

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7022
COMPANY NAME : GLOBETRONICS TECHNOLOGY BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board has ultimate responsibility for setting policy regarding the business and affairs of the Group for the benefit of the shareholders and other stakeholders, and is accountable to shareholders for the performance of the Group. The Board is guided by the Board Charter in discharging its duties and responsibilities including those reserved for Board's approval and those which the Board may delegate to the Board Committees, the CEO and the Management. In year 2017, the Board did a review of the policies and procedures to ensure it is in line with CG practices taking into consideration the operating environment, culture and resources available.</p> <p>. The principal responsibilities of the Board include the following:</p> <ul style="list-style-type: none"> • Reviewing and adopting strategic plan for the Group and Company The Board will deliberate and approve any of the management's proposal on strategic plan for the Group. As the non-executive members are not involved in the day-to-day management of the Company's business, it is able to bring out objective judgments and advice, and ensure the management has taken into account all appropriate considerations in establishing any strategic plans for the Group and Company. • Approving the Group's annual budget and capital expenditures and carrying out periodic review of the achievements by the various operating subsidiaries against their respective business targets. • Overseeing of the Group's strategy, corporate governance framework, risk management framework, business operations and financial performance. • Understanding Group's Risk Management Framework and reviewing and monitoring on how the Group manages, monitors and mitigates the risks. • Reviewing potential candidates for the Board positions through the Nomination Committee to ensure efficient succession planning and continuity of the vision and mission of the Group. • Overseeing the implementation of a shareholders' communication policy and investors' relations program for the Group • Delegates certain responsibilities to the various Board Committees with clear defined terms of reference to assist the Board in discharging its responsibilities.

The Board meets on a scheduled basis (at least 5 times a year) and has formal schedule of matters reserved for its meetings. Additional meetings may be convened when necessary should major issues arise that need to be resolved between scheduled meetings. Relevant management personnel are invited to Board meetings to report and apprise the Board on operations and other developments within their respective purview.

Where the Board is considering a matter in which a Director has an interest, such Director will abstain from all deliberations and decision making on the subject matter.

The Board recognizes the need for the Directors to spend sufficient time and efforts in carrying out their responsibilities, thus each Director is expected to commit sufficient time in attending meetings for the Board, Board Committees as well as external trainings to enhance their professional skills.

All Directors have completed the Mandatory Accreditation Program prescribed by Bursa Malaysia and for the year 2017, the Directors attended the following conference seminars and training programs:-

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Mr. Michael Ng Kweng Chong	Sustainability Engagement Series for Directors / Chief Executive Officers 2017	Bursa Malaysia	13-Mar-17
	GST Seminar on Manufacturing	Persatuan Pegawai Kanan Kastam Malaysia, Cawangan Pulau Pinang	15-Aug-17
	Malaysian Code On Corporate Governance: A New Dimension Programme	Securities Industry Development Corporation (SIDC)	21-Aug-17
	Companies Act 2016 - Mastering the Impact on Accounting Matters and Preparation of Financial Statements	Malaysian Institute of Accountants (MIA)	5 - 6 Oct 17
Dato' Heng Huck Lee	Invest Penang ""The CEO Speaks ... on Smart Manufacturing"	Invest Penang	26-Apr-17
	16th Nepcon Workshop Series Forum & Dinner by Knowledge Group of Companies. Forum Topic: IOT Devices on Electronics Manufacturing: Global Outlook & Implications	Knowledge Group	5-Jun-17
	First Solar Leadership Symposium 2017 : Leading in transition	FirstSolar	2-Aug-17
	The Worldbank / Penang Istitute Event On: The Quest For Productivity Growth	Mr Tim Niklas Schoepp	26-Sep-17
	MIDA - National Investment Seminar 2017	Malaysian Investment Development Authority (MIDA)	8-Nov-17

