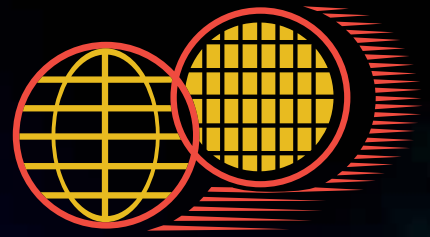


Forward-Looking



**Globetronics
Technology Bhd.**

Registration No. 199601037932 (410285-W)

ANNUAL REPORT
2020

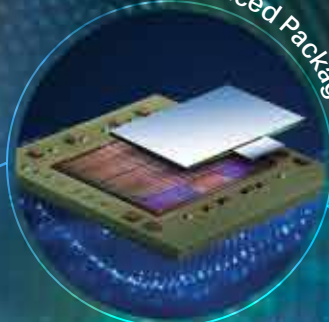
Extended Reality



Autonomous Robots



Advanced Packaging



Lights Off Manufacturing



Artificial Intelligence



VISION

To be the global business partner of choice in niche products and services.

MISSION

To deliver continuous growth and breakthroughs in business performance with total customer satisfaction.

BELIEF

- People are our greatest asset
- Results-oriented with customer satisfaction
- Organizational agility
- Focus on corporate excellence
- Integrity at all times
- Team-based approach

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Corporate Information

Board of Directors

Mr. Michael Ng Kweng Chong
(Founder and Executive Chairman)

Dato' Heng Huck Lee
(Chief Executive Officer)

Dato' Syed Mohamad Bin Syed Murtaza

Dato' Norhalim Bin Yunus

Dato' Iskandar Mizal bin Mahmood

Mr. Yeow Teck Chai

Mr. Ng Kok Khuan

Ms. Lam Voon Kean

Ms. Ong Huey Min

Registered Office

51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.
T (604) 210 8833 / F (604) 210 8831

Share Registrars

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia.
T (604) 228 2321 / F (604) 227 2391

Auditors

KPMG PLT
Chartered Accountants

Principal Financial Institutions

Citibank Berhad
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad
AmBank Berhad
HSBC Bank Malaysia Berhad
Public Bank Berhad

Principal Solicitor

Ghazi & Lim

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Code: 7022

Audit and Risk Management Committee

Chairman

Dato' Syed Mohamad Bin Syed Murtaza

Members

Ms. Lam Voon Kean

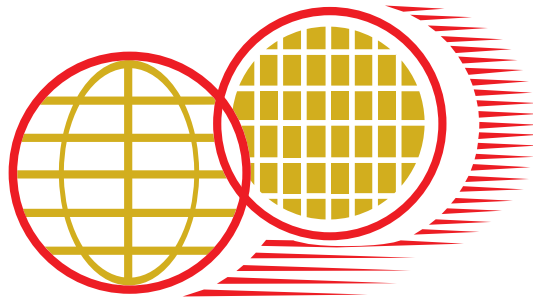
Ms. Ong Huey Min

Secretaries

Lee Peng Loon (MACS 01258)
SSM PC NO. 201908002340

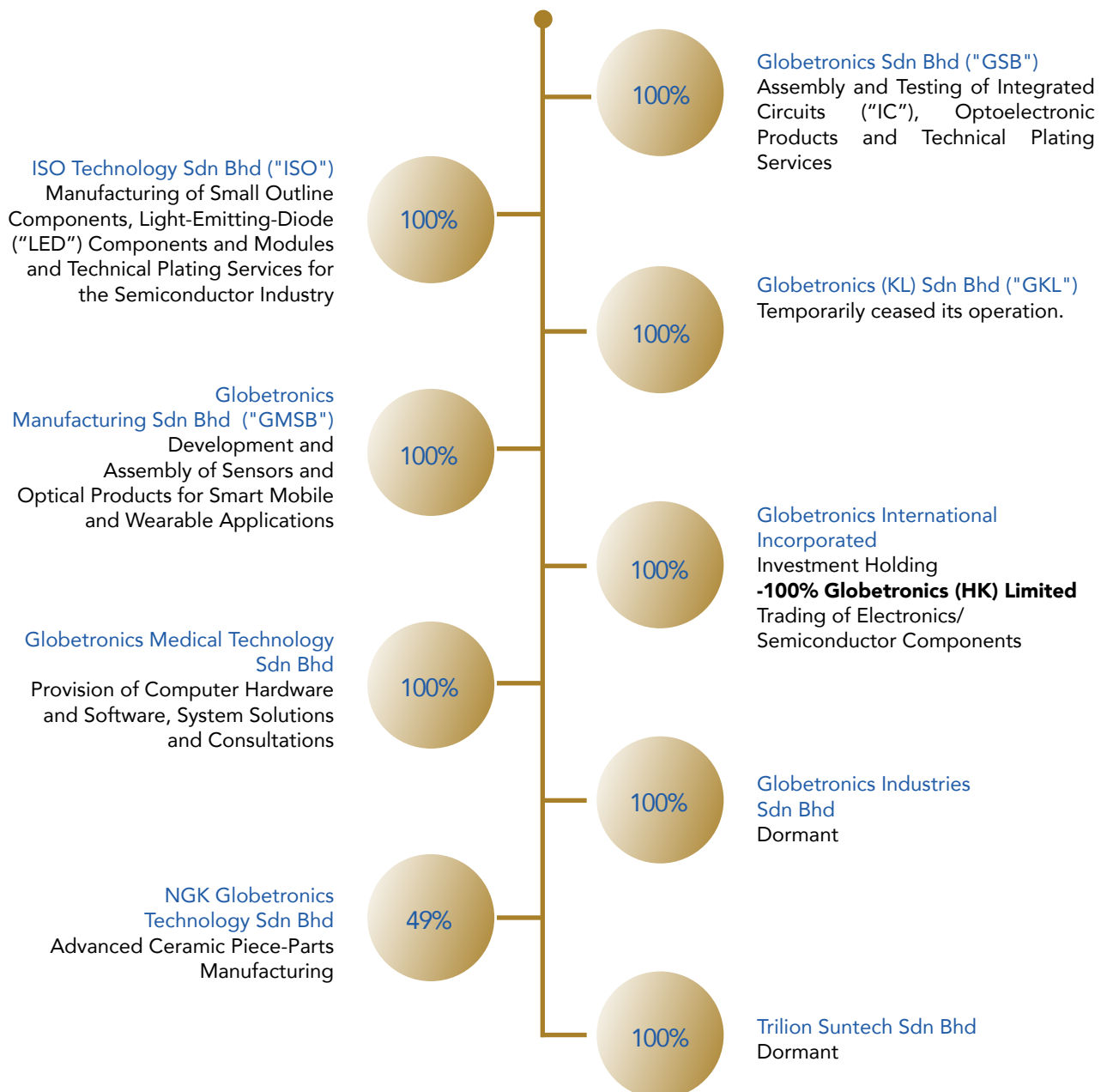
P'ng Chiew Keem (MAICSA 7026443)
SSM PC NO. 201908002334

Group Corporate Structure



Globetronics Technology Bhd.

Registration No. 199601037932 (410285-W)



Financial Highlights

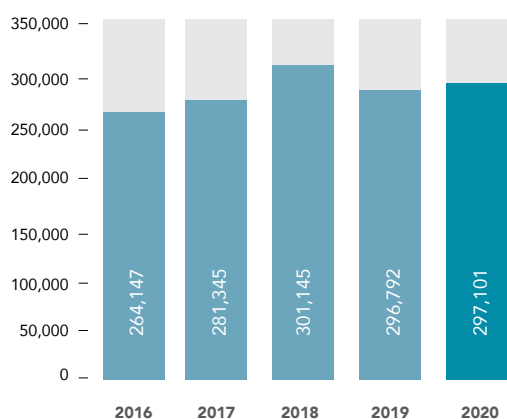
Year Ended 31 December	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Turnover	215,346	304,558	327,956	216,316	227,523
Profit Before Taxation	33,448	55,873	74,785	46,038	51,996
Profit After Taxation	25,721	51,147	70,117	44,714	50,804
Profit Attributable to Shareholders	25,721	51,147	70,117	44,714	50,804

As at 31 December

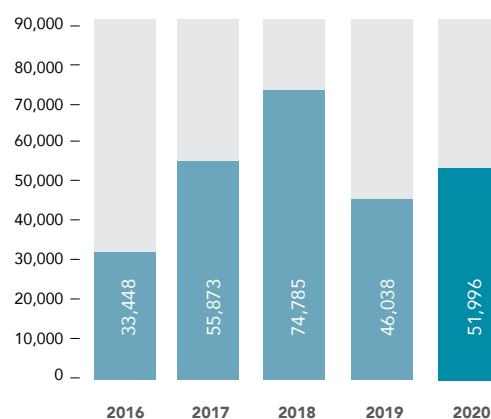
Total Assets Employed	310,414	397,143	376,069	337,777	333,689
Shareholders' Funds	264,147	281,345	301,145	296,792	297,101
Net Earnings Per Share* (Sen)	3.91	7.72	10.50	6.68	7.59
Net Tangible Assets Per Share* (RM)	0.40	0.42	0.45	0.44	0.44

* The comparative figures for Net Earnings Per Share and Net Tangible Assets Per Share have been restated to reflect the adjustment arising from the Subdivision and Bonus Issue completed in financial year 2018.

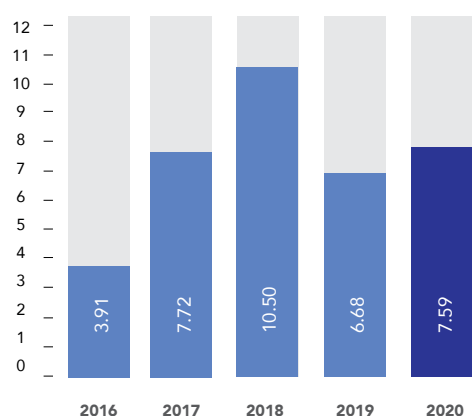
Shareholders' Funds (RM'000)



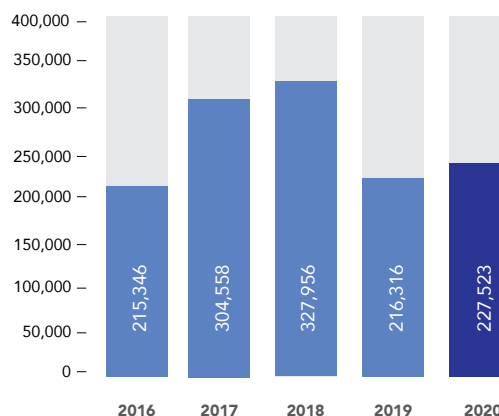
Profit Before Taxation (RM'000)



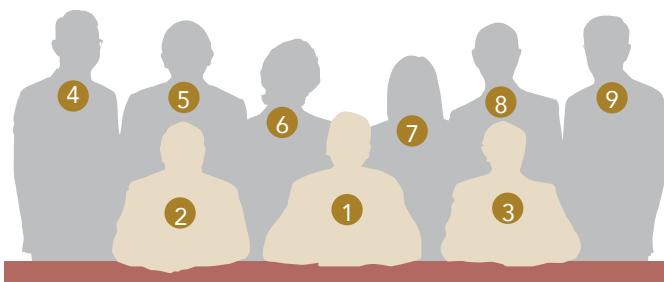
Net Earnings Per Share* (Sen)



Turnover (RM'000)



Board of Directors



Front row

1. **Mr. Michael Ng Kweng Chong**
Founder and Executive Chairman
2. **Dato' Heng Huck Lee**
Chief Executive Officer
3. **Dato' Syed Mohamad Bin Syed Murtaza**

Top row

4. **Dato' Iskandar Mizal Bin Mahmood**
5. **Dato' Norhalim Bin Yunus**
6. **Ms. Ong Huey Min**
7. **Ms. Lam Voon Kean**
8. **Mr. Yeow Teck Chai**
9. **Mr. Ng Kok Khuan**

Profile of Directors



MR. MICHAEL NG KWENG CHONG
Aged 73, Male, Malaysian

Non-Independent Executive Director of Globetronics Technology Bhd. ("GTB")

*Director since 5 August 1997
Executive Chairman and Chief Executive Officer since 19 May 1998
Founder and Executive Chairman since 3 January 2008*

Mr. Michael Ng is currently the Founder and Executive Chairman of GTB. He was the original founder of GSB in 1991. He nurtured the Company from an initial paid-up capital of RM3 million 29 years ago and led the Company to a successful IPO in 1997. Today, Globetronics has grown to become a company listed on the Main Market of Bursa Malaysia Securities Berhad with nine subsidiaries and one associated company with a paid up capital of more than RM180 million.

Mr. Michael Ng graduated from the University of London in 1972 with an Honours Degree in Mechanical Engineering. He has earned many certifications and recognition in the areas of technical, management and

business developments and expertise in the High Technology Semiconductor manufacturing arena.

In his 18 successful years working for Intel Technology Sdn. Bhd., Michael Ng grew rapidly from an Engineer in 1972 to various senior management positions within Intel Penang, the Asia Pacific and the US. Of significance were the senior management positions spanning 1 year in Intel US, 2 years each for the Far East Automotives' Business Group and the Asia Pacific Quality Support Group covering South Korea, Taiwan, Hong Kong, Singapore and Malaysia.

He attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Mr. Michael Ng is the uncle of Mr. Ng Kok Khuan who is a director of GTB.

He has no conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)



DATO' HENG HUCK LEE
Aged 64, Male, Malaysian

Non-Independent Executive
Director of GTB

Director since 10 November 1997
Chief Operating Officer ("COO") since
25 May 1998
Chief Executive Officer ("CEO") since
3 January 2008

He graduated with a Bachelor of Applied Science (Honours) majoring in Computer and Electronic Technology from University Sains Malaysia ("USM") in 1982. He also obtained a Master in Business Administration from East Asia University in 1991. His past working experience includes a 10-years operations/management position with Intel Technology Sdn. Bhd., one of the world's largest semiconductor manufacturer. He also has more than 5 years working experience as a Group General Manager with Shinca Sdn. Bhd., an Original Equipment Manufacturer/subcontract manufacturer for a wide range of electronics and computer products from 1991 to 1997.

Dato' Heng was the President of Frepenca (The Free Industrial Zone, Penang, Companies Association) from 2011 to 2015.

Dato' Heng is also a committee member of Malaysian Investment Development Authority's ("MIDA"), Electronics & Electrical ("E&E") Strategic Council, Frepenca, Penang Strategic Investment Advisory Council ("PSIAC") and Universiti Tunku Abdul Rahman ("UTAR") Industrial Advisor, Faculty of Business and Finance.

He attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Dato' Heng Huck Lee does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)



DATO' SYED MOHAMAD BIN SYED MURTAZA
Aged 73, Male, Malaysian

Independent Non-Executive Director of GTB

Director since 18 May 2011

Dato' Syed has over 49 years of vast experience in the business, corporate and entrepreneurial exposures. After completing his education at Penang Free School, he joined Kah Motors and has since been appointed to several key positions in various business and non-business organizations both locally and internationally. He has served in reputable Multinational Companies ("MNCs") such as Shell Malaysia and was the Chairman of Penang Port Commission. He was the former Chairman of DRB HICOM Berhad and former President of The Federation of Asia Motorcycle Industries and International Motorcycle Manufacturers Association. Dato' Syed is experienced in a diverse range of businesses from automotive and manufacturing to exports, trading, property and oil and gas.

He is the Chairman of Audit and Risk Management Committee, a member of Nomination Committee and a member of Employee Share Options Scheme ("ESOS") Committee. He currently sits on the boards of Master-Pack Group Berhad (Executive Chairman), Yayasan Bumiputra Pulau Pinang Berhad, MITTAS Berhad, Boon Siew Credit Berhad, Penang Tourists Centre Berhad and several private limited companies such as Armstrong Auto Parts Sdn. Bhd., Penang Port Sdn. Bhd., and Usains Holdings Sdn. Bhd., the corporate arm for Universiti Sains Malaysia. He is also the Executive Chairman of USIM Tjajah Holding Sdn. Bhd., the corporate arm of Universiti Sains Islam Malaysia.

He also heads Penang Tourist Centre Berhad, MITTAS Berhad, and is the Advisor of Motorcycle, Scooter Assembly and Distributor Association of Malaysia. He was appointed as a committee member to Penang Socio Economic Recovery Consultative Council ("PSERCC") by the Penang State Government in June 2020.

He attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Dato' Syed does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)



MS. LAM VOON KEAN
Aged 68, Female, Malaysian
Independent Non-Executive
Director of GTB
Director since 15 May 2013

She is a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA"). She joined KPMG Penang in year 1974 as an articled student and qualified as a Certified Public Accountant in 1981. She was one of the senior audit managers of KPMG Penang and acted as the engagement manager for various audit engagements and also for assignments relating to the listing of shares on the Malaysian Stock Exchange and was involved in the review and preparation of profit and cash flow forecasts and projections.

She left KPMG Penang and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services Sdn. Bhd.) in 1994 and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies and branches of multi-national companies. She was promoted to Managing Director of

Boardroom Corporate Services Sdn. Bhd. ("Boardroom") consequent to an internal restructuring exercise in year 2005 and retired on 31 December 2011. Upon retirement, she accepted a one year contract to act as consultant to Boardroom effective 1 January 2012.

She is the Chairwoman of ESOS Committee and a member of Audit and Risk Management Committee in GTB. Ms. Lam currently sits on the Board of Asia File Corporation Bhd., RGB International Bhd., Alcom Group Bhd. and Tambun Indah Land Bhd.

She attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Ms. Lam Voon Kean does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.



MS. ONG HUEY MIN
Aged 62, Female, Malaysian
Independent Non-Executive
Director of GTB
Director since 23 October 2017

She is a member of MIA, MICPA and Chartered Tax Institute of Malaysia ("CTIM"). She was with KPMG Malaysia for more than 35 years and was a Partner with KPMG and Head of Tax Division of KPMG Penang prior to her retirement on 31 December 2014.

She has extensive experience in tax compliance and advisory throughout her career. She was the engagement partner for a wide range of companies which included public listed companies and multinationals in various industries, mainly in manufacturing, property development, construction and hotels. She has advised foreign investors on their initial setting up of operations in Malaysia including on the various tax incentives being promised by the Government. She is currently a partner with YNWA Advisory PLT.

She is a member of the Audit and Risk Management Committee in GTB.

Ms. Ong currently sits on the Board of Pensonic Holdings Bhd.

She attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Ms. Ong Huey Min does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)



DATO' ISKANDAR MIZAL BIN MAHMOOD

Aged 55, Male, Malaysian

Independent Non-Executive Director of GTB

Director since 16 May 2012

Dato' Iskandar graduated from Boston University, USA in 1989 with a Bachelor of Science Degree in Business Administration majoring in Accountancy. He has over 30 years' experience with multitude of companies ranging from multinationals to government linked companies and spanning from investment banking to technology sectors at all levels from hands-on operations to leadership.

Currently, Dato Iskandar is the Group Managing Director of Media Prima Berhad and sits on the Board of Theta Edge Berhad, a public listed company.

Dato' Iskandar started his career with an international audit firm Arthur Andersen & Co in 1989. He moved into merchant and investment banking serving Bumiputra Merchant Bankers Berhad and Commerce International Merchant Bankers Berhad (now known as CIMB Group). He joined Malaysia Airports Holdings Berhad ("MAHB") in 1999 to undertake the Initial Public Offering and Listing of MAHB on Bursa Malaysia and assumed other responsibilities such as Corporate Finance, Strategic Planning, Business Development and Investor Relations.

In 2003, Ministry of Finance Malaysia and Khazanah Nasional Berhad ("Khazanah") appointed him to helm the leadership of Malaysian Technology Development Corporation ("MTDC"). He was later appointed in 2005 to helm the leadership of

Malaysian Biotechnology Corporation Sdn Bhd, one of the Government of Malaysia's key technology initiatives at that time.

He then ventured into the private education sector in 2011 by partnering with Manipal Education Global of India to set up Manipal International University in Malaysia. He also served as the Group CEO of Pos Malaysia Berhad in 2013 before taking on the role of Managing Partner and Director of a renowned local consulting firm, Ethos Consulting. He was the Group CEO of Granatum Ventures Sdn. Bhd., a wholly-owned subsidiary of Khazanah from 3 April 2017 to 31 January 2019 where he successfully turned around the operations of Khazanah's creative and media portfolio.

He also served as a member of Lembaga Tabung Haji Investment Panel from 1 November 2016 to 29 August 2018.

He is the Chairman of Nomination Committee and a member of the Remuneration Committee in GTB.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2020.

Dato' Iskandar does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.



DATO' NORHALIM BIN YUNUS

Aged 58, Male, Malaysian

Non-Independent Non-Executive Director of GTB

Director since 18 July 2008

Dato' Norhalim is the CEO of MTDC, a wholly owned subsidiary of Khazanah, the investment arm of the Malaysian Government.

Dato' Norhalim has been the CEO of MTDC since June 2008 and has extensive experience in early stage technology ventures, the commercialisation of public sector universities' research results and venture fund management. He has had the opportunity to be exposed to a wide range of technology ventures through his involvement in various funding initiatives. As one of the pioneer staff of MTDC, Dato' Norhalim has wide ranging experience in the field of technology development and investment. MTDC has through the years funded projects in ICT, electronics, biotechnology and advanced material both in Malaysia and globally. He has represented

MTDC on the board of several technology companies in Malaysia and The United States.

Dato' Norhalim is a graduate of Universiti Kebangsaan Malaysia with a Bachelor of Science in Life Sciences.

He is a member of the Remuneration Committee of GTB.

Dato' Norhalim currently sits on the Board of Bioalpha Holdings Bhd.

He attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Dato' Norhalim does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.

Profile of Directors (cont'd)



MR. YEOW TECK CHAI

Aged 70, Male, Malaysian

Independent Non-Executive
Director of GTB

Director since 16 May 2012

Mr. Yeow holds a Bachelor of Economics (Hons) degree from the University of Malaya. Mr. Yeow served the Malaysian Investment Development Authority ("MIDA") for 32 years and held the post of Deputy Director General prior to his retirement in August, 2006.

During his term in MIDA, he has accumulated invaluable experience in drawing up and implementing industrial strategies in attracting Foreign Direct Investment ("FDI") into Malaysia and promoting domestic investment within the country. He participated in innumerable trade and investment missions overseas and attended and spoke in many international business conferences.

He is the Chairman of the Remuneration Committee and a member of the Nomination Committee in GTB. Mr. Yeow acts as Business Advisor to numerous companies in Malaysia and overseas.

He attended all 5 Board Meetings held during the financial year ended 31 December 2020.

Mr. Yeow Teck Chai does not have any family relationship with any director and/or major shareholder of GTB, nor any conflict of interest in any business arrangement involving the Company.



MR. NG KOK KHUAN

Aged 70, Male, Malaysian

Non-Independent Non-Executive
Director of GTB

Director since 19 May 1998

He graduated with a Diploma of Business Studies in 1975 from Australia and is a member of MIA.

From 1976 to 1977 he was employed as the Internal Auditor of Central Finance Berhad. In 1978 he was appointed as the Company Secretary of General Produce Agency Sdn. Bhd. and he has held the position since then.

He is a member of the ESOS Committee of GTB.

He attended 4 of 5 Board Meetings held during the financial year ended 31 December 2020.

Mr. Ng Kok Khuan is the nephew of Mr. Michael Ng, who is a director and major shareholder of GTB.

He has no conflict of interest in any business arrangement involving the Company.

Additional information:

None of the Directors has:

- (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
- (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

Profile of Key Senior Management



Front row (From Left) Dato' Heng Huck Lee, Mr. Michael Ng Kweng Chong
Top row (From Left) Mr. Ng Kok Choon, Ms. Choong Lai Kwan, Ms. Heng Charng Yee, Mr. Ng Kok Yu

MR. MICHAEL NG KWENG CHONG

Aged 73, Male, Malaysian
Founder and Executive Chairman

Mr. Michael Ng Kweng Chong is a Non-Independent Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

His profile is listed in the Profile of Directors on page 6.

DATO' HENG HUCK LEE

Aged 64, Male, Malaysian
Chief Executive Officer

Dato' Heng Huck Lee is a Non-Independent Executive Director of GTB. He was appointed to the Board of GTB on 10 November 1997.

His profile is listed in the Profile of Directors on page 7.

Profile of Key Senior Management (cont'd)

MR. NG KOK CHOON

Aged 55, Male, Malaysian
Chief Financial Officer ("CFO")

Mr. Ng Kok Choon graduated with a Bachelor of Commerce (Accounting) degree from University of New South Wales, Australia.

He joined KPMG Penang in 1989 and qualified as a Certified Practising Accountant (Australia) and Chartered Accountant with MIA.

He joined GSB in January 1996 as an Accountant and worked his way to be the Chief Financial Officer of GTB in July 2006.

He currently sits on the board of all the subsidiaries and an associated company of GTB.

Mr. Ng Kok Choon is the nephew of Mr Michael Ng and cousin of Mr. Ng Kok Khuan who are the directors of GTB.

He has no conflict of interest in any business arrangement involving the Company.

MS. HENG CHARNG YEE

Aged 37, Female, Malaysian
Vice President ("VP") of Business and Operations

Ms. Heng Charng Yee graduated with a Degree in Engineering (Major in Electronics) from Multimedia University, Malaysia.

She started her career with Tyco Fire and Security in Malaysia as an Asia Management Trainee in September 2007. Her career in Tyco Fire and Security expanded to roles in Project Management, Regional Business Operations and Operational Excellence and Strategic business expansion in Malaysia, Singapore and Shanghai.

She joined Globetronics Manufacturing Sdn Bhd ("GMSB") in 2013 as a Quality and Strategic Business Manager in charge of overseeing quality across GSB and GMSB as well as development of strategic projects. She was appointed as Business and Operations Senior Director in July 2016 and subsequently appointed as Vice President of Business and Operations in January 2018.

Ms. Heng Charng Yee is the daughter of Dato' Heng Huck Lee, who is a director of GTB. She has no conflict of interest in any business arrangement involving the Company.

MS. CHOONG LAI KWAN

Aged 52, Female, Malaysian
Financial Controller

Ms. Choong Lai Kwan graduated with Bachelor of Accounting Degree from University Utara Malaysia and qualified as a Chartered Accountant with MIA.

She started her career with Dynacraft Industries Sdn Bhd and Coopers and Lybrand in 1994. She joined GSB in 1995 as the Finance Officer and was appointed as the Financial Controller of ISO Technology Sdn Bhd (one of the subsidiaries of GTB) in July 2016.

Ms. Choong Lai Kwan does not have any family relationship with any director and/or major shareholder of GTB. She has no conflict of interest in any business arrangement involving the Company.

MR. NG KOK YU

Aged 45, Male, Malaysian
Corporate Director

Mr. Ng Kok Yu graduated with a Bachelor of Science degree in Finance from Arizona State University.

He started his career with GSB in April 1999 as a Corporate Planning Officer in charge of treasury functions and investment holding companies of the Group. He was appointed as the Corporate Director of GTB in July 2016, in charge of merger and acquisition ("M&A") opportunities, legal review as well as handling of investor relations with the investment community.

Mr. Ng Kok Yu is the son of Mr. Michael Ng and cousin of Mr. Ng Kok Khuan, who are the directors of GTB.

He has no conflict of interest in any business arrangement involving the Company.

Additional information:

None of the Key Senior Management has:

- (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
- (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.

Founder and Executive Chairman's Message



“
We continue our success as a key supplier and co-development business partner to our world-renowned customer.
”

As we entered Financial Year (“FY”) 2020 still reeling from the crippling effects of the relentlessly stubborn 2 year old US-China trade-war, another worldwide crisis (Covid-19 pandemic) hit out of the blue in February engulfing the world with even worse crippling effects on worldwide economies, human sufferings due to various draconian movement-control-orders (“MCOs”)/lockdowns across all nations.

