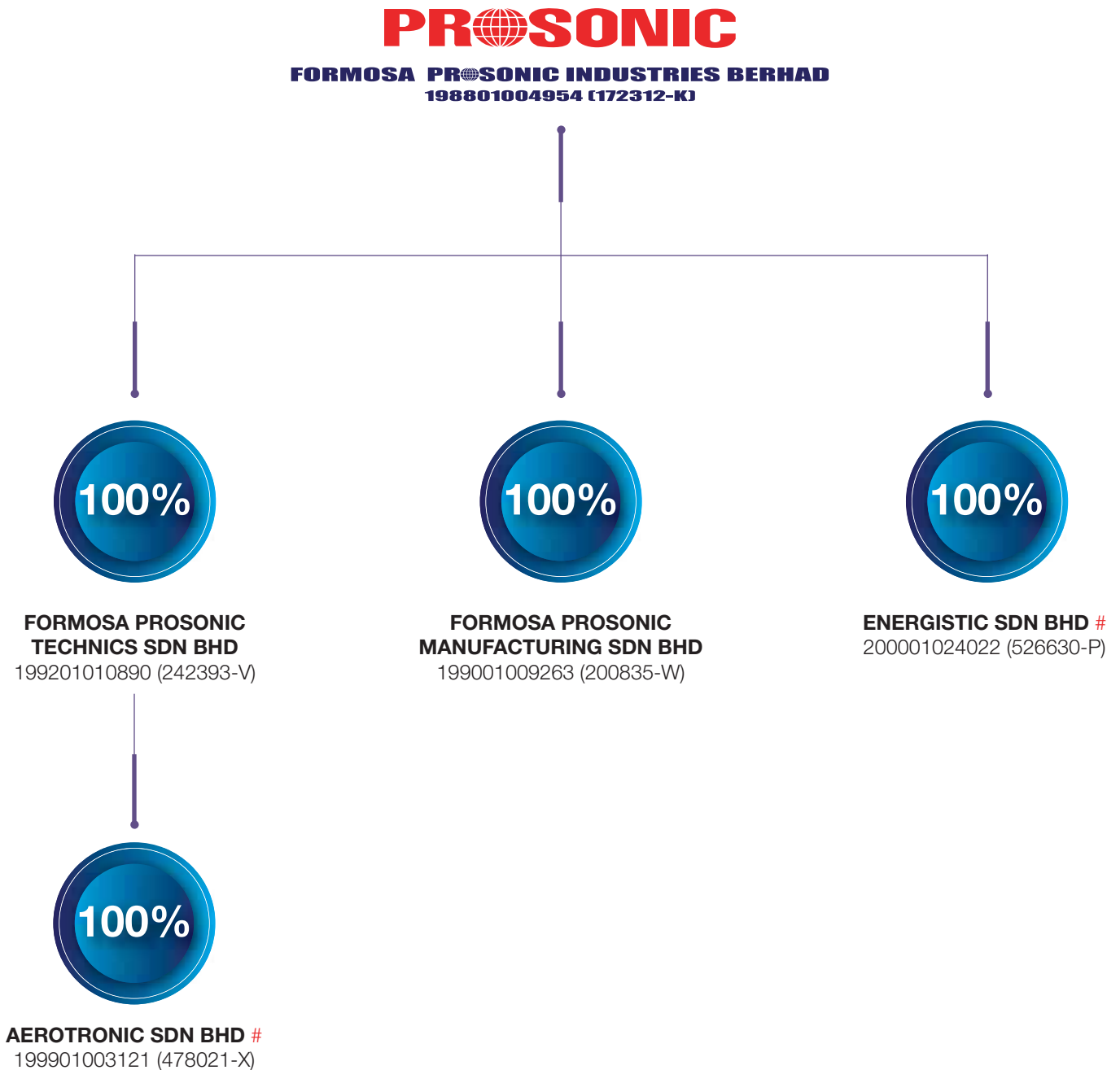
Ms. Chong is currently a Senior Manager in Business Group with a focus on marketing and products development in the Sungai Petani operations. She joined FPI in 2003 as a costing executive. Later in her path she was exposed to various operations including business development, engineering and sourcing and was promoted to the current position in 2017. She holds a Bachelor Degree of Management Information System from Wichita State University, USA and subsequently obtained a Professional Master of Business Administration from University of Technology Malaysia in 2025.

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, any 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



Under Members' Voluntary Liquidation

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

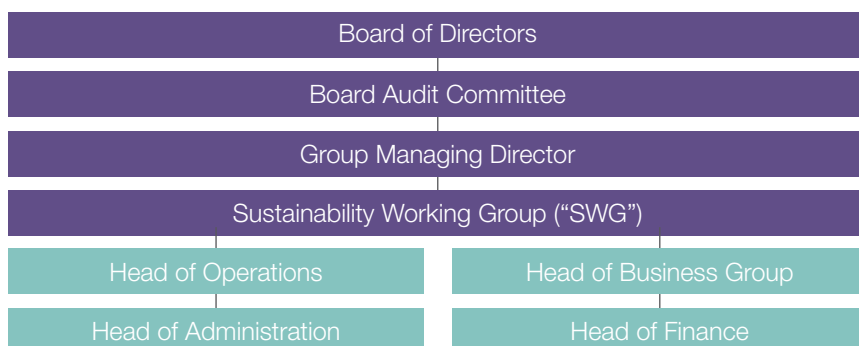
Our Sustainability Working Group (“SWG”) was formed in 2018 to manage and implement our sustainability efforts. The SWG, reporting to the Group Managing Director, is chaired by the Officer in Charge of SWG and supported by the heads of operations, business group, finance, risk and human resources. The 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 operating companies and its location within Malaysia that covers from 1 January 2025 to 31 December 2025:

Operating companies	Manufacturing plant location
FPI	Port Klang, Selangor
FPI	Sungai Petani, Kedah
Formosa Prosonic Technics Sdn Bhd	Port Klang, Selangor

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.

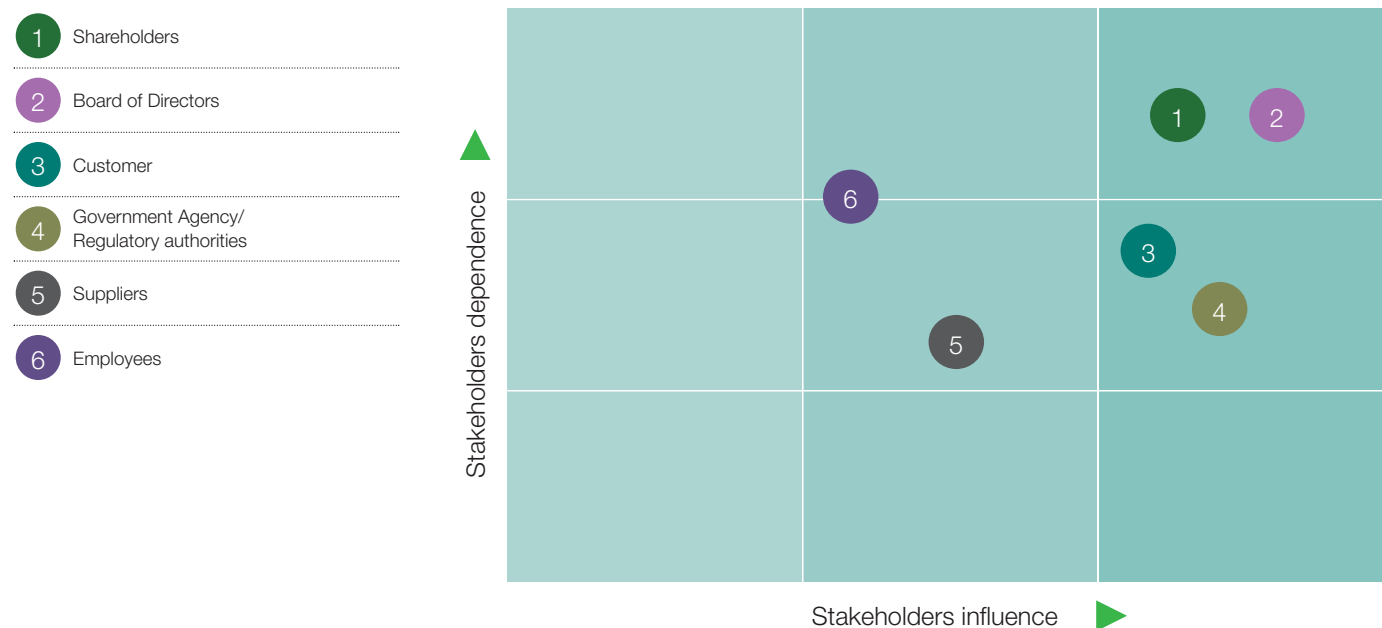
Stakeholder	 Board of Directors	 Major Shareholders	 Customers
Channel for Engagement	- Board and Board Committees Meetings - Annual General Meetings - Company organised events	- Board representative - Annual General Meetings	- Face to face and virtual meetings - Customer audits - Feedback survey
Area 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)

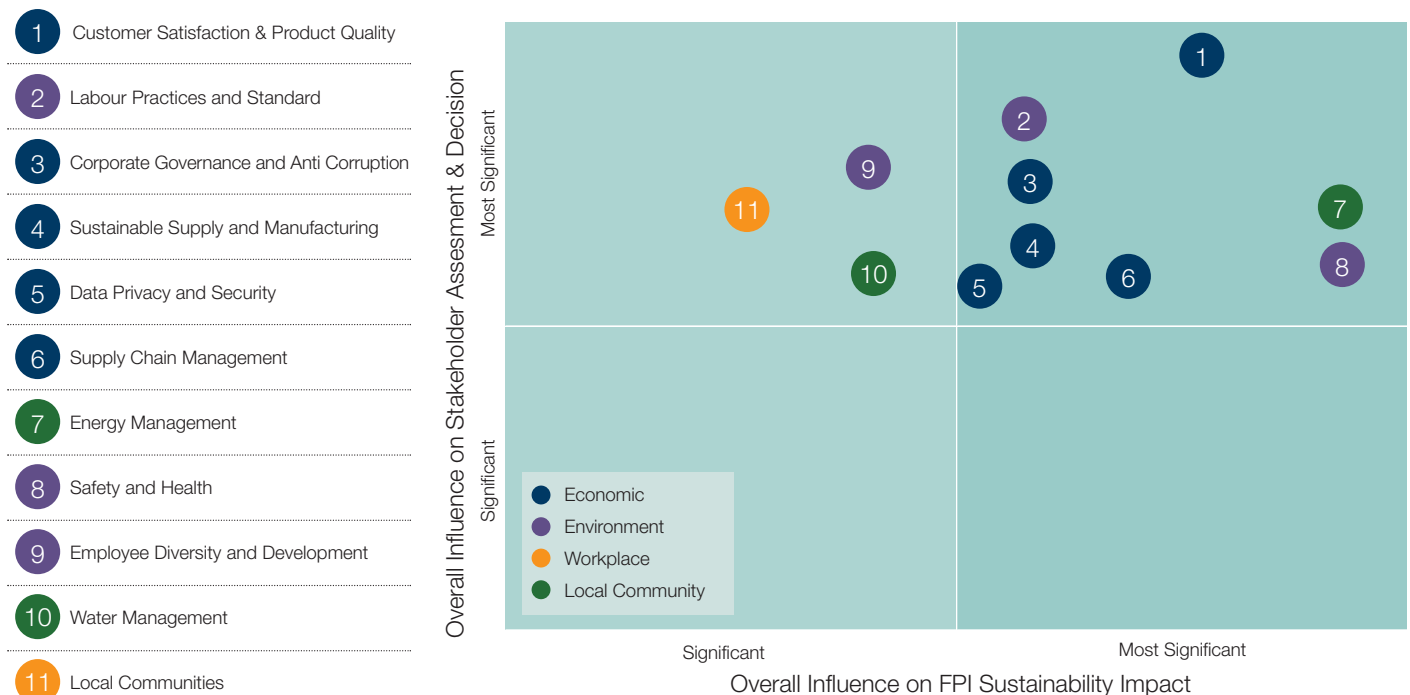
OUR SUSTAINABLE STRATEGY

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 - To all stakeholders, the PD collected should only be sufficient for the intended purpose.	There have been no breaches or incidents report over the reporting period

SUSTAINABILITY STATEMENT

(Continued)

Sustainability Matters	Policy	Activities	Performance Indicators
		- 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 - Underwent SEDEX SMETA and amfori BCSI certification audits more info on page 31	- 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 FY2023 to FY2025:

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 are as shown below:

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

	FY2025 (%)	FY2024 (%)	FY2023 (%)
Local	72.6	77.4	78.0
Foreign	27.4	22.6	22.0
Total	100.0	100.0	100.0

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.