		The 42nd Federation Of Asean Economic Associations (FAEA) Conference: "Drivers Of Asean Integration"	Malaysia Economic Association Nancee	6-Dec-17
	Dato' Syed Mohamad Bin Syed Murtaza	Usains Strategic Retreat	Usains Holding Sdn Bhd	20 - 21 Jul 17
		HRDF Dialogue with Registered Employers	Human Resource Development Fund (HRDF)	11-Aug-17
		Tax & Trade Show	Wong & Partners	24-Aug-17
		Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	Bursa Malaysia	6-Sep-17
		Special Programme on KPT Development Blue Ocean Strategy	Ministry of Higher Education Malaysia	18 - 19 Sep 17
		Launching Ceremony on Infrastructure Cyber Malaysian Research and Education Network	Malaysian Research and Education Network (MYREN)	4-Oct-17
	Dato' Norhalim Bin Yunus	EmTech 2017 - The Conference on the Emerging Technologies That Matter	MIT Technology Review Event (Koelnmesse Pte Ltd)	14 - 15 Feb 17
		Annual Investment Meeting - The World's leading emerging Markets FDI platform - "International Investment, Path to competitiveness and Development"	Annual Investment Meeting & United Arab Emirates Ministry of Economy	1 - 4 Apr 17
		Khazanah Megatrends Forum	Khazanah Nasional Berhad	2 - 3 Oct 17
		Inaugural Global Innovation Forum - Leveraging Exponential Technologies for Competitiveness and Development	World Bank Group (WBG)'s Trade & Competitiveness (T&C) Global Practice (on Innovation and Small and Medium Enterprise Development (SPRING), INSEAD's Emerging Markets Institute and National University of Singapore (NUS)	4 - 6 Oct 17
		13th World Islamic Economic Forum organised by WIEF Foundation - "Disruptive Change : Impact and Challenges"	World Islamic Economic Forum Foundation (WIEF)	21 - 23 Nov 17
		Khazanah Lunch Roundtable (KLR) session : "Islam and Disruptive Change"	World Islamic Economic Forum Foundation (WIEF)	21-Nov-17

		Phosphate for Growth & Downstream Opportunities at Samalaju Industrial Park	World Islamic Economic Forum Foundation (WIEF)	22-Nov-17
	Dato' Iskandar Mizal Bin Mahmood	Companies Act 2016	Companies Commission of Malaysia	11-May-17
	Mr. Yeow Teck Chai	Business as a force for good. The role of the private sector in achieving the Sustainable Development Goals	Security Industry Development Corporation (SIDC)	25-May-17
		Driving Financial Integrity and Performance Enhancing Financial Literacy for AC	Bursa and Axcel Asia	1-Aug-17
		Leading in a Volatile, Uncertain, Complex, Ambitious (VUCA) Environment	Bursa and Iclif	13-Oct-17
		Effective Internal Audit Functions for Audit Committee	Bursa and Institute of Internal Auditors	20-Oct-17
	Mr. Ng Kok Khuan	Malaysian Code On Corporate Governance	In-house	25-Jul-17
		MFRS 15 - Revenue from Contracts with Customers	In-house	31-Oct-17
	Mr. Ng Kok Chin	Malaysian Code On Corporate Governance	In-house	25-Jul-17
		MFRS 15 - Revenue from Contracts with Customers	In-house	31-Oct-17
	Ms. Lam Voon Kean	Corporate Governance and Listing Requirements Market Talk	KPMG	15-May-17
		Fraud Risk Management Workshop	Bursa Malaysia	13-Jul-17
		Malaysian Code On Corporate Governance: A New Dimension Programme	Securities Industry Development Corporation (SIDC)	21-Aug-17
		Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers – Corporate Disclosure Framework	Bursa Malaysia	6-Sep-17
	Ms. Ong Huey Min	Related Party Transactions - Their Implications To The Board of Directors, Audit Committee & Management	Malaysian Institute of Corporate Governance (MICG)	13-Jan-17
		Sustainability Reporting - What It Is & How To Go About Reporting	Malaysian Institute of Corporate Governance (MICG)	13-Jan-17

