

**Globetronics
Technology Bhd.**

Registration No. 199601037932 (410285-W)



SMART FUTURE

ANNUAL REPORT 2021



TECHNOLOGY
CONNECTING
PEOPLE

TABLE OF CONTENTS

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

2

Corporate Information

3

Group Corporate Structure

4

Financial Highlights

5

Board of Directors

6

Profile of Directors

11

Profile of Key Senior Management

14

Founder and Executive Chairman's Message

19

Management Discussion and Analysis by the CEO

22

Sustainability Statement

52

Audit and Risk Management Committee Report

59

Corporate Governance Overview Statement

66

Additional Compliance Information

67

Statement on Risk Management and Internal Control

72

Directors' Responsibility Statement

73

Financial Statements and Notes

158

Statistics on Shareholdings

163

Notice of AGM

166

List of Properties

Enclosed

Proxy Form

CORPORATE INFORMATION

Board of Directors

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

Dato' Heng Huck Lee
(Chief Executive Officer)

Ms. Lam Voon Kean

Dato' Syed Mohamad Bin Syed Murtaza

Mr. Ng Kok Khuan

Ms. Ong Huey Min

Encik Hj. Mohammad Hazani Bin Hj. Hassan
(Appointed on 7 May 2021)

Audit and Risk Management Committee

Chairwoman
Ms. Lam Voon Kean

Members
Dato' Syed Mohamad Bin Syed Murtaza
Ms. Ong Huey Min

Secretaries

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

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

Registered Office

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

Share Registrars

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

Auditors

KPMG PLT
Chartered Accountants

Principal Financial Institutions

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

Principal Solicitor

Ghazi & Lim

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Code: 7022

GROUP CORPORATE STRUCTURE

100%

Globetronics Sdn Bhd ("GSB")

Assembly and Testing of Integrated Circuits ("IC"), Optoelectronic Products and Technical Plating Services

Globetronics Manufacturing Sdn Bhd ("GMSB")

Development and Assembly of Sensors and Optical Products for Smart Mobile and Wearable Applications

ISO Technology Sdn Bhd ("ISO")

Manufacturing of Small Outline Components, Light-Emitting-Diode ("LED") Components and Modules and Technical Plating Services for the Semiconductor Industry

Globetronics (KL) Sdn Bhd ("GKL")

Temporarily ceased its operation

Globetronics Medical Technology Sdn Bhd

Provision of Computer Hardware and Software, System Solutions and Consultations

Globetronics International Incorporated

Investment Holding
-100% Globetronics (HK) Limited
Trading of Electronics/Semiconductor Components

Globetronics Industries Sdn Bhd

Dormant

Trillion Suntech Sdn Bhd

Dormant



Globetronics Technology Bhd.

Registration No. 199601037932 (410285-W)

49%

NGK Globetronics Technology Sdn Bhd

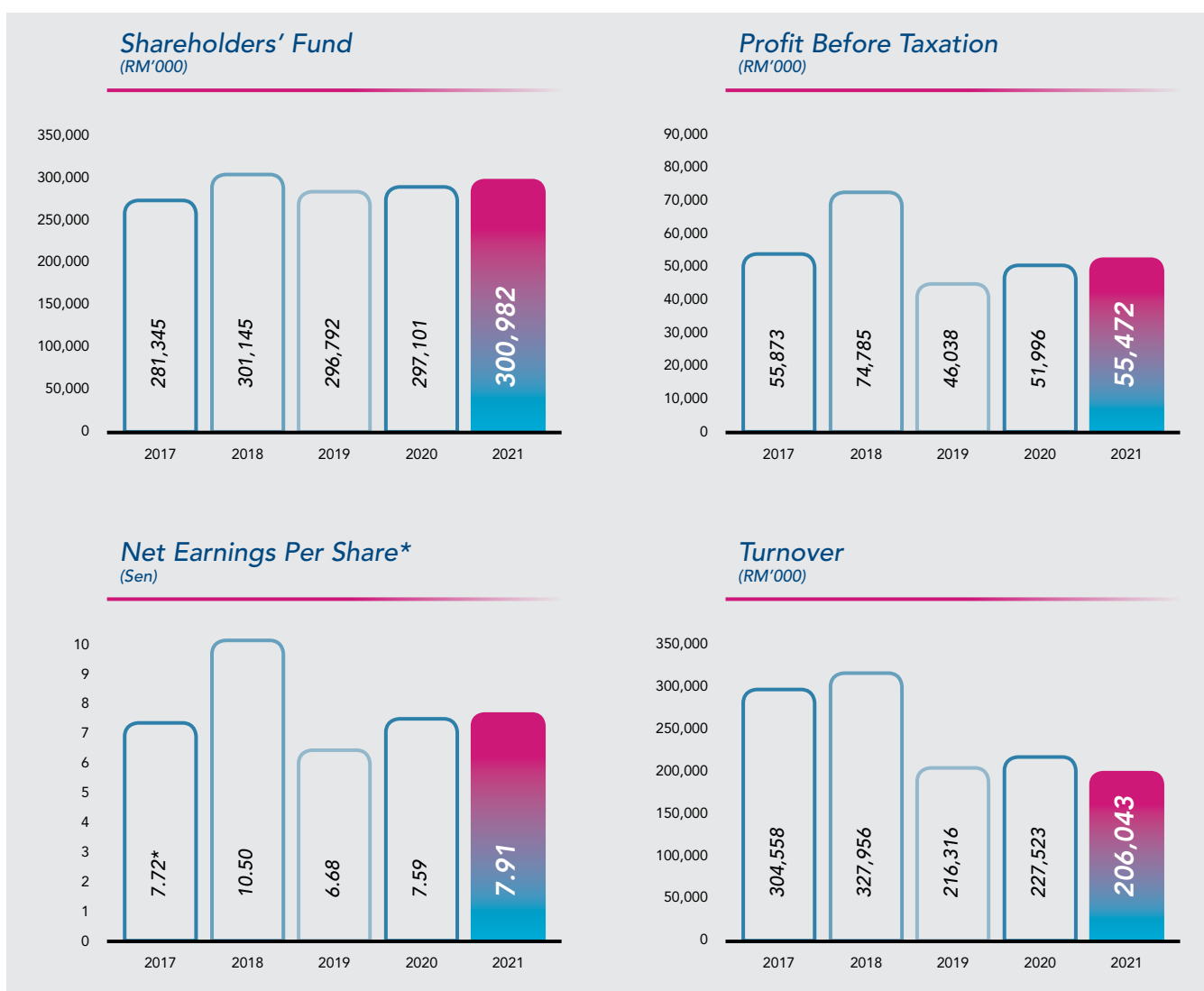
Advanced Ceramic Piece-Parts Manufacturing



FINANCIAL HIGHLIGHTS

Year Ended 31 December	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Turnover	304,558	327,956	216,316	227,523	206,043
Profit Before Taxation	55,873	74,785	46,038	51,996	55,472
Profit After Taxation	51,147	70,117	44,714	50,804	52,949
Profit Attributable to Shareholders	51,147	70,117	44,714	50,804	52,949
As at 31 December					
Total Assets Employed	397,143	376,069	337,777	333,689	334,922
Shareholders' Fund	281,345	301,145	296,792	297,101	300,982
Net Earnings Per Share (Sen)	7.72*	10.50	6.68	7.59	7.91
Net Tangible Assets Per Share (RM)	0.42*	0.45	0.44	0.44	0.45

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



BOARD OF DIRECTORS



Mr. Micheal Ng Kweng Chong
Founder and Executive Chairman



Dato' Heng Huck Lee
Chief Executive Officer



Ms. Lam Voon Kean



**Dato' Syed Mohamad
Bin Syed Murtaza**



Mr. Ng Kok Khuan



Ms. Ong Huey Min



**Encik Hj. Mohammad Hazani
Bin Hj. Hassan**

PROFILE OF DIRECTORS

Mr. Michael Ng Kweng Chong

*Non-Independent Executive Director
of Globetronics Technology Bhd. ("GTB")
Director since 5 August 1997
Executive Chairman and Chief Executive Officer
since 19 May 1998
Founder and Executive Chairman since 3 January 2008*



Age
74



Gender
Male



Nationality
Malaysian



Mr. Michael Ng is currently the Founder and Executive Chairman of GTB. He was the original founder of GSB in 1991. He nurtured the Company from an initial paid-up capital of RM3 million 30 years ago and led the Company to a successful IPO in 1997. Today, Globetronics has grown to become a company listed on the Main Market of Bursa Malaysia Securities Berhad with nine subsidiaries and one associated company with a paid-up capital of more than RM180 million.

Mr. Michael Ng graduated from the University of London in 1972 with an Honours Degree in Mechanical Engineering. He has earned many certifications and recognition in the areas of technical, management and business developments and expertise in the High Technology Semiconductor manufacturing arena.

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

He attended all 5 Board Meetings held during the financial year ended 31 December 2021.

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

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

PROFILE OF DIRECTORS (Cont'd)

Dato' Heng Huck Lee

*Non-Independent Executive Director of GTB
Director since 10 November 1997
Chief Operating Officer ("COO") since 25 May 1998
Chief Executive Officer ("CEO") since 3 January 2008*



Age
65



Gender
Male



Nationality
Malaysian



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

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

Dato' Heng is a committee member of Electrical and Electronic Strategic Council ("EESC") of Malaysian Investment Development Authority ("MIDA"), Frepenca, Penang Strategic Investment Advisory Council ("PSIAC") and Penang Socio-Economic Recovery Consultative Council ("PSERCC") Industri/SMI/SME.

He is also an industrial advisor for Faculty of Business and Finance of University Tunku Abdul Rahman ("UTAR").

He attended all 5 Board Meetings held during the financial year ended 31 December 2021.

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

PROFILE OF DIRECTORS (Cont'd)

Ms. Lam Voon Kean

*Independent Non-Executive Director of GTB
Director since 15 May 2013*



Age
70



Gender
Female



Nationality
Malaysian



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

She left KPMG Penang and joined M&C Services Sdn. Bhd. (now known as Boardroom Corporate Services Sdn. Bhd.) in 1994 and was promoted to Executive Director managing a suite of business solutions and services for public listed companies, private companies and branches of multi-national companies. She was promoted to Managing Director of Boardroom Corporate Services Sdn. Bhd. ("Boardroom") consequent to an internal restructuring exercise in year 2005 and retired on 31 December 2011. Upon retirement, she accepted a one year contract to act as consultant to Boardroom effective 1 January 2012.

She is the Chairwoman of Audit and Risk Management Committee ("ARMC"), a member of Employee Share Option Scheme ("ESOS") Committee and Nomination Committee ("NC") in GTB. Ms. Lam currently sits on the Board of Asia File Corporation Bhd., RGB International Bhd., Alcom Group Bhd. and Tambun Indah Land Bhd.

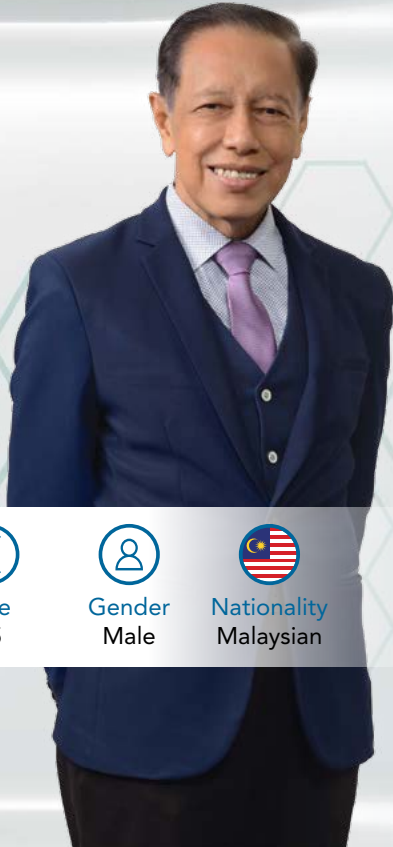
She attended all 5 Board Meetings held during the financial year ended 31 December 2021.

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

PROFILE OF DIRECTORS (Cont'd)

Dato' Syed Mohamad Bin Syed Murtaza

*Independent Non-Executive Director of GTB
Director since 18 May 2011*



Age
75



Gender
Male



Nationality
Malaysian

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

Dato' Syed is experienced in a diverse range of businesses from automotive and manufacturing to exports, trading, property and oil and gas.

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

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

He attended all 5 Board Meetings held during the financial year ended 31 December 2021.

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

He graduated with a Diploma of Business Studies in 1975 from Australia and is a member of MIA. From 1976 to 1977 he was employed as the Internal Auditor of Central Finance Berhad. In 1978 he was appointed as the Company Secretary of General Produce Agency Sdn. Bhd. and he has held the position since then.

He is a member of the ESOS Committee of GTB.

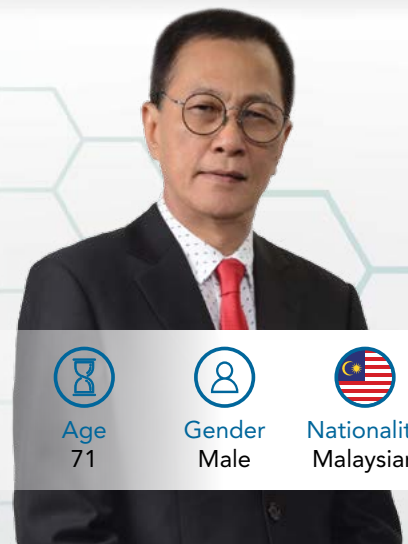
He attended all 5 Board Meetings held during the financial year ended 31 December 2021.

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

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

Mr. Ng Kok Khuan

*Non-Independent
Non-Executive Director of GTB
Director since 19 May 1998*



Age
71



Gender
Male

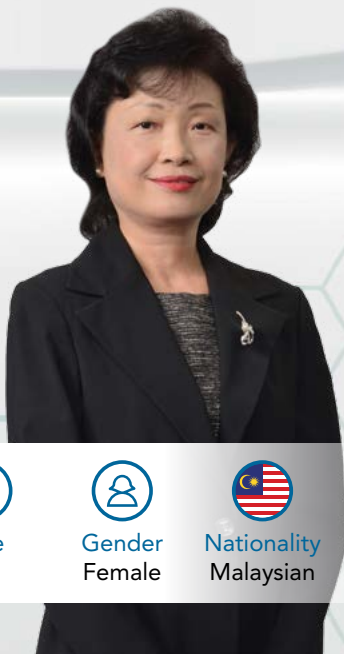


Nationality
Malaysian

PROFILE OF DIRECTORS (Cont'd)

Ms. Ong Huey Min

Independent Non-Executive Director of GTB Director since 23 October 2017



Age
64



Gender
Female



Nationality
Malaysian

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

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

She is a Chairwoman of ESOS Committee, a member of the ARMC and RC in GTB.

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

She attended all 5 Board Meetings held during the financial year ended 31 December 2021.

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

Encik Hazani holds a degree in Mechanical Engineering from California State University at Sacramento and Diploma in Technology Management from Singapore Institute of Engineering Technology. He is also a certified coach.

He currently oversees the management of various funds at MTDC. The funds include Business Start-up Fund, Business Growth Fund and Business Expansion Fund. Prior to joining MTDC, he was a Principal of Kumpulan Modal Perdana Sdn. Bhd ("KMP") and was involved in the operations of various projects and funds undertaken by KMP, namely the venture capital fund locally and in the US and China as well as the local microchip design initiative. He was also in charge of the business accelerator operation through Plug and Play Technology Management.

He has vast experiences in fund management, venture capital and technology transfer having been involved in the industry for the last twenty years both locally and internationally. He spent three years working for a venture capital fund in Silicon Valley. Currently, he is the Chairman of the Malaysian Venture Capital Association ("MVCA") and sits on the Board of a number of MTDC's investee companies. Previously, he sat on Technopreneur Association of Malaysia ("TeAM") management committee.

Before joining KMP in 2001, Mohammad Hazani was an Assistant General Manager Special Project and Investment at MTDC. Prior to that he was the Section Head of Engineering at Omron (M) Sdn Bhd and Assistant Research Officer at SIRIM Berhad.

He is a Chairman of RC and a member of the NC in GTB.

He attended 3 of the 5 Board Meetings held during the financial year ended 31 December 2021 since his appointment on 7 May 2021.

Encik Hazani 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.

Additional information:

None of the Directors has:

- (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
- (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

Encik Hj. Mohammad Hazani Bin Hj. Hassan

Independent Non-Executive Director of GTB Director since 7 May 2021



Age
57



Gender
Male



Nationality
Malaysian

PROFILE OF KEY SENIOR MANAGEMENT



Mr. Micheal Ng Kweng Chong
Founder and Executive Chairman



Dato' Heng Huck Lee
Chief Executive Officer



Mr. Ng Kok Choon



Ms. Heng Charng Yee



Mr. Ng Kok Yu



Mr. Yip Wai Chee

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

Mr. Michael Ng Kweng Chong

Founder and Executive Chairman



Age
74



Gender
Male



Nationality
Malaysian

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

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

Dato' Heng Huck Lee

Chief Executive Officer



Age
65



Gender
Male



Nationality
Malaysian

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

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

Mr. Ng Kok Choon

Chief Financial Officer ("CFO")



Age
56



Gender
Male



Nationality
Malaysian

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

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

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

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

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

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

Ms. Heng Charng Yee

Chief Operating Officer ("COO")



Age
38



Gender
Female



Nationality
Malaysian

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

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

She joined Globetronics Manufacturing Sdn. Bhd. ("GMSB") in 2013 as a Quality and Strategic Business Manager in charge of overseeing quality across GSB and GMSB as well as development of strategic projects. She was appointed as Vice President of Business and Operations in January 2018 and subsequently appointed as COO of GTB in January 2021.

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

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

Mr. Ng Kok Yu

Corporate Director



Age
46



Gender
Male



Nationality
Malaysian

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

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

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

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

Mr. Yip Wai Chee

Vice President of Business and Operations



Age
54



Gender
Male



Nationality
Malaysian

Mr. Yip Wai Chee graduated with Bachelor of Mechanical Engineering degree from University of Malaya.

He started his career with Intel Technology Sdn Bhd in Penang in May 1993 as Assembly Equipment Engineer. During his 22 years tenure in Intel, he expanded his roles to Assembly/Test Equipment Manager, Test Engineering Manager, Operations Manager, Lean Manufacturing Manager and Senior Product Manager.

He joined GMSB in December 2016 as the Business and Operations Director. He manages smart devices sensor business division and be the key interface to customer. His roles and responsibilities include new product qualification, capacity planning, output execution strategies, product quality improvement and cost management. He has led multiple generations of sensor products start up and ramp in mass production successfully. He was appointed as Vice President of Business and Operations in January 2022.

Mr. Yip Wai Chee does not have any family relationship with any director and/or major shareholder of GTB. He has no conflict of interest in any business arrangement involving the company.

Additional information:

None of the Key Senior Management has:

- (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
- (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

FOUNDER AND EXECUTIVE CHAIRMAN'S MESSAGE



It is with much humility that I would like to begin my report with my sincerest and heartfelt appreciation to all the staff and employees of Globetronics Technology Bhd. ("GTB") for their intense focus and unmatched devotion, striving selflessly in order for our Group to sail through another treacherous year in FY2021. While it is undeniable that FY2021 was even more challenging than FY2020 particularly due to another yearlong border closures, sporadic lockdowns, supply chain interruptions and the likes, our Group stood tall throughout the last 2 years of epic trauma caused by the energy sapping, yearlong Covid-19 pandemic related challenges and interruptions posed to us throughout FY2021.

Our Group of highly motivated workforce under the meticulous and outstanding stewardship of CEO (Dato' Heng), CFO (Ng Kok Choon) and COO (Heng Charng Yee) took the bull by the horns, converting many crises into gainful opportunities while delivering a reasonable bottom line result in spite of the softer revenue for the year due mainly to the Covid-19 pandemic related business interruptions and the phased-exit of some matured, zero-margin product-lines in our Kuala Lumpur ("KL") factory.

Compared to our Group's FY2020 financial results, FY2021's profit-after-tax ("PAT") of RM52.9 million improved by 4% whilst the revenue softened by 9% at RM206 million. It is noteworthy that a line-up of four new projects / businesses had been actively worked on in FY2021 and are ready to start contributing towards the second half of FY2022 together with another two new businesses ready for contribution in early FY2023. On top of that, our Group continued to deliver strong dividend payout of RM50.2 million to our shareholders while closing FY2021 with a healthy RM195.1 million in cash and bank balances. However, due to various Covid-19 pandemic related business interruptions which impeded the Group's FY2021 financial growth, GTB's market capitalization closed FY2021 lower at approximately RM1.1 billion versus RM1.8 billion at the end of FY2020.

Notwithstanding the multiple challenges posed to our Group in the full compliances to all Covid-19 pandemic related standard operating procedures ("SOPs") leading to human-resource shortages, prolonged border closures, material supply chain disruptions as well as restricted overseas-travels, our Group's Sensors Division continued to deliver 100% delivery-commitment to our customer's products and service-demands while successfully qualified three new projects ready to go into mass production in FY 2022/23 timeframe. Our quartz crystal timing devices Division on the other hand faced severe price competition as well as technology replacement, which made us decide to exit the legacy product-lines while consolidating other businesses into our Penang operations to reduce overhead costs. As for our Group's LED / laser / optical devices' Division, improved product-loadings from certain key customers coupled with tight operational cost-controls translated into a year with strong growth in both revenue and PAT compared to FY2020's financial results.

On the governance front, our Group continued its work towards proactive compliances to a host of revamped statutory, regulatory and reporting requirements in the Malaysian Corporate scene. The key activities include the completion of risk assessment studies and analysis of 'adequate procedures' set out in the Ministerial Guidelines on Adequate Procedures issued pursuant to Section 17(A) of Malaysian Anti-corruption Commission 2009 (Amendment 2018) ("MACC") Act to enhance the overall transparency of GTB Group as well as the revamping of Group's Sustainability / Environmental, Social, Governance ("ESG") initiatives as follow:

FOUNDER AND EXECUTIVE CHAIRMAN'S MESSAGE (Cont'd)

Sustainability and ESG Initiatives

Major revamping of GTB Group's Sustainability and ESG initiatives were instituted in FY2021 with quarterly review sessions being conducted for GTB Board of Directors as well as for the ARMC whilst monthly review sessions are being conducted for all top executive and management teams together with all relevant ESG-team leaders.

Our Group also initiated dialogue and briefing sessions with Bursa Malaysia to understand our latest score and standing on Sustainability and ESG fronts.

A revamp of GTB Group's Sustainability and ESG initiatives were instituted in FY2021 focusing on "Themes exposure for Globetronics", where high exposure areas have been identified and focused on to improve our Group's overall sustainability and ESG practices. Some of the identified action plans have been reinforced through the creation of new policies to emphasize and align the Group's direction toward the relevant themes. We also continue to prioritize areas of relevant themes such as climate change, pollution and resources, environment supply chain, social supply chain, water security, health and safety and labour standard. This is demonstrated through the careful planning of our new building expansion which would incorporate the latest environmentally friendly materials and equipment that is projected to have energy avoidance and carbon footprint reduction through a more efficient use of the Group's energy and water resources.

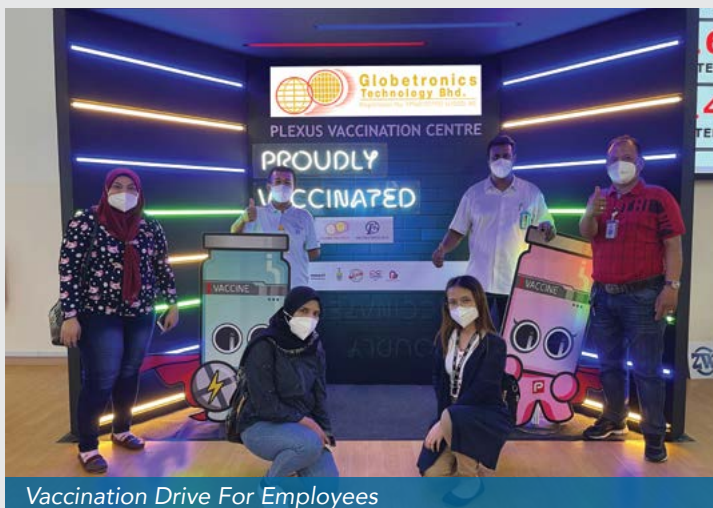
On the Social portion, one of our key focuses was in ensuring that all our employees are fully vaccinated through our vaccination drive in conjunction with Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta ("PIKAS") while all our workers accommodations that were audited by Labour Department (Jabatan Tenaga Kerja) had all been certified to be fully compliant to the Employee's Minimum Standards of Housing and Amenities Act. On top of that, our efforts to continue upskilling our employees with expanded training budget and training hours per employee focussing on Digital Technology programs have come in handy in our drive towards Industrial Revolution 4.0 ("IR 4.0") initiatives and readiness towards advanced manufacturing technologies in our industry.



Yearly Donation to STEM Penang



COO in "Woman in Science" Event



Vaccination Drive For Employees



Consultation At Globetronics Healthcare Centre

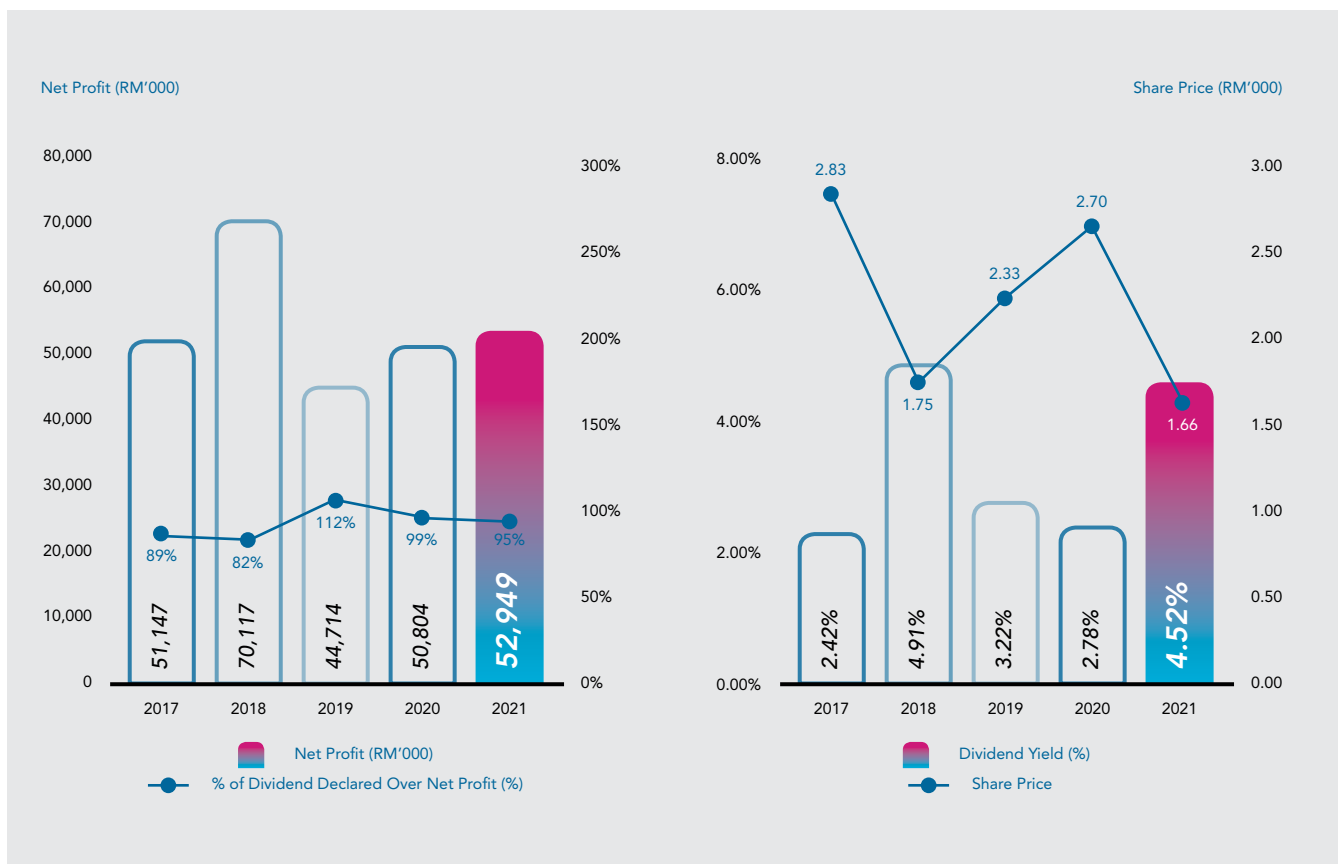
FOUNDER AND EXECUTIVE CHAIRMAN'S MESSAGE (Cont'd)

Financials / Dividends

It is always my pleasure to announce to our shareholders that our Group continued to stay firm to our commitment of paying the best possible dividends to our loyal shareholders and it is no difference in FY2021, our Group paid out a heartwarming amount of RM50.2 million in dividends to shareholders which translates into almost 95% of the net profit for the year while maintaining a very strong cash-flow position with cash and bank balances standing at RM195.1 million (FY2020: RM163.7 million).