Without any exception, our Group were not spared of the pain and hardship that permeated our industry with unprecedented supply interruptions and business uncertainties in the midst of hindered communications and the lack of face-to-face/close interactions with business partners. On top of that, a litany of different phases of MCOs and/or lockdowns imposed throughout FY2020 by most countries further exasperated the business communities thus hurting business continuity and growth opportunities to most industries worldwide. Notwithstanding the overwhelming blows caused by the double-whammy (Covid-19 pandemic and trade-war) that descended on all businesses, I am happy to report that as tough as the business environment had been, we proved ourselves tougher in overcoming all obstacles with a set of satisfactory financial performances and excellent health and safety record to close FY2020.

As we bid farewell to the treacherous and highly challenging FY2020, it is imperative for our Group to register our heartfelt gratitude and deepest appreciation to our Group’s outstanding leadership and management teams headed by our 7 star CEO (Dato’ Heng), CFO (Ng Kok Choon) and VP of Business and Operations (Heng Charng Yee) for their contributions in leading and steering our Group safely and profitably to achieve a set of stellar financial results and operational excellence.

Upon reflection, FY2020 could have been a year when our Group’s business continuity and viability succumbed to such unsurmountable challenges but for the herculean and miraculous efforts spearheaded by our CEO Dato’ Heng and our Group VP of Business and Operations Heng Charng Yee in first of all, passionately and sacrificially lobbying and winning our governmental approvals for our Electrical and Electronics (“E&E”) industry to operate with skeletal workforce during all phases of MCOs, while leading and motivating our complete workforce in devoting their hearts and souls towards producing near-perfect results and services which delighted our key customers with our 100% on-time delivery to their order requirements in spite of a spate of constraints caused by Covid-19 pandemic related lockdowns, MCOs, supply-chain interruptions, etc. It was with such outstanding leadership and team effort that we were recognized as a key partner to our most important customer. In the midst of all the challenging activities, our dedicated teams of technical and operations personnel extended their contributions to our Group with an impressive RM6 million capital expenditure (“CAPEX”) avoidance through various productivity improvement and improvisations which further facilitated our Group to close FY2020 with RM227.5 million in sales and net profit of RM50.8 million, representing a heart-warming 14% improvement over the net profit of FY2019, further enabling handsome dividend payout to shareholders of RM50.2 million which translates into ≈100% of the net profit for the year. Group cash flow position remained healthy at RM163.7 million (versus FY2019’s RM146.2 million). We have also successfully paid off the USD loan to zero with the final loan instalment of USD1 million paid in January 2020.

In the business sustainability front, our Group continued to strengthen our systems and processes in the management

Founder and Executive Chairman’s Message (cont'd)

and coordination of environmental, social and governance demands to ensure responsible, ethical and ongoing success for our Group. While significant resources were deployed in the continuous education, research and execution towards compliances of a host of revamped statutory, regulatory and reporting requirements in the Malaysian Corporate scene, other key focuses on business sustainability included two important categories concerning the effects on the environment as well as on society were executed while we continued to strive towards excellence in board diversity, community development efforts, conservation of natural resources and carbon footprint – all of which we believe will improve the wellbeing of our employees and our stakeholders, our ability to provide delightful customer services/satisfaction as well as our growth opportunities.

From the investor relations perspective, we have partnered well in connecting with many regional and Malaysian investors via limited physical meetings in Kuala Lumpur on top of dozens of conference calls and/or video conferences (Zoom, Webex or Microsoft Teams) in replacement of the usual face-to-face meetings due to the year-long Covid-19 pandemic outbreak with MCOs and border-closures. Thanks to our shareholders’ confidence and support, Gtronic stock-counter remained steady and active throughout most of FY2020 with GTB’s market capitalization standing at approximately RM1.8 billion at the close of FY2020 versus RM1.6 billion at the end of FY2019.

At this juncture, I would like to reiterate our Group’s heartfelt gratitude and sincerest appreciation to our outstanding CEO Dato’ Heng as well as our VP of Business and Operations Ms Heng Charng Yee, in leading and motivating our highly motivated and well-aligned workforce towards delivering a set of respectable performance indicators for FY2020 in spite of the double-whammy crises caused by the US-China trade war and the Covid-19 pandemic throughout the whole year of 2020.

By the same token, it is incumbent on our leadership and management team to take this opportunity to convey our heartfelt gratitude and sincere appreciation to each and everyone of our highly respected board members for their meticulous guidance, timely support and invaluable motivation provided to our teams and workforce throughout all these past years.

Last but not least, on behalf of Globetronics Technology Bhd and group of companies, I would like to thank each and everyone of our shareholders and stakeholders for your unfailing encouragement and support to us over the past years and many more years to come.

Thank you all very much!!



Collaboration with Penang STEM - Sponsorship for SetUp Initiative Program adopted by Phor Tay Secondary School



Face Mask Contributions to Penang General Hospital



Face Mask Contributions to Police Station

Founder and Executive Chairman’s Message (cont'd)

FINANCIALS / DIVIDENDS

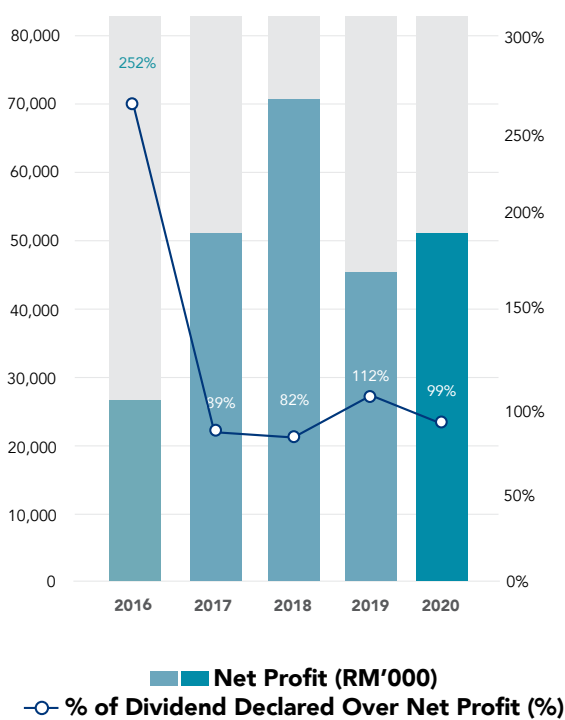
It has always been the Group’s commitment to reward our loyal and supportive shareholders by returning the optimal amount of our net profit (after factoring in new CAPEX and new business opportunities’ needs) to our loyal and supportive shareholders, as demonstrated in the chart below. As mentioned before, FY2020’s dividend payout of RM50.2 million was about 100% of our Group’s net profit for the year at RM50.8 million.

While we take great pride and honour in being able to reward our loyal and most supportive shareholders with the best dividend payout possible, we also take great care to ensure that our Group have sufficient funds to invest in subsequent years’ CAPEX and business needs. For that, I am happy to report that this objective continued to be upheld with our year end cash and bank balances remaining healthy at RM163.7 million.

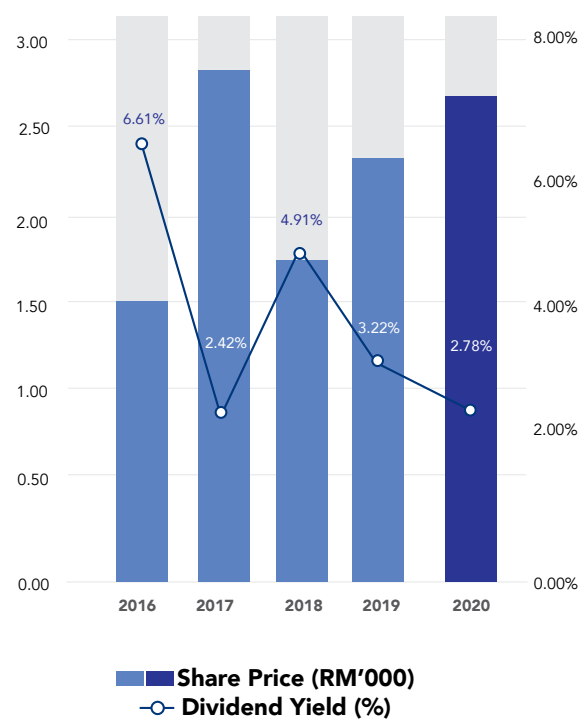
Details of FY2020’s dividend payments are as follows :

1. Year 2019’s third interim and special dividend of 3 sen per share amounting to RM 20.1 million on 26 March 2020;
2. Year 2020’s first interim and special dividend of 2 sen per share amounting to RM 13.4 million on 2 July 2020; and
3. Year 2020’s second interim and special dividend of 2.5 sen per share amounting to RM 16.7 million on 3 December 2020.

Net Earnings (RM'000)



Share Price (RM)



Founder and Executive Chairman's Message (cont'd)

ENVIRONMENTAL, SOCIAL, GOVERNANCE ("ESG") INITIATIVES

While emphasis continued to be placed on our management team and board members in the areas of continuous education, research and execution towards compliances of a host of revamped statutory, regulatory and reporting requirements in the Malaysian Corporate scene like Bursa Malaysia, Securities Commission, Companies Commission of Malaysia, Inland Revenue Board, Malaysian Accounting Standard Board, Bank Negara, etc., all other necessary resources have also been allocated proactively and in timely education, training, documentation and implementation of new or revamped ESG-initiatives with the end-in-mind of strengthening our systems and processes in the management and coordination of environmental, social and governance demands to ensure responsible, ethical and ongoing success for our Group including board diversity, community development efforts, conservation of natural resources and carbon footprint – all of which we believe will improve the wellbeing of our employees and our stakeholders.

In spite of the travel and movement constraints along with their stringent standard-operating-procedures ("SOPs") which hindered major business transactions with delays or suspensions in the start-up or transfer of new businesses and new projects, our Group still managed to persevere with many other major accomplishments beyond what have been stated.

Most notable of our FY2020 breakthrough was in our Industry 4.0 initiative which we were awarded MIDA's Industry4WRD funding in creating a comprehensive ecosystem through our Group's industry 4.0 roadmap and to ultimately transform and enhance our Group's manufacturing to even higher value-added, high technology, knowledge-intensive and innovation-based to move up our Group's value chain to be an active participant in the global ecosystem.

Another notable accomplishment in our corporate governance front was in our Group's full implementation of anti-corruption and bribery prevention program in view of the Corporate Liability Provision Section 17(A) of Malaysian Anti-corruption Commission 2009 (Amendment 2018) ("MACC Act") with finalization of documentation and policies duly completed for further enhancing the overall transparency of our Group.

In our Group's fight against the spread of Covid-19 pandemic, full organization resources were allocated in ensuring our employee's safety and wellbeing with work-from-home arrangements, daily sanitization, providing free face masks and implementing social distancing measures at our workplace, while hostels provided for our foreign workers adhered strictly to their weekly hostel sanitization to ensure clean and safe living conditions. Spot audits were carried out to ensure compliance to all Covid-19 SOPs and even the factory buses that transport the workers to the factory are sanitized twice daily. We have tested all our foreign workers with first tests started in December 2020 with zero Covid-19 incidents with our Group throughout FY2020. Our Group also contributed 13,000 face masks to eight police stations in Penang and another 40,000 face masks to Penang General Hospital to assist in the adequate supply of Personal Protection Equipment ("PPE") for our front liners.

On the social front, we put our focus on the United Nations Sustainable Development Goal 4 to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". Many of our sponsorship programs are geared toward the promotion of Science, Technology, Engineering and Mathematics ("STEM") with our annual RM20,000 donation to them, as well as other sponsorship towards technical development projects like robotics in partnership with our governmental efforts to build up the potential technical workforce pool for our country.

PROSPECTS AND OUTLOOK

Without exception, the onslaught of Covid-19 pandemic and the 2 year old US-China trade war had also taken its tolls on our Group's growth opportunities throughout FY2020. More than a couple of our Group's new business opportunities that were on the verge of taking off had to be put on hold while waiting for clarity and normalcy to return to the global business-scene but to no avail by the end of FY2020. As a result of various movement controls and/or lockdowns including extensive border closures imposed by most countries which our customers operate in, many of our Group's co-development projects were delayed as we mutually agreed with our business partners to refrain from all on-site-visits in order to protect the health and safety for our respective organizations' human resources as well as for our partnership's long-term business continuity and successes. While such bold and uncompromising health-and-safety measures taken did hurt our FY2020's financial performances on top of shaving off part of the business prospects in FY2021, there was never any hesitation on our part for such decisions to be taken in order to ensure the wellbeing and safety of the people and community in which we operate in.

Founder and Executive Chairman’s Message (cont'd)

PROSPECTS AND OUTLOOK (cont'd)

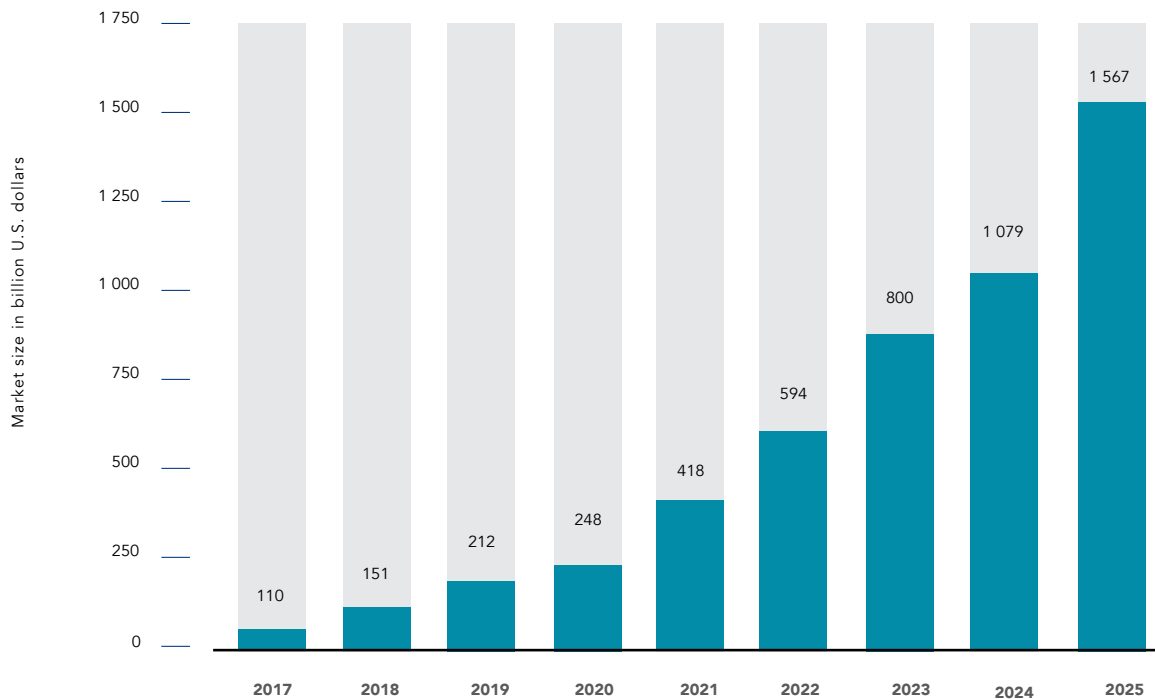
After exactly one year after the spread and the onslaught of Covid-19 pandemic hitting the world stage in February of 2020, we started to hear about the fantastic news of the availability of various vaccines with more than 90% efficacy with enough projected quantity available for most of the world’s population to be vaccinated to achieve herd immunity effect, thus enabling normalcy to return to global businesses and communities alike by the end of Year 2021.

With this good news in mind, we believe for most of our business-partners and for the countries in which they reside in, normalcy should return to all businesses and in most industries by the 3rd quarter of FY2021. While this might be a bit late in restoring optimal financial results and business opportunities for our Group in FY2021, it should start to reset our Group’s business prospects to its strong foundation by FY2022 and onwards.

As for the prospects and outlook of our Group’s business and product platforms which are mainly in the sensors, light-emitting-diodes (“LEDs”), optics and quartz timing devices, they are essential components or products that go into various application along The Internet-of-Things (“IoT”) technologies which are used in process automation, home automation, smart devices, autonomous vehicles, Artificial Intelligence (“AI”) and others to deliver integrated smart solutions. Such integration of technologies will continue to drive phenomenal spending/consumption in end-users’ spending on IoT-solutions worldwide, the projection by Statista 2021 to see a 5.3-fold increase over the next 5 years from Year 2020 to Year 2025 as per below chart:

Forecast end-user spending on IoT solutions worldwide from 2017 to 2025

(in billion U.S. dollars)



Source: Statista 2021

The applications of IoT look promising in the years ahead since such technologies will likely be used with other technological trends like AI and Augmented Reality (“AR”) to deliver integrated smart solutions. The integration of technologies will create disruptions in different industries driving new opportunities, which fits perfectly with our current portfolio of miniaturized sensors, laser headlamps and many of the newly co-developed-products to strategically capture the increased demand in these areas in the years ahead.

Management Discussion and Analysis by the CEO



“

Our team continue to achieve success in winning new sensor projects for future smartphone and smart devices.

”

FY2020 had to be one of the most unique and volatile year we have faced in a long time. What started out as a normal year quickly turned into one of the biggest global disruptions ever witnessed as Covid-19 pandemic spiked, spread and turned into a global pandemic in early 2020.

Gaining approval to operate through the MCOs and with our Sensors Division's passionate dedication and seamless executions amidst the volatile global supply chain, our Group's biggest and most important customer managed to flawlessly receive supply of all of their critically needed products from our Group to fully satisfy their own end-customer, further reassuring them our solid business continuity plan. Without any shadow of a doubt, our Sensors Division's operational excellence thus contributed outstanding performances to our Group while enabling our customer to enjoy similar level of successes due to our Sensors Division's seamless support to their supply-needs throughout this challenging year. The most powerful testimony of our Sensors Division's outstanding contributions came in the form of the customer's recognition of GMSB as one of their key partners which is backed up by their consistent and strong product-loadings and co-product developmental projects to our Group throughout FY2020 and into FY2021/22.

We remain committed to invest in the latest technologies and are planning to spend more than RM35 million to achieve a fully automated or "lights off" factory for some of our key product lines within the next three years. On this front, we also managed to win government support in the form of grants for modernization, Research and Development ("R&D") and Training as our efforts are in line with their vision of Industry 4.0. In the midst of all the challenging activities, our dedicated teams of technical and operations teams extended their contributions to

our Group with an impressive CAPEX avoidance through various productivity improvement and improvisations.

Furthermore, our Group's two other key subsidiaries (GSB and ISO) managed to triumphantly conquer all the crippling effects caused by the Covid-19 pandemic to their key customers, and successfully turned around their 1H 2020's weak performance by end FY2020!

In the midst of the challenging year, our teams have continuously and successfully developed and pursued new co-developmental and diversification businesses with encouraging foundation laid for FY2020 and beyond. On the ESG front, we will be putting focus on moving toward carbon neutral in our operational activities with new programs moving toward this area. In terms of corporate governance, the Group reiterate its position of zero tolerance on corruption and bribery. An anti-corruption and bribery prevention program according to the five principles for Adequate Procedures contained in the Ministerial Guidelines on Adequate Procedures has been implemented to ensure that we work to the highest ethical standards. There were also many sessions conducted for all our employees throughout the year so that all of them are now familiar with this new Act and are aligned with the Group's anti-corruption stand.

As always, it is imperative for our Management team to convey our heartfelt gratitude and sincerest appreciation to every one of our highly respected Board members for their meticulous guidance, timely support and invaluable motivation provided to our Leadership and Management teams and in bringing about the very best out of our Group's workforce through all these past years.

Management Discussion and Analysis by the CEO (cont'd)

GLOBETRONICS MANUFACTURING SDN BHD

Our operational team faced with one of the most challenging tasks in March'20 till June'20 with MCOs hampering our operations with restricted number of employees allowed to work in the factory. Supply chain constraint also impacted our operational productivity. In spite of all the restrictions and challenges, GMSB consistently delivered 100% delivery commitment to our customer's product and service demands.

A new generation light sensor (4th Generation) was launched during the year as part of our continuous efforts to improve the product quality and efficiency of our components to remain globally competitive. Due to lockdowns globally as a result of the pandemic, the entire supply chain for our end customer's product was delayed. The mass production schedule for this new generation light sensor was therefore also delayed by a couple of months from the usual May timeframe to only starting mass production in July 2020. We similarly experienced a weak 1H 2020 with a strong recovery in 2H 2020 as per previous years for all generations of the light sensor. The difference this time was as the mass production for the end customer's product launch occurred later, we saw more stable volumes for Q4 2020 period where we usually see some inventory adjustments in December.

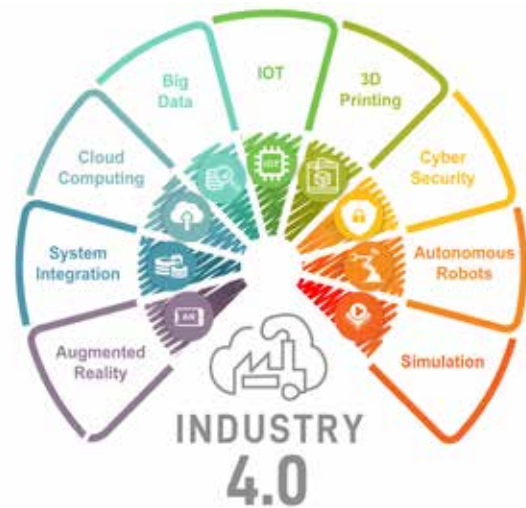
The gesture sensor for wireless accessories continued to show healthy demand and an increase in loading again during the current year. The additional CAPEX spent to expand this product line was timely as it continued to operate at maximum capacity throughout the year. This would be the third straight year of growth for the product as the demand and acceptance for the end product gains traction globally for its sound quality and also as a trend accessory.

For existing and matured sensor operations, there was also a third generation motion sensor launched and started mass production in May 2020. This component is used in the wearable product of our end customer, and so far the combined motion sensors loading for Year 2020 has shown a steady growth over last year.

All the above accomplishments were achieved despite border closure and overseas travels restrictions hindering face-to-face interactions with our customers. We are happy with our progress for the year and look forward to keeping 3 New Product Introduction ("NPI") projects intact for Year 2021 and Year 2022. Our GMSB team prevailed and excelled throughout FY2020 to achieve 100% performance for all the critical lines and ensured zero customer-lines-down situation throughout the whole period during and after spite of MCOs, shutdowns and disruptions. The most powerful testimony of our Sensors Division's outstanding contributions came in the form of the customer's recognition of GMSB as one of their key partners which is backed up by their consistent and strong product-loadings

and co-product developmental projects to our Group throughout FY2020 and into FY2021/22.

As the next step toward achieving manufacturing excellence, we have finalized and would be initially investing around RM15 million to automate our lines with Industry 4.0 initiatives, one of the first steps for us to move toward "lights off" operations. The investment will be to set up a prototype line that will incorporate the latest technologies and utilizing most of the pillars of Industry 4.0 like AR, big data analytics, cybersecurity, robotics, cloud, predictive analytics to significantly automate a lot of current processes to make our lines more efficient and robust.



GLOBETRONICS SDN BHD / GLOBETRONICS (KL) SDN BHD

FY2020 has been an equally tough and challenging year for GSB. GSB faced similar challenges from MCOs and supply chain disruptions. In assisting Penang's more critical needs to meet important customer's business-orders, GSB transferred some of their headcount for support shutdowns during MCOs, resulting in weak financial performance for Q2 2020. GSB also experienced cost down pressure from its customers while entertaining higher prices from their other direct material suppliers during this period. Thanks to team efforts, GSB executed tough cost and overheads controls which helped to mitigate the weak performance incurred during MCOs and shutdown especially in 1H 2020. In 2H 2020, through stepped-up efforts in implementing effective cost controls as well as strict tier-pricing management, GSB was able to turn around its financial performance. We have also successfully secured and qualified another new customer for our plating business unit in FY2020. Going forward, GSB will continue to face the urgency of business transformation due to the existing product lines continuing to reflect average selling price ("ASP") erosion and market shrinkages. On another note, GKL also managed to improve its performance through the rental of some excess production space.

Management Discussion and Analysis by the CEO (cont'd)

ISO TECHNOLOGY SDN BHD

ISO similarly experienced a very challenging year due to production lines being affected by the MCOs, volume drop and loading volatility. The Covid-19 pandemic situation has also caused many companies globally into massive cash flow difficulties, and our customers were not spared as well as one of our customers also had to exit a product line in LED segment which resulted in a drop in volume for us.

Customers are very focused on cost at this juncture, and we faced many cost down requests to keep our customers competitive. As a result, we also had to spend some CAPEX to automate further some of our lines to satisfy our customer's requirements to remain competitive.

The laser automotive headlamp division went through challenges of its own. The lockdowns in the wafer fabrication plant in California caused supply disruption of dies, which resulted in the inability to produce the components on our side and hence, volumes falling short of earlier projections. Our customer was still struggling to get the dies supply back to normal at the end of Year 2020. We expect the supply only to normalize by Q2 2021.

Border closures also disrupted our new projects like the bio sensor that faced multiple delays due to performance issues during the prototype stage, with our customers not able to travel to troubleshoot the problems. We are now looking at a mass production date sometime in 1H 2021 for this product.

Overall, we believe the worst is over for ISO and the company will have better days ahead once the issues that we faced this year are behind us and the world slowly goes back to normal with vaccinations of the population in sight.

RISKS

With US's new president taking over in Year 2021, we do not think the US-China trade war will take any major directional changes and the uncertainty of Covid-19 pandemic may continue to threaten and curtail economic recovery, therefore most of our customers remain very cautious and conservative in their business projections and expectations for FY2021. Their near-term and long-term guidance and forecast for FY2021 thus remains flat.

As such, we expect volatility to continue at least in the first half of FY2021 as most of the world is still in lock down mode with vaccinations starting to take place. Our new product developments may also continue to experience delays as long as border closures are in place as progress will be limited without the ability to do face to face meetings. This would affect our ability to produce and ramp up our new products in which could result in us not being able to meet our internal projections of financial performance.

The weakening of the USD would also be a potential risk as most of our receivables are in USD. We may experience forex losses in the event of the continued devaluation of the USD. Hedging policies will be implemented to mitigate the impact of the currency movements.

PROSPECTS

The adoption of technology will continue regardless of the state of the global economy. In fact, during the current covid-19 pandemic, demand and use of electronic gadgets, connectivity, cloud and virtual meetings actually accelerated.

This would in turn accelerate the progress of 5G to be implemented as the increased need for speed, connectivity and automation would provide the necessary demand to proliferate this new technology quickly. Our experience in miniaturized sensors with co-product development exposure in the areas of bio sensing and 5G, is poised to reap the benefits of this technology rollout. We also expect our existing product of laser headlamp components, which experienced wafer shortages during the Covid-19 pandemic, to show healthy growth as the situation normalizes with demand for new power efficient technology increase drastically.

In line with this, we are also repositioning ourselves for new products and new loadings with a space extension project to add approximately 25,000 square feet of additional manufacturing space in our existing factory in Phase 4 of the Free Industrial Zone, Penang. The expected cost of the project is RM10 million and the estimated completion date is August 2021. Total CAPEX for the Group is expected to be in the range of RM30 – 50 million, depending on the qualification of new products and the timing of mass production schedule.

Globetronics Technology's 4Q net profit rises 15.97% on higher revenue

Tan Siew Mung / theedgemarkets.com



February

UOB KayHian

Regional Morning Notes

Thursday, 05 November 2020

COMPANY UPDATE

Globetronics Technology (GTB MK)

Expecting Another Decent Quarter; Staging For A Strong 2021

We expect earnings momentum to sustain into 4Q20 on the continuous production ramp-up for new phone launches and new sensors for various applications. Besides the additional impetus which could come from the commercialisation of a new sensor as soon as 1Q21, management also shared its mid-term plan (trade diversion-related orders) for new sensor development with a foreign customer. **Maintain** price: RM3.50.

BUY

(Maintained)

Share Price	RM2.80
Target Price	RM3.50
Upside	+25.0%

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Sustainability Statement

It is our pleasure to present to you the Group Sustainability Report for Year 2020. As a supplier in the global electronics supply chain, Globetronics strives to be a reliable and competent manufacturing partner to our world renowned customers in bringing the latest miniaturized components and applications into smart devices to improve the lives and connectivity of global consumers. As a homegrown Malaysian company, Globetronics is committed to play our part in making sustainability a part of our organizational values in evaluating our business strategies and decisions. With a focus of striking a working balance in managing the Economic, Environment, Society, Governance ("EESG") criterias within our community whilst maintaining operational profitability, we are preparing the Group to succeed now as well as into the future.

