



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

SUMMARY OF KEY MATTERS DISCUSSED

SUMMARY OF KEY MATTERS DISCUSSED AT THE 25TH 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 2021 AT 10.30 AM

Key matters discussed at the 25th AGM are summarised as follows:

- 1)
 - What is the reason/rationale for discontinuing the quartz crystal timing device business in financial year 2021 (FY2021)? Kindly share what is the revenue and net profit contribution by this project over year 2020 and 2021.
 - The Top Line was earning RM206 million in FY2021 which was lowest in the 5 years, may I know what is the reason?
 - The electronics/semiconductors sector has shown continued strong growth over the last few years but GTB's business/revenues have been declining.

Answer: The quartz crystal timing device business is one of the main components of the Group's business contributing about 20% of the Group's total revenue at one point and 50% of the of the Group's total headcounts. This business is very labour intensive and has low margin. In anticipation of cost-up coupled by the end-of-life cycle of this product, the Group managed to compromise decision to exit from this business.

Revenue growth and business related question will be answered in subsequent response.

- 2)
 - What is the strategy in going forward?
 - How would the group differentiate from other OSTAT peers like INARI, MPI? What is the Group's growth strategy to be implemented in future?
 - What strategies the management has applied to drive to company to next level high?
 - Among the four major OSAT companies listed in the Bursa Securities (Inari, MPI, Unisem and GTB), GTB is the obvious under performer (both in term of share price and financial results on performance wise) in the past two years. What are the steps taken or planned to take by the company going forward in order to mitigate such situation?
 - What strategies the management has applied to drive to company to next level high?
 - Which new areas are going to be GTB's focus going forward?
 - On the smart sensors side, as global smart phone sales are softening as cited by IDC, will there be any impact to your business? Can we expect a better earnings as compared to last year?

Answer: Over the years, GTB has been in niche product in terms of OSAT. We never try to pursue commodity platform similar to some of the established OSAT. The reason for this is because we want to maintain our strategy of better margin controls, better product life cycle as well as better allocation of CAPEX. With that we have also gain strong foothold in key

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technology. Additionally, the Company's direction has always been consistent with focus on new growth area. This strategy continues to help sustain our margin while efforts are being focus to grow the revenue areas.

We will continue to be a major player in smart sensor and to drive our growth in 3 other areas namely automotive, Internet-of-Things (IoT) and health devices. We may not see an immediate effect as the gestation period for new business would take about 1 to 2 years. We however look forward towards the future contributions in the pipeline.

- 3) There is a change of guard at key executive position; what new direction and initiatives are the new focus with new blood for our Co.? What will be our company's prospects in the coming years given likely disruptions?

Answer: New exploratory areas like nano technology and expansion of laser optics related applications will be the other initiatives in laying the foundation for growth in the upcoming years. We also will focus to grow our customer base.

- 4)
- o The Annual Report for FY2022 did mention that the GTB is working on 4 to 5 new projects and expected to start contributing to the Company's revenue in the 2nd half of 2022. Please share the details of these projects.
 - o Is there any upcoming project or exciting progress that you would like to share with shareholders?
 - o Regarding the Chairman's statement in page 19 of the Annual Report for FY2021 stated "secure 4 to 5 potential new projects that will create significant diversification and growth opportunities in the next 2 to 3 years" can the management elaborate more on these projects?
 - i. Are these projects going to impact the revenue contribution % from GTB existing major customers?
 - ii. Will the projects have significant impact in the seasonality of GTB earnings?
 - iii. What is the end customer application of the products produced under the projects?
 - iv. Are the processes for the projects significantly different from GTB existing processes?
 - o How is the business prospect?
 - o Is that any new products will be unveil to the market for this financial year?
 - o Do Globetronics have any new products that will provide further growth to the business?
 - o Hi, any new expansion in future?
 - o What is the latest progress for laser lighting and bio sensor project?
 - o May I know, what is the company's future outlook?
 - o How fast are GTB's products/segments obsolescence occurring and will need newer higher value products to take up the slag?
 - o Could you please provide more details on your projects, like what type of products, for what kind of applications and customers?
 - o How to overcome the problem of company that unstable of the revenue?

Answer: There are 2 projects into smart sensors for wearable and smart phones that had started mass production this month. Along in the pipeline, there are 3 other sensors' projects for IoT, autonomous self-driving car as well as certain automotive segment. Additional new

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project would be the biosensor project which is at finalisation stage. Going forward, the new projects in the pipeline are going to generate exciting contribution to the Group.

