

**Globetronics  
Technology Bhd.**

(410285-W)



## Inspiring Eco-innovations

Annual Report 2009



## 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

Michael Ng Kweng Chong  
*Founder and Executive Chairman*

Heng Huck Lee  
*Chief Executive Officer*

Diong Chin Teck @ Tiong Chin Sang

Dato' Noor Ahmad Mokhtar Bin Haniff

Hizwani Bin Hassan

Lim Chien Ch'eng

Ng Kok Khuan

Norhalim bin Yunus

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat

Dato' Ng Kweng Moh

Ng Kweng Chan

## AUDIT COMMITTEE

Chairman  
Diong Chin Teck  
*Independent Non-Executive Director*

Members  
Dato' Dr. Chong Eng Keat  
*Independent Non-Executive Director*

Ng Kok Khuan  
*Non-Independent Non-Executive Director*

## SECRETARIES

Ong Eng Choon (MIA 2121)  
Lee Peng Loon (MACS 01258)

## REGISTERED OFFICE

51-21-A Menara BHL Bank,  
Jalan Sultan Ahmad Shah,  
10050 Penang, Malaysia.  
Tel : (604) 227 6888  
Fax : (604) 229 8118

## SHARE REGISTRARS

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

## AUDITORS

KPMG Penang  
Chartered Accountants

## PRINCIPAL FINANCIAL INSTITUTIONS

AmBank Berhad  
Public Bank Berhad  
Citibank Berhad  
United Overseas Bank (Malaysia) Berhad  
CIMB Bank Berhad  
HSBC Bank Malaysia Berhad

## PRINCIPAL SOLICITOR

Ghazi & Lim

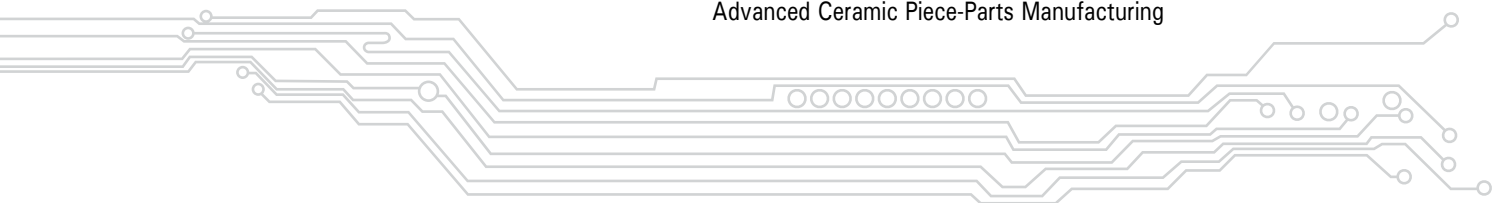
## STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia  
Securities Berhad  
Stock Code: 7022

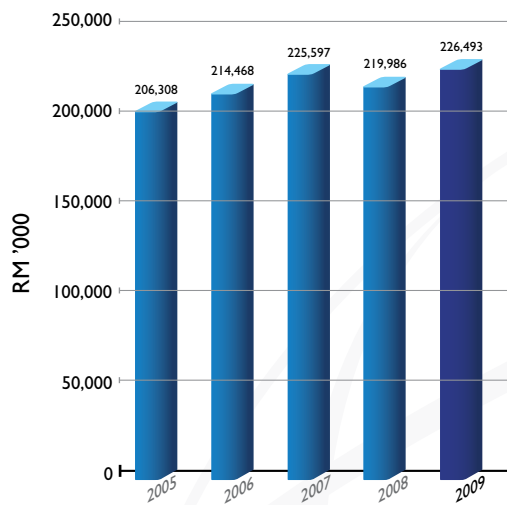
# GROUP CORPORATE STRUCTURE



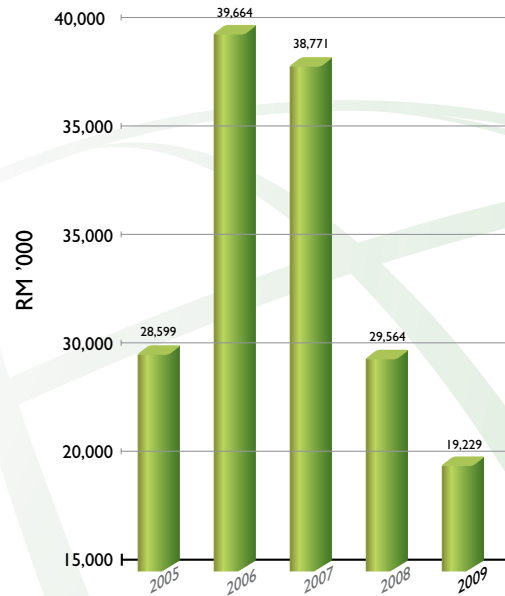
- 100% Globetronics Sdn Bhd**  
Assembly & Testing of Intergrated Circuits (IC), Optoelectronic Products & Technical Plating Services
- 100% ISO Technology Sdn Bhd**  
IC Assembly & Technical Plating Services
- 100% Globetronics (KL) Sdn Bhd**  
Manufacturing, assembly and test of chip carrier quartz crystal products
- 100% Globetronics Industries Sdn Bhd**  
Technical Ceramic Substrates & Antistatic Products Manufacturing
- 100% Globetronics International Incorporated**  
Investment Holding
  - 100% Globetronics Jiaxing, Inc  
Dormant/Inactive
  - 100% Globetronics (Hong Kong) Limited  
Inactive
- 100% Globetronics Multimedia Technology Sdn Bhd**  
Computer Integrated Manufacturing & Systems' Solutions Provider
- 100% Globetronics Distribution Sdn Bhd**  
Dormant/Inactive
- 49% SMCi Globetronics Technology Sdn Bhd**  
Advanced Ceramic Piece-Parts Manufacturing



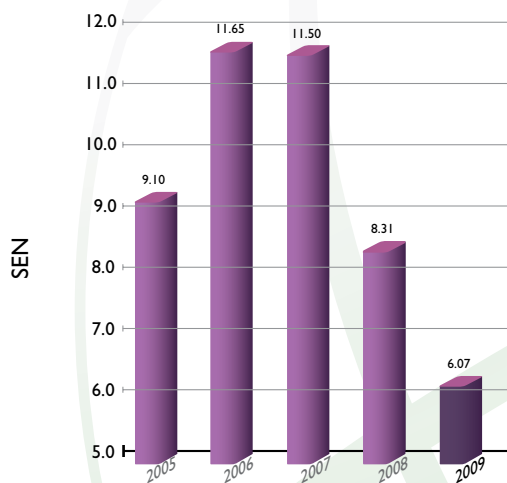
# FINANCIAL HIGHLIGHTS



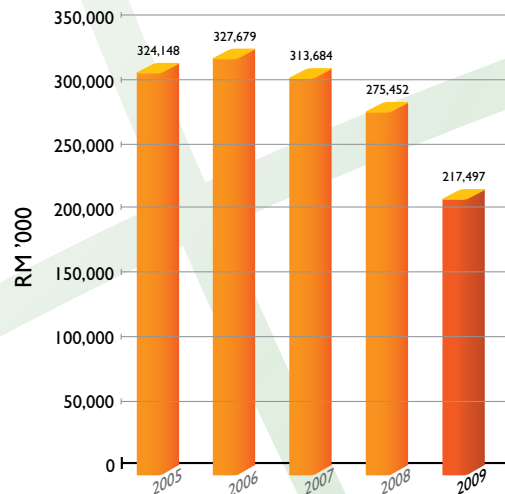
Shareholder's Funds



Profit Before Taxation



Net Earning Per Share (Sen)



Turnover

## Year Ended 31 December 2009

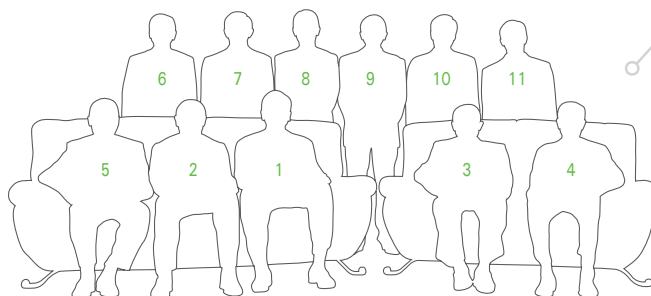
	2005	2006	2007	2008	2009
	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Turnover</b>	324,148	327,679	313,684	275,452	<b>217,497</b>
Profit Before Taxation	28,599	39,664	38,771	29,564	<b>19,229</b>
Profit After Taxation	23,899	30,562	30,128	21,768	<b>15,921</b>
Profit Attributable to Shareholders	23,899	30,562	30,128	21,768	<b>15,921</b>
<b>As at 31 December</b>					
Total Assets Employed	289,707	295,601	308,377	291,349	<b>277,445</b>
Shareholders' Fund	206,308	214,468	225,597	219,986	<b>226,493</b>
Net Earnings Per Share (Sen) *	9.10	11.65	11.50	8.31	<b>6.07</b>
Net Tangible Assets Per Share (RM) *	0.80	0.80	0.85	0.85	<b>0.86</b>

\* The net earnings and net tangible assets per share for year 2005-2008 has been adjusted for the share consolidation of the ordinary shares RM 0.10 each into ordinary shares of RM 0.50 each.

# BOARD OF DIRECTORS



1. Mr. Michael Ng Kweng Chong  
*(Founder & Executive Chairman)*
2. Mr. Heng Huck Lee  
*(Chief Executive Officer)*
3. Mr. Diong Chin Teck
4. Mr. Ng Kok Khuan
5. Encik Hizwani Bin Hassan
6. Dato' Noor Ahmad Mokhtar Bin Haniff
7. Dato' Dr. Chong Eng Keat
8. Dato' Ng Kweng Moh
9. Encik Norhalim Bin Yunus
10. Mr. Lim Chien Ch'eng
11. Mr. Ng Kweng Chan



## ■ Profile of Board of Directors



**Mr. Michael Ng Kweng Chong**

Mr. Michael Ng Kweng Chong, aged 62, a Malaysian, is a Non-Independent Executive Director of Globetronics Technology Bhd ("GTB"). He was appointed to the Board of GTB on 5 August 1997. Mr. Michael Ng is currently the Founder and Executive Chairman of GTB. He was the original founder of Globetronics Sdn Bhd (GSB) in 1991. He nurtured the Company from the initial paid-up capital of RM 3 million 19 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 9 subsidiaries & one associated company with paid up capital of RM 131 million.

Mr. Michael Ng graduated from the University of London in 1972 with an Honours Degree in Mechanical Engineering. Besides being a Professional Engineer in Malaysia, he has earned many certifications and recognition in the areas of technical, management and business developments & expertise in the Hi-tech 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.

Mr. Michael Ng is a member of the ESOS Committee and Remuneration Committee of GTB.

He attended all 5 Board Meetings held during the financial year ended 31 December 2009.

Mr. Michael Ng is the brother of Dato' Ng Kweng Moh, cousin of Mr. Ng Kweng Chan and uncle of Mr. Ng Kok Khuan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



**Mr. Heng Huck Lee**

Mr. Heng Huck Lee, aged 53, a Malaysian, is a Non-Independent Executive Director of GTB. He was appointed to the Board of GTB on 10 November 1997. He was appointed as the Chief Operating Officer of GTB in July 1997 and later promoted as Chief Executive Officer in January 2008.

He graduated with a Bachelor of Applied Science (Honours) majoring in Computer/Electronic Technology from University Sains Malaysia in 1982. He also obtained a Master in Business Administration from East Asia University in 1991. His past working experience includes a 10-year operations/management position with Intel Technology Sdn Bhd. 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.

Mr. Heng is a member of Penang State Government's ICT sub committee and the MIDA Electronics and Electrical Advisory Panel.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2009.

Mr. 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. He has had no convictions for any offences within the past 10 years.

## ■ Profile of Board of Directors (cont'd)



**Mr. Diong Chin Teck**

Mr. Diong Chin Teck, aged 77, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 29 May 2001.

He is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He obtained his professional training in accountancy in Melbourne, Australia and was admitted as a member of The Institute of Chartered Accountants in Australia in 1966. He joined KPMG in 1967 and worked in their Kuala Lumpur, Ipoh and Penang offices. He was made a partner of the firm in 1971 and held the position until his retirement in 1988.

He is currently the Chairman of the Audit Committee in GTB.

Mr. Diong currently sits on the Board of Eurospan Holdings Berhad, Asas Dunia Berhad and Zhulian Corporation Berhad.

He attended all 5 Board Meetings held during the financial year ended 31 December 2009.

Mr. Diong Chin Teck 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. He has had no convictions for any offences within the past 10 years.



**Dato' Noor Ahmad Mokhtar bin Haniff**

Dato' Noor Ahmad Mokhtar bin Haniff, aged 71, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

He graduated with a Bachelor of Arts (Honours) degree majoring in Economics from Universiti Malaya in 1964 and also obtained a Diploma in Education in 1965 from Universiti Malaya. From 1965 to 1970, he was an Educationist with the Ministry of Education. He assumed the position of Special Assistant to the Chief Minister of Penang with Penang City Council from 1970 to 1971 before joining the USM as Senior Assistant Registrar. In 1972, he joined Penang Development Corporation as the Principal Director of the Free Trade Zones and was subsequently promoted to Administration Manager in 1976 and Deputy General Manager in 1980. From 1991 to 1996 he was the General Manager of Penang Development Corporation.

He is the Chairman of the Remuneration Committee in GTB.

He sits on the Board of Eurospan Holdings Berhad and Yikon Corporation Berhad.

He attended all 5 Board Meetings held during the financial year ended 31 December 2009.

Dato' Noor Ahmad Mokhtar bin Haniff 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. He has had no convictions for any offences within the past 10 years.



**Mr. Lim Chien Ch'eng**

Mr. Lim Chien Ch'eng, aged 57, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

He graduated with a Bachelor of Social Science (Honours) degree majoring in Politics from Universiti Sains Malaysia in 1976, and a Bachelor of Law (LLB. Hons) from King's College, University of London in 1979. He was called to the English Bar in 1980 and the Malaysia Bar in 1981. He has been practicing as an Advocate and Solicitor since 1981 and is now a partner in a legal firm with offices in Penang, Seberang Jaya and Kuala Lumpur.

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

Currently, he sits on the Board of Chin Well Holdings Berhad.

He attended all 5 Board Meetings held during the financial year ended 31 December 2009.

Mr. Lim Chien Ch'eng 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. He has had no convictions for any offences within the past 10 years.



## ■ Profile of Board of Directors (cont'd)



**Mr. Ng Kweng Chan**

Mr. Ng Kweng Chan, aged 61, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 1 August 2009.

He graduated with a Bachelor of Business degree, majoring in Accounting from Western Australia Institute of Technology (now known as Curtin University of Technology). He started his career as an Audit Senior in Peat Marwick Mitchell (now known as KPMG) in 1975. Subsequently, in 1976, he joined Austral Shipping Pty Ltd. Sydney as Assistant Accountant and in 1982, he moved on to Parkhill Lithgow Gibson as Chartered Accountant, Sydney. In November 1982, he joined United Traders Securities Berhad, a share broking firm in Penang as a Manager and later promoted to Director and subsequently to Branch Head of Dealing of Inter-Pacific Securities Sdn Bhd when the company underwent a name change. With effect from 1 April 2009, he is the Advisor of Inter-Pacific Securities Sdn Bhd.

He attended 2 Board Meetings held during the financial year ended 31 December 2009 since his appointment as a director on 1 August 2009.

Mr. Ng Kweng Chan is the cousin of Mr. Michael Ng, who is a director and major shareholder of GTB, and Dato' Ng Kweng Moh and uncle of Mr. Ng Kok Khuan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



**Mr. Ng Kok Khuan**

Mr. Ng Kok Khuan, aged 59, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 19 May 1998.

He graduated with a Diploma of Business Studies in 1975 from Australia and is a member of the Malaysian Institute of Accountants. 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 and was appointed as a member of the Audit Committee on 3 January 2008 in GTB.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2009.

Mr. Ng Kok Khuan is the nephew of Mr. Michael Ng, who is a director and major shareholder of GTB, and Dato' Ng Kweng Moh and Mr. Ng Kweng Chan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



**Dato' Ng Kweng Moh**

Dato' Ng Kweng Moh, aged 68, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 5 August 1997.

He is one of the Founding Members of GTB and currently is the Executive Director of General Produce Agency Sdn Bhd, with more than 30 years of experience in the rubber and palm oil industry, housing development and investment holdings since 1963.

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2009.

Dato' Ng Kweng Moh is the brother of Mr. Michael Ng, who is a director and major shareholder of GTB, cousin of Mr. Ng Kweng Chan and uncle of Mr. Ng Kok Khuan who are the directors of GTB. He has no conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

## ■ Profile of Board of Directors (cont'd)



**Dato' Dr. Chong Eng Keat @  
Teoh Eng Keat**

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat, aged 64, a Malaysian, is an Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 3 March 2003.

He graduated from Universiti Sains Malaysia (USM) in 1975 with an Honours Degree in Chemistry and went on an Australian National University Scholarship to do his Ph.D in chemistry in 1976. In 1980, Dato' Dr Chong left USM to join Intel as a Senior Process Engineer. During his 22 years in Intel, Dato' Dr Chong has domestic and international experience in starting up as well as managing manufacturing operations, technology development and deployment. Dato' Dr Chong started up the Intel Kulim site and he was the Vice-President and General Manager of Intel's Worldwide Board and Systems operations at the time of his retirement in 2002.

He is currently a member of the Audit Committee in GTB and also sits on the Board of MQ Technology Berhad and Elsoft Research Berhad.

He attended all 5 Board Meetings held during the financial year ended 31 December 2009.

Dato' Dr. Chong Eng Keat 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. He has had no convictions for any offences within the past 10 years.



**Encik Norhalim bin Yunus**

Encik Norhalim bin Yunus, 47, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 18 July 2008.

He is a Biologist by training and graduated from Universiti Kebangsaan Malaysia in 1986. He has wide experience in several areas including venture capital investment, commercialization of research and nurturing start-up companies.

Encik Norhalim was attached to Guthrie Plantation & Agricultural Services before joining Malaysian Technology Development Corporation Sdn Bhd (MTDC), a venture capital company under Khazanah Nasional Berhad Group in 1993. Since then, he has held various positions in MTDC including Director of Technology Development, General Manager of Operations and General Manager of Biotechnology Group. As a Director of Technology Development, he was responsible for management of government funding programmes for the commercialization of research and technology acquisitions and the running of incubation centers. He was also involved in the creation of several start-up companies under MTDC and was for several years the Executive Director of MTDC Biotechnology Holding Sdn Bhd. Currently, Encik Norhalim is the Chief Executive Officer of MTDC.