		Mandatory Accreditation Programme For Directors of Public Listed Companies	The Iclif Leadership and Governance Centre	27 - 28 Jul 17
		2017 National Tax Conference	Chartered Tax Institute of Malaysia (CTIM) and Lembaga Hasil Dalam Negeri (LHDN)	25 - 26 Aug 17
		The New Malaysian Code on Corporate Governance 2016 - "How To Walk The Talk"	Malaysian Institute of Corporate Governance (MICG)	18-Sep-17
		The Companies Act 2016 - Key Changes And Implications To Directors And Management	Malaysian Institute of Corporate Governance (MICG)	18-Sep-17
		KPMG Tax Seminar	KPMG	20-Nov-17
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman provides leadership at Board level and represents the Board to the shareholders and other stakeholders and is responsible for ensuring integrity and effectiveness of the Board and its committees.</p> <p>The Chairman is responsible for leading the Board in discharging its duties effectively, and enhancing the Group's standards of corporate governance. He leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations.</p> <p>He promotes an open environment during Board meeting and encourage active participation and allowing dissenting views to be freely expressed.</p> <p>The role and responsibilities of the Chairman are specified in the Board Charter which is available for reference at the Company's website (www.globetronics.com.my)</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Chairman is held by Mr Michael Ng Kweng Chong and the position of CEO is held by Dato' Heng Huck Lee.</p> <p>Mr Michael Ng is responsible for conceptualizing corporate strategy, instilling good corporate governance as well as the conduct and effectiveness of the Board. Dato' Heng focuses on development of business, execution of Board's decision and strategic policies and day-to-day management of the Group's operations.</p> <p>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.</p> <p>The responsibilities of Chairman and CEO are stated in the Board Charter which is available for reference at the Company's website (www.globetronics.com.my)</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company Secretaries are suitably qualified, experienced and competent on statutory and regulatory requirements. They are members of Chartered Secretaries Malaysia (“MAICSA”).</p> <p>The Company Secretaries provide clear and professional advice to the Board on all governance matters and assist the Board on the implementation of an effective corporate governance system.</p> <p>Apart from playing an active role in advising the Board on governance and regulatory matters, the Company Secretaries also organise and attend all Board meetings and ensure that all Directors receive timely, clear and concise information in advance prior to the scheduled meetings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Prior to Board meeting, all Directors are furnished with the pre-set Agenda to be discussed at least 5 days prior to the meetings. Apart from that, Directors are also simultaneously furnished with detailed board papers that contain relevant qualitative and/or quantitative information to give Directors time to review the reports, obtain further clarification if necessary and enable effective and constructive deliberation at Board meetings.</p> <p>All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of the Companies Act 2016. Minutes of meetings of each committee are also circulated to the Board Members for review and the Directors may request clarification or raise comments on the minutes wherever necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Board Charter which sets out the principal functions, composition, roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees as well as to the Management of the Company and its Group.</p> <p>The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management. The Board Charter would be reviewed periodically and updated to ensure that they are aligned with the Board's objectives, applicable standards and corporate governance practices. The last review of the Board Charter was in July 2017.</p> <p>The Board Charter is available for reference at the Company's website (www.globetronics.com.my).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Board is committed to uphold the highest form of corporate governance, values and integrity in all its business transactions. The Principles of Business Conduct sets out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to the Board/Directors and all employees in the Group. The details of the Principles of Business Conduct is available for reference at the Company's website (www. globetronics.com.my)	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Board has put in place the Whistleblowing Policy as 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. The Board also provides assurance that genuine whistle blower will not be at risk to any form of victimisation, retribution or retaliation. The details of the Whistleblowing Policy is available for reference at the Company's website (www.globetronics.com.my)	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board comprises of ten (10) Directors.</p> <p>In October 2017, following the retirement of Dato' Ng Kweng Moh (Non-Independent Non-Executive Director), the Board appointed Ms Ong Huey Min (Independent Non-Executive Director) as a board member. Therefore, the board composition as of year end 2017 is three (3) Non-Independent Non-Executive Directors, five(5) Independent Non-Executive Directors and two(2) Executive Directors, namely the Chairman and Chief Executive Officer.</p> <p>With this change, 50% of the Board composition is comprised of Independent Non-Executive Directors which is in line with MCCG 2017.</p> <p>This allows for more independent judgement and view points on the various issues for the Board's decision making.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted														
Explanation on adoption of the practice	:	<p>The Board has adopted a 9-year policy for Independent Non-Executive Directors. All Independent Non-Executive Directors have served the Board for less than nine (9) years. Their length of service is set out in the Corporate Governance Overview Report in the Annual Report, and summarised as follows:-</p> <table border="1"><thead><tr><th>Length of Service*</th><th>No of Directors</th></tr></thead><tbody><tr><td>Less than 1 year</td><td>1</td></tr><tr><td>Between 1 to 3 years</td><td></td></tr><tr><td>Between 3 to 6 years</td><td>3</td></tr><tr><td>Between 6 to 9 years</td><td>1</td></tr><tr><td></td><td></td></tr><tr><td>Total</td><td>5</td></tr></tbody></table> <p>*as of 26 March 2018</p>	Length of Service*	No of Directors	Less than 1 year	1	Between 1 to 3 years		Between 3 to 6 years	3	Between 6 to 9 years	1			Total	5
Length of Service*	No of Directors															
Less than 1 year	1															
Between 1 to 3 years																
Between 3 to 6 years	3															
Between 6 to 9 years	1															
Total	5															

