

Director's Report to the Members/Shareholders

Dear Member/Shareholders,

On behalf of the Board of Directors of Golden Son Limited (GSL), we have the pleasure to welcome you all at the 20th Annual General Meeting of the company. We are therefore pleased to submit before you the operational activities and audited financial statements of the company for the year ended on 30th June 2024.

The Directors' Report is prepared in compliance with section 184 of the Companies Act 1994, Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3rd June 2018 and other applicable laws and regulations. Relevant disclosures and explanations pertaining to issues to ensure compliance, transparency and good corporate governance practice have been made along with the details of the business performance, operations and achievements of the Golden Son Limited for the year 2023-2024.

Principal Activity

The principal activity of the company is to manufacture and sales of 100% export quality Hot Pot, Food Warmer, Baby Toys, Plastic Product and Garments accessories.

Operational Activity

During the year under review production was for Tk. 386,432,300 and sales for the year were Tk. 750,797,485 as against production & sales of Tk. 338,128,557 and Tk. 633,486,292 respectively in the previous year. During the year the company earned net profit of Tk. 2,108,869.

Industry Outlook

Continuous price hike of various product variables has narrowed the scope of profitability from our business. In spite of this adverse situation GSL does not compromise with the quality, rather GSL management has changed the strategy to negotiate with the foreign buyers, to focus in the volume of business by producing new products and to select and the right target buyers.

Presently, the industry outlook is not good due mainly to change in world market demand from plastic base toy product to synthetic. Also environmental compliance is an important factor for export oriented industries. The compliance of the industry is not accepted by the foreign customers due non-functioning of industrial compliance. Despite all these challenges, GSL will continue to look into its potentials and development options with its business strategy. Corporate image, professionalism and quality product growth with aggressive marketing will be our priority.

Segment-wise performance

Principal activities of the company have been explained under 'Business Activities' as above. Segment wise performance comprising of the company is shown below:

Segment wise or Product wise performance during the year

Particulars	Capacity (Unit)	Actual Production (Unit)	Capacity Utilization (%)
Toys for Children	5,000,000	587,000	11.74%
Garments Accessories	36,600,000	32,303,160	88.26%
Light Engineering Products	100,000	-	0.00%

Risk & concerns:

The Board has established a risk and control structure to manage the achievement of business objectives. Risk & concerns are shown under notes no. 3.25 to the financial statements.

Business Performance

The Directors are pleased to report that business performance of the company for the year under review is as follows:

	2023-2024	2022-2023
Turnover	750,797,485	633,486,292
Cost of Sales	551,938,884	558,090,428
Gross Profit	198,858,601	75,395,864
Operating, Administrative & Selling Expenses	46,416,136	50,070,601
Trading Profit	152,442,465	25,325,263
Financial Expenses	145,473,482	110,518,034
Gross Operating Profit/(Loss)	6,968,983	(85,192,771)
Non-Operating Income	8,747,159	4,180,573
Profit/(Loss) before Tax	15,716,142	(81,012,198)
Current Tax	10,973,722	8,151,452
Deferred Tax	2,633,551	3,283,225
Provision for Tax	13,607,273	11,434,677
Net Profit/(Loss) after Tax	2,108,869	(92,446,875)

Financial Result and Appropriation

I am pleased to present herewith a comparative financial statement of the year under review and the immediate past year and would like to place recommendations for appropriation of the profit generated:

	2023-2024	2022-2023
Net Profit after Tax	2,108,869	(92,446,875)
Add: Transferred from Revaluation Reserve	6,698,134	6,995,620
Add: Accumulated Retained Earnings	195,163,002	280,614,257
Add: Reclassification adjustment for previous year unrealized loss on securities available for sale	(2,421,711)	(2,422,614)
Add: Other Comprehensive Income/(Loss)	(1,488,020)	1,003
Add: Related Deferred Tax	148,802	(100)
	200,209,076	192,741,291
Less: Dividend paid for previous year		
Stock Dividend	-	-
Cash Dividend	17,172,977	-
Profit available for appropriations	183,036,099	192,741,291
Proposed appropriations:		
Proposed Cash Dividend	17,957,289	17,172,977
Proposed Stock Dividend	-	-
Balance Carried forward	165,078,810	175,568,314
Total	183,036,099	192,741,291