He attended 3 of the 5 Board Meetings held during the financial year ended 31 December 2009.

Encik 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. He has had no convictions for any offences within the past 10 years.



**Encik Hizwani bin Hassan**

Encik Hizwani bin Hassan, 43, a Malaysian, is a Non-Independent Non-Executive Director of GTB. He was appointed to the Board of GTB on 16 February 2007.

He is a member of the Malaysian Institute of Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He graduated with a Bachelor of Science (Honours), majoring in Economics, from the London School of Economics, University of London. His career experience has included being a Senior Accountant in Ernst & Young (London Office), a Senior Manager in Arab-Malaysian Bank Berhad and the Chief Financial Officer of Dawama Sendirian Berhad, the company that took over the running of the privatized commercial activities of Dewan Bahasa dan Pustaka. In October 2001, he joined the Employees Provident Fund (EPF) as its Head of Corporate Services. He is currently the EPF's Deputy Chief Executive Officer (Finance & Customer Care).

He attended 4 of the 5 Board Meetings held during the financial year ended 31 December 2009.

Encik Hizwani 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. He has had no convictions for any offences within the past 10 years.



*Mr. Michael Ng Kweng Chong*  
- Founder & Executive Chairman

“GTB has demonstrated a remarkable achievement in continuing an unbroken quarterly profitability trend even during the worst global economic meltdown of the century.”

**W**e bid goodbye to year 2009 with both gladness and nostalgia. Gladness in being able to finally say “good riddance” to the most treacherous global economic & financial crisis in decades that spared no one in the world. Nostalgia because of the countless fond memories left behind for us to savour on from the successes achieved by our highly dedicated and well-aligned personnel throughout this treacherous journey.

Through our highly respected C.E.O.'s (Mr HL Heng) outstanding leadership and unmatched business acumen in motivating and leading our Group's personnel by securing their unwavering commitment and meticulous executions of our intensive resource-mobilization/optimization & cost-competitive drives, our Group prevailed through year 2009 with passion, dedication, endurance and perseverance! Egged on and guided by our most cohesive and competent Board of Directors, we managed to maintain our uninterrupted streak of quarterly and yearly profitability since our Group's inception, even through the worst economic meltdown of the century! Our Group's successes in providing cost-competitive-solutions to our key customers during this critically difficult period were instrumental in persuading them to reciprocate our value-adds to them by switching more product-loadings and more product transfers to our Group consistently.

The robust recovery since Q2 2009 brought stability and crucial economy-of-scale to our manufacturing machinery. Coupled with the various cost-improvements made during the lean times, our Group managed to close the year with revenue of RM 217.5 million and profit after tax of RM 15.9 million, in spite of a

RM 8 million impairment charges incurred from our divestment exercise for our Jiaxing factory in China during the year.

Our Group managed to continue maintaining a steady dividend returns of RM 13.8 million in 2009 (assuming shareholders' approval of final dividend of RM 4.0 million) and still closed the year with a healthy cash position of RM 92.9 million in cash and other investments ---- even after the outlay of RM 28.4 million in capital expenditures (CAPEX) during the course of the year.

In the corporate social responsibility front, through the amazing team work and equal sacrifices initiated by our people who supported unconditionally our resource-mobilization drives as well as our stringent cost control programs, we continued to keep a clean record of zero retrenchment or layoff of personnel throughout this severest global recession period ---- save for the divestment exercise of our Jiaxing factory in China! On top of that, our passion in wanting to contribute and serve our local community's needy manifested through in donations made towards orphanages/children-protection-society, as well as in our on-going scholarship-program for the smart and financially needy students towards their tertiary - education.

For all these and more, it is incumbent upon me to put on records our heart-felt appreciation towards our selflessly-dedicated C.E.O (Mr HL Heng), our highly respected and effective Board of Directors and our dedicated and well-aligned employees towards leading our Group in keeping our top-&-bottom-lines intact and key-performance-indicators healthy throughout year 2009. Similarly with sincerity and gratitude, I would also like to thank our shareholders, our suppliers and all our supporters for their unwavering support through all these years!

## Financials

Our Group closed year 2009 with revenue of RM 217.5 million and profit after taxation (PAT) of RM 15.9 million, representing a 21% and 27% drop respectively versus Year 2008. The drop in revenue came mainly from the global economic meltdown that stretched all the way from the second half of 2008 to the first half of 2009 whilst the drop in PAT was further contributed by our RM 8 million impairment charges due to the divestment exercise made for our Jiaying factory in China during the year.

Cash-flow continued to be healthy for our Group with approximately RM 92.9 million in cash & other investments even after spending RM 28.4 million in CAPEX for both existing as well new businesses. Our strong cash-flow position has been instrumental in our ability to make crisp and clean investment decisions to clinch excellent business opportunities most evidently during the global credit crunch in the last couple of years.

## Dividends

It is indeed our pleasure to report that in spite of the global financial crisis and credit crunch, we have been able to maintain our policy of rewarding our shareholders with steady dividend payments whenever our cash-flow situation allowed us to do so. Even during the lean year in 2009, we still managed to pay out total dividends of RM 9.8 million comprising of :

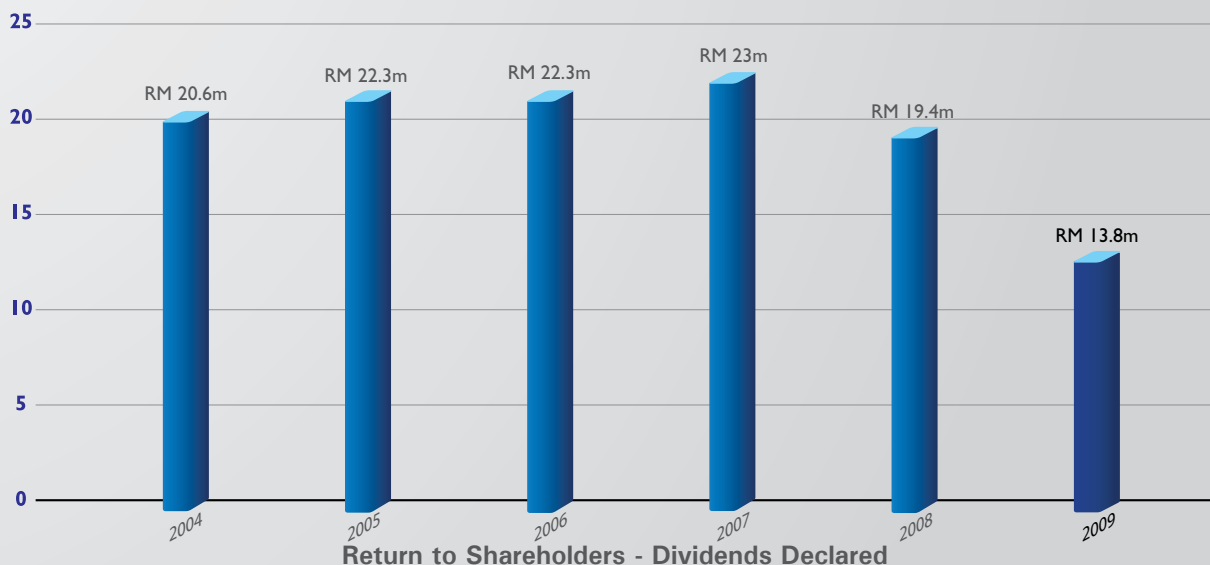
- (i) An interim dividend of 4% less tax per share for the financial year ended 31 December 2009 totalling RM3.9 million paid on 8 June 2009;
- (ii) A second interim dividend of 5% less tax per share and a special dividend of 1% less tax per share for the financial year ended 31 December 2009 totalling RM 5.9 million paid on 8 October 2009.

A final dividend of 4% less tax per share for the financial year ended 31 December 2009 totalling RM 4.0 million will be proposed for shareholders' approval in the upcoming Annual General Meeting. This will bring the total dividends for the year ended 31 December 2009 to RM 13.8 million.

## Corporate Governance and Social Responsibility

It is always our uncompromising guiding principle to be a model citizen in each country and community that we operate in. In this spirit of being a good corporate citizen, we strive to find new initiatives which would benefit the most needy and neglected groups within our local community. After having launched the scholarship program for the financially needy and academically deserving Malaysian students last year, we decided to focus our current initiatives on the needy children who are important parts of our future. Both the children-protection-society and orphanages were then chosen to be our priorities with funds provided to them to upgrade / upkeep the facilities that house these children. We are optimistic that these scholarship / donations will go a long way in helping to establish a strong foundation for the betterment of the lives of these children / young adults, who hopefully will grow up to be successful individuals who in turn will give back their meaningful dues to our society in future.

In another front, our Group also strategically decided to put sufficient resources into developing "Green" technology which includes providing solutions and services into the energy-saving/ environmentally-friendly light-emitting-diodes' (LEDs) products as well as in technologies dedicated to developing renewable-energy. We believe strongly that our Group can play an important part in getting Malaysia to be a front-runner in developing and propagating Green technologies to our world to make it a healthier, greener and more sustainable environment for all to live in .



Our Group strategically decided to put sufficient resources into developing "Green" technology.

## Prospects & Outlook

It should not require a rocket scientist to predict that year 2010 will end up to be a much better year than 2009, in my humble opinion. We have already started to witness a healthy recovery in the global economy and impressive growth in global businesses in general. Our scars left over from the treacherous business battlefields of yester-years are now trademarks of our triumphant lessons learnt during such difficult times, to have transformed our Group and our organizations into a phenomenally agile, flexible and cost competitive entity. Our Group of highly dedicated, fully aligned personnel are now well drilled to face this perpetually challenging business-world with excitement and optimistic anticipation!

As the result of the massive stimulus spending and lax monetary policy implemented by governments around the world, together with the breakthroughs made in new/affordable technological products and software-applications, we are seeing strong pent-up

demands particularly for products that are both energy-saving and environmentally-friendly and that meet new global environmental and legal requirements. Latest products that are both mobile and internet-accessible like mobile phones, netbooks, iPads that can tap into free/affordable "cloud computing" technology and free software applications will become as common wrist-watches for every person in the world very soon!!

At present, practically all of our Group's businesses are aligned to these types of technologically-advanced &/or environmentally-friendly products. We are thus optimistic that we are in a healthy position to enjoy the benefits from the steep increase in the demand for such products in the coming years. Our Group have allocated a substantial amount for CAPEX of approximately RM 75 million for year 2010 alone to invest in these relevant product lines. Our globally cost-competitive, agile and mobile organizations together with our strong cash flow position will provide the strong foundation needed to pull in and ramp up new businesses already in the pipeline for us, making 2010's outlook and prospects highly re-assuring and exciting for us!



■ Donations to the Children's Protection Society, Penang and Pertubuhan Rumah Kebajikan Seri Cahaya Pulau Pinang.



“Our Group's strategies towards achieving organizational agility and flexibility, cost reduction and waste elimination, lowest-cost-solutions to customers were all meticulously planned and flawlessly executed.”

**M**y heart is filled with gratitude and humility towards each and everyone of our employees in our Group's subsidiary companies, for the dedication and sacrifices that each has made towards taking our Group through the most trying year in 2009 with such dignity and victory. There was never any time spent on self-pitying but only the bravest display of strong alignment and team work to help each other through victoriously and triumphantly to close year 2009 for all of us to enjoy in.

In the course of the year, our Group's personnel had to take the bull by the horns in taking bold steps towards maximizing our manufacturing productivities and be globally cost competitive to stay relevant. Strategies towards achieving organizational agility and flexibility, cost reduction and waste elimination, lowest-cost-solutions to customers were all meticulously planned and flawlessly executed. Looking back, I feel deeply humbled and indebted to our people's passion and dedication for their loyalty and sacrifices made to each other and to our Group!

In Chinese, the word CRISIS means Danger + Opportunity. The “opportunity” that we managed to derive out of year 2009's “crisis” was the ease of meeting the stepped-up-business-demands from our customers starting in the second half of 2009!! Our agile, flexible and globally-cost-competitive organizational

structure has allowed us to “turn-on-a-dime” in meeting and exceeding our customers expectations and requirements readily. Our strong cash-flow position has also allowed us to secure good business opportunities instantaneously and our highly effective Board of Directors has definitely allowed us to make crisp and clean business decisions flawlessly! These gains that we are reaping from the pains of 2009 are so very valuable to us now towards capturing huge business opportunities that are flowing through the pipelines. We believe 2010 will be a very exciting year for us.

With much better visibility and prospects that we have started to see at the start of year 2010, we are committing nearly RM 75 million in our capital expenditures to grow in the selectively advanced and environmentally friendly technology businesses! Besides having an established platform of technology products that we have been intimately involved in the past years, we will now extend making deeper in-roads into the environmentally friendly “green” technology, as well as energy-saving/renewable-energy related businesses.

In closing, I would like to once again extend my appreciation to our employees, the Board of Directors and you, esteemed shareholders, for making this another successful year for GTB.

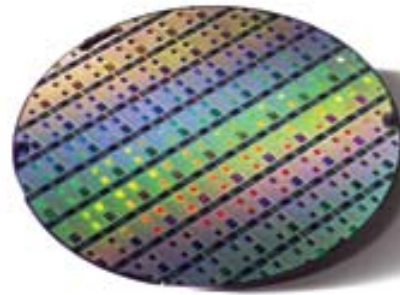
“The strong business relationship with our customer is expected to lead to more business platform transfers coming in Year 2010.”



## Globetronics Sdn Bhd - KL & Globetronics (KL) Sdn Bhd (“GKL”)

GKL was no doubt the star subsidiary in Globetronics group of companies in Year 2009. As a result of the cost competitive solutions and value adds that GKL had provided to our customers, we have been rewarded in return from their uninterrupted business-loadings to our factory in KL consistently. This has resulted in our newly purchased 120,000 square feet building filling up fairly quickly with the new as well as existing products. I would like to commend the GKL team for consistently meeting and exceeding customers' expectations in spite of the huge volume ramp of 1-2X every few months.

The strong business relationship with our customer is expected to lead to more business platform transfers coming in Year 2010. We have committed to further invest at least RM 50 million in GKL for year 2010 as we are highly optimistic and excited about the prospects and growth in the year(s) ahead.



## Globetronics Sdn Bhd – Penang (“GSB”)

GSB had a relatively stable year in 2009. Value engineering programs, aggressive productivity improvements and workforce agility/flexibility played important roles towards making GSB highly cost-competitive and satisfying customers' steep ramp-up schedules flawlessly! Excellent progress was also made in enhancing real-time, on-line performance feedbacks with corresponding improvements seen in all key performance indicators across GSB!

Prospects for GSB for year 2010 continue to look good and strong. Businesses in our semi-conductor manufacturing lines, light-emitting-diodes' businesses and other application-specific integrated-circuit (ASIC) lines have seen stronger growths and forecasts.






## ISO Technology Sdn Bhd (“ISO”)

ISO is the remarkable turnaround story of the Group. It encountered the worst of the roller-coaster swings in business loading throughout year 2009 but improvised and implemented countless organizational optimization programs all of which were meticulously planned and flawlessly executed to turn a possible “ugly 2009” into a “handsome 2009”!!

This entity did us proud especially in their unmatched team work, herculean passion and fierce fighting spirit to survive and excel in the worst business environment of the century!

The whole organization initiated the most noble spirit of selfless-sharing with equal participation through periods of shortened workweeks, zero overtime, facility consolidation, multi-tasking and endless workforce re-deployments. These self-initiated measures were instrumental in keeping ISO super-fit and super-lean, resulting in their ultimate glorious recovery when business environment improved drastically in the second half of 2009.

With lots of new potential customers in the pipeline for Year 2010, ISO is now highly charged up and ready for the challenge ahead. Barring any sudden drop in business / volumes, it certainly looks like it will be a highly exciting and better year ahead for ISO!



The whole organization initiated the most noble spirit of selfless-sharing with equal participation through periods of shortened workweeks, zero overtime, facility consolidation, multi-tasking and endless workforce re-deployments... resulting in their ultimate glorious recovery

## ■ Audit Committee Report

### MEMBERSHIP AND ATTENDANCE

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

Composition of Audit Committee	Number of Meetings Attended
Mr. Diong Chin Teck Chairman/ Independent Non-Executive Director	4/4
Dato' Dr. Chong Eng Keat Independent Non-Executive Director	4/4
Mr. Ng Kok Khuan Non-Independent Non-Executive Director	3/4

### COMPOSITION AND TERMS OF REFERENCE

#### 1. Composition

- (a) The Committee Members shall consist of at least three(3) members appointed by the Board of Directors from amongst the Directors of whom all the members of the Committee are Non-executive Directors with a majority of them being independent Directors.
- (b) At least one (1) member of the Audit Committee:
  - (i) must be a member of the Malaysian Institute of Accountants ("MIA");
  - (ii) if he/ she is not a member of the MIA, he/ she must have at least three (3) years' working experience; and
    - he/ she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - he/ she must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) must have at least 3 years' post-qualification experience in accounting or finance with either one of the following qualifications:
    - a degree/masters/doctorate in accounting or finance; or
    - a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
  - (iv) must have at least 7 years' experience as a chief financial officer of a corporation or be primarily responsible for the management of the financial affairs of a corporation; or
  - (v) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (c) No alternate Director shall be appointed as a member of the Committee.
- (d) The Members of the Committee shall elect a chairman from among their number who shall be an Independent Director.
- (e) The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every three (3) years.
- (f) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

#### 2. Meetings and Quorum

- (a) The Audit Committee will hold a minimum of four (4) meetings a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee member, the management, the internal or external auditors.
- (b) The Audit Committee members shall meet with the external auditors at least twice a year, without any executive Board members or officers present.
- (c) The Executive Chairman, Chief Financial Officer, Internal Auditor and a representative of the external auditors (if required) may attend Audit Committee meetings. The senior management team may attend meetings upon the invitation of the Committee to provide detailed explanation and clarification on matters that have been tabled.
- (d) The quorum for each meeting shall be at least two thirds (2/3) of the members with independent directors forming the majority.
- (e) Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

## ■ Audit Committee Report (cont'd)

### 3. Authority

The Audit Committee shall, at the Company's expense:

- (a) Have authority to investigate any matter within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any records, information, property and personnel of the company;
- (d) Have direct communication channels with the external and internal auditors;
- (e) Be able to obtain independent professional or other advice; and
- (f) Be able to convene meetings with the external auditors, excluding the attendance of the executive Board members or officers, where deemed necessary.

### 4. Duties and Responsibilities

The duties and responsibilities of the Audit Committee include the following:

#### (a) Internal Audit

- To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its duties;
- To review the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the reports; and
- To review any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of the internal audit staff.