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges 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. Therefore, the Board had always been in support of a policy of nondiscrimination on the basis of race, religion and gender.</p> <p>The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. The diversity details of the current board is disclosed in the Corporate Governance Overview report on page 31 of 2017 Annual Report.</p> <p>The appointment of key senior management was also consistently done with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board Diversity Policy is available for reference at the Company's website (www.globetronics.com.my)</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is continuously working towards boardroom gender diversity by continuing to attract women participation on Board.</p> <p>On this note, the Board appointed Ms. Ong Huey Min as Director on 23rd October 2017. Therefore, as of year end 2017, there are two female directors on board which is 20% of the Board composition.</p> <p>This demonstrates the Board's commitment towards gender diversity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies or diversity gap that has been identified. NC identify candidates from local business community based on recommendations from business partners/professionals or board members. Potential candidates must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director.</p> <p>In assessing the suitability of a candidate, the NC will take into consideration the candidate’s skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of Independent Non-Executive Director, the NC will evaluate the candidate’s ability to discharge such responsibilities as expected from an independent non-executive director. Recruitment matters are discussed by the Committee before the entire Board makes the final decision on new appointments.</p> <p>Following the retirement plan of Dato’ Ng Kweng Moh at end October 2017, the NC was tasked with assessing and recommending to the Board the appointment of a new director. The NC assisted in identifying the right candidate with the necessary skills, experience and competence to be filled in the Board and Board Committees. The NC evaluated Ms. Ong Huey Min’s background, skill, knowledge, expertise, experience, character and time commitment for these roles. Having completed this process, the NC was confident that Ms. Ong Huey Min would be the right fit and recommended her candidacy to the Board.</p> <p>For sourcing of future candidates, NC would try to explore other independent sources such as directors’ registry and industry and professional associations.</p> <p>Re-appointment and re-election of Directors at the AGM are also recommended by the NC to the Board for its approval. Directors are subject to retire by rotation at least every 3 years. The Directors due to retire at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution 2 and 3) on page 115 of 2017 Annual Report.</p> <p>The Company’s Constitution also provides that any Director appointed during the year are subject to retire and seek re-election by the shareholders at the forthcoming AGM immediately after his/her appointment. The Director due to retire at the forthcoming AGM is shown in the Notice of Meeting (Ordinary Resolution 4) on page 115 of 2017 Annual Report.</p>

Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied										
Explanation on application of the practice	:	<p>The nominating Committee("NC") is chaired by an Independent Non-Executive Director, Dato' Iskandar Mizal Bin Mahmood.</p> <p>The change and composition of the NC for year 2017 is as per below:</p> <table border="1"><thead><tr><th>Members</th><th>Membership/Designation</th></tr></thead><tbody><tr><td>Dato' Iskandar Mizal bin Mahmood</td><td>Chairman/ Independent Non-Executive Director</td></tr><tr><td>Dato' Syed Mohamad bin Syed Murtaza</td><td>Member/ Independent Non-Executive Director</td></tr><tr><td>Dato' Ng Kweng Moh</td><td>Member/ Non-Independent Non-Executive Director (Resigned on 31 Oct 2017)</td></tr><tr><td>Mr. Yeow Teck Chai</td><td>Member/ Independent Non-Executive Director (Appointed on 1 Nov 2017)</td></tr></tbody></table> <p>NC serves as a committee of the Board and it is guided by its Terms of Reference which can be viewed at the Company's website (www.globetronics.com.my).</p>	Members	Membership/Designation	Dato' Iskandar Mizal bin Mahmood	Chairman/ Independent Non-Executive Director	Dato' Syed Mohamad bin Syed Murtaza	Member/ Independent Non-Executive Director	Dato' Ng Kweng Moh	Member/ Non-Independent Non-Executive Director (Resigned on 31 Oct 2017)	Mr. Yeow Teck Chai	Member/ Independent Non-Executive Director (Appointed on 1 Nov 2017)
Members	Membership/Designation											
Dato' Iskandar Mizal bin Mahmood	Chairman/ Independent Non-Executive Director											
Dato' Syed Mohamad bin Syed Murtaza	Member/ Independent Non-Executive Director											
Dato' Ng Kweng Moh	Member/ Non-Independent Non-Executive Director (Resigned on 31 Oct 2017)											
Mr. Yeow Teck Chai	Member/ Independent Non-Executive Director (Appointed on 1 Nov 2017)											
Explanation for departure	:											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:											
Timeframe	:											

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>During the year an evaluation of the Board's effectiveness, including the effectiveness of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and ESOS Committee was undertaken internally by way of written questionnaire.</p> <p>The relevant evaluation forms were distributed to each respective director to assess the effectiveness of the board and its committee. Adequate time of a month was given to the directors to compile and return the evaluation forms.</p> <p>The results indicated that the Board is functioning well as a unit and is discharging its duties and responsibilities effectively. Areas which the board would like to further enhance/improve in year 2018 are related to senior management succession planning, understanding in more depth the challenges to GTB business coming from volatility in market, ensuring the right balance between discussion and decision in Board meetings and continued focus on risk and the company's risk appetite through ARMC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place policy and procedures to determine the remuneration of directors and senior management. The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining the Directors of high caliber needed to run the Group successfully.</p> <p>In the case of the Executive Directors and senior management, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned.</p> <p>On annual basis, external consultant is engaged to provide benchmarking data on the remuneration package for Executive Directors. This information along with other available comparison data would be taken into consideration by the Remuneration Committee to determine the Executive Directors' remuneration which is then provided to the Board for approval.</p> <p>The Board would make available the policy and procedures at the Company's website in the coming year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied										
Explanation on application of the practice	:	<p>The board has a Remuneration Committee who is responsible for reviewing and recommending matters relating to the remuneration of board and senior management.</p> <p>The change and composition of Remuneration Committee for year 2017 is as per below:</p> <table border="1"> <thead> <tr> <th>Members</th> <th>Membership/Designation</th> </tr> </thead> <tbody> <tr> <td>Mr. Yeow Teck Chai</td> <td>Chairman/ Independent Non-Executive Director</td> </tr> <tr> <td>Dato' Iskandar Mizal bin Mahmood</td> <td>Member/ Independent Non-Executive Director</td> </tr> <tr> <td>Mr. Michael Ng Kweng Chong</td> <td>Member/ Non-Independent Executive Director (Resigned on 31 Oct 2017)</td> </tr> <tr> <td>Dato' Norhalim bin Yunus</td> <td>Member/ Non-Independent Non-Executive Director (Appointed on 1 Nov 2017)</td> </tr> </tbody> </table> <p>The Terms of Reference is available for reference at the Company's website (www.globetronics.com.my)</p>	Members	Membership/Designation	Mr. Yeow Teck Chai	Chairman/ Independent Non-Executive Director	Dato' Iskandar Mizal bin Mahmood	Member/ Independent Non-Executive Director	Mr. Michael Ng Kweng Chong	Member/ Non-Independent Executive Director (Resigned on 31 Oct 2017)	Dato' Norhalim bin Yunus	Member/ Non-Independent Non-Executive Director (Appointed on 1 Nov 2017)
Members	Membership/Designation											
Mr. Yeow Teck Chai	Chairman/ Independent Non-Executive Director											
Dato' Iskandar Mizal bin Mahmood	Member/ Independent Non-Executive Director											
Mr. Michael Ng Kweng Chong	Member/ Non-Independent Executive Director (Resigned on 31 Oct 2017)											
Dato' Norhalim bin Yunus	Member/ Non-Independent Non-Executive Director (Appointed on 1 Nov 2017)											
Explanation for departure	:											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:											