Cost of Goods sold, Gross Profit Margin and Net Profit Margin:

Management Discussion

Management Discussion and Analysis are designed to provide regards with an overview of the business and an analysis on Cost of Goods Sold, Gross Profit Margin & Net Profit Margin.

Financial Performance:

Particulars	2023-2024	2022-2023
Cost of Goods Sold (Year)	551,938,884	558,090,428
Gross Profit/(Loss) (Year)	198,858,601	75,395,864
Net Profit/(loss) After Tax (Year)	2,108,869	(92,446,875)

Cost of Goods Sold (COGS):

Cost of goods sold (cost of sales) is the cost of products sold during the year. COGS include all the costs directly related to getting inventory ready for sales such as: Raw materials (Including duties and taxes), Handling and other cost of converting materials into finished goods.

COGS vary directly with sales and production, the more items we sell or produce, the more stock or components we need to buy. Cost of Goods Sold in 2023-2024 has been decreased in comparison to the previous year.

Gross Profit Margin Ratio:

Gross profit is the difference between sales and the cost of goods sold. $\text{Gross Profit} = \text{Sales} - \text{Cost of Goods Sold}$.

The gross profit margin is one indicator of the financial health of a business. Larger gross profit margins are better for business- the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = $(\text{Gross Profit} \div \text{Sales}) \times 100$

During the year 2023-24 Gross Profit Margin has been increased in comparison to the previous year.

Net Profit Margin Ratio:

Net Profit is calculated by subtracting expenses including tax from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit= Gross Profit-Expenses with Tax:

Net Profit of the company in the year 2023-2024 has been increased in comparison to 2022-2023.

Extraordinary Gain or Loss

No events of extra ordinary gain or loss occurred during the reporting period requiring adjustment or disclosure in the financial statements.

Related Party Transactions

Golden Son Limited had to enter into transactions with the related parties as defined in the "Bangladesh Accounting Standards 24: Related party Disclosure". Related party Transactions are disclosed in the note 38 of the notes to the financial statements.

Utilization of proceeds from Public Issue

This is not applicable for GSL as no such event of collecting fund from public issues took place which would require adjustment or disclosure in the annual report.

Financial Result Deterioration after the Public Issue

This is not applicable for the company.

Variance within the Quarterly Financial Statements and Annual Financial Statements

There was no event of significant variance between quarterly financial performances and annual financial statements during the year under reporting.

Remuneration to Directors including Independent Director

Directors draw Board, NRC & Audit Committee Meeting attendance fees. The details are given in Annexure-II of this report and note no. 37 of the Financial Statements.

Fairness Financial Statements

The financial statements together with the notes thereon have been drawn up in conformity with the Internationals Accounting Standards/ Financial Reporting Standards, Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations, cash flows and change in equity.

Proper Books of Accounts

Proper books of accounts of the company have been maintained.

Adaptation of Proper Accounting Policies and Estimates

Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

IAS & IFRS Application

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefore has been adequately disclosed. Last of IAS/IFRS complied is listed on note 3.21 of the audited accounts.

Internal Control

The company maintains a sound internal control system which gives reasonable assurance against any material misstatement. The internal control system is regularly monitored by the Audit Committee in each meeting and by the company Executive committee on quarterly basis.

Minority Shareholders

Minority shareholders interest always looked after by the Board.

Subsidiary Operation**Golden Infinity Ltd.**

Golden Son Ltd. holds 99.99% shares of Golden Infinity Limited. The Directors' Report for the year ended 30 June 2024 of the Company together with Audited Accounts containing Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and Auditor's Report thereon are included therein.