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.

SUSTAINABILITY STATEMENT

(Continued)

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 FY2023 to FY2025 the energy intensity measured by total energy usage per consolidated sales has increased mainly due to the lower economies of scale.

Energy Usage	FY2025	FY2024	FY2023
Sales (RM'000)	430,678	639,193	673,884
Energy Usage (GJ)	55,151	71,368	67,655
Energy Intensity (GJ/RM'000)	0.1281	0.1117	0.1004

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 FY2023 to FY2025, the water intensity, measured by water usage per consolidated sales, increased during this time has increased mainly due to the lower economies of scale.

Energy Usage	FY2025	FY2024	FY2023
Sales (RM'000)	430,678	639,193	673,884
Cubic Meter (m ³)	54,428	72,095	62,784
Water Intensity (m3/RM'000)	0.1264	0.1128	0.0932

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.

Below are the emission data over the three-year period from FY2023 to FY2025:

GHG Emissions	FY2025	FY2024	FY2023
Scope 1 (tCO ₂)	702	541	801
Scope 2 (tCO ₂)	11,285	14,252	13,509
Scope 3 (tCO ₂)	607	640	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 FY2023 to FY2025 are shown below.

Diversity Table	Director					
	FY2025		FY2024		FY2023	
Breakdown by Gender	No.	%	No.	%	No.	%
Male	3	75.0	4	80.0	6	85.7
Female	1	25.0	1	20.0	1	14.3
Total	4	100.0	5	100.0	7	100.0
Breakdown by Age Group	No.	%	No.	%	No.	%
41-45	1	25.0	1	20.0	1	14.2
46-50	-	-	-	-	-	-
51-55	1	25.0	2	40.0	2	28.6
56-60	1	25.0	1	20.0	2	28.6
61-65	-	-	-	-	-	-
65-70	1	25.0	1	20.0	2	28.6
Above 71	-	-	-	-	-	-
Total	4	100.0	5	100.0	7	100.0

SUSTAINABILITY STATEMENT

(Continued)

The Company total employee categorised by employee category, gender and age from FY2023 to FY2025 are shown below.

Diversity Table	Employee		
	FY2025	FY2024	FY2023
Breakdown by Employee Category	%	%	%
Manager and above	2.8	2.8	2.6
Executive	11.5	10.7	11.5
Non-Executive	85.7	86.5	85.9
Total	100.0	100.0	100.0
Breakdown by Gender	%	%	%
Male	72.3	73.8	73.3
Female	27.7	26.2	26.7
Total	100.0	100.0	100.0
Breakdown by Age Group	%	%	%
<30	29.1	32.6	37.4
30-50	62.9	60.8	55.4
>50	8.0	6.6	7.2
Total	100.0	100.0	100.0

Employee Turnover

Employee turnover is 18% in FY2025 compared to 23% in FY2024. 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	Headcount		
	FY2025	FY2024	FY2023
By Employee Category			
Manager and above	3	10	3
Executive	13	77	28
Non-Executive	296	370	478

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 FY2023 to FY2025 are shown below.

Total number of training hours	FY2025	FY2024	FY2023
By Gender			
Female	1940	2168	325
Male	3962	2471	1226
By Employee Category			
Manager and above	821	160	210
Executive	3310	3334	1137
Non-Executive	1771	1145	204

Average number of training hours per employee	FY2025	FY2024	FY2023
By Gender			
Female	11	21	12
Male	10	8	11
By Employee Category			
Manager and above	14	16	16
Executive	13	20	11
Non-Executive	7	5	14

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 recognised 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.

- **Sedex SMETA and amfori BSCI Certifications**

The company and its subsidiaries underwent these audits to assess and improve social compliance practices across key areas, including labour standards, health and safety, environmental practices and business ethics. These certifications support the company's commitment to responsible sourcing, fair treatment of workers and continuous improvement in supply chain practices.

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 FY2023 to FY2025 is reported below.

Type	Units	FY2025	FY2024	FY2023
Number of injury incidents	Number	20	2	7
Number of fatalities	Number	1	—(b)	—(b)
Number of work-related illnesses	Number	1	—(b)	—(b)
Total number of hours worked	Hours	4,905,220	6,185,177	6,090,226
Lost Time Injury Frequency (LTIF)	Rate	4.28	0.32	1.15

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.

	FY2025	FY2024	FY2023
Number of employees trained on Health and Safety standards	2,857	935	839

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 (2023-2025), 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 organised by Rukun Tetangga Bandar Sultan Suleiman, including the Community Clean-Up (better known as "Gotong-Royong") and the Soccer Tournament. 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.

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:

The Company is dedicated to contributing to social causes through charitable donations. Through donations in-kind, we have supported various non-profit organisations and community projects aligned with our values and mission.

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.

SUSTAINABILITY STATEMENT

(Continued)

Formosa Prosonic Industries Berhad
BMLR Transition Period

Date & Time: 2026-04-20_13:16:39
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Governance and Ethics	Percentage of employees who have received training on anti-corruption by employee category : Management	Percentage	100	100	Internal
Governance and Ethics	Percentage of employees who have received training on anti-corruption by employee category : Executive	Percentage	100	100	Internal
Governance and Ethics	Percentage of employees who have received training on anti-corruption by employee category : Non-Executive	Percentage	100	100	Internal
Governance and Ethics	Confirmed incidents of corruption and action taken	Number	0	0	Internal
Supply Chain Management	Proportion of spending on local suppliers	Percentage	73	—	Internal
Cybersecurity and Data Protection	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	Internal
Climate Change and Adaptation	Total energy consumption	GigaJoules	55,151	—	No assurance
Water	Total volume of water used	m ³	54,428	—	Internal
Climate Change and Adaptation	Scope 1 emissions in tonnes of CO ₂ e	TCO ₂ e	702	—	No assurance
Climate Change and Adaptation	Scope 2 emissions in tonnes of CO ₂ e	TCO ₂ e	11,285	—	No assurance
Climate Change and Adaptation	Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	TCO ₂ e	607	—	No assurance
Diversity, Equity and Inclusion	Percentage of directors by gender and age group : Male	Percentage	75	—	Internal

SUSTAINABILITY STATEMENT

(Continued)

Date & Time: 2026-04-20 13:16:39
FYE 31/12/2025

Formosa Prosonic Industries Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity, Equity and Inclusion	Percentage of directors by gender and age group : Female	Percentage	25	—	Internal
Diversity, Equity and Inclusion	Percentage of directors by gender and age group : <50	Percentage	25	—	Internal
Diversity, Equity and Inclusion	Percentage of directors by gender and age group : 50-60	Percentage	50	—	Internal
Diversity, Equity and Inclusion	Percentage of directors by gender and age group : >60	Percentage	25	—	Internal
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Gender Group, by Employee Category : Management Male	Percentage	78	—	Internal
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Gender Group, by Employee Category : Management Female	Percentage	22	—	Internal
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Gender Group, by Employee Category : Executive Male	Percentage	63	—	Internal
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Gender Group, by Employee Category : Executive Female	Percentage	37	—	Internal
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Gender Group, by Employee Category : Non-Executive Male	Percentage	73	—	Internal

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SUSTAINABILITY STATEMENT

(Continued)

Formosa Prosonic Industries Berhad BMLR Transition Period Date & Time: 2026-04-20_13:16:39 FYE 31/12/2025							
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Gender Group, by Employee Category : Non-Executive Female	Percentage	27	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Management <30	Percentage	0	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Management 30-50	Percentage	33	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Management >50	Percentage	67	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Executive <30	Percentage	6	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Executive 30-50	Percentage	69	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Executive >50	Percentage	25	—	Internal		
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Non-Executive <30	Percentage	30	—	Internal		

SUSTAINABILITY STATEMENT

(Continued)

Formosa Prosonic Industries Berhad BMLR Transition Period

Date & Time: 2026-04-20 13:16:39
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Non-Executive 30-50	Percentage	66	—	Internal
Diversity, Equity and Inclusion	Percentage of employees by gender and age group, for each employee category, Age Group by Employee Category : Non-Executive >50	Percentage	4	—	Internal
Labour Practices and Human Rights	Total number of employee turnover by employee category : Management	Number	3	—	Internal
Labour Practices and Human Rights	Total number of employee turnover by employee category : Executive	Number	13	—	Internal
Labour Practices and Human Rights	Total number of employee turnover by employee category : Non-Executive	Number	296	—	Internal
Labour Practices and Human Rights	Percentage of employees that are contractors or temporary staff	Percentage	0	—	Internal
Labour Practices and Human Rights	Total hours of training by employee category : Management	Hours	821	—	Internal
Labour Practices and Human Rights	Total hours of training by employee category : Executive	Hours	3310	—	Internal
Labour Practices and Human Rights	Total hours of training by employee category : Non-Executive	Hours	1771	—	Internal
Labour Practices and Human Rights	Number of substantiated complaints concerning human rights violations	Number	0	0	Internal
Occupational Health and Safety	Number of work-related fatalities	Number	1	0	Internal
Occupational Health and Safety	Number of employees trained on health and safety standards	Number	2,857	—	Internal

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SUSTAINABILITY STATEMENT

(Continued)

Formosa Prosonic Industries Berhad						
BMLR Transition Period						
Date & Time: 2026-04-20_13:16:39						
FYE 31/12/2025						
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	
Occupational Health and Safety	Lost time incident rate ("LTIR")	Rate	4.28	0	Internal	
Community Relations	Total amount invested in the community where the target beneficiaries are external to the listed issue	MYR	61,562	—	Internal	

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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 Group 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.