Timeframe	:		
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Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	: Applied								
Explanation on application of the practice	: The disclosure on named basis for the remuneration of individual directors for year 2017 is as per below:								
	Fees		Salaries*	Bonus*	Benefits-in-kind*	Other Emoluments*	Total		
	Group	Company					Group	Company	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Executive Directors									
Mr Ng Kweng Chong	105	-	1,440	940	16	501	3,002	-	
Dato' Heng Huck Lee	105	-	1,440	2,945	13	839	5,342	-	
Total for Executive Directors	210	-	2,880	3,885	29	1,340	8,344	-	
Non-Executive Directors									
Dato' Syed Mohamad Bin Syed Murtaza	133	133	-	-	-	-	133	133	
Dato' Norhalim Bin Yunus	106	106	-	-	-	-	106	106	
Dato' Iskandar Mizal Bin Mahmood	114	114	-	-	-	-	114	114	
Dato' Ng Kweng Moh	91	3	-	-	-	-	91	3	
Mr Yeow Teck Chai	125	125	-	-	-	-	125	125	
Ms Lam Voon Kean	127	127	-	-	-	-	127	127	
Mr Ng Kok Khuan	109	4	-	-	-	-	109	4	
Mr Ng Kok Chin	105	-	-	-	-	-	105	-	
Ms Ong Huey Min	20	20	-	-	-	-	20	20	
Total for Non-Executive Directors	930	632	-	-	-	-	930	632	
Total Directors	1,140	632	2,880	3,885	29	1,340	9,274	632	
*Paid by the group									

	Note : The Executive Chairman’s bonus is relatively much lower than the CEO’s due to the gracious desire of Executive Chairman to give more reward to the senior management from the allocated pool reserved for bonus pay out.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>The top senior management's remuneration for year 2017 is disclosed as per below table:</p> <table border="1"> <thead> <tr> <th>Range of remuneration</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM1,050,001 to RM1,100,00</td> <td>1</td> </tr> <tr> <td>RM450,001 to RM500,000</td> <td>1</td> </tr> <tr> <td>RM300,001 to RM350,000</td> <td>1</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>1</td> </tr> <tr> <td>Total</td> <td>4</td> </tr> </tbody> </table> <p>The Board is of opinion that disclosure of senior management's remuneration on name basis is not encouraged as a precautionary measure of confidentiality, security and retainability of the senior management.</p> <p>The Board via Remuneration Committee ensures that senior management's remuneration is link to corporate and individual performance and commensurate with their scope of responsibilities. In addition to this, the remuneration package is structured to be able to attract, retain and motivate senior management to manage the business of the Group and to align to the interest of the Directors and the shareholders.</p>	Range of remuneration	Number of Senior Management	RM1,050,001 to RM1,100,00	1	RM450,001 to RM500,000	1	RM300,001 to RM350,000	1	RM200,001 to RM250,000	1	Total	4
Range of remuneration	Number of Senior Management													
RM1,050,001 to RM1,100,00	1													
RM450,001 to RM500,000	1													
RM300,001 to RM350,000	1													
RM200,001 to RM250,000	1													
Total	4													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.												
Timeframe	:	Choose an item.												