Majority Investment (Subsidiaries) Golden Infinity Ltd.

Golden Son Ltd. holds 99.99% shares of the company. The financial position and operational results are contained in the Directors' report of the Company as enclosed herewith.

Going Concern

Based on the available information on the future, the directors consider that the company has the plans and resources to manage its business risks successfully, as it has a diverse range of businesses and remains financially strong.

After making enquiries, the directors have a reasonable expectation that the Company have adequate resources to continue their operations for the foreseeable future.

Significant deviation from last year's operating result

There was no significant deviation from last year's operating result except i) increase of EPS caused by increase of turnover, ii) decrease of NOCFPS due to increase of cash paid to suppliers.

Key Operating & Financial Data

The summarized key operating and financial data for the five years is set out in Annexure-VIII of the Annual Report.

Dividend:

In 2023-24 the company has earned net profit to the extent of Tk. 2,108,869 after making necessary provisions. The Board of Directors in their meeting held on 25th November 2024 have recommend cash dividend at the rate of 1.50% excluding sponsors and/or directors for the year ended June 30, 2024. The same is being placed before the shareholders meeting for approval.

Interim Dividend

No stock dividend was declared during the period under review as interim dividend.

Board, Audit Committee & Nomination and Remuneration Committee Meeting and Attendance

During the year 2023-24 total 07 (Seven) board meeting and 4 (Four) Audit Committee meeting & 02 (Two) Nomination and Remuneration Committee were held. Details of the Board meeting and Audit Committee & Nomination and Remuneration Committee meeting are shown in Annexure-II of the Annual Report. The CFO and Company Secretary, HIAC were present in all Board meeting.

Pattern of Shareholding and Name wise details

The shareholding information as at June 30, 2024 and other related information are shown in Annexure-III of the Annual Report.

Contribution to National Exchequer:

GSL is paying and facilitating collection of Government's revenues. During the period of July 2023 to June 2024, we have paid, collected & deposited a significant amount of Income Tax, VAT and Duties in time. During this period, Golden Son Limited collected and contributed Tk. 59,809,889 to the government exchequer along with utility bill which is Gas Bill: 35,544,892; Electricity Bill: 4,329,225; Income Tax: 19,909,609; Holding Tax 26,163.

Directors Election

Directors' Election, Appointment and re-appointment:

Retirement of Directors and re-election

Ms. Lin Yu Chen, Chairman of the Company at House: 79, Lane-271, Lin Tsun Road Feng Yuan City, Taiwan will retire in this Annual General Meeting being eligible offered her- selves for re-election. Her brief resume is shown in the page number-07.

Management discussion and analysis

Management discussion and analysis has been highlighted in the Managing Director's Statement and Directors' Report.

Declaration by the CEO and the CFO

Declaration by the Managing Director and CFO has been given on page 34 and Annexure-1.

Reporting on Compliance of the Corporate Governance Code

Golden Son Limited adheres to appropriate good Corporate Governance practices, as described on pages 38 to 54 of the Annual Report.

The company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Certificate Report is shown in Annexure-IV of the Annual Report.

Further in compliance with the BSEC Notification No: BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018, M/S Anil Salam Idris & Co. , Chartered Accountants House # 1/B (3rd Floor), Road # 08, Block-I, Banani, Dhaka-1213 issued the Corporate Governance Compliance Certificate which is shown on page 37 of this Report.

Appointment of Auditors:

The existing Auditors M/S M.Z. ISLAM & CO., Chartered Accountants, Eastern View (10th floor), 50. D.I.T. Extension Road, Nayapalton, Dhaka-1000, will retire in the 20th Annual General Meeting and being eligible to re-appointment has expressed their willingness for re-appointment as Statutory Auditors for the year 2024-2025.