Details of the dividend payments are as follows:

1. Year 2020's third interim and special dividend of 3 sen per share amounting to RM 20.1 million on 25 March 2021;
2. Year 2021's first interim and special dividend of 2 sen per share amounting to RM 13.4 million on 5 July 2021; and
3. Year 2021's second interim and special dividend of 2.5 sen per share amounting to RM 16.7 million on 2 December 2021.



FOUNDER AND EXECUTIVE CHAIRMAN'S MESSAGE (Cont'd)

Impending Changes in CEO and Boardroom

After having devoted 25 years of his most valuable and productive life into leading our Group and delivering endless outstanding contributions and transformational accomplishments to our Group together with a streak of stellar and unbroken profit-track record and breakthroughs, our beloved CEO Dato' Heng Huck Lee has decided to seek retirement as GTB Group's director right after this year's upcoming 11 May 2022 Annual General Meeting ("AGM") and will retire as GTB Group's CEO on 30 June 2022.

On behalf of our Board of Directors, management and staff, I would like to thank Dato' Heng from the bottom of my heart for having devoted a quarter century of his most valuable and productive life into leading our Group with stellar accomplishments. Way beyond just being an outstanding CEO to our Group, Dato' Heng has also become the soul of our organization as well as the most trusted and dedicated friend to each and everyone of us. Dato' Heng besides being a highly admired and adored CEO in our industry and community, has also been my personal best friend and confidant throughout the last quarter century!! Once again on behalf of our Board of Directors, management and staff and all our stakeholders, I would like to place on record our heartfelt gratitude and appreciation to Dato' Heng for all his 25 years' of outstanding and glorious contributions to the GTB Group and we wish him the very best in his well-earned, well-deserved retirement. Thank you very much for everything, Dato' Heng.

By the same token, I would like to take this opportunity to convey our Group's heartfelt gratitude and sincerest appreciation to Dato' Syed Mohamad Bin Syed Murtaza (Dato' Aidid) who after devoting 11 years as our Group's Independent Non-Executive Director with the highest degree of professionalism and faithful services, will also be retiring from the GTB Board after the upcoming AGM on 11 May 2022. We shall miss Dato' Aidid dearly and would like to wish him the very best in everything going forward!

Kudos to our Group's proactive succession planning system, I take pleasure to report that our Group have ensured an impeccable top-executive-succession-plan years in advance. It is thus an opportune time for me to make an auspicious announcement that our current Group COO Ms Heng Charng Yee will succeed Dato' Heng as GTB's Executive Director on 12 May 2022 and as GTB's Group CEO on 1 July 2022. Our heartfelt congratulations and warmest welcome-on-board are due here to Ms Heng Charng Yee!

At this juncture, it is incumbent upon me on behalf of GTB's management, staff and stakeholders to take this opportunity to convey our heartfelt gratitude and sincere appreciation to each and everyone of our highly respected Board of Directors for their meticulous guidance, timely support and invaluable motivation provided to our teams and workforce throughout all these past years.

Last but not least, on behalf of GTB Group, I would like to thank each and every one of our shareholders and stakeholders for your unfailing encouragement and support to us over the past years.

Thank you all very much!

Outlook and Projection for Year 2022

Since the beginning of Covid-19 pandemic in late 2019 which quickly engulfed the world with epic trauma since early 2020, not only has the pandemic caused sicknesses and deaths, it has been creating huge havoc in the technology and automotive industry. In the early phases of the pandemic, the work-from-home ("WFH") decree caused the auto demand to plunge worldwide and automakers subsequently began to shut down plants which halted semiconductor orders from their suppliers while the WFH-trend started a surge in demand for cellphones, televisions, computers, games and home appliances and the likes. As a result, semiconductor suppliers switched their production capacity away from automotive devices to other electronics systems that were in higher demand. When the auto industry came back online in the latter half of FY2020, semiconductor suppliers who had shifted production capacity away from automotive applications, could not meet their renewed demand and a serious shortage ensued in the automotive industry. On top of that, Covid-19 pandemic continued to create major political divides in most industrialized countries which further led to material-supply-chain interruptions, thus tripling the effects of supply-shortages of sensors, optoelectronics, discrete semiconductors and actuators for the semiconductor, automotive and Internet-of-Things ("IoT") arena.

FOUNDER AND EXECUTIVE CHAIRMAN'S MESSAGE (Cont'd)

Outlook and Projection for Year 2022 (Cont'd)

Allied Market Research recently published a report that the global IoT-sensor industry was pegged at USD12.4 billion in year 2020 and is expected to reach USD141.8 billion by year 2030, growing at a compound annual growth rate ("CAGR") of 28.1% from year 2021 to year 2030. Rise in use of sensors in IoT applications, surges in the use of IoT-sensors in automotive and industrial sectors and a high demand for connected and wearable devices have all boosted the growth of the global IoT sensors' market. Increase in demand for IoT-sensors in the development of smart cities and the beneficial applications of smart sensors in automobiles, consumer electronics, healthcare sector would propel the growth of the global smart sensor market with new opportunities for the market players in the future. Increasing demand for energy-efficient and cost-effective devices and growing consumer interest in smart homes, smart devices and wearable electronics on top of the advancements made in the autonomous-electric-vehicles sector would further benefit the global smart sensor market going forward.

With focus of our business portfolio on a wide range of sensors, LED, laser and optical devices together with other emerging technologies in the pipeline, demand would continue to be filled by the continual adoption of IoTs, process-home-factory automation, electric vehicles, gaming and smart devices with new applications. The movement toward integrating the multifacets of these new technologies into a new medium called the Metaverse would require the acceleration of 5G and maybe even 6G technology in assisted applications like smart health-care networks through an amalgamation of IoT-devices that require improved network performance and enhanced cellular coverage coupled with all the previously mentioned applications. All these will result in astronomical demand for components that we are currently manufacturing and will potentially manufacture in the near future.

The Asia-Pacific region is anticipated to emerge as the highest contributor in the global smart sensor market to be followed by North America and Europe due to the growing smart cities and rising demand for self-diagnosis, energy conservation, wireless technology across various sectors including automotive, consumer electronics and healthcare.

Closer to home, as a result of the prolonged US-China trade war and the U.S. now offering incentives for big US and EU multinational corporations in repatriating their manufacturing capacities out of China back to their homeland, we have recently noticed a surge of enquiries for potential relocation of manufacturing activities especially out of China to Malaysia. We are hopeful that all these enquiries will translate into new growth drivers for us in the coming years.

However, we may be faced with another uncertainty in the global economy recovery due to the Russia-Ukraine conflict. When Russia invaded Ukraine roughly a month ago, it was considered an isolated, regional infraction. It has since exploded into a global confrontation of sorts which has affected the global economy via three main channels, i.e. financial sanctions, commodities prices and supply chain interruptions. The global technology industry has similarly been hit hard as economic uncertainties dragged the technology-market sentiment down the slippery slope where it is no difference here in Asia and Malaysia. As of this writing there is still no clarity as to where the Russia Ukraine war was heading. As far as our Group is concerned, we are much more resilient now after overcoming two full years' of Covid-19 related interruptions and volatilities and are thus more ready now to tackle similar challenges by closely monitoring the situation with our customers, business circles and relevant governmental agencies to stay proactive at all times. We shall remain agile in navigating the evolving environment and remain committed to our core businesses.

With the dwindling effects of Covid-19 pandemic on our Group's business operations now that almost 100% of our employees are fully vaccinated (and 97% vaccinated with booster shots as of 10 March 2022) together with the expected recovery of the supply chain globally in the next one to two years, pending unforeseeable uncertainty from the Russia- Ukraine conflict, our Group will continue to focus on escalating up the value chain and riding on the research and development initiatives in new products design and development with our key customers moving forward. While the Group's financial performance is expected to be satisfactory for year 2022, we are optimistic of our new growth opportunities with stronger financial performances for our Group in FY2023 and beyond.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE CEO



Year 2021 was a tough year for the Group and industry, with the pandemic inducing more Covid-19 pandemic related challenges for our Group such as supply chain disruption, weaker business growth and loading volatilities from our customers. Despite the yearlong border shutdown and restrictions, our team responded with solid operational excellence to qualify new customers, new businesses and new projects.

Our senior management team led by the strong leadership and outstanding business acumen of Ms Heng Charng Yee (COO) went through extreme test and challenges in ensuring our total operational commitment and excellence for our key business units.

The operational team overcame all the challenges like human resource shortages due to restriction in foreign workers' hiring and material supply chain disruptions that had impacted our operational productivity and profitability.

Border-closure and overseas-travels restriction did not hinder or stop us from engaging many new projects. Our business development and new product introduction ("NPI") teams had done an outstanding job in positioning us to secure four (4) to five (5) potential new projects that will create significant diversification and growth opportunities in the next two to three years.

The goal to achieve a fully automated or "lights off" factory for some of the key product lines within the next two years remains intact with continued investments and partner selections being the progress made in year 2021. Milestones in automating many manual processes and analyzing production line data have also been achieved to optimize our pilot line, with plans to use augmented reality to assist operators in identifying issues and improving line performance. There would be a continued focus on automation to reduce manual labour and bigger use of analytics to identify line improvements, thus reducing dependence on direct workers and improving line efficiency and productivity. The first phase of our pilot line was successfully implemented and went live in Quarter 4, 2021. We are happy and excited with the results and productivity gain to date, with the second phase expected to go live in Quarter 2, 2022.

Notwithstanding the challenges faced during the year, our subsidiaries managed to deliver a respectable set of financial performance for the year. GMSB, our sensor business subsidiary continued to deliver 100% delivery-commitment to our customer's product and service demands. The team had also successfully qualified 2 new projects that went into mass production in June'21.

As for our Group's business in GSB-KL, due to severe price competition and volume erosion caused by technology replacement, our Japanese customer decided to End-of-Life ("EOL") all the matured products that were manufactured in GSB-KL. With the tight cost management implemented, we managed to improve GSB-KL's financial position to avoid causing any major erosion to our Group performance in spite of having to cater to employee severance packages during the year.

ISO Tech led by our Vice President of Business and Operation, Ms GL Lim, did an outstanding job in managing and balancing all the controls and customer requirements in spite of the same Covid-19 pandemic related restrictions and constraints. Through improved loadings from certain key customers coupled with tight operations cost controls, ISO Tech managed to achieve a double-digit growth in its financial performance versus year 2020.

MANAGEMENT DISCUSSION AND ANALYSIS BY THE CEO (Cont'd)

On the ESG front, with the commitment of the Board and our entire senior management, the Group successfully developed and started to implement a comprehensive strategy and plan that would steer us towards a carbon neutral future. To this end, we have seen an increased contribution from our energy saving initiatives like more efficient compressor system and improved contribution from renewable energy from rooftop solar system initiatives. We have also factored in "green efforts" in our new building expansion where we will be implementing multi facet activities like environmentally friendly roofing, glass panels, chillers and condenser water pumps that are expected to achieve energy avoidance of close to 300,000 kWh per year once implemented. The new building would also come with a rain water harvesting system that is targeted to collect, rainwater for general purposes once implemented. Our commitment to address some of the climate change issue would be through all our various other efforts like 3R, energy reduction, waste management, emissions controls that can be found in more detail in the Sustainability Statement. On the adoption of corporate liability provision under Section 17A of MACC Act 2018, the Group continues to uphold its anti-corruption and bribery stand seriously with refresher courses conducted via self-learning to all level of employees and where employees are required to complete and score more than 90% for theory test paper that can be submitted electronically.

For the year, the Group posted a respectable set of financial results with revenue of RM206 million and a net profit of RM52.9 million, which represents a drop of 9% and increase of 4% respectively over year 2020. In terms of liquidity, the operations continue to generate healthy cash flows and closed the year with cash and cash equivalents of RM195.1 million which is higher than year 2020 of RM163.7 million. As a result of this healthy cash position, we are expected to internally fund our Capex requirements for year 2022 which is currently projected at around RM40 to 50 million to support all the new projects in the pipeline, implementation of industry 4.0 project and facilitation of the new space with class 100 and class 1K cleanrooms.

Globetronics Sdn Bhd / Globetronics Manufacturing Sdn Bhd

Our Group's Sensors Division went through extreme test and challenges in ensuring our customer demand and changes are 100% supported without fail. This accomplishment was achieved through the outstanding operational focus and execution, despite the challenges with tighter Covid-19 pandemic SOPs, material supply chain disruption and increased operational costs in instituting stringent Covid-19 containment requirements.

Our team further prevailed and excelled throughout year 2021 to achieve 100% performance-scores for all the critical lines and ensured Zero customer-lines-down situation throughout the whole period. We also successfully launched 2 new products that are extremely crucial to our end customer 5G's smartphone introduction in September 2021.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE CEO (Cont'd)

Globetronics Sdn Bhd, Kuala Lumpur ("GSB-KL")

Year 2021 was tough and challenging for GSB-KL. Due to severe price competition and volume erosion caused by technology replacement, our Japanese customer decided to EOL all their products manufactured by GSB-KL. Coupled with MCO and Covid-19 pandemic restriction, we were expected to suffer losses or at best achieve breakeven due to the shrinking volume-loadings and also voluntary separation scheme ("VSS") expenses to be incurred for our employees.

As a result of the outstanding effort in cost control and VSS management, there was no major financial impact to the Group as a result of the EOL.

ISO Technology Sdn Bhd ("ISO")

ISO faced a challenging but in hindsight, a good recovery year by doing an outstanding job in managing and balancing all the controls and customer requirements in spite of facing workers' shortages. While all of its product lines were affected by MCO, ISO saw a strong recovery in their various key production loadings.

The scaling down of GSB-KL was timely to release all the extra workers who agreed to move to work in Penang to help in relieving some of the critical worker shortages in ISO. With improved loadings for certain key customers and coupled with a tight operation cost controls, ISO managed to turn around with an improved financial performance versus year 2020.

With most lines stabilizing, we are hopeful that year 2022 will see the sustainable positive momentum and improvement in its financial and operations performance.

Risks

The clogging of the global supply chain that resulted in a shortage of chips has caused disruptions to many industries, some of them in the segments we operate in. Shortage of materials which initially hit mainly the automotive segment eventually reached other segments like consumer electronics, resulting in end demand of our products and therefore affecting our production loadings. We had to remain agile and creative in deploying our resources across the Group in order to counter this trend. We expect the normalization of the supply chain by end of first half of year 2022.

With one of our customers decided to EOL their products that were manufactured in our KL factory, we may face a short-term erosion in our topline while pending new business backfilling that affect our year 2022 performance, we are hopeful the pipeline of new businesses will be coming to fruition soon.

Due to the aggressive efforts from our business development and NPI teams, we are excited with many new projects that are expected to go into mass production in the near future that will backfill the void left by the EOL, and that would also go a positive way in diversifying and expanding our customer's base, thereby addressing some of the customer concentration risk.

We are exposed to normal NPI risks that cause delays in revenue and profit contribution, due to product reliability concerns, delay in end customers engagement, supply chain disruption and also extended border closures restriction.

Prospects

The current pandemic did not end in year 2021 despite the introduction of vaccines globally, with demand and use of electronic gadgets, connectivity, cloud and virtual meetings continuing to be strong. The acceleration in the progress of 5G, artificial intelligent ("AI") and IoT together with the adoption of electric vehicles ("EV") are the technology themes that continue to create demand for chips and other components that help to proliferate the enabling of these technologies.

We continue to leverage our experience in miniaturized sensors to explore new product development exposure in the areas like bio sensing, 5G and advanced packaging that is poised to reap the benefits of these technology rollout. We also expect our existing product of laser headlamp components to show healthy growth while complementing the growth from adoption of EV and satisfying the hunger for new power efficient technology.

The continued US-China trade tensions would also provide outsourcing opportunities for companies like us in Malaysia as our potential customers assess the viability of shifting and diversifying their supply chains.

All these new opportunities are expected to fall nicely in place where our new factory expansion project of creating an additional 25,000 square feet of additional manufacturing space would be completed by Quarter 1 2022, thus ready to take on these new opportunities.

SUSTAINABILITY STATEMENT

It is our pleasure to present to you the Group Sustainability Report for year 2021. As a supplier in the global electronics semiconductor supply chain, GTB Group strives to be a reliable and competent manufacturing partner to our world-renowned customers in bringing the latest miniaturize components and applications into smart devices to improve the lives and connectivity of global consumers. As a home-grown Malaysian company, we are committed to play our part in making sustainability a part of our organizational values in evaluating our business strategies and decisions. With a focus of striking a working balance in managing the economic, environment, society, governance criterias within our community whilst maintaining operational profitability, we are preparing the Group to succeed now as well as into the future.

Being a high technology manufacturing company with links to the local community, some of the key material matters for us would be to ensure that we are always in compliance with all regulatory standards in our environmental and social management, and this include the welfare of our employees, practicing sustainable procurement practices, manufacturing excellence, practicing the 3R's (Reduce, Reuse, Recycle) in our business operations and exploring the use of renewable energy sources in caring for our environment.

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

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

Scope of Report

The scope of the Sustainability Statement covers the period from 1 January 2021 to 31 December 2021. The policies and strategies discussed in the report apply to all subsidiaries within the Group save for Globetronics International Incorporated (foreign investment holding company), Globetronics (HK) Limited (trading of electronics / semiconductor equipment), Globetronics Industries Sdn Bhd (dormant company), Globetronics (KL) Sdn Bhd (temporary ceased its operation), Globetronics Medical Technology Sdn Bhd (provision of computer hardware and software, system solutions and consultations), Trillion Suntech Sdn Bhd (dormant company) and NGK Globetronics Technology Sdn Bhd (associate company with 49% stake). The scope will cover all our manufacturing operations as listed below:

Subsidiaries	Activities	Total Employees
Globetronics Sdn Bhd	Assembly and testing of integrated circuits ("IC"), optoelectronic products and technical plating services.	823
Globetronics Manufacturing Sdn Bhd	Development and assembly of sensors and optical products for smart mobile and wearable applications.	
ISO Technology Sdn Bhd	Manufacturing of small outline components, Light-Emitting-Diode ("LED") components and modules, and technical plating services for the semiconductor industry.	

Reporting Basis, Standard and Initiative

Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements

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

Responsible Business Alliance ("RBA")

We have aligned this report to the RBA Code of Conduct which establishes standards to ensure that working conditions in the electronics industry or industries in which electronics is a key component and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. Based on this, we continue to pursue improvements in the economic and Environment, Social and Governance ("ESG") dimensions of our business, and in resolving environmental and social issues.

SUSTAINABILITY STATEMENT (Cont'd)

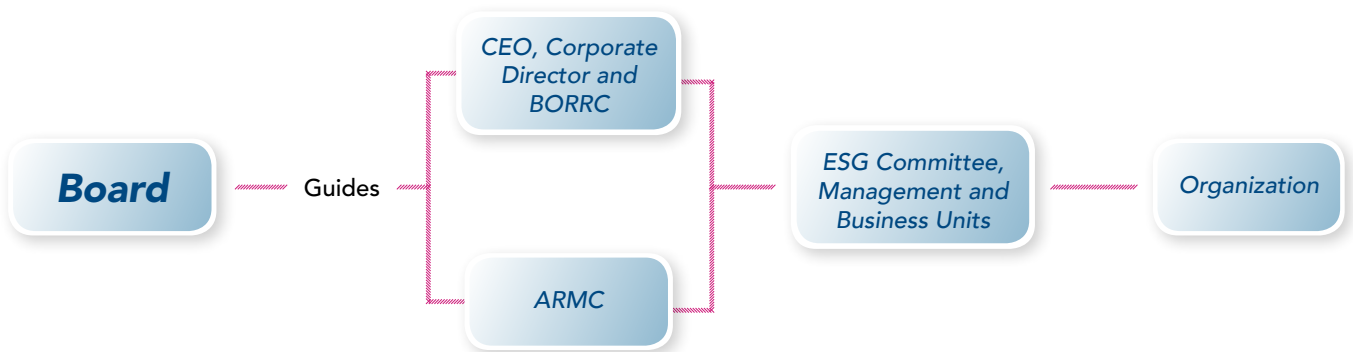
Sustainability Governance Structure

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

The senior management has designated the Corporate Director to assist in focusing on sustainability strategically on ESG in terms of targets, priorities and key performance indicators (“KPIs”). He is the key person to manage and integrate ESG into operations with the support of Business/Operation Risk Review Committee (“BORRC”) and ESG Committee.


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

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








Stakeholders Engagement

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

Stakeholder Group	Type of Engagement	Sustainability Concerns
Customers 	<ul style="list-style-type: none"> • Dialogue/Conference Calls • Status Updates and Operational Presentations • Line and Systems Audits • Customer Visits • Customer Surveys 	<ul style="list-style-type: none"> • Competitive Prices, Quality, Yield • Customer Satisfaction • Timely Ramp Up for Product Transfers • Adherence to Local and Federal law • Data Integrity and Security • Good ESG and Procurement Practices • Compliance to Local and International Regulations (e.g. Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”) and Restriction of Hazardous Substances (“RoHS”))

SUSTAINABILITY STATEMENT (Cont'd)

Stakeholders Engagement (Cont'd)

Stakeholder Group	Type of Engagement	Sustainability Concerns
Board of Directors 	<ul style="list-style-type: none"> Board Meetings Audit and Risk Management Committee Meetings Other Committee Meetings 	<ul style="list-style-type: none"> Revenue and Profit Growth Return on Investment ("ROI") and CAPEX Protection Covid-19 SOPs Compliance Corporate Governance Compliance to All Relevant Regulations and Law Retaining Key Internal Talent Adequate Procedures on Anti-Corruption and Bribery ESG Targets, Priorities and KPIs
Employees 	<ul style="list-style-type: none"> Health and Safety Talks Suggestion Box Volunteer and Recreation Programs Annual Appraisal Employee Engagement Survey 	<ul style="list-style-type: none"> Competitive Compensation and Benefit Packages Career Path Planning and Training Safe and Humane Working Environment Covid-19 Prevention Measures
Investors 	<ul style="list-style-type: none"> Quarterly Results Briefing Roadshows and Non-Deal Roadshows Investor Conferences Annual General Meetings 	<ul style="list-style-type: none"> Continuous Revenue and Profit Growth Short Product Lifecycles Good Dividend Payout Customer Concentration Risk Employees Safety, Health and Welfare Good ESG Practices
Procurement/Suppliers 	<ul style="list-style-type: none"> Supplier Selection Acknowledge of Supplier Code of Conduct Supplier Evaluation and Periodic Audits 	<ul style="list-style-type: none"> Adherence to Environmental, Legal and Social Regulations Compliance to Supplier Code of Conduct Similar Good Practices in Supply Chain
Regulators 	<ul style="list-style-type: none"> Air, Water, Emissions Compliance and Report Submissions Scheduled Waste Disposals Survey, Statistics Requests by Regulators Quarterly Results Announcements 	<ul style="list-style-type: none"> Adherence to Law and Regulations Corporate Governance and Compliances Covid-19 Testing, SOPs and Workers Living Conditions Compliance

Materiality Assessment

Our materiality assessment process is done through our evaluation of various stakeholders' engagement throughout the year, peer comparison reviews and cognizance of the current economic, environmental as well as social trends both locally and globally. On top of this, there is a continual scanning of the business environment done to ensure that we stay on top of the business risks and opportunities that abound as a result of the rapidly changing global environment.

This would surmise to determine the key material matters that would impact the Group and stakeholders based on our interaction with stakeholders and from internal discussions in the ESG Committee.

The list of sustainability matters shows that human rights have increased in importance to become a higher focus material matter to both stakeholder and the Group as a result of the labour spotlight in Malaysia. Besides this, the list covers similar matters to year 2020 which is still relevant as we continue to focus on growing the business, make progress on our Industry 4.0 implementation plan, managing our emissions and having good corporate governance.