#### (b) External Audit

- To review with the external auditors, the audit plan, scope of the audit and the areas of audit of the Company/ Group;
- To review with the external auditors, their evaluation of the system of internal controls and audit findings;
- To discuss problems and reservations arising from the audit, and any other matters the auditors may wish to discuss;
- To review the external auditors' management letter and management's response;
- To review the auditors' report with the external auditors;
- To review and report the assistance given by the Company's/ Group's Officers to the external auditors and the overall conduct of the audit;
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof; and
- To make appropriate recommendation to the Board on matters of resignation or dismissal of external auditors.

#### (c) Financial Reporting

- To review the annual audited financial statements of the Company/ Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.
- To ensure prompt publication of annual audited financial statements.

#### (d) Risk management

- To review the adequacy and effectiveness of risk management and internal control systems instituted within the Group.

#### (e) Related Party Transactions

- To review any related party transactions that may arise within the Company/ Group.

#### (f) Other Functions

- To review and verify the allocation of shares option to eligible employees in accordance with the criteria set by the Employees' Share Option Scheme ("ESOS") Committee; and
- To perform any other functions as may be agreed by the Audit Committee and the Board.

## ■ Audit Committee Report (cont'd)

### INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the Internal Auditor in discharging its duties and responsibilities. The internal audit function is established to add value and improve the Group's operations by providing independent, objective assurance and consulting activities through its audit of the Group's key operations and also to ensure consistency in the control environment and the application of policies and procedures.

The Internal Auditor undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan covers review of adequacy of operational controls, risk management, compliance with established procedures, laws and regulations, quality of assets, management efficiency, amongst others.

The internal audit function adopts a risk based approach to monitor and implement an effective internal control system for the Group. The monitoring process forms the basis for continuous improvement to the risk management process of the Group in meeting its overall objectives and assist management to achieve its corporate goals.

The Internal Audit Reports prepared by the Internal Auditor are deliberated by the Audit Committee and recommendations are duly acted upon and followed up by the management.

### SUMMARY OF ACTIVITIES

During the year under review, the Audit Committee carried out the following activities:

- a) Financial Results
  - Reviewed the annual audited financial statements of the Company/ Group, semi-annual returns and quarterly results of the Group, and thereafter, submitted them to the Board for approval; and
  - Reviewed the Statement on Internal Control pursuant to Paragraph 15.27(b) of Bursa Securities' Listing Requirements for the Board's approval.
- b) Internal Audit
  - Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the Internal Audit Reports. Where appropriate, the Audit Committee has directed the management to rectify and improve controls and operational workflow based on the internal audit's recommendations for improvements;
  - Reviewed the Internal Audit Reports arising from the follow-up reviews following each audits;
  - Noted the appointment and resignation of Audit Committee members; and
  - Reviewed and noted the Progress Report of Internal Audit Plan and Report.
- c) External Audit
  - Reviewed the following of the external auditors:
    - their audit plan, audit strategy and scope of audits of the Company/ Group for the year;
    - their evaluation on the system of internal controls of the Company/ Group; and
    - their results of the annual audit, management letter including the management's response to the findings of the external auditors and also the auditors' report to the shareholders.
  - Reviewed the suitability of the external auditors and recommended to the Board for re-appointment and the audit fee thereof.
  - Noted the Review Report of the External Auditors to the Board on the Statement on Internal Control.
- d) Related Party Transactions
  - Reviewed the nature of related party transactions within the Company or Group.

## ■ Corporate Social Responsibility Statement

Corporate social responsibility ("CSR") reflects our belief that in addition to shareholder value maximization, the Group should be cognizant of its duty to improve the conditions affecting its other stakeholders, community and environment in which it operates. Our CSR provides the framework that emphasizes our commitment to the following pivotal areas:

### **Employee Health and Safety**

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. Environmental, Health and Safety ("EHS") Committee within the Group ensure 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. At the Group's manufacturing locations, we have continued to ensure that equipment and building systems are functioning properly and are well maintained.

### **Environmental Management**

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. In line with this, our Penang manufacturing factories are certified to the international environmental management systems standard, ISO 14001.

### **Corporate Contributions and Community Development**

The Group's policy on corporate contributions is to direct its support primarily to causes related to education and social needs in the communities in which its businesses operate and its employees live and work.

The Group plays its role as a socially responsible corporate citizen in the community through sponsorship/donation to various centers in Penang during the year. Of importance were the donations to the Children's Protection Society Penang and Pertubuhan Rumah Kebajikan Seri Cahaya Pulau Pinang.

Education continues to be a key focus of the Group's corporate contribution, in line with its belief that education plays a key role in nation building by the creation of a knowledge based society. Our support ranges from financial aid at a Primary School, to scholarship awards for the financially needy and academically deserving Malaysian students to pursue their tertiary educations/ diploma studies at Malaysian Universities or local technical institutions. Each eligible student will receive a grant totaling RM 15,000 per year.

Another CSR initiative is centered along the lines of our R&D activities, where we contributed our self developed, solar powered Light Emitting Diode (LED) street lights to a longhouse community in Bario, Sarawak. As the remote areas of East Malaysia still have no access to electricity from the national grid, our solar powered street lights will improve the living conditions of this community especially during the nights by providing convenience as well as added security.

In conjunction with our CSR programmes, we have also created an environment which encourages all employees to actively participate in charitable activities. The Group supports employees volunteering as being integral to the development of the individual and the community.

## ■ Corporate Governance Statement

### Introduction And Objective

The Board of Directors (“Board”) remains fully committed to achieve and maintain high standards of corporate governance throughout the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group. It is the Board’s belief that corporate governance is synonymous with the key concepts of transparency, accountability, integrity and corporate performance.

The Board is guided by the Company’s Code of Corporate Governance which is formulated based on the principles set out in the Malaysian Code on Corporate Governance (Code) and developments of globally recognized best governance practices. These principles are practiced throughout the Group as the underlying principle in discharging the Board’s responsibility and to ensure transparency and corporate accountability.

The Board is pleased to present the following report on the various measures implemented within the Group as recommended under the Code. Save as specifically identified, the Group has materially complied with the Best Practices in Corporate Governance as laid out in the Code.

### BOARD OF DIRECTORS AND ITS COMMITTEES

#### Board Composition

The Board provides entrepreneurial leadership of the Group and is collectively responsible for setting policies which ensure that the Group’s objective are met. The Board is composed of 2 Executive Directors, 4 Independent Non-Executives Directors and 5 Non-Independent Non-Executive Directors and is in compliance with Paragraph 15.02 of the Listing Requirements that at least one-third of the Board consisting of Independent Directors.

The Board composition of Executive Directors and Non-Executive Directors including the Independent Non-Executive Directors, allows for independent judgement and viewpoint on the various issues for the Board’s decision making. Together, the Directors are able to bring wide and varied commercial experience to the Board and Committee’s deliberations.

The Board continually evaluates its requirements as to the appropriate mix of skills and experience required to ensure that its composition remains optimal for the effective discharge of its responsibilities. A brief profile and status of each Director is presented on pages 6 to 9.

#### Board Duties

The Board has a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the Group and all its stakeholders. At Board Meetings, strategies, performance and resources of the Group are reviewed and evaluated as against their budgets and targets in light of any changing circumstances, whether economic, social or political. The Board is also responsible for satisfying itself as to the integrity of financial information and the effectiveness of the Group’s system of internal control and risk management processes.

The Board complements an executive management team in delivering sustainable added value for shareholders. Although all the Directors have an equal responsibility for the Group’s operations, the pivotal role played by the Independent Non-Executive Directors is vital to ensure that strategies formulated or transactions proposed by management are amply discussed in an unbiased and independent manner, taking into account the interests of all the stakeholders.

In discharging its fiduciary duty, the Board is assisted by Board Committees, namely the Audit Committee, the Employees’ Share Option Scheme (“ESOS”) Committee and the Remuneration Committee. Each Committee operates within its respective defined terms of reference which have been approved by the Board. The Board, through these Committees, addresses and monitors the principal risks affecting or that may affect the Group’s operations and the measures that could be taken to mitigate such risks.

## ■ Corporate Governance Statement (cont'd)

### Terms of Appointment

In accordance with the Articles of Association, all newly appointed Directors and one third of the remaining Directors are required to retire by rotation at each Annual General Meeting ("AGM") subject to the retirement of all directors at least once in every 3 years. The Directors due to retire by rotation at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolution) on page 88 to 90.

Directors over seventy years old are required to submit themselves for re-appointment annually in accordance with Section 129(6), Companies Act, 1965. Directors seeking re-appointment under this Section at the forthcoming Annual General Meeting are shown in the Notice of Meeting (Ordinary Resolution) on page 88 to 90.

### Board Meetings

The Board meets on a scheduled basis 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.

For the financial year ended 31 December 2009, the Board held five meetings.

Details of each Director's meeting attendances during the financial year are as follows :-

Meetings Attended (Out of 5)	
Ng Kweng Chong	5 out of 5 meetings
Heng Huck Lee	4 out of 5 meetings
Diong Chin Teck	5 out of 5 meetings
Dato' Noor Ahmad Mokhtar bin Haniff	5 out of 5 meetings
Lim Chien Ch'eng	5 out of 5 meetings
Dato' Dr. Chong Eng Keat	5 out of 5 meetings
Ng Kok Khuan	4 out of 5 meetings
Hizwani bin Hassan	4 out of 5 meetings
Dato' Ng Kweng Moh	4 out of 5 meetings
Norhalim bin Yunus	3 out of 5 meetings
Ng Kweng Chan	2 out of 2 meetings (Appointed on 1 August 2009)
Ng Kweng Theam	3 out of 3 meetings (Resigned on 1 August 2009)

### Supply of Information to Board Members

Board Meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. This is to enable the Directors to look at both qualitative and quantitative factors so that informed decisions are made. Board papers for the Agenda are circulated to Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of Section 156 of the Companies Act, 1965. Minutes of meetings of each committee are also circulated to the Board Members for review and deliberation.

Directors have unrestricted direct access to the Senior Management and the services of the Company Secretaries who advise the Board on the Company policies and procedures, including compliance with the relevant laws, regulations and regulatory requirements. In the furtherance of its duties, the Board may where necessary, obtain independent professional advice on specific matters, at the Company's expense.

## ■ Corporate Governance Statement (cont'd)

### Directors' Continuing Development

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centre to have an insight on the Group's various operations which would assist the Board to make effective decisions relating to the Group.

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. Directors are also encouraged to attend various external professional programmes relevant and useful in contributing to the effective discharge of their duties as Directors.

For the year under review, all Directors attended various appropriate seminars and courses to keep abreast of changes in legislation and regulations affecting the Group's operations.

### Directors' Remuneration

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. In the case of the Executive Directors, 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. In addition, the Board also takes into consideration any relevant information provided by independent consultants or from survey data.

The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members of Board Committee are also paid a meeting allowance for each Committee meeting they attend.

The appropriate Directors' remuneration paid or payable or otherwise made available from the Company and its subsidiaries for the financial year under review are presented in the table below :

a) Aggregate remuneration of Directors categorized into appropriate components:

	Fees RM '000	Salaries RM '000	Bonus RM '000	Benefits- In-Kind RM '000	Other Emoluments RM '000	Total RM '000
Executive Directors	132	1,740	785	20	429	3,106
Non-Executive Directors	647	-	-	-	-	647
<b>Total</b>	<b>779</b>	<b>1,740</b>	<b>785</b>	<b>20</b>	<b>429</b>	<b>3,753</b>

b) The number of Directors of the Company whose total remuneration falls within the following bands :

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM 50,001 to RM 100,000	-	10
RM 1,300,001 to RM 1,350,000	1	-
RM 1,600,001 to RM 1,650,000	1	-

Details of the Directors' remuneration are set out in applicable bands of RM 50,000 which comply with the Bursa Malaysia Listing Requirements. While the principles of the Code have prescribed for individual disclosures of directors' remuneration packages, the Board is of the view that transparency and accountability aspects in respect of the Directors' Remuneration are appropriately and adequately addressed by the band disclosure method adopted by the Board.



## ■ Corporate Governance Statement (cont'd)

### BOARD COMMITTEES

#### Audit Committee

The composition and terms of reference of this Committee together with its report are presented on pages 17 to 19 of the Annual Report.

#### Remuneration Committee

The Remuneration Committee consists of :

Dato' Noor Ahmad Mokhtar Bin Haniff (Independent Non-Executive Director, Chairman)

Mr. Lim Chien Ch'eng (Independent Non-Executive Director)

Mr. Ng Kweng Chong (Non-Independent Executive Director)

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors. The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages needed to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders, without paying more than is necessary for this purpose.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages for Executive and Non-Executive Directors.

None of the Executive Directors participated in any way in determining their individual remuneration. Executive Directors' remuneration are linked to their performance. The remuneration package of the Executive Directors is subject to the approval of the Board.

The Board as a whole determines the fees for the services of Non-Executive Directors, on the recommendation of the Remuneration Committee and subject to the approval of shareholders in the Annual General Meeting. In deciding an appropriate level of fees for each Non-Executive Director, the Board considered the responsibility and time commitments taking into account the number of Board meetings, special meeting and the time required for reading Board and other papers, as well as the membership and chairmanship of Board committees.

The Committee meets when necessary. For the financial year ended 31 December 2009, the Committee held one meeting.

#### Employee Share Options Scheme ("ESOS") Committee

This Committee has the power to administer the ESOS in such manner as it shall in its discretion deem fit; including such powers and duties conferred upon it under the By-Laws of the ESOS. The Committee ensures that the ESOS Scheme and its relevant allocation is administered in accordance with the By-Laws.

The ESOS Committee consists of :

Mr. Lim Chien Ch'eng (Independent Non-Executive Director, Chairman)

Mr. Ng Kok Khuan (Non-Independent Non-Executive Director)

Mr. Ng Kweng Chong (Non-Independent Executive Director)

The Committee meets when necessary. For the financial year ended 31 December 2009, the Committee held two meetings.

### RELATIONS WITH SHAREHOLDERS AND INVESTORS

GTB is committed to maintaining good communications with shareholders and investors. Its commitment, both in principle and practice, is to maximize transparency consistent with good governance and commercial confidentiality.

## ■ Corporate Governance Statement (cont'd)

### Annual General Meetings

The Annual General Meeting ("AGM") is the principal avenue for dialogue and interaction with the shareholders of the Company. The Board encourages shareholders' active participation at the Company's AGM and endeavours to ensure all Board Members, Senior Management and the Group's External Auditors are in attendance to respond to shareholders' enquiries. Notices of AGM and Forms of Proxy thereto carry sufficient information and guidance on the appointment of proxies and completion of such forms. At the AGM, the Board presents the performance of the Group as contained in the Annual Report and shareholders present are given the opportunity to present their views or to seek more information. Resolutions tabled and passed at the Meeting are released to the Bursa Malaysia on the same day.

### Corporate Disclosure Policy

The Company is committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. In this respect, the Company follows the disclosure guidelines and regulations of Bursa Malaysia.

Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Copies of the full announcement are supplied to the shareholders and members of the public upon request. Members of the public can also obtain the full financial results and the Company's announcements from the Company's website at [www.globetronics.com.my](http://www.globetronics.com.my) and also from the Bursa Malaysia's website.

### Investor Relations

The Board recognizes the importance of keeping shareholders and investors informed of the Group's businesses and corporate developments. The Board's primary contact with major shareholders is via the Founder and Executive Chairman and the Chief Financial Officer, who have regular dialogue with institutional investors and deliver presentations to analysts periodically.

For the financial year ended 31 December 2009, the management has held and/or attended 18 meetings and 1 roadshow with both local and foreign investors and analysts.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Mr. Diong Chin Teck as the Independent Non-Executive Director to whom contact may be made. At all times, investors and shareholders may contact the Company Secretaries for information on the Company.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board takes responsibility for presenting a balanced and clear assessment of the Group's operations and prospects each time it releases its quarterly and annual audited financial statements to shareholders and the general public. The Audit Committee plays a crucial role in reviewing information to be disclosed to ensure its accuracy, adequacy and compliance to the appropriate accounting standards.

### Internal Controls

The Internal Control Statement is set out on pages 27 to 28.

### Relationship with the Auditors

The role of the Audit Committee in relation to both the external and internal auditors is elaborated on pages 17 to 19.

## COMPLIANCE WITH THE CODE

The Board of Directors collectively, rather than a separate Nomination Committee, is responsible for recommending the right candidate with the necessary skill, experience and competencies to be filled in the Board.

## ■ Corporate Governance Statement (cont'd)

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which 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 2009, 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, 1965. They have an overall responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

### **OTHER INFORMATION**

#### **Utilisation of Proceeds Raised from Corporate Proposals**

There were no proceeds raised from corporate proposals.

#### **Share Buy-Back**

There was no share buy back programme implemented by the Company during the year.

#### **Options, Warrants or Convertible Securities**

The Company did not issue any options, warrants or convertible securities during the financial year under review.

#### **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**

The Company did not sponsor any ADR or GDR programme during the financial year under review.

#### **Sanctions and/ or Penalties**

There were no material sanctions and/ or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

#### **Non-audit Fees**

There was no non-audit fees paid to the external auditor by the Company during the financial year under review.

#### **Variation in Results**

There was no profit forecast issued by the Company during the financial year.

#### **Profit Guarantee**

There was no profit guarantees given by the Company during the financial year.

#### **Material Contracts**

There were no material contracts entered into by the Company and/ or its subsidiaries involving directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2009 or entered into since the end of the previous financial year.

## ■ Internal Control Statement

### Introduction

The Board of Directors of Globetronics Technology Bhd is pleased to provide the following statement on Internal Control pursuant to paragraph 15.27(b) of the Bursa Malaysia Listing Requirements. The Board is committed to fulfilling its responsibilities of maintaining a sound system of internal control in the Group in accordance with the Malaysian Code on Corporate Governance, as set out below.

### Board Responsibility

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity 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 business objectives. In pursuing these objectives, internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

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

### Risk Management Framework

The Board with the assistance of the Internal Auditor or Chief Financial Officer undertook to identify and evaluate the principal business risks in critical areas of the Company and the major subsidiaries of the Group, assessing the likelihood of material exposures and identifying the measures taken to manage these risks. This was done through desktop reviews, interviews with Senior Management and regular site visits.

The Board has initiated an ongoing process of identifying, evaluating, and managing significant risks encountered by the Company and the Group in a structured manner. This would entail establishing procedures for reporting and monitoring of risks and controls. Reviews will be conducted on a yearly basis with additional reviews to be carried out as and when required.

These initiatives would ensure that the Company and the Group have in place a formalised ongoing process to identify, measure and manage the significant risks affecting the achievement of its business objectives.

### Other Key Components of Internal Control System

The other key components of the Company's and the Group's internal control systems are described below:

#### 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, leads the presentation of board papers and provide explanation of 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 and operations on a regular basis.