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

- Objectives of the Board;
- Roles of the Board;

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 (Continued):-

- 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 20 to 38 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 Internal Audit at Formosa Prosonic Industries Berhad, No.2, Jalan 1, Bandar Sultan Suleiman, 42000 Port Klang, Selangor.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

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 61 to 63 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.

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;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

2. STRENGTHEN COMPOSITION (Continued)

2.3 Nomination Committee (Continued)

- (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.

At the 37th Annual General Meeting (AGM) of the Company held on 23 May 2025, the Board had announced the retirement of Mr. Koh Meng Ching with effect from the conclusion of the AGM. Mr. Wayne Leow Tze Waye, who was retired in accordance with Clause 117 of the Constitution was re-elected as Director of the Company at the 37th AGM.

2.5 Board Diversity Policy

For the financial year 2025, 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 37th 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 Group 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 2025, the remuneration of the Directors of the Company are as follows:-

	Fees RM	Total Emoluments RM	Benefits In-Kind RM	Remuneration RM
Executive Directors	55,671	1,777,600	36,780	1,870,051
Non-Executive Directors	120,000	244,400	110,340	474,740
	175,671	2,022,000	147,120	2,344,791

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

	Non Executive Directors	Executive Directors
RM 10,000 - RM 100,000	Wayne Leow Tze Waye Leong Ngai Seng Goh Saw Tin	Koh Meng Ching (Retired on 23 May 2025) - -
RM 1,000,000 - RM 2,000,000	-	Shih Chao Yuan

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

3. REINFORCE INDEPENDENCE

3.1 Board Composition and Balance

The Company is led by an experienced Board comprising four (4) members of whom three (3) are Independent Non-Executive Directors and one (1) is Executive Director. 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 16 to 17.

The Group 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 2025, 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
Wayne Leow Tze Waye	5	5
Leong Ngai Seng	5	5
Goh Saw Tin	5	5
Koh Meng Ching <i>(Retired on 23 May 2025)</i>	2	2

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 Group 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 previous financial year, the Directors, namely Mr. Shih Chao Yuan, 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. Leong Ngai Seng has attended ASEAN LAW FORUM 2025 organised by Legal Affairs Department under Prime Ministers Department, Malaysia on 19-21 August 2025.

Mr. Wayne Leow Tze Waye had completed the ICAEW Ethics Course training on 14 September 2025.

During the financial year, Ms. Goh Saw Tin participated in sessions covering phishing and social engineering warning signs, basic phish alert button functionality in Microsoft Outlook, Know Before security awareness and data protection with privacy.

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 FY2025, 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 FY2025, 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 2026. 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 2025 were RM140,000 and RM23,000 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 53 to 60 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 Group Managing Director normally addresses the shareholders on the review of the Group's operations and outlines the prospects.

During the last AGM held on 23 May 2025, the Company had leveraged on technology to facilitate shareholders' participation of electronic poll voting on all resolutions for the AGM. 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 2025. 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 16 April 2026.

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 23,000 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 2025 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
Grant 1	13,326,500	10,768,900	1,564,000	993,600
Grant 2	13,864,000	12,106,600	-	1,757,400

* Due to resignation

OTHER CORPORATE DISCLOSURE

(Continued)

f) 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:

GRANT 1 Category	Option Price	Date of Grant	Total Options Granted	Number of options over ordinary shares				
				As at 1.1.2025	Exercised and Vested	No. of Participants	As at 31.12.2025	
Directors	RM2.55	20.8.2021	1,200,000	0	0	0.00%	0	0
Senior Management	RM2.55	20.8.2021	3,480,000	218,000	0	0.00%	0	218,000
Middle Management	RM2.55	20.8.2021	2,350,000	114,600	0	0.00%	0	114,600
Junior Management	RM2.55	20.8.2021	6,296,500	667,000	6,000	(0.10%)	2	661,000
			13,326,500	999,600	6,000			993,600

GRANT 2 Category	Option Price	Date of Grant	Total Options Granted	Number of options over ordinary shares				
				As at 17.09.2025	Exercised and Vested	No. of Participants	As at 31.12.2025	
Directors	RM1.14	17.09.2025	1,200,000	1,200,000	1,200,000	(100.00%)	4	0
Senior Management	RM1.14	17.09.2025	4,358,000	4,358,000	3,883,000	(89.10%)	29	475,000
Middle Management	RM1.14	17.09.2025	3,335,000	3,335,000	3,022,000	(90.61%)	51	313,000
Junior Management	RM1.14	17.09.2025	4,971,000	4,971,000	4,001,600	(80.50%)	289	969,400
			13,864,000	13,864,000	12,106,600			1,757,400

() represents percentage over the Total Options Granted

- (iii) There were 13,864,000 options granted during the financial year ended 31 December 2025.
- (iv) Percentage of options granted to Directors and Senior Management under the ESOS are as follows:

	Since commencement up to 31 Dec 2025	
	Grant 1	Grant 2
• Aggregate maximum allocation	50.00%	50.00%
• Actual percentage granted and accepted	35.1%	40.09%

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

Name of Directors	Granted	Exercised and Vested
Shih Chao Yuan	300,000	300,000
Wayne Leow Tze Waye	300,000	300,000
Leong Ngai Seng	300,000	300,000
Goh Saw Tin	300,000	300,000
Koh Meng Ching (Retired on 23 May 2025)	-	-

OTHER CORPORATE DISCLOSURE

(Continued)

g) Disclosure Of Financial Data For Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

		2025 (RM)	Group 2024 (RM)
Total income	Remark		
Revenue		430,677,878	639,193,357
Other income		12,278,304	9,870,205
Finance/Interest income		15,300,590	19,690,161
Total		458,256,772	668,753,723
Total Assets		646,568,287	671,712,845

(B) Business Activities

		2025 (RM)	Group 2024 (RM)
Shariah Non-Compliant Activities	Remark		
Conventional Account / Instruments		5,585,533	9,386,432
Total		5,585,533	9,386,432

(C) Component of Financial Position

(i) Cash Component

		2025 (RM)	Group 2024 (RM)
Islamic Account/Instruments	Remark		
Deposits with licensed bank		97,723,020	183,545,800
Short-term funds		196,430,665	111,928,382
Total		294,153,685	295,474,182

OTHER CORPORATE DISCLOSURE

(Continued)

g) Disclosure Of Financial Data For Shariah Screening (Continued)

(C) Component of Financial Position (Continued)

(i) Cash Component (Continued)

Conventional Account / Instruments	Remark	Group	
		2025 (RM)	2024 (RM)
Cash at bank (exclude cash in hand)		3,668,696	3,980,801
Deposits with licensed bank		15,858,050	25,872,407
Short-term funds		150,454,226	153,598,523
Other cash equivalents (please specify in the remarks column)	Cash in Hand	23,712	40,523
Total		170,004,684	183,492,254

(ii) Debt Component

The Group and the Company did not have any borrowings.

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 2025. 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 of Risk Management and Internal Control: Guidelines for Directors of Listed Companies (“SORMIC Guide 2025”). 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 recognises 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 recognises 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 organisation.
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 organisational 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 organisation.
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 Group 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 utilises 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, familiarising 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 organisation 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.

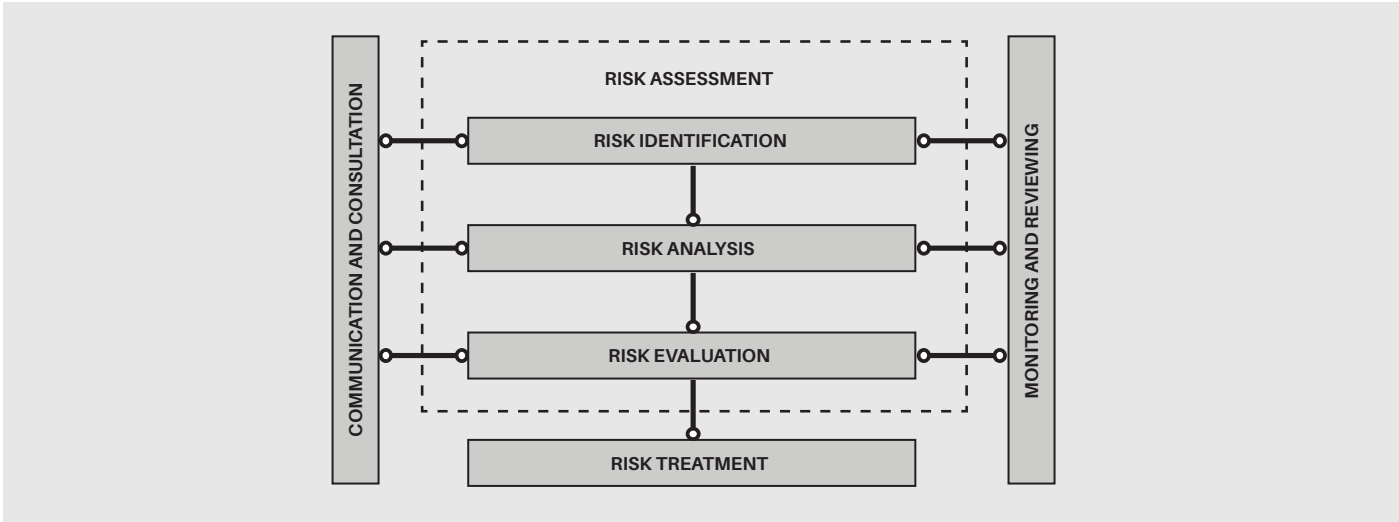
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(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 categorise 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.

Key Risks Assessment And Internal Control Processes

The Board undertook a detailed assessment of the risks of the Group. The Group employs a proactive and hierarchical approach to risk management. Key risks were identified, analysed, and categorised as Strategic Risk, Operational Risk, Market Risk and ESG Risk. Strategic and Market risks are driven by the Group MD and Top Management through real-time data analysis and task forces. Operational and ESG risks are managed through a rigorous system of standardised controls, international certifications and internal audits, ensuring business continuity and maintaining the Group's competitive advantage.

The Group manages **Strategic Risk** through a four-pillared approach centered on performance accountability, strategic & operation planning, board-level oversight and financial oversight. The Strategic Risk Management as a proactive, alignment-focused process designed to protect long-term goals and maintain a competitive edge.

Operational Risk is managed via multi-layered approach focusing on monitoring of Key Performance Indicators alignment, a structured self-assessment, and proactive mitigation control system by carrying regular audits, continuous monitoring, and staff training to identify gaps. Leveraging technology-driven solutions to minimise operational disruptions and ensure all activities meet regulatory standards.

Market Risk Management is a process driven by real-time data comparison, proactive business development, and direct executive oversight.

The Group's **ESG Risk Management** framework, focusing on compliance, ethical standards, and long-term sustainability through three distinct pillars:

- **Environmental (E):** Risk is mitigated through **ISO 14001** compliance, the adoption of **energy-efficient machinery**, and structured waste management systems.
- **Social (S):** The Group protects its reputation and workforce through:
 - **Labor & Ethics:** Implementing the **Sedex ETI Base Code**, fair labor practices, and supplier audits.
 - **Health & Quality:** Adhering to **OHS standards** and **ISO 9001** for product safety.
 - **Community & Culture:** Promoting workforce diversity and engaging in **CSR programs**.
- **Governance (G):** Risk is managed via robust corporate policies, **anti-bribery/anti-corruption training**, and transparent reporting that meets **Bursa and Listing requirements**.