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.
The company’s financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Audit and Risk Management Committee(“ARMC”) is not the Chairman of the Board.</p> <p>The Chairman of the ARMC is Dato’ Syed Mohamad Bin Syed Murtaza, an Independent Non-Executive Director where else the Chairman of the Board is Mr Michael Ng Kweng Chong, a Non-Independent Executive Director of Globetronics Technology Bhd.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee (“ARMC”) observes the cooling-off period of at least two years before a former key audit partner can be appointed as a member of ARMC. None of the existing ARMC members were former key audit partners within the cooling-off period of two (2) years.</p> <p>The cooling period of at least two years are stated in External Auditors Policy which is available for reference at the Company’s website (www.globetronics.com.my)</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The policy and procedure on the assessment of suitability, objectivity and independence of the external auditor is specified in the External Auditors Policy which was reviewed by the Board in July 2017. It includes the following:</p> <ul style="list-style-type: none">• the competence, audit quality and resource capacity of the external auditor in relation to the audit;• the nature and extent of the non-audit services rendered and appropriateness of the level of fees; and• obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. <p>The External Auditors Policy is available for reference at the Company's website (www.globetronics.com.my)</p> <p>In October 2017, the External Auditors, Messrs. KPMG PLT ("KPMG") presented its 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters to the ARMC.</p> <p>Upon completion of their audit work, KPMG presented their audit results to ARMC in February 2018. They also provided written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2017.</p> <p>The above meetings formed part of ARMC's assessment of the suitability, objectivity and independence of KPMG on an annual basis.</p> <p>Overall in year 2017, ARMC was satisfied with the suitability of KPMG based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. ARMC also reviewed the provision of the non-audit services by KPMG to the Company for the financial year 2017 and was satisfied that the provision did not in any way impair their objectivity and independence as external auditors of the Group.</p> <p>Therefore, in February 2018, the Board had approved the ARMC's recommendation for the shareholders' approval to be sought at the 21st AGM on the re-appointment of KPMG as external auditors of the Company for the financial year 2018.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit and Risk Management Committee currently consist of solely Independent Directors