Monthly board meetings are carried out at the key subsidiaries with meetings attended by all the Executive Directors, Chief Financial Officer and its various General / Factory / Finance Managers. The General / Factory Managers will lead the discussion / presentation on the various areas such as monthly profit and loss performance for its respective key product lines, comparison of its actual monthly / year to date results versus earlier plans, business planning and strategies, productivity / improvements plans and others for the respective subsidiaries.

## ■ Internal Control Statement (cont'd)

### **Management Executive Meeting**

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

Monthly management executive meetings are held to identify, discuss and resolve operational, financial and key management issues. The meetings are attended by all Executive Directors and key managers in which the meeting serves as a platform whereby the Group's goals, objectives and key results are continuously communicated and reinforced and potential risk areas are identified, evaluated and managed.

### **Organisational Structure With Formally Defined Responsibility Lines and Delegation of Authority**

There is in place 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 and acquisition and disposal of investment are subjected to appropriate review by the management, and if required, approved 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 operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Company and the Group have in place a budgeting process that provides a responsibility accounting framework.

### **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.

### **Group Internal Audit**

The Internal Auditor, who reports to the Audit Committee, conducts reviews on the systems of internal control and the effectiveness of the processes that are in place to identify, manage and report risks. The routine reviews are being conducted on business units / divisions under the Group's major core activities.

### **Weaknesses in Internal Control**

A number of minor internal control weaknesses were identified during the year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report.



# FINANCIAL STATEMENT

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## ■ Directors' Report For The Year Ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of its subsidiaries are set out in Note 6 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Profit attributable to shareholders of the Company	<u>15,921,435</u>	<u>5,766,895</u>

### RESERVES AND PROVISIONS

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

### DIVIDENDS

Since the end of the previous financial year, the Company paid :

- i) an interim dividend of 4% per share less tax at 25% on 262,059,440 ordinary shares of RM0.50 each, totalling RM3,930,891 in respect of the year ended 31 December 2009 on 8 June 2009;
- ii) a second interim dividend of 5% per share less tax at 25% and a special dividend of 1% per share less tax at 25% on 262,517,040 ordinary shares of RM0.50 each, totalling RM5,906,628 in respect of the year ended 31 December 2009 on 8 October 2009.

A final dividend of 4% per share less tax at 25% for the financial year ended 31 December 2009 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

### DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are :

Ng Kweng Chong	- Founder and Executive Chairman
Heng Huck Lee	
Dato' Noor Ahmad Mokhtar Bin Haniff	
Dato' Ng Kweng Moh	
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	
Diong Chin Teck	
Lim Chien Ch'eng	
Ng Kok Khuan	
Hizwani Bin Hassan	
Norhalim Bin Yunus	
Ng Kweng Chan	(Appointed on 1.8.2009)
Ng Kweng Theam	(Resigned on 1.8.2009)

## ■ Directors' Report For The Year Ended 31 December 2009 (cont'd)

### DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at 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 :

	Number of ordinary shares						
	At 1.1.2009/#@	Bought*	(Sold)*	(Consolidation)*	Bought	(Sold)	At 31.12.2009
<b>The Company</b>							
<b>Direct Interest</b>							
Ng Kweng Chong							
- own	6,970,358	-	-	(5,576,287)	165,800	-	1,559,871
- others **	5,845,600	-	-	(4,676,480)	110,000	(10,000)	1,269,120
Heng Huck Lee							
- own	5,296,000	-	-	(4,236,800)	193,000	(315,000)	937,200
Dato' Ng Kweng Moh							
- others **	604,600	-	-	(483,680)	7,800	(47,800)	80,920
Dato' Dr Chong Eng Keat @ Teoh Eng Keat							
- own	250,000	-	-	(200,000)	-	-	50,000
- others **	492,400	-	-	(393,920)	-	-	98,480
Dato' Noor Ahmad Mokhtar Bin Haniff							
- own	94,468	-	-	(75,575)	-	-	18,893
- others **	2,100,000	-	-	(1,680,000)	-	-	420,000
Diong Chin Teck							
- own	200,000	-	-	(160,000)	-	-	40,000
Lim Chien Ch'eng							
- own	12,470,000	-	-	(9,976,000)	40,000	-	2,534,000
Ng Kok Khuan							
- own	200,000	-	-	(160,000)	-	-	40,000
- others **	178,200	-	-	(142,560)	-	-	35,640
Ng Kweng Chan							
- others **	2,678,300	-	-	(2,142,640)	-	-	535,660
<b>Indirect Interest</b>							
Ng Kweng Chong	375,367,469	1,358,865	-	(301,381,069)	1,138,100	-	76,483,365
Dato' Ng Kweng Moh	7,023,810	-	-	(5,619,048)	-	-	1,404,762
Ng Kok Khuan	29,060,500	1,358,865	-	(24,335,492)	1,138,100	-	7,221,973

# At the date of appointment.

@ Par value of the ordinary shares before the share consolidation of RM0.10 each.

\* The shareholders of the Company in an Extraordinary General Meeting held on 24 February 2009 had approved the proposal for consolidating the entire issued and paid-up share capital. The share consolidation exercise was completed during the year.

\*\* These are shares held in the name of the spouses and children and are treated as interest of the respective Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interest in the shares of the Company, Mr Ng Kweng Chong is also deemed to be interested in the shares of the subsidiaries during the financial year to the extent that Globetronics Technology Bhd has an interest.



## ■ Directors' Report For The Year Ended 31 December 2009 (cont'd)

### DIRECTORS' INTERESTS (cont'd)

None of the other Directors holding office at 31 December 2009 had any interests in the ordinary shares of the Company and of its related corporations during the financial year.

	Number of options over ordinary shares of RM0.10 each				
	At 1.1.2009	Offered and accepted	Exercised	Expired	At 31.12.2009
<b>The Company</b>					
<b>ESOS Scheme II *</b>					
Ng Kweng Chong	5,700,000	-	-	(5,700,000)	-
Heng Huck Lee	8,800,000	-	-	(8,800,000)	-

	Number of options over ordinary shares of RM0.50 each				
	At 1.1.2009	Offered and accepted	Exercised	Expired	At 31.12.2009
<b>ESOS Scheme III **</b>					
Ng Kweng Chong	-	829,000	(165,800)	-	663,200
Heng Huck Lee	-	1,000,000	-	-	1,000,000

\* ESOS Scheme II on ordinary shares of RM0.10 each had expired on 28 March 2009.

\*\* ESOS Scheme III on ordinary shares of RM0.50 each was established on 13 April 2009.

### 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 a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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 the professional fees paid by certain subsidiaries to a firm in which a Director is a member.

There were no arrangements during and at the end of the financial year which had the object of enabling the 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 apart from the issue of the Employees Share Option Scheme ("ESOS").

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company :

- consolidated its entire authorised share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of authorised shares of the Company is consolidated into 1,000,000,000 ordinary shares of RM0.50 each from 5,000,000,000 ordinary shares of RM0.10 each;
- consolidated its entire issued and paid-up share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of shares in issue of the Company is consolidated into 262,059,440 ordinary shares of RM0.50 each from 1,310,297,200 ordinary shares of RM0.10 each; and
- issued 537,400 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM0.51 per ordinary share.

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

## ■ Directors' Report For The Year Ended 31 December 2009 (cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting held on 24 February 2009, the Company's shareholders approved the establishment of a new employees' share option scheme ("ESOS III") of up to 10% of the issued and paid-up share capital, replacing the ESOS II which expired on 28 March 2009.

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to ESOS III.

The options granted (under ESOS III) to take up unissued ordinary shares of RM0.50 each and the option prices are as follows:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.50 each				
		At 1.1.2009	Granted	(Exercised)	(Forfeited)	At 31.12.2009
13.4.2009	0.51	-	12,987,800	(537,400)	(603,500)	11,846,900
7.10.2009	0.80	-	245,000	-	(12,800)	232,200
		-	13,232,800	(537,400)	(616,300)	12,079,100

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options have been granted during the financial year and details of their holdings as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

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

- i) The total number of shares to be offered under ESOS III 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;
- ii) ESOS III shall continue to be in force for a period of five years commencing from 13 April 2009;
- 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 have been confirmed in the employment of the Group for at least three months prior to the date of offer, the date when an offer is made in writing to an employee to participate in ESOS III;
- 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 100 shares;
- vi) The option price for each ordinary share shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the five market days preceding the date of offer or at par value of the shares of the Company whichever is higher;
- vii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, rights issues, reduction of capital, subdivision, consolidation of shares or otherwise (excluding the purchase by the Company of its own shares) howsoever, taking places, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised options and option price; and
- 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 Articles of Association of the Company.

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 For The Year Ended 31 December 2009 (cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

The following options were granted under ESOS II (expired on 28 March 2009) to take up unissued ordinary shares of RM0.10 each.

Date of offer	Exercise price	At 1.1.2009	Number of options over ordinary shares of RM0.10 each			At 31.12.2009
			Granted	Exercised	(Expired)	
21.5.2004	0.54	31,513,000	-	-	(31,513,000)	-
30.9.2004	0.44	9,971,000	-	-	(9,971,000)	-
8.4.2005	0.37	8,651,000	-	-	(8,651,000)	-
5.10.2005	0.30	11,342,000	-	-	(11,342,000)	-
31.3.2006	0.31	3,976,600	-	-	(3,976,600)	-
9.10.2006	0.30	5,406,000	-	-	(5,406,000)	-
3.4.2007	0.32	3,340,900	-	-	(3,340,900)	-
3.10.2007	0.28	1,736,000	-	-	(1,736,000)	-
11.4.2008	0.21	4,472,000	-	-	(4,472,000)	-
9.10.2008	0.19	2,203,500	-	-	(2,203,500)	-
		82,612,000	-	-	(82,612,000)	-

### OTHER STATUTORY INFORMATION

Before the balance sheets and income 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) all current assets have been stated at the lower of cost and net realisable value.

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 Group and in the Company financial statements 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 results of the operations of the Group and of the Company for the financial year ended 31 December 2009 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 For The Year Ended 31 December 2009 (cont'd)

### OTHER STATUTORY INFORMATION (cont'd)

#### SIGNIFICANT EVENTS

Details of such events are as disclosed in Note 33 to the financial statements.

#### AUDITORS

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

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



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Ng Kweng Chong



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Heng Huck Lee

Penang,

Date : 31 March 2010

## ■ Consolidated Balance Sheet At 31 December 2009

	Note	2009 RM	2008 RM
<b>Assets</b>			
Property, plant and equipment	3	112,010,081	138,754,587
Prepaid lease payments	4	6,439,480	5,205,120
Investment property	5	9,159,565	9,416,375
Investments in an associate	7	4,607,766	4,446,651
Other investments, at cost	8	7,515,755	7,269,463
<b>Total non-current assets</b>		<b>139,732,647</b>	<b>165,092,196</b>
Receivables, deposits and prepayments	9	39,314,795	42,686,068
Inventories	10	8,755,303	9,950,122
Current tax assets		185,200	325,733
Cash and cash equivalents	11	85,436,305	71,120,280
Assets classified as held for sale	12	4,020,820	2,174,998
<b>Total current assets</b>		<b>137,712,423</b>	<b>126,257,201</b>
<b>Total assets</b>		<b>277,445,070</b>	<b>291,349,397</b>
<b>Equity</b>			
Share capital	13	131,298,420	131,029,720
Reserves	14	95,194,359	88,956,618
<b>Total equity</b>		<b>226,492,779</b>	<b>219,986,338</b>
<b>Liabilities</b>			
Deferred tax liabilities	16	2,793,394	4,887,394
Deferred income	17	1,718,858	1,162,910
<b>Total non-current liabilities</b>		<b>4,512,252</b>	<b>6,050,304</b>
Borrowings	15	-	1,041,652
Payables and accruals	19	42,835,320	61,855,572
Current tax liabilities		3,604,719	2,415,531
<b>Total current liabilities</b>		<b>46,440,039</b>	<b>65,312,755</b>
<b>Total liabilities</b>		<b>50,952,291</b>	<b>71,363,059</b>
<b>Total equity and liabilities</b>		<b>277,445,070</b>	<b>291,349,397</b>

The notes on pages 45 to 79 are an integral part of these financial statements.

## ■ Balance Sheet At 31 December 2009

	Note	2009 RM	2008 RM
<b>Assets</b>			
Investments in subsidiaries	6	37,552,641	37,383,036
Investments in an associate	7	784,000	784,000
Other investments, at cost	8	1,231,417	515,642
<b>Total non-current assets</b>		<b>39,568,058</b>	<b>38,682,678</b>
Receivables, deposits and prepayments	9	95,658,547	102,258,542
Current tax assets		174,400	156,283
Cash and cash equivalents	11	14,426,292	13,479,311
<b>Total current assets</b>		<b>110,259,239</b>	<b>115,894,136</b>
<b>Total assets</b>		<b>149,827,297</b>	<b>154,576,814</b>
<b>Equity</b>			
Share capital	13	131,298,420	131,029,720
Reserves	14	17,396,951	22,684,594
<b>Total equity</b>		<b>148,695,371</b>	<b>153,714,314</b>
<b>Liabilities</b>			
Payables and accruals	19	1,131,926	862,500
<b>Total current liabilities</b>		<b>1,131,926</b>	<b>862,500</b>
<b>Total equity and liabilities</b>		<b>149,827,297</b>	<b>154,576,814</b>

The notes on pages 45 to 79 are an integral part of these financial statements.

## ■ Consolidated Income Statement For The Year Ended 31 December 2009

	Note	2009 RM	2008 RM
<b>Continuing operations</b>			
Revenue	20	217,496,903	275,452,262
Cost of goods sold		(167,594,588)	(209,440,912)
Cost of services rendered		(1,283,192)	(1,351,425)
		(168,877,780)	(210,792,337)
<b>Gross profit</b>		<b>48,619,123</b>	<b>64,659,925</b>
Administrative expenses		(36,657,784)	(31,965,199)
Other operating expenses		(3,083,762)	(9,383,515)
Other operating income		10,198,839	6,222,190
<b>Results from operating activities</b>		<b>19,076,416</b>	<b>29,533,401</b>
Financing costs	24	(8,850)	(115,371)
<b>Operating profit</b>		<b>19,067,566</b>	<b>29,418,030</b>
Share of profit after tax of equity accounted associate		161,115	145,584
<b>Profit before tax</b>	21	<b>19,228,681</b>	<b>29,563,614</b>
Tax expense	25	(3,307,246)	(7,796,102)
<b>Profit for the year</b>		<b>15,921,435</b>	<b>21,767,512</b>
<b>Attributable to :</b>			
Shareholders of the Company		15,921,435	21,767,512
<b>Dividends per ordinary share of RM0.50 each (2008 : RM0.10) - gross (sen)</b>	26	<b>7.00</b>	<b>2.00</b>
<b>Basic earnings per ordinary share (sen) of RM0.50 each (2008 : RM0.10 each)</b>	27	<b>6.07</b>	<b>1.66</b>
<b>Diluted earnings per ordinary share (sen) of RM0.50 each (2008 : RM0.10 each)</b>	27	<b>6.05</b>	<b>1.66</b>

The notes on pages 45 to 79 are an integral part of these financial statements.

## ■ Income Statement For The Year Ended 31 December 2009

	Note	2009 RM	2008 RM
<b>Continuing operations</b>			
Revenue	20	19,583,512	1,349,343
Administrative expenses		(13,526,114)	(866,050)
Other operating expenses		(284,829)	(87,628)
Other operating income		1,709	1,404,720
<b>Profit before tax</b>	21	<b>5,774,278</b>	1,800,385
Tax expense	25	(7,383)	37,462
<b>Profit for the year</b>		<b>5,766,895</b>	1,837,847
<b>Dividends per ordinary share of RM0.50 each (2008 : RM0.10) - gross (sen)</b>	26	<b>7.00</b>	2.00

The notes on pages 45 to 79 are an integral part of these financial statements.



■ Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2009

Note	Non-distributable				Distributable		Total RM
	Share capital RM	Share premium RM	Share option reserve RM	Exchange fluctuation reserve RM	Retained profits RM		
<b>At 1 January 2008</b>	131,029,720	8,250,249	1,568,338	(1,557,115)	86,305,932		225,597,124
Disposal of a subsidiary	-	-	-	1,318,187	(1,318,187)		-
Foreign exchange translation differences *	-	-	-	(569,542)	-		(569,542)
Profit for the year	-	-	-	-	21,767,512		21,767,512
Share-based payments	-	-	340,603	-	-		340,603
Dividends	-	-	-	-	(27,149,359)		(27,149,359)
<b>At 31 December 2008/1 January 2009</b>	<b>131,029,720</b>	<b>8,250,249</b>	<b>1,908,941</b>	<b>(808,470)</b>	<b>79,605,898</b>		<b>219,986,338</b>
Reversal from share option for expiry of ESOS II	-	-	(1,908,941)	-	1,908,941		-
Issuance of new ordinary shares pursuant to ESOS III	268,700	5,374	-	-	-		274,074
Transfer from share option reserve for share option exercised	-	28,566	(28,566)	-	-		-
Foreign exchange translation differences *	-	-	-	(538,097)	-		(538,097)
Profit for the year	-	-	-	-	15,921,435		15,921,435
Share-based payments	-	-	686,548	-	-		686,548
Dividends	-	-	-	-	(9,837,519)		(9,837,519)
<b>At 31 December 2009</b>	<b>131,298,420</b>	<b>8,284,189</b>	<b>657,982</b>	<b>(1,346,567)</b>	<b>87,598,755</b>		<b>226,492,779</b>

Note 13

Note 14

Note 14

Note 14

Note 14

\* Net loss recognised directly in equity

The notes on pages 45 to 79 are an integral part of these financial statements.

■ Statement Of Changes In Equity For The Year Ended 31 December 2009

	Note	Non-distributable			Distributable		Total RM
		Share capital RM	Share premium RM	Share option reserve RM	Retained profits RM		
<b>At 1 January 2008</b>		131,029,720	8,250,249	1,568,338	37,836,916	178,685,223	
Profit for the year		-	-	-	1,837,847	1,837,847	
Share-based payments	18	-	-	340,603	-	340,603	
Dividends	26	-	-	-	(27,149,359)	(27,149,359)	
<b>At 31 December 2008/1 January 2009</b>		131,029,720	8,250,249	1,908,941	12,525,404	153,714,314	
Reversal from share option for expiry of ESOS II		-	-	(1,908,941)	-	(1,908,941)	
Issuance of new ordinary shares pursuant to ESOS III		268,700	5,374	-	-	274,074	
Transfer from share option reserve for share options exercised		-	28,566	(28,566)	-	-	
Profit for the year		-	-	-	5,766,895	5,766,895	
Share-based payments	18	-	-	686,548	-	686,548	
Dividends	26	-	-	-	(9,837,519)	(9,837,519)	
<b>At 31 December 2009</b>		131,298,420	8,284,189	657,982	8,454,780	148,695,371	

Note 13

Note 14

Note 14

Note 14

The notes on pages 45 to 79 are an integral part of these financial statements.