Some of the new products would be the production of next generation smart sensors which would be a replacement of our existing products. Others will be new projects with new customers that will undergo the various development stages before mass production, thus will have minimal impact to earnings in 2022 but expected to be stable contributors in 1-2 years.

In the pipeline, we are also working with another new customer to enter the nano optics component operation. This will start operation in 2023.

- 5)
 - Has GTB experienced any supply chain disruption and order reduction risk and how will GTB deal with these problems?
 - Given that chips shortage prolonged for quite some time and materials cost increased, is there any major impact to your business.
 - Could the Board share some insights on the short-term and mid-term impact of Ukraine-Russia crisis to the company's performance?

Answer: We are the major supplier to some major global brands. So far GTB's performance had been quite consistent when compared with previous years. We believe this year would be challenging given the conflicts between Russia and Ukraine and the lockdown in China that had affected the supply chain. We are happy to announce that in the last few months, there were some inventories built-up hence in the near term, we do not foresee the supply chain is going to impact the Group. Going forward, we believe the supply chain would continue to be challenging, material situation would continue to be volatile because of uncertainties of the Russia-Ukraine war and the lockdown in China. We have been working closely with our supplier and customer for additional inventories pull in, hence the impact to us is minimal.

- 6) As for the class 100 and class 1K cleanrooms, when does GTB expect the facilities to be ready?

Answer: This is going to be another exciting project which required us to have the Class 100 facilities to be on line by 2022. If this project is to take off as per what we have in finalising with customer, this would bring GTB into a leadership OSAT in dealing with Nano technology processes.

- 7) Currently what is the contribution from the Top 5 customers? Is that the group vulnerable the risk of concentration of customers?

Answer: The top 5 customers had contributed about 90% of the Group's total revenue and while there is customer concentration risk, we are confident with reputation, product offerings and leadership of our customers in their respective segments, we should continue to gain and growth correspondingly.

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- 8) Currently the group has products to be offered like LED, gesture sensor, motion sensor. May i know how these products in terms of market shares? Is that any plan to develop more variety of products?

Answer: For many of our products, we are either the sole source or one of the 2 sources to our global customers. There are many applications being co-develop with our customers and new customers now, for these new products, we continue to focus on smart sensors and the expanded applications into areas like autonomous driving, IOT and health devices. With some gestation period, these new products should become exciting new growth drivers for us in the next 1-2 years.

- 9) May i know what is cost to be spent for group R&D? Is the group has any patency for existing products?

Answer: We co-develop products for our customers where the IP / patents typically belong to our customer while we contribute by developing processes to take products to mass production to ensure a good time to market. R&D costs are a combination of customer sponsored and our own costs, where we typically spend about 1-2% of sales on R&D. IP from all our development efforts belongs to our global customers.

- 10) How confident is GTB is able to secure orders from US and EU multinational businesses to repatriate manufacturing capacity from China to their home countries, and when will this begin to contribute to revenue?

Answer: We are of the view that the continuing trade war between China-US would result in more outflow opportunities from China. We believe this is one of the avenues that would benefit the Group. However, to be consistent with our strategy in securing future customers, margin and sustainability is an important consideration. We continue to be cautious in our selection and investment decision on these new opportunities.

- 11)
 - o The coming RM 1500 at least working wages does it will cause much impact expenses for group?
 - o Is Globetronics profit affected by the recent rise in the lowest basic salary and raw materials? Are Globetronics able to absorb these costs?

Answer: Yes, but it would worst for those companies with more labour-intensive operation. We foresee very minimum impact as our decision to exit from timing devices business (item 1 above) had helped to save quite a substantial amount caused by the minimum wage starting from May 2022. We believe, from the overall strategy that we had taken in terms of cost savings management, we able to offset some of the impact arising from the minimum wage requirement. One of the major efforts is to drive for more industry 4.0 implementation.

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- 12) Any real positive contribution to the bottom line of the company from ESG related efforts and initiatives?

Answer: We are very committed to drive strong ESG compliances, which is a very important sustainability practice to us as well as to the investor community and other stakeholders of the Company. From most recent initiatives of ESG, we have seen quite a bit of contribution financially. The energy efficiency replacement of some air-conditioner compressors, temperature control on relevant processes and scheduled shutdown of operations had reduced our utility cost.

- 13) Any plans to expand to other region of Malaysia?