Being a high technology manufacturing company, some of the key material matters for us would include the welfare of our employees, our procurement practices in supporting the local supply chain, manufacturing excellence, practicing the 3R's (Reduce, Reuse, Recycle) in our business operations and exploring the use of renewable energy sources in caring for our environment.

The Board leads the Group in embedding sustainability as part of our business strategy going forward. The Group has adopted a Sustainability Policy which has been proliferated to our employees and would govern the way we do business with all our stakeholders in the future.

A copy of the Sustainability Policy is available for reference at the Company's website www.globetronics.com.my.

SCOPE OF REPORT

The scope of the Sustainability Statement covers the period from 1 January 2020 to 31 December 2020. The policies and strategies discussed in the report apply to all subsidiaries within the Group save for Globetronics International Incorporated (foreign investment holding company), Globetronics Industries Sdn Bhd (dormant company), Globetronics (KL) Sdn Bhd (dormant company), Globetronics Medical Technology Sdn Bhd (provision of computer hardware and software), Trillion Suntech Sdn Bhd (dormant company) and NGK Globetronics Technology Sdn Bhd (associate company with < 50% stake). The scope will cover all our manufacturing operations as listed below:

Subsidiary	Activities	Total Employees
Globetronics Sdn Bhd	Assembly and testing of integrated circuits ("IC"), optoelectronic products and technical plating services.	1,177
Globetronics Manufacturing Sdn Bhd	Development and assembly of sensors and optical products for smart mobile and wearable applications.	
ISO Technology Sdn Bhd	Manufacturing of small outline components, Light-Emitting-Diode ("LED") components and modules, and technical plating services for the semiconductor industry.	

Sustainability Statement (cont'd)

REPORTING BASIS, STANDARD AND INITIATIVE

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements

We have prepared this statement in compliance with the Main Market Listing Requirements issued by Bursa Malaysia. The preparation of the statement is guided by Bursa’s Sustainability Reporting Guide and Toolkits.

Responsible Business Alliance (“RBA”)

We have aligned this report to the RBA Code of Conduct which establishes standards to ensure that working conditions in the electronics industry or industries in which electronics is a key component and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

SUSTAINABILITY GOVERNANCE STRUCTURE

The drive to initiate and embed sustainability into our business strategies is led by our Board of Directors, who play a critical role in continually establishing and formulating new business strategies such as sustainability and the Enterprise Risk Management (“ERM”) framework to ensure that the Group remains proactive and dynamic in dealing with the constantly changing global environment to succeed now as well as into the future. The Board is supported by the CEO and Audit and Risk Management Committee (“ARMC”) in providing guidance and implementing policies to ensure that Group assets are protected and the sustainability and risk governance issues are proliferated across the subsidiaries in the Group.

The Business/Operation Risk Review Committee (“BORRC”) would implement the business strategies that ensures the sustainable performance of the Group economically through the implementation of manufacturing excellence, NPI, supply chain management and data integrity/security. The activities and proposals from business units are actively monitored through daily updates, bi weekly managerial meetings as well as detailed monthly business review where strategies and decisions are evaluated to ensure that they are in line with the Group’s vision and direction.

An Environment, Social and Governance (“ESG”) Committee headed by the CEO, business unit leaders and key management personnel has been tasked to ensure the smooth facilitation and embedding of sustainability into the key activities of the Group. The ESG committee meets once a month to present indicators such as energy usage, emissions, safety as well as propose environmental and social projects to be carried out within the Group.







SUSTAINABILITY GOVERNANCE STRUCTURE



Sustainability Statement (cont'd)

STAKEHOLDERS ENGAGEMENT

Stakeholders represent the diverse group of parties that have a degree of interest and influence on the Group and the way it operates. The Group is committed to regularly engage with its key stakeholder base that include customers, employees, government/regulators, investors/media and our Board to find out issues that concern them and to build a balanced, holistic business strategy that is incorporated based on the prioritization of the respective stakeholders. Some of our key stakeholders and the type of engagement we have with them is summarized as below.

Stakeholder Group	Type of Engagement	Sustainability Concerns
 Customers	<ul style="list-style-type: none"> • Dialogue/Conference Calls • Status Updates and Operational Presentations • Line and Systems Audits • Customer Visits • Customer Surveys 	<ul style="list-style-type: none"> • Competitive Prices, Quality, Yield • Customer Satisfaction • Timely Ramp Up for Product Transfers • Adherence to Local and Federal law • Data Integrity and Security • Good ESG and Procurement Practices • Compliance to Local and International Regulations (e.g. REACH and Restriction of Hazardous Substances ("RoHS"))
 Board of Directors	<ul style="list-style-type: none"> • Board Meetings • Audit and Risk Management Committee Meetings • Other Committee Meetings 	<ul style="list-style-type: none"> • Revenue and Profit Growth • Return on Investment ("ROI") and CAPEX Protection • Covid-19 SOPs Compliance • Optimum Resources Allocation • Compliance to All Relevant Regulations and Law • Retaining Key Internal Talent • Adequate Procedures on Anti-Corruption and Bribery
 Employees	<ul style="list-style-type: none"> • Health and Safety Talks • Suggestion Box • Volunteer and Recreation Programs • Annual Appraisal 	<ul style="list-style-type: none"> • Competitive Compensation and Benefit Packages • Career Path Planning and Training • Safe and Humane Working Environment • Covid-19 Prevention Measures
 Investors	<ul style="list-style-type: none"> • Quarterly Results Briefing • Roadshow and Non-Deal Roadshows • Investor Conferences • Annual General Meetings 	<ul style="list-style-type: none"> • Continuous Revenue and Profit Growth • Short Product Lifecycles • Good Dividend Payout • Customer Concentration Risk • Employees Safety, Health and Welfare • Good ESG Practices
 Procurement/Suppliers	<ul style="list-style-type: none"> • Supplier Selection • Acknowledge and Signing of Supplier Code of Conduct • Supplier Evaluation and Periodic Audits 	<ul style="list-style-type: none"> • Adherence to Environmental, Legal and Social Regulations • Compliance to Supplier Code of Conduct • Similar Good Practices in Supply Chain
 Regulators	<ul style="list-style-type: none"> • Air, Water, Emissions Compliance and Report Submissions • Scheduled Waste Disposals • Survey, Statistics Requests by Regulators • Quarterly Announcements 	<ul style="list-style-type: none"> • Adherence to Law and Regulations • Corporate Governance and Compliances • Covid-19 Testing, SOPs and Workers Living Conditions Compliance

MATERIALITY ASSESSMENT

Our materiality assessment process is done through our evaluation of various stakeholders' engagement throughout the year, peer comparison reviews and cognizance of the current economic, environmental as well as social trends both locally and globally. On top of this, there is a continual scanning of the business environment done to ensure that we stay on top of the business risks and opportunities that abound as a result of the rapidly changing global environment. This would surmise to determine the key material matters that would impact the Group and stakeholders based on our interaction with stakeholders and from internal discussions in the ESG Committee.

Sustainability Statement (cont'd)

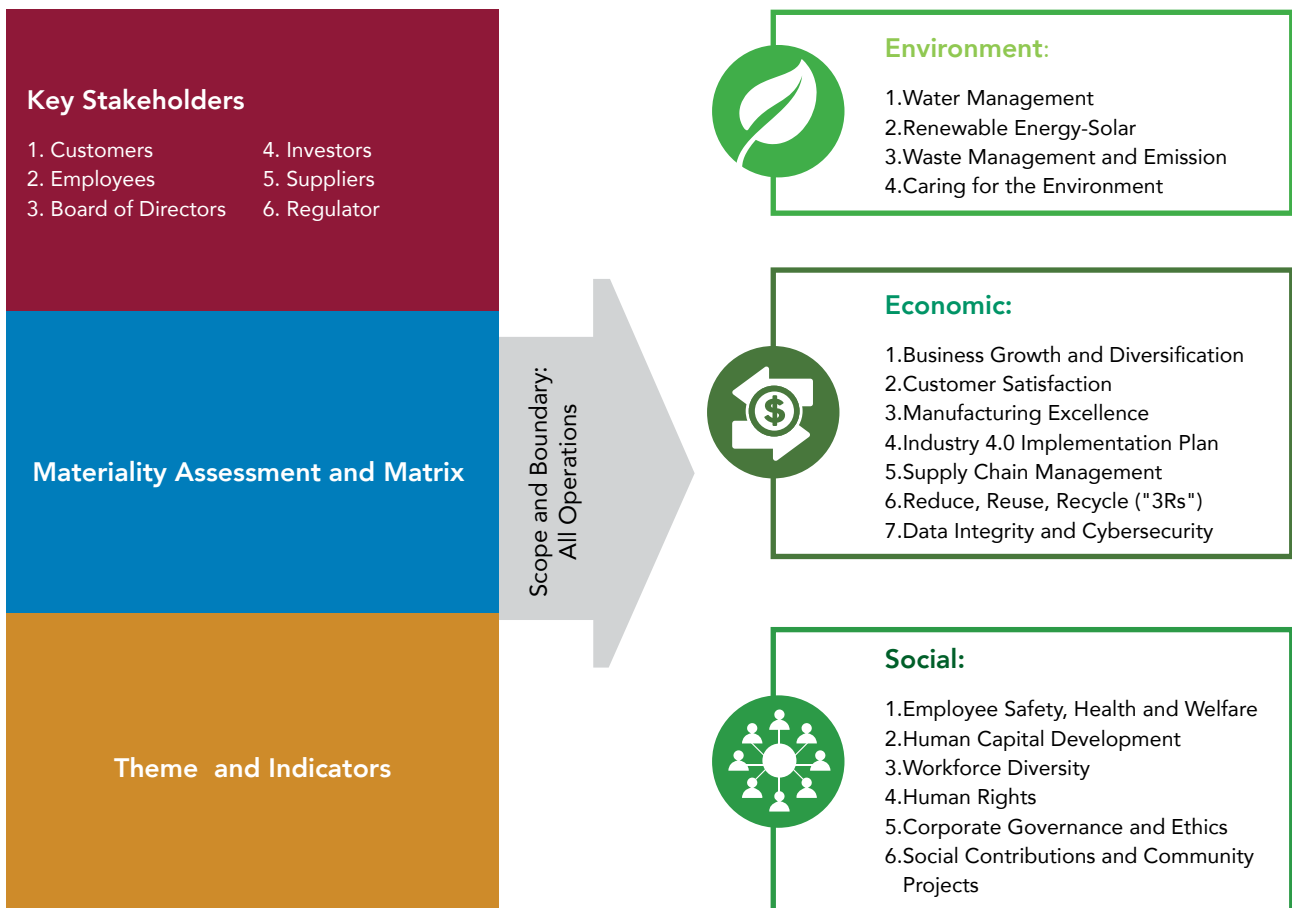
MATERIALITY ASSESSMENT (cont'd)

The list of sustainability matters covers similar matters to Year 2019 where we continue to make progress on our Industry 4.0 Implementation Plan and adoption of the Anti-Corruption and Bribery Program throughout the Group.

A new materiality matter is of course on the Covid-19 pandemic, where we have been operationally impacted by the implementation of the various MCOs during the year. The focus is on the safety of our employees during this period which is a matter of importance to the various stakeholders such as the government/regulators, investors as well as ourselves that our employees' health and well-being are taken care of by providing decent living conditions, maintaining proper SOPs and conducting the necessary testing. We are also targeting to reduce carbon footprint by enhancing our measurement indicators and coming up with new proposed activities to further reduce the impact of our operations to the environment.

Some of the key sustainability matters identified and prioritized by the Group are detailed below.

IDENTIFYING SUSTAINABILITY MATTERS



Sustainability Statement (cont'd)



HOW DO WE CONTRIBUTE TO UN SDGs

In September 2015, the United Nations General Assembly has set up the Sustainable Development Goals (“SDGs”) which comprise a set of 17 goals as per below with respective targets to be achieved by year 2030. These SDGs is with the aim of creating a better world for mankind. In our sustainability drive, we are aware of the role we can play in helping to achieve the SDGs and will illustrate our contributions in the respective activities.



Sustainability Statement (cont'd)

ENVIRONMENT (SGD 3,6,7,12,13,14,15)

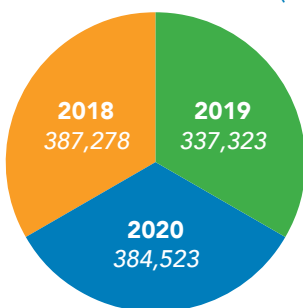


At the Group’s various plants, we ensure strict compliance with the environmental laws governing plant operations and maintenance in areas relating to environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. As part of our corporate responsibility agenda, we have measures in place to minimize the adverse impact on the environment and to achieve continuous improvement of our plants/factories’ environmental performance.

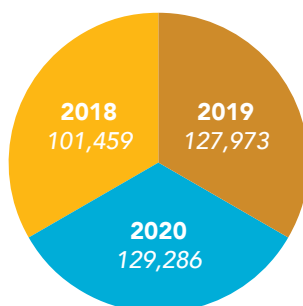
Water Management

Water used for our manufacturing sites form a crucial part of the process for most of the production lines, as unclean water can cause high particle counts that disrupt the ability to produce a quality product. As such, we have in place the proper filtration and distilling equipment to ensure high quality water supply to our lines at all times. Industrial and sewage effluents are measured against a range of parameters to ensure that is compliant to all industrial standards. This is measured and reported in the monthly ESG meeting and all subsidiaries are in compliance in the area of effluent discharge. Scheduled production shutdowns (to improve UPH) and regular preventive maintenance are performed on facilities chiller, cooling tower, strainer, vacuum, transfer pump and circulation pump to the reduce usage of water. For the wafer sawing process, water that is normally discharged to the drain is circulated back to the tank instead. Overall, the activities we put in place had helped to save about 73,000 m³ of water in Year 2020. Effluent water discharge is measured against legally set parameters, of which are disclosed below. All subsidiaries effluent discharge are within the parameters.

WATER CONSUMPTION (m³)



WATER DISCHARGED Effluents (m³)



* only for Penang facilities

Effluent Discharge Parameters	
Biological Oxygen Demand (BOD)	Copper (Cu)
ph Value	Manganese (Mn)
Suspended Solid	Nickel (Ni)
Chemical Oxygen Demand	Tin
Oil and Grease	Zinc (Zn)
Mercury (Hg)	Boron (B)
Cadmium (Cd)	Iron (Fe)
Chromium Hexavalent (Cr6+)	Silver (Ag)
Arsenic (As)	Aluminium (Ag)
Cyanide (as CN-)	Selenium (Se)
Lead (Pb)	Free Residue Chlorine (as Cl2)
Chromium Trivalent (Cr3+)	Sulphide (as S2-)
Colour, ADMI (Adjusted pH)	Ammoniacal Nitrogen

We had also recently invested in a new DI water tank in October 2020 costing RM500k to replace the old water tank as part of the continuous upgrades to operations in one of our subsidiaries.

Sustainability Statement (cont'd)

Waste Management and Emission

Scheduled waste management programs are also in place with a waste code list measured and submitted to the DOE on a monthly basis. The following is a summary of the waste disposal activities carried out by the Group.

Description	2018 (kg)	2019 (kg)	2020 (kg)
Disposed containers, bags, or equipment contaminated with chemicals, pesticides, mineral oil or schedule wastes (SW409)	7,709	7,179	5,644
Rags, plastics, papers or filters contaminated with schedule wastes (SW410)	2,522	2,468	2,086
Waste containing mercury or its compound (SW109)	68	14	-
Waste from electrical and electronic assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl (SW110)	194	30	104
Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium (SW204)	-	217	-
Waste of non-halogenated organic solvents (SW322)	3,189	2,101	1,690
Spent lubricating oil (SW305)	123	971	380
Spent hydraulic oil (SW306)	200	-	-
Dust, slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory (SW104)	-	-	36
Total	14,005	12,980	9,940

Industrial scraps and salvageable material are either sold to licensed scrap vendors or recycled/reused in the production lines to minimize waste to the environment.

For the areas where air quality is concerned, they are measured on a periodic basis and include the areas of generator set (concentration of particulate matter and dark smoke to be within limit), gas and piping maintenance to ensure no leaks and compliance to environmental standards. Our plating operations houses scrubber and exhaust systems where the air pollutant concentration are to be in compliance to Environmental Quality (Clean Air) Regulation 2014. We are in compliance and within the limit for our emissions levels for Year 2020 in all areas. Samples of the selective completed test results for Year 2020 are as follows:

GSB Genset Results

Sampling Point	Parameter	Unit	Air Impurity Concentration	Environmental Quality (Clean Air) Regulation, 2014	Remarks
A1 - Genset 1 (38.5 kVA)	Particulate Matter Concentration (actual)	mg/m ³	3.45	80	Complied
	Particulate Matter Concentration (based on 5% by volume of Oxygen)	mg/m ³	1.08	80	
	Dark Smoke	NA	≤ Shade No.1	Not darker than shade No.1 on the Ringelmann Chart	
			≤ Shade No.1	Not darker than shade No.2 on the Ringelmann Chart for an aggregate of < 5mins/hr	
			≤ Shade No.1	Start Up: Not darker than shade No.2 on the Ringelmann Chart	

Sustainability Statement (cont'd)

GSB Genset Results (cont'd) :

Sampling Point	Parameter	Unit	Air Impurity Concentration	Environmental Quality (Clean Air) Regulation, 2014	Remarks
A2 - Genset 2 (385 kVA)	Particulate Matter Concentration (actual)	mg/m ³	18.06	80	Complied
	Particulate Matter Concentration (based on 5% by volume of Oxygen)	mg/m ³	5.47	80	
	Dark Smoke	NA	≤ Shade No.1	Not darker than shade No.1 on the Ringelmann Chart	
			≤ Shade No.1	Not darker than shade No.2 on the Ringelmann Chart for an aggregate of < 5mins/hr	
			≤ Shade No.1	Start Up: Not darker than shade No.2 on the Ringelmann Chart	

GSB Exhaust Results:

Sampling Point	Parameter	Unit	Result	Environmental Quality (Clean Air) Regulation, 2014	Remarks
A1 - Exhaust 4	Particulate Matter	mg/m ³	1.09	150	Complied
	Isopropyl Alcohol		ND <0.001		
A2 - Exhaust 5	Particulate Matter		0.55		
	Isopropyl Alcohol		ND <0.001		
A3 - Exhaust 6	Particulate Matter		0.48		
	Isopropyl Alcohol		ND <0.001		



Sustainability Statement (cont'd)

ISO Genset Results:

Result of Air Emission Monitoring

Sampling Point	Parameter	Unit	Air Impurities Concentration	Environmental Quality (Clean Air) Regulation 2014	Remark
Genset 31 kVA	Particulate Matter	mg/m ³	2.5	150	Complied
Genset 330 kVA			3.4		
Genset 350 kVA			9.5		

Note: ND means not detected or below stated LOQ (Limit of Quantitation) /MDL (Method Detection Limits). Symbol "<" denotes less than.

ISO Scrubber Results:

Sampling Point	Parameter	Unit	Air Impurities Concentration	Environmental Quality (Clean Air) Regulation 2014, Schedule 5 [Regulation 15]	Remark
Scrubber 1	Nitric Acid	mg/m ³	ND (<0.4)	30	Complied
	Formic Acid		ND (<0.6)	150	
Scrubber 2	Methanol	mg/m ³	ND (<4.2)	150	
	Nitric Acid		ND (<0.4)	30	
	Phosphoric Acid		ND (<0.4)	5.0	
Scrubber 3	Sulfuric Acid	mg/m ³	ND (<0.2)	5.0	
	Acetic Acid		ND (<20.8)	100	
	Phosphoric Acid		ND (<0.4)	5.0	
	Sulfuric Acid		ND (<0.2)	5.0	

[Note: ND means not detected or below stated LOQ (Limit of Quantitation) /MDL (Method Detection Limits). Symbol "<" denotes less than.]



Sustainability Statement (cont'd)

GSB Scrubber Results:

Sampling Point	Parameter	Unit	Air Impurity Concentration	Environmental Quality (Clean Air) Regulation, 2014, Regulation 13	Remarks
A1 - Scrubber	Particulate Matter	mg/m ³	0.13	150	Complied
	Hydrogen Chloride	mg HCl/m ³	0.15	30	
	Potassium Hydroxide	mg/m ³	ND < 0.07	5.0	
	Nitric Acid (as Nitrogen Oxide)	mg NO ₂ /m ³	ND < 0.005	30	
	Isopropyl Alcohol	mg/m ³	ND < 0.001	150	

Note 1: * denotes in-house method due to no stack emission sampling method available.

[Note: ND means not detected or below stated LOQ (Limit of Quantitation) / MDL (Method Detection Limits). Symbol "<" denotes less than.]

Note: Pollutants calculated with assuming standard conditions for temperature and pressure per dry gas Environmental Quality (Clean Air) Regulation 2014, No. 13(2).



A summary of the Group's compliance to the Environment Quality (Clean) Air Regulation 2014 is as follows:

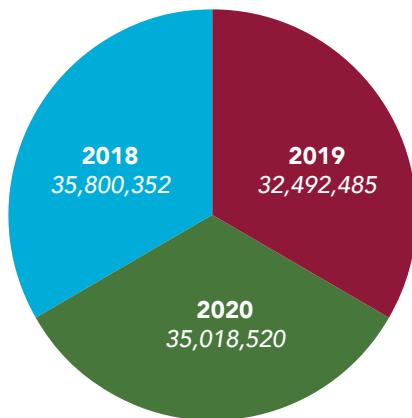
Sampling Points	Year		
	2018	2019	2020
Genset	Complied	Complied	Complied
Scrubber			
Exhaust			

For boundary noise monitoring, it is subject to test under The Planning Guidelines for Environmental Noise Limit and Control (Schedule 1 Specification) where it is not supposed to exceed the range for day time of 70 dB(A) and night time of 60 dB(A). The noise tests are also conducted only when there is a significant change in process or environment, and as such results may not be published every year. For Year 2020, one of our subsidiaries that had not previously undergone the boundary noise monitoring underwent the test at multiple points of the location. The test results showed that we did not exceed the noise specification for Day Time and Night Time, as illustrated below.

Point	Day Time	Night Time
N1 - Point 1	Not Exceeded	Not Exceeded
N1 - Point 2		
N1 - Point 3		
N1 - Point 4		

Sustainability Statement (cont'd)

For energy reduction, we have implemented the Intelligent Flow Controller (“IFC”) to the air compressor systems of most of our subsidiaries and for our new projects, the chiller systems that we are installing would also be of the energy efficient variant. Other activities include preventive maintenance of facilities equipment, installation of stabilizers on air compressors, temperature control on relevant processes and scheduled shutdown of operations to reduce electrical usage. These activities have resulted in an energy reduction of about 10% below the theoretical usage in Year 2020 had these activities not been implemented.

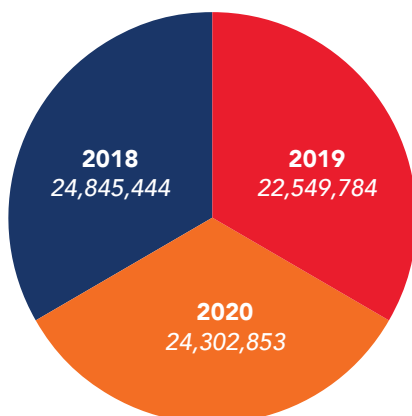


Energy Consumed (kWh)

Currently, all our Penang manufacturing factories are certified to the international environmental management systems standard, ISO 14001. Where it is applicable and upon requests by our customers, we have also complied to 4 other environment regulations which are the RoHS, halogen free, Substance of Very High Concern (“SVHC”) and Conflict Minerals Reporting Template (“CMRT”).

The key indicators of electricity usage, CO₂ emissions and water consumption are now reported in a monthly ESG Committee meeting. Activities undertaken and programs introduced to reduce usage of the key environment elements are also presented in this meeting.

CARBON FOOTPRINT (KG)



CO₂ Emissions

We remain committed to reducing our CO₂ emissions and water consumption and are evaluating several proposed activities to take us to the next level over the next few years. Some of proposed activities would undergo further discussion and analysis before a decision is made, while some will be proliferation of our current practices to other operation sites. Among the immediate activities that expected to be implemented are:

- 1) Installing new air compressors using turbo technology to further improve efficiency and reduce energy consumption.
- 2) Switching to Liquefied Petroleum Gas (“LPG”) type forklifts whereby LPG is a much cleaner-burning fuel than diesel and emit less CO₂.
- 3) Implementing 100% LED lighting for all subsidiaries to reduce energy consumption, thus reduces greenhouse emissions from the power plants. The material used in LED lighting is also less harmful to the environment upon disposal. Currently one subsidiary, GSB is fully 100% converted, with next focus on ISO (90%) and GKL (40%).

Renewable Energy - Solar

Development of sustainable energy initiatives have been one of our Group’s key focuses particularly in the reduction of electricity consumption via the installation of solar panels on the rooftops of our building sites. The solar panels are negotiated on a lease agreement, where the panels belong to the installer and for our side, there would be zero investment costs and maintenance fees while securing a rate lower than the current Tenaga Nasional Berhad (“TNB”) rates for the energy produced by the panels. The installation has been completed for all buildings that are feasible to be fitted with solar panels, with the fitting for the final building completed in December 2019. Unfortunately, there was an inverter incident in December 2019 which resulted in us having to suspend the solar operations temporarily. Due to the MCO, delays occurred and our panel supplier only managed to change the inverters with panels operating again starting July 2020. We are now generating a higher monthly average of about 62,000 kWh compared to the monthly average of about 31,000 kWh during Year 2019. The solar panels have contributed 376,780 kWh of our energy requirements during Year 2020 (July to December 2020), and are fitted with the ability to switch to normal power supply mode during non-active periods at night.

This had enabled us to reduce our carbon footprint by more than 261,000 kg of reduced CO₂ emissions this year. (using ratio of 0.694 as per Greentech Malaysia at <https://www.greentechmalaysia.my/carboncalculator/>). As the performance of the solar panels stabilizes after the inverter issues, we would look to explore the possibility of installing similar panels in our other subsidiaries sites to further reduce our carbon footprint.

Sustainability Statement (cont'd)

Caring for the Environment

The following projects were created with the aim to reduce the harmful effects to our environment which had been set up among the various subsidiaries within the Group.

Project: Recycling of batteries

Description: An employee program had been set up to dispose of batteries. Improper disposal of batteries are harmful to the environment as they contain materials like mercury and lead that can cause the emission of greenhouse gasses as they decompose in landfills. A collection centre was set up in one of our subsidiaries (ISO Technology) and employees are encouraged to bring their dead batteries for disposal. Shipments have been arranged 2 times per annum to pick up these batteries for proper disposal.

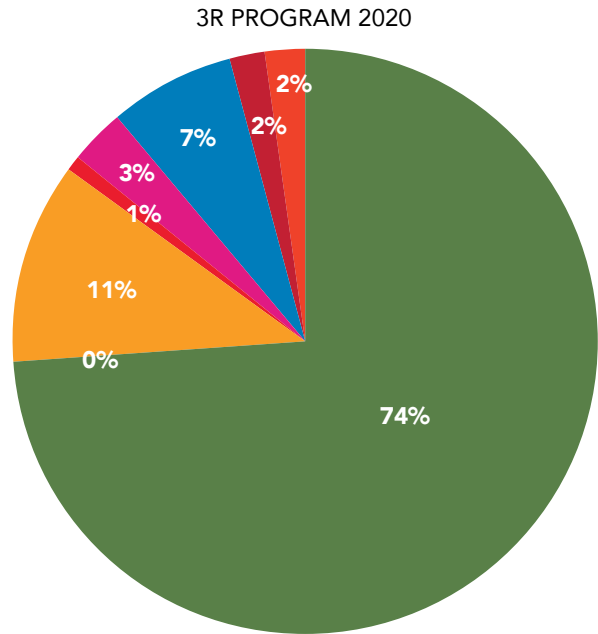
Recycled amount: 15.1 kg



Project :3R Program (Reduce, Recycle and Reuse)

Description: Recycling program to dispose of recyclable waste such as plastic bottles, cans, paper. For certain waste such as empty carton, lead frame, tray, empty spool and wooden pallet are returned to suppliers or recycle internally. Tray and metal ring are recycled through established cleaning process. Recycling helps to reduce energy usage, reduce the consumption of fresh raw materials, reduce air pollution and water pollution (from land filling) by reducing the need for "conventional" waste disposal and also reduces greenhouse gases emissions.