## ■ Consolidated Cash Flow Statement For The Year Ended 31 December 2009

	Note	2009 RM	2008 RM
<b>Cash flows from operating activities</b>			
Profit before tax from continuing operations		19,228,681	29,563,614
Adjustments for:			
Depreciation of property, plant and equipment	3	37,998,981	23,931,690
Amortisation of prepaid lease payments	4	162,746	147,773
Depreciation of investment property	5	256,810	256,810
Property, plant and equipment written off	21	1,695,686	2,685,454
Impairment loss on property, plant and equipment	21	1,454,451	4,968,786
Loss on disposal of property, plant and equipment	21	4,491,210	243,343
Interest income	21	(1,254,657)	(1,888,233)
Amortisation of deferred income	17	(2,832,817)	(1,836,778)
Share of profit of equity accounted associate		(161,115)	(145,584)
Loss on disposal of other investments	8	10,433	724,813
Gain on disposal of a subsidiary	21	-	(39,784)
Share-based payments	18	686,548	340,603
Interest expense	24	8,850	115,371
(Reversal)/Allowance for diminution in value of other investments	21	(321,137)	597,726
Operating profit before changes in working capital		61,424,670	59,665,604
Changes in working capital :			
Inventories		1,194,819	8,609,599
Receivables, deposits and prepayments		3,359,018	17,376,248
Payables and accruals		(19,267,349)	(2,401,705)
Cash generated from operations		46,711,158	83,249,746
Income tax paid		(4,071,525)	(6,505,518)
<b>Net cash generated from operating activities</b>		<b>42,639,633</b>	<b>76,744,228</b>

## ■ Consolidated Cash Flow Statement For The Year Ended 31 December 2009 (cont'd)

	Note	2009 RM	2008 RM
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	A	(22,192,442)	(67,218,573)
Purchase of prepaid lease payment		(2,522,931)	-
Purchase of other investments		(1,212,232)	(1,555,071)
Proceeds from disposal of plant and equipment		2,453,828	92,411
Interest received		1,254,657	1,888,233
Proceeds from disposal of other investments	8	1,219,923	4,262,020
Disposal of a subsidiary	B	-	494,420
<b>Net cash used in investing activities</b>		<b>(20,999,197)</b>	<b>(62,036,560)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company	26	(9,837,519)	(27,149,359)
(Repayment)/Drawdown of bank borrowings (net)		(1,041,652)	136,675
Proceeds from issue of shares		274,074	-
Interest paid		(8,850)	(115,371)
Grant received	17	3,388,765	2,999,688
<b>Net cash used in financing activities</b>		<b>(7,225,182)</b>	<b>(24,128,367)</b>
Net increase/(decrease) in cash and cash equivalents		14,415,254	(9,420,699)
Cash and cash equivalents at 1 January		71,120,280	80,625,861
Effect of exchange rates difference on cash and cash equivalents		(99,229)	(84,882)
Cash and cash equivalents at 31 December	11	85,436,305	71,120,280

### Note

#### A. Purchase of property, plant and equipment

The Group purchased property, plant and equipment amounting to RM22,441,316 (2008 : RM57,508,866) during the year of which, RM1,633,218 (2008 : RM1,384,344) remained unpaid at balance sheet date. The total of RM22,192,442 (2008 : RM67,218,573) was paid by cash.

#### B. Disposal of a subsidiary

In 2008, the Group through its wholly owned subsidiary, Globetronics International Incorporated, completed its disposal of Globetronics Philippines Inc. The fair values of assets disposed and liabilities relieved are as follows :

	Note	RM
Property, plant and equipment		711,833
Inventories		14,667
Receivables, deposits and prepayments		778,243
Cash and cash equivalents		617,238
Payables and accruals		(1,050,107)
Net identifiable assets and liabilities		1,071,874
Gain on disposal	21	39,784
Total consideration received		1,111,658
Less : Cash and cash equivalents disposed off		(617,238)
Net cash inflow		494,420

The notes on pages 45 to 79 are an integral part of these financial statements.

## ■ Cash Flow Statement For The Year Ended 31 December 2009

	Note	2009 RM	2008 RM
<b>Cash flows from operating activities</b>			
Profit before tax from continuing operations		5,774,278	1,800,385
Adjustments for :			
Dividends from subsidiaries	21	(19,292,750)	(750,000)
Gain on disposal of other investments	8	-	(6,210)
Interest income	21	(290,762)	(599,343)
Impairment of investment in a subsidiary		608,000	-
Operating (loss)/profit before changes in working capital		<u>(13,201,234)</u>	444,832
Changes in working capital :			
Receivables, deposits and prepayments		6,599,995	16,087,306
Payables and accruals		269,426	222,350
Cash (used in)/generated from operations		<u>(6,331,813)</u>	16,754,488
Interest received		290,762	599,343
Dividends received from subsidiaries		19,292,750	750,000
Income tax paid		(25,500)	(45,419)
<b>Net cash generated from operating activities</b>		<u>13,226,199</u>	18,058,412
<b>Cash flows from investing activities</b>			
Investment in subsidiaries		(1,999,998)	(4)
Purchase of other investments		(715,775)	-
Proceeds from disposal of other investments	8	-	558,335
<b>Net cash (used in)/generated from investing activities</b>		<u>(2,715,773)</u>	558,331
<b>Cash flows from financing activities</b>			
Dividends paid	26	(9,837,519)	(27,149,359)
Proceeds from issue of shares		274,074	-
<b>Net cash used in financing activities</b>		<u>(9,563,445)</u>	(27,149,359)
Net increase/(decrease) in cash and cash equivalents		<u>946,981</u>	(8,532,616)
Cash and cash equivalents at 1 January		13,479,311	22,011,927
<b>Cash and cash equivalents at 31 December</b>	11	<u>14,426,292</u>	<u>13,479,311</u>

The notes on pages 45 to 79 are an integral part of these 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 Board of the Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business are as follows:

### Registered office

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

### Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate.

The Company is principally engaged in investment holding activities while the other Group entities are primarily engaged in the assembly and testing of integrated circuits, chip carrier quartz crystal products and optoelectronic products, manufacturing of small outline components, technical plating services, manufacturing and fabricating of ESD protective materials and ceramic metallisation, provision of computer hardware and software, system solutions and investment holding.

The financial statements were approved by the Board of Directors on 31 March 2010.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective :

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009**

- FRS 8, Operating Segments

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements
  - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
  - Puttable Financial Instruments and Obligations Arising on Liquidation
  - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Recognition of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions

## ■ Notes To The Financial Statements (cont'd)

### 1. BASIS OF PREPARATION (cont'd)

#### (a) Statement of compliance (cont'd)

- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010**

- Amendments to FRS 132, Financial Instruments: Presentation - Classification of Rights Issues

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments

The Group plans to apply the abovementioned standards, amendments and interpretations :

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, except for IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for IC Interpretation 12, IC Interpretation 15, IC Interpretation 17 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

#### (i) **FRS 8, Operating Segments**

FRS 8 replaces FRS 114<sup>2004</sup>, Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 29). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than changes in disclosures.

## ■ Notes To The Financial Statements (cont'd)

### 1. BASIS OF PREPARATION (cont'd)

#### (a) Statement of compliance (cont'd)

##### (ii) FRS 123, Borrowing Costs (revised)

The revised FRS 123 removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of this standard will result in a change in accounting policy. The adoption of FRS 123 will not have any significant impact on the financial statements of the Group.

##### (iii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are:

##### FRS 117, Leases

- The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

##### FRS 128, Investments in Associates

- The amendments clarify that goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised and therefore it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 as a single asset. An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases. The adoption of these amendments will result in a change in accounting policy and will be applied retrospectively by the Group in accordance with the transitional provisions. Impairment losses recognised and allocated to goodwill prior to the application of this amendment are reversed on the date this amendment is first applied.

The adoption of the above amendments to Improvements to FRSs (2009) does not have any significant impact on the Group's financial position or results.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

#### (d) Use of estimates and judgements

The preparation of financial statements 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 estimate is 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 Note 3 - impairment of plant and equipment and Note 2(c)(iii) - depreciation of certain plant and equipment over the expected production output.



## ■ Notes To The Financial Statements (cont'd)

### 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 unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

##### (ii) Associates

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

Associates are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted 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 equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil 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 investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses.

##### (iii) 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.

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rate at the dates of transactions 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 the income statements.

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

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

## ■ Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (b) Foreign currency (cont'd)

##### (iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements only when the loan is denominated in either the functional currency of the Company or the foreign operation. Deferred exchange differences are released to the income statement upon disposal of the investment.

#### (c) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and 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 includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that property, plant and equipment.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in the income statements.

##### (ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

##### (iii) Depreciation

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following principal annual rates :

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

\* 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 years to 7 years.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

## ■ Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (c) Property, plant and equipment (cont'd)

##### (iii) Depreciation (cont'd)

During the year, the estimated useful life of certain plant and machinery of the Group has been revised from 10 years to 5 years as the management are of the view that these specific plant and machinery match the life cycle of the products which is within a period of 5 years. The impact of the change on depreciation charge has resulted in an increase in the current year depreciation charge of the Group by approximately RM3,253,532.

#### (d) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged on a straight-line basis over the estimated useful life of 50 years.

#### (e) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current equity securities other than investments in subsidiaries and associate, are stated at cost less allowance for diminution in value,
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio/individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries and associate, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to :

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

#### (f) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investments in subsidiaries and associate) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. 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 groups of assets (the "cash-generating unit").

## ■ Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (f) Impairment of assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statement in the year in which the reversals are recognised.

#### (g) Leased assets

##### (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

##### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### (h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

#### (i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and 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.

## ■ Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (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 value.

#### (k) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

#### (l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

#### (m) 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.

#### (n) 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 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### (o) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax 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 at the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

## ■ Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (p) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statement as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

#### (q) Revenue recognition

##### (i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

##### (ii) Services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

##### (iii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

##### (iv) Government grants

Government grant is recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

##### (v) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

#### (s) 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.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

## ■ Notes To The Financial Statements (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (s) Employee benefits (cont'd)

##### (ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee stock 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.

#### (t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

#### (u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

## ■ Notes To The Financial Statements (cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land RM	Buildings and factory improve- ments RM	Plant and equipment RM	Motor vehicles, office equipment, furniture and fixtures RM	Capital work- in-progress RM	Total RM
<b>Cost</b>						
At 1 January 2008	3,987,019	42,101,238	123,798,590	23,256,709	194,652	193,338,208
Additions	-	2,510,485	53,009,008	1,989,373	-	57,508,866
Disposals	-	(281,184)	(1,084,194)	(93,249)	-	(1,458,627)
Write off	-	(10,200)	(5,447,888)	(2,114,435)	(100,639)	(7,673,162)
Reclassification	-	16,910	8,035	26,430	(51,375)	-
Foreign exchange difference	-	43,484	70,404	44,298	(42,638)	115,548
Disposal of subsidiaries	-	(2,212,542)	(3,036,703)	(827,170)	-	(6,076,415)
Transfer to assets classified as held for sale (Note 12)	-	(1,593,230)	(110,000)	(1,129,000)	-	(2,832,230)
At 31 December 2008/1 January 2009	3,987,019	40,574,961	167,207,252	21,152,956	-	232,922,188
Additions	2,038,169	9,301,384	9,000,018	2,101,745	-	22,441,316
Disposals	-	(546,940)	(12,752,321)	(1,742,652)	-	(15,041,913)
Write off	-	(365,023)	(7,877,714)	(246,093)	-	(8,488,830)
Reclassification	-	(410,000)	410,000	-	-	-
Foreign exchange difference	-	(47,821)	(545,663)	(96,661)	-	(690,145)
Transfer to assets classified as held for sale (Note 12)	-	(5,535,558)	(27,448)	(703,898)	-	(6,266,904)
Transfer from assets classified as held for sale (Note 12)	-	1,593,230	110,000	1,129,000	-	2,832,230
At 31 December 2009	6,025,188	44,564,233	155,524,124	21,594,397	-	227,707,942
<b>Accumulated depreciation/ impairment losses</b>						
At 1 January 2008						
- Accumulated depreciation	-	12,528,564	48,957,995	12,571,290	-	74,057,849
- Accumulated impairment losses	-	-	3,272,932	-	-	3,272,932
	-	12,528,564	52,230,927	12,571,290	-	77,330,781
Charge for the year	-	2,088,930	19,799,230	2,043,530	-	23,931,690
Impairment loss for the year	-	-	4,968,786	-	-	4,968,786
Disposals	-	(230,735)	(806,275)	(85,863)	-	(1,122,873)
Write off	-	(919)	(3,291,847)	(1,694,942)	-	(4,987,708)
Foreign exchange difference	-	56,095	272,015	61,304	-	389,414
Disposal of subsidiaries	-	(2,209,817)	(2,393,297)	(761,468)	-	(5,364,582)
Transfer to assets classified as held for sale (Note 12)	-	(170,034)	(55,000)	(752,873)	-	(977,907)
At 31 December 2008/1 January 2009	-	12,062,084	62,482,821	11,380,978	-	85,925,883
- Accumulated depreciation	-	-	8,241,718	-	-	8,241,718
- Accumulated impairment losses	-	-	-	-	-	-
	-	12,062,084	70,724,539	11,380,978	-	94,167,601



## ■ Notes To The Financial Statements (cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT - GROUP (cont'd)

	Freehold land RM	Buildings and factory improvements RM	Plant and equipment RM	Motor vehicles, office equipment, furniture and fixtures RM	Capital work- in-progress RM	Total RM
Charge for the year	-	2,273,495	33,683,492	2,041,994	-	37,998,981
Impairment loss for the year	-	825,000	119,870	509,581	-	1,454,451
Disposals	-	(54,436)	(7,230,075)	(812,364)	-	(8,096,875)
Write off	-	(261,772)	(6,035,359)	(496,013)	-	(6,793,144)
Reclassification	-	(68,333)	68,333	-	-	-
Foreign exchange difference	-	(27,762)	(277,116)	(13,598)	-	(318,476)
Transfer to assets classified as held for sale (Note 12)	-	(3,128,245)	(13,284)	(551,055)	-	(3,692,584)
Transfer from assets classified as held for sale (Note 12)	-	170,034	55,000	752,873	-	977,907
<hr/>						
At 31 December 2009						
- Accumulated depreciation	-	11,790,065	82,733,812	12,302,815	-	106,826,692
- Accumulated impairment losses	-	-	8,361,588	509,581	-	8,871,169
	-	11,790,065	91,095,400	12,812,396	-	115,697,861
<hr/>						
<b>Carrying amounts</b>						
At 1 January 2008	3,987,019	29,572,674	71,567,663	10,685,419	194,652	116,007,427
At 31 December 2008/ 1 January 2009	3,987,019	28,512,877	96,482,713	9,771,978	-	138,754,587
At 31 December 2009	6,025,188	32,774,168	64,428,724	8,782,001	-	112,010,081

#### **Impairment of plant and equipment**

The Group assesses its assets whenever there are indications of impairment on an annual basis, where applicable. For the year ended 31 December 2009, certain product lines were in end of life position resulted in the Group to assess the recoverable amount of a number of assets related to the production of those products. Based on the assessment, the recoverable value of the assets were lower than the carrying value, therefore, the carrying amount of the assets have been written down by RM1,454,451 (2008 : RM4,968,786) to its recoverable value. The estimates of recoverable amount were based on the assets' value in use.

## ■ Notes To The Financial Statements (cont'd)

### 4. PREPAID LEASE PAYMENTS - GROUP

Unexpired period less than 50 years

	Note	RM
<b>Cost</b>		
At 1 January 2008		6,592,198
Transfer to assets classified as held for sale	12	(360,570)
At 31 December 2008/1 January 2009		<u>6,231,628</u>
Additions		2,522,931
Transfer to assets classified as held for sale	12	(1,568,072)
Transfer from assets classified as held for sale	12	360,570
At 31 December 2009		<u><u>7,547,057</u></u>
<b>Amortisation</b>		
At 1 January 2008		918,630
Amortisation for the year	21	147,773
Transfer to assets classified as held for sale	12	(39,895)
At 31 December 2008/1 January 2009		<u>1,026,508</u>
Amortisation for the year	21	162,746
Transfer to assets classified as held for sale	12	(121,572)
Transfer from assets classified as held for sale	12	39,895
At 31 December 2009		<u><u>1,107,577</u></u>
<b>Carrying amounts</b>		
At 1 January 2008		<u>5,673,568</u>
At 31 December 2008/1 January 2009		<u>5,205,120</u>
At 31 December 2009		<u><u>6,439,480</u></u>

## ■ Notes To The Financial Statements (cont'd)

### 5. INVESTMENT PROPERTY - GROUP

	Note	RM
<b>Cost</b>		
At 1 January 2008/31 December 2008		<u>12,839,566</u>
At 1 January 2009/31 December 2009		<u>12,839,566</u>
<b>Accumulated depreciation</b>		
At 1 January 2008		3,166,381
Depreciation for the year	21	256,810
At 31 December 2008/1 January 2009		<u>3,423,191</u>
Depreciation for the year	21	256,810
At 31 December 2009		<u>3,680,001</u>
<b>Carrying amounts</b>		
At 1 January 2008		<u>9,673,185</u>
At 31 December 2008/1 January 2009		<u>9,416,375</u>
At 31 December 2009		<u>9,159,565</u>

Investment property comprises a factory building that is leased to the associate of the Group. The lease contains a non-cancellable period of twenty years commencing 1 June 1995. No contingent rents are charged. The fair value of the investment property is estimated at approximately RM10.0 million based on a valuation performed by an independent valuer in March 2007 based on an open market value basis.