Answer: No. We continue to build our efficiency from single site and leverage on optimisation of our overheads as well.

- 14)
 - o Recently there are analyst reports mentioned that GTB Tax incentive "Pioneer Status" will be expiring the coming June 2022, question, will the management be applying from MIDA again for another 5yrs extension?
 - o Can the management update on the status on the Company's MIDA tax incentive is set to expire on 30 June 2022 and has not been extended?
 - o Are tax incentives "Pioneer Status" expiring? How it affects Group's profit?
 - o Can you elaborate more on industry 4.0 related to our group? Any grant? Any tax benefits?

Answer: There is no extension of our pioneer status at this moment. However, we do have another grant (Industry 4.0) running in parallel at now.

- 15)
 - o The Company's cash and cash equivalent position has increased throughout the years, standing at RM195 million as at FYE2021. What are the Company's planned usages for the high cash amount?
 - o Are there any major planned CAPEX for the upcoming 1-3 years?

Answer: We continue to build a strong and stable financial position especially with our cash, this is to enable to make prompt decision to invest in new business opportunities. We will have quite a big CAPEX in the pipeline (i) to support all the new projects and new technology; (ii) Industry 4.0 utilisation; (iii) new technology for R&D; and (iv) new CAPEX for increase the capacity for building cleanroom and class 100 facilities.

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- 16) ○ What is the company doing to increase the share price?
○ Share price has worsened over the years. Please consider door gift for shareholder, at least a food voucher in view of this.
○ GTB has underperformed in the case of the record high performance rate of all technology stocks in the previous two years.
○ Noted EPF seems invested in the company during the peak share price of the company prior to Covid-19. Thereafter, the share price of the company seems not performing well until today. Did the company actively engage with institution investment communities to gain positive support?
○ Any reason(s) for the share price downwards since 2021?

Answer: We have no control over the share price, we being the management team however would continue to work extremely hard to get the fundamental and performance of the Group to remain solid as what we had prevailed over the last 25 years.

- 17) ○ Will the company be able to pay more dividends to the shareholders for the coming year?
○ Probably increase dividend as to circumvent slide in share price.
○ Can you guide on the dividend payout this year? Thanks

Answer: We have a good track record with our dividend payout over the past years. The board and management will continue to carefully balance the requirement for new business investment and dividend payout. Our commitment is to continue to allocate the highest percentage of our annual earning for dividend. Most probably, this is of the reasons, EPF and other institutions continued to strengthen their portfolio with GTB.

- 18) ○ Will the Board consider giving door gifts such e-voucher or e-wallets for those participating in this AGM as a token & of appreciation?
○ I wish to request for Touch-n-Go E-wallet as a token of appreciation to shareholders who attending this AGM. Tqvm in advance for your kind consideration.
○ It has been 2 years we did not have a physical AGM since the pandemic. Hope everything good is in the line-up. Also, don't forget to reward the shareholders attending this virtual AGM by distributing Door Gifts or E-Voucher.
○ Please consider giving e voucher to participating shareholder.
○ Hope the Company will reconsider its decision of not giving any door gifts/e vouchers to all its shareholders and proxies attending this RPV.
○ Hi, Board of Directors are allocated allowance to attend meetings. We, as shareholders likewise, be allocated E-Voucher for attending this virtual AGM.
○ Kindly consider to reward shareholders with e-wallet reload, e-voucher etc.
○ Virtual meeting is good but since the Company decided not giving any door gift, the Directors also should not be given any meeting allowance! Do u agree?

Answer: GTB will look into this matter.

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- 19) Why is the company's management holding only miniscule stake in the company when future prospect is as bright as claimed by CEO?

Answer: Company ESOS is offered to management, it is dependent on them on timing of when to exercise their options

- 20) Should we have the new CEO present to us her business strategy?

Answer: Yes, there will be more sharing on the new CEO's strategy once she officially takes over the position in July 2022.

- 21) Are we exploring any forms of M&A opportunities, including being taken over?

Answer: Yes we are always open to and will explore M&A opportunities that will enhance the value of the Group.

- 22) Who are your competitors and are they a threat to Gtronic business going forward?

Answer: Our current strategy is pursuing niche products and businesses that are non-commodity and thus have better margins and less competition. Competitors will come in the form of other OSAT of our customers or players trying to come into the space of our customer, they are all global in nature and we have to continue to be agile and innovative to position ourselves against the competition

- 23) Any plan for bonus issue in the near future, since last was 2018.

Answer: No plans at the moment.