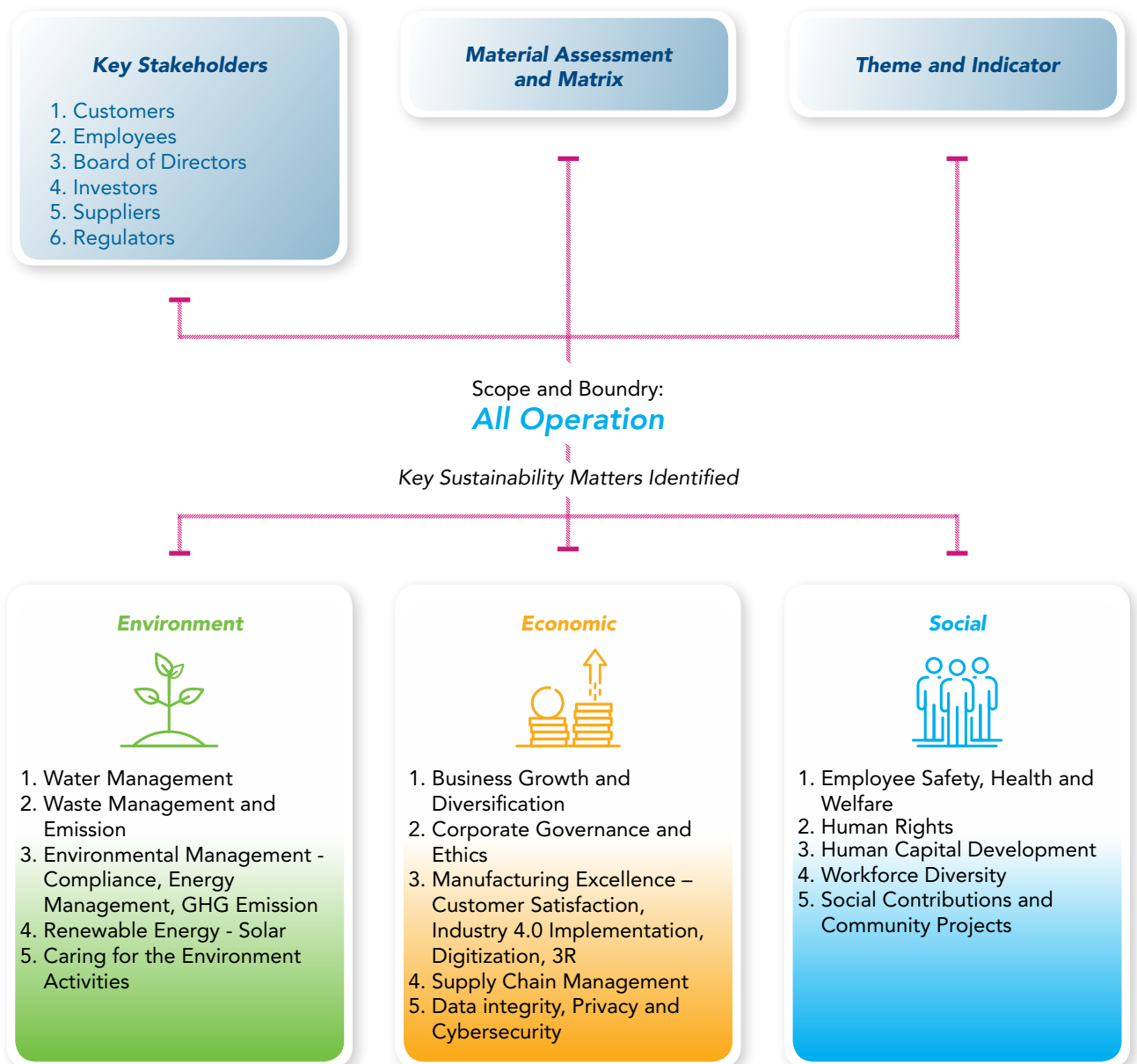
SUSTAINABILITY STATEMENT (Cont'd)

Materiality Assessment (Cont'd)

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

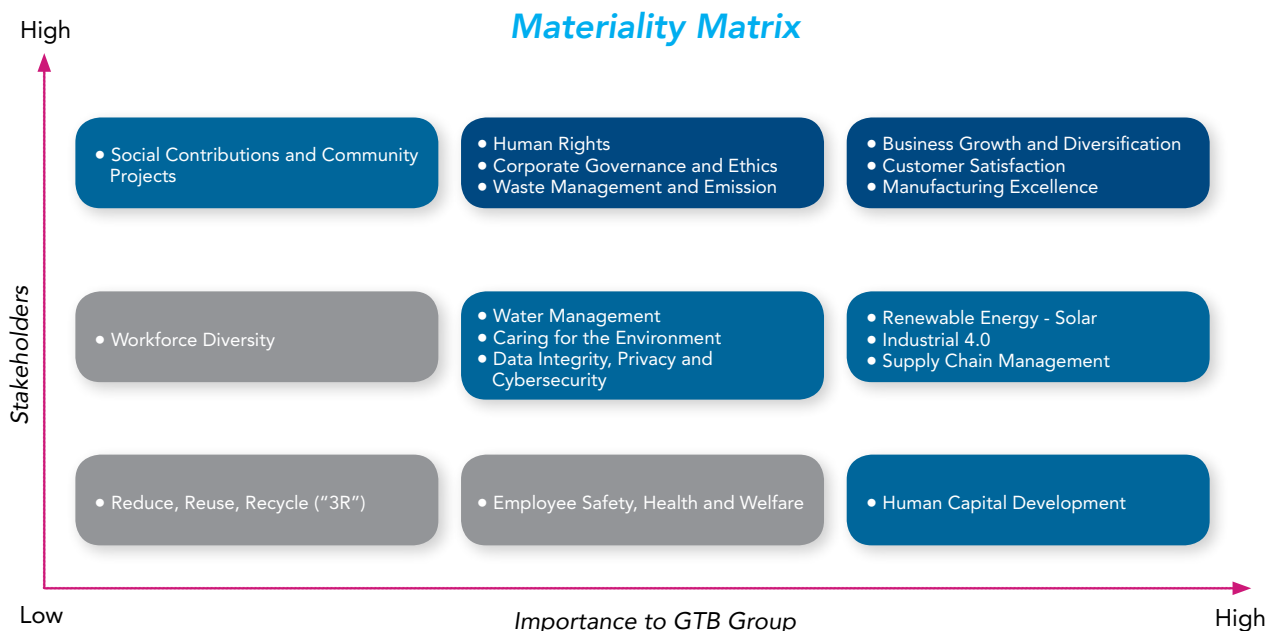
Some of the key sustainability matters identified and prioritized by the Group are detailed below.

Identifying Sustainability Matters



SUSTAINABILITY STATEMENT (Cont'd)

Materiality Assessment (Cont'd)



How Do We Contribute To UN SDGs






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



SUSTAINABILITY STATEMENT (Cont'd)

How Do We Contribute To UN SDGs (Cont'd)

ESG Highlights 2021

Environment 	<ul style="list-style-type: none"> • GHG intensity  > 9% • Water intensity  > 11% • Renewable energy → > 800,000 kWh
Social 	<ul style="list-style-type: none"> • Compliance to Minimum Standards of Housing and Amenities Act • Full vaccination for all employees • Increase in training amount spent and training hours per employee
Governance 	<ul style="list-style-type: none"> • Female board diversity : 22% → 29% • Compliance to all regulations on waste and emissions • Zero reported cases and fines on environment, corruption and bribery

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



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

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

Biodiversity

The Group is mindful of the need on preservation of biodiversity in the areas where we operate in. All our operation sites are located within the industrial zones in Malaysia and not located in any nature reserve or protected habitat.

Water Management

Water used for our manufacturing sites form a crucial part of the process for most of the production lines, as unclean water can cause high particle counts that disrupt the ability to produce a quality product. As such, we have in place the proper filtration and distilling equipment to ensure high quality water supply to our lines at all times.

Municipal water is our primary source of water (Perbadanan Bekalan Air Pulau Pinang) and accounts for all our water withdrawal for operations. We do not operate in water stress areas and we maintain engagement with municipal authorities through dialogue when necessary and activities like the completion of surveys to address relevant matters that ensure optimum supply of our water requirements.

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Water Management (Cont'd)

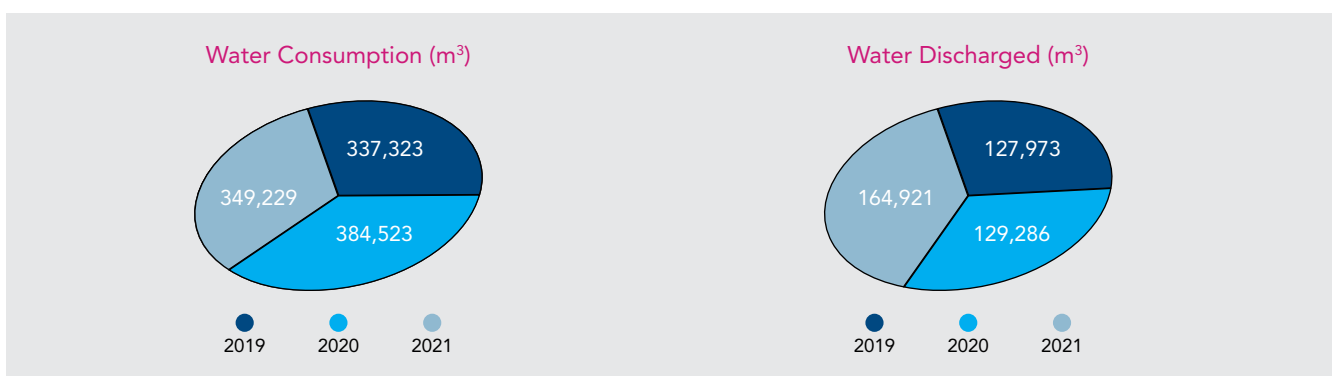
Waste water Discharge Compliance

Industrial and sewage effluents are measured against a range of parameters to ensure that is compliant to all industrial standards, as untreated waste water discharged to the environment contains harmful chemicals that may affect the biodiversity of the environment it is discharged into. This is measured and reported in the monthly ESG meeting and all subsidiaries are in compliance in the area of effluent discharge. Effluent water discharge is measured against legally set parameters, of which are disclosed below. All subsidiaries effluent discharge are within the parameters.

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

Water Saving

Scheduled production shutdowns (to improve UPH) and regular preventive maintenance are performed on facilities chiller, cooling tower, strainer, vacuum, transfer pump and circulation pump to the reduce usage of water. Over the years, we have implemented water saving initiatives like replacing continual flush urinals with one push cisterns, and for the wafer sawing process, water that is normally discharged to the drain is circulated back to the tank instead. Overall, we are seeing a reduction of our water consumption by 35,294 m³ or about 9.2% in year 2021 versus year 2020.



In terms in efficiency of water use, using a baseline of year 2020, we are seeing a reduction in water intensity by 11.7% to indicate a more effective use of our water resources per unit product produced.

Indicator	Unit	2020	2021	Change
Water Intensity	m ³ / PU	0.0001747	0.0001543	↓11.7%

Note: PU stands for Production Units

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Water Management (Cont'd)

Rain Water Harvesting

As part of efforts to adopting environmentally friendly practices in our new activities, we would be implementing a rain water harvesting system as part of green building efforts in our building expansion in Penang that is expected to be completed in Quarter 1, 2022. Based on available data, the implementation of the rain water harvesting system would be able to collect rain water that can be used for non-operations general purposes.

Waste Management

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

Description	2019 (Kg)	2020 (Kg)	2021 (Kg)
Disposed containers, bags, or equipment contaminated with chemicals, pesticides, mineral oil or schedule wastes (SW409)	7,179	5,644	5,767
Rags, plastics, papers or filters contaminated with schedule wastes (SW410)	2,468	2,086	2,103
Waste containing mercury or its compound (SW109)	14	-	-
Waste from electrical and electronic assemblies containing components such as accumulators, mercury-switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors, or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl (SW110)	30	104	131
Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium (SW204)	217	-	-
Waste of non-halogenated organic solvents (SW322)	2,101	1,690	-
Spent lubricating oil (SW305)	971	380	-
Dust, slag, dross or ash containing arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium or selenium excluding slag from iron and steel factory (SW104)	-	36	65
Total	12,980	9,940	8,066

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

Emission

For the areas where air quality is concerned, they are measured on a periodic basis and include the areas of generator set (concentration of particulate matter and dark smoke to be within limit), gas and piping maintenance to ensure no leaks and compliance to environmental standards. Our plating operations houses scrubber and exhaust systems where the air pollutant concentration are to be in compliance to Environmental Quality (Clean Air) Regulation 2014. We are in compliance and within the limit for our emissions levels for year 2021 in all areas. Samples of the selective completed test results for year 2021 are as follows:

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

Sampling Points	Year		
	2019	2020	2021
Genset (Particulate matter, Dark Smoke)	Complied	Complied	Complied
Scrubber (Particulate matter, Chloride, Hydroxide, Isopropyl Alcohol, Acids)	Complied	Complied	Complied
Exhaust (Particulate matter, Isopropyl Alcohol)	Complied	Complied	Complied

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Environmental Compliance and Certifications

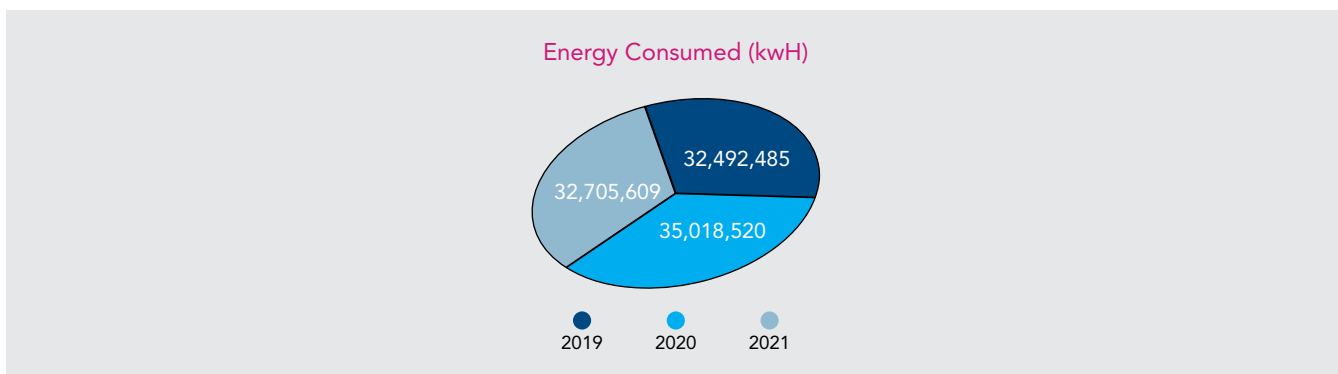
In year 2021, we had complied to all environmental regulations and have had no penalties or fines resulting from non-compliance for all our operations in Malaysia.

Currently, all our Penang manufacturing factories are certified to the international environmental management systems standard, ISO 14001.

Energy Management and Greenhouse Gas ("GHG") Emission

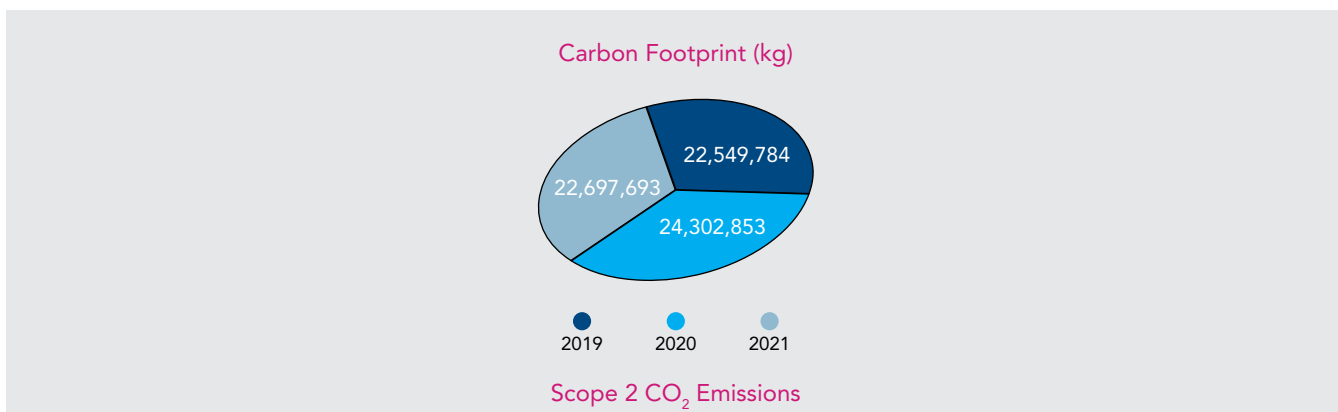
In terms of GHG Emissions, we would expand our disclosure scope to include Scope 1 and Scope 2, where we had previously only measured electricity purchased as that is the main bulk of energy consumption. This is part of our efforts to widen the scope of measurement of the total GHG emissions so that we can work on initiatives to reduce the harmful effects of emissions to the environment. Our focus will still be mainly on how to reduce our electricity consumption which forms the major bulk of our GHG emissions.

For energy reduction, we have implemented the Intelligent Flow Controller ("IFC") to the air compressor systems of most of our subsidiaries and for our new projects, the chiller systems that we are installing would also be of the energy efficient variant. Other activities include preventive maintenance of facilities equipment, installation of stabilizers on air compressors, temperature control on relevant processes and scheduled shutdown of operations to reduce electrical usage. For year 2021, we are seeing a decrease of energy consumption by 2.3 million kWh or 6.6% versus year 2020, and among the reduction activities were the implementation of zero loss dryer and energy efficient compressors.



	2020	2021	Change
Energy Intensity (kWh/PU)	0.001591	0.001446	↓ 9.11%

Note: PU stands for Production Units



The total GHG emissions are measured by our Scope 1 and Scope 2 Emissions. The ESG Committee would then work on activities that contribute to the reduction of emissions / carbon footprint, with the activities converted to the equivalent CO₂ kg to get an indicator on how we are doing in addressing climate change. For year 2021, a summary of the activities of the Group that have been put in place to reduce or avoid emissions are listed below. The activities have resulted in a reduction and avoidance of more than 6% of our total emissions based on our calculations.

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Energy Management and Greenhouse Gas ("GHG") Emission (Cont'd)

No	Reduction of GHG / CO ₂ Emission	CO ₂ kg
1	Scope 1 – Direct All direct emission from activities of company where source uncontrolled – truck, forklift and etc.	15,488
2	Scope 2 – Indirect Indirect emission from electricity purchased	22,697,393
	Total Emission	22,712,881

No	Carbon Reduction and Avoidance Activities	CO ₂ kg
1	Renewable energy – solar	555,615
2	3R project – Reuse metal ring, carton, gold wire, others	675,044
3	Resource – Paper reduction, blade life extension, recycle bubble bags	1,644
4	Energy reduction – Installation of zero loss dryer and efficient compressor (energy savings in comparison to old equipment)	229,802
5	Schedule waste - recycle, recovery and reuse	6,407
	Total CO₂ Reduction	1,468,512
Current Average Percentage Reduction of GHG / CO ₂ kg		6.46%

Other than this, the Group have also contributed to indirect emissions reduction that could not be measured tangibly but that has resulted in GHG emission reduction as follows:

- 1) The setting up of work from home ("WFH") facilities, infrastructure and capabilities for all levels of employees, thus reducing the number of work commute and resulting carbon emissions. WFH is implemented to stagger workforce proximity during the presence of workplace clusters and when the number of Covid-19 cases are high, even when government restrictions are no longer in place.
- 2) Reduction of local and international travel as result of investor relations meetings being conducted virtually. Virtual meetings have been conducted more than 90% of the time for the past 2 years when interacting with investors.
- 3) Virtual AGM conducted in year 2021 that reduce shareholders, directors, employees commute to a physical AGM venue.

We would be starting to use the GHG intensity indicator this year to track on the effectiveness of our carbon footprint reduction programs. Using the baseline of year 2020, we are seeing a reduction of GHG intensity by about 9%, which is a similar figure the reduction in Energy Intensity as Purchased Electricity (Scope 2) makes the large majority of our emissions. The Group targets to have a consistent reduction in the GHG intensity on a year to year basis to ensure the continued reduction of emissions to the environment.

Indicator	Unit	2020	2021	Change
GHG Intensity (Scope 1 and Scope 2)	CO ₂ kg / PU	0.01104	0.01004	↓ 9.05%

Note: PU stands for Production Units

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

- 1) Careful selection of environmentally friendly design and materials (roofing, glass panels, bricks) together with implementation of energy reducing equipment as part of the new building expansion fitting process that includes chillers, condensers and cooling tower fans. There were noticeable changes from our initial concept of having more glass for better view of our new building to our current completed structure of being more environmentally friendly, as illustrated in the pictures on the next page.
(Estimated energy avoidance of 300,000 kWh per year once implemented in Quarter 1, 2022).

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Energy Management and Greenhouse Gas ("GHG") Emission (Cont'd)

2) Implementation of rain water harvesting system in one of our buildings to conserve the natural resource of water.

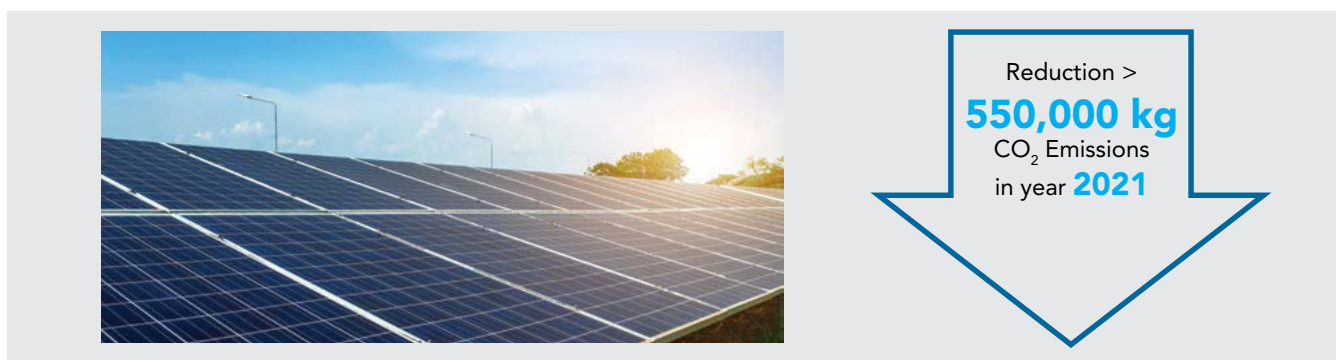


Renewable Energy – Solar

Development of sustainable energy initiatives have been one of our Group's key focuses particularly in the reduction of electricity consumption via the installation of solar panels on the rooftops of our building sites. The solar panels are negotiated on a lease agreement, where the panels belong to the installer and for our side, there would be zero investment costs and maintenance fees while securing a rate lower than the current Tenaga Nasional Berhad ("TNB") rates for the energy produced by the panels. The installation has been completed for all buildings that are feasible to be fitted with solar panels. For year 2021, our total energy generated from solar panels has also increased significantly. We are pleased to report the following contributions from our renewable energy project:

Renewable Energy	2019	2020	2021
Solar Panels (Energy generated kWh)	286,240	376,780*	800,598

* Lower savings due to inverter incident resulted in operations suspended for 7 months in year 2020



This had enabled us to reduce our carbon footprint by more than 550,000 kg of reduced CO₂ emissions this year. (using ratio of 0.694 as per Greentech Malaysia at <http://www.greentechmalaysia.my/carboncalculator/>).

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Caring for the Environment

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

Project: Proper disposal of batteries

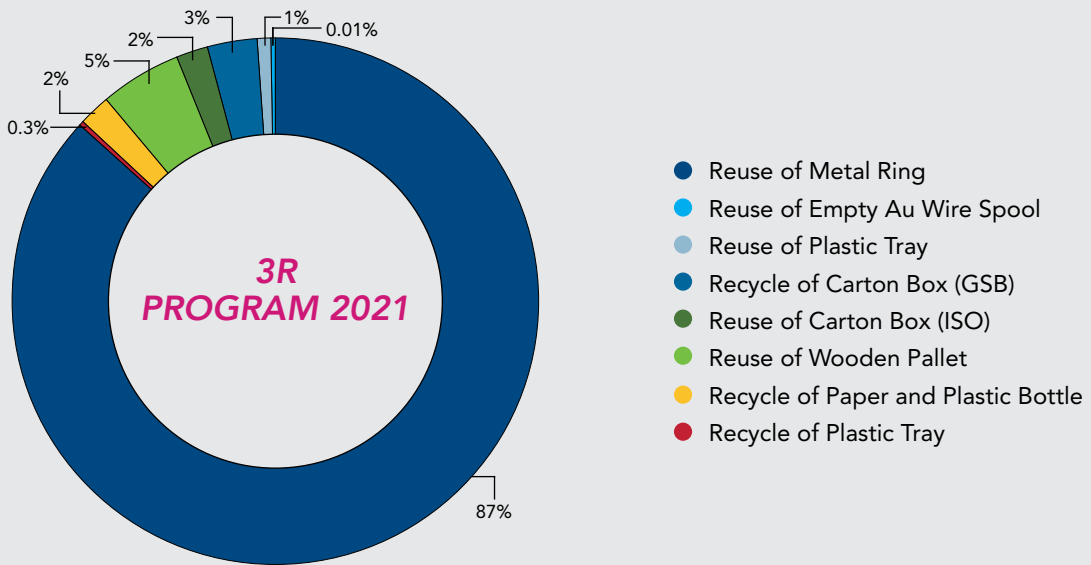
Description: An employee program had been set up to dispose of batteries. Improper disposal of batteries is harmful to the environment as they contain materials like mercury and lead that can cause the emission of greenhouse gasses as they decompose in landfills. A collection centre was set up in one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

Recycled amount: 43 kg

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

Description: Recycling program to dispose of recyclable waste such as plastic bottles, cans and papers. For certain waste such as empty carton, lead frame, tray, empty spool and wooden pallet are returned to suppliers or recycle internally.

Breakdown of year 2021 recyclable waste:



No	3R Program	Amount (kg)
1	Reuse of Metal Ring	138,053
2	Reuse of Empty Au Wire Spool	410
3	Reuse of Plastic Tray	2,976
4	Recycle of Carton Box (GSB)	8,500
5	Reuse of Carton Box (ISO)	2,930
6	Reuse of Wooden Pallet	4,260
7	Recycle of Paper and Plastic Bottle	1,852
8	Recycle of Plastic Tray	16
	Total	158,997

SUSTAINABILITY STATEMENT (Cont'd)

Environment (SGD 3,6,7,12,13,14,15) (Cont'd)

Caring for the Environment (Cont'd)

Project: 3R program (Reduce, Recycle and Reuse) (Cont'd)

Tray and metal ring are recycled through established cleaning process. Recycling helps to reduce energy usage, reduce the consumption of fresh raw materials, reduce air pollution and water pollution (from land filling) by reducing the need for "conventional" waste disposal and also reduces greenhouse gases emissions.



Reuse of metal ring

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

Donation to SIMA by GSB: 1,852kg



Recycled plastic mineral water bottles

Banning of plastic straws and one use plastic

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

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

Paper saving initiatives

We had been actively encouraging our employees to reduce the use of paper throughout the organization to reduce the number of trees that are chopped down and thus reduce the impact to the environment. This is done by the monthly tracking of paper usage by department to ensure no unnecessary wastage and also programs like digitization of documents wherever possible.

One example of the activities was the Employee Health Declaration Form that was implemented during the Covid-19 pandemic where employees are required to fill up their health conditions and contacts on a weekly basis as part of the Covid-19 controls. Initially the form was filled and signed manually to be submitted to Human Resources ("HR") for record keeping. After some time, our Management Information System ("MIS") department came up with a solution by developing an online / web form for the health declaration which we have used since and is one of the activities that help to contribute to carbon footprint reduction under HR.

Estimated carbon footprint reduction 2021 = 240 CO₂ kg.

SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12)



Business Growth and Diversification

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

As product lifecycles become shorter due to the rapid technological advancements, the ability to introduce new products to the marketplace in a timely manner has become a very crucial key to success. Our business model is increasingly skewed towards the co-development of new components/products with our customers, that upon mass production, will be a totally new introduction to the market. At any point in time, we have multiple products that are progressively in development stage waiting to be adopted by the customers and market place that will lead to mass production. Year 2021 has been a slow year for start-up of new business or new product due to border closure as a result of Covid-19 pandemic. The Group has successfully qualified and started mass production of light sensor Gen 5 for our European customers to be designed into the latest smart devices.

On top of this, there are many exciting products that are moving into various stages of qualifications that are targeted to go into mass production in year 2022, among which:

- 1) Light sensor Gen 6 for our European customer to be designed into this year's smart devices;
- 2) Gen 2 gesture sensor for bluetooth wireless device; and
- 3) Gen 3 motion sensor for smart wearable device.

There are also products in discussion stage that could potentially be new products in year 2022, where some were slated for introduction in year 2021 but was delayed. These are expected to go into applications of exciting areas like autonomous driving and bio-sensing for smart wearable devices. On top of this, we continue to make headway in our product and customer diversification front through some small prototype builds of advanced optical components and medical devices with European customers, of which are in the early stages but expected to be a solid part of our business portfolio in the next couple of years. These are important parts of our business diversification process where we actively pursue new business opportunities to diversify our customers as well as product base on a continual basis.

New business opportunities are evaluated on a thorough basis by the Board, BORRC and goes through proper risk assessment as per our Enterprise Risk Management Policy.

All capital expenditure ("CAPEX") spending are justified using various indicators of return on investment ("ROI"), useful life risk and taking into consideration the position of all stakeholders in the company.

Corporate Governance and Ethics

GTB Group is committed to the principles and best practices of corporate governance as laid out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MCCG. We ensure that the standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long term shareholders value and returns to our stakeholders. Details of our corporate governance framework and practices are presented in the Corporate Governance Overview Statement of this Annual Report as well as Corporate Governance Report which is available on the Company's website www.globetronics.com.my.

SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12) (Cont'd)

Corporate Governance and Ethics (Cont'd)

Principles of Business Conduct

The Group is of the belief that the correct internal values should be made as part of our corporate culture and in turn lead to business success when conduct is governed through these principles.

Our Principles of Business Conduct ("Code") addresses the need for all employees and business associates to conduct all business transactions with trust, integrity and transparency where any form of bribery, corruption, insider trading and other unethical conduct is strictly prohibited. The Code also aims to create safe and conducive working environment where all the respective environmental, social, cybersecurity and safety regulations are fully adhered to. The Code is communicated to all employees and directors to ensure that the values and principles of the Group are properly aligned to. A copy of the Principles of Business Conduct can be found at our website at www.globetronics.com.my.

There were no cases of breach of ethical conducts in year 2021.

Anti-Corruption and Bribery Policy

As a reinforcement to our Code, the Group Anti-Corruption and Bribery Policy states clearly the Group has zero tolerance for bribery and corruption. In line with this, the Board of Directors together with the management has reviewed the adequate measures implemented to determine the adequacy of controls in the Group to prevent corruption and bribery. An evaluation was done by Triune ABMS Advisory Sdn Bhd in year 2021 to examine the existing policies and procedures for anti-corruption and bribery prevention for GTB Group. The outcome of the evaluation led to the establishment of a more robust anti-corruption and bribery program and revision of Whistleblowing Policy and Procedure for GTB Group after taking into consideration the findings and proposed action plans based on the 5 principles for Adequate Procedures as contained in the Ministerial Guidelines.

Principle 1: Top Level Commitment

Principle 2: Risk Assessment

Principle 3: Undertake Control Measures

Principle 4: Systematic Review, Monitoring and Measurement

Principle 5: Training and Communication

MACC Act training has been conducted to all employees in year 2020 when MACC Act was enacted, and as part of our governance commitment, refresher training for all employees was carried out this year. The refresher sessions were conducted via self-learning and employees are required to complete and score more than 90% for theory test paper that can be submitted electronically. Self-learning and test was completed in November 2021.

Whistleblowing Policy and Procedure

GTB Group Whistleblowing Policy is implemented to achieve the standards set in our Principles of Business Conduct and zero tolerance of corruption set in GTB's Anti-Corruption and Bribery Policy. All employees and stakeholders are encouraged to report genuine concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

All disclosures made will be dealt with in a confidential manner. Whistle blower's identity shall be protected. Whistle blowers will be protected from any reprisal (disciplinary measures, demotion, suspension or termination of employment service) within GTB Group as a direct consequence of the disclosure. Reports or disclosure can be made through e-mail or mail and address to the immediate superior, CEO or Chairman of the Audit and Risk Management Committee.

Tax Governance

Being a good corporate citizen entails paying the taxes due to the government and authorities of the country we operate in, where in our case is Malaysia. All our taxation matters are handled in a transparent and professional manner with approval from the Board, where necessary.

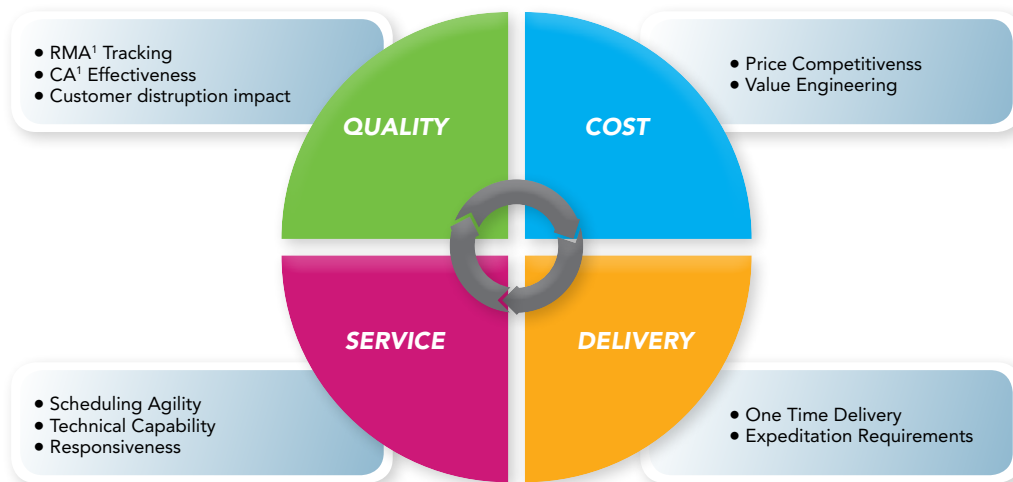
Business Ethics and Regulatory Compliance	Case Description and Monetary Amount	Corrective Action Taken
Number of cases in relation to business ethics	0	0
Environmental fines / penalties	0	0
Number of incidents related to corruption	0	0

SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12) (Cont'd)

Customer Satisfaction

Customer satisfaction is one of our key beliefs which is aligned with our vision to be the global business partner of choice. The framework of our customer satisfaction covers the four primary segments of Quality, Cost, Delivery and Service ("QCDS"). The expectations are communicated and aligned with the customer on a regular basis.



Note ¹ Return Material Authorization
² Corrective Actions

On an annual basis, surveys are conducted along this framework for a close loop feedback to assess areas of focus. These surveys would provide our Vice President / Director of Business and Operations with the focus areas to improve on (using scoring indicators) and also address any customer concerns highlighted to ensure that we always provide the best service and solutions to our customers.

For year 2021, we saw improved customer survey ratings compared to year 2020 and exceeded our target rating of 80%. The main area for improvement from customers to us would be under cost where the operations team would address this through value engineering, yield and process improvement, productivity and automation.

Cost competitiveness, one of the key focus areas of our operation excellence team has been value engineering via process design and sourcing of alternative materials. We aim to increase workforce productivity via Industry 4.0 pillars, KAIZEN and workforce upskilling. We share a common goal with our customer to provide leading edge technology at a commercially competitive price point.

The pandemic triggered supply chain disruption has elevated the need for better data transparency and seamless communication of data flow between multiple channels. We continue to enhance end-to-end horizontal integration of critical data from our suppliers to our customers. The transparency created has deepened customer relationships and improved production agility and flexibility.

Manufacturing Excellence and Continuous Improvements

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

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

Automation has also been a focus area for us in the last few years with auto optical inspection ("AOI") machines taking over the more labor intensive and strenuous back end manual operations.

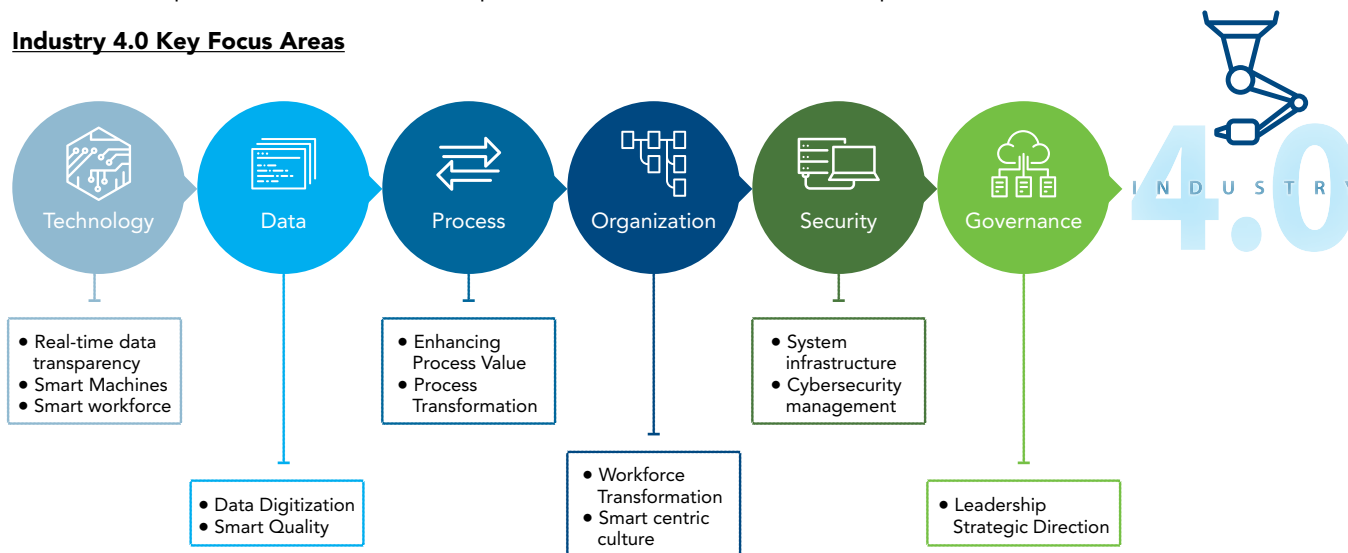
SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12) (Cont'd)

Industry 4.0 Framework and Implementation Progress

Our Industry 4.0 readiness assessment was successfully completed and rated “Experienced” via SIRIM’s Industrial 4.0 Readiness Assessment (“RA”). Spearheaded by the Vice President of Business and Operations and championed by our Chief Operating Officer (“COO”), a multidisciplinary task force was formed to formulate objectives, implementation goals and plans for factory modernization plans. To date, we have completed Phase 1 of the modernization plan.

Industry 4.0 Key Focus Areas



Data Digitization and Smart Quality

For the identified Light’s Off pilot line, our machines are in various stages of digitization maturity. 90% of key manufacturing processes have achieved development level of real time visibility and transparency. A prototype line on our key operations will utilize big data analytics with other new technologies to enhance yield, reduce defects and enable real time monitoring of all the key indicators. The new lines would serve as a benchmark to existing lines, to encompass industry leading and government lead initiatives for companies to adopt Industry 4.0 into their operations.

With the implementation of centralised controls, real-time connected machines and automated consumable changes in year 2021, our wafer processes have seen an improvement in productivity of more than 40% after implementation. For year 2022, big data retrieved from the setup and engineering know-how from our subject matter experts will be key pillars in driving predictive capability.

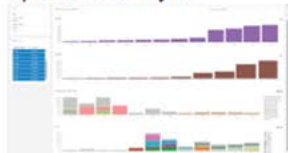
Our home grown manufacturing execution system (“MES”) (e-BizOS) team continue to expand capabilities, working with various local and global partners to connect brownfield machines. To date, more than 70% of brownfield machines are connected with ability to share real-time transaction data. This allows for improved transparency in material movement, machine performance, translating to more accurate tracking of Overall Equipment Effectiveness (“OEE”).

Operations Monitoring

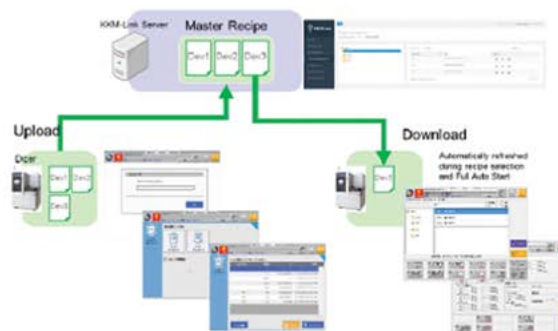
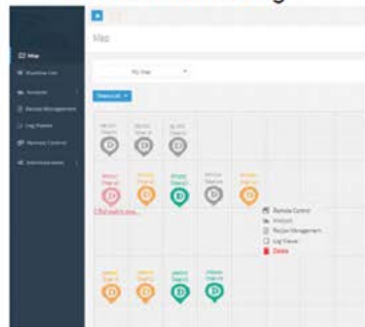
Separate analysis



Comparative analysis



Real time monitoring



SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12) (Cont'd)

Industry 4.0 Framework and Implementation Progress (Cont'd)

Process Transformation and Enhancing Process Value

Over processing was identified as an area of focus. We continue to expand use of AOI in our visual and measurement processes. Through close collaboration with local partners, we continue to enhance our equipment platform and knowledge in vision systems and defect judgement. Improvements in software algorithms helped reduced manual offline inspection by more than 50%. We continue to work with partners to utilize Machine Learning and Artificial Intelligence ("AI") in our AOI data with the target to fully eliminate manual offline inspection as well as improve data classification.

With the upgraded software infrastructure and storage systems deployed in year 2021, unstructured data from machines, materials and processes were mined by our data analytics team to improve process yields. Quarterly yield targets from customer were met and some exceeded.

A control room where all line processes and data can be controlled, tracked and analysed using big data analytics is being set up where the "live" action on the line can be observed. The complete pilot line is expected to be ready and up and running by Quarter 3, 2022. This would be an exciting and important milestone for us as we move towards a lights off factory.

Supply Chain Management

It is increasingly important to maintain a stable and reliable supply chain in today's operating environment. The Covid-19 pandemic and the global ship shortages in year 2020 and this year has demonstrated the importance of strong partnerships with our suppliers in overcoming challenges together to ensure uninterrupted supply of materials that have been key to manufacturing excellence and delivery of quality product and services.

At GTB Group, we feel it is also equally important that our suppliers are aligned to our corporate values in ensuring a responsible supply chain by being aligned in the areas of labor, health and safety, environment, ethics and management systems through the signing of a Supplier's Code of Conduct.

Suppliers are expected to conduct a self-assessment to ensure they are in compliance to these requirements. They are also measured under a Supplier Rating and Ranking system using QCDS to ensure that the Group consistently has a reliable and reputable supply chain to provide the best service and support to our customers. Furthermore, we conduct supplier bidding program where suppliers bid and are selected after going through the evaluated indicators of cost, delivery, service, regulation compliance/ licenses and others.

Our suppliers are also evaluated on their quality and environmental management system to where areas like system controls, purchasing, design, logistics, emergency preparedness and response, legal compliance, etc. are assessed. For the environmental side, suppliers are also required to be in compliance to RoHS and Conflict Free Minerals policies as part of our requirements. Based on the review of the evaluations, suppliers that perform poorly on the metrics measured would be subject to audit by us or jointly with our customers.

For our part, where possible, we try to localize some of the procurement sources. With the increasing availability of local players in the automation and testing space, sourcing AOI machines, testing equipment and procuring software solutions from them where possible when we automate production processes or set up new lines. Currently we are in the midst of sourcing AOI machines from a relatively new local supplier for our qualification with a potential new customer. We are also pleased to say that for our Industry Readiness 4.0 ("IR 4.0") initiatives, we have partnered with some suppliers who are local players in the aforementioned fields like software application, and we look forward to growing together with them as we embark on this important new initiative.

Our procurement practices also play a key role in maintaining the competitiveness of our products in the supply chain. There is a continual effort to find suitable, sustainable and cost competitive materials to complement our product improvement programs as part of our value added solutions to the customers. The sourcing of a more sustainable material for one of our assembly process, continued reduction of package size of our products and the recycling of various packaging material are some of the activities we are working on with our customers to positively impact the supply chain and they are now undergoing various stages of qualifications.

During the year, our Supply Chain Management ("SCM") team did a commendable job of ensuring uninterrupted supplies of all our material needs despite the MCOs and lockdowns globally by partnering successfully with their suppliers.

SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12) (Cont'd)

Supply Chain Management (Cont'd)

Conflict-Free Minerals Policy

On top of our supply chain management practices, we have established a Conflict-Free Mineral Policy to ensure that material defined as conflict minerals do not directly or indirectly finance or benefit the armed groups in the Democratic Republic of the Congo, or any adjoining countries while continuing to support responsible mineral sourcing in the region.

GTB Group has defined its Conflict Minerals Due Diligence Programme as aligned with the framework of "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area" promulgated by the Organisation for Economic Cooperation and Development. We have also evaluated its internal controls for conflict minerals and encourage our suppliers to conduct similar evaluation with their suppliers. We encourage our suppliers to purchase minerals from smelters who are listed on the Conflict-Free Smelter Program Compliant Smelter List to ensure the materials used in our supply chain are conflict-free. Our Conflict-Free Minerals Policy is made available on our company's website www.globetronics.com.my.

Reduce, Reuse, Recycle ("3R")

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

Various initiatives were identified upon analysis of all categories of materials. The rise in popularity in e-Commerce drove up use of packaging material and for year 2021, we collaborated with our customers to recycle various types of packaging material as well as to reduce package sizes to reduce waste. Printed paper used for shipment purposes were also digitized and reduced. Other activities include the blade life extension in manufacturing process and the reuse / recovery of scheduled waste by our vendor such as diamaflow bottle and epoxy syringe.

Proposals for alternative materials with sustainable sources or wastage reduction in packaging were proposed to customer and are in various stages of qualifications.

Data Integrity, Privacy and Cybersecurity

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

One of our values is "Integrity at all times" and for us, this would also mean protecting the confidential information of our customers, employees and other parties. One of the primary methods is through the signing and enforcing of Non-Disclosure Agreements ("NDA") which is one of the ways of protecting our customer's as well as other parties confidentiality which had been disclosed and which is extended to all our employees and associates who have a need to access this data. All computers, laptops and workstations are also equipped with password protection, anti-virus software and firewalls to protect against the theft or loss of data.

In year 2021, the management team had also embarked on an exercise to identify the key confidential information of the Group and to come up with renewed steps to enhance the security of this data. The exercise is still in progress of full implementation but many areas have been identified to further enhance security through digitization, multi-layered password protection and restricted access to key users to safeguard the key data of the organization. The implementation would be done hand in hand with the MIS budget and upgrades of the Group.

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

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

Our Wireless Local Area Network ("WLAN") has also been upgraded with improved internet speed to support and enable our efforts of Industry 4.0 and using live data and analytics with proper infrastructure to support it.

SUSTAINABILITY STATEMENT (Cont'd)

ECONOMIC (SDG 8,9,12) (Cont'd)

Data Integrity, Privacy and Cybersecurity (Cont'd)

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

- Installing NextGen firewall that have the latest cyber security protection;
- Installing devices control system to allow only registered devices to access our wireless or wired network;
- Implementing hybrid end point protection that able to manage, control and tighten users' laptop protection even when they are working from home in long period during the Covid-19 pandemic;
- Integrating NextGen firewall and hybrid end point protection with devices control system to enhance our cybersecurity protection to the next level. Any compromised workstation, machines, or laptops that was detected with any suspicious malware or virus behavior will be blocked and quarantine from accessing to our network or Internet;
- Migrating our in-house web application to latest platform due to previous platform is EOL and is vulnerable to cyber attack;
- Improving data backup by increasing backup copies with more retention period; and
- Sharing of latest cybersecurity threat and phishing technique to users to raise awareness.

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

SOCIAL (SDG 3,4,5,8)



Employees

We have a total headcount of approximately 823 employees in our group. As a niche player in the very competitive technology industry, being a responsible and caring employer to our very important assets, our employees, remain one of our key priorities. We strive to provide a safe, conducive and growth environment for every one of our employees and this can be tracked through the various indicators listed. Our Group is aligned to the Responsible Business Alliance ("RBA") Code of Conduct and use the principles herein to ensure a safe and conducive working environment for all our employees.

Employee Safety and Health

Occupational Safety and Health

Our Environmental, Health and Safety ("EHS") team which is a part of the ESG Committee ensures that health and safety policies are effectively implemented and continuously improved to ensure they reflect the operational, industry, regulatory changes, and health and safety performance within the Group. Our EHS management system are in compliance with Occupational Safety and Health Act ("OSHA") 1994, where we are in full compliance.

To ensure a safe and healthy working condition for our employees and external parties within the factory premises, the Group has developed guidelines to safeguard employees in all of its business operations, where we have adopted a Health and Safety Policy, with salient points as follows:

1. Comply with all regulations, statutory guidelines, codes and legislations in relation to occupational health and safety.
2. Co-operate with health and safety authorities to submit documentation and perform audits when requested.
3. Implement industry best practices to prevent injury, death and loss of worktime in the factory.
4. Reduce injury risk through constant evaluation of safety procedures and perform risk assessment and cross sharing of accident cases to avoid repeat incidents within the Group.
5. Advise visitors and contractors on the need to comply with all safety precautions when they are within the premises of the Group.

A copy of our Health and Safety Policy can be found on our website at www.globetronics.com.my.

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.

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Employee Safety and Health (Cont'd)

Occupational Safety and Health (Cont'd)

A summary of the types of training programmes conducted during the financial year under review is as follows:

- Fire and Gas Emergency Response Team;
- Equipment Handling;
- Plant Evacuation Exercise;
- Health Talks;
- First Aid;
- Chemical Spillage; and
- Safety Hazard.

All safety and health incidents would follow standard operating procedures on the requirement of filing an incident report that describe the nature of the incident, the cause and correction action taken. These are shared in the ESG Committee to ensure that root causes are identified and cross learning applied so that no recurrence occurs, and including key learning of new safety implementations.

For year 2021, we are pleased to report that we have met the internally set Total Recordable Injury Frequency Rate ("TRIFR") of < 2 during the year (TRIFR for year 2021 = 1.31). This was done through the implementation of safety measures after review of internal and external safety incidents. Three accident cases were mostly people related as summarized below with no serious injuries:

Accident Description	Date	Root Cause	Corrective Action
IPA menda bottle dropped and caused splash to eye of operator resulting in minor eye irritation	May 2021	IPA menda bottle not closed tightly	Safety goggles were provided and required it to be worn during cleaning process. Established goggles and personal protective equipment.
Chair legs broke resulting in employee falling down resulting in back ache – 1 day MC	Aug 2021	Broken chair legs	Replaced defective chair. Reminded employees that it is user responsibility to check items before use and to alert superior of any damage for action to be taken.
Employee finger was clamped at FT#4 machine resulting in minor cut and swollen finger – 1 day MC	Aug 2021	FT#4 machine bypassed "Technician Mode" Operator opened safety door while machine was running.	Engaged supplier to set up Technician / Engineering password Added in nozzle disable selection in "Operator Mode" Briefed operators on re-test units and technician required to be triggered in order to bypass testing nozzle.

	Description	Year 2019	Year 2020	Year 2021
A	Factory Accident	8	2	3
	- Fatalities (Cases)	-	-	-
	- With Man-hour Lost (Cases)	4 (137 hrs)	2 (16.5hr)	2 (16.5hr)
	- Without Man-hour Lost (Cases)	4	-	1
B	Near Miss Incident	3	2	1
C	Safety Violation	-	-	-
D	Fire Incident	3	-	-
E	Faulty Fire Alarm	-	-	-
F	Nature Environmental Impact	-	-	-
G	Others	-	1	-

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Human Rights

In alignment with the international belief in fair employment, GTB Group is committed to upholding and protecting the human rights of our employees. This task is handled by our HR Department which implements policies and systems to ensure that we comply with regulations set by the Department of Labour. Issues relating to basic human rights covers all of our employees and is also extended to our Supply Chain through the Supplier's Code of Conduct, where suppliers are to meet our requirements in the following areas:

Ethics

(a) Business Integrity

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

(b) Privacy and Intellectual Property

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

Labor and Human Rights

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

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

(b) Prohibition of child labor

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

(c) Health and safety of employees

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

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

Environmental Protection

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

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

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Human Rights (Cont'd)

Environmental Protection (Cont'd)

As a demonstration of our commitment to upholding the human rights of our employees, GTB Group has also invested resources to improve the accommodation of our employees with more space per individual together with facilities upgrade in our accommodation locations. We have also been audited and certified by local authorities for most of our accommodation locations in fulfilling the requirements of the Employee's Minimum Standards of Housing and Amenities Act in year 2021, which we expect to be successfully completed in year 2022.

Subsidiary	Total Units	Jabatan Tenaga Kerja ("JTK") Audit (DONE)	Received JTK Certificate	Pending JTK Audit
GSB/GMSB	48	48	18	0
ISO	47	47	4	0

(As at 7 March 2022)

Fair Treatment of Foreign Labour

All foreign labours are hired with proper documentation and complete legal permits, with contract of employment and enjoying similar benefits as local employees. As our foreign workers are provided with accommodation, they are also covered under the Employee's Minimum Standards of Housing and Amenities Act which we are compliant to.

Overall, there had been no reported cases of discrimination, child labor, or workplace harassment for the Group during year 2021. Nevertheless, in view of the spotlight of labour practices in Malaysia, we remain committed to the continued improvement of our overall labour practices, where we had undertaken an internal study to identify gaps for improvement against best practices that would be implemented in stages throughout the Group.

Employee Welfare

We believe that business sustainability goes hand in hand with the welfare and well-being of our employees. To this end, we continually benchmark against industry standards or utilize internal solutions to ensure a competitive compensation package and promoting an environment that is conducive for the well-being and growth of employees in the organization. Some of the benefits and privileges provided to our employees are as follows :

Insurance/Medical Coverage

- Executive health screening.
- Free medical attention and treatment by medical practitioner duly appointed by GTB Group.
- Dental treatment subsidy.
- Hospitalisation scheme extended to the employees' family or dependents.
- Outpatient medical benefits extended to family or dependents.
- Personal accident, hospitalisation and term life insurance coverage to all permanent employees.
- Social insurance.

Benefits Mandated by Law

- Adherence to minimum wages or better.
- Annual leave, maternity leave, medical, parental leave, hospitalisation leave, compassionate leave, calamity leave and others.
- Contribution to statutory funds such as EPF, SOCSO, EIS and HRDF.
- Overtime payments.
- Public holidays.