The Group explicitly embeds these ESG considerations into daily business operations to ensure they support long-term strategic goals.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Monitoring, Review, and Continuous Improvement (Continued)

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.

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 Group 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 2025. As set out in their terms of engagement, the procedures were performed in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and 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 Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies, 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 Group 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 16 April 2026.

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). Goh Saw Tin is a fellow member of Chartered Institute of Management Accountants in the United Kingdom and a member of Malaysia Institute of Accountants.

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 2025, the Audit Committee had convened five (5) meetings, attended by the members as follows:

	Meeting Attendance
Wayne Leow Tze Waye	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 2025, 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 2025 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 16 April 2026.



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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 2025.

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	36,650,177	31,793,494

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 2024:	
First interim single tier dividend of 18.0 sen per ordinary share, paid on 28 March 2025	46,129,331
In respect of financial year ended 31 December 2025:	
Special interim single tier dividend of 80.0 sen per ordinary share, paid on 16 January 2026	214,704,533
	260,833,864

On 26 February 2026, the Directors declared a second interim single tier dividend of 10.0 sen per ordinary share in respect of the financial year ended 31 December 2025 and paid to the shareholders on 10 April 2026, whose names appeared on the Record of Depositors of the Company at the close of business on 19 March 2026.

The financial statements for financial year ended 31 December 2025 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 2026.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2025.

DIRECTOR'S REPORT

(Continued)

RESERVES AND PROVISIONS

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

	Group and Company RM
Share options granted under Employees' Share Option Scheme	2,218,240
Ordinary shares issued pursuant to Employees' Share Option Scheme	(1,939,876)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 258,121,166 ordinary shares to 270,233,766 ordinary shares by way of issuance of 12,112,600 new ordinary shares pursuant to the following:

- (i) 6,000 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM2.55 each for cash totalling RM15,300; and
- (ii) 12,106,600 options exercised under the ESOS at exercise price of RM1.14 each for cash totalling RM13,801,524.

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 2025, the number of outstanding share options was 993,600.

On 17 September 2025, the Company offered a total of 13,864,907 share options at an option price of RM1.14 per ordinary share to the Eligible Persons of the Group in accordance with the By-Laws of the ESOS out of which 13,864,000 share options were accepted by the Eligible Persons. As at 31 December 2025, the number of outstanding share options was 1,757,400.

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.

DIRECTOR'S REPORT (Continued)

EMPLOYEES' SHARE OPTION SCHEME (Continued)

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 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.

DIRECTOR'S REPORT

(Continued)

EMPLOYEES' SHARE OPTION SCHEME (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.

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

		← Number of options over ordinary shares →			
	Option price	Date of offer	Balance As at 1.1.2025	Granted and accepted	Balance As at 31.12.2025
First Grant	RM2.55	20.08.2021	999,600	-	993,600
Second Grant	RM1.14	17.09.2025	-	13,864,000	1,757,400
			999,600	13,864,000	2,751,000

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.

As at 31 December 2025, the Company held a total of 1,853,100 ordinary shares as treasury shares. Such treasury shares are recorded at a carrying amount of RM4,347,882 (2024: RM4,347,882).

The number of ordinary shares net of treasury shares is 268,380,666 (2024: 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
Wayne Leow Tze Waye
Leong Ngai Seng
Goh Saw Tin
Koh Meng Ching

(Retired on 23 May 2025)

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

DIRECTOR'S REPORT

(Continued)

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 2025 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 31.12.2025
	Balance as at 1.1.2025	Bought	Sold	
Direct interests:				
Shih Chao Yuan	6,214,100	10,885,900	-	17,100,000
Wayne Leow Tze Waye	-	300,000	-	300,000
Leong Ngai Seng	-	300,000	-	300,000
Goh Saw Tin	-	300,000	-	300,000

Deemed interests:

Shih Chao Yuan [#]	6,393,400	52,574,100	-	58,967,500
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Shares in the Company	Number of options over ordinary shares			Balance as at 31.12.2025
	Balance as at 1.1.2025	Granted	Exercised	
<u>Direct interests:</u>				
Shih Chao Yuan	-	300,000	(300,000)	-
Wayne Leow Tze Waye	-	300,000	(300,000)	-
Leong Ngai Seng	-	300,000	(300,000)	-
Goh Saw Tin	-	300,000	(300,000)	-

[#] Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Formosa Prosonic Holdings Sdn. Bhd. and spouse.

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.

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.

DIRECTOR'S REPORT

(Continued)

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	RM
Executive:	
Director's fees	55,671
Short term employee benefits	1,704,000
Defined contribution plans	25,600
Share options granted under ESOS	48,000
	1,833,271
Non-Executive:	
Director's fees	120,000
Short term employee benefits	100,400
Share options granted under ESOS	144,000
	364,400
	2,197,671

Estimated monetary value of benefits-in-kind provided to the Directors of the Company is RM147,120.

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.

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.

DIRECTOR'S REPORT

(Continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Continued)

(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 2025 were as follows:

	Group RM	Company RM
Statutory audit	140,000	111,000
Non-statutory audit	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
16 April 2026

Leong Ngai Seng
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 79 to 130 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 2025 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

Port Klang
16 April 2026

Leong Ngai Seng
Director

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 79 to 130 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)
16 April 2026)

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 2025 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 79 to 130.

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 2025, 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"), as applicable to audits of financial statements of public interest entities 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.

Valuation of inventories at lower of cost and net realisable value

Inventories of the Group and of the Company as at 31 December 2025 amounted to RM32,028,985 and RM25,785,525 respectively of which RM3,907,926 and RM3,552,886 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) 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;
- (ii) Evaluated whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost;

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 (Continued)

- (iii) 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;
- (iv) Analysed inventories turnover period by comparing that to the assessment of management on the identification of slow moving inventories; and
- (v) 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.

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.

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)

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 Group's or the Company's ability 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.

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.

INDEPENDENT AUDITORS' REPORT

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

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

Law Kian Huat

02855/06/2026 J
Chartered Accountant

Kuala Lumpur
16 April 2026

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2025

	Note	2025 RM	Group 2024 RM	Company 2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	50,561,208	55,575,023	42,635,423	48,001,158
Right-of-use assets	6	26,693,816	27,126,331	17,500,621	17,797,443
Investments in subsidiaries	7	-	-	22,122,277	22,383,794
		77,255,024	82,701,354	82,258,321	88,182,395
Current assets					
Inventories	8	32,028,985	34,071,687	25,785,525	29,632,802
Trade and other receivables	9	70,614,155	69,308,180	69,462,063	71,260,939
Current tax assets		2,511,754	4,587,472	2,509,702	4,585,471
Short term funds	10	346,884,891	265,526,905	342,554,055	265,445,761
Cash and bank balances	11	117,273,478	213,439,531	100,254,849	187,098,892
		569,313,263	586,933,775	540,566,194	558,023,865
Assets held for sale	12	-	2,077,716	-	2,077,716
		569,313,263	589,011,491	540,566,194	560,101,581
TOTAL ASSETS		646,568,287	671,712,845	622,824,515	648,283,976
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the parent					
Share capital	13	172,933,657	157,176,957	172,933,657	157,176,957
Treasury shares	13(d)	(4,347,882)	(4,347,882)	(4,347,882)	(4,347,882)
Reserves	14	174,659,550	398,601,067	114,845,540	343,643,740
TOTAL EQUITY		343,245,325	551,430,142	283,431,315	496,472,815

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2025 (Continued)

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
EQUITY AND LIABILITIES (Continued)					
LIABILITIES					
Non-current liabilities					
Lease liabilities	6	800	35,853	800	35,853
Deferred tax liabilities	15	562,152	4,652,248	-	4,255,812
		562,952	4,688,101	800	4,291,665
Current liabilities					
Trade and other payables	16	301,621,101	114,763,417	338,843,946	147,033,338
Lease liabilities	6	548,454	486,158	548,454	486,158
Current tax liabilities		590,455	345,027	-	-
		302,760,010	115,594,602	339,392,400	147,519,496
TOTAL LIABILITIES		303,322,962	120,282,703	339,393,200	151,811,161
TOTAL EQUITY AND LIABILITIES		646,568,287	671,712,845	622,824,515	648,283,976

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 2025

			Group		Company
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Revenue	18	430,677,878	639,193,357	451,938,253	664,446,052
Cost of sales		(356,414,090)	(542,619,556)	(390,239,511)	(576,634,922)
Gross profit		74,263,788	96,573,801	61,698,742	87,811,130
Other income		27,578,894	29,560,366	27,461,241	28,042,911
Distribution costs		(10,975,111)	(14,824,262)	(9,308,030)	(13,140,795)
Administrative expenses		(13,698,932)	(12,250,400)	(11,899,340)	(10,619,755)
Other expenses		(33,442,959)	(15,304,573)	(31,230,704)	(14,449,721)
Finance costs		(85,141)	(86,964)	(82,721)	(85,128)
Net (impairment losses)/reversal of impairment losses of financial assets	19	(103,778)	1,174,277	(103,627)	1,172,546
Profit before tax	20	43,536,761	84,842,245	36,535,561	78,731,188
Tax expense	22	(6,886,584)	(18,031,717)	(4,742,067)	(16,615,733)
Profit for the financial year		36,650,177	66,810,528	31,793,494	62,115,455
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(36,194)	(644,706)	(36,194)	(644,706)
Total other comprehensive loss, net of tax		(36,194)	(644,706)	(36,194)	(644,706)
Total comprehensive income for the financial year		36,613,983	66,165,822	31,757,300	61,470,749

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2025 (Continued)

		2025	Group	2024	Company	2024
	Note	RM		RM	RM	RM
Profit attributable to shareholders of the parent		36,650,177	66,810,528	31,793,494	62,115,455	
Total comprehensive income attributable to shareholders of the parent		36,613,983	66,165,822	31,757,300	61,470,749	
Earnings per ordinary share attributable to equity holders of the Company:						
- Basic earnings per ordinary share (sen)	24	14.26	26.09			
- Diluted earnings per ordinary share (sen)	24	14.25	26.08			