Breakdown of 2020 Recyclable Waste:



3R Program	Amount (kg)
Reuse of Metal Ring	103,574
Reuse of Empty Au Wire Spool	184
Reuse of Plastic Tray	15,690
Reuse of Carton Box (ISO)	1,774
Reuse of Wooden Pallet (ISO)	3,680
Recycle of Carton Box (GSB)	9,500
Recycle of Paper and Plastic Bottle	2,917
Recycle of Plastic Tray GSB	3,110
Total	140,429



Sustainability Statement (cont'd)

Project: Recycling of paper/mineral water bottle (plastic)

Description: We have set up a program to encourage employees to recycle paper/mineral water (plastic) as per Majlis Bandaraya Pulau Pinang ("MBPP") waste segregation program to help in conserving the environment while contributing to the underprivileged. Plastics are one of the major items that is degrading the global environment and we are happy to be able to play our small part in recycling these items. For GSB plant, all recycled items are collected and contributed to SIMA Handicapped Centre, as part of our social contribution to the local community by helping them financially in this area. Recycle bins are provided at designated factory areas to conveniently enable contributions from employees.

Total collected from subsidiaries : 2,917kg

Donation to SIMA by GSB : 523kg



Where paper is concerned, we are also mindful of the usage. An example of this was when we implemented mandatory weekly health declaration form for employees, we noticed a spike in paper usage that was traced back to this activity. An improvement plan was carried out by Human Resource ("HR") together with Management Information Systems ("MIS") team to switch to electronic health declaration form which significantly decrease the paper usage.



Banning of Plastic Straws and One Use Plastic

As plastics play an increasingly wide role in global pollution and the disruption of natural life both on land and in sea, the Group has also decided to contribute in our role to reduce waste disposal to the environment. Supporting the government initiatives in this area, we have banned the use of plastic straws in our factories since April 2019.

One use plastics have also been banned almost completely (except for the minimal usage for take away of food with gravy) and replaced with more environmentally/recyclable containers for food and drinks. Our employees have been very supportive in this area and are glad to play their part in helping to conserve our environment. While the numbers in terms of weight are not large, it is these small particles that have caused the loss of many marine life.

Summary: Eliminate ~72,000 pcs/40 kgs of straw usage yearly.

Summary: Eliminate ~33 kgs of plastic bag usage yearly.

ECONOMIC (SDG 8,9,12) BUSINESS



Growth and Diversification

The goal of most businesses/organizations is to make a profit on a yearly and consistent basis, and the Group is no different as making a profit is one of the main keys of survival. Over the years, we have constantly evolved to fit and meet the ever changing requirements of the business environment through a diversification of the products we do, the customers we serve and the manufacturing capabilities we have. While it is not easy, we are humbly pleased to report that we have been profitable for every single year since we started business in Year 1991 and would continue to endeavor to do so in the years ahead through the continued pursuit of new business opportunities, identifying new business trends and improving our manufacturing and development capabilities.

As product lifecycles become shorter due to the rapid technological advancements, the ability to introduce new products to the marketplace in a timely manner has become a very crucial key to success. Our business model is increasingly skewed towards the co-development of new components/products with our customers, that upon mass production, will be a totally new introduction to the market. At any point in time, we have multiple products

Sustainability Statement (cont'd)

that are progressively in development stage waiting to be adopted by the customers and market place that will lead to mass production.

The new products we have successfully qualified and started mass production for 2020 are:

- 1) Light sensor Gen 4 for our European customer designed into the latest smart devices; and
- 2) Gen 3 motion sensor for smart wearable device.

On top of this, there are many exciting products that are moving into various stages of qualifications that are targeted to go into mass production in Year 2021, among which:

- 1) Light sensor Gen 5 for our European customer to be designed into next year’s smart devices;
- 2) Gen 2 gesture sensor for blue tooth wireless device; and
- 3) Gen 3 motion sensor for smart wearable device.

There are also products in discussion stage that could potentially be new products in Year 2021. Some of these products have applications to exciting areas like autonomous driving and bio-sensing for smart wearable devices. These are important parts of our business diversification process where we actively pursue new business opportunities to diversify our customers as well as product base on a continual basis.

New business opportunities are evaluated on a thorough basis by the Board, BORRC and goes through proper risk assessment as per our Enterprise Risk Management Policy. All CAPEX spending are justified using various indicators of ROI, useful life risk and taking into consideration the position of all stakeholders in the company.

Customer Satisfaction

Customer satisfaction is one of our key beliefs and we strive to be a good supporter and the business partner of choice to world renowned customers. Providing competitive prices, good quality and timely ramp up are some of the key measurements in being a good partner from our end.

On our end, we have also implemented annual customer satisfaction survey in the area of Quality, Delivery, Service and Cost with the following parameters:

Quality	Return Material Authorization (“RMA”), Effectiveness of Corrective Action (“CA”) closure, customer disruption.
Delivery	On time delivery, premium freight competitiveness.
Service	Scheduling, technical support, accuracy of report, responsiveness.
Cost	Price competitiveness.

The surveys would provide our subsidiary heads with the focus areas to improve on (using scoring indicators) and also address any customer concerns highlighted to ensure that we always provide the best service and solutions to our customers.

The areas of focus for the customers revolve around cost as that is a key parameter in order for their products to remain competitive in the marketplace. Production line focus would be in the areas of yield, process improvement, productivity and automation to address this.

Manufacturing Excellence and Continuous Improvements

The Group puts emphasis on manufacturing excellence at all times, to ensure that all our lines and processes are benchmarked and meet all globally defined manufacturing standards. This is done through regular internal line audits, external audits by independent auditors for quality standards, as well as ongoing customer audits to ensure that our operations comply with all requirements and have continuous improvement plans for our manufacturing lines.

The Group has over the years put in resources to reduce the use of paper in our operations. Our subsidiary company GMT had come up with our own Enterprise Business Operating System (“ebizOS”) system whereby our main business functions are interconnected through this feature.

We have expanded our manufacturing capabilities over the years from copy exact type of contract manufacturing work to today where we play a key role and a co-development partner in coming up with manufacturing processes for new products/components that are scheduled to hit the marketplace. Our manufacturing capabilities now include wafer level packaging and flip chip processes for the more advanced components in the market place, wafer saw and sorting for advanced LED products and in the process of qualifying new components for the sensors, smart devices, Internet of Things, health and automotive sectors.

Sustainability Statement (cont'd)

Automation has also been a focus area for us in the last few years with Auto Optical Inspection (“AOI”) machines taking over the more labor intensive and strenuous back end manual operations.

Industry 4.0 Implementation Plan

As the next step to achieve manufacturing excellence, the next area of focus for us would be to further automate, link and use live data to improve further the efficiency of our operations. We will be starting a prototype line on our key operations using big data analytics with other new technologies to enhance yield, reduce defects and enable real time monitoring of all the key indicators. The new lines would serve as a benchmark to existing lines, to encompass industry leading and government lead initiatives for companies to adopt Industry 4.0 into their operations.

We had demonstrated our Industry 4.0 readiness by successfully completing SIRIM’s Industrial 4.0 RA (Readiness Assessment). New teams have been formed to develop system integration, testing and be exposed to the latest technologies. We have also identified the processes, equipment and cleanroom to upgrade for the prototype line that will be the model line to achieve “lights off” factory in the future. This first phase will see us eliminating many manual processes being used for production and data collection so that lines become fully automated and use big data analytics to improve performance and reduce defects. There will be real time data traceability, a reduction in human handling of products, adopting AR and AI to improve the manufacturing processes as some of the key objectives we want to achieve. To cater for this, the WIFI speed in the organization has been improved significantly and the next step would be to determine and invest in the storage and software requirements needed for big data analytics.

The pilot lines most likely be placed in the 25,000 square feet additional manufacturing space we had installed. This additional space is our commitment to customers in allocating resources for future growth, with the housing of our latest sensor products and NPI lab, linked by a walkway as well as a material flow passage for optimal performance of operations.

Supply Chain Management

We extend our best business practices into our supplier chain as well with our supplier’s aligning to our core values through the signing of a supplier’s Code of Conduct. The Code of Conduct requires the suppliers to meet our requirements in the following areas:

Ethics

(a) Business Integrity

Suppliers are expected not to practice or tolerate any form of corruption, extortion or embezzlement. Suppliers are not to offer or accept bribes, kickbacks, inappropriate gifts or hospitality, or other unlawful incentives to/from their business partners or to government officials. Suppliers are expected not to offer to the Group’s employees gifts or any other kind of personal benefit resulting from the relationships with the suppliers. Suppliers are to comply with the Group’s Anti-Corruption and Bribery Policy and to understand the Group’s Whistleblowing Policy and Procedure.

(b) Privacy and Intellectual Property

Suppliers are to safeguard and make only appropriate use of confidential information and ensure that all employees’ and business partners’ privacy and valid intellectual property rights are protected.

Labor and Human Rights

(a) Suppliers are to respect the basic human rights of employees as follows:

- to promote equal opportunities for and treatment of its employees irrespective of skin color, race, nationality, social background, disabilities, sexual orientation, political or religious conviction, sex or age;
- to respect the personal dignity, privacy and rights of each individual;
- to refuse to employ or make anyone work against his/her will;
- to refuse to tolerate any unacceptable treatment of employees, such as mental cruelty, sexual harassment or discrimination;
- to prohibit behavior including gestures, language and physical contact, that is sexual, coercive, threatening, abusive or exploitative;
- to provide fair remuneration and to guarantee the applicable national statutory minimum wage;
- to comply with the maximum number of working hours laid down in the applicable laws;
- to recognize, as far as legally possible, the right of free association of employees and to neither favor nor discriminate against members of employee organizations or trade unions.

(b) Prohibition of child labor

Suppliers are to avoid any sort of child labor in their business operations by not employing workers under the age of 15 or, in those countries subject to the developing country exception of the International Labour Organization (“ILO”) Convention 138, not to employ workers under the age of 14.

Sustainability Statement (cont'd)

Labor and Human Rights (Cont'd)

(c) Health and safety of employees

Suppliers to provide a safe and healthy working environment for its employees as follows:

- to take responsibility for the health and safety of its employees;
- to control hazards and take the best reasonably possible precautionary measures against accidents and occupational diseases;
- to provide training and ensure that employees are educated in health and safety issues;
- to set up or use a reasonable occupational health and safety management system.

Environmental protection

Suppliers to operate in an environmentally responsible and efficient manner. Suppliers are:

- to act in accordance with the applicable statutory and international standards regarding environmental protection;
- to minimize environmental pollution and make continuous improvements in environmental protection;
- to set up or use a reasonable environmental management system.



To this end, we had also performed an audit on our supplier Warmtech Sdn Bhd in August 2020 at their plant in Kedah. The audit was done to ensure that they are in compliance with all environmental regulations as they are one of the Group's main scheduled waste disposer. The audit done found that they are in compliance to ISO 14001 and as well as all DOE regulations, and that all waste are segregated and disposed off according to regulations.

Suppliers are expected to conduct a self-assessment to ensure they are in compliance to these requirements. They are also measured under a Supplier Rating and Ranking

system using QCDS (Quality, Cost, Delivery, Service) to ensure that the Group consistently has a reliable and reputable supply chain to provide the best service and support to our customers. During the year, our Supply Chain Management ("SCM") team did a commendable job of ensuring uninterrupted supplies of all our material needs despite the MCOs and lockdowns globally by partnering successfully with their suppliers.

Local Supply Chain

Being a niche player in the technology space and as part of the global supply chain, we understand that Malaysia has its own competitive advantage with its diverse range of technology companies providing complementary services to big global customers. As these multinational corporation ("MNC") customers have been in operation for many decades, they also have established systems, processes and suppliers whom they work with.

For our part, where possible, we are trying to localize some of the procurement sources. With the increasing availability of local players in the automation and testing space, we had been sourcing AOI machines, testing equipment and procuring software solutions from them where possible when we automate production processes or set up new lines.

Our procurement practices also play a key role in maintaining the competitiveness of our products in the supply chain. There is a continual effort to find suitable, sustainable and cost competitive materials to complement our product improvement programs as part of our value added solutions to the customers. An example of this would be our supplier bidding program where suppliers bid and are selected after going through the evaluated indicators of cost, delivery, service, regulation compliance/licenses and others.

Reduce, Reuse, Recycle ("3R")

For the Group, the 3Rs are one area where sustainability is a material matter to us. This stems from the fact that we are doing high volume manufacturing, and the potential for waste from material usage to the environment is high. The initiatives we undertook would serve to have multifold effects, by ensuring our businesses are operating at optimal levels through the efficient use of our resources while at the same time prolonging our equipment and materials from hitting the environment as scrap earlier.

To drive business sustainability, some of the following initiatives as carried out in Year 2020 include encap glue wastage reduction and extending dispense nozzle life span.

Sustainability Statement (cont'd)

Data Integrity and Cybersecurity

Data integrity and cyber security has become an increasingly important aspect of business operations. This is especially evident in view of the escalating cases of accounting fraud/scandals globally as well as the recent ransomware virus attack.

The ransomware virus attack had also exposed the vulnerability of many firms globally to cyber attacks. Whilst no system is fool proof against these attacks, the Group is continually monitoring and implementing all the necessary anti-virus programs and firewalls to secure our data. Being part of the global supply chain for components in key electronic devices, the Group needs to ensure a reliable and accurate live tracking of its data to ensure uninterrupted delivery of its production lines.

For the past 2 years, we have embarked on hardware and software replacement cycle for our Group, upgraded and consolidated our email communication infrastructure in phases to host it under Microsoft Exchange Online (Microsoft Cloud Infrastructure). In terms of email security, Exchange Online eliminate threats before they reach the Group firewall or users with multi-layered, real-time anti-spam and multi-engine anti-malware protection.

Our Wireless Local Area Network ("WLAN") has also been upgraded with improved internet speed of 10X. This is an important first phase to ensure that our efforts of Industry 4.0 and using live data and analytics have the proper infrastructure to support it.

On the cybersecurity front, the Group continues to stay vigilant by implementing the following activities:

- Installing NextGen firewall that have the latest cybersecurity protection.
- Installing devices control system to allow only registered devices to access our wireless or wired network.
- Implementing hybrid end point protection that able to manage, control and tighten users' laptop protection even when they are working from home in long period during the Covid-19 pandemic.
- NextGen firewall and hybrid end point protection will then be integrated with devices control system to enhance our cybersecurity protection to the next level. Any compromise workstation, machines, or laptops that was detected with any suspicious malware or virus behavior will be blocked and quarantine from accessing to our network or Internet.

We are also planning the next phase of major upgrades which will include comprehensive back up and recovery solution for live, archive and backed up data to mitigate against any cyber risk or threats.

SOCIAL (SDG 3,4,5,8)



Employees

We have a total headcount of approximately 1,200 employees in our group. As a niche player in the very competitive technology industry, being a responsible and caring employer to our very important assets, our employees, remain one of our key priorities. We strive to provide a safe, conducive and growth environment for everyone of our employees and this can be tracked through the various indicators listed. Our Group is aligned to the Responsible Business Alliance (RBA) Code of Conduct and use the principles herein to ensure a safe and conducive working environment for all our employees.

Employee Safety, Health and Welfare

We strongly believe that human capital is the most important value to an organization. To ensure a safe and healthy working condition for our employees and support workers, the Group has developed guidelines to safeguard employees in all of its business operations. Our Environmental, Health and Safety ("EHS") team which is a part of the ESG Committee ensures that health and safety policies are effectively implemented and continuously improved. Our EHS management system are reviewed against international best practices and updated from time to time.

To safeguard employees and instill the values and knowledge essential to a safe and healthy workplace, we continuously undertake first aid training, health talks, fire drills and plant evacuation exercises. All safety incidents are shared in the ESG Committee to ensure no recurrence occurs, and key learning of new safety implementations are also shared.

As mentioned in last year's report, we were very concerned with the increase in factory accident and fire incident rate in Year 2019 and have committed to reduce it during Year 2020. We are pleased to report that there has been a reduction in the accident rate during the year. This was done through the implementation of new safety measures after review of internal and external safety incidents. There were no more fire incidents and the two accidents were people related:

- 1) First accident involved an employee who slipped after stepping on a pool of water after a heavy rain due to water seepage through a hole in the ceiling. The employee had a swollen ankle and given a one day Medical Certificate ("MC"). Since then, the water seepage has been fixed while warning signs were put in place during the repairs.

Sustainability Statement (cont'd)

Employee Safety, Health and Welfare (cont'd)

2) Second case involved was an employee who was handling an Independent Physician Association (“IPA”) chemical in a Menda bottle trying to squeeze out the chemical. When initially pressing the bottle, the chemical did not come out due to low pressure and when employee pressed harder the second time, the chemical came out quickly and spilled into the employee’s eyes. Correction action was taken through the introduction of PPE after chemical spill incident into the eye of operator.

Further preventive measures taken include the checking and review of all safety device on the Group’s machineries to ensure the mishap at B. Braun does not recur (factory worker dies after being crushed by plastic injection molding machine, August 2020). We are committed in ensuring that safety always remains a priority in the workplace.



	Description	Year 2019	Year 2020
A	Factory Accident	8	2
	- Fatalities (Cases)	-	-
	- With Man-hour Lost (Cases)	4	2
	- Without Man-hour lost (Cases)	(137 hrs)	(16.5hr)
B	Near Miss Incident	4	-
C	Safety Violation	3	2
D	Fire Incident	-	-
E	Faulty Fire Alarm	3	-
F	Nature Environmental Impact	-	-
G	Others	-	-

Covid-19 Measures

With the raging Covid-19 pandemic, the Group put in all the necessary resources to ensure our employee’s safety and well-being with work from home arrangements, daily sanitization, providing free face masks and implementing social distancing measures at our workplace. Many activities were carried out to ensure the utmost care for the safety of employees, especially for those whom we provide accommodation and transportation.

Employee’s Accommodation

To ensure safe and conducive living environment:

- a monthly hostel self-audit system have been put in place. Hostel leaders and agents are responsible to carry out the self-audits and report to HR Department.
- HR Department also carried out quarterly hostel audits to confirm hostel conditions.
- Hostel weekly spot audit on Covid-19 SOPs.
- Weekly hostel sanitization and reporting.
- WhatsApp group – sharing of Covid-19 info and regular reminder on standard operating procedures (“SOPs”).



Sustainability Statement (cont'd)



Employee's Transportation Safety

- Bi-yearly audits on all factory buses/vans via physical examination on bus conditions for example air emission, oil leakage and functioning of lights, indicators, wipers and brake system and etc. Ensure all buses have updated Puspakom (Pusat Pemeriksaan Kenderaan Berkomputer) reports.
- Covid-19 prevention measures – Social distancing while waiting for bus, face mask, sanitization 2 times per day daily temperature check and MySejahtera check-in. Sharing of daily report with the Management.

Fostering better ties with our employees and improving their quality of life are areas that have continuously been given importance in the Group's corporate responsibility initiatives. We have tailored specific programs to cover a holistic representation of our employees welfare in the areas of health awareness, sports and food. The programs we have carried out in Year 2020 are as follows:

People Program

3 festive celebrations (Chinese New Year, Hari Raya Aidilfitri and Deepavali) celebrated via food vouchers due to Covid-19 pandemic.



Sports and Recreational Activities

Zumba lessons and badminton sessions (where allowed) have been coordinated to achieve work life balance. Good turnout for both events.

Health Activities

2 health awareness activities were carried out – Hearing Loss by Kelana Jaya Medical Centre ("KJMC") and hearing impairment sharing by in-house nurse.

There was also a blood donation drive in collaboration with Penang General Hospital ("GH") and NGKGt involving seven employees.



Food Quality, Hygiene and Facilities

- Healthy food corner being introduced on a weekly basis to promote healthy eating, selling salads and non-fried items.
- Kicked off the "Less Sugar, Salt and Oil" campaign in February 2020. Caterer managed to reduce averagely 23% usage for each item.
- Monthly canteen audit being carried out to ensure local council's requirements are met.

Other Benefits

In terms of working flexibility, we have introduced time off programs for employees who have to put in overtime during the periods when there are urgent requests by customers.

Employee recognition programs have also been put in place to reward key contributors through cash and gifts, and meal treats have been given out to all employees as a token of appreciation for their contribution and efforts.

Department outings or annual dinners are done on an annual basis to create closer bonding for our employees. This was temporarily postponed due to the MCOs restrictions caused by Covid-19 pandemic.

Sustainability Statement (cont'd)

HUMAN CAPITAL DEVELOPMENT

One of our key corporate responsibility initiatives is the development of human capital as our employees are our greatest asset. The development is achieved through the implementation of various initiatives such as in-house cross training and employees' productivity improvement, building university relationships and encouraging workplace diversity. The ultimate aim of these objectives is the unity of all employees in striving for a common objective i.e. the success of the Group in terms of economic, social and environmental development. Our employees' evaluation criteria have also been revamped over the years and we have put in place comprehensive evaluation systems that not only measure the hard skills but also the soft skills of employees like relationship building and charisma, to build them to be highly marketable in any industry.

We have also committed to do a 100% appraisal of all employees on an annual basis to ensure alignment to the Group's key performance metrics and values, to provide career path guidance and to obtain feedback from employees on their view of the Group. This commitment has been achieved in the current year as well as the previous 3 years, with appraisal criteria consistently being improved and matched to best industry practices. These appraisal sessions are also important as an avenue for identifying the right candidates to head the respective leadership roles with the Group of Companies.

In terms of nurturing future leaders, many programs have been put in place that include both general and specific targets of key employees at various levels in the Group. For Year 2020, we have also enrolled selected key employees (12 pax) from different subsidiaries to participate in Dell's Mentor Connect 2020 program to gain insights into management topics and also to benchmark / network with other MNC companies. The 5 programs covered over a 5 month period are listed as follows:

No	Topic	Schedule Date	Status
1	Managing Change	July Y2020	Done
2	Leading Teams	Aug Y2020	
3	Career Planning	Sep Y2020	
4	Influencing Skill	Oct Y2020	
5	Networking / Executive Leadership	Nov Y2020	

MentorConnect: Industry Leadership as Mentors

The graphic displays logos for Dell Technologies, Motorola Solutions, IHS Market, National Instruments, Boston Scientific, UST Global, Intel, Zebra, and Globetronics. Below the logos is a grid of 10 mentor profiles, each with a photo, name, and title:

Dell Technologies	Dell Technologies	Motorola Solutions	IHS Market	National Instruments	Boston Scientific	UST Global	Intel	Zebra	Globetronics
Glenn De Padua	Leonard Tan	Solomon Lorthu	Shaun Lee	Christine Oen	Dave Mitchell	Amar Chhajer	Lynn Olson	Chew Chong Yam	Chang Yee Heng
Director Sales Operations Consumer & Small Business	Director Product Operations Engineering	Managing Director Penang Operations	Director Global Order Management, Finance Penang COE Site Leader	Director Finance	Vice President & General Manager Manufacturing & Distribution	Country Head Malaysia & Director Semiconductor Accounts (APAC & Europe)	Vice President & Site Manager PSG Custom Logic Engineering Penang & India	Director Customer Support, APAC Managing Director	Vice President Business & Operations

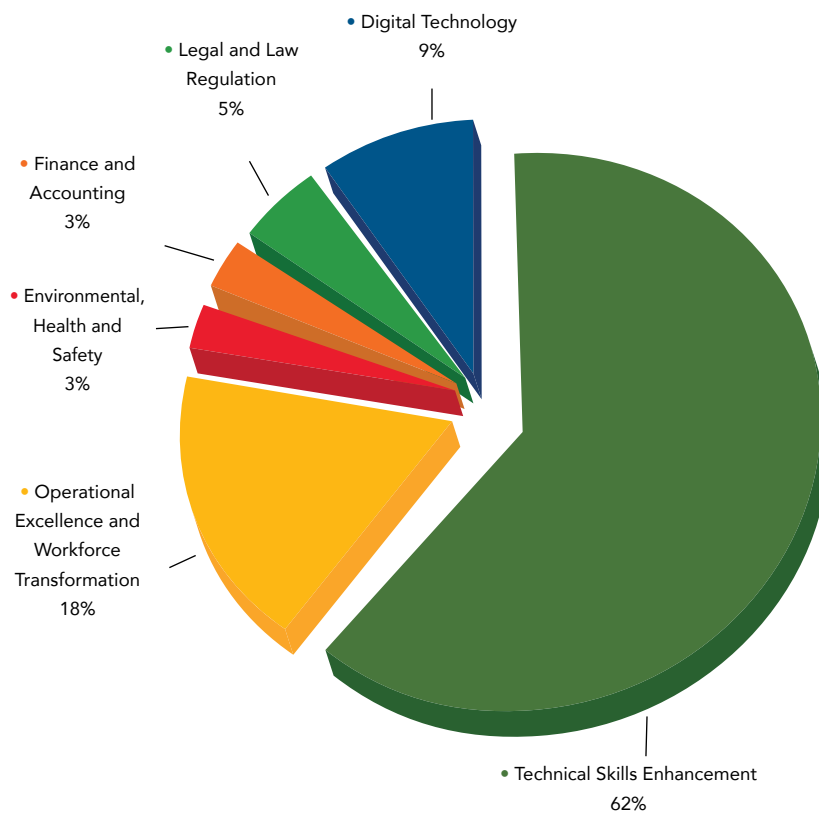
Sustainability Statement (cont'd)

We invested a total of 227 training programs and spent a total of RM154,000 for human capital development in Year 2020, with 2,205 training hours achieving the following:

No	Training Program by Category	%
1	Technical Skills Enhancement	56%
2	Operational Excellence and Workforce Transformation	22%
3	Environmental, Health and Safety	8%
4	Finance and Accounting	4%
5	Leadership Skill	0%
6	Legal and Law Regulation	4%
7	Digital Technology	6%
		100%

Out of the 227 training programs, 155 programs are new programs conducted in Year 2020 to upgrade our people's competency levels to new products and technologies, with exposures as follows:

New Training Program by Category



We had been very focused to upskill our technical capabilities with the development of "technical experts" via workforce transformation programs. The chosen employees underwent every equipment and process specific training that would help to improve machine performance with summary as follows:

Sustainability Statement (cont'd)

Training Descriptions	Types of Equipment	Number of Headcounts	Measurement
1. Operation and maintenance	ASM, Plasma, Disco Saw,	28	Improve machine downtime, reduce setup and
2. Set up and trouble shooting	2D BC		conversion time, perform minor repairs

Workforce Diversity

The Group believes in tapping the resources of a diverse workforce that utilizes the unique gift of each individual. Presently our workforce is made up of multiple nationalities that include Malaysians, Indonesians, Filipinos and Nepalese and we have a male to female ratio of 23:77. We are also proud to say our leadership is also balanced, with women making 33 % of positions of manager and above.

Women Percentage	
Overall workforce	75%
Management	33%
Board	22%



Our recruitment process is based solely on merit and the qualification of the candidates, and our remuneration policy assures that no pay distinctions are made in regards to gender or ethnicity in the Group.

The various ethnic groups are respected and harmony is promoted with the celebration of the various cultural festivals in Malaysia together. For Year 2020, we had 3 celebrations which are Chinese New Year, Hari Raya Aidilfitri and Deepavali with good response and participation from all employees.