In-house facilities for all employees

- Car parking space where available for all employees.
- Hostel for operators.
- Personal lockers.
- Prayer rooms.
- Transport services.
- 24-hour canteen.
- In-house clinic with mother's nursing room and sickbay for employees.

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Employee Welfare (Cont'd)

Other Benefits

- Dedicated parking spaces for disabled/pregnant employees.
- Car interest subsidy.
- Food and beverage discounts on selected participating dining outlets.

Employee Engagement Survey

As part of continuous efforts to improve on engaging our employees, we have embarked on an Employee Engagement Survey in December 2021. This pilot program began this year with the survey covering job categories of Non-Exempt 2 and above.

The purpose of the survey would be to gather feedback and understand the viewpoints of employees in GTB Group. For the survey, employee satisfaction is measured in areas like equality, teamwork, support, personal development and company image and culture. For this first survey, we are pleased to report that we managed to get full participation from the targeted audience base.

Employee Engagement Survey	Participation Percentage (%)
	FY2021
By Job Category	
Manager	100%
Exempt Level	100%
Non-Exempt Level	100%

The results showed an employee satisfaction rate of about 80% (average score 3.90 out of 5). As the survey covers different level of working groups, departments and job functions, the management team plans to carry out a more detailed analysis prior to deriving specific improvement plans on becoming a more desirable workplace for the employees.

Covid-19 Measures

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

Employee's Accommodation

To ensure safe and conducive living environment:

- Monthly hostel self-audit system has been put in place. Hostel leaders and agents are responsible to carry out the self-audits and report to HR Department.
- Quarterly hostel audits by HR Department to confirm hostel conditions.
- Hostel weekly spot audit on Covid-19 SOPs.
- Hostel weekly sanitization and reporting.
- WhatsApp group – sharing of Covid-19 information and regular reminder on SOPs.

Employee's Transportation Safety

- Social distancing while waiting for buses.
- Sanitization of factory buses 2 times per day.
- Daily temperature check and MySejahtera check in for drivers.
- Sharing of daily report with the management.

Vaccination Drive

To ensure the safety of our employees, we had committed to a vaccination drive to fully vaccinate all our employees. This activity was done through the Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta (PIKAS) program where vaccinations were conducted from July 2021 onwards at approved vaccination centers in the Free Industrial Zone ("FIZ"). We are pleased to report that since then, all willing employees have been fully vaccinated as of this writing, with their co-operation helping to create a safer workplace for all.

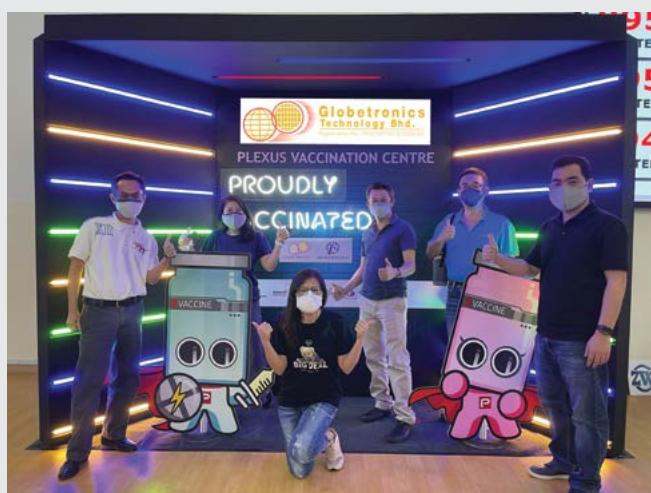
SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Employee Welfare (Cont'd)

Vaccination Drive (Cont'd)

COVID-19 Vaccination Program	Fully Vaccinated Percentage (%)
	FY2021
By Subsidiaries	
Globetronics Sdn Bhd	100%
Globetronics Manufacturing Sdn Bhd	100%
ISO Technology Sdn Bhd	99.8%



PIKAS Vaccination Program

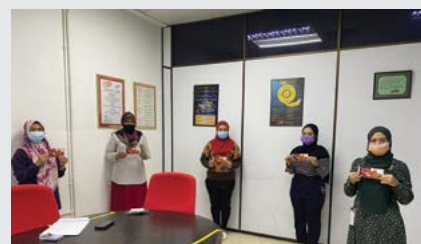
Self-Test Exercise

All employees are required to perform self-test for Covid-19 every 2 weeks with test kits provided by the company nurse. Employees need to upload their self-test results in MySejahtera and the Group e-form for compilation by the company nurse. This practice also extends to all suppliers and visitors who are also required to show a negative test result prior to entering the factory premises.

Fostering better ties with our employees and improving their quality of life are areas that have continuously been given importance in the Group's corporate responsibility initiatives. We have tailored specific programs to cover a holistic representation of our employees' welfare in the areas of health awareness, sports and food. The programs we have carried out in year 2021 are as follows:

(i) People Program

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



3 festive celebrations (Chinese New Year, Hari Raya Aidilfitri and Deepavali)

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Employee Welfare (Cont'd)

Self-Test Exercise

(ii) Sports and Recreational Activities

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

(iii) Healthcare Activities

The main health activities for the year due to Covid-19 restrictions were on high blood pressure and high glucose level awareness program to educate our employees on how to attain a healthier lifestyle. We had a good participation rate by employees and those categorized in the high-level categories managed to show good improvements after the programs, which included change in diet and recommended exercise techniques.



Human Capital Development

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

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

In terms of nurturing future leaders, many programs have been put in place that include both general and specific targets of key employees at various levels in the Group.

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

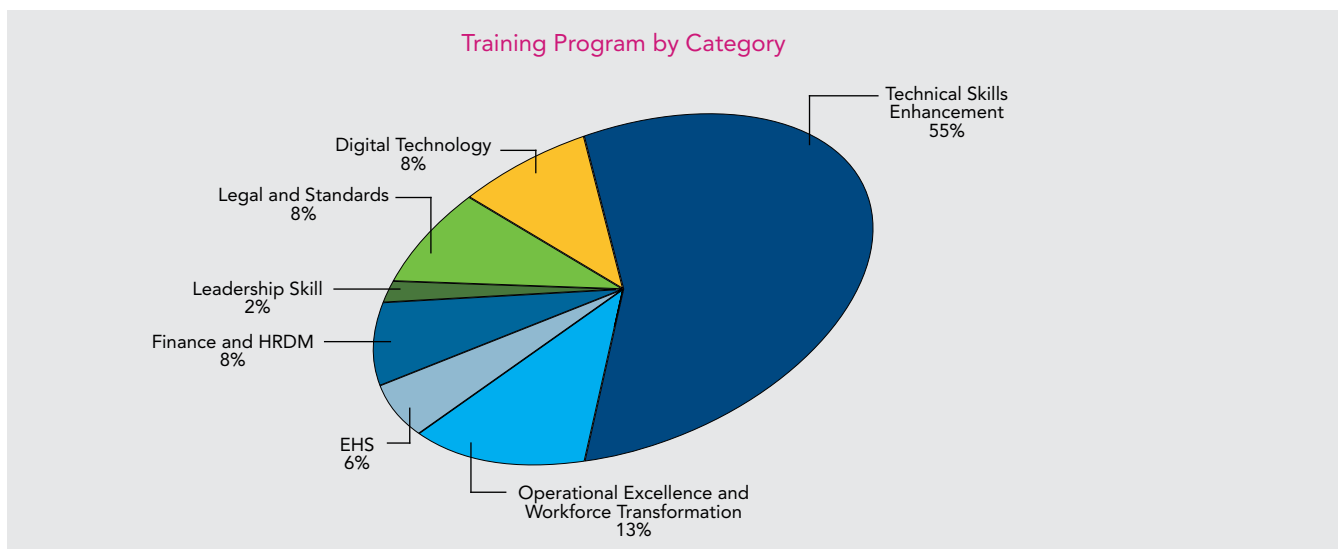
Human Capital Development (Cont'd)

We invested a total of a total of RM252,165 for human capital development in year 2021 which represents a significant increase vs year 2020, with 2,347 training hours achieving the following:

Amount Spent on Training	RM
Year 2020	154,582
Year 2021	252,165

Training Hours	No. of Hours	Average Training Hour Per Employee
Year 2020	2,205	1.9
Year 2021	2,347	2.3

No	Training Program by Category	%
1	Technical Skills Enhancement	55%
2	Operational Excellence and Workforce Transformation	13%
3	Environmental, Health and Safety ("EHS")	6%
4	Finance, Human Resource Development and Management ("HRDM")	8%
5	Leadership Skill	2%
6	Legal and Standards	8%
7	Digital Technology	8%
		100%



For year 2021, in line with our IR 4.0 initiatives and moving towards fully automated / lights off factory in the future, much emphasis was given on the technical education of our employees where more than two-thirds were focused on technical skills enhancement, operational excellence and workforce transformation.

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Human Capital Development (Cont'd)

Out of the new training programs, it can be observed that most of the new programs conducted in year 2021 were geared to upgrade our people's competency levels to new products and technologies, with exposures as follows:

New Training Programs in year 2021

Total Training : 163

No	Description	%
1	Technical Skills Enhancement	62%
2	Operational Excellence and Workforce Transformation	6%
3	Environmental, Health and Safety ("EHS")	5%
4	Finance, Human Resource Development and Management ("HRDM")	11%
5	Legal and Standards	5%
6	Digital Technology	11%
		100%

Digital technology represents 11% of total new training programs in year 2021 and have been on a steadily increasing trend over the years. This is expected to further increase in the coming years as we gear up our workforce in the continued IR 4.0 implementation and the preparation for potential new businesses that require new technical knowledge.

Overall, there was an increase in training hours per employee of 2.3 in year 2021 versus 1.9 in year 2020.

Workforce Diversity

The Group believes in tapping the resources of a diverse workforce that utilizes the unique gift of each individual. Presently our workforce is made up of multiple nationalities that include Malaysians, Indonesians, Filipinos and Nepalese and we have a male to female ratio of 29:71. We are also proud to say our leadership is also balanced, with women making about 30 % of positions of manager and above.

In terms of Board Diversity, with the new structure of the Board in year 2021, we have also seen an increase in female board representation from 22% to 29%. This would be very close to the desired 30% female representation rate and we would be working to achieve and exceed this figure in the near future.



	Women Percentage
Overall workforce	71%
Management	29%
Board	29%

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

In terms of employee turnover, the rate remains stable as compared to year 2020.

Turnover Rate	Percentage (%)	
	Year 2020	Year 2021
By Gender		
Male	10.4%	8.9%
Female	1.5%	3%
Total:	11.9%	11.9%

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Corporate Governance and Ethics

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

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

Social Contributions and Community Projects

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

The Covid-19 pandemic had not only impacted our operations but also the local and national community. We continue our support for our front liners and public in the Covid-19 fight by donating hospital beds and chairs to Penang General Hospital ("Penang GH").

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

In year 2021, the following were our contribution in various community and education projects:

- 1) Sponsorship of RM10,000 to Tech Dome Penang's "Women in Science" program.
- 2) Sponsorship of RM10,000 to Techdome Penang "Robomania 2021".
- 3) Collaboration with universities and Forward School where we obtained a total of 6 interns for the areas of engineering, quality assurance, information technology and finance.
- 4) Collaboration with Penang STEM – RM20,000 sponsorship for Step Up Initiative Program – adopted Phor Tay Secondary School.
- 5) Hiring of 3 employees under the The National Economic Recovery Plan ("PENJANA") program by Northern Corridor Economic Region ("NCER").
- 6) Contribution to Penang GH – Double decker beds and chairs costing RM5,400 and High Dependency Ward ("HDW") beds costing RM42,500.

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



COVID-19 Donation of HDW Beds to Penang GH Intensive Care Unit

SUSTAINABILITY STATEMENT (Cont'd)

SOCIAL (SDG 3,4,5,8) (Cont'd)

Social Contributions and Community Projects (Cont'd)



COVID-19 Donation - Contribution of Double Decker Beds and Chairs to Penang GH



Sponsorship to SMK Phor Tay to Promote STEM Education



Sponsorship to Tech Penang "Robomania 2021"



Sponsorship to Tech Dome Penang "Women in Science"

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT



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

The ARMC of GTB is pleased to present the ARMC Report for the financial year ended 31 December 2021 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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

COMPOSITION AND MEETINGS

There was a redesignation of membership on 27 July 2021, whereby Dato' Syed Mohamad Bin Syed Murtaza was redesignated from Chairman to member and Ms Lam Voon Kean was redesignated from member to Chairwoman.

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

COMPOSITION AND MEETINGS (Cont'd)

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

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

SUMMARY OF THE WORK OF THE ARMC

In line with the terms of reference of the ARMC, the work carried out by the ARMC in the discharge of its functions and duties for the financial year ended 31 December 2021 are as follows:

Financial Procedures and Financial Reporting

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

Date of ARMC Meeting	Quarterly Results/Financial Statements Review
24 February 2021	Unaudited fourth quarter results of the Group for the financial year ended 31 December 2020
27 April 2021	Unaudited first quarter results for the period ended 31 March 2021
27 July 2021	Unaudited second quarter results for the period ended 30 June 2021
26 October 2021	Unaudited third quarter results for the period ended 30 September 2021

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

- Reviewed the audited financial statements of the Company and the Group for the financial year ended 31 December 2021 which covers the financial position and performance for the year to ensure that they presented a true and fair view and complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.
- Ensured publication of Annual Report.

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF THE WORK OF THE ARMC (Cont'd)

Internal Audit

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

External Audit

- Reviewed with the external auditors, the audit plan, scope of the audit and the areas of audit of the Company/ Group;
- Reviewed with the external auditors, their evaluation of the system of internal controls and audit findings;
- Discussed problems and reservations arising from the audit, and any other matters the auditors had wished to discuss;
- Reviewed the auditors' report;
- Met with the external auditors twice on without the presence of the management to review and discuss on key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at the meetings;
- Reviewed and reported the assistance given by the Company's/Group's Officers to the external auditors and the overall conduct of the audit;
- Reviewed and approved the audit and non-audit fees on services provided by external auditors. The amount of audit and non-audit fees are disclosed in the Additional Compliance Information on page 66;
- Assessed the independence of the external auditors and obtained written assurance from them stating their independence throughout the audit in accordance with all relevant professional and regulatory requirements; and
- Performed an evaluation on the suitability and independence of the external auditors. ARMC was satisfied the work performed based on the firm capabilities, professional team assigned, proposed methodology, independence and timeline. Accordingly, it had affirmed the suitability and independence of the external auditors and recommended to the Board to re-appoint KPMG PLT as the external auditors as well as the proposed audit fees for approval.

Risk Management

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

Related Party Transactions

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF THE WORK OF THE ARMC (Cont'd)

Other Functions

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

SUMMARY OF THE WORK OF THE INTERNAL AUDIT FUNCTION

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

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

The following were the activities carried out by the internal audit function for the financial year ended 31 December 2021:

- Reviewed updated risk management framework, action plans and activities performed especially on those defined as key principal risks;
- Reviewed the proposed amendment on Whistleblowing Policy and Procedure, Board Charter, terms of reference of Board Committees namely ARMC, NC and RC, External Auditors Policy and Remuneration Policy and Procedure for Directors and senior management before submitting for the ARMC and Board's approval;
- Reviewed the progress update on the Sustainability and ESG Report;
- Reviewed the risk assessment and control measures on anti-corruption and bribery prevention;
- Reviewed the related party transaction and transfer pricing update;
- Reviewed the Group cash and bank balances and cash advance procedure;
- Reviewed the allocation of share options pursuant to ESOS Scheme 2020;
- Reviewed the Finance IT system upgrade for accounting, human resources and payroll system; and
- Reviewing the Group foreign workers based on the 11 indicators of forced labour by International Labour Organisation ("ILO").

During the financial year ended 31 December 2021, the total cost incurred for the internal audit function was RM190,000.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

TRAININGS ATTENDED BY THE ARMC

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

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Ms. Lam Voon Kean	KPMG Board Leadership Centre Exclusive (in collaboration with HSBC) "Sustainable Finance: Making Better Financial Decisions"	KPMG	9 April 2021
	Integrated Reporting IR: The ASEAN Experience	Malaysian Institute of Accountants	19 April 2021
	Section 17A of the MACC Act 2009	Lee Min On	7 July 2021
	KPMG Board Leadership Centre Exclusive "The New Reality of Cyber Hygiene"	KPMG	21 July 2021
	IASB ED/2021/3 Disclosure Requirements in IFRS Standards	Malaysian Accounting Standards Board ("MASB")	26 July 2021
	Updates on Malaysian Code on Corporate Governance	In-house	27 July 2021
	Transfer Pricing War Stories	KPMG	18 August 2021
	KPMG Board Leadership Centre Exclusive "US Forced Labor Legislation: Impact on Corporate Malaysia"	KPMG	15 September 2021
	Updated Malaysian Code on Corporate Governance 2021	Lee Min On	29 September 2021
	The 2022 Budget: Insights From Dr Veerinderjeet Plus a Members Forum	The Malaysian Institute of Certified Public Accountants ("MICPA")	18 November 2021
	Audit Oversight Board Conversation with Audit Committees	Securities Commission	6 December 2021
	Power Talk Global Series 2021 - ASEAN Board Trends Survey 2022: What Keeps You Awake at Night?	Institute of Corporate Directors Malaysia ("ICDM")	13 December 2021

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

TRAININGS ATTENDED BY THE ARMC (Cont'd)

During the year under review, the ARMC attended the following conferences and seminars: (Cont'd)

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Ms. Lam Voon Kean	Power Talk Global Series 2021 - Your biggest "S" in ESG: Sustainable Human Capital Management and Workplace Transformation	ICDM	14 December 2021
	Power Talk Global Series 2021 - Demystifying Investors' ESG Expectations, the Do's and Don'ts	ICDM	15 December 2021
	Budget 2022 Update	In-house	16 December 2021
	Special Voluntary Disclosure and Amnesty ("VA") for Indirect Taxes	KPMG	22 December 2021
Dato' Syed Mohamad Bin Syed Murtaza	Corporate Governance Updates for the Capital Markets	Asia School of Business	17 to 18 June 2021
	Dawn Raid - Since Section 17A MACC Act has Come Into Force Don't Be Caught Unprepared	Asia School of Business	30 June to 1 July 2021
	Updates on Malaysian Code on Corporate Governance	In-house	27 July 2021
	Penang Future Forward Summit 2021	KSI Strategic Institute for Asia Pacific	25 October 2021
	Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution	Asia School of Business	28 October 2021
	Audit Oversight Board Conversation with Audit Committees	Securities Commission	29 November 2021
	The Updated Malaysian Code on Corporate Governance	MSWG	8 December 2021
	Budget 2022 Update	In-house	16 December 2021
Ms. Ong Huey Min	Asia Pacific Board Leadership Centre - Board and Audit Committees Priorities 2021	KPMG	7 May 2021
	Tax Audit and Investigation - What's Next After MCO 3.0?	Rosli Dahlan Saravana ("RDS") Partnership	7 June 2021
	Corporate Fraud - Looking Beyond the Boardroom	RDS Partnership	11 June 2021
	Compensation for Termination of Contract and the Consequential Tax Treatment	RDS Partnership	23 June 2021
	Tax Treatment of Financing Expenses: Interest, Guarantee Fee and Other Related Expenses	RDS Partnership	1 July 2021
	Virtual LHAG Corporate Counsel Conference - Legal Currents: Tech for 2021	Lee Hishammuddin Allen & Gledhill	15 to 16 July 2021

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

TRAININGS ATTENDED BY THE ARMC (Cont'd)

During the year under review, the ARMC attended the following conferences and seminars: (Cont'd)

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Ms. Ong Huey Min	National Tax Conference 2021	Chartered Tax Institute of Malaysia ("CTIM") and Lembaga Hasil Dalam Negeri Malaysia ("LHDN")	27 to 28 July 2021
	Setting the ESG Agenda to Achieve Sustainable Long Term Value	MICPA and Ernst & Young	29 July 2021
	Transfer Pricing War Stories	KPMG	18 August 2021
	Property Development: Current Legal and Tax Issues	RDS Partnership	2 September 2021
	Tax Assessments - Rescuing Taxpayers from a Financial Conundrum	RDS Partnership	24 September 2021
	MSWG Webinar - Covid Creates Unique Governance Issues	MSWG	21 October 2021
	KPMG Tax and Business Summit 2021	KPMG	17 to 18 November 2021
	Measurement of Value Creation	MICPA	26 November 2021
	Audit Oversight Board Conversation with Audit Committees	Securities Commission	29 November 2021
	Recapitulation of Significant Tax Cases for 2021	Lee Hishammuddin Allen & Gledhill	10 December 2021
	Budget 2022 Update	In-house	16 December 2021

ANNUAL PERFORMANCE ASSESSMENT

The Board performed an annual assessment of the ARMC's effectiveness in carrying out its duties as set out in the terms of reference. The Board is satisfied that the ARMC has effectively discharged its duties in accordance with its terms of reference. The Board Effectiveness Assessment 2021 further commended that the ARMC has the right composition with sufficient relevant skills and expertise.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Governance Overview Statement is prepared pursuant to paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Malaysian Code on Corporate Governance (“MCCG”) 2021 issued by Securities Commission Malaysia. This statement gives the shareholders an overview of the corporate governance practices of the Group during financial year 2021.

This Corporate Governance Overview Statement is to be read together with the Corporate Governance (“CG”) Report which provides a detailed application for each practice as set out in MCCG 2021. This CG Report is available for reference on the Company’s website at www.globetronics.com.my, as well as on Bursa Malaysia Berhad’s website at www.bursamalaysia.com.

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

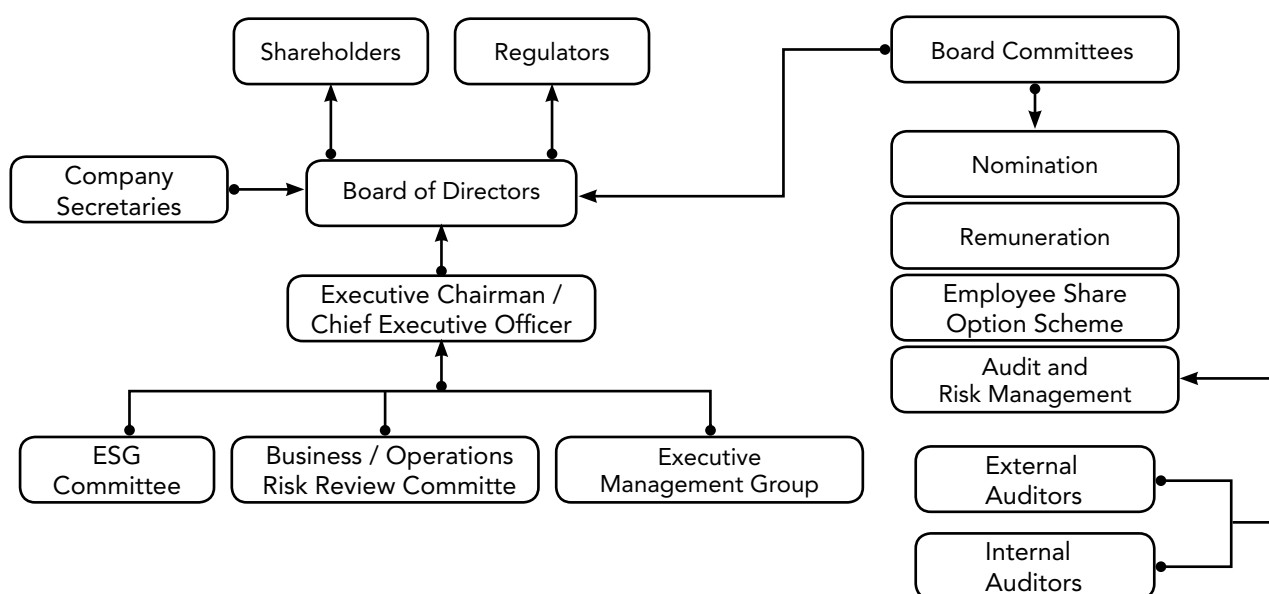
This statement together with the CG Report demonstrates the Board’s commitment in sustaining high standards of corporate governance and outlines the extent the Group has complied with the principles set out in MCCG 2021 with regards to the recommendations stated under each principle for the year under review.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

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

The Group’s Governance Framework



CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

The Chairman is responsible for leadership of the Board and is pivotal in creating the conditions for overall Board, Board Committees and individual director effectiveness. The Board supports the practice of separate individuals for the Chairman and CEO positions to ensure the effective functioning of the Board and appropriate balance of power and authority which is stated in the Board Charter. The Board Charter sets out the roles and responsibilities of the Board, composition and matters related to Board. The Board Charter was reviewed and revised in July 2021 to embody the latest changes in corporate governance and amendments to relevant legal requirements practices. It is available for reference on the Company's website at www.globetronics.com.my.

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

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

The Chairman of the Board is not a member of any Board Committees. However, the Chairman of the Board is invited to attend the Board Committees to be the guide on the side to observe the presiding and conduct of the Board Committees meeting. He does not participate in any decision making process of the Board Committees. This ensures objectivity of the observations and recommendations put forth by the Board Committees to the Board.

In view of the Covid-19 pandemic and the Government-imposed Movement Control Orders, therefore all Board and Board Committee meetings during the financial year were held on hybrid basis, where part of the attendees had joined the meetings from the office while the other attendees had joined remotely, enabled by audio and video conferencing technology. This was done to limit face-to-face meetings as a preventive measure to curb the spread of Covid-19.

All Board Committees meetings were conducted separately from Board meetings to enable objective and independent discussion during the meetings. All Board Committees report to the Board on matters deliberated and the Board is ultimately responsible for the decision making. Each Committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board. The details of TOR for the respective Board Committees were reviewed and updated accordingly in July 2021, and are available for reference on the Company's website at www.globetronics.com.my. Reference can also be made to the CG Report for their application of the practices encapsulated in the MCCG.

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

With the amendment to the Malaysian Anti-Corruption Commission 2009 (Amendment 2018) ("MACC Act") whereby corporate liability provision under Section 17A came into force on 1 June 2020, the Board has taken various initiatives to align to the procedures outlined in the "Guidelines on Adequate Procedures". An external review was done in February 2021 to assess the procedures in place and some improvements were implemented and some are in progress. The Group emphasises its zero-tolerance position on bribery and corruption in ensuring good standards of ethical behaviour flow through all levels of the Group to prevent unethical practices and consequently, support the delivery of long-term sustainable success of the Group. During the financial year, all employees participated in online refresher course on anti-corruption and bribery conducted internally.

The Board also provides an avenue for employees to report their genuine concerns of any unlawful or unethical situations or any suspected violation of the Principles of Business Conduct through its Whistleblowing Policy and Procedure. The policy was reviewed and revised in April 2021 after taking into consideration the input from the external consultant's review. The Group treat all reports confidentially and genuine whistle blower will be protected from any reprisal within GTB Group as a direct consequence of the disclosure. There were no whistleblowing cases reported during year 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

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

In terms of sustainability, the Board together with management is responsible for the oversight and strategic management of the Group's sustainability matters. The Board acknowledges the importance of delivering durable and sustainable value as well as maintaining the confidence of its stakeholders. The Corporate Director has been designated to lead sustainability matters together with the key management team. The Group communicates its sustainability strategies and priorities to stakeholders via the Sustainability Statement on pages 22 to 51 of this Annual Report.