The Board of Directors in its 135th Board meeting held on 25th November 2024 has recommended for re-appointment them as Statutory Auditors for the year 2024-2025 at a professional fee of Tk. 325,000 excluding VAT.

The appointment of the Statutory Auditors and fixation of their fees to be approved by the shareholders/members in the next Annual General Meeting.

Appointment of a Professional (Chartered Accountant/Chartered Secretaries) Firm for the Certificate on Compliance with the Corporate Governance Code of BSEC

As per Notification No: BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018, the Company shall obtain a Certificate from Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance with the condition of Corporate Governance Code of the commission and such certificate shall be disclosed in the Annual Report. And the professional who will provide the Certificate on Compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting.

Pursuant to the BSEC's directive, the Board of Directors of the company has recommended M/S Anil Salam Idris & Co. , Chartered Accountants House # 1/B (3rd Floor), Road # 08, Block-I, Banani, Dhaka-1213 as a professional Chartered Accountants to appoint/re-appointed as a Professional for issuing Certificate on Compliance Corporate Governance Code on for the year ended on June 30, 2025 subject to approval of the shareholders/members in the next Annual General Meeting.

Ethical Code of Conduct

Performance with integrity is central to operation at the Golden Son Limited. The Board of Directors of the company has adopted a statement of ethical code of conduct with was circulated among the employees. All employees are required to abide by the ethical code in relation to business and regulations.

Compliance with Laws and Regulations

The company was not involved in any activities contravening the laws and regulations of the Country. The company ensures compliance with the provisions of all concerned regulatory authorities.

Environmental protection

The company is committed to protect the environmental issues. To the best of the Board's knowledge, the company was not involved in any activity which might be harmful to the environment.

Audit Committee Report

The board audit committee has been formed headed by Mr. Md. Abdur Rouf, Independent Director and a report of the audit committee is enclosed in Annexure-VI.

Chairman of the Board & Managing Director:

Chairman of the Board and Managing Director are two separate persons selected from the Board of Directors. Both are performing defined responsibilities and focusing on the strategic value addition of the company.

Chief Financial Officer, Company Secretary & Head of Internal Audit and Compliance

The company has appointed Chief Finance Officer, Company Secretary and Head of Internal Audit. The CFO, the Company Secretary and HIAC are also attending Board meeting. The Board of Directors clearly defined respective rules, responsibilities and duties of the CFO, the Company Secretary & the Head of Internal Audit and compliance.

External/Statutory Auditors:

The external/ statutory auditors are not engaged on any non-audit work such which refers to status of compliance code (code no. 7(1) -7(3) page number-53.

Share Holding Pattern

The shareholding combination as per clause 1.5(xxiii) of Bangladesh Securities and Exchange Commission notification no. BSEC/CMRRCD/2006-158/207 Admin/80, Date: June 03, 2018 has been shown in annexure-III.

Corporate Governance

The Company has taken effective stand for best practice of corporate governance. Presently working for strengthening all sorts of operational policies and procedures. The company is determined to ensure good governance by complying with all the applicable rules and regulations of corporate governance guidelines of the BSEC.

Acknowledgement

The Board expresses their gratitude to the Government of the People's Republic of Bangladesh, National Board of Revenue (NBR), Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC&F), Dhaka Stock Exchange PLC (DSE), Chittagong Stock Exchange PLC (CSE) and Central Depository of Bangladesh Limited (CDBL), the companies bankers, and other business partner for their cooperation, positive support, and guidance. The Company and its Board of Directors also would like to extend its foremost regard and appreciation to the valued shareholders and other stockholders of the Company for their persistent support and guidance to the company that led to the achievements.

Lastly, we promise that we will continue our journey towards a bright future, we look forward to your continued support in 2024-25 and the days ahead. I would like to say you that the Board, with the support of the shareholders, would continue to strive to improve the company's operation and probability in the upcoming years.

On behalf of the Board of Directors,



(Lin Yu Chen)

Chairman