Women in Leadership: Achieving an Equal Future in a COVID-19 World



Moderator

Ean Na Teoh
Sales Director
Medium Business
Dell Technologies



Panelist

Corina Tan
Vice President
CSB Sales Operations
Dell Technologies



Panelist

Chang Yee Heng
Vice President
Business and
Operations
Globetronics
Manufacturing Sdn Bhd



Panelist

Dave Mitchell
Vice President
Manufacturing and
Distribution Operations
Boston Scientific



Internal Use - Confidential

Globetronics as a Panelist for Dell's Woman's Day Event

Sustainability Statement (cont'd)

Human Rights

The Group is committed to upholding and respecting human rights of all employees, and we have published human rights policies of notice boards with indicators being reviewed on a monthly basis. We are in compliance with the relevant law and regulations for our operations, and some of our human rights commitment are as follows:

- Freely chosen labor: no forced labor or slavery, original travel documentation held by employees.
- Avoidance of child labor: no hiring persons under 18 years of age.
- Non-discrimination: Hiring based on merit, no harsh and inhumane treatment.
- Policies against sexual harassment, fraud, bribery and corruption with proper reporting channels.

Some of the periodic independent sustainability audits conducted include one by Zumbotel Group on behalf of our customer. The audit represents a good independent review of our sustainability efforts as area covered is wide and includes:

Ethics – Business integrity, code of conduct, fair business and responsible sourcing.

Labor – Freely chosen employment, child labor avoidance, working hours, freedom of association and non-discrimination.

Health and Safety – Occupational safety, emergency preparedness and response, injury and illness, machine safeguarding, dormitory and canteen.

Environment – Permits, pollution prevention, energy usage, product content restrictions, hazardous substances, wastewater and solid waste, noise and air emission.

Result shows that we are on the right track with a good score on our sustainability front, scoring an A for the audit.

For Year 2020, the Group recorded zero cases on disputes of human and labor rights.

Corporate Governance and Ethics

With the enforcement of the corporate liability provision under Section 17A of MACC Act effective on 1 June 2020, the Board of Directors and Senior Management have already attended seminars and talks to familiarize themselves with the revised laws and definitions. There were also sessions conducted for all our employees throughout the year so that all of them are now familiar with this ruling and are aligned with the Group's zero corruption and bribery stance.

The whistle blowing policy and procedures has also been enhanced and communicated to all employees where they would have the opportunity to report their grievances/concerns to an appropriate party with their identity protected for any level of corruption or bribery committed by any employee up to the highest level of the organization.

Social contributions and community projects

As a home grown Malaysian company, we are aware of how important it is to build up the local community and to provide opportunities for the upcoming generation to succeed. The focus of our social contributions is directed on the basis of achieving current impactful goals to community building and nation through the sponsorship of relevant initiatives and programs.

The Covid-19 pandemic had not only impacted our operations but also the local and national community. Not forgetting our front liners who risk their lives daily for us in the Covid-19 pandemic fight, we also do our part by contributing face masks during the start of the Covid-19 pandemic in April 2020. Overall, a total of 13,000 face masks were distributed to eight police stations in Penang and another 40,000 face masks to Penang GH to assist in the adequate supply of PPE for our front liners.

On the social front, we put our focus on the UN SDG 4 to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". Many of our sponsorship programs are geared toward the promotion of STEM and technical areas like robotics to continue to build up the potential technical workforce pool for Penang and Malaysia.

Sustainability Statement (cont'd)

Social contributions and community projects (cont'd)

In Year 2020, we were actively involved and contributed in various community and education projects:

- 1) Sponsorship of RM10,000 to Tech Dome Penang's fundraising program.
- 2) Collaboration with Penang Skills Development Centre ("PSDC") on Workforce Reconciliation Action Plan ("WRAP") Program – 2 students.
- 3) Collaboration with Penang STEM – RM20,000 sponsorship for StepUp Initiative Program – adopted Phor Tay Secondary School.
- 4) Face masks contribution to Penang GH (40,000 pieces), 6 Police Stations (Balik Pulau/Bayan Baru/Bayan Lepas/Sungai Nibong/Free Industrial Zone ("FIZ")/Ibu Pejabat Daerah Timur Laut) (12,000 pieces) valued at RM52,000.
- 5) Sponsorship of RM10,000 to Electrical and Electronics Productivity Nexus ("EEPN") for setting up the Malaysian Electrical and Electronics Virtual Market Place Portal.
- 6) Blood donation drive in collaboration with NGKGt and Penang GH – Total 7 persons took part.
- 7) Additional face masks contribution to FIZ Polis Station and Bayan Baru Polis Station – total 1,000 pieces.
- 8) Cash sponsorship of RM3,000 as Silver Sponsor to USM RoVisp 2021 (11th International Conference on Robotics, Vision, Signal Processing and Power Applications).
- 9) In Year 2020, we have accepted 7 persons interns undergoing the required internship programs in Engineering/Quality Assurance/Safety/Finance Departments.

Overall, we aim to bring a balanced but targeted approach in supporting our local community from the contributions to various local societal organizations and academia to make the community we operate in a better place.



Collaboration with PSDC on WRAP Program to play our part in developing the talent pipeline with well-trained undergraduate students

Sustainability Statement (cont'd)



Face Mask contributions to Penang GH and Police Stations

Audit and Risk Management Committee Report



From left: Ms. Lam Voon Kean, Dato' Syed Mohamad Bin Syed Murtaza, Ms. Ong Huey Min

The ARMC of GTB is pleased to present the ARMC Report for the financial year ended 31 December 2020 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

ARMC was established to serve as a committee of the Board and is guided by its terms of reference in performing their duties and discharging their responsibilities. The terms of reference of ARMC can be viewed at the Company's website at www.globetronics.com.my.

COMPOSITION AND MEETINGS

ARMC members and details of attendance of each member at the ARMC meetings held during the year are as follows:

Members	Number of Meetings	
	Held	Attended
Dato' Syed Mohamad Bin Syed Murtaza Chairman/Independent Non-Executive Director	6	6
Ms. Lam Voon Kean Independent Non-Executive Director	6	6
Ms. Ong Huey Min Independent Non-Executive Director	6	6

Ms. Lam Voon Kean and Ms. Ong Huey Min are members of the Malaysian Institute of Accountants. The ARMC, therefore, meets the requirements of Paragraph 15.09(1)(c) of the Main LR which stipulate that at least one (1) member of the ARMC must be a qualified accountant.

Audit and Risk Management Committee Report (cont'd)

Summary of the work of the ARMC

In line with the terms of reference of the ARMC, the work carried out by the ARMC in the discharge of its functions and duties for the financial year ended 31 December 2020 are as follows:

Financial Procedures and Financial Reporting

- Reviewed the following Group financial statements and made recommendations to the Board for approval of the same, as detailed below:

Date of ARMC Meeting	Quarterly Results/Financial Statements Review
24 February 2020	Unaudited fourth quarter results of the Group for the financial year ended 31 December 2019
20 May 2020	Unaudited first quarter results for the period ended 31 March 2020
28 July 2020	Unaudited second quarter results for the period ended 30 June 2020
27 October 2020	Unaudited third quarter results for the period ended 30 September 2020

The review of the unaudited quarterly financial results is to ensure the disclosures are in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134-Interim Financial Reporting and latest requirement of applicable disclosure provisions in the MMLR.

- Reviewed the audited financial statements of the Company and the Group for the financial year ended 31 December 2020 which covers the financial position and performance for the year to ensure that they presented a true and fair view and complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

In the review of the audited financial statements of the Company/Group and quarterly financial results of the Group, ARMC focuses particularly on the below areas:

- Changes in accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Significant and unusual events; and
 - Management judgements and estimations made on the recognition, measurement and presentation of financial statements.
- Ensured publication of annual audited financial statements

Internal Audit

- Reviewed and approved the internal audit plan;
- Reviewed and reported the adequacy of the scope, functions and resources of the internal audit function and that it had the necessary authority to carry out its duties;
- Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the reports;
- Reviewed any appraisal or assessment of the performance of the internal audit function; and
- Reviewed any whistleblowing cases, if any, and management responses and resolutions. For the year under review, there was no whistle blowing cases reported.

External Audit

- Reviewed with the external auditors, the audit plan, scope of the audit and the areas of audit of the Company/Group;
- Reviewed with the external auditors, their evaluation of the system of internal controls and audit findings;
- Discussed problems and reservations arising from the audit, and any other matters the auditors had wished to discuss;
- Reviewed the auditors' report;
- Met with the external auditors twice without the presence of the Management to review and discuss on key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at the meetings;
- Reviewed and reported the assistance given by the Company's/Group's Officers to the external auditors and the overall conduct of the audit;
- Reviewed and approved the audit and non-audit fees on services provided by external auditors. The amount of audit and non-audit fees are disclosed in the Additional Compliance Information on page 59.

Audit and Risk Management Committee Report (cont'd)

External Audit (cont'd)

- Assessed the independence of the external auditors and obtained written assurance from them stating their independence throughout the audit in accordance with all relevant professional and regulatory requirements; and
- Performed an evaluation on the suitability and independence of the external auditors. ARMC was satisfied the work performed based on the firm capabilities, professional team assigned, proposed methodology, independence and timeline. Accordingly, it had affirmed the suitability and independence of the external auditors and recommended to the Board to re-appoint KPMG PLT as the Auditors as well as proposed audit fees for approval.

Risk Management

- Reviewed the adequacy and effectiveness of risk management and internal control systems instituted within the Group which includes corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the appropriateness of anti-corruption mitigating measures, corruption risk management as well as Group's Anti-Corruption policy and procedures; and
- Provided oversight and direction to the risk management process, specifically to:
 - ensure that appropriate risk management policies, guidelines and processes are implemented;
 - consider whether response strategies (and contingency plans) to manage or mitigate material risks are appropriate and effective given the nature of the identifiable risks; and
 - evaluate the risk profile and risk tolerance of the Group.

Related Party Transactions

Reviewed the related party transactions that had arisen within the Company or the Group and the disclosure of such transactions in the Annual Report.

Other Functions

Reviewed the ARMC Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report in the spirit of the new corporate governance framework to promote greater internalisation of corporate governance culture and greater transparency before submitting for the Board's approval and inclusion in the Annual Report.

Summary of the work of the Internal Audit Function

The ARMC is assisted by an in-house Internal Audit function in discharging its duties and responsibilities. The Internal Audit function reports directly to the ARMC. The Internal Audit function conducts regular and systematic reviews of the key controls and processes in the operating units of the Group and assesses compliance with the established policies and procedures. This provides reasonable assurance that such systems would continue to operate satisfactorily and effectively in the Group. In addition, the Internal Audit function also conducts investigations and special reviews at the request of the Management and ARMC.

On a quarterly basis, the Internal Audit function submits the audit reports on their activities to the ARMC for its review and deliberation. The internal audit findings are presented in the ARMC meetings and appropriate recommendations are made on any areas of concern within the Company and the Group for the ARMC's deliberation.

The following were the activities carried out by the internal audit function for the financial year ended 31 December 2020:

- Reviewed updated risk management framework, action plans and activities performed especially on those defined as key principal risks;
- Reviewed the proposed GTB Anti-Corruption and Bribery Policy, proposed amendment on GTB-Whistleblowing Policy and Procedure and GTB Principles of Business Conduct before submitting for the ARMC and Board's approval;
- Reviewed the progress update on the ESG Sustainability Report;
- Reviewed the risk assessment and control measures on anti-corruption and bribery prevention;
- Reviewed the Standard Operating Procedures ("SOPs") issued by Malaysian National Security Council and preventive and controls measures taken by the Company and the Group to prevent the Covid-19 outbreak in the workplace;
- Reviewed on human resources system on foreign workers' resignation; and
- Reviewed the updated progress status on Information Technology infrastructure and security enhancement of the Company and the Group.

During the financial year ended 31 December 2020, the total cost incurred for the internal audit function was RM197,000.

Audit and Risk Management Committee Report (cont'd)

Trainings Attended by the ARMC

During the year under review, the ARMC attended the following conferences and seminars:

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Dato' Syed Mohamad Bin Syed Murtaza	Malaysia's Stimulus Package	In-house	20 May 2020
	Penjana (National Economic Recovery Plan)	In-house	28 July 2020
	2020 Sharing the Nations Prosperity	LHDN and Malaysian Employers Federation	29 September 2020
	Budget 2021 Highlights	In-house	17 December 2020
Ms. Lam Voon Kean	MACC Act 2009 Section 17A (Corporate Liability), "Adequate Procedures" and ISO37001:2016	KM Loi & Associates	10 March 2020
	Fraud Risk Management Workshop for Directors of Listed Companies	Bursa Malaysia/PwC	4 April 2020
	Judicial Management: A Corporate Rescue Mechanism in Malaysia	Boardroom Corporate Services Sdn Bhd	23 April 2020
	A Change for Better Comparability and Transparency of Companies Performance Reporting	Malaysian Accounting Standards Board ("MASB")	27 April 2020
	Malaysia's Stimulus Package	In-house	20 May 2020
	Penjana (National Economic Recovery Plan)	In-house	28 July 2020
	Transforming Business Performance through Digitalization	TUV Rheinland & Tricor, Hong Kong	21 October 2020
	Audit Committee Institute Virtual Roundtable 2020 ESG Perspective: Managing Recovery and Resilience	KPMG	12 November 2020
	Integrated Reporting And Assurance	KPMG	4 December 2020
	Budget 2021 Highlights	In-house	17 December 2020
Ms. Ong Huey Min	MACC Act 2009 Section 17A (Corporate Liability), "Adequate Procedures" and ISO37001:2016	KM Loi & Associates	10 March 2020
	Malaysia's Stimulus Package	In-house	20 May 2020
	Penjana (National Economic Recovery Plan)	In-house	28 July 2020
	National Tax Conference 2020	CTIM / LHDN	25 to 26 August 2020
	Recent Tax Developments and Tax Measures post Covid 19 MCO period	Federation of Malaysian Manufacturers ("FMM")	1 October 2020

Audit and Risk Management Committee Report (cont'd)

Trainings Attended by the ARMC (cont'd)

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Ms. Ong Huey Min (cont'd)	Captains' Forum: Transformation towards recovery - Operational resilience	KPMG	9 October 2020
	Captains' Forum: Transformation towards recovery - Technology and Data	KPMG	19 October 2020
	Governance Symposium 2020	Malaysian Institute of Accountants ("MIA")	9 to 10 November 2020
	Corporate Liability under MACC Act	Pensonic	30 November 2020
	Budget 2021 Highlights	In-house	17 December 2020

Annual Performance Assessment

The Board performed an annual assessment of the ARMC's effectiveness in carrying out its duties as set out in the terms of reference. The Board is satisfied that the ARMC has effectively discharged its duties in accordance with its terms of reference. The Board Effectiveness Assessment 2020 further commended that the ARMC has the right composition with sufficient relevant skills and expertise.

Corporate Governance Overview Statement

Corporate Governance Overview Statement is prepared pursuant to paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia and Malaysian Code on Corporate Governance (“MCCG”) 2017 issued by Securities Commission Malaysia. This statement gives the shareholders an overview of the corporate governance practices of the Group during financial year 2020.

This Corporate Governance Overview Statement is to be read together with the Corporate Governance (“CG”) Report which provides a detailed application for each practice as set out in MCCG 2017. This CG Report is available for reference on the Company’s website at www.globetronics.com.my, as well as on Bursa Malaysia Berhad’s website at www.bursamalaysia.com.

The Board of Directors (“Board”) of Globetronics Technology Berhad (“GTB”) is committed to practice the highest standards in corporate governance throughout the Group. The Board believes that good governance supports long-term value creation. GTB has in place a set of well-defined policies to enhance corporate governance, as well as to protect the interest of the stakeholders.

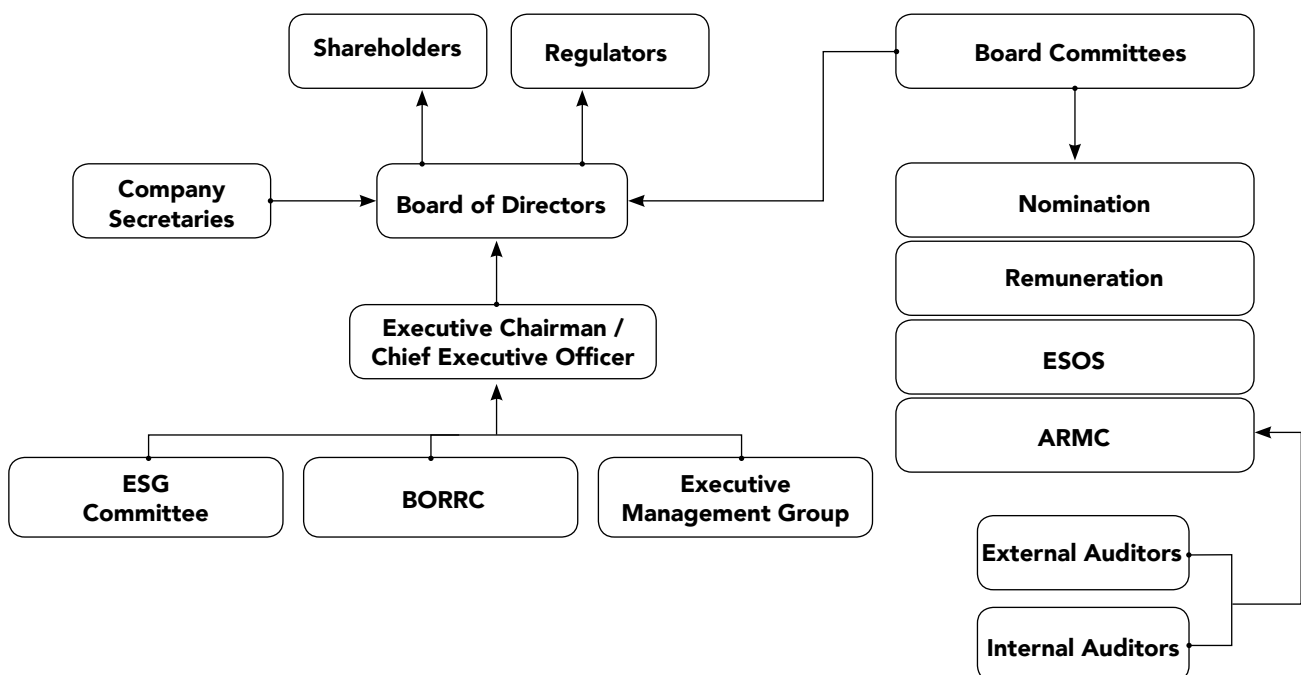
This statement together with CG Report demonstrates the Board’s commitment in sustaining high standards of corporate governance and outlines the extent the Group has complied with the principles set out in MCCG 2017 with regards to the recommendations stated under each principle for the year under review.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for delivering shareholder value over the long term, in line with the Group’s culture, strategy, values and governance, while considering the interests of all our stakeholders and contributing to wider society. The Board provides entrepreneurial leadership of the Group and is collectively responsible for setting policies, which ensure that the Group’s objective and performance targets are met. There is a division of functions between the Board and the Management, whereby the former’s focus lies more on the Company’s governance; the latter on management in accordance with the direction of and delegation by the Board. Thus, the Board leads the Group and plays a strategic role in overseeing the overall activities of the Management in carrying out the delegated duties in achieving the Group’s corporate objectives and long-term strategic plans of the business. The below Group Governance Framework is established to ensure that the responsibilities and duties are discharged effectively.

The Group’s Governance Framework



Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

The Chairman is responsible for leadership of the Board and is pivotal in creating the conditions for overall Board, Board Committee and individual director effectiveness. The Board supports the practice of separate individuals for the Chairman and CEO positions to ensure the effective functioning of the Board and appropriate balance of power and authority which is stated in the Board Charter. The Board Charter sets out the roles and responsibilities of the Board, composition and matters related to Board. It is available for reference on the Company's website at www.globetronics.com.my.

With the amendment to the MACC Act whereby corporate liability provision under Section 17A came into force on 1 June 2020, the Board has taken various initiatives to align to the procedures outlined in the "Guidelines on Adequate Procedures", which included establishment of Anti-Corruption and Bribery Policy, enhancement of Principles of Business Conduct and Whistleblowing Policy, assessment of potential risk area and control measures as well as training and communication of the Group's anti-corruption policy to all employees. BORRC is responsible for the implementation of the Group's anti-corruption and bribery prevention measures. The Group emphasises its zero-tolerance position on bribery and corruption in ensuring good standards of ethical behaviour flow through all levels of the Group to prevent unethical practices and consequently, support the delivery of long-term sustainable success of the Group. During the financial year, directors and employees attended training/awareness talk on anti-corruption and bribery conducted internally and externally.

The Board also provided an avenue for employees to report their genuine concerns of any unlawful or unethical situations or any suspected violation of the Principles of Business Conduct through its Whistleblowing Policy and Procedure. The Group treat all reports confidentially and genuine whistle blower will be protected from any reprisal within GTB Group as a direct consequence of the disclosure. There were no whistleblowing cases reported during FY2020.

The details of Anti-Corruption and Bribery Policy, Principles of Business Conduct and Whistleblowing Policy and Procedure are available for reference on the Company's website at www.globetronics.com.my.

In order to ensure effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following Board Committees:

- Nomination Committee ("NC");
- Remuneration Committee ("RC");
- Audit and Risk Management Committee ("ARMC"); and
- Employee Share Options Scheme ("ESOS") Committee.

All Board Committees report to the Board on matters deliberated and the Board is ultimately responsible for the decision making. Each Committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board. The details of TOR for the respective Board Committees are available for reference on the Company's website at www.globetronics.com.my. Reference can also be made to the CG Report for their application of the practices encapsulated in the MCCG.

To assist in fulfilling their duties, procedures are in place for the board members to seek independent advice and services of the Company Secretaries who are responsible for advising the Board on governance matter. The Company Secretaries have years of working experience with sufficient skills, knowledge and resources in advising the Board on governance and regulatory matters.

II. BOARD COMPOSITION

The Board recognizes the importance of boardroom diversity and the practice of the MCCG pertaining to the establishment of a diversity policy in skills, experiences, knowledge, age, gender, ethnicity and educational background. The Board has in place its Diversity Policy and it is available for reference on the Company's website at www.globetronics.com.my.

The details of directors' background, experiences and qualifications are set out on pages 6 to 11 under the Profile of Directors of the Annual Report.

The overview of the Board composition, balance and diversity as of 31 December 2020 is as the below:

Gender Diversity		Race/Ethnicity Diversity		Age Group Diversity		Board Experience	
Male	78%	Malay	33%	70 years and above	44%	Multinational/International	89%
Female	22%	Chinese	67%	61-69 years	34%	Science/Engineering/Bio industry	67%
				60 years and below	22%	Accounting/Finance/Economic	67%
						Public/Legal/Regulatory Affair	44%

Note: Under the Board Experience, individual Directors may fall into one or more categories.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

The Board is assisted by NC in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the Board's composition has an appropriate mix of skills, experience, knowledge, age and gender. The Committee meets when necessary. For the financial year ended 31 December 2020, one (1) NC meeting was held.

NC reviewed the size and composition of the Board, and the skills and core competencies of its members, to ensure an appropriate balance and diversity of skills and experience. There were nine (9) members on the Board of Directors for the financial year ended 31 December 2020, comprising two (2) Executive and seven (7) Non-Executive Directors, five (5) of whom are Independent. Through its review and deliberation, NC proposed that the the members of the Board be maintained at seven (7) members after the retirement of two (2) of its directors upon their completion of nine (9) years tenure. This change does not impact the effectiveness of the board as the existing members have the appropriate mix of skills, experience and knowledge to carry on the duties and responsibilities of the board.

In terms of independence, the Board recognizes the MCCG's recommendation that the service tenure of an Independent Director, does not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director or the Board shall justify and seek annual shareholders' approval in the event the director is retained as an Independent Director. If the board continues to retain the independent director after the twelfth (12) year, the board should seek annual shareholders' approval through a two-tier voting process.

NC reviewed and assessed the independence of Independent Directors and their tenure of service. Two (2) of the Independent Directors, Dato' Iskandar Mizal Bin Mahmood and Mr. Yeow Teck Chai would be reaching their 9th year of service on 15 May 2021 and would retire accordingly. As for Dato' Syed Mohamad Bin Syed Murtaza who has served the Board for a cumulative term of more than nine (9) years, NC and the Board concluded that he has remained independent and pursuant to Practice 4.2 of the MCCG, the Board will seek approval from the shareholders of the Company at the forthcoming AGM to support the Board's decision to retain him as Independent Director of the Company until the conclusion of the next AGM based on the following justifications:-

- (i) he fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Malaysia, and being independent, he will be able to function as a check and balance, bring an element of objectivity to the Board.
- (ii) he remains objective and independent in expressing his views and participating in deliberations and decision-making process of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (iii) he has exercised due care during his tenure as an Independent Director of the Company as well as the Chairman of ARMC and member of NC and ESOS Committee and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

Length of service of Independent Non-Executive Directors is as below:

Directors	Date of Appointment	Length of Service (Years)*
Dato' Syed Mohamad Bin Syed Murtaza	18-May-11	9.9
Dato' Iskandar Mizal Bin Mahmood	16-May-12	8.9
Mr. Yeow Teck Chai	16-May-12	8.9
Ms. Lam Voon Kean	15-May-13	7.9
Ms. Ong Huey Min	23-Oct-17	3.4

* as at 2 April 2021

NC also recommended the re-appointment and re-election of Directors at the AGM to the Board for its approval. Directors are subject to retire by rotation at least every 3 years. Retiring Directors, being eligible, offer themselves for re-election at the forthcoming AGM. The Directors are Mr. Ng Kok Khuan, Dato' Syed Mohamad Bin Syed Murtaza and Ms. Ong Huey Min.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

The Company's Constitution also provides that any Director appointed during the year is subject to retirement and seek re-election by the shareholders at the forthcoming AGM immediately after his/her appointment. There is none for this year.

NC together with the Board continues to evaluate and determine the training needs of Directors by identifying and encouraging Board members to attend various external professional training programs relevant and useful in contributing to the effective discharge of their duties. During the financial year ended 31 December 2020, the Directors had attended trainings covering a broad range of areas such as statutory regulations, corporate governance, financial reporting standards, financial planning, legal, and information technology. The details of trainings attended by each individual Director are as per disclosed in Practice 1.1 of CG Report.

The Board, through NC, conducted an annual evaluation of the Board's effectiveness and composition, including the effectiveness of the Board Committees which were undertaken internally by way of written questionnaire. The results indicated that the Board and its Committees continued to operate effectively in discharging its duties and responsibilities. Going forward, areas that the Board would like to put more focus on are related to senior management succession planning, corporate integrity, strategic opportunities and mitigation initiatives in response to the economic uncertainty in the market within the purview of the Company's risk appetite and sustainability matters in relation to the Group's business decision and strategies. It is the Board's intention to continue to review annually its performance and that of its committees.

III. REMUNERATION

Remuneration Committee ("RC")

The RC is responsible for recommending to the Board the remuneration packages for Directors as well as senior management. The RC has in place a Remuneration Policy on Directors and senior management with the aim to provide remuneration packages needed to attract, retain and motivate Directors and senior management of the quality required to manage the business of the Group and to align the interest of the Directors and senior management with those of the shareholders.

The Remuneration Policy is available for reference on the Company's website at www.globetronics.com.my.

During the year, RC has reviewed and recommended to the Board the remuneration packages for Executive Directors as well as fees for Non-Executive Directors.

None of the Executive Directors participated in any way in determining their individual remuneration. Executive Directors' remunerations are linked to their respective performance and subject to the approval of the Board.

The Board as a whole determines the fees for the services of Non-Executive Directors on an annual basis and fee revision once every 2 years based on the recommendation of the RC and subject to the approval of shareholders in the AGM. The Committee meets when necessary.

The remuneration for the Board and Board Committees in the form of fees for the financial year under review are as follows:

Board/Board Committee	Chairman (RM/Year)	Member (RM/Year)
Board	116,000	116,000
Audit and Risk Management Committee	20,000	17,000
Nomination Committee	5,000	4,000
Remuneration Committee	5,000	4,000
ESOS Committee	5,000	4,000

The Non-Executive Directors are paid a meeting allowance of RM500 per day for each Board meeting and/or Board Committee meeting they attend.

Specific disclosure of Directors' remuneration and senior management's remuneration in relation to Practice 7.1 and 7.2 of the MCCG 2017 are provided in the CG report.

For the financial year ended 31 December 2020, one (1) RC meeting was held.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board is responsible for assessing the integrity of the Group's financial information and the adequacy and effectiveness of the Group's internal control and risk management processes. The Board delegates these specific matters to the ARMC to assist in the discharge of its responsibilities.

I. AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC comprises of three (3) Independent Non-Executive Directors. For the financial year ended 31 December 2020, six (6) ARMC meetings were held, and a summary of the activities of the ARMC including the internal audit function during the year under review is set out in the ARMC Report on pages 48 to 52 of this Annual Report.

None of the ARMC members were former audit partners who are required to observe a cooling-off period of at least two (2) years before being appointed in accordance with the terms of reference of ARMC.

Based on the External Auditors Policy, ARMC also reviewed the suitability, objectivity and independence of the external auditors. The review process covered the assessment and evaluation of their performance, quality of work, non-audit services provided and timeliness of services deliverables.

The Board performed an annual assessment of the Committee's effectiveness in carrying out its duties as set out in the terms of reference. The Board is satisfied that the Committee has effectively discharged its duties in accordance with its terms of reference. All members of ARMC are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognizes the importance of risk management and internal controls in the overall management process. An ongoing process has been established for identifying, evaluating and managing risks faced by the Group. During the year, the Board considered the nature and extent of the risks it was willing to take to achieve its strategic goals. The Statement on Risk Management and Internal Control which provides an overview of the Group's risk management and internal control framework is set out on pages 60 to 63 of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Company remains committed to delivering high standards of corporate disclosure and transparency in our communications with shareholders, investors and stakeholder, except where commercial confidentiality dictates otherwise. The Company provides timely, regular, relevant and complete information regarding the Group's businesses and corporate developments.

In this respect, the Company follows the Corporate Disclosure Guide and Best Practices as proposed by Bursa Malaysia. The GTB Corporate Disclosure Policy and Procedures is available for reference at the Company's website, www.globetronics.com.my.

The Board's primary contact with all shareholders is via the CFO and Corporate Director, who have regular dialogue and meetings with institutional investors, analysts and fund investors periodically. The Chairman and the Chief Executive Officer, as appropriate, also meet with various institutional shareholders from time to time. The outcomes of the meetings are reported to the Board to ensure that the Board keeps in touch with shareholder views. For the financial year ended 31 December 2020, there is limited physical meetings with fund managers and analysts due to Movement Control Order and border-closures arising from COVID-19 pandemic outbreak. However, both CFO and Corporate Director continue to connect with regional and Malaysian investors and analysts via conference calls and/or video conferences. They have attended more than 50 conference calls and/or video conferences. These meetings continue to keep the investment community abreast of the Group's strategic developments and financial performance.

The information published at the Company's website, www.globetronics.com.my and announcements made to Bursa Malaysia's website, www.bursamalaysia.com, are the key source of information for the shareholders and stakeholders. Announcements and release of financial results on a quarterly basis are posted on the Company's website, which will provide the shareholders and stakeholders with an overview of the Group's performance and operations. The Company's website also serves as a forum for the shareholder and stakeholders to communicate with the Company. Requests for information or feedback on the Company can be forwarded to its dedicated Corporate Finance team through the same website.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

II. CONDUCT OF GENERAL MEETING

Annual General Meetings ("AGM")

The AGM is the principal forum for dialogue and interaction with the shareholders of the Company. All shareholders are welcome to attend the AGM and are encouraged to take advantage of the opportunity to direct questions to members of the Board.

The Company distributed the Notice of 23rd AGM at least 28 days ahead in line with the CG practice providing sufficient time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if necessary. The Notice of AGM was also advertised in The Star newspaper for the benefit of shareholders.

At the 23rd AGM of the Company held on 22 July 2020, members of the Board were present and the Chairman of the Board chaired the meeting in an orderly manner and allowed the shareholders or proxies the opportunity to speak at the meeting.

The Chairman presented an overview of the Company's results and prospects at the AGM prior to the commencement of the formal business of the meeting. Members of the Board and management were present at the meeting to respond to the questions raised by the shareholders or proxies in relation to the operational and financial performance of the Group. An independent external party is appointed as scrutineer for the electronic poll voting process.

In line with good CG practice, the Company had implemented electronic poll voting and would continue this practice for greater transparency and efficiency in the voting process. The Company will continue to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

The Corporate Governance Overview Statement was approved by the Board of Directors on 2 April 2021.

Additional Compliance Information

1. Meeting Attendance Record for 2020

Directors' attendance record at the AGM, scheduled Board meetings and Board committee meetings, for the year ended 31 December 2020 is as set out in the table below. For Board and Board committee meetings, attendance is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

Directors	Independence	Annual General Meeting	Board		Audit and Risk Management Committee ("ARMC")		Nomination Committee ("NC")		Remuneration Committee ("RC")		Employees Share Option Scheme ("ESOS") Committee	
			Membership	Attendance	Membership	Attendance	Membership	Attendance	Membership	Attendance	Membership	Attendance
Mr. Michael Ng Kweng Chong	Non-Independent	√	Chairman	5/5								
Dato' Heng Huck Lee	Non-Independent	√	CEO	5/5								
Dato' Syed Mohamad Bin Syed Murtaza	Independent	√	Member	5/5	Chairman	6/6	Member	1/1			Member	1/1
Dato' Norhalim Bin Yunus	Non-Independent	√	Member	5/5					Member	1/1		
Dato' Iskandar Mizal Bin Mahmood	Independent	√	Member	4/5			Chairman	1/1	Member	1/1		
Mr. Yeow Teck Chai	Independent	√	Member	5/5			Member	1/1	Chairman	1/1		
Ms. Lam Voon Kean	Independent	√	Member	5/5	Member	6/6					Chairwoman	1/1
Mr. Ng Kok Khuan	Non-Independent	√	Member	4/5							Member	1/1
Ms. Ong Huey Min	Independent	√	Member	5/5	Member	6/6						

The following information is provided in accordance with Paragraph 9.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements as set out in Part A of Appendix 9C.

2. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals.

3. Audit and Non-Audit Fees

The amount of audit fees paid or payable to the external auditors, KPMG PLT, for services rendered to the Company and the Group for the financial year ended 31 December 2020 amounted to RM26,000 and RM165,500 respectively.

The amount of non-audit fees paid or payable to the external auditors, KPMG PLT and its affiliates, were only for the services rendered to the Company for the financial year ended 31 December 2020 amounted to RM13,900.

4. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of GTB is pleased to provide the following Statement on Risk Management and Internal Control ("Statement") pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Board is guided by the Statement on Risk Management and Internal Control-Guidelines for Directors of Listed Issuers in making disclosures concerning the main features of the Risk Management Framework and Internal Controls System of the Group and is committed to fulfilling its responsibility of maintaining a sound system of risk management and internal control in the Group. The Statement outlines the nature and state of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board recognises the importance of risk management framework and a sound system of internal control to good corporate governance practices. The Board affirms its overall responsibility for the Group's systems of risk management and internal controls, and for reviewing the adequacy and effectiveness of those systems. In view of the inherent limitations in any system of internal controls, the systems are designed to manage, rather than eliminate the risk of failure to achieve the goals and objectives of the Group. In pursuing these, internal control can only provide reasonable rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

The Group's system of risk management and internal control involves the management and staff from each business units of its respective subsidiaries. The Board is responsible for determining key strategies for significant risks and control issues, whilst Functional Managers of the subsidiaries are responsible to implement the Board's strategies effectively by designing, operating and monitoring the control processes and managing risks.

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

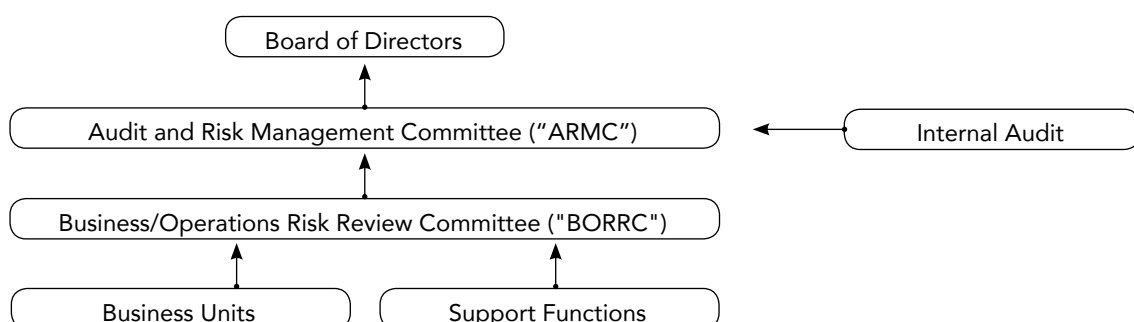
Risk Management Framework

GTB has established an Enterprise Risk Management ("ERM") Framework in line with Committee of Sponsoring Organizations of the Treadway's Commission ("COSO") ERM framework. This serves as a platform to provide guidance in identifying and managing risk pertaining to the Group's goals and objectives. The Framework is summarised as follows:

- Key principles of Risk Management Framework;
- Approach and process in identifying, assessing, responding, monitoring and reporting of risks and controls; and
- The roles and responsibilities of each level of management in the Group.

The assessment of business risks is carried out primarily by the Executive Directors and/or BORRC through their participation in management meetings, desktop reviews, deliberation or communication with key management staff to ensure the adequacy and integrity of the system of internal control. These initiatives would ensure that the Company and the Group have in place an ongoing process to identify measures to manage the significant risks affecting the achievement of its business objectives.

The process includes systematic activities of risk identification, risk assessment and measurement, risk response and action, monitoring and reporting. The Group's risk management structure to assign responsibility for risk management and facilitate the process for assessing and communicating risk issues from transactional levels to the Board is summarised in the diagram below:



Statement on Risk Management and Internal Control

(cont'd)

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT (CONT'D)

Risk Management Framework (cont'd)

During the financial year, the Group under its review of risk management has identified fifteen key risks in relation to operational, financial and compliance risks and the Group has evaluated the potential impact of these risks. The Risk Register was updated, and meetings were held to communicate and deliberate the issues or risks and where appropriate, the control systems and action plans were implemented and taken to ensure the continuous risk mitigation and risk management.

The principal risks for financial year 2020 have been reviewed by the Board of Directors and are as follows:

Operational Risk

In the Group's line of business, the Group's performance is highly dependent on customers' performance. The fluctuations in their operations would have an impact on the Group's operations. Therefore, one of the key roles of senior management team is to be on the lookout for ways to manage these risks, monitor the performance of the customers and build relationships with customers.

Financial Risk

The Group is exposed to financial risks relating to credit risk, liquidity risk, interest rates risk and foreign currency risk. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 26 to the financial statements on pages 130 to 143.

Compliance Risk

The Group's business is governed by relevant laws, regulations and standards. There are frequent changes and updates to the regulations and standards from time to time and there may be a risk/exposure of non-compliance. The Group keeps themselves informed of such changes by receiving/subscribing to e-mail alerts and written materials from governing bodies and professional bodies and also attending seminars and training to keep themselves armed with knowledge of the latest developments.

Investment Risk

One of the Group's strategic initiatives is to create additional revenue streams by venturing into new business or expanding existing business. Nonetheless, the Group recognises the risk and repercussions involved in poor investment decisions and the management of these new business. To manage this risk, all major/material new business proposal and investments would need to be tabled for Board's discussion, review and approval. Further to that, a start-up team is put together to manage the start-up and to ensure successful transition from start-up to mass production.

Cyber Risk

The current business environment is globally interconnected, thus increasing the organisation's exposure to cyber threats. To manage this risk, controls have been put in place to manage and protect the confidentiality, integrity and availability of data and critical infrastructure. Amongst others, adequate IT industrial standard network security layer equipment, encryption protocols, virus scanning tools and application are being put in place to protect and secure the accessibility to the Group's IT environment. The Group will continue its focus in this area to enhance its IT infrastructure.

Governance and Integrity Risk

The Group holds strongly to our key value of integrity at all times to ensure high ethical standards and good corporate governance are maintained. We believe that sound corporate governance is a key success factor when conducting business in a global, highly competitive, regulated and changing market. The Group's Principles of Business Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business. In line with Government's effort to combat corruption and promote better corporate governance culture, the Group has implemented an anti-corruption programme to strengthen the Group's ethics parameters, particularly in the area of anti-corruption and anti-bribery, and continue focus on maintaining and further enhancing corporate governance standards to support the Group's business integrity and ethical conduct.

Economic Risk

Changes in the regional and global economic conditions, such as trade tensions and other global headwinds that resulting in the uncertainties and volatilities in the economic environment, may have an adverse effect on the demand of the semiconductor services or components, and hence on the Group's financial performance and operations. The Group manages these economic risks through keeping ourselves abreast with the economic and market development, maintaining good relationship with customers and closely following latest news on customers' products performance and business as well as continuously seeking new businesses or products to grow the Group.

COVID-19 Pandemic

During the year, the unprecedented situation caused by the Covid-19 pandemic has significant impact on people and businesses around the world. The Group had established a Covid-19 Task Force to proactively monitor and manage the Covid-19 impact to business and operations, implementing and complying with Standard Operating Procedures ("SOPs") issued by Malaysian National Security Council to prevent the Covid-19 outbreak in the workplace. The Group implements various safety and health measures, inclusive of work-from-home and split team arrangements; frequent communication on health awareness and declaration of employees' Personal Health; and taking daily precautions,

Statement on Risk Management and Internal Control

(cont'd)

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT (CONT'D)

COVID-19 Pandemic (cont'd)

such as sanitisation and daily temperature screening. In line with the Government's objective to create herd immunity, the Group encourages its employees to voluntarily register for the National Covid-19 Immunization Program which was launched on 24 February 2021. The Group will continue to closely monitor the latest development of Covid-19 cases in Malaysia and will do its best to protect its employees and supply chain.

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Founder and Executive Chairman, together with the Chief Executive Officer, lead the presentation of board papers and provide explanation on pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Company's and the Group's activities on a regular basis

Management Meetings

Annual strategic planning meetings are held before the beginning of the financial year whereby the Group's yearly strategies, objectives, key results and its measurement are finalised between the Executive Directors and the key management team of the respective major subsidiaries, for organization calibration and alignment purposes.

Bi-monthly management meetings are held to identify, discuss and resolve operational, financial and key management issues. The meetings are attended by the CEO, Business and Operation Directors, key managers and key relevant staffs in which the meeting serves as a platform whereby the Group's goals, objectives and key results are continuously communicated and reinforced with potential risk areas identified, evaluated and managed.

Business Review Meetings

Monthly business review meetings are carried out at the major subsidiaries with meetings attended by the Executive Directors, CFO, its various Business and Operation Directors and Finance Managers. The Business and Operation Directors will lead the discussion/presentation on the various areas such as monthly profit and loss for its key product lines, comparison of its actual monthly/year-to-date results versus forecast, business planning and strategies, productivity/improvement plans and others for the respective major subsidiaries of the Group.

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is an organisational structure with formally defined responsibility lines and authorities to facilitate timely response to changes in the evolving business environment and accountability for operational performance. Capital

and non-capital expenditures, acquisition and disposal of investment are subject to appropriate review by the Management, and if required, approval by the Board.

Performance Management Framework

Management reports are generated on a regular and consistent basis to facilitate the Board, the Company's and the Group's Management to perform financial and operational reviews on the various key operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results, effectiveness of the processes in its internal control system and compliance with laws and regulations.

Operational Policies and Procedures

The documented policies and procedures form an integral part of the internal control system to safeguard the Company's and the Group's assets against material losses and seek to ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

Integrity and Ethical Values

The Board and Executive Management set the tone at the top for corporate behaviour and corporate governance. The Group had formalized its Anti-Corruption and Bribery Policy and Principles of Business Conduct which outlines the Group's approach in combating bribery and corruption by providing guidelines to directors, employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships. The Group's Principles of Business Conduct and Anti-Corruption and Bribery Policy cover areas such as compliance with respect to local laws and regulations, anti-corruption, anti-bribery, gift, donations, business conduct, conduct in the workplace, protection of the Group's assets, conflict of interest and confidentiality.

These policies related to the Group's stance in combating corruption and bribery are available on the Company's website at www.globetronics.com.my.

Whistleblowing Policy and Procedure

The Group has in place a Whistle Blowing Policy and Procedure that provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection and confidentiality to whistle-blowers. The policy sets out a structured channel for employees and stakeholders to raise genuine concerns, malpractices and misconduct within the Group for remedial action.

This policy is available on the Company's website at www.globetronics.com.my.

Statement on Risk Management and Internal Control

(cont'd)

Group Internal Audit

The Internal Audit Function, which reports to the ARMC, conducts reviews on the system of risk management and internal control that the controls are in place to identify, manage and evaluate risks. The routine reviews are being conducted on the Group's major business units/divisions.

Significant findings, recommendations for improvement and management responses were reported to the ARMC, with periodic follow-up on the implementation of action plans. The Management is responsible for ensuring that remedial actions were implemented accordingly.

The internal control systems discussed in this Statement do not apply to the associated company which falls under the control of its major shareholders. Nonetheless, the interest of the Group is safeguarded through our representatives on the Board of the associated company.

REVIEW OF STATEMENT BY THE BOARD

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report. The Board is of the view that the system of risk management and internal control instituted by the Group is sound and effective and there were no material losses incurred during the year under review as a result of internal control weaknesses or adverse/non-compliance events. The monitoring, review and reporting arrangement in place give reasonable assurance that the operation of controls is appropriate for the Group's operations.

The Board has received assurance from the CEO and the CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the Group's assets.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 2 April 2021.

Directors' Responsibility Statement

for the Audited Financial Statements

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act 2016 to prepare financial statements for the financial year so that to give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year. In preparing the financial statements for the financial year ended 31 December 2020, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and Group to enable them to ensure that the financial statements comply with the Companies Act 2016. They have an overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

The ARMC assists the Board in reviewing and scrutinizing the information in terms of accuracy, adequacy, transparency and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards. The ARMC reviewed the quarterly and annual audited financial statements of the Group prior to recommendation of the same to the Board for approval and submission to Bursa Malaysia.

Directors' Report

for the year ended 31 December 2020

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 2020.

Principal activities

The Company is an investment holding company whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	<u>50,804</u>	<u>49,098</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows :

- (i) In respect of the financial year ended 31 December 2019 as reported in the Directors' Report of that year :
 - a third interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM20,083,337 declared on 27 February 2020 and paid on 26 March 2020;

Directors' Report (cont'd)

for the year ended 31 December 2020

Dividends (continued)

(ii) In respect of the financial year ended 31 December 2020 :

- a first interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 1.0 sen per share, totalling RM13,388,891 declared on 2 June 2020 and paid on 2 July 2020;
- a second interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 1.5 sen per share, totalling RM16,736,116 declared on 2 November 2020 and paid on 3 December 2020; and
- a third interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM20,083,337 declared on 25 February 2021 and paid on 25 March 2021.

The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are :

Ng Kweng Chong - Founder and Executive Chairman
Dato' Heng Huck Lee
Ng Kok Khuan
Dato' Norhalim Bin Yunus
Dato' Syed Mohamad Bin Syed Murtaza
Dato' Iskandar Mizal Bin Mahmood
Yeow Teck Chai
Lam Voon Kean
Ong Huey Min

Director of the subsidiaries

Director (other than the Directors of the Company) who served on the Board of subsidiaries of the Company during the financial year until the date of this report is as follows :

Ng Kok Choon

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

Directors' Report (cont'd)

for the year ended 31 December 2020

Directors' interests in shares (continued)

	← Number of ordinary shares →			
	At 1.1.2020	Bought	(Sold)	
Interests in the Company				
Ng Kweng Chong				
- Own	6,979,165	-	-	6,979,165
- Others *	2,894,866	-	-	2,894,866
Dato' Heng Huck Lee				
- Own	1,804,600	-	-	1,804,600
- Others *	226,498	-	(26,000)	200,498
Ng Kok Khuan				
- Own	123,333	-	-	123,333
- Others *	223,160	-	-	223,160
Yeow Teck Chai				
- Own	146,813	-	(100,000)	46,813
- Others *	194,001	-	-	194,001
Ong Huey Min				
- Others *	260,000	26,000	-	286,000
Deemed interests in the Company				
Ng Kweng Chong				
- Own	34,832,205	948,000	(4,900,000)	30,880,205

* These are shares held in the name of the spouses and children and are treated as interest of the respective Directors in accordance with the Companies Act 2016.

None of the other Directors holding office at 31 December 2020 had any interests 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, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of a related corporation) 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 as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (cont'd)

for the year ended 31 December 2020

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

At an extraordinary general meeting held on 22 July 2020, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") of not more than 10% of the issued share capital of the Company, to eligible Executive Directors and employees of the Group.

The salient features of ESOS are, *inter alia*, as follows :

- i) The total number of shares to be offered under ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of ESOS 2020;
- ii) ESOS shall continue to be in force for a period of five years from 3 August 2020;
- iii) The option is personal to the grantee and is non-assignable, transferable, disposable or chargeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are full-time employees and Executive Directors of the Group who is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings. The eligible employees are those who have been confirmed in the employment of the Group for at least three months of continuous service prior to and up to the date of offer and the employment must have been confirmed in writing on prior to the offer date. Whilst the eligible Executive Directors are those who have been appointed as an Executive Directors of the Group for such period as may be determined by the ESOS committee prior to and up to the offer date;
- v) The option granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of and not less than 100 shares;
- vi) The option price for each ordinary share shall be at a discount of not more than ten per centum (10%) of the 5-day weighted average market price of the shares, as quoted on Bursa Malaysia Securities Berhad ("Bursa") immediately preceding the date of offer;
- vii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of a right issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or any other variation of capital shall take place or if the Company shall make a capital distribution during the option period, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised options and option price;
- viii) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Constitution of the Company; and
- ix) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Directors' Report (cont'd)

for the year ended 31 December 2020

Indemnity and insurance costs

During the financial year, the cost of insurance effected for Directors and officers of the Group amounted to RM22,310.

There was no indemnity given to Directors, officers or auditors of the Group during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report (cont'd)

for the year ended 31 December 2020

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Ng Kweng Chong
Director

.....
Dato' Heng Huck Lee
Director

Penang,

Date : 2 April 2021

Statement Of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	96,988	118,503	-	-
Investment property	4	6,336	6,593	-	-
Investments in subsidiaries	5	-	-	161,316	161,316
Investment in an associate	6	5,493	5,443	784	784
Other investments	7	10,923	10,210	4,797	5,216
Deferred tax assets	8	319	213	-	-
Total non-current assets		<u>120,059</u>	<u>140,962</u>	<u>166,897</u>	<u>167,316</u>
Inventories	9	5,652	8,301	-	-
Current tax assets		675	954	-	-
Trade and other receivables	10	43,639	41,324	86	106
Cash and cash equivalents	11	163,664	146,236	27,733	28,585
Total current assets		<u>213,630</u>	<u>196,815</u>	<u>27,819</u>	<u>28,691</u>
Total assets		<u><u>333,689</u></u>	<u><u>337,777</u></u>	<u><u>194,716</u></u>	<u><u>196,007</u></u>
Equity					
Share capital	12	186,463	186,463	186,463	186,463
Reserves	13	110,638	110,329	7,388	8,666
Total equity attributable to owners of the Company		<u>297,101</u>	<u>296,792</u>	<u>193,851</u>	<u>195,129</u>

Statement Of Financial Position (cont'd)

as at 31 December 2020

Statements of financial position as at 31 December 2020 (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Liabilities					
Deferred income	14	399	2,053	-	-
Total non-current liabilities		<u>399</u>	<u>2,053</u>	<u>-</u>	<u>-</u>
Loans and borrowings	15	-	4,128	-	-
Current tax liabilities		109	28	5	5
Trade and other payables	16	36,080	34,776	860	873
Total current liabilities		<u>36,189</u>	<u>38,932</u>	<u>865</u>	<u>878</u>
Total liabilities		<u>36,588</u>	<u>40,985</u>	<u>865</u>	<u>878</u>
Total equity and liabilities		<u>333,689</u>	<u>337,777</u>	<u>194,716</u>	<u>196,007</u>

The notes on pages 83 to 143 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations					
Revenue	17	227,523	216,316	51,547	52,043
Cost of sales		(148,721)	(142,294)	-	-
Gross profit		<u>78,802</u>	<u>74,022</u>	<u>51,547</u>	<u>52,043</u>
Other income		8,019	6,523	8	131
Administrative expenses		(36,378)	(35,850)	(2,391)	(2,208)
Net gain/(loss) on impairment of financial instruments	18	439	(169)	-	-
Other expenses		(746)	(508)	-	-
Results from operating activities		<u>50,136</u>	<u>44,018</u>	<u>49,164</u>	<u>49,966</u>
Finance income		1,810	2,258	-	-
Finance costs		-	(333)	-	-
Net finance income		1,810	1,925	-	-
Operating profit		<u>51,946</u>	<u>45,943</u>	<u>49,164</u>	<u>49,966</u>
Share of profit of equity-accounted associate, net of tax	6	50	95	-	-
Profit before tax	18	<u>51,996</u>	<u>46,038</u>	<u>49,164</u>	<u>49,966</u>
Tax expense	19	(1,192)	(1,324)	(66)	(72)
Profit for the year		<u>50,804</u>	<u>44,714</u>	<u>49,098</u>	<u>49,894</u>

Statements Of Profit Or Loss And Other Comprehensive Income (cont'd)

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other comprehensive (expense)/ income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")		127	676	(168)	302
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(414)	(154)	-	-
Other comprehensive (expense)/income for the year, net of tax	20	<u>(287)</u>	<u>522</u>	<u>(168)</u>	<u>302</u>
Total comprehensive income for the year		<u>50,517</u>	<u>45,236</u>	<u>48,930</u>	<u>50,196</u>
Profit attributable to :					
Owners of the Company		<u>50,804</u>	<u>44,714</u>	<u>49,098</u>	<u>49,894</u>
Total comprehensive income attributable to :					
Owners of the Company		<u>50,517</u>	<u>45,236</u>	<u>48,930</u>	<u>50,196</u>
Basic/Diluted earnings per ordinary share (sen)	21	<u>7.59</u>	<u>6.68</u>		

The notes on pages 83 to 143 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

for the year ended 31 December 2020

	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Share option reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
At 1 January 2019	185,772	2,500	41	87	3,031	109,714	301,145
Foreign currency translation differences for foreign operations	-	-	-	-	(154)	-	(154)
Net change in fair value of equity investment designated at FVOCI	-	-	-	676	-	-	676
Total other comprehensive income/(expense) for the year	-	-	-	676	(154)	-	522
Profit for the year	-	-	-	-	-	44,714	44,714
Total comprehensive income/(expense) for the year	-	-	-	676	(154)	44,714	45,236
Contributions by and distributions to owners of the Company							
Issuance of new ordinary shares pursuant to ESOS 2014	602	-	-	-	-	-	602
Dividends to owners of the Company (Note 22)	-	-	-	-	-	(50,191)	(50,191)
Total transactions with owners of the Company	602	-	-	-	-	(50,191)	(49,589)
Transfer to share capital for share options exercised	89	(89)	-	-	-	-	-
Transfer to retained earnings for share options expired	-	(2,411)	-	-	-	2,411	-
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	(44)	-	44	-
At 31 December 2019	186,463	-	41	719	2,877	106,692	296,792
Note 12							
Note 13							

Consolidated Statement Of Changes In Equity (cont'd)

for the year ended 31 December 2020

	Attributable to owners of the Company					Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
At 1 January 2020	186,463	41	719	2,877	106,692	296,792
Foreign currency translation differences for foreign operations	-	-	-	(414)	-	(414)
Net change in fair value of equity investment designated at FVOCI	-	-	127	-	-	127
Total other comprehensive income/(expense) for the year	-	-	127	(414)	-	(287)
Profit for the year	-	-	-	-	50,804	50,804
Total comprehensive income/(expense) for the year	-	-	127	(414)	50,804	50,517
Distributions to owners of the Company						
Dividends to owners of the Company (Note 22)	-	-	-	-	(50,208)	(50,208)
Total transactions with owners of the Company	-	-	-	-	(50,208)	(50,208)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	25	-	(25)	-
At 31 December 2020	186,463	41	871	2,463	107,263	297,101
	Note 12			Note 13		

The notes on pages 83 to 143 are an integral part of these financial statements.