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2025

Group	Note	Share capital RM	Treasury shares RM	Capital reserve RM	Share options reserve RM	Exchange translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2025		157,176,957	(4,347,882)	1,259,157	469,812	43,986	396,828,112	551,430,142
Profit for the financial year		-	-	-	-	-	36,650,177	36,650,177
Other comprehensive loss, net of tax		-	-	-	-	(36,194)	-	(36,194)
Total comprehensive income		-	-	-	-	(36,194)	36,650,177	36,613,983
Transactions with shareholders								
Dividends to ordinary shareholders of the Company	23	-	-	-	-	-	(260,833,864)	(260,833,864)
Ordinary shares issued pursuant to ESOS	13	15,756,700	-	-	(1,939,876)	-	-	13,816,824
ESOS share options expenses	26	-	-	-	2,218,240	-	-	2,218,240
Total transactions with shareholders		15,756,700	-	-	278,364	-	(260,833,864)	(244,798,800)
Balance as at 31 December 2025		172,933,657	(4,347,882)	1,259,157	748,176	7,792	172,644,425	343,245,325
Balance as at 1 January 2024		153,992,367	(4,347,882)	1,259,157	1,087,157	688,692	388,810,599	541,490,090
Profit for the financial year		-	-	-	-	-	66,810,528	66,810,528
Other comprehensive loss, net of tax		-	-	-	-	(644,706)	-	(644,706)
Total comprehensive income		-	-	-	-	(644,706)	66,810,528	66,165,822
Transactions with shareholders								
Dividends to ordinary shareholders of the Company	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)	1,259,157	469,812	43,986	396,828,112	551,430,142

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2025

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 2025		157,176,957	(4,347,882)	469,812	43,986	343,129,942	496,472,815
Profit for the financial year		-	-	-	-	31,793,494	31,793,494
Other comprehensive loss, net of tax		-	-	-	(36,194)	-	(36,194)
Total comprehensive income		-	-	-	(36,194)	31,793,494	31,757,300
Transactions with shareholders							
Dividends to ordinary shareholders of the Company	23	-	-	-	-	(260,833,864)	(260,833,864)
Ordinary shares issued pursuant to ESOS	13	15,756,700	-	(1,939,876)	-	-	13,816,824
ESOS share options expenses	26	-	-	2,218,240	-	-	2,218,240
Total transactions with shareholders		15,756,700	-	278,364	-	(260,833,864)	(244,798,800)
Balance as at 31 December 2025		172,933,657	(4,347,882)	748,176	7,792	114,089,572	283,431,315
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 loss, net of tax		-	-	-	(644,706)	-	(644,706)
Total comprehensive income		-	-	-	(644,706)	62,115,455	61,470,749
Transactions with shareholders							
Dividends to ordinary shareholders of the Company	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

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		43,536,761	84,842,245	36,535,561	78,731,188
Adjustments for:					
Depreciation of property, plant and equipment	5	7,920,480	7,966,415	7,395,354	7,467,618
Depreciation of right-of-use assets	6	1,397,653	1,506,048	1,261,960	1,370,355
Dividend income	20	-	-	(860,381)	-
Income distribution from short term funds	20	(9,802,939)	(10,862,359)	(9,771,094)	(10,859,625)
Interest expense on lease liabilities	6(d)	24,772	25,414	24,772	25,414
Interest income	20	(5,497,651)	(8,827,802)	(4,739,407)	(7,858,572)
Inventories written down	8(c)	2,319,414	1,039,574	2,297,046	1,037,644
ESOS share options expenses	26(c)	2,218,240	-	1,823,019	-
Net gain on disposal of:					
- property, plant and equipment	20	(35,240)	(69,247)	(35,240)	(29,247)
- assets held for sale	20	(6,783,944)	-	(6,783,944)	-
Impairment loss on investment in a subsidiary	7	-	-	261,517	-
Net unrealised loss/(gain) on foreign exchange		12,954,666	(2,392,109)	12,651,058	(2,176,061)
Net impairment losses/(reversal of impairment losses) of financial assets	19	103,778	(1,174,277)	103,627	(1,172,546)
Gain on reassessments and modifications of leases	6(d)	(647)	(1,805)	(647)	(1,805)
Written off on property, plant, equipment	5	-	114,908	-	114,908
Operating profit before changes in working capital		48,355,343	72,167,005	40,163,201	66,649,271
Changes in working capital:					
Inventories		(276,712)	5,501,396	1,550,231	6,555,033
Trade and other receivables		(2,809,567)	54,733,338	354,787	52,682,281
Trade and other payables		(27,510,312)	(37,452,705)	(22,216,460)	(43,745,686)
Cash generated from operations		17,758,752	94,949,034	19,851,759	82,140,899
Tax paid, net of refunded		(8,655,534)	(24,238,669)	(6,922,110)	(22,661,592)
Net cash from operating activities		9,103,218	70,710,365	12,929,649	59,479,307

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2025 (Continued)

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Income distribution from short term funds	20	9,802,939	10,862,359	9,771,094	10,859,625
Interest received	20	5,497,651	8,827,802	4,739,407	7,858,572
Dividend received	20	-	-	860,381	-
Proceeds from disposal of:					
- property, plant and equipment		40,000	69,247	40,000	29,247
- assets held for sale	12	9,000,000	-	9,000,000	-
Purchase of property, plant and equipment	5	(2,911,425)	(6,110,240)	(2,034,379)	(5,868,427)
Net cash from investing activities		21,429,165	13,649,168	22,376,503	12,879,017
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to ordinary shareholders of the Company	23	(46,129,331)	(58,914,745)	(46,129,331)	(58,914,745)
Payments of lease liabilities	6	(962,020)	(1,050,290)	(962,020)	(1,050,290)
Proceeds from ordinary shares issued pursuant to ESOS exercised	13(a)	13,816,824	2,688,975	13,816,824	2,688,975
Net cash used in financing activities		(33,274,527)	(57,276,060)	(33,274,527)	(57,276,060)
Net (decrease)/increase in cash and cash equivalents		(2,742,144)	27,083,473	2,031,625	15,082,264
Cash and cash equivalents at beginning of financial year		478,966,436	450,638,410	452,544,653	436,482,128
Effects of exchange rate changes on cash and cash equivalents		(12,065,923)	1,244,553	(11,767,374)	980,261
Cash and cash equivalents at end of financial year	11(d)	464,158,369	478,966,436	442,808,904	452,544,653

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2025 (Continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6)	
	Group RM	Company RM
At 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 2024/1 January 2025	522,011	522,011
Non-cash flows		
- Accretion of interest expense	24,772	24,772
- Addition of lease liabilities	1,028,334	1,028,334
- Modification of lease arising from termination	(63,843)	(63,843)
Cash flows		
- Repayments	(962,020)	(962,020)
At 31 December 2025	549,254	549,254

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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 2025 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 16 April 2026.

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 79 to 130 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 2025 (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	
	2025	2024
- Customer A	43.6%	52.3%
- Customer B	32.7%	32.9%
- Customer C	4.3%	6.3%
	80.6%	91.5%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 2025 (Continued)

Company	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	29,429,961	-	-	(1,782,883)	(1,460,565)	26,186,513
Plant and machinery	19,175,728	2,821,361	(40,775)	(4,549,474)	-	17,406,840
Motor vehicles	317,366	-	-	(64,549)	-	252,817
Furniture, fittings and equipment	715,233	173,437	(1,972)	(513,531)	-	373,167
Renovations	1,369,726	2,873,629	(35,543)	(516,994)	-	3,690,818
Electrical installations	167,808	-	(36,618)	(40,187)	-	91,003
	51,175,822	5,868,427	(114,908)	(7,467,618)	(1,460,565)	48,001,158
				↔	At 31.12.2024	↔
				Cost RM	Accumulated depreciation RM	Carrying amount RM
Buildings						
Plant and machinery				47,542,451	(21,355,938)	26,186,513
Motor vehicles				76,245,782	(58,838,942)	17,406,840
Furniture, fittings and equipment				810,428	(557,611)	252,817
Renovations				5,318,850	(4,945,683)	373,167
Electrical installations				13,949,213	(10,258,395)	3,690,818
				2,662,468	(2,571,465)	91,003
				146,529,192	(98,528,034)	48,001,158

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (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%

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**The Group as lessee****Right-of-use assets**

Carrying amount	Balance as at 1.1.2025 RM	Additions RM	Depreciation RM	Modification of lease* RM	Balance as at 31.12.2025 RM
Leasehold land	26,609,377	-	(458,565)	-	26,150,812
Buildings	516,954	1,028,334	(939,088)	(63,196)	543,004
	27,126,331	1,028,334	(1,397,653)	(63,196)	26,693,816

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

* Modification of lease arising from termination.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

The Group as lessee (Continued)

Lease liabilities

Carrying amount	Balance as at 1.1.2025 RM	Additions RM	Lease payments RM	Interest expense RM	Modification of lease* RM	Balance as at 31.12.2025 RM
Buildings	522,011	1,028,334	(962,020)	24,772	(63,843)	549,254

Carrying amount	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
Buildings	666,299	1,056,801	(1,050,290)	25,414	(176,213)	522,011

The Company as lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2025 RM	Additions RM	Depreciation RM	Modification of lease* RM	Balance as at 31.12.2025 RM
Leasehold land	17,280,489	-	(322,872)	-	16,957,617
Buildings	516,954	1,028,334	(939,088)	(63,196)	543,004
	17,797,443	1,028,334	(1,261,960)	(63,196)	17,500,621

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	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

* Modification of lease arising from termination.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

The Company as lessee (Continued)

Lease liabilities

Carrying amount	Balance as at 1.1.2025 RM	Additions RM	Lease payments RM	Interest expense RM	Modification of lease* RM	Balance as at 31.12.2025 RM
Buildings	522,011	1,028,334	(962,020)	24,772	(63,843)	549,254

Carrying amount	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
Buildings	666,299	1,056,801	(1,050,290)	25,414	(176,213)	522,011

* Modification of lease arising from termination.

Represented by:	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current liabilities	548,454	486,158	548,454	486,158
Non-current liabilities	800	35,853	800	35,853
	549,254	522,011	549,254	522,011
Lease liabilities owing to non-financial institutions	549,254	522,011	549,254	522,011

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(d) The following are amounts recognised in profit or loss:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Depreciation charge of right-of-use assets	1,397,653	1,506,048	1,261,960	1,370,355
Interest expense on lease liabilities	24,772	25,414	24,772	25,414
Gain on reassessments and modifications of leases	(647)	(1,805)	(647)	(1,805)
Rental expense relating to short-term leases	27,709	54,732	21,698	46,800
	1,449,487	1,584,389	1,307,783	1,440,764

(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 2025				
Lease liabilities				
Fixed rates	5%	548,454	800	549,254
31 December 2024				
Lease liabilities				
Fixed rates	5%	486,158	35,853	522,011

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

- (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: (Continued)

Company	Weighted average incremental borrowing rate per annum %	Within 1 year RM	1 - 2 years RM	Total RM
31 December 2025				
Lease liabilities				
Fixed rates	5%	548,454	800	549,254
31 December 2024				
Lease liabilities				
Fixed rates	5%	486,158	35,853	522,011

- (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.
- (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:

Group	On demand or within one year RM	One to two years RM	Total RM
31 December 2025			
Lease liabilities	556,260	800	557,060
31 December 2024			
Lease liabilities	495,210	36,280	531,490
Company	On demand or within one year RM	One to two years RM	Total RM
31 December 2025			
Lease liabilities	556,260	800	557,060
31 December 2024			
Lease liabilities	495,210	36,280	531,490

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Included in net cash from operating activities:				
Payment relating to short-term leases	(27,709)	(54,732)	(21,698)	(46,800)
Included in net cash from financing activities:				
Payment of lease liabilities	(962,020)	(1,050,290)	(962,020)	(1,050,290)
Total cash outflows for leases	(989,729)	(1,105,022)	(983,718)	(1,097,090)

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.

