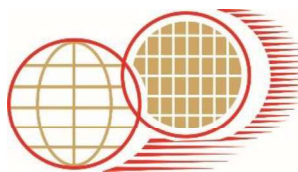


## **APPENDIX II**



**GLOBETRONICS TECHNOLOGY BHD**  
Registration No. 199601037932 (410285-W)  
(Incorporated in Malaysia)

### **SUMMARY OF KEY MATTERS DISCUSSED**

SUMMARY OF KEY MATTERS DISCUSSED AT THE 26<sup>TH</sup> ANNUAL GENERAL MEETING OF GLOBETRONICS TECHNOLOGY BHD ("**GTB**" OR "**THE COMPANY**") CONDUCTED VIRTUALLY FROM THE BROADCAST VENUE AT THE CONFERENCE ROOM OF GTB, PLOT 2, PHASE 4, FREE INDUSTRIAL ZONE, 11900 BAYAN LEPAS, PENANG ON WEDNESDAY, 10 MAY 2023 AT 10.30 AM

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Key matters discussed at the 26<sup>th</sup> AGM are summarised as follows:

- 1) Can elaborate how to shorten the new product introduction (**NPI**) process?

Answer: The NPI process typically dependent on type of products and the development cycle can vary between 3 to 6 months. The product has to go through a minimum of 1000 hours or some fixed other number of cycles to ensure its quality and durability.

- 2) The management may want to enhance the Company's website, from http to "https" and make it more informative and investors' friendly.

Answer: We will be upgrading and refreshing our website where you will be able to see new products and technologies that we have in line, in the next couple of months.

- 3)
  - o What is the position of GTB in EV supply chain?
  - o Will GTB benefits from the upcoming Open AI trend?

Answer: We have started prepositioning as the AI topic is very popular from an application perspective as well as from a semiconductor perspective. We do have one or two projects in discussion. With the adoption of advanced packaging where we have with a wafer level packaging, non-wire bonded package, flip chip BGA and wafer level CFB package, we are definitely in a good position to able to eventually benefit in this trend.

- 4)
  - o GTB's revenue and earnings has been declining year after year RM328 million & EPS of 10.5 sen/share to FY2022 of RM180 million & EPS of 6.79 sen/share. This is an alarming situation that may mean established products are losing demand due to obsolescence or competitiveness, and probably lack of up to-date products. Please comment on GTB will address this decline and what new relevant products are in the works?
  - o GTB has been registering general decrease in revenue and profits since 2018, including 2021 when its peers displayed increasing trends. Its reliance on mobile phone related sensors' contribution to the business remains high. What are your views on maturity and earnings growth prospects relating to mobile phone related sensors business? If it is mature and exhibiting slow growth, what are solid plans to diversify the business?

### **SUMMARY OF KEY MATTERS DISCUSSED**

- In the recent FY2022 Annual Report mentioned that there will be significant drop of revenue in FY2023. Do we have a guiding percentage on how much drop will anticipate in FY2023 as compare to FY2022?
- Hi, to what extent do you expect the Group's performance to be worse? Is that a loss making possibility in the upcoming quarters?
- Please tell us more on future of the Company in detail.
- Are there any exciting projects in the pipeline? Can you share more details with shareholders?
- Is there any new customer win in FY2023 as the company is now over reliance on single key customer?
- Looking at the revenue in the latest quarterly report, what are the strategies in cost control?
- What is the percentage of current revenue earned through diversification into new businesses performed in the last 3 years?
- Last AGM, the board gave an insight on potential turnaround / huge order that "should be" materialize by Q4 2022. Could the board further update the insights?
- Our share price and demand is also approaching penny stock levels, how will GTB improve investor interest?

Answer: The current operating climate is extremely challenging globally coupled by the operating cost in Malaysia such as increase in wages and energy price that had compounded impact to the Group.

We will continue to improve the Company's profitability in 3 main areas:

Firstly, to reduce low value-added labour and, this is made possible with our investment in the past 2 years in smart factory and we have started to see the benefits of automation and our ability to improve productivity. This will continue to be our plan where we will take this year to reduce the non-productive and non-value-added processes and continue to increase our capability and knowledge of our workers in new domain such as automotive, medical and also data centres application.

Next we would utilise existing platform for other products without incurring additional CAPEX investment. Based on the current forecast from customers, our capacity utilisation is about 50% - 70%. During this low period, our team managed to explore ways to convert the existing platform that is readily and available to support the stable and emerging segment such as automotive products sensor, power electronics going into automotive products as well as optical component going into data centres. However in order to serve this market, there was also a need for us to continue invest in talent in the areas and domain of design, packages development, as well as testing. As such, we are finding a balance between removing lower value workers and increasing more knowledge workforce.