Statement Of Changes In Equity

for the year ended 31 December 2020

	← Share capital RM'000	Share option reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
	← Attributable to owners of the Company →				
	← Non-distributable →		→ Distributable →		
At 1 January 2019	185,772	2,500	(23)	8,684	196,933
Net change in fair value of equity investment designated at FVOCI	-	-	302	-	302
Profit for the year	-	-	-	49,894	49,894
Total comprehensive income for the year	-	-	302	49,894	50,196
Contributions by and distributions to owners of the Company					
Issuance of new ordinary shares pursuant to ESOS 2014	602	-	-	-	602
Dividends to owners of the Company (Note 22)	-	-	-	(50,191)	(50,191)
Total transactions with owners of the Company	602	-	-	(50,191)	(49,589)
Transfer to share capital for share options exercised	89	(89)	-	-	-
Transfer in relation to share options expired during the year	-	(2,411)	-	-	(2,411)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	(44)	44	-
At 31 December 2019	186,463	-	235	8,431	195,129
	Note 12		Note 13		

Statement Of Changes In Equity (cont'd)

for the year ended 31 December 2020

	← <i>Attributable to owners of the Company</i> →			
	Share capital RM'000	Non- distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2020	186,463	235	8,431	195,129
Net change in fair value of equity investment designated at FVOCI	-	(168)	-	(168)
Profit for the year	-	-	49,098	49,098
Total comprehensive (expense)/income for the year	-	(168)	49,098	48,930
Distributions to owners of the Company				
Dividends to owners of the Company (Note 22)	-	-	(50,208)	(50,208)
Total transactions with owners of the Company	-	-	(50,208)	(50,208)
Transfer upon the disposal of equity investment designated at FVOCI	-	25	(25)	-
At 31 December 2020	<u>186,463</u>	<u>92</u>	<u>7,296</u>	<u>193,851</u>
	Note 12	← Note 13 →		

The notes on pages 19 to 79 are an integral part of these financial statements.

Statements Of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		51,996	46,038	49,164	49,966
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	40,482	37,842	-	-
- investment property	4	257	257	-	-
Property, plant and equipment written off		13	50	-	-
Impairment loss on :					
- plant and equipment	3	707	1,028	-	-
- trade receivables	18	-	169	-	-
- goodwill		-	10	-	-
Reversal of impairment loss on trade receivables		(439)	-	-	-
Gain on disposal of plant and equipment		(1,274)	(74)	-	-
Dividends from subsidiaries		-	-	(50,750)	(50,993)
Interest income		(2,633)	(3,449)	(797)	(1,050)
Amortisation of deferred income	14	(1,654)	(1,985)	-	-
Share of profit of equity-accounted associate, net of tax	6	(50)	(95)	-	-
Interest expense		-	333	-	-
Unrealised loss on foreign exchange for loans and borrowings		-	63	-	-
Operating profit/(loss) before changes in working capital		87,405	80,187	(2,383)	(2,077)

Statements Of Cash Flows (cont'd)

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Change in inventories		2,649	4,294	-	-
Change in trade and other receivables		(1,876)	33,049	20	(34)
Change in trade and other payables		(1,782)	(6,214)	(13)	71
Cash generated from/ (used in) operations		86,396	111,316	(2,376)	(2,040)
Interest received		823	1,191	797	1,050
Dividends received from subsidiaries		-	-	50,750	50,993
Tax paid		(938)	(466)	(66)	(72)
Net cash from operating activities		86,281	112,041	49,105	49,931
Cash flows from investing activities					
Acquisition of :					
- property, plant and equipment	A	(17,560)	(16,909)	-	-
- other investments		(5,024)	(2,436)	(4,105)	(774)
Proceeds from disposal of :					
- property, plant and equipment		2,231	81	-	-
- other investments		4,356	1,071	4,356	931
Interest received		1,810	2,258	-	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired		-	27	-	-
Net cash (used in)/from investing activities		(14,187)	(15,908)	251	157

Statements Of Cash Flows (cont'd)

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	22	(50,208)	(50,191)	(50,208)	(50,191)
Repayment of revolving credit, net		(4,128)	(20,877)	-	-
Proceeds from issue of ordinary shares		-	602	-	602
Interest paid		-	(333)	-	-
Net cash used in financing activities		(54,336)	(70,799)	(50,208)	(49,589)
Net increase/(decrease) in cash and cash equivalents		17,758	25,334	(852)	499
Effect of exchange rate fluctuations on cash held		(330)	(105)	-	-
Cash and cash equivalents at 1 January		146,236	121,007	28,585	28,086
Cash and cash equivalents at 31 December	11	163,664	146,236	27,733	28,585

Cash outflows for leases as a lessee - Group

	Note	Group	
		2020 RM'000	2019 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	18	<u>1,559</u>	<u>1,712</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities - Group

	At 1.1.2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.12.2019/ 1.1.2020 RM'000	Net changes from financing cash flows RM'000	At 31.12.2020 RM'000
Revolving credits	24,942	(20,877)	63	4,128	(4,128)	-

Statements Of Cash Flows (cont'd) **for the year ended 31 December 2020**

A. Acquisition of property, plant and equipment - Group

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM20.64 million (2019 : RM11.99 million), of which RM4.39 million (2019 : RM1.31 million) remained unpaid at the reporting date. The total of RM17.56 million (2019 : RM16.91 million) was paid by cash.

The notes on pages 19 to 79 are an integral part of these financial statements.

Notes To The Financial Statements

Notes to the financial statements

Globetronics Technology Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

Plot 2, Phase 4
Free Industrial Zone
Bayan Lepas
11900 Penang

Registered office

51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate.

The Company is principally engaged in investment holding activities while the other Group entities are primarily involved in the manufacture, assembly, testing and sale of integrated circuits, optoelectronic products, chip carrier quartz crystal products, small outline components, LED components and modules, sensors and optical products, technical plating services for electronics/semiconductor components, provision of computer hardware and software, system solutions and consultations and investment holding.

These financial statements were authorised for issue by the Board of Directors on 2 April 2021.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Notes To The Financial Statements (cont'd)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The following are accounting standard and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases - Covid-19 - Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform - Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018 - 2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018 - 2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned amendments where applicable, in the respective financial years when the above amendments become effective.

Notes To The Financial Statements (cont'd)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 3.1 - Impairment of property, plant and equipment; and
- Note 3.2 - Change in estimates of plant and equipment useful lives.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Notes To The Financial Statements (cont'd)

Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income which are recognised in other comprehensive income.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) *Fair value through other comprehensive income*

(i) *Debt investments*

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(b) *Fair value through other comprehensive income (continued)*

(i) *Debt investments (continued)*

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(ii) *Equity investments*

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows :

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to :

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of :

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows :

	%
Buildings and factory improvements	2 - 20
Plant and equipment *	10 - 33.33
Motor vehicles, office equipment, furniture and fixtures	10 - 20

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

- * The Group depreciates certain plant and equipment over the expected production output to be derived from those plant and equipment of which the expected usage of these assets by the Group ranges from 3 to 7 years.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Periodically, the Group will review the estimated useful life of its plant and machinery especially those specific plant and machinery to match the life cycle of the products.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether :

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following :

- fixed payments, including in-substance fixed payments less any incentives receivable;
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(g) Investment properties

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses and are accounted for similarly to property, plant and equipment. Depreciation is charged on a straight-line basis over the estimated useful life of 50 years.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract cost

Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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 12 months after the reporting date. 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 estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met :

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as "other income".

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(iii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (continued)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment - Group

	Freehold land RM'000	Land (Right-of- use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 January 2019	6,025	7,187	53,481	330,846	34,089	6,052	437,680
Additions	-	-	4,842	3,909	1,578	1,660	11,989
Disposals	-	-	-	-	(831)	-	(831)
Write-off	-	-	-	(7,894)	(4,811)	-	(12,705)
Reclassifications	-	-	6,045	-	-	(6,045)	-
At 31 December 2019/1 January 2020	6,025	7,187	64,368	326,861	30,025	1,667	436,133
Additions	-	-	665	11,098	848	8,033	20,644
Disposals	-	-	(98)	(16,183)	(463)	(592)	(17,336)
Write-off	-	-	-	(1,351)	(801)	-	(2,152)
Reclassifications	-	-	-	1,068	-	(1,068)	-
At 31 December 2020	6,025	7,187	64,935	321,493	29,609	8,040	437,289

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment - Group (continued)

	Freehold land RM'000	Land (Right-of- use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in- progress RM'000	Total RM'000
Depreciation and impairment losses							
At 1 January 2019							
Accumulated depreciation	-	2,299	33,459	218,862	29,042	-	283,662
Accumulated impairment losses	-	-	274	7,110	1,193	-	8,577
	-	2,299	33,733	225,972	30,235	-	292,239
At 31 December 2019							
Depreciation for the year	-	138	987	34,856	1,861	-	37,842
Impairment loss during the year	-	-	-	1,018	10	-	1,028
Disposals	-	-	-	-	(824)	-	(824)
Write-off	-	-	-	(7,863)	(4,792)	-	(12,655)
	-	2,437	34,446	246,788	25,750	-	309,421
Accumulated depreciation	-	-	274	7,195	740	-	8,209
Accumulated impairment losses	-	2,437	34,720	253,983	26,490	-	317,630

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment - Group (continued)

	Freehold land RM'000	Land (Right-of- use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in- progress RM'000	Total RM'000
Depreciation and impairment losses (continued)							
At 1 January 2020							
Accumulated depreciation	-	2,437	34,446	246,788	25,750	-	309,421
Accumulated impairment losses	-	-	274	7,195	740	-	8,209
	-	2,437	34,720	253,983	26,490	-	317,630
At 31 December 2020							
Depreciation for the year	-	137	1,078	37,515	1,752	-	40,482
Impairment loss during the year	-	-	2	541	164	-	707
Disposals	-	-	(98)	(15,818)	(463)	-	(16,379)
Write-off	-	-	-	(1,349)	(790)	-	(2,139)
	-	2,574	35,426	268,201	26,249	-	332,450
Accumulated depreciation	-	-	276	6,671	904	-	7,851
Accumulated impairment losses	-	2,574	35,702	274,872	27,153	-	340,301
Carrying amounts							
At 1 January 2019	6,025	4,888	19,748	104,874	3,854	6,052	145,441
At 31 December 2019/1 January 2020	6,025	4,750	29,648	72,878	3,535	1,667	118,503
At 31 December 2020	6,025	4,613	29,233	46,621	2,456	8,040	96,988

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment - Group (continued)

3.1 Impairment of property, plant and equipment

The Group assesses its assets whenever there are indications of impairment. During the financial year, the Group re-assessed the recoverable amount of a number of assets related to production of certain end of life product lines. Based on the assessment, the recoverable amounts of certain plant and equipment were lower than its carrying amounts and accordingly, the carrying amount of these plant and equipment have been impaired by RM707,000 (2019 : RM1,028,000).

3.2 Change in estimates

During the financial year, the Group conducted an operational efficiency review on one of its production lines and resulted in changes in the expected usage of certain plant and equipment. Certain plant and equipment, which management previously estimated the useful lives of 3 to 7 years, are now expected to remain in production for 2 - 3 years from the date of capitalisation. As a result, the expected useful lives of these assets decreased and their estimated residual values decreased. The effect of these changes on depreciation expenses, recognised in cost of sales, in current and future periods is as follows :

	2020	2021	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

2020

Increase/(Decrease)
in depreciation
expense

	1,848	253	(799)	(799)	(503)	-
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	2019	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

2019

Increase/(Decrease)
in depreciation
expense

	2,605	1,553	714	(781)	(2,052)	(2,039)
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3.3 Right-of-use assets

The Group leases a number of land that run for 60 years to 99 years.

3.4 Property, plant and equipment subject to operating lease

The Group leases part of its buildings to third parties. The leases contain a non-cancellable period from 3 months to 12 months. Subsequent renewals are negotiated with the lessees.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires three months of rental as deposit from the lessees. These leases do not include residual value guarantee.

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment - Group (continued)

3.4 Property, plant and equipment subject to operating lease (continued)

The following are recognised in profit or loss :

	2020 RM'000	2019 RM'000
Lease income	<u>1,456</u>	<u>876</u>

The operating lease payments to be received are as follows :

	2020 RM'000	2019 RM'000
Less than one year	1,404	1,434
One to two years	1,344	2,064
More than two years	456	1,825
Total undiscounted lease payments	<u>3,204</u>	<u>5,323</u>

4. Investment property - Group

	RM'000
Cost	
At 1 January 2019/31 December 2019/1 January 2020 /31 December 2020	<u>12,840</u>
Accumulated depreciation	
At 1 January 2019	5,990
Depreciation for the year	257
At 31 December 2019/1 January 2020	<u>6,247</u>
Depreciation for the year	257
At 31 December 2020	<u>6,504</u>
Carrying amounts	
At 1 January 2019	<u>6,850</u>
At 31 December 2019/1 January 2020	<u>6,593</u>
At 31 December 2020	<u>6,336</u>

Investment property comprises a factory building that is leased to an associate of the Group. The lease contains a non-cancellable period of 12 months. The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires RM1 million as deposit from the lessee. No contingent rents are charged.

Notes To The Financial Statements (cont'd)

4. Investment property - Group (continued)

The following are recognised in profit or loss :

	2020 RM'000	2019 RM'000
Lease income	2,508	2,247
Direct operating expenses :		
- income generating investment property	<u>295</u>	<u>375</u>

The operating lease payments to be received are as follows :

	2020 RM'000	2019 RM'000
Less than one year	2,508	2,508
One to two years	2,528	2,508
More than two years	3,861	6,389
Total undiscounted lease payments	<u>8,897</u>	<u>11,405</u>

4.1 Fair value information

The fair value of the investment property of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment property of the Group as at 31 December 2020 is classified as level 3 fair value, estimated at approximately RM14.6 million (2019 : RM14.6 million).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's investment property based on the following key assumptions :

- Comparison of the Group's investment property with similar properties that were published for sale within the same locality or other comparable localities;
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

Notes To The Financial Statements (cont'd)

5. Investments in subsidiaries - Company

	2020 RM'000	2019 RM'000
Cost of investment	154,767	154,767
Share-based payments allocated to subsidiaries	6,596	6,596
Less : Impairment loss	(47)	(47)
	161,316	161,316

Details of the subsidiaries are as follows :

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2020	2019	
Globetronics Sdn. Bhd.	Malaysia	100%	100%	Assembly and testing of integrated circuits, optoelectronic products and technical plating services
ISO Technology Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of small outline components, Light-Emitting-Diode components and modules, and technical plating services for the semiconductor industry
Globetronics (KL) Sdn. Bhd. ("GKL")	Malaysia	100%	100%	Temporarily ceased its operation
Globetronics Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Development and assembly of sensors and optical products for smart mobile and wearable applications
Globetronics (HK) Limited ^{*^}	Hong Kong	100%	100%	Trading of electronics/ semiconductor components
Globetronics Industries Sdn. Bhd.	Malaysia	100%	100%	Dormant
Globetronics Medical Technology Sdn. Bhd.	Malaysia	100%	100%	Provision of computer hardware and software, system solutions and consultations
Globetronics International Incorporated #	British Virgin Islands	100%	100%	Investment holding
Trillion Suntech Sdn. Bhd. *	Malaysia	100%	100%	Dormant

Notes To The Financial Statements (cont'd)

5. Investments in subsidiaries - Company (continued)

* Not audited by member firms of KPMG PLT.

The unaudited management financial statements were consolidated in the Group's financial statements as the subsidiary was not required by the local legislation to have audited financial statements.

^ Held through Globetronics International Incorporated.

6. Investment in an associate

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment in shares	784	784	784	784
Share of post-acquisition reserves	4,709	4,659	-	-
	<u>5,493</u>	<u>5,443</u>	<u>784</u>	<u>784</u>

Details of the associate which is having a principal place of business and incorporated in Malaysia are as follows :

Name of entity	Effective ownership interest and voting interest		Nature of the relationship
	2020	2019	
NGK Globetronics Technology Sdn. Bhd.	49%	49%	Tenant for the investment property of the Group

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2020 RM'000	2019 RM'000
Group		
Summarised financial information		
As at 31 December		
Non-current assets	11,569	14,723
Current assets	9,907	8,573
Non-current liabilities	(5,857)	(10,123)
Current liabilities	(4,408)	(2,064)
Net assets	<u>11,211</u>	<u>11,109</u>
Year ended 31 December		
Profit from continuing operations representing total comprehensive income	<u>102</u>	<u>194</u>

Notes To The Financial Statements (cont'd)

6. Investment in an associate (continued)

	2020 RM'000	2019 RM'000
Group		
<i>Included in the total comprehensive income is :</i>		
Revenue	<u>12,527</u>	<u>12,333</u>
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets representing carrying amount in the statement of financial position	<u>5,493</u>	<u>5,443</u>
Group's share of results for the year ended 31 December		
Group's share of profit from continuing operations representing Group's share of total comprehensive income	<u>50</u>	<u>95</u>

7. Other investments

	Shares RM'000	Bonds/Funds RM'000	Total RM'000
Non-current			
Group			
2020			
Fair value through other comprehensive income	<u>3,644</u>	<u>7,279</u>	<u>10,923</u>
2019			
Fair value through other comprehensive income	<u>3,129</u>	<u>7,081</u>	<u>10,210</u>

	2020 RM'000	2019 RM'000
Company		
Bonds/Funds		
Fair value through other comprehensive income	<u>4,797</u>	<u>5,216</u>

Equity instruments designated at fair value through other comprehensive income

The Group designated the investments in equity securities shown below as fair value through other comprehensive income because these investments in equity securities represent investments that the Group intends to hold for long-term strategic purposes.

Notes To The Financial Statements (cont'd)

7. Other investments (continued)

Equity instruments designated at fair value through other comprehensive income (continued)

	← Group →			
	← 2020 →		← 2019 →	
	Fair value at 31 December RM'000	Dividend income recognised during the year RM'000	Fair value at 31 December RM'000	Dividend income recognised during the year RM'000
China Construction Bank	246	14	285	13
Industrial and Commercial Bank of China	118	6	143	6
Hang Seng China Enterprises	-	-	-	1
Galaxy Entertainment Group Limited	315	3	304	5
UBS (LUX) Key selection SICAV	335	26	351	27
UBS (LUX) Equity				
- Global income	314	25	372	29
- US total yield	458	21	468	27
- China Opportunity	368	-	292	-
- All China	428	-	-	-
Hong Kong Land Holdings Ltd	134	8	190	7
Sprott Physical Gold Trust	550	-	454	-
Sprott Physical Silver Trust	378	-	270	-
	3,644	103	3,129	115

During the financial year, the Group and the Company disposed of the following investments which are carried at fair value through other comprehensive income due to adjustment in the Group's and the Company's investment portfolio :

	← 2020 →		
	Fair value at derecognition RM'000	Cumulative gain/(loss) on disposal RM'000	Dividend recognised in 2020 RM'000
Group/Company			
Affin Hwang Select Bond Fund	4,381	(25)	-

Notes To The Financial Statements (cont'd)

7. Other investments (continued)

Equity instruments designated at fair value through other comprehensive income (continued)

	← 2019 →		
	Fair value at derecognition RM'000	Cumulative gain/(loss) on disposal RM'000	Dividend recognised RM'000
Group			
OCBC IT1CS	250	(4)	-
Affin Hwang Select Income Fund	681	48	-
Hang Seng China Enterprises	66	12	1
MSCI China	74	(12)	-
	1,071	44	1
Company			
OCBC IT1CS	250	(4)	-
Affin Hwang Select Income Fund	681	48	-
	931	44	-

8. Deferred tax assets - Group

Recognised deferred tax assets

Deferred tax assets are attributable to the following :

	2020 RM'000	2019 RM'000
Property, plant and equipment - capital allowances	319	213

Movements in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2020 RM'000
Property, plant and equipment - capital allowances	899	(686)	213	106	319

Notes To The Financial Statements (cont'd)

8. Deferred tax assets - Group (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- capital allowances	12,650	12,411
Unabsorbed capital allowances	7,336	5,815
Tax losses carry-forward	901	890
Investment tax allowances carry-forward	919	919
Other deductible temporary differences	9,710	4,378
	<u>31,516</u>	<u>24,413</u>

The unabsorbed capital allowance and investment tax allowances carry-forward do not expire under current tax legislation. As stipulated in the Finance Act 2018, effective from year assessment ("YA") 2019, tax losses carry-forward can only be carried forward for a maximum period of 7 consecutive YAs. Any amount not utilised upon expiry of the 7 year's period will be disregarded.

As at 31 December 2020, the tax losses carry-forward will expire as follows :

	2020 RM'000	2019 RM'000
- YA 2026	890	890
- YA 2027	11	-
	<u>901</u>	<u>890</u>

The comparative figures have been restated to reflect the revised capital allowances carry-forwards, tax-losses carry-forward and other deductible temporary differences available to the Group.

9. Inventories - Group

	2020 RM'000	2019 RM'000
Raw materials	1,862	2,220
Work-in-progress	1,317	1,565
Manufactured inventories	141	2,019
Consumables	1,638	1,757
Trading inventories	694	740
	<u>5,652</u>	<u>8,301</u>

Notes To The Financial Statements (cont'd)

9. Inventories - Group (continued)

Recognised in profit or loss :

	2020 RM'000	2019 RM'000
Inventories recognised as cost of sales	149,388	142,220
Write down to net realisable value	-	353
Reversal of write-down	<u>(667)</u>	<u>(279)</u>

The write-down and reversal are included in cost of sales.

10. Trade and other receivables

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade					
Trade receivables		42,397	38,129	-	-
Non-trade					
Amount due from subsidiaries	10.1	-	-	40	39
Amount due from an associate	10.1	25	21	-	-
Other receivables		450	2,207	25	46
Deposits		254	256	4	4
Prepayments		513	711	17	17
		<u>1,242</u>	<u>3,195</u>	<u>86</u>	<u>106</u>
		<u>43,639</u>	<u>41,324</u>	<u>86</u>	<u>106</u>

10.1 Amounts due from subsidiaries and an associate

The non-trade amounts due from subsidiaries and an associate are unsecured, interest-free and repayable on demand.

11. Cash and cash equivalents

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Funds placed with financial institutions :					
- Short-term investment funds	11.1	66,565	65,500	18,314	19,136
- Short-term deposits		31,493	26,941	8,405	8,176
Cash and bank balances		65,606	53,795	1,014	1,273
		<u>163,664</u>	<u>146,236</u>	<u>27,733</u>	<u>28,585</u>

Notes To The Financial Statements (cont'd)

11. Cash and cash equivalents (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

Market value

- Short-term investment funds	11.1	<u>66,908</u>	<u>65,812</u>	<u>18,429</u>	<u>19,256</u>
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Included in cash and cash equivalents of the Group and the Company are amounts which earn interest as follows :

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

Cash and cash equivalents	155,057	140,115	27,596	28,446
Interest rates per annum	<u>0.01% - 2.62%</u>	<u>0.7% - 3.62%</u>	<u>1.75% - 2.62%</u>	<u>2.56% - 3.62%</u>

11.1 Short-term investment funds

Short-term investment funds represent investments in fixed income funds which can be redeemed within a period of less than 31 days.

Included in short-term investment funds of the Group and the Company is an amount of RM56.04 million (2019 : RM54.12 million) and RM17.77 million (2019 : RM18.11 million) respectively representing short-term funds placed in Sukuk and Short Term Islamic Money Market Instruments.

12. Share capital - Group and Company

	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000

Issued and fully paid ordinary shares with no par value classified as equity instruments

At 1 January	669,445	186,463	669,033	185,772
Issued for cash under ESOS - Exercise of ESOS 2014	-	-	412	691
At 31 December	<u>669,445</u>	<u>186,463</u>	<u>669,445</u>	<u>186,463</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Notes To The Financial Statements (cont'd)

13. Reserves

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable					
Translation reserve	13.1	2,463	2,877	-	-
Capital reserve		41	41	-	-
Fair value reserve	13.2	871	719	92	235
		<u>3,375</u>	<u>3,637</u>	<u>92</u>	<u>235</u>
Distributable					
Retained earnings		107,263	106,692	7,296	8,431
		<u>110,638</u>	<u>110,329</u>	<u>7,388</u>	<u>8,666</u>

13.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

14. Deferred income - Group

	2020 RM'000	2019 RM'000
Non-current		
Government grants		
At 1 January	2,053	4,038
Amortisation during the year (Note 18)	(1,654)	(1,985)
At 31 December	<u>399</u>	<u>2,053</u>

The Group received government grants from 2008 to 2018 for the purpose of acquisition of certain plant and equipment. The grants are being amortised over the useful lives of the plant and equipment.

Notes To The Financial Statements (cont'd)

15. Loans and borrowings, unsecured - Group

	2020 RM'000	2019 RM'000
Current		
Revolving credits	-	4,128

15.1 Securities

The revolving credits were backed by a corporate guarantee of the Company.

16. Trade and other payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade				
Trade payables	5,096	5,398	-	-
Non-trade				
Other payables	10,876	10,468	1	14
Accrued expenses	18,242	17,044	859	859
Deposits received	1,866	1,866	-	-
	30,984	29,378	860	873
	<u>36,080</u>	<u>34,776</u>	<u>860</u>	<u>873</u>

17. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	226,507	214,976	-	-
Other revenue				
- Dividend income	193	149	50,750	50,993
- Interest income	823	1,191	797	1,050
	1,016	1,340	51,547	52,043
Total revenue	<u>227,523</u>	<u>216,316</u>	<u>51,547</u>	<u>52,043</u>

Notes To The Financial Statements (cont'd)

17. Revenue (continued)

17.1 Disaggregation of revenue - Group

Revenue mainly consists of manufacture, assembly, testing and sale of integrated circuits, optoelectronic products, chip carrier quartz crystal products, small outline components, LED components and modules, sensors and optical products, electronics/semiconductors components and technical plating services for semiconductor and electronics industries. Disaggregation of revenue based on primarily geographical market has been disclosed in Note 24 to the financial statements.

17.2 Nature of goods - Group

Revenue from the sale of products in the course of ordinary activities is typically recognised at point in time when the goods are delivered and accepted by the customers. The payment terms granted to customers is 60 days from invoice date. There is no variable element in consideration, obligation for returns or refunds and warranty attached to the goods sold by the Group.

17.3 Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient exemption in paragraph 121(a) of MFRS 15 on the exemption for disclosure of information on remaining performance obligations that have original expected durations of one year or less.