II. BOARD COMPOSITION

The Board recognizes the importance of boardroom diversity and the practice of the MCCG pertaining to the establishment of a diversity policy in skills, experiences, knowledge, age, gender, ethnicity and educational background. The Board has in place its Diversity Policy and it is available for reference on the Company's website at www.globetronics.com.my. The details of directors' background, experiences and qualifications are set out on pages 6 to 10 under the Profile of Directors of the Annual Report. The overview of the Board composition, balance and diversity as of 31 December 2021 is as below:

Gender Diversity		Race/Ethnicity Diversity		Age Group Diversity		Board Experience	
Male	71%	Malay	29%	70 years and above	57%	Multinational/International	86%
Female	29%	Chinese	71%	61-69 years	29%	Science/Engineering/Bio industry	57%
				60 years and below	14%	Accounting/Finance/Economic	57%
						Public/Legal/Regulatory Affair	43%

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

The Board is assisted by NC in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the Board's composition has an appropriate mix of skills, experience, knowledge, age and gender. The Committee meets when necessary. For the financial year ended 31 December 2021, one (1) NC meeting was held.

There were seven (7) members on the Board of Directors for the financial year ended 31 December 2021, comprising two (2) Executive and five (5) Non-Executive Directors, four (4) of whom are Independent. NC reviewed the size and composition of the Board, and the skills and core competencies of its members, to ensure an appropriate balance and diversity of skills and experience. The Board, through its NC, have upon their annual assessment, concluded that the current Board comprises of a balanced mix of skills, knowledge and experience in the relevant areas to enable the Board to carry out its responsibilities in an effective and efficient manner.

In conformity with Practice 5.2 of MCCG, whereby at least half of the board comprised of independent directors, Encik Hj. Mohammad Hazani Bin Hj. Hassan has been appointed as an Independent Non-Executive Director during the year under review after the resignation of Dato' Norhalim Bin Yunus, a Non-Independent Non-Executive Director in May 2021. The Board, through the assessment and recommendation of the NC, approved Encik Hj. Mohammad Hazani's appointment and was of the view that his vast experience and extensive knowledge in corporate strategy, engineering, high technology, finance and digital transformation would further enhance the Board's strength and contribute positively to the overall effectiveness of the Board. The detailed profile of Encik Hj. Mohammad Hazani can be found in the Profile of the Board of Directors on page 10 of the Annual Report.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (Cont'd)

NC reviewed and assessed the independence of Independent Directors and their tenure of service. Two (2) of the Independent Directors, Dato' Iskandar Mizal Bin Mahmood and Mr Yeow Teck Chai had reached their ninth (9th) year of service during the financial year and had retired accordingly. As for Dato' Syed Mohamad bin Syed Murtaza who has served the Board for a cumulative term of more than nine (9) years, he would be retiring accordingly in the forthcoming AGM.

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

Directors	Date of Appointment	Length of Service (Years) *
Dato' Syed Mohamad Bin Syed Murtaza	18-May-11	10.9
Ms. Lam Voon Kean	15-May-13	8.9
Ms. Ong Huey Min	23-Oct-17	4.4
Encik Hj. Mohammad Hazani Bin Hj. Hassan	7-May-21	0.9

*as at 1 April 2022

NC also recommended the re-appointment and re-election of Directors at the AGM to the Board for its approval. Directors are subject to retire by rotation at least once every three (3) years. Retiring Directors, being eligible, offer themselves for re-election at the forthcoming AGM. The Directors retiring by rotation in accordance with Article 105 of the Company's Constitution at this forthcoming AGM are Mr Michael Ng and Dato' Heng Huck Lee. Mr Michael Ng, being eligible, offers himself for re-election while Dato' Heng Huck Lee had expressed his intention not to seek for re-election per the announcement to Bursa Malaysia made on 22 February 2022.

The Company's Constitution also provides that any Director appointed during the year is subject to retirement and seek re-election by the shareholders at the forthcoming AGM immediately after his/her appointment. Therefore, Encik Hj. Mohammad Hazani will be subject to retirement and will be seeking re-election in the forthcoming AGM.

NC together with the Board continues to evaluate and determine the training needs of Directors by identifying and encouraging Board members to attend various external professional training programs relevant and useful in contributing to the effective discharge of their duties. During the financial year ended 31 December 2021, the Directors had attended trainings covering a broad range of areas such as statutory regulations, corporate governance, sustainability, taxation, financial planning, legal, and information technology. The details of trainings attended by each individual Director are disclosed in Practice 1.1 of the CG Report.

The Board, through NC, conducted an annual evaluation of the Board's effectiveness and composition, including the effectiveness of the Board Committees which were undertaken internally by way of written questionnaire. The results indicated that the Board is seen as well run, with an experienced Chair who facilitates constructive challenge and healthy discussion. The Board and its Committees continued to operate effectively in discharging its duties and responsibilities. Going forward, the Board would like to dedicate more time in the setting and discussion of the Group's strategic plans and mitigation measures in response to challenges faced by the Group's existing operations and the factors impacting the industry as well as focusing on the review of the Group's sustainability priorities in relation to the Group's business decision and strategies. It is the Board's intention to continue to review annually its performance and that of its committees.

III. REMUNERATION

Remuneration Committee ("RC")

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III. REMUNERATION (Cont'd)

Remuneration Committee ("RC") (Cont'd)

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

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

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

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

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

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

Specific disclosure of Directors' remuneration and senior management's remuneration in relation to Practice 8.1 and 8.2 of the MCCG 2021 are provided in the CG report.

For the financial year ended 31 December 2021, one (1) RC meeting was held.

Employee Share Options Scheme ("ESOS") Committee

The ESOS Committee was established to assist the Board in their responsibilities to implement and administer the ESOS scheme in accordance with the By-laws of the ESOS. During the financial year under review, two (2) ESOS meetings were held whereby the Committee met and deliberated on the allocation of shares under ESOS scheme 2020 to eligible employees of the Group.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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

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

The ARMC comprises of three (3) Independent Non-Executive Directors. For the financial year ended 31 December 2021, six (6) ARMC meetings were held, and a summary of the activities of the ARMC including the internal audit function during the year under review is set out in the ARMC Report on pages 52 to 58 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I. AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) (Cont'd)

None of the ARMC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the terms of reference of ARMC.

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

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognizes the importance of risk management and internal controls in the overall management process. An ongoing process has been established for identifying, evaluating and managing risks faced by the Group. During the year, the Board considered the nature and extent of the risks it was willing to take to achieve its strategic goals. The Statement on Risk Management and Internal Control which provides an overview of the Group’s risk management and internal control framework is set out on pages 67 to 71 of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Company remains committed to delivering high standards of corporate disclosure and transparency in our communications with shareholders, investors and stakeholder, except where commercial confidentiality dictates otherwise. The Company provides timely, regular, relevant and complete information regarding the Group’s businesses and corporate developments. In this respect, the Company follows the Corporate Disclosure Guide and Best Practices as proposed by Bursa Malaysia. The GTB Corporate Disclosure Policy and Procedures is available for reference at the Company’s website, www.globetronics.com.my.

The Board’s primary contact with all shareholders is via the Chief Financial Officer (“CFO”) and Corporate Director, who have regular dialogue and meetings with institutional investors, analysts and fund investors periodically. The Chairman and the Chief Executive Officer, as appropriate, also meet with various institutional shareholders from time to time. The outcomes of the meetings that required attention of the board are reported to the Board to ensure that the Board keeps in touch with shareholder views. For the financial year ended 31 December 2021, there were limited physical meetings with fund managers and analysts due to Movement Control Order and border-closures arising from COVID-19 pandemic outbreak. However, both CFO and Corporate Director continued to connect with regional and Malaysian investors and analysts via conference calls and/or video conferences. They have attended more than 50 conference calls and/or video conferences. These meetings continue to keep the investment community abreast of the Group’s strategic developments and financial performance.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. CONDUCT OF GENERAL MEETING

Annual General Meetings ("AGM")

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

The Company distributed the Notice of 24th AGM at least 28 days ahead in line with the CG practice providing sufficient time for shareholders to review the Notice of AGM and appoint proxies to attend the AGM if necessary. The Notice of AGM was also advertised in The Star newspaper for the benefit of shareholders.

In view of the COVID-19 pandemic situation and as per the Guidance frequently asked question on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Company had successfully convened its 24th AGM via live streaming on 6 May 2021. All members of the Board joined the AGM online and the Chairman of the Board chaired the meeting in an orderly manner. Shareholders had joined the AGM online and vote electronically using the Remote Participation and Voting ("RPV") facilities provided by Agmo Digital Solutions Berhad via its Vote2U Online website.

The Chairman presented an overview of the Company's results and prospects at the AGM prior to the commencement of the formal business of the meeting. Members of the Board and management were present at the meeting to respond to the questions raised by the shareholders or proxies who submitted their questions electronically via the Vote2U Online website before and during the AGM in relation to the operational and financial performance of the Group. An independent external party is appointed as scrutineer for the electronic poll voting process. Electronic poll voting was conducted on all resolutions with immediate announcement of results.

In line with good CG practice, the Company will continue to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

The Corporate Governance Overview Statement was approved by the Board of Directors on 1 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. Meeting Attendance Record for 2021

Directors' attendance record at the AGM, scheduled Board meetings and Board Committee meetings, for the year ended 31 December 2021 is as set out in the table below. For Board and Board Committee meetings, attendance is expressed as the number of meetings attended out of the number that each Director was eligible to attend.

Directors	Independence	Annual General Meeting	Board		Audit and Risk Management Committee ("ARMC")		Nomination Committee ("NC")		Remuneration Committee ("RC")		Employees Share Option Scheme ("ESOS") Committee	
			Membership	*Attendance	Membership	*Attendance	Membership	*Attendance	Membership	*Attendance	Membership	*Attendance
Mr Michael Ng Kweng Chong	Non-Independent	√	Chairman	5/5								
Dato' Heng Huck Lee	Non-Independent	√	CEO	5/5								
Dato' Syed Mohamad Bin Syed Murtaza	Independent	√	Member	5/5	Member (Redesignated to member on 27.7.2021)	6/6	Chairman (Redesignated as chairman on 27.7.2021)	1/1	Member (Appointed on 27.7.2021)	1/1	Member (Resigned on 27.7.2021)	1/1
Mr. Ng Kok Khuan	Non-Independent	√	Member	5/5							Member	2/2
Ms. Lam Voon Kean	Independent	√	Member	5/5	Chairwoman (Redesignated as chairwoman on 27.7.2021)	6/6	Member (Appointed on 27.7.2021)				Member (Redesignated as member on 27.7.2021)	2/2
Ms. Ong Huey Min	Independent	√	Member	5/5	Member	6/6			Member (Appointed on 27.7.2021)	1/1	Chairwoman (Appointed on 27.7.2021)	1/1
Encik Hj. Mohammad Hazani Bin Hj. Hassan	Independent	√	Member Appointed on 7.5.2021	3/3			Member (Appointed on 27.7.2021)		Chairman (Appointed as member on 17.5.2021 and redesignated to chairman on 27.7.2021)	1/1		
Dato' Norhalim Bin Yunus	Non-Independent	√	Member Resigned on 7.5.2021	2/2					Member			
Dato' Iskandar Mizal Bin Mahmood	Independent	√	Member Resigned on 17.5.2021	2/2			Chairman	1/1	Member			
Mr. Yeow Teck Chai	Independent	√	Member Resigned on 17.5.2021	2/2			Member	1/1	Chairman			

*Reflects the attendance and the number of meetings held during the period the Director held office.

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

2. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals.

3. Audit and Non-Audit Fees

The amount of audit fees paid or payable to the external auditors, KPMG PLT, for services rendered to the Company and the Group for the financial year ended 31 December 2021 amounted to RM26,000 and RM165,500 respectively.

The amount of non-audit fees paid or payable to the external auditors, KPMG PLT and its affiliates, were only for the services rendered to the Company for the financial year ended 31 December 2021 amounted to RM13,900.

4. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

Risk Management Framework

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

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

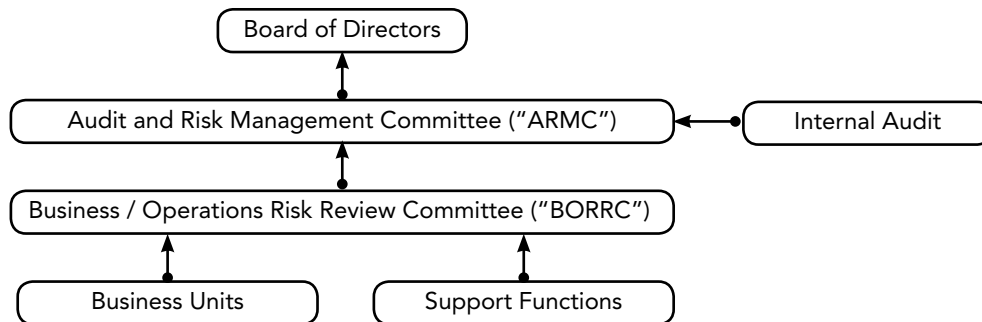
The assessment of business risks is carried out primarily by the Executive Directors and/or BORRC through their participation in management meetings, desktop reviews, deliberation or communication with key management staff to ensure the adequacy and integrity of the system of internal control. These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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT (Cont'd)

Risk Management Framework (Cont'd)

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



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

The principal risks for financial year 2021 have been reviewed by the Board of Directors and are as follows:

Sustainability Risk

With the increasing awareness on the environmental, social and governance, particularly concerning global warming, climate change and infringement of human rights, there are greater expectations and demands by stakeholders for the Group to operate in a sustainable and responsible manner. The Group's sustainability governance is led by the Board and supported by both BORRC and ESG Committees that have been implementing business strategies to ensure the sustainable performance of the Group economically as well as facilitating and embedding sustainability initiatives and activities as set out in the Sustainability Statement on pages 22 to 51. The Group's Sustainability Policy is available on the Company's website at www.globetronics.com.my.

Operational Risk

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

Financial Risk

The Group is exposed to financial risks relating to credit risk, liquidity risk, interest rates risk and foreign currency risk. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 26 to the financial statements on pages 139 to 151 .

Compliance Risk

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT (Cont'd)

Investment Risk

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

Cyber Risk

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

Governance and Integrity Risk

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

Economic Risk

Changes in the regional and global economic conditions, such as trade tensions and other global headwinds which result in the uncertainties and volatilities in the economic environment, may have an adverse effect on the demand and supply chain of the semiconductor services or components, and hence on the Group's financial performance and operations. The Group manages these economic risks by keeping themselves abreast with the economic and market development, maintaining good relationship with customers and closely following the latest news on customers' products performance and business, exploring further businesses or products expansion with customers as well as continuously seeking new businesses or products or assessing the possibility of diversification to grow the Group. The Group monitors the supply chain risk or situation closely, whenever there is a disruption as a result of the Covid-19 pandemic, the Group will gather feedbacks from suppliers to assess the impact on supply chain and take action including checking with suppliers on the contingency plan, seeking qualified alternative supplier, change in production plan as well as discuss with customers for the next cause of action on those critical parts.

Covid-19 Pandemic

The prolonged Covid-19 pandemic has significantly impacting the people and businesses around the world. The Group had established a Covid-19 Task Force to proactively monitor and manage the Covid-19 impact to business and operations, implementing and complying with Standard Operating Procedures ("SOPs") issued by Malaysian National Security Council to prevent the Covid-19 outbreak in the workplace. The Group implements various safety and health measures, inclusive of work-from-home and split team arrangements; frequent communication on health awareness, providing rapid antigen test kits for scheduled self-test by employees, declaration of employees' Personal Health and self-test results, declaration of Personal Health by all visitors and suppliers; and taking daily precautions, such as sanitisation and daily temperature screening. The Group had participated in National Covid-19 Immunization Program to help achieve herd immunity. All employees are fully vaccinated and majority of the employees are vaccinated through Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta ("PIKAS") that was arranged and co-ordinated by the Group. The Group continues to monitor the latest development of Covid-19 cases in Malaysia and globally, and will do its best to protect its employees and supply chain.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT (Cont'd)

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 CEO, lead the presentation of board papers and provide explanation on pertinent issues. In arriving at any decision on recommendation by the management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Company's and the Group's activities on a regular basis.

Management Meetings

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

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

Business Review Meetings

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

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is an organisational structure with formally defined responsibility lines and authorities to facilitate timely response to changes in the evolving business environment and accountability for operational performance. Capital and non-capital expenditures, acquisition and disposal of investment are subject to appropriate review by the management, and if required, approval by the Board.

Performance Management Framework

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

Operational Policies and Procedures

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY COMPONENTS OF RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT (Cont'd)

Integrity and Ethical Values

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

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

Whistleblowing Policy and Procedure

The Group has in place a Whistle Blowing Policy and Procedure that provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection and confidentiality to whistle-blowers. The policy sets out a structured channel for employees and stakeholders to raise genuine concerns, malpractices and misconduct within the Group for remedial action. This policy is available on the Company's website at www.globetronics.com.my.

Group Internal Audit

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

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

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

REVIEW OF STATEMENT BY THE BOARD

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

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

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

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 1 April 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

For The Audited Financial Statements

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act 2016 to prepare financial statements for the financial year so that to give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year. In preparing the financial statements for the financial year ended 31 December 2021, the Directors have:

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

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

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

FINANCIAL STATEMENTS

74

DIRECTORS' REPORT

80

STATEMENTS OF FINANCIAL POSITION

82

*STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME*

84

*CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY*

86

STATEMENT OF CHANGES IN EQUITY

88

STATEMENTS OF CASH FLOWS

91

NOTES TO THE FINANCIAL STATEMENTS

152

STATEMENT BY DIRECTORS

153

STATUTORY DECLARATION

154

INDEPENDENT AUDITORS' REPORT

DIRECTORS' REPORT

For the year ended 31 December 2021

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	52,949	55,207

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- (i) In respect of the financial year ended 31 December 2020 as reported in the Directors' Report of that year :
 - a third interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM20,083,337 declared on 25 February 2021 and paid on 25 March 2021.
- (ii) In respect of the financial year ended 31 December 2021 :
 - a first interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 1.0 sen per share, totalling RM13,388,891 declared on 2 June 2021 and paid on 5 July 2021;
 - a second interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 1.5 sen per share, totalling RM16,736,116 declared on 1 November 2021 and paid on 2 December 2021; and
 - a third interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM20,083,337 declared on 24 February 2022 and paid on 24 March 2022.

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

DIRECTORS' REPORT (Cont'd)

For the year ended 31 December 2021

DIRECTORS OF THE COMPANY

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

Ng Kweng Chong	- Founder and Executive Chairman
Dato' Heng Huck Lee	
Ng Kok Khuan	
Dato' Syed Mohamad Bin Syed Murtaza	
Lam Voon Kean	
Ong Huey Min	
Hj. Mohammad Hazani Bin Hj. Hassan	(Appointed on 7.5.2021)
Dato' Norhalim Bin Yunus	(Resigned on 7.5.2021)
Dato' Iskandar Mizal Bin Mahmood	(Resigned on 17.5.2021)
Yeow Teck Chai	(Resigned on 17.5.2021)

DIRECTORS OF THE SUBSIDIARIES

The Directors who served on the Board of subsidiaries of the Company during the financial year until the date of this report are as follows :

Ng Kweng Chong
Dato' Heng Huck Lee
Ng Kok Khuan
Ng Kok Choon

DIRECTORS' INTERESTS IN SHARES

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

	← Number of ordinary shares →			At 31.12.2021
	At 1.1.2021	Bought	(Sold)	
Interests in the Company				
Ng Kweng Chong				
- Own	6,979,165	-	-	6,979,165
- Others *	2,894,866	-	-	2,894,866
Dato' Heng Huck Lee				
- Own	1,804,600	-	-	1,804,600
- Others *	200,498	-	(10,000)	190,498

DIRECTORS' REPORT (Cont'd)

For the year ended 31 December 2021

DIRECTORS' INTERESTS IN SHARES (Cont'd)

	← Number of ordinary shares →			
	At 1.1.2021	Bought	(Sold)	At 31.12.2021

Interests in the Company (Cont'd)

Ng Kok Khuan				
- Own	123,333	-	-	123,333
- Others *	223,160	-	-	223,160
Ong Huey Min				
- Others *	286,000	-	-	286,000

Deemed interests in the Company

Ng Kweng Chong				
- Own	30,880,205	616,000	(2,300,000)	29,196,205

	At 1.1.2021	Granted	(Exercised)	At 31.12.2021
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ESOS

Ng Kweng Chong				
- others *	-	26,600	-	26,600
Dato' Heng Huck Lee				
- others *	-	170,400	-	170,400

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

None of the other Directors holding office at 31 December 2021 had any interests in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 25 to the financial statements.

DIRECTORS' REPORT (Cont'd)

For the year ended 31 December 2021

DIRECTORS' BENEFITS (Cont'd)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employee Share Option Scheme ("ESOS") as disclosed in Note 24 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employee Share Option Scheme ("ESOS").

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

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

- i) The total number of shares to be offered under ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of ESOS;
- ii) ESOS shall continue to be in force for a period of five years from 3 August 2020;
- iii) The option is personal to the grantee and is non-assignable, transferable, disposable or chargeable except for certain conditions provided for in the By-Laws;
- iv) Eligible persons are full-time employees and Executive Directors of the Group who is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings. The eligible employees are those who have been confirmed in the employment of the Group for at least three months of continuous service prior to and up to the date of offer and the employment must have been confirmed in writing prior to the offer date. Whilst the eligible Executive Directors are those who have been appointed as an Executive Directors of the Group for such period as may be determined by the ESOS committee prior to and up to the offer date;
- v) The option granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of and not less than 100 shares;
- vi) The option price for each ordinary share shall be at a discount of not more than ten per centum (10%) of the 5-day weighted average market price of the shares, as quoted on Bursa Malaysia Securities Berhad ("Bursa") immediately preceding the date of offer;
- vii) In the event of any alteration in the capital structure of the Company during the option period, whether by way of a right issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or any other variation of capital shall take place or if the Company shall make a capital distribution during the option period, such corresponding alterations (if any) shall be made in the number of shares relating to the unexercised options and option price;

DIRECTORS' REPORT (Cont'd)

For the year ended 31 December 2021

OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

The salient features of ESOS are, *inter alia*, as follows : (Cont'd)

- viii) The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Constitution of the Company; and
- ix) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The options offered (under ESOS) to take up unissued ordinary shares and the option exercise prices are as follows :

Date of offer	Expiry date	Option exercise price	Number of options over ordinary shares			
			At 1.1.2021	Granted	(Forfeited)	At 31.12.2021
19.3.2021	2.8.2025	2.74	-	1,292,900	(192,700)	1,100,200
25.10.2021	2.8.2025	2.14	-	581,700	(9,000)	572,700

The aggregate maximum allocation of ESOS to Executive Directors and senior management of the Group shall not exceed 50%. The actual allocation of share options to Executive Directors and senior management was 16.85% as at 31 December 2021.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for insurance effected for Directors and officers of the Group was RM21,038 for a total sum insured of RM15 million. No indemnity was given to any Director and officer of the Company during the financial year.

There was no indemnity given to/or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

DIRECTORS' REPORT (Cont'd)

For the year ended 31 December 2021

OTHER STATUTORY INFORMATION (Cont'd)

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 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.

AUDITORS

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

The auditors' remuneration is disclosed in Note 17 to the financial statements.