### 6. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2009 RM	2008 RM
Unquoted shares, at cost	37,474,093	35,474,095
Share-based payments allocated to subsidiaries	686,548	1,908,941
Less : Accumulated impairment losses	(608,000)	-
	<u>37,552,641</u>	<u>37,383,036</u>

## ■ Notes To The Financial Statements (cont'd)

### 6. INVESTMENTS IN SUBSIDIARIES - COMPANY (cont'd)

Details of subsidiaries are as follows:

Name of company	Country of incorporation	Effective ownership interest		Principal activities
		2009	2008	
Globetronics Sdn. Bhd.	Malaysia	100%	100%	Assembly and testing of integrated circuits, optoelectronic products and technical plating services
Globetronics Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and fabricating of ESD protective materials, ceramic metallisation and assembly of printed circuit boards
ISO Technology Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of small outline components and technical plating services for the semiconductor industry and trading of chemicals
Globetronics Multimedia 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
Globetronics (KL) Sdn. Bhd.	Malaysia	100%	100%	Provision of test and assembly of chip carrier quartz crystal products for the electronics industry
Globetronics Distribution Sdn. Bhd.	Malaysia	100%	100%	Dormant
<b><i>Subsidiaries of Globetronics International Incorporated</i></b>				
Globetronics (HK) Limited *	Hong Kong	100%	100%	Dormant
Globetronics (Jiaxing) Inc. *	People's Republic of China	100%	100%	Assembly and manufacturing of integrated circuits for the semiconductor industry The subsidiary has ceased operations during the year

\* Subsidiaries not audited by KPMG

## ■ Notes To The Financial Statements (cont'd)

### 7. INVESTMENTS IN AN ASSOCIATE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted shares, at cost	784,000	784,000	784,000	784,000
Share of post-acquisition reserves	3,823,766	3,662,651	-	-
	<b>4,607,766</b>	<b>4,446,651</b>	<b>784,000</b>	<b>784,000</b>

Summary financial information on associate :

	Country of incorporation	Effective ownership interest	Revenue	Profit for the year	Total assets	Total liabilities	Equity
			(100%) RM	(100%) RM	(100%) RM	(100%) RM	(100%) RM
<b>2009</b>							
SMCi Globetronics Technology Sdn. Bhd.	Malaysia	49%	21,205,365	328,806	11,563,780	1,987,440	9,576,340
<b>2008</b>							
SMCi Globetronics Technology Sdn. Bhd.	Malaysia	49%	25,422,914	297,110	10,601,110	1,373,977	9,227,133

### 8. OTHER INVESTMENTS, AT COST

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
In Malaysia:				
- Quoted bond fund investments	1,231,417	515,642	1,231,417	515,642
Outside Malaysia:				
- Quoted bonds	682,924	688,708	-	-
- Quoted shares	1,763,063	1,158,352	-	-
- Unquoted bonds	555,591	560,297	-	-
- Unquoted bond fund investments	684,800	1,726,500	-	-
- Unquoted fund investment	1,729,120	1,743,765	-	-
- Fixed income fund	868,840	876,199	-	-
	<b>7,515,755</b>	<b>7,269,463</b>	<b>1,231,417</b>	<b>515,642</b>

## ■ Notes To The Financial Statements (cont'd)

### 8. OTHER INVESTMENTS, AT COST (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Market value				
In Malaysia:				
- Quoted bond fund investments	1,236,000	455,000	1,236,000	455,000
Outside Malaysia:				
- Quoted bonds	672,000	466,000	-	-
- Quoted shares	1,975,000	1,288,000	-	-
- Unquoted bonds	612,000	573,000	-	-
- Unquoted bond fund investments	690,000	1,679,000	-	-
- Unquoted fund investment	2,333,000	1,768,000	-	-
- Fixed income fund	869,000	753,000	-	-
	<b>8,387,000</b>	<b>6,982,000</b>	<b>1,236,000</b>	<b>455,000</b>

#### 8.1 Analysis of foreign currency exposure for other investments

Significant other investments at year end that are not in the functional currencies of the Group entities are as follows :

Functional currency	Foreign currency	2009 RM	2008 RM
RM	USD	5,168,605	6,066,247
RM	SGD	324,850	97,329
RM	IDR	79,292	100,443
RM	HKD	387,053	183,171
RM	CAD	111,348	91,395
RM	Euro	213,191	215,234

Details of disposed investments stated at cost are as follows :

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Proceeds from disposals		1,219,923	4,262,020	-	558,335
Carrying amount of investments disposed		(1,230,356)	(4,986,833)	-	(552,125)
(Loss)/Gain on disposal of investments	21	<b>(10,433)</b>	<b>(724,813)</b>	-	<b>6,210</b>

## ■ Notes To The Financial Statements (cont'd)

### 9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2009 RM	Group 2008 RM	2009 RM	Company 2008 RM
<b>Trade</b>					
Associate	9.1	3,496	2,280	-	-
Trade receivables	9.2	36,929,717	35,000,217	-	-
		<b>36,933,213</b>	<b>35,002,497</b>	<b>-</b>	<b>-</b>
<b>Non-trade</b>					
Associate	9.3	23,883	26,110	-	-
Subsidiaries	9.3	-	-	95,605,089	102,182,878
Other receivables	9.2	1,346,147	483,662	27,951	52,407
Deposits	9.4	203,073	3,564,384	4,500	4,500
Prepayments	9.4	808,479	3,609,415	21,007	18,757
		<b>2,381,582</b>	<b>7,683,571</b>	<b>95,658,547</b>	<b>102,258,542</b>
		<b>39,314,795</b>	<b>42,686,068</b>	<b>95,658,547</b>	<b>102,258,542</b>

#### 9.1 Amount due from associate

The trade receivables from associate are subject to the normal trade terms.

#### 9.2 Receivables

Receivables of the Group denominated in currencies other than the functional currency comprise RM17,538,785 (2008 : RM22,441,913) of receivables denominated in US Dollar.

#### 9.3 Amount due from subsidiaries and associate

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

#### 9.4 Deposits

Included in deposits is an amount of RM NIL (2008 : RM3,138,200) representing deposits paid for the purchase of property, plant and equipment.

### 10. INVENTORIES - GROUP

	2009 RM	2008 RM
At cost :		
Raw materials	2,901,957	4,012,235
Work-in-progress	2,379,958	2,525,370
Manufactured inventories	956,406	314,641
Consumables	2,134,001	2,597,724
Trading inventories	382,981	500,152
	<b>8,755,303</b>	<b>9,950,122</b>

## ■ Notes To The Financial Statements (cont'd)

### 11. CASH AND CASH EQUIVALENTS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Funds placed with financial institutions :					
- Short term investment in bond funds		6,213,836	5,093,555	6,213,836	5,093,555
- Short term investment funds	11.1	17,897,487	17,503,939	1,389,698	1,885,539
- Short term deposits		26,035,786	25,160,950	5,083,015	5,322,175
Cash and bank balances	11.2	35,289,196	23,361,836	1,739,743	1,178,042
		<b>85,436,305</b>	<b>71,120,280</b>	<b>14,426,292</b>	<b>13,479,311</b>
Market value					
- Short term investment in bond funds		6,281,000	5,116,000	6,281,000	5,116,000
- Short term investment funds		17,922,000	17,299,000	1,414,000	1,867,000

Included in cash and cash equivalents of the Group and of the Company are RM60,849,506 (2008 : RM63,309,148) and RM14,107,922 (2008 : RM13,375,579) respectively which earn interest at rates ranging from 1.36% to 3.45% (2008 : 0.33% to 3.50%) per annum.

#### 11.1 Short term investment funds

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

#### 11.2 Cash and bank balance

Included in the cash and bank balance is an amount of RM602,040 (2008 : RM Nil) is a deposit received from a potential buyer of a subsidiary (refer to Note 33(e)). The deposit is held in trust by an officer of the Group.

#### 11.3 Analysis of foreign currency exposure for cash and cash equivalents

Significant cash and cash equivalents at year end that are not in the functional currencies of the Group entities are as follows :

Functional currency	Foreign currency	Group 2009 RM	Group 2008 RM
RM	USD	27,963,500	20,125,758
RM	SGD	13,363	130,821
RM	IDR	73,411	-
RM	HKD	296,465	484,122
RM	Euro	15,915	-
RM	Yen	380,787	748,974
RM	AUD	847,331	637,153
RM	CHF	413,708	404,684
RM	RMB	1,399,540	-



## ■ Notes To The Financial Statements (cont'd)

### 12. ASSETS CLASSIFIED AS HELD FOR SALE - GROUP

During the year,

- (i) the following assets were classified as held for sale due to the Group's intention to dispose off a wholly-owned subsidiary, Globetronics (Jiaxing) Inc. (refer to Note 33(e)).

	Buildings and factory improvements RM	Plant and equipment RM	Equipment, furniture and fixtures RM	Prepaid lease payments RM	Total RM
Cost	5,535,558	27,448	703,898	1,568,072	7,834,976
Accumulated depreciation	(2,303,245)	(13,284)	(551,055)	(121,572)	(2,989,156)
Accumulated impairment	(825,000)	-	-	-	(825,000)
Carrying amounts	<u>2,407,313</u>	<u>14,164</u>	<u>152,843</u>	<u>1,446,500</u>	<u>4,020,820</u>

- (ii) the following assets previously classified as assets held for sale were reclassified back as property, plant and equipment and prepaid lease payments due to cancellation of the proposed disposal (refer to Note 33(d)). The details of the assets reclassified back as property, plant and equipment and prepaid lease payments are as follows :

	Buildings and factory improvements RM	Plant and equipment RM	Equipment, furniture and fixtures RM	Prepaid lease payments RM	Total RM
Cost	1,593,230	110,000	1,129,000	360,570	3,192,800
Accumulated depreciation	(170,034)	(55,000)	(752,873)	(39,895)	(1,017,802)
Carrying amounts	<u>1,423,196</u>	<u>55,000</u>	<u>376,127</u>	<u>320,675</u>	<u>2,174,998</u>

### 13. SHARE CAPITAL - GROUP AND COMPANY

	No. of Shares	Par Value RM	RM
Ordinary shares			
Authorised :			
Balance at 1 January 2008/31 December 2008	5,000,000,000	0.10	500,000,000
Share consolidation	(4,000,000,000)	-	-
Balance at 31 December 2009	<u>1,000,000,000</u>	0.50	<u>500,000,000</u>
Issued and fully paid :			
Balance at 1 January 2008/31 December 2008	1,310,297,200	0.10	131,029,720
Share consolidation	(1,048,237,760)	-	-
Exercise of ESOS III	537,400	0.50	268,700
Balance at 31 December 2009	<u>262,596,840</u>	0.50	<u>131,298,420</u>

## ■ Notes To The Financial Statements (cont'd)

### 13. SHARE CAPITAL - GROUP AND COMPANY (cont'd)

During the year,

(i) The Company consolidated its entire :

- (a) authorised share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of authorised shares of the Company is consolidated into 1,000,000,000 ordinary shares of RM0.50 each from 5,000,000,000 ordinary shares of RM0.10 each;
- (b) issued and paid-up share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of shares in issue of the Company is consolidated into 262,059,440 ordinary shares of RM0.50 each from 1,310,297,200 ordinary shares of RM0.10 each; and

(ii) The Company issued 537,400 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an exercise price of RM0.51 per ordinary share.

### 14. RESERVES

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable					
Share premium		8,284,189	8,250,249	8,284,189	8,250,249
Exchange fluctuation reserve	14.1	(1,346,567)	(808,470)	-	-
Share option reserve	14.2	657,982	1,908,941	657,982	1,908,941
		<b>7,595,604</b>	<b>9,350,720</b>	<b>8,942,171</b>	<b>10,159,190</b>
Distributable					
Retained profits		87,598,755	79,605,898	8,454,780	12,525,404
		<b>95,194,359</b>	<b>88,956,618</b>	<b>17,396,951</b>	<b>22,684,594</b>

The movements in each category of reserves are disclosed in the Statement of Changes in Equity. The nature and purpose of each category of reserves are as follows :

#### 14.1 Exchange fluctuation reserve

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

#### 14.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

#### 14.3 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax exempt income and Section 108 tax credit to distribute/frank its entire retained profits at 31 December 2009 if paid out as dividends.

The Finance Act 2007, introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

## ■ Notes To The Financial Statements (cont'd)

### 15. BORROWINGS (UNSECURED) - GROUP

	2009 RM	2008 RM
Current		
Short term bank loan	-	1,041,652

The bank loan is denominated in Renminbi and is secured by a corporate guarantee from the Company. Interest on the bank loan is payable half yearly and is charged at rates ranging from 7.00% to 7.25% (2008 : 7.00% to 7.25%) per annum. The bank loan had been fully repaid during the financial year.

### 16. DEFERRED TAX LIABILITIES - GROUP

The recognised deferred tax liabilities are as follows :

	2009 RM	2008 RM
Property, plant and equipment		(Restated)
- capital allowances	2,850,394	4,626,937
Provisions	(466,000)	(408,000)
Others	409,000	668,457
	<u>2,793,394</u>	<u>4,887,394</u>

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Movements in temporary differences during the year are as follows:

	At 1.1.2008 RM	Recognised in the Income Statement (Note 25) RM	At 31.12.2008 RM	Recognised in the Income Statement (Note 25) RM	At 31.12.2009 RM
Property, plant and equipment					
- capital allowances	5,837,032	(1,210,095)	4,626,937	(1,776,543)	2,850,394
Provisions	(426,000)	18,000	(408,000)	(58,000)	(466,000)
Others	376,362	292,095	668,457	(259,457)	409,000
	<u>5,787,394</u>	<u>(900,000)</u>	<u>4,887,394</u>	<u>(2,094,000)</u>	<u>2,793,394</u>

Unrecognised deferred tax assets

No deferred tax has been recognised for the following items :

	2009 RM	Group 2008 RM
Property, plant and equipment - capital allowance	(228,000)	6,302,000
Tax loss carry-forwards	(27,000)	-
Unabsorbed capital allowance	(3,143,000)	(6,602,000)
Provision	(850,000)	(64,000)
	<u>(4,248,000)</u>	<u>(364,000)</u>

The tax loss carry-forwards and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised tax loss carry-forwards and unabsorbed capital allowances available to the Group.

## ■ Notes To The Financial Statements (cont'd)

### 17. DEFERRED INCOME - GROUP

	2009 RM	2008 RM
Government grant :		
Balance at 1 January	1,162,910	-
Add: Addition during the year	3,388,765	2,999,688
Less : Amortised during the year (Note 21)	(2,832,817)	(1,836,778)
Balance at 31 December	1,718,858	1,162,910

### 18. EMPLOYEE BENEFITS - GROUP

#### Share-based payments

At an Extraordinary General Meeting held on 24 February 2009, the Company's shareholders approved the establishment of a new employees' share option scheme ("ESOS III") of up to 10% of the issued and paid-up share capital, replacing the ESOS II which expired on 28 March 2009.

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to ESOS III.

The Group offers vested share options over ordinary shares to Executive Directors and other employees with more than three months of service for ESOS III. The contractual life of ESOS III is five years commencing from 13 April 2009. Details of the grants are as follows :

Grant date	Number of instruments ( '000)
13 April 2009	12,988
7 October 2009	245

The exercisable condition of the share option is that the eligible persons are entitled to exercise the number of options granted equally over the remaining life of ESOS III from the granting date on condition that the eligible persons are still in employment.

The number and weighted average exercise prices of share options are as follows :

	2009	
	Weighted average exercise price	Number of options
<b>ESOS III</b>		
Outstanding at 1 January	-	-
Issued	0.52	13,232,800
Exercised	0.51	(537,400)
Lapsed/Expired	0.52	(616,300)
Outstanding at 31 December	0.52	12,079,100
Exercisable at 31 December	0.52	1,985,900

## ■ Notes To The Financial Statements (cont'd)

### 18. EMPLOYEE BENEFITS - GROUP (cont'd)

#### Share-based payments (cont'd)

	2009		2008	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
<b>ESOS II</b>				
Outstanding at 1 January	0.41	82,612,000	0.43	81,714,000
Issued	-	-	0.20	7,087,000
Lapsed/Expired	0.41	(82,612,000)	0.39	(6,189,000)
Outstanding at 31 December		-	0.41	82,612,000
Exercisable at 31 December		-	0.41	82,612,000

The options outstanding at 31 December 2009 have an exercise price of RM0.51 and RM0.80 and a weighted contractual life of 4 years.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs :

Fair value of share options and assumptions	Directors		Employees	
	2009	2008	2009	2008
Fair value at grant date	0.1164	0.0230	0.1164-0.2664	0.0150 - 0.0230
Weighted average share price	0.55	0.196	0.55	0.196
Exercise price	0.51	0.21	0.51 - 0.80	0.19 - 0.21
Expected volatility (weighted average volatility)	33.07%	33.07%	33.07%	33.07%
Option life (expected weighted average life)	5.00 years	0.96 years	4.99 years	0.81 years
Expected dividends	5%	14.8%	5%	14.8%
Risk-free interest rate (based on Malaysian government bonds)	2%	3.62%	2%	3.62%

#### Value of employee services received for issue of share options

	Group	
	2009 RM	2008 RM
Share options granted in 2005	-	64,152
Share options granted in 2006	-	52,274
Share options granted in 2007	-	83,272
Share options granted in 2008	-	140,905
Share options granted in 2009	686,548	-
Total expense recognised as share-based payments	686,548	340,603

## ■ Notes To The Financial Statements (cont'd)

### 19. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	19.1	17,309,691	20,121,947	-	-
<b>Non-trade</b>					
Amount due to subsidiaries	19.2	-	-	627,000	405,000
Other payables	19.1	16,326,831	21,951,216	-	-
Accrued expenses		9,198,798	19,782,409	504,926	457,500
		25,525,629	41,733,625	1,131,926	862,500
		<b>42,835,320</b>	<b>61,855,572</b>	<b>1,131,926</b>	<b>862,500</b>

#### 19.1 Payables

Payables of the Group denominated in currencies other than the functional currency comprise RM4,052,215 (2008 : RM7,926,085) of payables denominated in US Dollar, RM115,962 (2008 : RM114,059) denominated in Singapore Dollar and RM172,032 (2008 : RM16,932,189) denominated in Japanese Yen.

Included in other payables is an amount of :

- (i) RM550,000 (2008 : RM1,100,000) being deposits received for the disposal of a subsidiary's leasehold land and building (refer to Note 33(d)). During the year, an amount of RM550,000 has been recognised as other income in view of the legal right to forfeit the initial deposit of 10% of the sales consideration according to the sales and purchase agreement.
- (ii) RM602,040 (2008 : RM Nil) being deposits received for the disposal of a subsidiary (refer to Note 33(e)).

#### 19.2 Amount due to subsidiaries

The non-trade amount due to subsidiaries is unsecured, interest-free and repayable on demand.