18. Profit before tax

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging/(crediting) :				
Auditors' remuneration :				
- Audit fees				
- KPMG PLT in Malaysia				
- current year	166	170	26	26
- prior year	(4)	17	-	5
- Other auditors	10	10	-	-
- Non-audit fees				
- KPMG PLT in Malaysia	10	10	10	10
- Local affiliate of KPMG PLT in Malaysia	4	4	4	4
Directors' emoluments				
- Directors of the Company				
- Fees	1,137	1,137	789	789
- Others	7,589	7,589	-	-
- Other Directors				
- Fees	116	116	-	-
- Others	972	972	-	-

Notes To The Financial Statements (cont'd)

18. Profit before tax (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation on :				
- property, plant and equipment	40,482	37,842	-	-
- investment property	257	257	-	-
Impairment loss on property, plant and equipment	707	1,028	-	-
Inventories written down	-	353	-	-
Reversal of inventories written down	(667)	(279)	-	-
Net foreign exchange loss/(gain)	647	(266)	-	-
Amortisation of deferred income	(1,654)	(1,985)	-	-
Gain on disposal of plant and equipment	(1,274)	(74)	-	-
Personnel expenses (including key management personnel) :				
- Wages, salaries and others	60,201	55,271	-	-
- Contributions to Employees' Provident Fund	2,652	2,663	-	-
Expenses/(income) arising from leases				
Expenses relating to short-term leases (Note 18.2)	1,559	1,712	-	-
Income from :				
- subleasing of building	(1,456)	(876)	-	-
- investment property	(2,508)	(2,247)	-	-
Net (gain)/loss on impairment of financial instruments				
Reversal of impairment loss on trade receivables	(439)	-	-	-
Impairment loss on trade receivables	-	169	-	-

18.1 The estimated monetary value of Directors' benefits-in-kind is RM47,015 (2019 : RM33,050).

18.2 The Group leases employees' hostel with contract term of 1 year or shorter. The lease is short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes To The Financial Statements (cont'd)

19. Tax expense

Recognised in profit or loss

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax expense on continuing operations	1,192	1,324	66	72
Share of tax of equity-accounted associate	16	30	-	-
Total income tax expense	1,208	1,354	66	72

Major components of income tax expense include :

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense				
- Current year	1,301	1,165	60	60
- Prior year	(3)	(527)	6	12
Total current tax recognised in profit or loss	1,298	638	66	72
Deferred tax expense				
- Origination and reversal of temporary differences	(106)	686	-	-
Share of tax of equity-accounted associate	16	30	-	-
Total income tax expense	1,208	1,354	66	72

Reconciliation of tax expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the year	50,804	44,714	49,098	49,894
Total income tax expense	1,208	1,354	66	72
Profit excluding tax	52,012	46,068	49,164	49,966

Notes To The Financial Statements (cont'd)

19. Tax expense (continued)

Reconciliation of tax expense (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax calculated using Malaysian tax rate of 24%	12,483	11,056	11,799	11,992
Effect of tax rate in different jurisdiction	2	(21)	-	-
Non-deductible expenses	1,242	1,305	572	527
Non-taxable income	(553)	(653)	(2)	(31)
Tax exempt income	(337)	(621)	(12,320)	(12,422)
Tax incentive	(13,526)	(10,464)	-	-
Deferred tax assets not recognised	1,704	1,263	-	-
Other items	196	16	11	(6)
	<u>1,211</u>	<u>1,881</u>	<u>60</u>	<u>60</u>
(Over)/Under provision in prior year	(3)	(527)	6	12
	<u>1,208</u>	<u>1,354</u>	<u>66</u>	<u>72</u>

Notes To The Financial Statements (cont'd)

20. Other comprehensive (expense)/income

	←	2020		2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Item that will not be reclassified subsequently to profit or loss						
Net change in fair value of equity investments at fair value through other comprehensive income	127	-	127	676	-	676
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(414)	-	(414)	(154)	-	(154)
- Losses arising during the year	(287)	-	(287)	522	-	522
Company						
Item that will not be reclassified subsequently to profit or loss						
Net change in fair value of equity investments at fair value through other comprehensive income	(168)	-	(168)	302	-	302

Notes To The Financial Statements (cont'd)

21. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows :

	2020 RM'000	2019 RM'000
Profit attributable to ordinary shareholders	50,804	44,714
	2020 '000	2019 '000
Issued ordinary shares at beginning of year	669,445	669,033
Effect of shares issued during the year	-	207
Weighted average number of ordinary shares	669,445	669,240
	2020 sen	2019 sen
Basic earnings per ordinary share	7.59	6.68

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares.

22. Dividends - Group and Company

Dividends recognised by the Company :

	Sen per share	Total amount RM'000	Date of payment
2020			
Third interim 2019 ordinary and special	3.0	20,083	26 March 2020
First interim 2020 ordinary and special	2.0	13,389	2 July 2020
Second interim 2020 ordinary and special	2.5	16,736	3 December 2020
		<u>50,208</u>	
2019			
Third interim 2018 ordinary and special	3.0	20,073	26 March 2019
First interim 2019 ordinary and special	2.0	13,382	2 July 2019
Second interim 2019 ordinary and special	2.5	16,736	4 December 2019
		<u>50,191</u>	

Notes To The Financial Statements (cont'd)

22. Dividends - Group and Company (continued)

A third interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM20,083,337 were declared on 25 February 2021 and paid on 25 March 2021. These dividends will be recognised in the financial year ending 31 December 2021.

23. Capital commitments - Group

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- Contracted but not provided for	<u>1,198</u>	<u>755</u>

24. Operating segments - Group

The Group is principally confined to the manufacture, assembly, testing and sale of integrated circuits, optoelectronic products, chip carrier quartz crystal products, small outline components, LED components and modules, sensors and optical products, electronics/semiconductor components and technical plating services for the semiconductor and electronics industries. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical segments

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed in three principal geographical areas namely Malaysia, Singapore and United States.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate) and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	United States RM'000	Others RM'000	Consolidated RM'000
2020					
Revenue from external customers	51,567	162,829	11,145	1,982	227,523
Non-current assets	<u>103,324</u>	-	-	-	<u>103,324</u>
2019					
Revenue from external customers	55,018	146,066	14,374	858	216,316
Non-current assets	<u>125,096</u>	-	-	-	<u>125,096</u>

Notes To The Financial Statements (cont'd)

24. Operating segments - Group (continued)

Major customers

Two (2019 : Two) major customers of the Group, with revenue equal or more than 10% of the Group's total revenue, contribute approximately 79% (2019 : 77%) or RM179,531,000 (2019 : RM165,996,000) of the Group's total revenue.

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with :

- (i) subsidiaries and associate of the Company as disclosed in Notes 5 and 6 to the financial statements;
- (ii) key management personnel; and
- (iii) companies in which a Director, Mr Ng Kweng Chong is deemed to have a substantial financial interest :
 - Ng Kweng Chong Holdings Sdn. Bhd. (Registration No : 197901007294 (51580-M))
 - Wiserite Sdn. Bhd. (Registration No : 199601038240 (410593-W))
 - Glencare Sdn. Bhd. (Registration No : 200101013301 (549058-U))

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Note 10 to the financial statements.

	Group	
	2020 RM'000	2019 RM'000
i) Transactions with an associate		
<i>NGK Globetronics Technology Sdn. Bhd.</i>		
- Rental of investment property	2,508	2,247
- Provision of management support services	<u>137</u>	<u>182</u>

Notes To The Financial Statements (cont'd)

25. Related parties (continued)

Significant related party transactions (continued)

	Company	
	2020 RM'000	2019 RM'000
ii) Transactions with subsidiaries		
<i>Globetronics Sdn. Bhd.</i>		
- Provision of management support services	1,191	1,112
<i>ISO Technology Sdn. Bhd.</i>		
- Dividend income	1,000	6,000
<i>Globetronics (KL) Sdn. Bhd.</i>		
- Dividend income	-	1,743
<i>Globetronics Manufacturing Sdn. Bhd.</i>		
- Dividend income	49,750	43,250

iii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 18 to the financial statements.

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

- (a) Amortised cost ("AC"); and
- (b) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial assets			
2020			
Group			
Other investments	10,923	-	10,923
Trade and other receivables (excluding prepayments)	43,126	43,126	-
Cash and cash equivalents	163,664	163,664	-
	<u>217,713</u>	<u>206,790</u>	<u>10,923</u>

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial assets			
2020			
Group			
Other investments	10,923	-	10,923
Trade and other receivables (excluding prepayments)	43,126	43,126	-
Cash and cash equivalents	163,664	163,664	-
	<u>217,713</u>	<u>206,790</u>	<u>10,923</u>
Company			
Other investments	4,797	-	4,797
Trade and other receivables (excluding prepayments)	69	69	-
Cash and cash equivalents	27,733	27,733	-
	<u>32,599</u>	<u>27,802</u>	<u>4,797</u>
2019			
Group			
Other investments	10,210	-	10,210
Trade and other receivables (excluding prepayments)	40,613	40,613	-
Cash and cash equivalents	146,236	146,236	-
	<u>197,059</u>	<u>186,849</u>	<u>10,210</u>
Company			
Other investments	5,216	-	5,216
Trade and other receivables (excluding prepayments)	89	89	-
Cash and cash equivalents	28,585	28,585	-
	<u>33,890</u>	<u>28,674</u>	<u>5,216</u>

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000
Financial liabilities		
2020		
Group		
Trade and other payables	36,080	36,080
Company		
Trade and other payables	860	860
2019		
Group		
Loans and borrowings	4,128	4,128
Trade and other payables	34,776	34,776
	38,904	38,904
Company		
Trade and other payables	873	873

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on :				
Equity instruments designated at FVOCI				
- recognised in profit or loss	193	149	-	-
- recognised in other comprehensive income	127	676	(168)	302
	320	825	(168)	302
Financial assets at amortised cost	2,460	3,129	797	1,050
Financial liabilities at amortised cost	(35)	84	-	-
	2,745	4,038	629	1,352

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and investment in debt securities. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to several banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.4 Credit risk (continued)

Trade receivables (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was :

	Group	
	2020 RM'000	2019 RM'000
Domestic	9,582	9,429
Singapore	32,128	25,882
United States	675	2,651
Others	12	167
	42,397	38,129

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is as follows :

- a) Above 30 days past due after credit term, the Group's Finance and Business Development Management team will start to monitor and follow up with the Finance Department counterpart for a consistent debts repayment process; and
- b) Above 90 days past due, the matter will be escalated to the senior management whereby discussion and structured debts recovery process will be initiated and monitored closely.

The Group uses an allowance matrix to measure Expected Credit Losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2020			
Current (not past due)	39,894	-	39,894
1 - 30 days past due	2,430	-	2,430
31 - 60 days past due	69	-	69
Past due more than 60 days	4	-	4
	<u>42,397</u>	<u>-</u>	<u>42,397</u>
2019			
Current (not past due)	36,579	-	36,579
1 - 30 days past due	1,547	-	1,547
31 - 60 days past due	3	-	3
	<u>38,129</u>	<u>-</u>	<u>38,129</u>
Credit impaired			
Individually impaired	471	(471)	-
	<u>38,600</u>	<u>(471)</u>	<u>38,129</u>

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Trade receivables - credit impaired	
	2020 RM'000	2019 RM'000
Group		
Balance at 1 January	471	302
Net remeasurement of loss allowance	-	169
Impairment loss reversed	(471)	-
Balance at 31 December	<u>-</u>	<u>471</u>

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for hostels rented and utilities. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM3.60 million (2019 : RM7.83 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when :

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.4 Credit risk (continued)

Financial guarantees (continued)

Recognition and measurement of impairment loss (continued)

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000
<i>Non-derivative financial liabilities</i>				
Group				
2020				
Trade and other payables	36,080	-	36,080	36,080
2019				
Revolving credits	4,128	2.60 - 3.30	4,156	4,156
Trade and other payables	34,776	-	34,776	34,776
	<u>38,904</u>		<u>38,932</u>	<u>38,932</u>

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000
<i>Non-derivative financial liabilities</i>				
Company				
2020				
Trade and other payables	860	-	860	860
Financial guarantees	-	-	3,603	3,603
	<u>860</u>		<u>4,463</u>	<u>4,463</u>
2019				
Trade and other payables	873	-	873	873
Financial guarantees	-	-	7,834	7,834
	<u>873</u>		<u>8,707</u>	<u>8,707</u>

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows :

	2020 RM'000	2019 RM'000
Denominated in USD		
Trade and other receivables	32,935	28,486
Cash and cash equivalents	34,630	31,889
Trade and other payables	(4,864)	(4,241)
Loans and borrowings	-	(4,128)
Net exposure	62,701	52,006

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 5% (2019 : 5%) strengthening of the RM against USD at the end of the reporting period would have decreased post-tax profit or loss by RM2,383,000 (2019: RM1,976,000). This analysis is based on foreign currency exchange rate variances that the Group entities considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

A 5% (2019 : 5%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings is exposed to a risk of change in cash flows due to changes in interest rate. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group manages their interest rate risk by having a combination of borrowings in floating and fixed rates.

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing and interest earning financial instruments, based on carrying amounts as at the end of the reporting period are as follows :

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets				
- Bonds/Funds	7,279	7,081	4,797	5,216
- Cash and cash equivalents	155,057	140,115	27,596	28,446
	<u>162,336</u>	<u>147,196</u>	<u>32,393</u>	<u>33,662</u>
Floating rate instruments				
Financial liabilities				
- Loans and borrowings	<u>-</u>	<u>4,128</u>	<u>-</u>	<u>-</u>

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50 bp increase RM'000	50 bp decrease RM'000
Group		
2020		
Floating rate instruments	<u>-</u>	<u>-</u>
2019		
Floating rate instruments	<u>(16)</u>	<u>16</u>

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2020								
Financial assets								
Group								
Quoted bonds/funds	-	7,279	-	-	-	-	7,279	7,279
Quoted shares	3,644	-	-	-	-	-	3,644	3,644
	<u>3,644</u>	<u>7,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,923</u>	<u>10,923</u>
Company								
Quoted bonds/funds	-	4,797	-	-	-	-	4,797	4,797

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000		
2019							
Financial assets							
Group							
Quoted bonds/funds	-	7,081	-	-	-	7,081	7,081
Quoted shares	3,129	-	-	-	-	3,129	3,129
	<u>3,129</u>	<u>7,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,210</u>	<u>10,210</u>
Company							
Quoted bonds/funds	-	5,216	-	-	-	5,216	5,216
	<u>-</u>	<u>5,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,216</u>	<u>5,216</u>

Notes To The Financial Statements (cont'd)

26. Financial instruments (continued)

26.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019 : No transfer in either directions).

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

Statement By Directors **Pursuant to Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 71 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Ng Kweng Chong
Director

.....
Dato' Heng Huck Lee
Director

Penang,

Date : 2 April 2021

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Ng Kok Choon**, the officer primarily responsible for the financial management of Globetronics Technology Bhd., do solemnly and sincerely declare that the financial statements set out on pages 71 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Ng Kok Choon**, NRIC: 660114-07-5371, MIA CA7976, at George Town in the State of Penang on 2 April 2021.

.....
Ng Kok Choon

Before me :

Goh Suan Bee
Pesuruhjaya Sumpah
(Commissioner of Oaths)
Penang

Independent Auditors' Report

To The Members Of Globetronics Technology Bhd.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Globetronics Technology Bhd., which comprise the statements of financial position as at 31 December 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 143.

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 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors' Report (cont'd)

To The Members Of Globetronics Technology Bhd.

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

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.

Revenue recognition	
Refer to Note 2(o)(i) (accounting policy) and Note 17	
The key audit matter	How the matter was addressed in our audit
<p>As the demand for the Group's products are subject to the global economic conditions and competitive pricing, the performance of the Group is vulnerable to external factors.</p> <p>We have identified revenue recognition as a key audit matter since the performance of the Group is susceptible to external parties expectations and hence, there is a risk that revenue may be misstated.</p>	<p>Our audit procedures performed included, amongst others :</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of control over revenue recognition; • Inspected significant new contracts during the financial year on material terms of contracts and non-standard arrangements for proper recognition in accordance with relevant accounting standard; • Agreed sales recognised before and after year end on sampling basis to the delivery documents and considered whether the sales were recognised in the appropriate accounting period; • Tested sales around year end for proper revenue recognition in the financial year by obtaining written confirmations of sales transactions from customers or compared the sales recognised to the delivery documents; and • Assessed significant credit notes issued subsequent to year end to check whether they were related to the financial year ended 31 December 2020.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report (cont'd)

To The Members Of Globetronics Technology Bhd.

(Registration No. 199601037932 (410285 - W))

(Incorporated in Malaysia)

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 Malaysian Financial Reporting Standards, International Financial Reporting 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 International Standards on Auditing 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 (cont'd)

To The Members Of Globetronics Technology Bhd.

(Registration No. 199601037932 (410285 - W))

(Incorporated in Malaysia)

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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :

- 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.
- 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 the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 ability of the Group or of the Company 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.
- 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 gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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.

Independent Auditors' Report (cont'd)

To The Members Of Globetronics Technology Bhd.

(Registration No. 199601037932 (410285 - W))

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 5 to the financial statements.

Other Matter

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.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Dato' Ooi Kok Seng
Approval Number : 02432/05/2021 J
Chartered Accountant

Penang

Date : 2 April 2021

Statistics On Shareholdings

as at 15 March 2021

Analysis by size of shareholdings

Total number of issued shares : 669,444,558
 Voting right : One vote per Ordinary Share

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Issued Shares	% of Issued Shares
1 - 99	564	5.81	25,978	0.00
100 - 1,000	1,953	20.10	1,341,453	0.20
1,001 - 10,000	5,100	52.50	21,791,189	3.26
10,001 - 100,000	1,684	17.33	49,421,974	7.38
100,001 - 33,472,226 (*)	412	4.24	486,156,517	72.62
33,472,227 and above (**)	2	0.02	110,707,447	16.54
Total	9,715	100.00	669,444,558	100.00

Remark: * Less than 5% of Issued Shares
 ** 5% and above of Issued Shares

Statistics On Shareholdings (cont'd)

as at 15 March 2021

Top 30 Shareholders

No.	Name	Number of Issued Shares	% of Issued Shares
1	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	62,919,829	9.40
2	General Produce Agency Sdn. Berhad	34,895,324	5.21
3	Ng Kweng Chong Holdings Sdn Bhd	23,689,222	3.54
4	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd.	17,829,600	2.66
5	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	15,804,000	2.36
6	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	14,100,000	2.11
7	General Produce Agency Sdn. Berhad	12,892,294	1.93
8	Amanahraya Trustees Berhad Public SmallCap Fund	12,276,000	1.83
9	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	12,079,933	1.80
10	Lembaga Tabung Haji	12,079,500	1.80
11	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad For Principal Dali Equity Growth Fund (UT-CIMB-Dali) (419455)	11,558,833	1.73
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	10,029,700	1.50
13	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LSF)	9,978,200	1.49
14	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	9,364,400	1.40
15	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Principal Eqits)	8,031,700	1.20
16	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring InvestmentsSmall-Cap Fund	7,016,000	1.05

Statistics On Shareholdings (cont'd)

as at 15 March 2021

Top 30 Shareholders (cont'd)

No.	Name	Number of Issued Shares	% of Issued Shares
17	Ng Kweng Chong	6,979,165	1.04
18	Cartaban Nominees (Asing) Sdn Bhd Exempt An For State Street Bank & Trust Company (West CLT OD67)	6,690,366	1.00
19	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	6,680,000	1.00
20	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	6,318,800	0.94
21	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	6,040,400	0.90
22	Pertubuhan Keselamatan Sosial	5,974,900	0.89
23	Amanahraya Trustees Berhad AC Principal Dali Asia Pacific Equity Growth Fund	5,882,600	0.88
24	Amanahraya Trustees Berhad Public Strategic SmallCap Fund	5,772,400	0.86
25	Amanahraya Trustees Berhad ASN Umbrella For ASN Equity 3	5,133,000	0.77
26	Tokio Marine Life Insurance Malsysia Bhd As Beneficial Owner (PF)	4,858,803	0.73
27	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AsianIslamic)	4,313,500	0.64
28	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (BNP Najmah EQ)	4,143,800	0.62
29	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	4,063,900	0.61
30	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	3,879,000	0.58
Total		351,275,169	52.47

Statistics On Shareholdings (cont'd)

as at 15 March 2021

Substantial Shareholdings as at 15 March 2021

Substantial Shareholders	Direct Interest	No. of issued shares held			
		%	Deemed Interest	%	
Ng Kweng Chong	6,979,165	1.04	30,684,205 (N1)	4.58	
Gooi Mei Hoon	2,843,866	0.43	30,684,205 (N1)	4.58	
General Produce Agency Sdn. Berhad	47,787,618	7.14	6,994,983 (N2)	1.04	
Employees Provident Fund Board	115,630,129	17.27	–	–	

Notes :

(N1) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Ng Kweng Chong Holdings Sdn. Bhd., Wiserite Sdn. Bhd. and Glencare Sdn. Bhd.

(N2) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Wiserite Sdn. Bhd. and Glencare Sdn. Bhd.

Statistics On Shareholdings (cont'd)

as at 15 March 2021

Directors' Shareholdings as at 15 March 2021

Directors	Direct Interest	No. of issued shares held			
		%	Deemed Interest	%	
Ng Kweng Chong	6,979,165	1.04	30,684,205	N1	4.58
			2,894,866	N3	0.43
Dato' Heng Huck Lee	1,804,600	0.27	190,498	N3	0.03
Dato' Norhalim Bin Yunus	–	–	–	–	–
Dato' Syed Mohamad Bin Syed Murtaza	–	–	–	–	–
Dato' Iskandar Mizal Bin Mahmood	–	–	–	–	–
Ng Kok Khuan	123,333	0.02	223,160	N3	0.03
Yeow Teck Chai	46,813	0.01	194,001	N3	0.03
Lam Voon Kean	–	–	–	–	–
Ong Huey Min	–	–	230,000	N2	0.03
			56,000	N3	0.01

Notes :

(N1) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Ng Kweng Chong Holdings Sdn. Bhd., Wiserite Sdn. Bhd. and Glencare Sdn. Bhd.

(N2) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Grafik Impresif Sdn. Bhd.

(N3) Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016 held through family members.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting (“**AGM**”) of the Company will be held through live streaming from the Broadcast Venue at the Main Conference Room of Globetronics Technology Bhd., Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang on Thursday, 6 May 2021 at 10.30 a.m. for the following purposes: -

AGENDA

Ordinary Business

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of Directors and Auditors thereon. | <i>Please refer to Note 8</i> |
| 2. To re-elect Mr. Ng Kok Khuan, a director who retires by rotation in accordance with Article 105 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Resolution 1 |
| 3. To re-elect Dato’ Syed Mohamad Bin Syed Murtaza, a director who retires by rotation in accordance with Article 105 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Resolution 2 |
| 4. To re-elect Ms. Ong Huey Min, a director who retires by rotation in accordance with Article 105 of the Company’s Constitution and who, being eligible, offers herself for re-election. | Resolution 3 |
| 5. To approve the payment of directors’ fees amounting to RM1,253,000 for the financial year ended 31 December 2020. | Resolution 4 |
| 6. To approve the payment of directors’ benefits up to an amount not exceeding RM40,000 to non-executive directors of the Company from 24 th AGM to 25 th AGM of the Company. | Resolution 5
<i>Please refer to Note 9</i> |
| 7. To re-appoint Messrs. KPMG PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the directors to fix their remuneration. | Resolution 6 |

Special Business

To consider and if thought fit, to pass with or without any modification the following ordinary resolution:-

- | | |
|--|---|
| 8. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR OF THE COMPANY
“THAT Dato’ Syed Mohamad Bin Syed Murtaza be hereby authorized to continue to act as an independent non-executive director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance.” | Resolution 7
<i>Please refer to Note 10</i> |
| 9. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016. | |

By Order of the Board,

LEE PENG LOON (MACS 01258)
SSM PC NO. 201908002340

P’NG CHIEW KEEM (MAICSA 7026443)
SSM PC NO. 201908002334

Company Secretaries

Penang
Date: 7 April 2021

Notice Of Annual General Meeting (cont'd)

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the proxy form, duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll. Any completed proxy form transmitted by facsimile or electronic mail will not be accepted.
3. A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Exempt Authorised Nominee") which holds ordinary shares in the Company for multiple beneficial owners in one 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.
5. Where a member is an Exempt Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 30 April 2021. Only Depositors whose names appear on the Record of Depositors as at 30 April 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

NOTES ON ORDINARY BUSINESS

8. Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, Agenda 1 is not put forward for voting.
9. The Resolution 5, if passed, will enable the Company to pay meeting allowances and other benefits to non-executive directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of directors' benefits payable is estimated based on the number of non-executive directors involved as well as the number of scheduled meetings of the Board and Board Committees.

NOTES ON SPECIAL BUSINESS

10. The Resolution 7, if passed, will enable Dato' Syed Mohamad Bin Syed Murtaza ("Dato' Aidid"), an independent director whose tenure exceeds a cumulative term limit of nine (9) years, to be retained and continued to act as the independent director of the Company. The Board through the Nomination Committee, had assessed Dato' Aidid and had recommended him to be retained as an independent director of the Company. Dato' Aidid in his capacity as an independent director has demonstrated complete independence in character and judgement. He also meets the independence guidelines as set out in Chapter 1 and Practice Note 13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

NOTES ON REMOTE PARTICIPATION AND VOTING (RPV) FACILITIES

11. Members are advised to refer to the letter to shareholders dated 7 April 2021 and follow the procedures set out therein in order to participate remotely via the Remote Participation and Voting (RPV) Facilities.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to paragraph 8.27(2) of main market listing requirements of Bursa Malaysia)

- 1) No individuals are standing for election as directors at the forthcoming 24th AGM of the Company.
- 2) The profiles of the directors who are standing for re-election as in Agenda 2, 3 and 4 of the Notice of the 24th AGM of the Company are set out in the Profile of Directors' section of the Annual Report for the financial year ended 31 December 2020 ("Annual Report 2020") issued on 7 April 2021.
- 3) The details of the directors' interests in the securities of the Company as at 15 March 2021 are set out in the Statistics on Shareholdings section of the Annual Report 2020 issued on 7 April 2021.

List of Properties

Registered Owner/ Location	Description	Land Area (acres)	Build-up area (sq ft)	Tenure (Expiry date)	Age (Years)	Carrying Amount as at 31.12.2020 (RM'000)	Date of Acquisition
Globetronics Sdn Bhd Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	5.35		Leasehold 60 years (14-05-2051)		942	01.08.1990
	Factory Building		70,000		28	4,058	
	Factory Building		110,000		26	6,336	
	Factory Building		73,100		25	13,027	
Globetronics Sdn Bhd Lot 5 & 7, Jln SS 8/4, Kawasan MIEL, Phase II, Sg Way Baru, 47300 Petaling Jaya, Selangor Darul Ehsan.	Freehold Land	2.14		Freehold		3,987	31.12.2006
	Factory Building		39,492		47	1,652	
Globetronics (KL) Sdn Bhd Lot 1, Jln SS 8/4, Free Industrial Zone, Sungai Way, 47300 Petaling Jaya, Selangor Darul Ehsan.	Leasehold Land	0.75		Leasehold 99 years (30-10-2100)		1,555	28.07.2009
	Leasehold Land	0.31		Leasehold 99 years (11-10-2105)		656	
	Freehold Land	0.41		Freehold		1,165	
	Freehold Land	0.31		Freehold		873	
	Factory Building		103,465		48	4,024	
ISO Technology Sdn Bhd 290, 291 & 292, Phase 3 Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	3.11		Leasehold 60 years (06-03-2050)		611	05.01.1999
	Factory Building		50,000		30	3,326	
ISO Technology Sdn Bhd 242 & 243, Lebuh Kampung Jawa, Sungai Kluang, Phase 3, FIZ, 11900 Bayan Lepas, Penang.	Leasehold Land	2.26		Leasehold 60 years Lot 1959 (21-11-2033)	47	849	20.11.2002
	Factory Building		67,515	H.S.(D)13853 (02-03-2040)	40	3,146	

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PROXY FORM

Number of Shares Held	CDS ACCOUNT NO.

* I /We.....(*NRIC/Passport/Company No.....)
of
(Address)

being a * member / members of the abovenamed Company, hereby appoint:

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

*and/or

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the **24th Annual General Meeting ("AGM")** of the Company to be held virtually through live streaming from the Broadcast Venue at the Main Conference Room of Globetronics Technology Bhd, Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang on Thursday, 06 May 2021 at 10.30 a.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Mr. Ng Kok Khuan as a director of the Company		
2	To re-elect Dato' Syed Mohamad Bin Syed Murtaza as a director of the Company		
3	To re-elect Ms. Ong Huey Min as a director of the Company		
4	To approve the payment of directors' fees		
5	To approve the payment of directors' benefits to non-executive directors		
6	To re-appoint Messrs. KPMG PLT as auditors of the Company		
7.	To retain Dato' Syed Mohamad Bin Syed Murtaza in office as independent non-executive director of the company		

Signed thisday of.....,2021.

.....

Notes:

Signature of Member(s)/Common Seal

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the proxy form, duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll. Any completed proxy form transmitted by facsimile or electronic mail will not be accepted.
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8. Members are advised to refer to the letter to shareholders dated 7 April 2021 and follow the procedures set out therein in order to participate remotely via the Remote Participation and Voting (RPV) Facilities.

* Strike out whichever is not desired.

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The Company Secretaries
Globetronics Technology Bhd.
Registration No. 199601037932 (410285-W)
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang, Malaysia

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Globetronics Technology Bhd.
Registration No. 199601037932 (410285-W)
Plot 2, Phase 4, Free Industrial Zone
Bayan Lepas, 11900 Penang, Malaysia
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