At the same time, we are also looking at few projects where we are moving from component level manufacturing to module level manufacturing. Currently we have in 2 projects in our pipeline where previously we are building optical sensing and now building the system package and also optical modules. This will increase the value of products and value-add to our offering as well.

### **SUMMARY OF KEY MATTERS DISCUSSED**

We are also very much focus on sustainability topics especially on energy factor. This would be our third segment of cost saving initiatives. Currently, we have 2 facilities equipped with solar power and we are in assessment of having more facilities and utilities with renewable energy sources.

With regard to our growth strategy, there are new vertical that we intend to participate in. The Company would continue to remain strong in consumer products and would be diversifying into automotive and optical products for communication and networking. In order to participate in those areas, we are working with our customers to develop strong and promising projects in the pipeline covering different areas which we anticipate 2 products will go into mass production in FY2023, subsequently 1 product is expected into mass production in FY2024 and another in FY2025.

In order to maintain as a leader that align with our past strategy, we are working with strategic partners to upgrade our capability in advance packaging. This has enabled us to shorten the development cycle. In the coming months and quarters, we anticipate that this technology that we are building now would be able to go into mass production sometime in FY2024 and FY2025.

Lastly, we are looking consistently at new opportunity be it in Merger & Acquisition (M&A) or external partnership and also proactively looking for potential opportunity either in expanding to different geography or expansion in new product segment.

- 5) Do you have R&D to develop own advanced package for various miniature devices? Or perhaps can patent such package invention.

Answer: We are very clear of the need to be constantly on the forefront of the consumer segment and even in the other segment. We are looking into miniaturization using advanced packaging and also more chips package into one chip.

- 6) ○ The share price dropped to the historical low. Investor who invests in the company since 2 years ago would have suffered 50% capital lost. Notably, the EPF has been shredding the holding of the company. How would the board regain the confident of the investor (especially institution) in near and mid-term?

Answer: Market demand has gone softer as we are seeing also in our operation quite a spike up in terms of our input cost, wages due to impact of minimum wage policy, utility cost and also the expiry of the tax incentive which we have been enjoying for the last 10 years.

The holding of EPF has dropped about 1.5% and, we are unable to comment much as this could due to their investment direction. As mentioned (section 4), the Company has putting in place various action and various new products introduction. Hopefully moving forward after the year of transition, we will be doing better with NPI going to FY2024.

**SUMMARY OF KEY MATTERS DISCUSSED**

- The analyst generally giving bearish view on the prospect of the company. Maybank IB cited the company's plant utilization was at 65-66 percent currently. How could the company further optimize the cost?

Answer: This is expected, in view of the lower order from our end customer that resulted in lower capacity utilization in our overall operating capacity. There are various smart factory execution which we have been trying to put in place and also looking at reducing our low value workforce requirements and various engineering programme especially in the area of renewable energy and solar. The key issue is not about further optimizing our operation cost because some of the projects we have been working on, our customers decided to delay and deferred. That was unfortunate but that is the nature of the business that we are in today.

- 6) Can you share what is the total number of workforce currently under the Group?

Answer: The current workforce under the Group total 750 employees.

- 7) ○ Given the drop in financial result this year, can you share what is the dividend guidance for this year?
- Does the company higher dividend pay-out ratio cause the company grow slower than other competitors?

Answer: In view of lower financial results we are going to achieve this year, we expect the dividend payout for the year to be lower. We also have to bear in mind that this year we are putting focus and plan to expand and enhance into a new area of business and also new products. As a result, we need to conserve our cash flow diligently to ensure there are sufficient internal funds for our CAPEX investment in FY2023 and also early part of FY2024.

- 8) ○ Any possibility to enjoy other new tax exemption from the government?
- Any plan to secure new tax exemption?

Answer: We do have another grant (Industry 4.0) that is currently active.

- 9) How minimum wage and cukai makmur affect the company?

Answer: The Group is not impacted by any cukai makmur. As for minimum wage regime, the Group is impacted about RM300,000 to RM350,000 in the second half of FY2022.

- 10) Will you purchase your own company share at current stage?

Answer: As of now, the company has no plans to purchase its own shares.

**SUMMARY OF KEY MATTERS DISCUSSED**

- 11) ○ Kindly give us RM30 Touch-n-Go e-wallet for being loyal shareholders and attending this AGM. Times are bad now. Please be considered to us shareholders during this trying times. Thank you.
- This year attendees have door gift?
- Can the board be generous to provide e-vouchers for the shareholders attending this AGM?

Answer: GTB will look into this matter.