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

	Group and Company	
	2025 RM	2024 RM
Not later than one (1) year	2,542,008	2,330,174
One (1) to two (2) years	2,542,008	-
Two (2) to three (3) years	2,330,174	-
	7,414,190	2,330,174

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
Unquoted shares, at cost	22,383,794	22,383,794
Less: Impairment loss	(261,517)	-
	22,122,277	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) The Company reviews the investments in subsidiaries measured at cost for impairment when there is an indication of impairment. The recoverable amount of the investments in subsidiaries are assessed by reference to the estimated value of the underlying assets and liabilities of the subsidiaries.

Impairment loss on investment in a subsidiary amounted to RM261,517 have been recognised within other expenses in the statement of profit or loss and other comprehensive income during the financial year due to the recoverable amount is lower than the carrying amount. The recoverable amount of the subsidiary was determined based on the Company's share of adjusted net assets in the subsidiary under liquidation.

- (c) The movement of the allowance for impairment loss on investments in subsidiaries is as follows:

	Company	
	2025 RM	2024 RM
At beginning of the financial year	-	-
Charge for the financial year	261,517	-
At end of the financial year	261,517	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

7. INVESTMENTS IN SUBSIDIARIES (Continued)

(d) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity held by				Principal activities
		Company		Subsidiary		
		2025	2024	2025	2024	
		%	%	%	%	
Formosa Prosonic Manufacturing Sdn. Bhd.	Malaysia	100	100	-	-	Inactive
Energistic Sdn. Bhd. (In liquidation)*	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. (In liquidation)*	Malaysia	-	-	100	100	Inactive
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* Subsidiaries are consolidated based on management accounts for the financial year ended 31 December 2025. The financial statements of these subsidiaries are not required to be audited as they had been placed under members' voluntary winding up during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

8. INVENTORIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At cost				
Raw materials	16,357,804	16,089,805	12,013,035	13,172,259
Work-in-progress	6,734,295	7,102,911	6,229,180	6,747,239
Finished goods	5,028,960	8,779,146	3,990,424	7,626,693
	28,121,059	31,971,862	22,232,639	27,546,191
At net realisable value				
Work-in-progress	44,298	-	44,298	-
Finished goods	3,863,628	2,099,825	3,508,588	2,086,611
	3,907,926	2,099,825	3,552,886	2,086,611
	32,028,985	34,071,687	25,785,525	29,632,802

- (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 RM260,734,523 (2024: RM416,031,373) and RM309,439,511 (2024: RM467,155,467) respectively. In addition, the amounts recognised in the cost of sales include:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Inventories written down	2,319,414	1,039,574	2,297,046	1,037,644

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade receivables				
Third parties	64,427,219	56,278,384	64,282,555	56,160,944
Amount owing by a related party	-	6,995,492	-	6,995,492
Amount owing by a subsidiary	-	-	2,654,184	3,387,616
	64,427,219	63,273,876	66,936,739	66,544,052
Less: Impairment losses				
- Third parties	(415,968)	(312,190)	(415,230)	(311,603)
Total trade receivables	64,011,251	62,961,686	66,521,509	66,232,449
Other receivables				
Other receivables	3,745,251	4,205,869	1,957,933	3,950,449
Deposits	826,305	893,986	816,905	884,586
Total other receivables	4,571,556	5,099,855	2,774,838	4,835,035
Contract cost assets	874,032	-	-	-
Total receivables	69,456,839	68,061,541	69,296,347	71,067,484
Prepayments				
Prepayments	1,157,316	1,246,639	165,716	193,455
	70,614,155	69,308,180	69,462,063	71,260,939

- (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 (2024: 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 (2024: 30 to 90 days).
- (d) Contract cost assets comprise costs incurred to fulfil contracts with customers that are incremental and expected to be recovered. Contract cost assets are subsequently recognised in profit or loss when the related performance obligations are satisfied and revenue is recognised for the corresponding contract.

These costs are recognised as assets when the Group expects to recover them and are amortised on a systematic basis consistent with the transfer of goods or services to customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

9. TRADE AND OTHER RECEIVABLES (Continued)

- (e) Foreign currency exposure of trade and other receivables of the Group and of the Company (excluding prepayments) are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	9,822,523	11,162,785	11,483,139	14,535,233
United States Dollar	59,613,121	56,712,096	57,792,013	56,345,591
Japanese Yen	21,195	8,388	21,195	8,388
New Taiwan Dollar	-	178,272	-	178,272
	69,456,839	68,061,541	69,296,347	71,067,484

- (f) 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company use an allowance matrix to measure the expected credit loss of trade receivables using roll rate method based on the Group's and the Company's grouping of customers sharing the same credit risk characteristics and historical credit loss experience over the three-year period preceding the end of the reporting period and observable data such as current changes and future forecasts in economic conditions.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. 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 impairment losses/(reversal of impairment losses) on 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.

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

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.

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 2025 (Continued)

9. TRADE AND OTHER RECEIVABLES (Continued)

(g) Lifetime expected loss provision for trade receivables of the Group and the Company 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 2025					
Expected credit loss rate	0.5%	0.7%	1.0%	4.0%	
Gross carrying amount (RM)	33,883,136	25,783,975	4,227,058	533,050	64,427,219
Allowance for impairment loss (RM)	170,311	181,006	43,432	21,219	415,968
31 December 2024					
Expected credit 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
Allowance for impairment loss (RM)	155,084	148,164	8,939	3	312,190
Company					
31 December 2025					
Expected credit loss rate	0.5%	0.7%	1.0%	4.0%	
Gross carrying amount (RM)	36,451,266	25,725,365	4,227,058	533,050	66,936,739
Allowance for impairment loss (RM)	169,876	180,703	43,432	21,219	415,230
31 December 2024					
Expected credit 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
Allowance for impairment loss (RM)	154,497	148,164	8,939	3	311,603

(h) The movement of the allowance for impairment loss on trade receivables of the Group and the Company is as follows:

Group	Lifetime ECL allowance RM
2025	
At 1 January 2025	312,190
Charge for the financial year	103,778
At 31 December 2025	415,968
2024	
At 1 January 2024	1,486,467
Reversal of impairment losses	(1,174,277)
At 31 December 2024	312,190

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

9. TRADE AND OTHER RECEIVABLES (Continued)

- (h) The movement of the allowance for impairment loss on trade receivables of the Group and the Company is as follows (Continued)

Company	Lifetime ECL allowance RM
2025	
At 1 January 2025	311,603
Charge for the financial year	103,627
At 31 December 2025	415,230
2024	
At 1 January 2024	1,484,149
Reversal of impairment losses	(1,172,546)
At 31 December 2024	311,603

- (i) 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 by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month ("12-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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company 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 (f) and multiplied by the amount of the expected loss arising from default to determine the 12-month or lifetime expected credit loss for other receivables.

It requires management to exercise judgement in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk.

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

- (j) The credit risk concentration profile of the trade receivables at the end of the reporting period, approximately are as follows:
- 82.9% (2024: 88.3%) of the trade receivables of the Group were due from 3 major customers.
 - 79.8% (2024: 83.9%) of the trade receivables of the Company were due from 3 major customers.
 - 4.0% (2024: 5.1%) of the trade receivables of the Company were amount due from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

- (k) 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Effects of foreign currencies strengthen by 3% against RM				
Profit after tax and equity	1,359,662	1,297,292	1,318,141	1,288,935

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 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.
- (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) Short term funds of the Group and of the Company 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.
- (d) There is no transfer between levels in the fair value hierarchy during the financial year.
- (e) Short term funds of the Group and the Company are exposed to changes in market quoted prices. However, the volatility of these funds' prices is considered low. Therefore, sensitivity analysis is not presented.
- (f) Foreign currency exposure of short term funds are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	242,468,029	111,928,383	238,137,193	111,847,239
United States Dollar	104,416,862	153,598,522	104,416,862	153,598,522
	346,884,891	265,526,905	342,554,055	265,445,761

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

10. SHORT TERM FUNDS (Continued)

- (g) 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Effects of foreign currency strengthen by 3% against RM				
Profit after tax and equity	2,380,704	3,502,046	2,380,704	3,502,046

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	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	3,692,408	4,021,324	2,281,829	3,373,092
Deposits with licensed banks	113,581,070	209,418,207	97,973,020	183,725,800
	117,273,478	213,439,531	100,254,849	187,098,892

- (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 3.40% (2024: 4.49%) and 3.43% (2024: 4.53%) respectively, with a maturity period ranging from 3 days to 30 days (2024: 2 days to 67 days) and 3 days to 7 days (2024: 2 days to 67 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	3,692,408	4,021,324	2,281,829	3,373,092
Deposits with licensed banks	113,581,070	209,418,207	97,973,020	183,725,800
Short term funds (Note 10)	346,884,891	265,526,905	342,554,055	265,445,761
	464,158,369	478,966,436	442,808,904	452,544,653

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

11. CASH AND BANK BALANCES (Continued)

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	7,180,741	7,989,120	5,980,436	6,371,778
United States Dollar	109,460,037	204,835,816	93,743,321	180,152,837
Chinese Renminbi	141,893	87,546	40,285	47,228
Japanese Yen	11,254	3,608	11,254	3,608
Singapore Dollar	101	105	101	105
New Taiwan Dollar	479,452	523,336	479,452	523,336
	117,273,478	213,439,531	100,254,849	187,098,892

(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	
	2025 RM	2024 RM	2025 RM	2024 RM
Effects of foreign currencies strengthen by 3% against RM				
Profit after tax and equity	2,510,114	4,684,269	2,149,457	4,120,578

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

In the previous financial year, the Group and the Company entered into sale and purchase agreement with Laser Industries Sdn. Bhd. on 26 December 2024 to dispose off 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.

The disposal has been completed on 9 July 2025, resulting in a gain on disposal of assets held for sale amounted to RM6,783,944 (net of directly attributable disposal costs), which has been recognised in the statements of profit or loss for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

13. SHARE CAPITAL

	Group and Company			
	2025		2024	
	Number of shares	RM	Number of shares	RM
Ordinary Shares				
Issued and fully paid with no par value				
Balance as at 1 January	258,121,166	157,176,957	257,066,666	153,992,367
Issuance of ordinary shares pursuant to ESOS exercised (Note (c))	12,112,600	15,756,700	1,054,500	3,184,590
Balance as at 31 December	270,233,766	172,933,657	258,121,166	157,176,957

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 258,121,166 ordinary shares to 270,233,766 ordinary shares by way of issuance of 12,112,600 new ordinary shares pursuant to the following:

- (i) 6,000 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise price of RM2.55 each for cash totalling RM15,300; and
- (ii) 12,106,600 options exercised under the ESOS at exercise price of RM1.14 each for cash totalling RM13,801,524.

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

(b) In the previous 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 ESOS at exercise price of RM2.55 each for cash totalling RM2,688,975.

(c) Included in the issuance of ordinary shares pursuant to ESOS exercised is amount of RM1,939,876 (2024: RM495,615) transferred from share option reserve.

(d) 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.