### 20. REVENUE

	2009 RM	2008 RM
<b>Group</b>		
Invoiced value of goods sold	215,728,469	272,884,869
Services rendered	1,329,853	1,447,648
Dividend income	21,323	72,551
Interest income	417,258	1,047,194
	<b>217,496,903</b>	<b>275,452,262</b>
<b>Company</b>		
Dividend income	19,292,750	750,000
Interest income	290,762	599,343
	<b>19,583,512</b>	<b>1,349,343</b>

## ■ Notes To The Financial Statements (cont'd)

### 21. PROFIT BEFORE TAX

Profit before tax is arrived at after charging :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration				
Audit services				
- Auditors of the Company	81,898	84,596	12,000	10,000
- Other auditors	15,338	11,440	-	-
Depreciation of property, plant and equipment (Note 3)	37,998,981	23,931,690	-	-
Amortisation of prepaid lease payments (Note 4)	162,746	147,773	-	-
Depreciation of investment property (Note 5)	256,810	256,810	-	-
Directors' emoluments				
Directors of the Company				
- fees	779,000	767,000	449,000	437,000
- others	2,974,250	2,544,750	-	-
Other Directors				
- fees	66,000	66,000	-	-
- others	330,652	323,792	-	-
Inventories written down	217,005	-	-	-
Allowance for doubtful debts	309,267	-	11,855,334	-
Impairment loss on property, plant and equipment (Note 3)	1,454,451	4,968,786	-	-
Rental of premises	992,379	1,230,216	-	-
Plant and equipment written off	1,695,686	2,685,454	-	-
Loss on disposal of plant and equipment	4,491,210	243,343	-	-
Professional fees paid to a firm of which a Director of the Company is a member	-	38,190	-	-
Realised loss on foreign exchange	1,123,860	-	-	-
Unrealised loss on foreign exchange	50,754	2,673,252	-	-
Research and development expenditure	372,594	816,762	-	-
Loss on disposal of other investments (Note 8)	10,433	724,813	-	-
Loss on disposal of short term investment in funds & bond funds	6,965	70,683	6,965	87,628
Impairment of investment in a subsidiary	-	-	608,000	-
Allowance for diminution in value of other investments	-	597,726	-	-
Direct operating expenses of investment property:				
- Income generating	86,126	86,084	-	-
- Non-income generating	172,252	172,168	-	-

## ■ Notes To The Financial Statements (cont'd)

### 21. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
and crediting :				
Gross dividends from subsidiaries	-	-	19,292,750	750,000
Gain on disposal of other investments (Note 8)	-	-	-	6,210
Interest income	1,254,657	1,888,233	290,762	599,343
Rental income from investment property	1,879,864	2,082,157	-	-
Inventories written back	-	692,088	-	-
Reversal for diminution in value for investment in quoted share	321,137	-	-	-
Amortisation of deferred income (Note 17)	2,832,817	1,836,778	-	-
Realised gain on foreign exchange	-	13,972	-	-
Unrealised gain on foreign exchange	-	-	277,864	1,398,220
Waiver of other payables	-	591,603	-	-
Gain on disposal of a subsidiary	-	39,784	-	-

### 22. EMPLOYEE INFORMATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Staff costs (including Executive Directors)	44,371,081	54,703,821	-	-

- i) The estimated monetary value of Directors' benefits-in-kind of the Group is RM20,000 (2008 : RM25,400).
- ii) Staff costs include contributions to the Employees' Provident Fund of RM3,055,943 (2008 : RM3,371,557).
- iii) Staff costs include share-based payments of RM686,548 (2008 : RM340,603).

### 23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors				
- Fees	845,000	833,000	449,000	437,000
- Remuneration	2,820,225	2,464,100	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	504,677	429,842	-	-
Total short-term employee benefits	4,169,902	3,726,942	449,000	437,000
- Share-based payment	97,222	33,750	-	-
	4,267,124	3,760,692	449,000	437,000



## ■ Notes To The Financial Statements (cont'd)

### 24. FINANCING COSTS - GROUP

	2009 RM	2008 RM
Interest expense on bank loan	8,850	115,371

### 25. TAX EXPENSE

#### Recognised in the income statement

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax expense on continuing operations	3,307,246	7,796,102	7,383	(37,462)
Share of tax of equity accounted associate	53,705	51,151	-	-
<b>Total tax expense</b>	<b>3,360,951</b>	<b>7,847,253</b>	<b>7,383</b>	<b>(37,462)</b>

#### Major components of tax expense include :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Current tax expense</b>				
Malaysian tax				
- Current year	4,341,696	9,028,974	34,000	33,411
- Prior years	1,059,550	(332,872)	(26,617)	(70,873)
<b>Total current tax</b>	<b>5,401,246</b>	<b>8,696,102</b>	<b>7,383</b>	<b>(37,462)</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(687,000)	1,012,490	-	-
Prior year	(1,407,000)	(1,912,490)	-	-
<b>Total deferred tax</b>	<b>(2,094,000)</b>	<b>(900,000)</b>	<b>-</b>	<b>-</b>
	<b>3,307,246</b>	<b>7,796,102</b>	<b>7,383</b>	<b>(37,462)</b>
Share of tax of equity accounted associate	53,705	51,151	-	-
<b>Total tax expense</b>	<b>3,360,951</b>	<b>7,847,253</b>	<b>7,383</b>	<b>(37,462)</b>

## ■ Notes To The Financial Statements (cont'd)

### 25. TAX EXPENSE (cont'd)

#### Reconciliation of effective tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit for the year	15,921,435	21,767,512	5,766,895	1,837,847
Total tax expense	3,360,951	7,847,253	7,383	(37,462)
Profit excluding tax	<u>19,282,386</u>	<u>29,614,765</u>	<u>5,774,278</u>	<u>1,800,385</u>
Tax at Malaysian tax rate of 25% (2008 : 26%) *	4,820,597	7,699,839	1,443,570	468,100
Non-deductible expenses	2,360,625	2,535,428	3,452,393	221,592
Non-taxable income	(1,257,270)	(131,657)	(38,775)	(461,281)
Tax exempt income	(117,048)	(590,728)	(4,823,188)	(195,000)
Tax incentives	(4,065,375)	(289,782)	-	-
Effect of deferred tax assets not recognised	971,285	(219,187)	-	-
Other items	995,587	1,088,702	-	-
	<u>3,708,401</u>	<u>10,092,615</u>	<u>34,000</u>	<u>33,411</u>
Over provided in prior years	(347,450)	(2,245,362)	(26,617)	(70,873)
Tax expense	<u>3,360,951</u>	<u>7,847,253</u>	<u>7,383</u>	<u>(37,462)</u>

\* The corporate tax rates are at 26% for year of assessment 2008 and 25% for the subsequent year of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

### 26. DIVIDENDS

	Sen per share (net of tax)	Total amount RM	Date of payment
<b>2009</b>			
First interim 2009 ordinary	1.50	3,930,891	8 June 2009
Second interim 2009 ordinary	2.25	5,906,628	8 October 2009
Total amount		<u>9,837,519</u>	
<b>2008</b>			
Final 2007 ordinary	0.592	7,756,960	18 June 2008
First interim 2008 ordinary	0.296	3,878,480	28 February 2008
Second interim 2008 ordinary	1.184	15,513,919	16 October 2008
Total amount		<u>27,149,359</u>	

## ■ Notes To The Financial Statements (cont'd)

### 27. EARNINGS PER ORDINARY SHARE - GROUP

#### *Basic earnings per ordinary share*

The calculation of basic earnings per ordinary share is based on the net profit attributable to the shareholders of RM15,921,435 (2008 : RM21,767,512) and on the weighted average number of ordinary shares outstanding during the year of 262,304,434 (2008 : 1,310,297,200) calculated as follows :

	2009	2008
Issued ordinary shares at beginning of year	1,310,297,200	1,310,297,200
Effect of share consolidation	(1,048,237,760)	-
Effect of shares issued during the year	244,994	-
Weighted average number of ordinary shares	262,304,434	1,310,297,200

#### *Diluted earnings per ordinary share*

The calculation of diluted earnings per ordinary share is based on the net profit attributable to the shareholders of RM15,921,435 (2008 : RM21,767,512) and on the weighted average number of ordinary shares outstanding during the year of 262,304,434 (2008 : 1,310,297,200) calculated as follows :

	2009	2008
Weighted average number of shares as above	262,304,434	1,310,297,200
Effect of ESOS III	649,819	* -
Weighted average number of ordinary shares (diluted)	262,954,253	1,310,297,200

\* The effect of share options is anti-dilutive.

### 28. CAPITAL COMMITMENTS - GROUP

	2009 RM	2008 RM
Property, plant and equipment		
Contracted but not provided for in the financial statements - within 1 year	4,281,000	9,279,000

## ■ Notes To The Financial Statements (cont'd)

### 29. SEGMENTAL INFORMATION - GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### **Business segments**

The Group's business segment mainly comprised of the manufacture, assembly and testing of integrated circuits, chip carrier quartz crystal products, optoelectronic products, printed circuit boards, ESD protective materials, small outline components, technical plating services and packaging materials for the semiconductor and electronics industries, import and export of components and direct materials of semiconductor.

Business segmental information has not been prepared as all the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation, and non cash expenses are mainly confined to one business segment.

#### **Geographical segments**

The manufacturing and trading, and investment holding operations are managed on a worldwide basis. Manufacturing and trading operations are principally in Malaysia, United States, Singapore and People's Republic of China. The services operation is solely in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Malaysia RM	Philippines RM	United States RM	People's Republic of China RM	Singapore RM	Others RM	Consolidated RM
<b>2009</b>							
Revenue from external customers	135,483,151	-	62,521,764	885,791	18,384,778	221,419	217,496,903
Segment assets	258,171,460	-	-	4,982,576	-	14,105,834	277,259,870
Capital expenditure	22,441,316	-	-	-	-	-	22,441,316
<b>2008</b>							
Revenue from external customers	171,351,858	2,670,453	67,770,738	-	33,124,663	534,550	275,452,262
Segment assets	265,878,523	-	-	13,605,239	-	11,539,902	291,023,664
Capital expenditure	57,412,218	18,015	-	78,633	-	-	57,508,866

## ■ Notes To The Financial Statements (cont'd)

### 30. RELATED PARTIES - GROUP/COMPANY

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to 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 or common significant influence. Related parties may be individuals or other entities.

Key management personnel are 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.

#### 30.1 Controlling related party relationships are as follows :

- i) Subsidiaries and associate of the Company as disclosed in Note 6 and Note 7 to the financial statements; and
- ii) Companies in which Mr Ng Kweng Chong is deemed to have substantial financial interest:
  - Wiserite Sdn. Bhd. (Company No : 410593 - W)
  - Ng Kweng Chong Holdings Sdn. Bhd. (Company No : 51580 - M)
  - Glencare Sdn. Bhd. (Company No : 549058 - U)
- iii) Directors and key management personnel of the Group

#### 30.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Group	2009 RM	2008 RM
i) Transactions with an associate SMCi Globetronics Technology Sdn. Bhd.		
Sales	17,328	31,768
Rental of premises	1,882,740	1,882,740
Provision of management support services	192,000	192,000
	<hr/>	<hr/>

#### ii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the following :

- remuneration package paid to them in accordance with the terms and conditions of their appointment; and
- share options granted to key management personnel of the Group as disclosed in the Directors' Report of the Company and its related companies.

#### iii) Transactions with a firm of which a Director of the Company is a member

	2009 RM	2008 RM
Professional fees paid	-	38,190
	<hr/>	<hr/>

The above transactions were entered into in the normal course of business and the terms of which have been established on a negotiated basis.

The non-trade balances with the associate are disclosed in Note 9 to the financial statements.

### 31. FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

The Group and Company's overall financial risk management objectives are to ensure that the Group and the Company create value for the shareholders. The Group and the Company have formulated a financial risk management framework with the principal objective to minimise the Group's exposure to risk and/or costs associated with financing, investing and operating activities. The various financial risk management policies were approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments and are summarised as below :

#### Credit risk

The Group and the Company are exposed to credit risk mainly from trade receivables and investments. The receivables are continuously monitored to ensure that issues arising from non-collectibility are minimised.

Investments are allowed only in investment grade liquid securities which are rated by certified international rating agencies.

At balance sheet date, the maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset as disclosed in the financial statements.

#### Foreign currency risk

The Group and the Company incur foreign currency risk on the sales, purchases and investments that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily the US Dollar, Japanese Yen, Hong Kong Dollar, Australian Dollar, Euro Dollar, Singapore Dollar, Indonesia Rupiah, Canadian Dollar, Swiss Franc and China Renminbi.

#### Interest rate risk

The Group and the Company's primary interest rate risk relates to interest-earning assets and interest-bearing liabilities as disclosed in Notes 8, 11 and 15 respectively. The investment in financial assets are not held for speculative purposes but mainly held in highly rated long term bonds and short term investments which yield better returns as compared to the conventional cash or fixed deposits placed with banks.

#### Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 Years RM	After 5 years RM
<b>2009</b>					
<b>Group</b>					
<b>Financial assets</b>					
In Malaysia:					
- Quoted bond fund	4.76	1,231,417	-	976,867	254,550
Outside Malaysia:					
- Quoted bonds	6.75	682,924	-	682,924	-
- Unquoted bonds	6.50	555,591	342,400	213,191	-
- Unquoted bond fund investments	7.00	684,800	684,800	-	-
Short-term investment in bond funds	3.45	6,213,836	6,213,836	-	-
Short-term investment funds	2.51	17,897,487	17,897,487	-	-
Short-term deposits	1.88	26,035,786	26,035,786	-	-
Cash at banks	1.36	10,702,397	10,702,397	-	-
<b>Financial liability</b>					
Short-term bank loan	-	-	-	-	-
<b>Company</b>					
<b>Financial assets</b>					
Quoted bond fund	4.76	1,231,417	-	976,867	254,550
Short-term investment in bond funds	3.45	6,213,836	6,213,836	-	-
Short-term investment funds	3.22	1,389,698	1,389,698	-	-
Short-term deposits	2.50	5,083,015	5,083,015	-	-
Cash at banks	1.02	1,421,373	1,421,373	-	-

## ■ Notes To The Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (cont'd)

	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 Years RM	After 5 years RM
<b>2008</b>					
<b>Group</b>					
<b>Financial assets</b>					
In Malaysia:					
- Quoted bond fund	7.78	515,642	-	515,642	-
Outside Malaysia:					
- Quoted bonds	6.75	688,708	-	-	688,708
- Unquoted bonds	7.20	560,297	-	560,297	-
- Unquoted bond fund investments	2.80	1,726,500	1,035,900	690,600	-
Short-term investment in bond funds	3.20	5,093,555	5,093,555	-	-
Short-term investment funds	3.21	17,503,939	17,503,939	-	-
Short-term deposits	2.04	25,160,950	25,160,950	-	-
Cash at banks	2.25	15,550,704	15,550,704	-	-
<b>Financial liability</b>					
Short-term bank loan	7.00	1,041,652	1,041,652	-	-
<b>Company</b>					
<b>Financial assets</b>					
Quoted bond fund	7.78	515,642	-	515,642	-
Short-term investment in bond funds	3.20	5,093,555	5,093,555	-	-
Short-term investment funds	1.87	1,885,539	1,885,539	-	-
Short-term deposits	3.45	5,322,175	5,322,175	-	-
Cash at banks	2.55	1,074,310	1,074,310	-	-

#### **Fair values**

##### ***Recognised financial instruments***

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, receivables, payables and short term borrowings.

## ■ Notes To The Financial Statements (cont'd)

### 31. FINANCIAL INSTRUMENTS (cont'd)

The fair values of the other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows :

Group	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets</b>				
In Malaysia:				
- Quoted bond fund	1,231,417	1,236,000	515,642	455,000
Outside Malaysia:				
- Quoted bonds	682,924	672,000	688,708	466,000
- Unquoted bonds	555,591	612,000	560,297	573,000
- Quoted shares	1,763,063	1,975,000	1,158,352	1,288,000
- Unquoted bond funds investments and fund investments	2,413,920	3,023,000	3,470,265	3,447,000
- Fixed income fund	868,840	869,000	876,199	753,000
<b>Company</b>				
<b>Financial assets</b>				
Quoted bond fund	1,231,417	1,236,000	515,642	455,000

The fair value of the quoted investments is their quoted bid price at the balance sheet date.

### 32. CONTINGENT LIABILITIES - COMPANY, UNSECURED

The Company provides financial guarantees to banks for credit facilities granted to certain subsidiaries up to limits of RM7,420,000 (2008 : RM8,550,000) of which RM4,909,500 (2008 : RM4,026,402) have been utilised at balance sheet date. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit limit is remote.

### 33. SIGNIFICANT EVENTS

During the year,

- the Company has consolidated its entire authorised share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of authorised shares of the Company is consolidated into 1,000,000,000 ordinary shares of RM0.50 each from 5,000,000,000 ordinary shares of RM0.10 each;
- the Company has consolidated its entire issued and paid-up share capital from every five (5) ordinary shares of RM0.10 held into one (1) ordinary share of RM0.50 each (share consolidation). Upon the completion of the share consolidation, the number of shares in issue of the Company is consolidated into 262,059,440 ordinary shares of RM0.50 each from 1,310,297,200 ordinary shares of RM0.10 each;
- at an Extraordinary General Meeting held on 24 February 2009, the Company's shareholders approved the establishment of a new employees' share option scheme ("ESOS III") of up to 10% of the issued and paid-up share capital, replacing the ESOS II which expired on 28 March 2009;
- the Company's wholly-owned subsidiary, ISO Technology Sdn. Bhd. has aborted the Sale and Purchase Agreement ("SPA") entered previously with a potential purchaser for disposal of a leasehold industrial land held under H.S. (D) 240/91, P.T. No. 2361, Mukim Naga, Daerah Kubang Pasu, Negeri Kedah together with an industrial building erected thereon for a cash consideration of RM5,500,000 as the potential buyer had not fulfilled certain conditions stipulated in the SPA; and
- the Company's wholly-owned subsidiary, Globetronics International Inc, has entered into a Sales and Purchase Agreement with a potential buyer for disposal of its entire shareholdings in its wholly-owned subsidiary, Globetronics Jiaxing Inc for a total cash consideration of RMB12.8 million (equivalent to RM6.67 million).



■ **Statement By Directors Pursuant To Section 169(15) Of The Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 36 to 79 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

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



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**NG KWENG CHONG**



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**HENG HUCK LEE**

Penang,

Date : 31 March 2010

■ Statutory Declaration Pursuant To Section 169(16) Of The Companies Act, 1965

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 36 to 79 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 31 March 2010.

NgkokChoon

\_\_\_\_\_  
NG KOK CHOON

Before me :



731, 1st Floor, Jalan Dato Keramat  
10460 Pulau Pinang, Malaysia.

## ■ Independent Auditors' Report To The Members Of Globetronics Technology Bhd

### Report on the Financial Statements

We have audited the financial statements of Globetronics Technology Bhd., which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 79.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2009 and of their financial performance and cash flows for the year then ended.

