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

SUMMARY OF KEY MATTERS DISCUSSED

SUMMARY OF KEY MATTERS DISCUSSED AT THE 21ST ANNUAL GENERAL MEETING ("**AGM**") OF GLOBETRONICS TECHNOLOGY BHD ("**GTB**" OR "**THE COMPANY**") HELD AT MERBAH ROOM, LOWER LEVEL, HOTEL EQUATORIAL PENANG, NO. 1 JALAN BUKIT JAMBUL, PENANG ON TUESDAY, 08 MAY 2018 AT 10.30 AM

Key matters discussed at the 21st AGM are summarised as follows:

Q1 As stated on page 13 of the Annual Report, the Group has invested an amount of RM107 million in capital expenditure ("CAPEX") for the year in support of the high demand of new sensors components as well as in the ramping up of existing products on top of some expansion in the LED and quartz crystal timing devices.

A1 From current visibility, a CAPEX of RM50-60 million was expected this year. This amount was expected to increase should some of the Group's current unconfirmed projects are to be materialised later this year.

Q2 How would the Board address the risk of market cannibalisation of its product offerings, given the rapid development & speed of change taking place in the industry? (Page 16 of Annual Report)

A2 The Group would continue to aggressively pursue its New Product Introduction (NPI) initiatives in moving up the value chain to stay relevant and ahead of market cannibalisation. For the new sensors that just started mass production in year 2017, the Group had been working on the next generation to be launched in year 2018 and beyond. The Board would carry out a thorough review of any CAPEX investment to ensure all risks are assessed and that the return-of-investment (ROI) period is short enough to address the product life cycle.

Q3 Please explain the Group's diversification strategy as stated on page 16 of the Annual Report.

A3 The Group's business portfolio was currently being anchored by several key customers within the sensors, LED and quartz crystal timing devices segment. GTB had been actively pursuing other customers within this space, while targeting new partnerships which are synergistic with the Group's core competencies.

Q4 As mentioned on page 17 of Management Discussion and Analysis ("MD&A") in the Annual Report, one of the factors contributing to the Company's strong performance and turnaround is its new product breakthrough and significantly improved financial performance in the sensors division.

(i) Can the company sustain this performance in financial year 2018?
(ii) What are the major factors that could derail the achievement of this goal?

A4(i) The performance of GTB's sensor division was dependent on the take-up rate of consumer product of its end customer. As mentioned, there was some inventory in the supply chain that needed to be depleted as well as the switch over to the next generation sensors at an earlier date, which would impact the performance of GTB's sensor division from March-May 2018 with lower volume loadings. Nevertheless, as the new generation sensors started mass production in June 2018 and incorporated into new customer electronic products in 2nd half of 2018, growth was expected in this segment year on year.

A4(ii) Factors that could affect the achievement of this goal would be the components of GTB did not get incorporated into new consumer's smart devices and/or end customer's product did not get a good reception in the market place resulting in low volume loadings to GTB.

Q5 Please update on the prospect of securing the 2 new projects as mentioned on page 19 of the MD&A. What is the latest update on the laser auto headlamp project?

A5 The laser auto headlamp had been making good progress and was on track to start small volume mass production by 4th quarter of 2018. For the bio sensor, GTB was still waiting the approval from customer which, the decision was expected to be in by 3rd quarter of 2018.

Q6 Could the trade war between US and China affect the Company, given that the Company's customer is based in US and whether the ambitious China could affect the Company?

A6 The focus of China was not in manufacturing but more on development in technology. From different perspective up until this moment, the perception of Malaysian manufacturers were still positive, as such GTB, being part of the supply chain might stand to benefit directly.

Q7 Please elaborate the safety concern of the laser auto headlamp when it is utilised on the road. (Page 19 of the Annual Report)

A7 The normal perception was that the high energy emission of laser could damage the eyes. However, the high technology of the laser auto headlamp would address this safety concern when it is utilised on road. The initial target of this laser auto headlamp would be for the premium models of automobiles and subsequently into mass adoption when the product, technology and cost improved.

Q8 What is the life cycle of a smart sensor and the differences between ambience sensor and proximity sensor?

A8 To normal layman, the life cycle of a smart sensor would be very long as every single smart device requires the smart sensor for conservation of power. GTB did not foresee the smart sensor to be eliminated though there would be a variation in technology advancement. The ambience sensor was part of the light sensor for ambience light and colour light whilst the proximity sensor was for cutting off power consumption with the objective of power conservation.

Q9 How would the Company address the shortage of engineers?

A9 GTB was in discussion of employing foreign engineers from Philippines that complement the requirements of the Company.

Q10 2 weeks ago, the Group CEO mentioned in BRM regarding technology shift from 4G to 5G, what is the perception of GTB in this area?

A10 There were 2 billion smart phones manufactured over the years. With the launch of 5G at better performance, power and speed could lead to a new market as a result of the matured 4G. Being part of the supply chain, GTB was expected to benefit as its sensor has the capability incorporated being part of its developmental process.

Q11 Does the Company's investment strategy is only focusing on smart sensor?

A11 GTB did not confine to smart sensor alone but also into automotive and health sensor which had opened up huge opportunity.

Q12 How long would it take to mass production and the percentage of the smart sensor contribution to the Group's revenue?

A12 GTB had to fulfil stringent requirements of end customer about 8 to 9 steps in which the whole process took around 8 to 12 months from 1st prototype to mass production. The smart sensor had contributed about 40% to 50% of the Group's revenue in FY2017.

Q13 How would the Company mitigate in foreign exchange risk?

A13 GTB had been conservative in balancing its contract transactions in USD. The percentage of revenues generated in USD was in the range of 50% to 60% and such percentage had allowed GTB to have a natural hedge on currency risk.