(e) Treasury shares

As at 31 December 2025, the Company held a total of 1,853,100 ordinary shares as treasury shares. Such treasury shares are recorded at a carrying amount of RM4,347,882 (2024: RM4,347,882).

The number of ordinary shares net of treasury shares is 268,380,666 (2024: 256,268,066).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

14. RESERVES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-distributable				
Capital reserve	1,259,157	1,259,157	-	-
Exchange translation reserve	7,792	43,986	7,792	43,986
Share options reserve	748,176	469,812	748,176	469,812
	2,015,125	1,772,955	755,968	513,798
Distributable				
Retained earnings	172,644,425	396,828,112	114,089,572	343,129,942
	174,659,550	398,601,067	114,845,540	343,643,740

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

15. DEFERRED TAX

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deferred tax liabilities	562,152	4,652,248	-	4,255,812

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Balance as at 1 January	4,652,248	5,036,929	4,255,812	4,657,870
Recognised in profit or loss (Note 22)	(4,090,096)	(384,681)	(4,255,812)	(402,058)
Balance as at 31 December	562,152	4,652,248	-	4,255,812

(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
2025			
At 1 January 2025	4,989,344	(337,096)	4,652,248
Recognised in profit or loss	(1,730,872)	(2,359,224)	(4,090,096)
At 31 December 2025	3,258,472	(2,696,320)	562,152
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

15. DEFERRED TAX (Continued)

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Other temporary differences RM	Total RM
2025			
At 1 January 2025	4,501,742	(245,930)	4,255,812
Recognised in profit or loss	(1,826,805)	(2,429,007)	(4,255,812)
At 31 December 2025	2,674,937	(2,674,937)	-
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

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

	2025 RM	Group 2024 RM
Unused tax losses		
- Expires by 31 December 2028	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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade payables				
Third parties	55,000,379	54,412,536	47,366,728	46,127,716
Amount owing to a related party	-	4,004,276	-	4,004,276
Amount owing to a subsidiary	-	-	4,500,128	1,713,184
	55,000,379	58,416,812	51,866,856	51,845,176
Other payables				
Amounts owing to subsidiaries	-	-	44,415,257	45,130,317
Other payables	3,622,637	4,538,159	3,370,716	4,234,109
Dividend payables (Note 23)	214,704,533	-	214,704,533	-
Accruals	23,491,957	45,971,922	19,684,989	40,704,389
	241,819,127	50,510,081	282,175,495	90,068,815
Contract liabilities	4,801,595	5,836,524	4,801,595	5,119,347
	301,621,101	114,763,417	338,843,946	147,033,338

- (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 (2024: 30 to 120 days).
- (c) Trade amount owing to a subsidiary is subject to normal trade credit terms of 30 to 120 days (2024: 30 to 120 days).
- (d) In the previous financial year, trade amount owing to a related party was subjected to normal trade credit terms of 30 to 120 days.
- (e) 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.
- (f) Foreign currency exposure of trade and other payables of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	278,566,255	87,635,154	317,796,994	123,171,628
United States Dollar	18,933,700	23,813,403	19,568,993	22,790,280
Chinese Renminbi	4,053,929	3,159,426	1,410,742	915,996
Japanese Yen	4,009	-	4,009	-
New Taiwan Dollar	-	115,956	-	115,956
Singapore Dollar	63,208	39,478	63,208	39,478
	301,621,101	114,763,417	338,843,946	147,033,338

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

16. TRADE AND OTHER PAYABLES (Continued)

- (g) 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Effects of foreign currencies strengthen by 3% against RM				
Profit after tax and equity	(525,650)	(618,524)	(479,870)	(544,047)

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

- (h) 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.
- (i) 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.

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At beginning of the year	5,836,524	6,012,914	5,119,347	5,459,024
Net revenue recognised during the financial year	(1,836,521)	(4,425,123)	(1,646,091)	(3,741,405)
Net cash receipts in advance	801,592	4,248,733	1,328,339	3,401,728
At end of the year	4,801,595	5,836,524	4,801,595	5,119,347

- (k) 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:

	2025 RM	2026 RM	Total RM
Group			
31 December 2025	-	4,801,595	4,801,595
31 December 2024	5,836,524	-	5,836,524
Company			
31 December 2025	-	4,801,595	4,801,595
31 December 2024	5,119,347	-	5,119,347

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

17. COMMITMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Capital expenditure in respect of purchase of property, plant and equipment:				
- contracted but not provided for	286,380	1,311,475	33,000	1,311,475

18. REVENUE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customers				
Sale of products and services rendered	430,677,878	639,193,357	451,938,253	664,446,052
Timing of revenue recognition				
Point in time	430,677,878	639,193,357	451,938,253	664,446,052

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 IMPAIRMENT LOSSES/(REVERSAL OF IMPAIRMENT LOSSES) OF FINANCIAL ASSETS

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Net impairment losses/(reversal of impairment losses) of financial assets	9(h)	103,778	(1,174,277)	103,627	(1,172,546)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

20. PROFIT BEFORE TAX

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
After charging:				
Auditors' remuneration:				
BDO PLT				
- Statutory audit	140,000	140,000	111,000	111,000
- Non-statutory audit	3,000	3,000	3,000	3,000
Research and development costs	12,284	5,291	10,379	4,582
Net realised loss on foreign exchange	14,839,522	9,927,172	13,557,061	9,530,220
Unrealised loss on foreign exchange	13,339,117	460,045	13,037,432	411,226
Written off on property, plant and equipment	-	114,908	-	114,908
And crediting:				
Income distribution from short term funds	9,802,939	10,862,359	9,771,094	10,859,625
Interest income	5,497,651	8,827,802	4,739,407	7,858,572
Dividend income	-	-	860,381	-
Net gain on disposal of:				
- property, plant and equipment	35,240	69,247	35,240	29,247
- assets held for sale (Note 12)	6,783,944	-	6,783,944	-
Rental income	3,304,658	3,430,658	3,215,627	3,347,214
Unrealised gain on foreign exchange	384,451	2,852,154	386,374	2,587,287

(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.

(c) Dividend income is recognised when the right to receive payment is established.

21. DIRECTORS' REMUNERATION

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company				
Executive: (Note 25)				
Director's fees	55,671	80,000	55,671	80,000
Short term employee benefits	1,704,000	2,910,067	1,704,000	2,910,067
Defined contribution plans	25,600	65,792	25,600	65,792
Share options granted under ESOS	48,000	-	48,000	-
	1,833,271	3,055,859	1,833,271	3,055,859

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

21. DIRECTORS' REMUNERATION (Continued)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company (Continued)				
Non-Executive:				
Director's fees	120,000	157,808	120,000	157,808
Short term employee benefits	100,400	109,500	100,400	109,500
Share options granted under ESOS	144,000	-	144,000	-
	364,400	267,308	364,400	267,308
Total	2,197,671	3,323,167	2,197,671	3,323,167

Estimated monetary value of benefits-in-kind provided to the Directors of the Company is RM147,120 (2024: Nil).

22. TAX EXPENSE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Income tax				
Current year provision	11,206,671	17,571,597	9,180,028	16,055,310
(Over)/Under provision in prior years	(229,991)	844,801	(182,149)	962,481
	10,976,680	18,416,398	8,997,879	17,017,791
Deferred tax (Note 15):				
Relating to origination and reversal of temporary differences	(3,799,312)	(221,612)	(3,750,395)	(198,215)
Over provision in prior years	(290,784)	(163,069)	(505,417)	(203,843)
	(4,090,096)	(384,681)	(4,255,812)	(402,058)
Total tax expense	6,886,584	18,031,717	4,742,067	16,615,733

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2024: 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

22. TAX EXPENSE (Continued)

- (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	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit for the financial year	36,650,177	66,810,528	31,793,494	62,115,455
Add: Total tax expense	6,886,584	18,031,717	4,742,067	16,615,733
Profit before tax	43,536,761	84,842,245	36,535,561	78,731,188

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
Applicable tax rate	24.0	24.0	24.0	24.0
Tax effects in respect of:				
- Non-allowable expenses	1.9	0.3	2.1	0.2
- Non-taxable income	(8.9)	(3.9)	(11.2)	(4.1)
	17.0	20.4	14.9	20.1
(Over)/Under provision in prior years:				
- current tax	(0.5)	1.0	(0.5)	1.2
- deferred tax	(0.7)	(0.2)	(1.4)	(0.3)
Average effective tax rate	15.8	21.2	13.0	21.0

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

Group	Before tax RM	Tax effect RM	After tax RM
2025			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(36,194)	-	(36,194)
2024			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(644,706)	-	(644,706)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

22. TAX EXPENSE (Continued)

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

Company	Before tax RM	Tax effect RM	After tax RM
2025			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(36,194)	-	(36,194)
2024			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(644,706)	-	(644,706)

23. DIVIDENDS

	Group and Company	
	2025 RM	2024 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
In respect of financial year ended 31 December 2024:		
First interim single tier dividend of 18.0 sen per ordinary share, paid on 28 March 2025	46,129,331	-
In respect of financial year ended 31 December 2025:		
Special interim single tier dividend of 80.0 sen per ordinary share, paid on 16 January 2026 (Note 16)	214,704,533	-
	260,833,864	58,914,745

On 26 February 2026, the Directors declared a second interim single tier dividend of 10.0 sen per ordinary share in respect of the financial year ended 31 December 2025 and to be paid to the shareholders on 10 April 2026, whose names appeared on the Record of Depositors of the Company at the close of business on 19 March 2026.

The financial statements for financial year ended 31 December 2025 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 2026.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (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.

	2025	Group 2024
Profit attributable to equity holders (RM)	36,650,177	66,810,528
Weighted average number of ordinary shares in issue	257,090,235	256,046,393
Basic earnings per ordinary share (sen)	14.26	26.09

(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.

	2025	Group 2024
Profit attributable to equity holders (RM)	36,650,177	66,810,528
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	257,090,235	256,046,393
Effect of dilution: - Employees' Share Options Scheme	194,050	130,116
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	257,284,285	256,176,509
Diluted earnings per ordinary share (sen)	14.25	26.08

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

25. EMPLOYEE BENEFITS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries and allowances	76,581,178	101,328,448	63,938,786	86,946,559
Defined contribution plan	3,501,148	4,017,696	2,962,959	3,522,039
Other employee benefits	8,569,681	8,917,390	6,975,758	7,504,455
Share options granted under ESOS	2,218,240	-	1,823,019	-
	90,870,247	114,263,534	75,700,522	97,973,053

Compensation of key management personnel

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Executive Directors				
Remuneration (Note 21)	1,833,271	3,055,859	1,833,271	3,055,859
Other key management personnel				
Short term employee benefits	8,529,700	5,191,308	8,529,700	5,191,308
Defined contribution plans	297,576	299,220	297,576	299,220
Share options granted under ESOS	273,920	-	273,920	-
	9,101,196	5,490,528	9,101,196	5,490,528
Total compensation of key management personnel	10,934,467	8,546,387	10,934,467	8,546,387

Estimated monetary value of benefits-in-kind provided to the other key management personnel of the Group and the Company is RM200,083 (2024: RM2,800).

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 2025, the number of outstanding share options was 993,600 (2024: 999,600).