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

.....
Ng Kweng Chong

Director

.....
Dato' Heng Huck Lee

Director

Penang,

Date: 1 April 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	68,521	96,988	-	-
Investment properties	4	14,222	6,336	-	-
Investments in subsidiaries	5	-	-	162,373	161,316
Investment in an associate	6	5,670	5,493	784	784
Other investments	7	9,555	10,923	4,767	4,797
Deferred tax assets	8	110	319	-	-
Total non-current assets		98,078	120,059	167,924	166,897
Inventories	9	8,190	5,652	-	-
Current tax assets		619	675	11	-
Trade and other receivables	10	32,938	43,639	87	86
Cash and cash equivalents	11	195,097	163,664	32,611	27,733
Total current assets		236,844	213,630	32,709	27,819
Total assets		334,922	333,689	200,633	194,716
Equity					
Share capital	12	186,463	186,463	186,463	186,463
Reserves	13	114,519	110,638	13,309	7,388
Total equity attributable to owners of the Company		300,982	297,101	199,772	193,851

STATEMENTS OF FINANCIAL POSITION (Cont'd)

As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Liabilities					
Deferred income	14	-	399	-	-
Total non-current liability		-	399	-	-
Current tax liabilities		699	109	-	5
Trade and other payables	15	33,241	36,080	861	860
Total current liabilities		33,940	36,189	861	865
Total liabilities		33,940	36,588	861	865
Total equity and liabilities		334,922	333,689	200,633	194,716

The notes on pages 91 to 151 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 december 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations					
Revenue	16	206,043	227,523	57,516	51,547
Cost of sales		(124,188)	(148,721)	-	-
Gross profit		81,855	78,802	57,516	51,547
Other income		8,677	8,019	48	8
Administrative expenses		(36,695)	(36,378)	(2,328)	(2,391)
Net gain on impairment of financial instruments	17	-	439	-	-
Other expenses		(129)	(746)	-	-
Results from operating activities		53,708	50,136	55,236	49,164
Finance income	17.3	1,587	1,810	-	-
Operating profit		55,295	51,946	55,236	49,164
Share of profit of an equity-accounted associate, net of tax	6	177	50	-	-
Profit before tax	17	55,472	51,996	55,236	49,164
Tax expense	18	(2,523)	(1,192)	(29)	(66)
Profit for the year		52,949	50,804	55,207	49,098

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

For the year ended 31 december 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other comprehensive					
(expense)/income, net of tax					
Item that will not be reclassified					
subsequently to profit or loss					
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")		(638)	127	(135)	(168)
Item that is or may be reclassified					
subsequently to profit or loss					
Foreign currency translation differences for foreign operations		721	(414)	-	-
Other comprehensive income/(expense) for the year, net of tax	19	83	(287)	(135)	(168)
Total comprehensive income for the year		53,032	50,517	55,072	48,930
Profit attributable to :					
Owners of the Company		52,949	50,804	55,207	49,098
Total comprehensive income attributable to :					
Owners of the Company		53,032	50,517	55,072	48,930
Basic/Diluted earnings per ordinary share (sen)	20	7.91	7.59		

The notes on pages 91 to 151 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 december 2021

	Attributable to owners of the Company				Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	
At 1 January 2020	186,463	41	719	2,877	296,792
Foreign currency translation differences for foreign operations	-	-	-	(414)	(414)
Net change in fair value of equity investment designated at FVOCI	-	-	127	-	127
Total other comprehensive income/(expense) for the year	-	-	127	(414)	(287)
Profit for the year	-	-	-	-	50,804
Total comprehensive income/(expense) for the year	-	-	127	(414)	50,517
Distributions to owners of the Company					
Dividends to owners of the Company (Note 21)	-	-	-	-	(50,208)
Total transactions with owners of the Company	-	-	-	-	(50,208)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	25	-	(25)
At 31 December 2020	186,463	41	871	2,463	297,101

Note 12 ← ————— Note 13 →

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 december 2021

	Attributable to owners of the Company					Distributable	Total equity RM'000
	Share capital RM'000	Share option reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000		
At 1 January 2021	186,463	-	41	871	2,463	107,263	297,101
Foreign currency translation differences for foreign operations	-	-	-	-	721	-	721
Net change in fair value of equity investment designated at FVOCI	-	-	-	(638)	-	-	(638)
Total other comprehensive (expense)/income for the year	-	-	-	(638)	721	-	83
Profit for the year	-	-	-	-	-	52,949	52,949
Total comprehensive (expense)/income for the year	-	-	-	(638)	721	52,949	53,032
Distributions to owners of the Company							
Dividends to owners of the Company (Note 21)	-	-	-	-	-	(50,208)	(50,208)
Share-based payment transactions (Note 24)	-	1,057	-	-	-	-	1,057
Total transactions with owners of the Company	-	1,057	-	-	-	(50,208)	(49,151)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	(14)	-	14	-
At 31 December 2021	186,463	1,057	41	219	3,184	110,018	300,982

Note 12 ← Note 13 →

The notes on pages 91 to 151 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 december 2021

	← Attributable to owners of the Company →			
	Share capital RM'000	Non- distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2020	186,463	235	8,431	195,129
Net change in fair value of equity investment designated at FVOCI	-	(168)	-	(168)
Profit for the year	-	-	49,098	49,098
Total comprehensive (expense)/income for the year	-	(168)	49,098	48,930
Distributions to owners of the Company				
Dividends to owners of the Company (Note 21)	-	-	(50,208)	(50,208)
Total transactions with owners of the Company	-	-	(50,208)	(50,208)
Transfer upon the disposal of equity investment designated at FVOCI	-	25	(25)	-
At 31 December 2020	186,463	92	7,296	193,851
	Note 12	← Note 13 →		

STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 december 2021

	← Attributable to owners of the Company →				
	← Non-distributable →			Distributable	
	Share capital RM'000	Share option reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021	186,463	-	92	7,296	193,851
Net change in fair value of equity investment designated at FVOCI	-	-	(135)	-	(135)
Profit for the year	-	-	-	55,207	55,207
Total comprehensive (expense)/income for the year	-	-	(135)	55,207	55,072
Distributions to owners of the Company					
Dividends to owners of the Company (Note 21)	-	-	-	(50,208)	(50,208)
Share-based payment transactions (Note 24)	-	1,057	-	-	1,057
Total transactions with owners of the Company	-	1,057	-	(50,208)	(49,151)
At 31 December 2021	186,463	1,057	(43)	12,295	199,772
	Note 12	←	Note 13	→	

The notes on pages 91 to 151 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 december 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		55,472	51,996	55,236	49,164
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	27,247	40,482	-	-
- investment properties	4	388	257	-	-
Property, plant and equipment written off		108	13	-	-
Impairment loss on plant and equipment	3	343	707	-	-
Reversal of impairment loss on trade receivables		-	(439)	-	-
Gain on disposal of plant and equipment		(482)	(1,274)	-	-
Dividends from subsidiaries		-	-	(56,957)	(50,750)
Interest income		(2,148)	(2,633)	(559)	(797)
Amortisation of deferred income	14	(399)	(1,654)	-	-
Share of profit of an equity-accounted associate, net of tax	6	(177)	(50)	-	-
Share-based payments	24	1,057	-	-	-
Operating profit/(loss) before changes in working capital		81,409	87,405	(2,280)	(2,383)
Change in inventories		(2,538)	2,649	-	-
Change in trade and other receivables		10,701	(1,876)	(1)	20
Change in trade and other payables		(309)	(1,782)	1	(13)
Cash generated from/(used in) operations		89,263	86,396	(2,280)	(2,376)
Interest received		561	823	559	797
Dividends received from subsidiaries		-	-	56,957	50,750
Tax paid		(1,668)	(938)	(45)	(66)
Net cash from operating activities		88,156	86,281	55,191	49,105

STATEMENTS OF CASH FLOWS (Cont'd)

For the year ended 31 december 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities					
Acquisition of :					
- property, plant and equipment	A	(12,630)	(17,560)	-	-
- other investments		(905)	(5,024)	(105)	(4,105)
Proceeds from disposal of :					
- property, plant and equipment		3,072	2,231	-	-
- other investments		1,806	4,356	-	4,356
Interest received		1,587	1,810	-	-
Net cash (used in)/from investing activities		(7,070)	(14,187)	(105)	251
Cash flows from financing activities					
Dividends paid to owners of the Company	21	(50,208)	(50,208)	(50,208)	(50,208)
Repayment of revolving credits, net		-	(4,128)	-	-
Net cash used in financing activities		(50,208)	(54,336)	(50,208)	(50,208)
Net increase/(decrease) in cash and cash equivalents		30,878	17,758	4,878	(852)
Effect of exchange rate fluctuations on cash held		555	(330)	-	-
Cash and cash equivalents at 1 January		163,664	146,236	27,733	28,585
Cash and cash equivalents at 31 December	11	195,097	163,664	32,611	27,733

STATEMENTS OF CASH FLOWS (Cont'd)

For the year ended 31 december 2021

Cash outflows for leases as a lessee - Group

	Note	2021 RM'000	2020 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	17	<u>1,695</u>	<u>1,559</u>

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

	At 1.1.2020 RM'000	Net changes from financing cash flows RM'000	At 31.12.2020/ 1.1.2021/ 31.12.2021 RM'000
Revolving credits	4,128	(4,128)	-

NOTE

A. Acquisition of property, plant and equipment - Group

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM10.10 million (2020 : RM20.64 million), of which RM1.86 million (2020 : RM4.39 million) remained unpaid at the reporting date. The total amount of RM12.63 million (2020 : RM17.56 million) was paid by cash.

The notes on pages 91 to 151 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 Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

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

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate.

The Company is principally engaged in investment holding activity. The principal activities of its subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 1 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

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

The Group and the Company do not plan to apply MFRS 17, amendments to MFRS 17 and MFRS 141 that are effective for annual periods beginning on or after 1 January 2023 and 1 January 2022 respectively as they are not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currencies

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

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

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

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

(v) Associates

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

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

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

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

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

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

(vi) Non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) **Amortised cost**

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

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

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

(i) **Debt investments**

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through other comprehensive income (Cont'd)

(i) Debt investments (Cont'd)

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

(ii) Equity investments

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

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

Financial liabilities

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to :

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

Settlement date accounting refers to :

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts

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

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

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

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

(v) Derecognition

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

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

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(b) As a lessor

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

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

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

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

(iii) Subsequent measurement

(a) As a lessee

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

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

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

(b) As a lessor

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

(f) Research and development

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Research and development (Cont'd)

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

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

(g) Investment properties

(i) Investment properties carried at cost

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

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment properties and property, plant and equipment do not change the carrying amount of the property transferred.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(h) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

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

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

(j) Cash and cash equivalents

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

(k) Impairment

(i) Financial assets

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

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

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

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

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

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

(ii) Other assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Share-based payment transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Employee benefits (Cont'd)

(iii) Share-based payment transactions (Cont'd)

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

(n) Provisions

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

(o) Revenue and other income

(i) Revenue from contracts with customers

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

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

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

(ii) Rental income

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

(iii) Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Revenue and other income (Cont'd)

(iv) Dividend income

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

(v) Interest income

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

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Income tax (Cont'd)

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

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

(r) Earnings per ordinary share

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

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

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

(s) Operating segments

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

(t) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(u) Fair value measurements

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Fair value measurements (Cont'd)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land RM'000	Land (Right-of-use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2020	6,025	7,187	64,368	326,861	30,025	1,667	436,133
Additions	-	-	665	11,098	848	8,033	20,644
Disposals	-	-	(98)	(16,183)	(463)	(592)	(17,336)
Write-off	-	-	-	(1,351)	(801)	-	(2,152)
Reclassifications	-	-	-	1,068	-	(1,068)	-
At 31 December 2020/1 January 2021	6,025	7,187	64,935	321,493	29,609	8,040	437,289
Additions	-	-	242	5,164	915	3,774	10,095
Transfer to investment properties	(2,038)	(2,523)	(18,539)	-	-	-	(23,100)
Disposals	-	-	-	(50,024)	(144)	(2,093)	(52,261)
Write-off	-	-	(2,126)	(10,568)	(3,503)	-	(16,197)
Reclassifications	-	-	-	5,942	-	(5,942)	-
At 31 December 2021	3,987	4,664	44,512	272,007	26,877	3,779	355,826

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Freehold land RM'000	Land (Right-of-use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment losses							
At 1 January 2020							
Accumulated depreciation	-	2,437	34,446	246,788	25,750	-	309,421
Accumulated impairment losses	-	-	274	7,195	740	-	8,209
	-	2,437	34,720	253,983	26,490	-	317,630
At 31 December 2020							
Depreciation for the year	-	137	1,078	37,515	1,752	-	40,482
Impairment loss during the year	-	-	2	541	164	-	707
Disposals	-	-	(98)	(15,818)	(463)	-	(16,379)
Write-off	-	-	-	(1,349)	(790)	-	(2,139)
	-	2,574	35,426	268,201	26,249	-	332,450
Accumulated depreciation	-	-	276	6,671	904	-	7,851
Accumulated impairment losses	-	2,574	35,702	274,872	27,153	-	340,301

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Freehold land RM'000	Land (Right-of-use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment losses (Cont'd)							
At 1 January 2021							
Accumulated depreciation	-	2,574	35,426	268,201	26,249	-	332,450
Accumulated impairment losses	-	-	276	6,671	904	-	7,851
	-	2,574	35,702	274,872	27,153	-	340,301
Depreciation for the year	-	110	1,101	25,031	1,005	-	27,247
Impairment loss during the year	-	-	-	343	-	-	343
Transfer to investment properties	-	(311)	(14,515)	-	-	-	(14,826)
Disposals	-	-	-	(49,527)	(144)	-	(49,671)
Write-off	-	-	(2,117)	(10,485)	(3,487)	-	(16,089)
	-	2,373	19,901	233,220	23,968	-	279,462
Accumulated depreciation	-	-	270	7,014	559	-	7,843
Accumulated impairment losses	-	2,373	20,171	240,234	24,527	-	287,305

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Freehold land RM'000	Land (Right-of-use assets) RM'000	Buildings and factory improvements RM'000	Plant and equipment RM'000	Motor vehicles, office equipment, furniture and fixtures RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amounts							
At 1 January 2020	6,025	4,750	29,648	72,878	3,535	1,667	118,503
At 31 December 2020/1 January 2021	6,025	4,613	29,233	46,621	2,456	8,040	96,988
At 31 December 2021	3,987	2,291	24,341	31,773	2,350	3,779	68,521

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.1 Impairment of property, plant and equipment

The Group assesses its assets whenever there are indications of impairment. During the financial year, the Group re-assessed the recoverable amount of a number of assets related to production of certain end of life product lines. Based on the assessment, the recoverable amounts of the plant and equipment were lower than its carrying amounts and accordingly, the carrying amount of these plant and equipment have been impaired by RM343,000 (2020 : RM707,000).

3.2 Change in estimates

In the previous financial year, the Group conducted an operational efficiency review on one of its production lines and resulted in changes in the expected usage of certain plant and equipment. Certain plant and equipment, which management previously estimated the useful lives of 3 to 7 years, were now expected to remain in production for 2 - 3 years from the date of capitalisation. As a result, the expected useful lives of these assets decreased and their estimated residual values decreased. The effect of these changes on depreciation expenses, recognised in cost of sales, in financial year 2020 and future periods were as follows :

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Increase/(Decrease) in depreciation expense	1,848	253	(799)	(799)	(503)

3.3 Right-of-use assets

The Group leases a number of land that run for 60 years (2020: 60 years to 99 years).

3.4 Transfer to investment properties

During the financial year, one of the Group's land and building was transferred to investment properties as it was no longer used by the Group and was partially leased to a third party.

3.5 Property, plant and equipment subject to operating lease

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

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

The following are recognised in profit or loss :

	2021 RM'000	2020 RM'000
Lease income	734	1,456

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.5 Property, plant and equipment subject to operating lease (Cont'd)

The operating lease payments to be received are as follows :

	2021 RM'000	2020 RM'000
Less than one year	684	1,404
One to two years	456	1,344
More than two years	-	456
Total undiscounted lease payments	1,140	3,204

4. INVESTMENT PROPERTIES - GROUP

	Freehold land RM'000	Land (Right- of-use assets) RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2020/31 December 2020/ 1 January 2021	-	-	12,840	12,840
Transfer from property, plant and equipment	2,038	2,523	18,539	23,100
At 31 December 2021	2,038	2,523	31,379	35,940
Depreciation and impairment losses				
At 1 January 2020	-	-	6,247	6,247
Depreciation for the year	-	-	257	257
At 31 December 2020/1 January 2021	-	-	6,504	6,504
Depreciation for the year	-	27	361	388
Transfer from property, plant and equipment	-	311	14,515	14,826

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. INVESTMENT PROPERTIES - GROUP (Cont'd)

	Freehold land RM'000	Land (Right- of-use assets) RM'000	Buildings RM'000	Total RM'000
At 31 December 2021				
Accumulated depreciation	-	338	21,374	21,712
Accumulated impairment losses	-	-	6	6
	-	338	21,380	21,718
Carrying amounts				
At 1 January 2020	-	-	6,593	6,593
At 31 December 2020/1 January 2021	-	-	6,336	6,336
At 31 December 2021	2,038	2,185	9,999	14,222

Investment properties comprise land and factory buildings that are leased to an associate of the Group and a third party. The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires RM1.33 million (2020: RM1 million) as deposits from the lessees. No contingent rents are charged.

During the financial year, one of the Group's land and building has been transferred from property, plant and equipment to investment properties (see Note 3) since the land and building was no longer used by the Group and has been partially leased to a third party.

The following are recognised in profit or loss :

	2021 RM'000	2020 RM'000
Lease income	3,255	2,508
Direct operating expenses :		
- income generating investment property	640	295

The operating lease payments to be received are as follows :

	2021 RM'000	2020 RM'000
Less than one year	3,287	2,508
One to two years	2,567	2,528
More than two years	1,294	3,861
Total undiscounted lease payments	7,148	8,897

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. INVESTMENT PROPERTIES - GROUP (Cont'd)

4.1 Fair value information

The fair value of the investment properties of the Group is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment properties of the Group as at 31 December 2021 is classified as level 3 fair value (2020: level 3 fair value), estimated at approximately RM37.6 million (2020 : RM14.6 million).

Policy on transfer between levels

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

There has been no transfer between the fair value levels during the financial year (2020: no transfer in either directions).

Level 3 fair value

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

Estimation uncertainty and key assumptions

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2021 RM'000	2020 RM'000
Cost of investment	154,767	154,767
Share-based payments allocated to subsidiaries	7,653	6,596
Less : Impairment loss	(47)	(47)
	162,373	161,316

Details of the subsidiaries are as follows :

Name of entity	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2021	2020	
Globetronics Sdn. Bhd.	Malaysia	100%	100%	Assembly and testing of integrated circuits, optoelectronic products and technical plating services
ISO Technology Sdn. Bhd.	Malaysia	100%	100%	Manufacturing of small outline components, Light-Emitting-Diode components and modules, and technical plating services for the semiconductor industry
Globetronics (KL) Sdn. Bhd.	Malaysia	100%	100%	Temporarily ceased its operation
Globetronics Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Development and assembly of sensors and optical products for smart mobile and wearable applications
Globetronics (HK) Limited *^	Hong Kong	100%	100%	Trading of electronics / semiconductor components
Globetronics Industries Sdn. Bhd.	Malaysia	100%	100%	Dormant
Globetronics Medical Technology Sdn. Bhd.	Malaysia	100%	100%	Provision of computer hardware and software, system solutions and consultations
Globetronics International Incorporated #	British Virgin Islands	100%	100%	Investment holding
Trilion Suntech Sdn. Bhd. *	Malaysia	100%	100%	Dormant

* Not audited by member firms of KPMG PLT.

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

^ Held through Globetronics International Incorporated.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Investment in shares	784	784	784	784
Share of post-acquisition reserves	4,886	4,709	-	-
	5,670	5,493	784	784

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

Name of entity	Effective ownership interest and voting interest		Nature of the relationship
	2021	2020	
NGK Globetronics Technology Sdn. Bhd.	49%	49%	Tenant for the investment property of the Group

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

	2021 RM'000	2020 RM'000
Group		
Summarised financial information		
As at 31 December		
Non-current assets	24,209	11,569
Current assets	11,490	9,907
Non-current liabilities	(15,803)	(5,857)
Current liabilities	(8,324)	(4,408)
Net assets	11,572	11,211
Year ended 31 December		
Profit from continuing operations representing total comprehensive income	361	102

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. INVESTMENT IN AN ASSOCIATE (Cont'd)

	2021 RM'000	2020 RM'000
Group		
<i>Included in the total comprehensive income is :</i>		
Revenue	<u>14,640</u>	<u>12,527</u>
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets representing carrying amount in the statement of financial position	<u>5,670</u>	<u>5,493</u>
Group's share of results for the year ended 31 December		
Group's share of profit from continuing operations representing Group's share of total comprehensive income	<u>177</u>	<u>50</u>

7. OTHER INVESTMENTS

	Shares RM'000	Bonds/Funds RM'000	Total RM'000
Non-current			
Group			
2021			
Fair value through other comprehensive income	<u>2,954</u>	<u>6,601</u>	<u>9,555</u>
2020			
Fair value through other comprehensive income	<u>3,644</u>	<u>7,279</u>	<u>10,923</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. OTHER INVESTMENTS (Cont'd)

	2021 RM'000	2020 RM'000
Company		
Bonds/Funds		
Fair value through other comprehensive income	4,767	4,797

Equity instruments designated at fair value through other comprehensive income

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

	Group			
	2021		2020	
	Fair value at 31 December RM'000	Dividend income recognised during the year RM'000	Fair value at 31 December RM'000	Dividend income recognised during the year RM'000
China Construction Bank	232	15	246	14
Industrial and Commercial Bank of China	106	7	118	6
Galaxy Entertainment Group Limited	217	-	315	3
UBS (LUX) Key selection SICAV	-	-	335	26
UBS (LUX) Equity				
- Global income	-	-	314	25
- US total yield	598	14	458	21
- China Opportunity	491	-	368	-
- All China	541	-	428	-
Hong Kong Land Holdings Ltd	174	7	134	8
Sprott Physical Gold Trust	-	-	550	-
Sprott Physical Silver Trust	336	-	378	-
Capital International Fund SICAV	259	-	-	-
	2,954	43	3,644	103

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. OTHER INVESTMENTS (Cont'd)

Equity instruments designated at fair value through other comprehensive income (Cont'd)

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

	← 2021 →		
	Fair value at derecognition RM'000	Cumulative gain/(loss) on disposal RM'000	Dividend recognised in 2021 RM'000
Group			
UBS (LUX) Equity - Global income	325	(94)	4
Sprott Physical Gold Trust	507	161	-
UBS (LUX) Key selection SICAV	355	(63)	7
	1,187	4	11

8. DEFERRED TAX ASSETS - GROUP

Recognised deferred tax assets

Deferred tax assets are attributable to the following :

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- capital allowances	110	319

Movements in temporary differences during the year

	At 1.1.2020 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2021 RM'000
Property, plant and equipment					
- capital allowances	213	106	319	(209)	110

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. DEFERRED TAX ASSETS - GROUP (Cont'd)

Unrecognised deferred tax assets

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

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- capital allowances	8,941	12,275
Unabsorbed capital allowances	10,859	7,317
Tax losses carry-forward	1,856	901
Investment tax allowances carry-forward	919	919
Other deductible temporary differences	5,703	9,299
	28,278	30,711

The unabsorbed capital allowances and investment tax allowances carry-forward do not expire under current tax legislation. As stipulated in the Finance Act 2021, any tax losses carry-forward can be carried forward for a maximum period of 10 consecutive year of assessments ("YAs"). The tax losses carry-forward for YA 2019 and prior YAs can be carried forward until YA 2029. Any amounts not utilised upon expiry of the 10-year period will be disregarded.

As at 31 December 2021, the tax losses carry-forward will expire in the following YAs :

	2021 RM'000	2020 RM'000
- YA 2029	885	890
- YA 2030	11	11
- YA 2031	960	-
	1,856	901

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. INVENTORIES - GROUP

	2021 RM'000	2020 RM'000
Raw materials	3,402	1,862
Work-in-progress	1,582	1,317
Manufactured inventories	928	141
Consumables	1,676	1,638
Trading inventories	602	694
	8,190	5,652

Recognised in profit or loss :

	2021 RM'000	2020 RM'000
Inventories recognised as cost of sales	125,665	149,388
Reversal of write-down	(1,477)	(667)

The write-down is included in cost of sales.

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade receivables		30,267	42,397	-	-
Non-trade					
Amount due from subsidiaries	10.1	-	-	40	40
Amount due from an associate	10.1	28	25	-	-
Other receivables		1,530	450	25	25
Deposits		274	254	5	4
Prepayments		839	513	17	17
		2,671	1,242	87	86
		32,938	43,639	87	86

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. TRADE AND OTHER RECEIVABLES (Cont'd)

10.1 Amounts due from subsidiaries and an associate

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

11. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Funds placed with financial institutions :					
- Short-term investment funds	11.1	122,009	66,565	23,847	18,314
- Short-term deposits		26,276	31,493	8,568	8,405
Cash and bank balances		46,812	65,606	196	1,014
		195,097	163,664	32,611	27,733

Market value

- Short-term investment funds	11.1	122,295	66,908	23,996	18,429
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Included in cash and cash equivalents of the Group and the Company are amounts which earn interest as follows :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and cash equivalents	156,577	155,057	32,415	27,596
Interest rates per annum	0.01% - 2.13%	0.01% - 2.62%	1.42% - 2.12%	1.75% - 2.62%

11.1 Short-term investment funds

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

Included in short-term investment funds of the Group and the Company is an amount of RM108.53 million (2020 : RM56.04 million) and RM23.30 million (2020 : RM17.77 million) respectively representing short-term funds placed in Sukuk and Short Term Islamic Money Market Instruments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. SHARE CAPITAL - GROUP AND COMPANY

	2021		2020	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares with no par value classified as equity instruments	669,445	186,463	669,445	186,463

Ordinary shares

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

13. RESERVES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable					
Translation reserve	13.1	3,184	2,463	-	-
Capital reserve		41	41	-	-
Fair value reserve	13.2	219	871	(43)	92
Share option reserve	13.3	1,057	-	1,057	-
		4,501	3,375	1,014	92
Distributable					
Retained earnings		110,018	107,263	12,295	7,296
		114,519	110,638	13,309	7,388

13.1 Translation reserve

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

13.2 Fair value reserve

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. RESERVES (Cont'd)

13.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

14. DEFERRED INCOME - GROUP

	2021 RM'000	2020 RM'000
Non-current		
Government grants		
At 1 January	399	2,053
Amortisation during the year (Note 17)	(399)	(1,654)
At 31 December	<u>-</u>	<u>399</u>

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

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade payables		5,005	5,096	-	-
Non-trade					
Amount due to a subsidiary	15.1	-	-	151	-
Other payables		10,478	10,876	-	1
Accrued expenses		15,868	18,242	710	859
Deposits received		1,890	1,866	-	-
		28,236	30,984	861	860
		<u>33,241</u>	<u>36,080</u>	<u>861</u>	<u>860</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. TRADE AND OTHER PAYABLES (Cont'd)

15.1 Amount due to a subsidiary

The non-trade amount due to a subsidiary is unsecured, interest-free and payable on demand.

16. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	205,360	226,507	-	-
Other revenue				
- Dividend income	122	193	56,957	50,750
- Interest income	561	823	559	797
	683	1,016	57,516	51,547
Total revenue	206,043	227,523	57,516	51,547

16.1 Disaggregation of revenue - Group

Revenue mainly consists of manufacture, assembly, testing and sale of integrated circuits, optoelectronic products, chip carrier quartz crystal products, small outline components, LED components and modules, sensors and optical products, electronics/semiconductor components and technical plating services for semiconductor and electronics industries. Disaggregation of revenue based on primarily geographical market has been disclosed in Note 23 to the financial statements.

16.2 Nature of goods - Group

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

16.3 Transaction price allocated to the remaining performance obligations

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. PROFIT BEFORE TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging/(crediting) :				
Auditors' remuneration :				
- Audit fees				
- KPMG PLT in Malaysia				
- current year	166	166	26	26
- prior year	-	(4)	-	-
- Other auditors	10	10	-	-
- Non-audit fees				
- KPMG PLT in Malaysia	10	10	10	10
- Local affiliate of KPMG PLT in Malaysia	4	4	4	4
Directors' emoluments				
- Directors of the Company				
- Current Directors				
- Fees	854	1,137	506	789
- Others	7,757	7,589	-	-
- Past Directors				
- Fees	134	-	134	-
- Other Director				
- Fees	116	116	-	-
- Others	1,029	972	-	-
Depreciation on :				
- property, plant and equipment	27,247	40,482	-	-
- investment properties	388	257	-	-
Impairment loss on plant and equipment	343	707	-	-
Reversal of inventories written down	(1,477)	(667)	-	-
Net foreign exchange (gain)/loss	(2,878)	647	(44)	-
Amortisation of deferred income	(399)	(1,654)	-	-
Gain on disposal of plant and equipment	(482)	(1,274)	-	-
Finance income (Note 17.3)	1,587	1,810	-	-
Personnel expenses (including key management personnel) :				
- Wages, salaries and others	56,126	60,201	-	-
- Contributions to Employee Provident Fund	2,570	2,652	-	-
Voluntary Separation Scheme Expense	1,097	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. PROFIT BEFORE TAX (Cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Expenses/(income) arising from leases				
Expenses relating to short-term leases (Note 17.2)	1,695	1,559	-	-
Income from :				
- subleasing of buildings	(734)	(1,456)	-	-
- investment properties	(3,255)	(2,508)	-	-
Net gain on impairment of financial instruments				
Reversal of impairment loss on trade receivables	-	(439)	-	-

17.1 The estimated monetary value of Directors' benefits-in-kind is RM47,900 (2020 : RM47,015).

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

17.3 Finance income represents interest income of financial assets calculated using the effective interest method that are at amortised cost.

18. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense on continuing operations	2,523	1,192	29	66
Share of tax of an equity- accounted associate	56	16	-	-
Total income tax expense	2,579	1,208	29	66

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TAX EXPENSE (Cont'd)

Recognised in profit or loss (Cont'd)

Major components of income tax expense include :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
- Current year	2,563	1,301	40	60
- Prior year	(249)	(3)	(11)	6
Total current tax recognised in profit or loss	2,314	1,298	29	66
Deferred tax expense				
- Origination and reversal of temporary differences	209	(106)	-	-
Share of tax of an equity- accounted associate	56	16	-	-
Total income tax expense	2,579	1,208	29	66

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TAX EXPENSE (Cont'd)

Reconciliation of tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year	52,949	50,804	55,207	49,098
Total income tax expense	2,579	1,208	29	66
Profit excluding tax	55,528	52,012	55,236	49,164
Income tax calculated using Malaysian tax rate of 24%	13,327	12,483	13,257	11,799
Effect of tax rate in different jurisdiction	5	2	-	-
Non-deductible expenses	1,127	1,242	557	572
Non-taxable income	(14)	(553)	(11)	(2)
Tax exempt income	(419)	(337)	(13,764)	(12,320)
Tax incentive	(10,741)	(13,526)	-	-
Deferred tax assets not recognised	(584)	1,704	-	-
Other items	127	196	1	11
	2,828	1,211	40	60
(Over)/Under provision in prior year	(249)	(3)	(11)	6
	2,579	1,208	29	66

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	2021		2020	
	Before tax RM'000	Tax expense RM'000	Before tax RM'000	Tax expense RM'000
Group				
Item that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity investments at fair value through other comprehensive income	(638)	-	127	-
				127
Item that is or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	721	-	(414)	-
- Gains/(Losses) during the year				(414)
	83	-	(287)	(287)
Company				
Item that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity investments at fair value through other comprehensive income	(135)	-	(168)	-
				(168)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

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

	2021 RM'000	2020 RM'000
Profit attributable to ordinary shareholders	<u>52,949</u>	<u>50,804</u>

	2021 '000	2020 '000
Weighted average number of ordinary shares	<u>669,445</u>	<u>669,445</u>

	2021 Sen	2020 Sen
Basic earnings per ordinary share	<u>7.91</u>	<u>7.59</u>

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as the effect of the assumed exercise of ESOS is not considered as the exercise price of the ESOS is higher than the average market price of the Company's shares.

21. DIVIDENDS - GROUP AND COMPANY

Dividends recognised by the Company :

	Sen per share	Total amount RM'000	Date of payment
2021			
Third interim 2020 ordinary and special	3.0	20,083	25 March 2021
First interim 2021 ordinary and special	2.0	13,389	5 July 2021
Second interim 2021 ordinary and special	2.5	16,736	2 December 2021
		<u>50,208</u>	
2020			
Third interim 2019 ordinary and special	3.0	20,083	26 March 2020
First interim 2020 ordinary and special	2.0	13,389	2 July 2020
Second interim 2020 ordinary and special	2.5	16,736	3 December 2020
		<u>50,208</u>	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. DIVIDENDS - GROUP AND COMPANY (Cont'd)

A third interim single tier ordinary dividend of 1.0 sen per share and a single tier special dividend of 2.0 sen per share, totalling RM20,083,337 were declared on 24 February 2022 and paid on 24 March 2022. These dividends will be recognised in the financial year ending 31 December 2022.

22. CAPITAL COMMITMENTS - GROUP

	2021 RM'000	2020 RM'000
Property, plant and equipment		
- Contracted but not provided for	4,257	1,198

23. OPERATING SEGMENTS - GROUP

The Group is principally confined to the manufacture, assembly, testing and sale of integrated circuits, optoelectronic products, chip carrier quartz crystal products, small outline components, LED components and modules, sensors and optical products, electronics/semiconductor components and technical plating services for the semiconductor and electronics industries. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical segments

The Group's manufacturing activities are performed in Malaysia while sales and distribution activities are mainly performed in three principal geographical areas namely Malaysia, Singapore and United States.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate and other investments) and deferred tax assets.

	Malaysia RM'000	Singapore RM'000	United States RM'000	Others RM'000	Consolidated RM'000
2021					
Revenue from external customers	50,190	146,540	9,078	235	206,043
Non-current assets	82,743	-	-	-	82,743
2020					
Revenue from external customers	51,567	162,829	11,145	1,982	227,523
Non-current assets	103,324	-	-	-	103,324

Major customers

Two (2020 : Two) major customers of the Group, with revenue equal or more than 10% of the Group's total revenue, contribute approximately 73% (2020 : 79%) or RM149,898,000 (2020 : RM179,531,000) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. EMPLOYEE BENEFITS - GROUP AND COMPANY

Share-based payments arrangement

The Group granted share options to Executive Directors and confirmed full-time employees with at least three months of service to purchase shares in the Company under the Employee Share Option Scheme ("ESOS") approved by the shareholders of the Company on 22 July 2020.

The contractual lives of ESOS are five years commencing from 3 August 2020.

Details of the grant are as follows :

Grant date	Number of options ('000)
19 March 2021	1,293
25 October 2021	582

The terms and conditions related to the grants of the share option program are that the eligible persons are entitled to exercise the number of options granted over the remaining lives of ESOS from the granting dates on condition that the eligible persons are still in employment.

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

	2021	
	Weighted average exercise price RM	Number of options '000
ESOS		
Outstanding at 1 January	-	-
Granted during the year	2.55	1,875
Forfeited during the year	2.71	(202)
Outstanding at 31 December	2.53	1,673
Exercisable at 31 December	2.53	1,673

The options outstanding at 31 December 2021 had an exercise price in the range of RM2.14 to RM2.74 and a weighted contractual life of 3.6 years.

No share options were exercised during both financial years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. EMPLOYEE BENEFITS - GROUP AND COMPANY (Cont'd)

Share-based payments arrangement (Cont'd)

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 :

	Employees 2021 RM
Fair value of share options and assumptions	
Fair value at grant date	0.77 & 0.37
Weighted average share price	2.74 & 2.14
Share price at grant date	2.75 & 2.14
Expected volatility (weighted average volatility)	40.20% & 28.50%
Option life (expected weighted average life)	3.6 years
Expected dividends	2.73% & 3.50%
Risk-free interest rate (based on Malaysian government bonds)	1.95% & 1.90%

No share options were granted during the previous financial year.

Value of employee services received for issue of share options

	2021 RM'000
Share options forfeited	(153)
Share options granted	1,210
Total expense recognised as share-based payments	1,057

The share options expense is not recognised in the profit or loss of the Company as it has been re-charged to the subsidiaries benefiting from the services of the employees.

25. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. RELATED PARTIES (Cont'd)

Identity of related parties (Cont'd)

The Group has related party relationship with :

- (i) subsidiaries and associate of the Company as disclosed in Notes 5 and 6 to the financial statements;
- (ii) key management personnel; and
- (iii) companies in which a Director, Mr Ng Kweng Chong is deemed to have a substantial financial interest :
 - Ng Kweng Chong Holdings Sdn. Bhd. (Registration No : 197901007294 (51580-M))
 - Wiserite Sdn. Bhd. (Registration No : 199601038240 (410593-W))
 - Glencare Sdn. Bhd. (Registration No : 200101013301 (549058-U)).

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 10 and 15 to the financial statements.

	Group	
	2021	2020
	RM'000	RM'000

i) Transactions with an associate

NGK Globetronics Technology Sdn. Bhd.

- Rental of investment property	2,508	2,508
- Provision of management support services	202	137

	Company	
	2021	2020
	RM'000	RM'000

ii) Transactions with subsidiaries

Globetronics Sdn. Bhd.

- Provision of management support services	1,340	1,191
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ISO Technology Sdn. Bhd.

- Dividend income	900	1,000
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Globetronics (KL) Sdn. Bhd.

- Dividend income	1,320	-
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Globetronics Manufacturing Sdn. Bhd.

- Dividend income	49,500	49,750
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Globetronics International Incorporated

- Dividend income	5,238	-
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. RELATED PARTIES (Cont'd)

Significant related party transactions (Cont'd)

iii) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 17 to the financial statements.

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

- (a) Amortised cost ("AC"); and
- (b) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial assets			
2021			
Group			
Other investments	9,555	-	9,555
Trade and other receivables (excluding prepayments)	32,099	32,099	-
Cash and cash equivalents	195,097	195,097	-
	236,751	227,196	9,555
Company			
Other investments	4,767	-	4,767
Trade and other receivables (excluding prepayments)	70	70	-
Cash and cash equivalents	32,611	32,611	-
	37,448	32,681	4,767

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows :

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
Financial assets (Cont'd)			
2020			
Group			
Other investments	10,923	-	10,923
Trade and other receivables (excluding prepayments)	43,126	43,126	-
Cash and cash equivalents	163,664	163,664	-
	217,713	206,790	10,923
Company			
Other investments	4,797	-	4,797
Trade and other receivables (excluding prepayments)	69	69	-
Cash and cash equivalents	27,733	27,733	-
	32,599	27,802	4,797

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
Financial liabilities		
2021		
Group		
Trade and other payables	<u>33,241</u>	<u>33,241</u>
Company		
Trade and other payables	<u>861</u>	<u>861</u>
2020		
Group		
Trade and other payables	<u>36,080</u>	<u>36,080</u>
Company		
Trade and other payables	<u>860</u>	<u>860</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on :				
Equity instruments designated at FVOCI				
- recognised in profit or loss	122	193	-	-
- recognised in other comprehensive income	(638)	127	(135)	(168)
	(516)	320	(135)	(168)
Financial assets at amortised cost	5,166	2,460	603	797
Financial liabilities at amortised cost	(140)	(35)	-	-
	4,510	2,745	468	629

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and investment in debt securities. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to several banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables is credit impaired.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

The gross carrying amount of credit impaired trade receivables is written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that is written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region was :

	Group	
	2021 RM'000	2020 RM'000
Domestic	9,586	9,582
Singapore	19,668	32,128
United States	1,013	675
Others	-	12
	30,267	42,397

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is as follows :

- Above 30 days past due after credit term, the Group's Finance and Business Development management team will start to monitor and follow up with the Finance Department counterpart for a consistent debts repayment process; and
- Above 90 days past due, the matter will be escalated to the senior management whereby discussion and structured debts recovery process will be initiated and monitored closely.

The Group uses an allowance matrix to measure Expected Credit Losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2021			
Current (not past due)	27,991	-	27,991
1 - 30 days past due	2,224	-	2,224
31 - 60 days past due	52	-	52
	30,267	-	30,267
2020			
Current (not past due)	39,894	-	39,894
1 - 30 days past due	2,430	-	2,430
31 - 60 days past due	69	-	69
Past due more than 60 days	4	-	4
	42,397	-	42,397

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Trade receivables- credit impaired	
	2021 RM'000	2020 RM'000
Group		
Balance at 1 January	-	471
Impairment loss reversed	-	(439)
Amounts written off	-	(32)
Balance at 31 December	-	-

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risk on other receivables are mainly arising from deposits paid for rented hostels and utilities. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment loss.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their banking facilities on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM3.06 million (2020 : RM3.60 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when :

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000
<i>Non-derivative financial liabilities</i>				
Group				
2021				
Trade and other payables	<u>33,241</u>	-	<u>33,241</u>	<u>33,241</u>
2020				
Trade and other payables	<u>36,080</u>	-	<u>36,080</u>	<u>36,080</u>
Company				
2021				
Trade and other payables	861	-	861	861
Financial guarantees	-	-	3,060	3,060
	<u>861</u>		<u>3,921</u>	<u>3,921</u>
2020				
Trade and other payables	860	-	860	860
Financial guarantees	-	-	3,603	3,603
	<u>860</u>		<u>4,463</u>	<u>4,463</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows :

	2021 RM'000	2020 RM'000
Denominated in USD		
Trade and other receivables	24,534	32,935
Cash and cash equivalents	36,080	34,630
Trade and other payables	(8,084)	(4,864)
Net exposure	52,530	62,701

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 5% (2020 : 5%) strengthening of the RM against USD at the end of the reporting period would have decreased post-tax profit or loss by RM1,996,000 (2020: RM2,383,000). This analysis is based on foreign currency exchange rate variances that the Group entities considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

A 5% (2020 : 5%) weakening of the RM against USD at the end of the reporting period would have had equal but opposite effect on USD to the amount shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.6 Market risk (Cont'd)

26.6.2 Interest rate risk

The Group's investments in fixed rate debt securities are exposed to a risk of change in their fair value due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest earning financial instruments, based on carrying amounts as at the end of the reporting period are as follows :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets				
- Bonds/Funds	6,601	7,279	4,767	4,797
- Cash and cash equivalents	156,577	155,057	32,415	27,596
	163,178	162,336	37,182	32,393

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.7 Fair value information (Cont'd)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Financial assets										
2021										
Group										
Quoted bonds/funds	-	6,601	-	6,601	-	-	-	-	6,601	6,601
Quoted shares	2,954	-	-	2,954	-	-	-	-	2,954	2,954
	<u>2,954</u>	<u>6,601</u>	<u>-</u>	<u>9,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,555</u>	<u>9,555</u>
Company										
Quoted bonds/funds	-	4,767	-	4,767	-	-	-	-	4,767	4,767
2020										
Group										
Quoted bonds/funds	-	7,279	-	7,279	-	-	-	-	7,279	7,279
Quoted shares	3,644	-	-	3,644	-	-	-	-	3,644	3,644
	<u>3,644</u>	<u>7,279</u>	<u>-</u>	<u>10,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,923</u>	<u>10,923</u>
Company										
Quoted bonds/funds	-	4,797	-	4,797	-	-	-	-	4,797	4,797

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. FINANCIAL INSTRUMENTS (Cont'd)

26.7 Fair value information (Cont'd)

Policy on transfer between levels

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020 : No transfer in either directions).

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the financial year.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of The Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 80 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

.....
Ng Kweng Chong

Director

.....
Dato' Heng Huck Lee

Director

Penang,

Date : 1 April 2022

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Ng Kok Choon**, the officer primarily responsible for the financial management of Globetronics Technology Bhd., do solemnly and sincerely declare that the financial statements set out on pages 80 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Ng Kok Choon**, NRIC: 660114-07-5371, MIA CA7976, at George Town in the State of Penang on 1 April 2022.

.....
Ng Kok Choon

Before me :

Goh Suan Bee (No. P125)
Pesuruhjaya Sumpah
(Commissioner of Oaths)
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLOBETRONICS TECHNOLOGY BHD.
(Registration No. 199601037932 (410285 - W))(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Globetronics Technology Bhd., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF GLOBETRONICS TECHNOLOGY BHD.
(Registration No. 199601037932 (410285 - W))(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters (Cont'd)

Revenue recognition	
Refer to Note 2(o)(i) (accounting policy) and Note 16 Revenue	
The key audit matter	How the matter was addressed in our audit
<p>As the demand for the Group's products are subject to the global economic conditions and competitive pricing, the performance of the Group is vulnerable to external factors.</p> <p>We have identified revenue recognition as a key audit matter since the performance of the Group is susceptible to external parties expectations and hence, there is a risk that revenue may be misstated.</p>	<p>Our audit procedures performed included, amongst others :</p> <ul style="list-style-type: none">• Evaluated the design and implementation of control over revenue recognition;• Inspected significant new contracts during the financial year on material terms of contracts and non-standard arrangements for proper recognition in accordance with relevant accounting standard;• Agreed sales recognised before and after year end on sampling basis to the delivery documents and considered whether the sales were recognised in the appropriate accounting period;• Tested sales around year end for proper revenue recognition in the financial year by obtaining written confirmations of sales transactions from customers or compared the sales recognised to the delivery documents; and• Assessed significant credit notes issued subsequent to year end to check whether they were related to the financial year ended 31 December 2021.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF GLOBETRONICS TECHNOLOGY BHD.
(Registration No. 199601037932 (410285 - W))(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF GLOBETRONICS TECHNOLOGY BHD.
(Registration No. 199601037932 (410285 - W))(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Penang

Date : 1 April 2022

Dato' Ooi Kok Seng

Approval Number : 02432/05/2023 J
Chartered Accountant

STATISTICS ON SHAREHOLDINGS

As at 28 March 2022

Analysis by size of shareholdings

Total number of issued shares : 669,444,558
Voting right : One vote per Ordinary Share

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Issued Shares	% of Issued Shares
1 - 99	526	3.20	23,964	0.00
100 - 1,000	2,643	16.08	1,914,835	0.29
1,001 - 10,000	9,316	56.68	42,861,687	6.40
10,001 - 100,000	3,518	21.41	99,760,186	14.90
100,001 - 33,472,226 (*)	431	2.62	399,555,939	59.69
33,472,227 and above (**)	2	0.01	125,327,947	18.72
Total	16,436	100.00	669,444,558	100.00

Remark: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 28 March 2022

Top 30 Shareholders

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Person)

No.	Name	Number of Issued Shares	% of Issued Shares
1	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	77,540,329	11.58
2	General Produce Agency Sdn. Berhad	34,895,324	5.21
3	Lembaga Tabung Haji	33,245,000	4.97
4	Ng Kweng Chong Holdings Sdn. Bhd.	23,689,222	3.54
5	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	16,450,000	2.46
6	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	15,804,000	2.36
7	Pertubuhan Keselamatan Sosial	14,143,700	2.11
8	General Produce Agency Sdn. Berhad	12,892,294	1.93
9	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	9,906,500	1.48
10	Maybank Investment Bank Berhad IVT (16)	9,518,800	1.42
11	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	9,130,500	1.36
12	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	9,066,200	1.35
13	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	8,063,900	1.21
14	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Principal Eqits)	8,031,700	1.20
15	Amanahraya Trustees Berhad Public Smallcap Fund	7,479,600	1.12
16	Ng Kweng Chong	6,979,165	1.04
17	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	6,077,300	0.91
18	Amanahraya Trustees Berhad ASN Umbrella For ASN Equity 3	5,133,000	0.77
19	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	4,888,900	0.73
20	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	4,781,000	0.71
21	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	4,494,400	0.67
22	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (SHF)	3,788,000	0.57
23	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	3,711,800	0.55

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 28 March 2022

Top 30 Shareholders (Cont'd)

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Person) (Cont'd)

No.	Name	Number of Issued Shares	% of Issued Shares
24	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (DR)	3,630,600	0.54
25	Amanahraya Trustees Berhad Amanah Saham Nasional	3,398,100	0.51
26	Citigroup Nominees (Asing) Sdn Bhd CBNY For Norges Bank (FI 17)	3,367,400	0.50
27	Enggie Holdings Sendirian Berhad	3,277,778	0.49
28	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Dana Makmur Pheim (211901)	3,149,300	0.47
29	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	3,076,233	0.46
30	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,053,745	0.46
	Total	352,663,790	52.68

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 28 March 2022

Substantial Shareholdings as at 28 March 2022

Substantial Shareholders	No. of issued shares held			
	Direct Interest	%	Deemed Interest	%
Ng Kweng Chong	6,979,165	1.04	29,336,205 ^(N1)	4.38
General Produce Agency Sdn Berhad	47,787,618	7.14	5,646,983 ^(N2)	0.84
Employees Provident Fund Board	127,028,929	18.98	-	-
Lembaga Tabung Haji	36,184,600	5.41	-	-

Notes :

(N1) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Ng Kweng Chong Holdings Sdn. Bhd., Wiserite Sdn. Bhd. and Glencare Sdn. Bhd.

(N2) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Wiserite Sdn. Bhd. and Glencare Sdn. Bhd.

STATISTICS ON SHAREHOLDINGS (Cont'd)

As at 28 March 2022

Directors' Shareholdings as at 28 March 2022

Directors	No. of issued shares held			
	Direct Interest	%	Deemed Interest	%
Ng Kweng Chong	6,979,165	1.04	29,336,205	N1 4.38
			3,074,866	N3 0.46
Dato' Heng Huck Lee	1,804,600	0.27	190,498	N3 0.03
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Ng Kok Khuan	123,333	0.02	223,160	N3 0.03
Lam Voon Kean	-	-	-	-
Ong Huey Min	-	-	240,000	N2 0.04
			56,000	N3 0.01
Hj. Mohammad Hazani Bin Hj. Hassan (Appointed on 07.05.2021)	-	-	-	-

Notes :

(N1) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Ng Kweng Chong Holdings Sdn. Bhd., Wiserite Sdn. Bhd. and Glencare Sdn. Bhd.

(N2) Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Grafik Impresif Sdn. Bhd.

(N3) Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016 held through family members

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting (“AGM”) of the Company will be held through live streaming from the Broadcast Venue at the Conference Room of Globetronics Technology Bhd, Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang on Wednesday, 11 May 2022 at 10.30 am for the following purposes: -

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of Directors and Auditors thereon. *Please refer to Note 8*
2. To re-elect Mr. Ng Kweng Chong, a director who retires by rotation in accordance with Article 105 of the Company’s Constitution and who, being eligible, offers himself for re-election. **Resolution 1**
3. To re-elect Encik Hj. Mohammad Hazani Bin Hj. Hassan, a director who retires in accordance with Article 112 of the Company’s Constitution and who, being eligible, offers himself for re-election. **Resolution 2**
4. To approve the payment of directors’ fees amounting to RM1,104,292 for the financial year ended 31 December 2021. **Resolution 3**
5. To approve the payment of directors’ benefits up to an amount not exceeding RM40,000 to non-executive directors of the Company from 25th AGM to 26th AGM of the Company. *Please refer to Note 10* **Resolution 4**
6. To re-appoint Messrs. KPMG PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the directors to fix their remuneration. **Resolution 5**
7. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016.

By Order of the Board,

LEE PENG LOON (MACS 01258)
SSM PC NO. 201908002340

P’NG CHIEW KEEM (MAICSA 7026443)
SSM PC NO. 201908002334
Company Secretaries

Penang
Date: 12 April 2022

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES ON APPOINTMENT OF PROXY

- (1) A proxy may but need not be a member of the Company.
- (2) For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll. Any completed proxy form transmitted by facsimile or electronic mail will not be accepted.
- (3) A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (4) Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Exempt Authorised Nominee") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (5) Where a member is an Exempt Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (6) In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- (7) For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 28 April 2022. Only Depositors whose names appear on the Record of Depositors as at 28 April 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

NOTES ON ORDINARY BUSINESS

- (8) Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, Agenda 1 is not put forward for voting.
- (9) Dato' Heng Huck Lee will be retiring by rotation in accordance with Article 105 of the Company's Constitution and he had expressed his intention not to seek for re-election as a director of the Company at the forthcoming AGM. Hence, Dato' Heng Huck Lee shall retire at the conclusion of the forthcoming 25th AGM. The Board would like to thank Dato' Heng Huck Lee for his invaluable support, commitment and contributions rendered to the Group for the past 25 years of service.
- (10) The Resolution 4, if passed, will enable the Company to pay meeting allowances and other benefits to non-executive directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of directors' benefits payable is estimated based on the number of non-executive directors involved as well as the number of scheduled meetings of the Board and Board Committees.

NOTES ON REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

- (11) Members are advised to refer to the letter to shareholders dated 12 April 2022 and follow the procedures set out therein in order to participate remotely via the RPV Facilities.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Securities)

- 1) No individuals are standing for election as directors at the forthcoming 25th AGM of the Company.
- 2) The profiles of the directors who are standing for re-election as in Agenda 2 and 3 of the Notice of the 25th AGM of the Company are set out in the Profile of Directors' section of the Annual Report for the financial year ended 31 December 2021 ("Annual Report 2021") issued on 12 April 2022.
- 3) The details of the directors' interests in the securities of the Company as at 28 March 2022 are set out in the Statistics on Shareholdings section of the Annual Report 2021 issued on 12 April 2022.

LIST OF PROPERTIES

Registered Owner/ Location	Description	Land Area (acres)	Build-up Area (sq. ft.)	Tenure (Expiry date)	Age (Years)	Carring Amounts as at 31.12.2021 (RM'000)	Date of Acquisition
Globetronics Sdn Bhd Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	5.35		Leasehold 60 years (14.5.2051)		912	1.8.1990
	Factory Building		70,000		29	3,816	
	Factory Building		110,000		27	6,079	
	Factory Building		73,100		26	12,690	
Globetronics Sdn Bhd Lot 5 & 7, Jalan SS8/4, Free Industrial Zone Sungai Way, 47300 Petaling Jaya, Selangor Darul Ehsan	Freehold Land	2.14		Freehold		3,987	31.12.2006
	Factory Building		39,492		48	1,594	
Globetronics (KL) Sdn Bhd Lot 1, Jalan SS 8/4, Free Industrial Zone Sungai Way, 47300 Petaling Jaya, Selangor Darul Ehsan.	Leasehold Land	0.75		Leasehold 99 years (30.10.2100)		1,536	28.7.2009
	Leasehold Land	0.31		Leasehold 99 years (11.10.2105)		649	
	Freehold Land	0.41		Freehold		1,166	
	Freehold Land	0.31		Freehold		872	
	Factory Building		103,465		49	3,920	
ISO Technology Sdn Bhd 290, 291 & 292, Phase 3 Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	2.02		Leasehold 60 years (22.9.2049)		383	5.1.1999
	Leasehold Land	1.09		Leasehold 60 years (6.3.2050)		206	
	Factory Building		50,000		31	3,203	
ISO Technology Sdn Bhd 242 & 243, Lebuh Kampung Jawa, Sungai Kluang, Phase 3, Free Industrial Zone, 11900 Bayan Lepas, Penang.	Leasehold Land	1.56		Leasehold 60 years (21.11.2033)		546	20.11.2002
	Leasehold Land	0.70		Leasehold 60 years (2.3.2040)		244	
	Factory Building		67,515		47	3,038	

PROXY FORM



Number of Shares Held	CDS ACCOUNT NO.									

I/We (*NRIC/Passport/Company No.)
 of
 (Full Name in Block Letters) (Address)

being a * member / members of the abovenamed Company, hereby appoint:

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

*and/or

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the **25th Annual General Meeting ("AGM")** of the Company to be held virtually through live streaming from the Broadcast Venue at the Conference Room of Globetronics Technology Bhd, Plot 2, Phase 4, Free Industrial Zone, 11900 Bayan Lepas, Penang on Wednesday, 11 May 2022 at 10.30 a.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr. Ng Kweng Chong as a director of the Company		
2.	To re-elect Encik Hj. Mohammad Hazani Bin Hj. Hassan as a director of the Company		
3.	To approve the payment of directors' fees		
4.	To approve the payment of directors' benefits to non-executive directors		
5.	To re-appoint Messrs. KPMG PLT as auditors of the Company		

Signed this day of ,2022.

Notes:

Signature of Member(s)/Common Seal

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll. Any completed proxy form transmitted by facsimile or electronic mail will not be accepted.
3. A member shall be entitled to appoint up to a maximum of two (2) proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Exempt Authorised Nominee") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Where a member is an Exempt Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 28 April 2022. Only Depositors whose names appear on the Record of Depositors as at 28 April 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.
8. Members are advised to refer to the letter to shareholders dated 12 April 2022 and follow the procedures set out therein in order to participate remotely via the Remote Participation and Voting (RPV) Facilities.

* Strike out whichever is not applicable.



Please fold across the line and close

STAMP
HERE

To

The Company Secretaries

Globetronics Technology Bhd.

Registration No. 199601037932 (410285-W)

51-21-A, Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Georgetown, Penang, Malaysia

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Globetronics Technology Bhd.

Registration No. 199601037932 (410285-W)

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