### Report on Other Legal and Regulatory Requirements

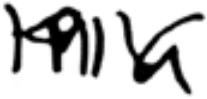
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

■ Independent Auditors' Report To The Members Of  
Globetronics Technology Bhd (cont'd)

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG  
AF 0758  
Chartered Accountants



Lee Kean Teong  
1857/02/12 (J)  
Chartered Accountant

Date : 31 March 2010

Penang,

## ■ Statistics On Shareholdings As At 31 March 2010

### ANALYSIS BY SIZE OF HOLDINGS: 31 MARCH 2010

AUTHORISED SHARE CAPITAL:	RM500,000,000
ISSUE AND PAID-UP CAPITAL:	RM131,870,920
CLASS OF SHARES:	Ordinary shares of RM0.50 each
VOTING RIGHT:	One vote per ordinary share

Size Of Holdings	No. of Depositors	% of Depositors	No. of Share Held	% of Issued Capital
Less than 100	102	1.176	3,798	0.001
100 - 1,000	1,958	22.571	1,355,369	0.514
1,001 - 10,000	5,088	58.651	21,291,080	8.073
10,001 - 100,000	1,365	15.735	39,013,469	14.792
100,001 - 13,102,971	159	1.833	103,155,708	39.113
13,102,972 - 263,741,840	3	0.034	98,922,416	37.507
Total	8,675	100	263,741,840	100

## ■ Statistics On Shareholdings As At 31 March 2010 (cont'd)

### Top 30 Shareholders

Name	Number of Shares Held	% of Issued Share Capital
1 WISERITE SDN. BHD.	59,107,868	22.411
2 GENERAL PRODUCE AGENCY SDN. BHD.	20,480,408	7.765
3 EMPLOYEES PROVIDENT FUND BOARD	19,334,140	7.331
4 LEMBAGA TABUNG HAJI	13,067,700	4.955
5 NG KWENG CHONG HOLDINGS SDN. BHD.	10,153,524	3.850
6 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND	8,646,960	3.279
7 GLENCARE SDN. BHD.	7,578,573	2.874
8 HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)	6,098,000	2.312
9 MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	4,100,000	1.555
10 AM NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (A/C1)	3,000,000	1.138
11 LIM CHIEN CH'ENG	2,534,000	0.961
12 ADDEEN CONSULTANCY & MANAGEMENT SDN. BHD.	2,243,900	0.851
13 NG KWENG CHONG	1,559,871	0.591
14 ENGEE HOLDINGS SENDIRIAN BERHAD	1,404,762	0.533
15 HENG HUCK LEE	1,137,200	0.431
16 LIM SEAT TING	1,123,520	0.426
17 AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHO CHAI YAM	974,420	0.369
18 AM NOMINEES (TEMPATAN) SDN. BHD. PERTUBUHAN KESELAMATAN SOSIAL	958,500	0.363
19 GOOI MEI HOON	902,000	0.342
20 AMANAHRAYA TRUSTEES BERHAD AMITTIKAL	900,000	0.341
21 GOOI MOY HUA	877,505	0.333
22 NG KOK CHIN	758,114	0.287
23 HLB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIEW WING KEONG (SIN 9734-4)	750,000	0.284
24 CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEE HOONG HING (474453)	706,000	0.268
25 CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. BHLB TRUSTEE BERHAD FOR PRUGROWTH FUND (50138 TR01)	594,500	0.225
26 AMANAHRAYA TRUSTEES BERHAD DANA JOHOR	594,000	0.225
27 TABUNG AMANAH WARISAN NEGERI JOHOR	566,400	0.215
28 HLG NOMINEE (TEMPATAN) SDN. BHD. HLG ASSET MANAGEMENT SDN. BHD. FOR PROGRAM PERTUKARAN FELLOWSHIP PERDANA MENTERI MALAYSIA (1085)	520,000	0.197
29 CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	517,560	0.196
30 NG KWENG TATT	500,000	0.190
	<b>171,689,425</b>	<b>65.098</b>

## ■ Statistics On Shareholdings As At 31 March 2010 (cont'd)

### Substantial Shareholdings as at 31 March 2010

Substantial Shareholders	No. of ordinary shares of RM0.50 each held			
	Direct Interest	%	Indirect Interest	%
Ng Kweng Chong	1,559,871	0.59	78,109,085	N1 29.61
Gooi Mei Hoon	902,000	0.34	76,839,965	N2 29.13
Ng Kweng Chong Holdings Sdn. Bhd.	10,153,524	3.87	66,686,441	N3 25.28
General Produce Agency Sdn. Bhd.	20,480,408	7.82	66,686,441	N3 25.28
Malaysian Technology Development Corporation Sdn. Bhd.	121,199	0.05	66,686,441	N3 25.28
Wiserite Sdn. Bhd.	59,107,868	22.56	7,578,573	N4 2.87
Employees Provident Fund Board	31,281,100	11.86	-	

#### Notes :

- (N1) Deemed interested by virtue of his spouse's, son's and daughter's direct interest in Globetronics Technology Bhd ("GTB") and by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 7,578,573 ordinary shares in GTB.
- (N2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 7,578,573 ordinary shares in GTB.
- (N3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 7,578,573 ordinary shares in GTB.
- (N4) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn. Bhd. of 7,578,573 ordinary shares in GTB.
- (N5) Inclusive of shares held through PHEIM Asset Management Sdn. Bhd. of 8,646,960 ordinary shares in GTB and Am Nominees (Tempatan) Sdn. Bhd. of 3,000,000 ordinary shares in GTB.

## ■ Statistics On Shareholdings As At 31 March 2010 (cont'd)

### Directors' Shareholdings as at 31 March 2010

Directors	No. of ordinary shares of RM0.50 each held			
	Direct Interest	%	Indirect Interest	%
Ng Kweng Chong	1,559,871	0.59	78,109,085	N1 29.61
Heng Huck Lee	1,137,200	0.43	-	
Dato' Noor Ahmad Mokhtar Bin Haniff	18,893	0.01	420,000	N4 0.16
Dato' Ng Kweng Moh	-		1,485,682	N2 0.56
Dato' Dr. Chong Eng Keat	50,000	0.02	98,480	N4 0.04
Lim Chien Ch'eng	2,534,000	0.96	-	
Ng Kok Khuan	40,000	0.02	7,614,213	N3 2.89
Diong Chin Teck	40,000	0.02	-	
Ng Kweng Chan	-		344,060	N4 0.13
Hizwani Bin Hassan	-		-	
Norhalim Bin Yunus	-		-	

#### Notes :

- (N1) Deemed interested by virtue of his spouse's, son's and daughter's direct interest in Globetronics Technology Bhd ("GTB") and by virtue of Section 6A of the Companies Act, 1965 held through Ng Kweng Chong Holdings Sendirian Berhad of 10,153,524 ordinary shares in GTB, Wiserite Sdn. Bhd. of 59,107,868 ordinary shares in GTB and Glencare Sdn. Bhd. of 7,578,573 ordinary shares in GTB.
- (N2) Deemed interested by virtue of his spouse's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Engee Holdings Sendirian Berhad of 1,404,762 ordinary shares in GTB.
- (N3) Deemed interested by virtue of his spouse's direct interest in GTB and by virtue of Section 6A of the Companies Act, 1965 held through Glencare Sdn. Bhd. of 7,578,573 ordinary shares in GTB.
- (N4) Deemed interested by virtue of his spouse's direct interest in GTB.



## ■ Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Merbah Room, Lower Level, Hotel Equatorial Penang, No.1. Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Tuesday, 18 May 2010 at 9.30 a.m. for the following purposes:

### As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of Directors and Auditors thereon. **Please refer to Note 6**
2. To re-elect the following directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
  - i) Mr. Ng Kweng Chong **Resolution 1**
  - ii) Mr. Heng Huck Lee **Resolution 2**
3. To re-elect Mr. Ng Kweng Chan, a director who retires in accordance with Article 87 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Resolution 3**
4. To consider and if thought fit, to pass with or without modifications, the following special resolutions in accordance with Section 129(6) of the Companies Act, 1965:
  - i) "That Mr. Diong Chin Teck, a director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 4**
  - ii) "That Dato' Noor Ahmad Mokhtar Bin Haniff, a director who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**
5. To approve the payment of directors' fees for the financial year ended 31 December 2009. **Resolution 6**
6. To approve the payment of a Final Dividend of 4% less Income Tax of 25% for the financial year ended 31 December 2009. **Resolution 7**
7. To re-appoint Messrs. KPMG as auditors of the Company until the next Annual General Meeting of the Company and to authorise the directors to fix their remuneration. **Resolution 8**

### As Special Business:

8. To consider and if thought fit, to pass with or without modifications, the following ordinary resolution :  
**Authority for the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 9**  
"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being and that the directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

## ■ Notice Of Annual General Meeting (cont'd)

9. To consider and if thought fit, to pass with or without modifications, the following special resolution :

### **Proposed Amendments To The Company's Articles Of Association**

**Resolution 10**

"That the existing Article 142 of the Company's Articles of Association which read as follows :-

142. Any dividend, interest or money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder and to such address as the holder may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

be deleted in its entirety and substituted with the following new Article 142 :-

142. Any dividend, interest or money payable in cash in respect of shares may be paid by electronic payments via direct crediting to the bank account of the holder whose name appear in the Record of Depositors or by cheque or warrant sent through the post directed to the registered address of the holder and to such address as the holder may in writing direct. Every such mode of payments shall be made payable to the order of the person to whom it is sent and shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or discrepancy in the bank account details of the holder. Any cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

10. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board,

**ONG ENG CHOON (MIA 2121)**  
**LEE PENG LOON (MACS 01258)**  
Joint Secretaries

Penang  
Date: 26 April 2010

## ■ 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 and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the Proxy Form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of its attorney.

### EXPLANATORY NOTE ON ORDINARY BUSINESS

6. The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

7. The Resolution 9, is to seek a renewal of the general mandate for the directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

As at the date of notice of meeting, no shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

8. The Resolution 10, is to seek shareholders' approval to amend Article 142 of the Company's Articles of Association to facilitate future payments of dividends through electronic payment systems.

### ANNUAL REPORT 2009

9. The Annual Report 2009 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Ms. Lim Lay Peng at telephone no 04-6444906 ext. 181 or email your request to [layspeng\\_lim@globe.com.my](mailto:layspeng_lim@globe.com.my)

## ■ Notice Of Dividend Entitlement

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend of 4% less Income Tax of 25%, for the financial year ended 31 December 2009, if approved, will be paid on 9 June 2010 to shareholders registered in the Record of Depositors of the Company on 25 May 2010.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 25 May 2010 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

**ONG ENG CHOON (MIA 2121)**  
**LEE PENG LOON (MACS 01258)**  
Joint Secretaries

Penang  
Date: 26 April 2010

## ■ List of Properties

Registered Owner/ Location	Description	Land Area (acres)	Build-up area (sq ft)	Tenure (Expiry date)	Age (Years)	Net Book Value as at 31.12.2009 (RM)	Date of Acquisition
Globetronics Sdn Bhd Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	5.35		Leasehold 60 years		1,283,552	01.08.1990
	Factory Building		70,000	(14-05-2051)	17	4,573,388	
	Factory Building		110,000		15	9,159,565	
	Factory Building		40,000		14	3,802,335	
Globetronics Sdn Bhd Lot 5&7, Jln SS8/4 Kawasan MIEL, Phase II, Sg Way Baru, 47300 PJ, Selangor Darul Ehsan.	Freehold Land	2.14		Freehold		3,987,019	31.12.2006
	Factory Building		39,492		36	2,139,400	
Globetronics (KL) Sdn Bhd Lot 1, Jln SS8/4 Free Industrial Zone, Sungai Way, 47300 PJ, Selangor Darul Ehsan.	Leasehold Land	0.75		Leasehold 99 years (30-10-2100)		1,769,890	28.7.2009
	Leasehold Land	0.31		Leasehold 99 years (11-10-2105)		741,667	
	Freehold Land	0.72		Freehold		2,038,169	
	Factory Building		103,465		37	5,170,706	
ISO Technology Sdn Bhd 290,291&292, Phase 3 Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	3.11		Leasehold 60 years		841,976	05.01.1999
	Factory Building		50,000	(06-03-2050)	19	4,768,490	
ISO Technology Sdn Bhd Plot 36, Kawasan Perindustrian Bandar Baru Darulaman, 06000 Jitra, Kedah.	Leasehold Land	5.94		Leasehold 60 years (21-04-2051)		313,100	10.06.2003
	Factory Building		51,200		18	1,391,331	
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)	36	1,489,295	20.11.2002
	Factory Building		67,515	H.S.(D)13853 (02.03.2040)	29	4,560,820	
Globetronics Jiaxing Inc. No. 5, Heping Road, Jiaxing Economic Development Zone, Jiaxing 314001, Zhejiang, China.	Leasehold Land	3.29		Leasehold 50 years J(2005) 204632 No: 01-04-50-0015 (12-09-2055)		1,446,500	22.10.2005
	Factory Building		60,000	JPC0154598	5	2,407,313	

## ■ eDividend

31 March 2010

Dear Shareholder,

RE: eDividend (Electronic Dividend) service

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We are pleased to inform you that Globetronics Technology Berhad ("**the Company**") will be providing eDividend to shareholders to be implemented in the first quarter of 2011. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

### 1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad ("**listed issuers**") and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorized deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:
  - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
  - (b) the option to consolidate the dividends from all your Central Depository System ("**CDS**") accounts into one bank account for better account management.

### 2. Registration for eDividend

- 2.1 Registration for eDividend will commence on **19 April 2010** for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or download from Bursa Malaysia's website at <http://www.bursamalaysia.com>

- 2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:
  - (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification;  
Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and
  - (b) Copy of your bank statement/ bank savings book/ details of your bank account obtained from your banks website that has been certified by your bank/ copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/ High Commission.

### 3. Notification of eDividend payment after registration

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

## ■ eDividend (cont'd)

### 4. Additional information for shareholders

4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: [http://www.meps.com.my/faq/interbank\\_giro.asp?id=2#answer](http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer)

1. Affin Bank Berhad
2. Alliance Bank Malaysia Berhad
3. AmBank (M) Berhad
4. Bank Islam Malaysia Berhad
5. Bank Muamalat Malaysia Berhad
6. Bank Kerjasama Rakyat Malaysia Berhad
7. Bank of America
8. Bank Simpanan Nasional
9. CIMB Bank Berhad
10. Citibank Berhad
11. Deutsche Bank Berhad
12. Eon Bank Berhad
13. Hong Leong Bank Berhad
14. HSBC Bank Malaysia Berhad
15. Malayan Banking Berhad
16. OCBC Bank (Malaysia) Berhad
17. Public Bank Berhad
18. RHB Bank Berhad
19. Standard Chartered Bank Malaysia Berhad
20. The Royal Bank of Scotland Berhad
21. United Overseas Bank (Malaysia) Bhd

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorize the disclosure in writing. For eDividend purposes, you will be authorizing disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 January 2011, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our officers, Ms. Wong Ming Nee at 04-8194121 or Mr. Ng Kok Yu at 04-8194160.

Thank you.

Yours faithfully,  
Ng Kweng Chong  
Founder and Executive Chairman

**PROXY FORM**

**GLOBETRONICS TECHNOLOGY BHD.(410285-W)  
(Incorporated in Malaysia)**

\* I / We .....  
(Full Name in Block Letters)

of .....  
(Address)

being a \* member / members of the abovenamed Company, hereby appoint .....  
.....  
(Full Name in Block Letters)

of .....  
(Address)

or failing him, .....  
(Full Name in Block Letters)

of .....  
(Address)

as \* my / our proxy to vote for \* me / us on \* my / our behalf at the Thirteenth Annual General Meeting of the Company to be held at Merbah Room, Lower Level, Hotel Equatorial Penang, No.1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Tuesday, 18 May 2010 at 9.30 a.m. and at any adjournment thereof.

	RESOLUTION									
	1	2	3	4	5	6	7	8	9	10
<b>FOR</b>										
<b>AGAINST</b>										

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

As witness my hand this .....day of .....2010.

No. of shares held

.....  
Signature of Member(s)

**Notes:**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

\* Strike out whichever is not desired.



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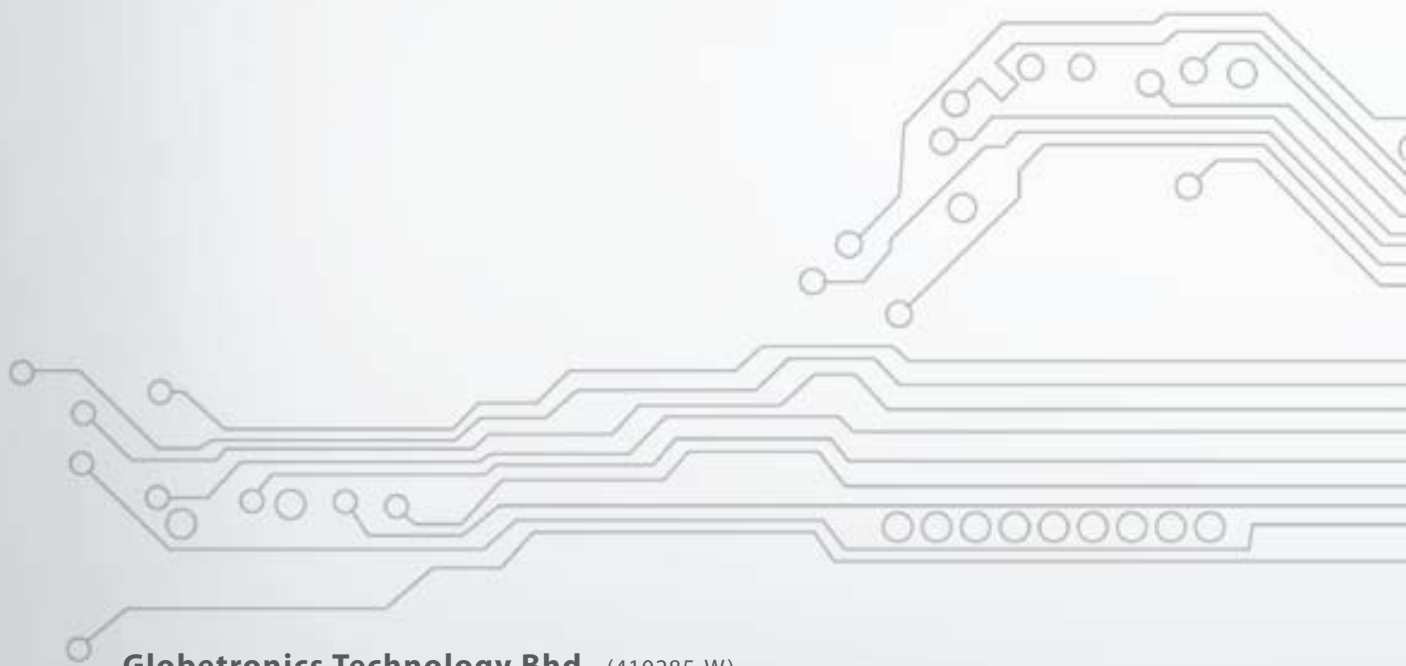
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STAMP  
HERE

The Secretary  
**Globetronics Technology Bhd.** (410285-W)  
51-21-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang, Malaysia

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**Globetronics Technology Bhd.** (410285-W)

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

tel : 604- 644 4906 fax : 604-644 6617

[www.globetronics.com.my](http://www.globetronics.com.my)