On 17 September 2025, the Company offered a total of 13,864,907 share options at an option price of RM1.14 per ordinary share to the Eligible Persons of the Group in accordance with the By-Laws of the ESOS out of which 13,864,000 share options were accepted by the Eligible Persons. As at 31 December 2025, the number of outstanding share options was 1,757,400.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

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

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 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)")

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

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

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (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

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.

Details of the ESOS options granted are as follow:

- (a) The movements of the options over the unissued ordinary shares in the Company granted under the ESOS were as follows:

2025	Option price	Date of offer	← Number of options over ordinary shares →			
			Balance as at 1.1.2025	Granted and accepted	Exercised	Balance as at 31.12.2025
First Grant	RM2.55	20.08.2021	999,600	-	(6,000)	993,600
Second Grant	RM1.14	17.09.2025	-	13,864,000	(12,106,600)	1,757,400
			999,600	13,864,000	(12,112,600)	2,751,000

2024	Option price	Date of offer	← Number of options over ordinary shares →			
			Balance as at 1.1.2024	Exercised	Lapsed*	Balance as at 31.12.2024
First Grant	RM2.55	20.08.2021	2,313,100	(1,054,500)	(259,000)	999,600

* Due to resignation.

- (i) Contractual life of the above ESOS options granted are as follows:

	← Remaining contractual life →		
	Contractual life of options (Years)	As at 31.12.2025 (Months)	As at 31.12.2024 (Months)
First Grant	5	7	19
Second Grant	0.9	7	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

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

Details of the ESOS options granted are as follow: (continued)

(b) 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:

	Granted on 20 August 2021	Granted on 17 September 2025
Fair value of share options (RM)	0.47	0.16
Average share price at grant date (RM)	2.83	1.26
Exercise price (RM)	2.55	1.14
Expected volatility (%)	20	22
Expected dividend yield (%)	7.11	17.79
Risk free interest rate (%)	2.65	3.18

(c) Expenses arising from the share options granted are as follows:

	Group 2025 RM	Company 2025 RM
Recognition of share option expenses	2,218,240	2,218,240
Less: Expenses back-charged to a subsidiary	-	(395,221)
Share option expenses	2,218,240	1,823,019

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 parties.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
- (ii) Key management personnel who 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"), was major corporate shareholder of the Company. Wistron had ceased to be a related party on 17 September 2025.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

27. RELATED PARTY DISCLOSURES (Continued)

(b) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Subsidiary:				
Purchase of products	-	-	83,197,209	88,985,653
Sale of products	-	-	23,269,893	27,708,862
Related party:				
Sale of products*	13,366,465	40,534,798	13,366,465	40,534,798
Purchase of products*	3,813,667	14,827,108	3,813,667	14,827,108

* Related party transactions were recorded up to 17 September 2025, date of cessation.

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.

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

	Group	
	2025 Number of shares	2024 Number of shares
Balance as at 1 January	-	100,000
Granted	300,000	-
Exercised	(300,000)	(100,000)
Balance as at 31 December	-	-

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 2025 or entered into since the end of the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (Continued)

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 2025 and 31 December 2024.

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.

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk and market 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 oversea had assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currency.

The currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 9, 10, 11 and 16 to the financial statements respectively.

(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 of the Group and of the Company for changes in interest rates relates primarily to the deposits placed with licensed banks.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 6 and 11 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (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, liquidity and cash flow risk and market risk. Information on the management of the related exposures is detailed below: (Continued)

(iii) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's 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 seek to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk (Continued)

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.

The credit risk concentration profile has been disclosed in Note 9 to the financial statements.

(iv) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets as and when they fall due.

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.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 6 and 16 to the financial statements respectively.

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments would fluctuate because of changes in market prices (other than interest or exchange rates). The Group and the Company are exposed to market risk arising from quoted short term funds.

The sensitivity analysis of market risk has been disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025 (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 121 Lack of Exchangeability	1 January 2025

The adoption of the above Amendment 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 2026

The following are Standards 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 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards-Volume 11</i>	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
Amendment to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendment to MFRS 121 <i>Translation to a Hyperinflationary Presentation Disclosure</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 Standards and Amendments, since the effects would only be observable for future financial years.

ANALYSIS OF SHAREHOLDINGS

As at 27 March 2026

SHARE CAPITAL

Total Number of Issued Shares (including Treasury Shares)	:	270,233,766
Issued & Fully Paid-Up Capital	:	RM172,933,657
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	72	0.631	1,358	0.001
100 - 1,000 shares	2,679	23.490	1,777,230	0.662
1,001 - 10,000 shares	6,301	55.248	28,475,977	10.610
10,001 - 100,000 shares	2,098	18.395	61,234,377	22.816
100,001 to less than 5% of issued shares	253	2.218	115,612,224	43.078
5% and above of issued shares	2	0.018	61,279,500	22.833
TOTAL	11,405	100.00	268,380,666	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of Shares	Percentage*	Indirect No. of Shares	Percentage*
1) Wu Swee Ngor	44,179,500	16.461	-	-
2) Shih Chao Yuan	17,100,000	6.371	54,827,500	20.429
TOTAL	61,279,500	22.832	54,827,500	20.429

DIRECTORS' INTEREST

Name	Direct No. of Shares	Percentage*	Indirect No. of Shares	Percentage*
1) Shih Chao Yuan	17,100,000	6.371	54,827,500	20.429
2) Leong Ngai Seng	900,000	0.334	-	-
3) Wayne Leow Tze Waye	300,000	0.111	-	-
4) Goh Saw Tin	199,600	0.074	-	-
TOTAL	18,499,600	6.890	54,827,500	20.429

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

ANALYSIS OF SHAREHOLDINGS

As at 27 March 2026 (Continued)

LIST OF TOP 30 SHAREHOLDERS

Name	No. of Shares Held	Percentage
1) WU SWEE NGOR	44,179,500	16.461
2) SHIH CHAO YUAN	17,100,000	6.371
3) FORMOSA PROSONIC HOLDINGS SDN BHD	10,648,000	3.967
4) CHANG, SONG-HAI	5,000,000	1.863
5) TAN LEE HWA	4,438,000	1.653
6) AKROS TRADING MALAYSIA SDN BHD	4,267,704	1.590
7) YAP CHOOI WAH	4,220,000	1.572
8) FOO KHEN LING	4,000,000	1.490
9) AUTOWORLD.COM.MY SDN BHD	3,655,400	1.362
10) CITIGROUP NOMINEES (TEMPATAN) SDN BHD LEMBAGA TABUNG HAJI (UOB)	3,263,600	1.216
11) UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,208,500	1.195
12) WANG, WEI-NAN	2,738,400	1.020
13) AU YONG MUN YUE	2,550,000	0.950
14) CHANG, KEI-POI	2,010,000	0.748
15) KAM LOONG MINING SDN BHD	1,700,000	0.633
16) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)	1,698,000	0.632
17) SHIH HUANG HSIU FANG	1,260,000	0.469
18) YEO KHEE HUAT	1,100,000	0.409
19) CHEONG HONG YIP	1,041,600	0.388
20) AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR VOYAGER ASSETS LIMITED	1,000,000	0.372
21) AU YONG MUN YUE	992,000	0.369
22) PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZHAORI PACKAGING INDUSTRIES (M) SDN BHD (E-KLG)	986,100	0.367
23) KAM LOONG CREDIT SDN BHD	900,000	0.335
24) MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU TIING UH	894,400	0.333
25) BEH SIANG YIN	780,000	0.290
26) MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAWARIA SDN BHD	755,900	0.281
27) CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (UOBESGSCEQ)	700,000	0.260
28) RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE SEE OOI (CEB)	613,000	0.228
29) CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR INTERACTIVE BROKERS (U.K.) LIMITED (CLIENT)	600,500	0.223
30) LEONG NGAI SENG	600,000	0.223
TOTAL	126,900,604	47.270

Without Aggregating the securities from different securities accounts belonging to the same Registered Holder

LIST OF PROPERTIES

As at 31 December 2025

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 Sultan Mohamad 1 Bandar Sultan Suleiman 42000, Port Klang Selangor Darul Ehsan Malaysia	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	36	349,232	234,680	7,765,421	For Factories Cum Offices
No. 1, Lebu Sultan Mohamad 1 Bandar Sultan Suleiman 42000, Port Klang Selangor Darul Ehsan Malaysia	Single storey factory cum office (Building No. E1) Single storey factory cum office (Building No. E2) Double storey factory cum office (Building No. E4)	Leasehold (99 years Expiring 30/12/2093)	November 1999	36 36 35	365,060	221,287	12,684,117	For Factories Cum Offices
No. 2, Jalan Sultan Mohamad 1 Bandar Sultan Suleiman 42000, Port Klang Selangor Darul Ehsan Malaysia	Four Storey Office Block Single storey factory Warehouse Single storey Guard house	Leasehold (99 years Expiring 21/9/2093)	October 2021	29 33 27 27	188,058	115,426	15,313,706	For Offices For Factory For Warehouse For Security

LIST OF PROPERTIES

As at 31 December 2025 (Continued)

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 Malaysia	Double storey office block location at the front portion and a connecting single storey office	Leasehold (60 years expiring 31/5/2050)	August 2015	26	423,775	193,314	10,546,565	For Office Cum Factory
	Warehouse facility		August 2015	17				For Storage
No.3 Lebuhr Sultan Mohamad 2 Kawasan Perindustrian Sultan Sulaiman 42000 Pelabuhan Klang Selangor Darul Ehsan Malaysia	Single storey factory cum office	Leasehold (99 years expiring 21/09/2093)	October 2017	35	113,075	60,858	8,753,484	For Factory and storage
	Warehouse facility			24				
74 units PKNS Apartments at Bandar Sultan Suleiman Selangor Darul Ehsan Malaysia	Medium to low cost apartments	Leasehold (99 years expiring 11/07/2103)	27 May 2019	16	-	56,554	1,683,831	For Workers Accommodation

PROXY FORM



FORMOSA PROSONIC INDUSTRIES BERHAD

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

(Incorporated In Malaysia)

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-Eighth 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, Malaysia** on **Friday, 29 May 2026** 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 RM175,671 for the financial year ended 31 December 2025		
Ordinary Resolution 2	Approval the payment of Directors' benefits of up to RM1,200,000 for the financial period from 1 July 2026 to 30 June 2027		
Ordinary Resolution 3	Re-election of Mr Shih, Chao Yuan as Director		
Ordinary Resolution 4	Re-appointment of Messrs BDO PLT as External Auditors and authorise 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		

*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 _____ 2026

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

Signature/Common Seal of Member(s)

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 **21 May 2026** 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.

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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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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, at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, in the drop-in box located at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
By electronic means
The proxy form can be electronically lodged with the Company's Share Registrar via Vistra Share Registry and IPO (MY) Portal ("The Portal") at <https://srmy.vistra.com>. Please refer to the Administrative Guide for the 38th AGM on the procedures for electronic lodgement of Proxy Form via The Portal.
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 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

PR**SONIC**

FORMOSA PR~~S~~ONIC INDUSTRIES BERHAD
198801004954 (172312-K)

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