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All members of Audit and Risk Management Committee ("ARMC") are financially literate and have a wide range of knowledge, experience and skills. Two members of ARMC are members of the Malaysian Institute of Accountants (MIA).</p> <p>The Board performed an annual assessment of the Committee's effectiveness in carrying out its duties 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. The Board Effectiveness Assessment 2017 further commended that the Committee has the right composition, and sufficient, recent and relevant skills and expertise.</p> <p>The terms of reference of ARMC is available for reference at the Company's website (www.globetronics.com.my)</p> <p>In order to carry out their duties and responsibilities effectively, all members of ARMC do undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>For the overall details of ARMC in terms of composition, responsibilities and continuous professional development, please refer to ARMC report on page 26 to page 29 of 2017 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has ultimate responsibility for establishing, monitoring and maintaining the Group’s risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate the risks entirely.</p> <p>The Enterprise Risk Management Policy is available for reference at the Company website (www.globetronics.com.my)</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has overall responsibility for the Group's Risk Management Framework and has assigned the Audit and Risk Management Committee with the assistance of Business/Operations Risk Review Committee and internal auditor to be responsible to review the adequacy and effectiveness of the Risk Management Framework.</p> <p>In year 2017, the Group under its Risk Management Report has identified eleven 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.</p> <p>The overall features of its risk management and internal control framework and the review of the adequacy and effectiveness of this framework is disclosed in the Statement of Risk Management and Internal Control on page 35 to page 37 of 2017 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Internal Audit Manager reports to Audit and Risk Management Committee (“ARMC”) and administratively to Chief Financial Officer. She is a qualified person with over 20 years of working experience and have sufficient knowledge and resources to function effectively and independently.</p> <p>The internal audit done for year 2017 included review of internal controls, review of risk management framework and risk assessment as well as identification and analysis of the impact of new MFRs .</p> <p>Further details of the internal audit activities are set out in ARMC Report and Statement on Risk Management and Internal Control in 2017 Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Internal Audit Manager is free from any relationships or conflicts of interest which could impair her objectivity and independence. The Internal Audit Manager, Ms Quah Seok Hong, is an accounting graduate and has over 20 years of working experience. She is a member of Malaysia Institute of Accountant.</p> <p>The Internal Audit Manager is assisted by adequately qualified staff from other departments within the Group on job basis to carry out the internal audit. The internal audit job assisted by the staff are on areas that are non-related to their area of work to ensure that their objectivity and independence are not impaired.</p> <p>The Board together with Audit and Risk Management Committee would work towards ensuring that internal audit function is carried out in accordance with a recognised framework.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company provides timely, regular, relevant and complete information regarding the Group's businesses and corporate developments.</p> <p>The Board's primary contact with all shareholders is via the Chief Financial Officer and Corporate Director, who have regular dialogue with institutional investors and deliver presentations to analysts and fund investors periodically. For the financial year ended 31 December 2017, the management held and/or attended more than 50 meetings / roadshows with fund managers and analysts in Kuala Lumpur, Singapore, Hong Kong, Taipei and Tokyo.</p> <p>Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Information such as disclosures made to Bursa Malaysia (including interim and full year financial results, Annual Report and other announcements on relevant transactions undertaken by the Group) and the Group's business activities can be obtained from the Company's website at www.globetronics.com.my. Copies of the full announcement are supplied to the shareholders and members of the public upon request.</p> <p>The Group's website, www.globetronics.com.my also serves as a forum to communicate with shareholders and investors and to provide information on the Group's business activities. Requests for information on the Company can be forwarded to the same website. Announcements made by the Company to Bursa Malaysia are also accessible from www.bursamalaysia.com. As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Dato' Syed Mohamad Bin Syed Murtaza as the Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretaries for information on the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as of 31 st December 2017.	
		In preparation of the Annual Report, due care and efforts are taken to ensure that all financial and non-financial information are inter connected and integrated to enable shareholders to make informed decision.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>Notice of 20th Annual General Meeting with a softcopy of the Annual Report (CD-ROM) which contains comprehensive reports on the Group's financial performance, insights, outlooks and directions was given to shareholders at least 21 days ahead as per requirement of Companies Act 2016 and Listing requirement providing sufficient time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if necessary.</p> <p>In line with the CG practice, Notice of 21st Annual General Meeting is served on 9 April 2018 for the Annual General Meeting that is going to be held on 8 May 2018, which is at least 28 days prior to the meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All members of Board attended the 20th Annual General Meeting (AGM). Board Members, Senior Management and the Group's External Auditors were in attendance to respond to shareholders' enquiries.</p> <p>At the AGM, the Board presented the performance of the Group as contained in the Annual Report and shareholders present were given the opportunity to present their views or to seek more information. The Board encouraged shareholders' active participation at the Company's AGM. Press interviews were done after the AGM where the Board members / CEO answered questions in relation to the Group's operations and prospects.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In the 20th AGM, all shareholders were briefed on the manual voting procedures by the poll administrator, Agriteum Share Registration Services Sdn Bhd and an independent external party, Value Creator Consultancy was also appointed as scrutineers for the poll voting process. The Chairman announced the voting results for each resolution tabled, which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The results were released to Bursa Malaysia immediately after the meeting to enable the public to know the outcome thereof.</p> <p>The Annual General Meeting is usually held in Hotel Equatorial, Penang which is near to the airport and have good infrastructure surrounding it. The same venue is utilized for the past years as it is easily assessable and shareholders are familiar with it.</p> <p>Alternative practice: Shareholders are allowed to appoint any person(s) as their proxies to attend, participate and vote on his/her behalf at a general meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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