



GLOBETRONICS TECHNOLOGY BHD
Registration No. 199601037932 (410285-W)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED

SUMMARY OF KEY MATTERS DISCUSSED AT THE 27TH ANNUAL GENERAL MEETING OF GLOBETRONICS TECHNOLOGY BHD ("GTB", "GLOBETRONICS" OR "THE COMPANY") CONDUCTED VIRTUALLY FROM THE BROADCAST VENUE AT THE CONFERENCE ROOM OF GTB, PLOT 2, PHASE 4, FREE INDUSTRIAL ZONE, 11900 BAYAN LEPAS, PENANG ON WEDNESDAY, 08 MAY 2024 AT 10.30 AM

Key matters discussed at the 27th AGM are summarised as follows:

- 1)
 - Will 2024 be better than 2023 or be worse due to new challenges?
 - Despite the increased in property, plant & equipment ("PPE"), the Group's revenue decreased further in FY2023. Will the Group be able to report higher revenue in FY2024?

Management Responses:

For year 2024, our relationship with the customers continued to be very strong with new projects planned in the pipeline. As the current productivity is still very focused in the consumer market, so the demand for 2024 will be very much influenced by the demand of consumer market. However, on the bright side we anticipated for 2024 was that, we will see new products in networking, automotive and medical segments that will go into mass production.

We also anticipated the product line that we have for the next 3 to 5 years that may come into effect this year as well.

- 2) Our Company's major revenue and earnings is from our automotive electronics segment, and we are into silicon carbide related devices/services; do we have plans also to go into gallium nitride devices/services? If so, when, what is CAPEX required and what kind of return/expectations when compared to current silicon carbide business?

What kind of opportunities between silicon carbide versus gallium nitride sector is envisaged? Is our current setup able to easily accommodate gallium nitride based requirements?

Management Responses:

Automotive segment is a up and coming growing segment that our Company is exploring. Currently, the contribution from automotive is about 15 or 20% of our current product segment. At this juncture, we do not significantly divide between silicon carbide and gallium nitride segments. Our focus is in power module package where both silicon carbide and gallium nitride die that come into the package. For this, we continue to work with a lot of different supply chain from Taiwan, China and the European markets.

With regard to the readiness of our platform to serve this market, we wish to inform that our current technology platform can support this product segment. But for certain customers' requirements on application base, we may need to make some additional investment especially in testing, an area we are working closely on, not only on investment but know-how development as well.

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- 3) ○ Is Globetronics benefiting from the recent AI boom?
 ○ Any plans to downsize and use robotic AI to cut cost?

Management Responses:

To align with the Malaysia plan to become a higher productivity segment market and the increasing salaries costs, Globetronics over the last 2 years, has been investing in AI automation. We are pleased that one of our key operating lines for a major customer is running on "lights off" capability right now.

We are seeing huge advantages where the lowest skilled labour has been reduced substantially as well as we are able to operate at higher efficiency. We have also started to use AI in our inspection area to get better accuracy on our products and also more information in understanding the defects to enable us to translate to higher yield.

This is one of our key strategies to continue to modernise and improve our technology platform including the investment into data related IT platform.

- 4) Globetronics entered into a Technology Provision Agreement with Kaynes Semicon Private Limited to provide OSAT technical services for USD7.59 million.
- (1) What is the rationale for Globetronics to re-invest a total sum of USD5.28 million in Kaynes Semicon's Convertible Non-Cumulative Non-Participating Preference Shares ("CCPS")?
(2) When are the returns expected from this investment and the timeframe for Globetronics to recover its total investment?

Management Responses:

If we look at the current economic semiconductor landscape, we identified that India is an emerging segment with very interesting opportunity in view of GDP growth and also their government strong initiatives in supporting semiconductors segment in India. We also see very strong synergistic in Kaynes in terms of size, the history and the culture including the potential growth in automotive and industrial segments in India.

The technology provision agreement comprised a combination of cash payment to Globetronics as well as to enable Globetronics to own a percentage of stake in Kaynes Semicon, which is anticipated to grow significantly in the next 3 to 5 years.

Kaynes was required to provide an exit to Globetronics within 3 years of subscription of CCPS. The minimum exit value is equivalent to the invested amount.

- 5) How Globetronics is going to benefit from semiconductor companies' migration out from China? Also, please explain the aggressiveness of Globetronics towards this opportunity.

Management Responses:

We have been in contacts with various companies with Chinese, US and European based companies who have been looking for migration out from China. Globetronics has been aggressively building automated lines to be able to serve specific segments towards this opportunity. Besides, we also have several products in the pipeline that we are discussing for a product transfer and product migration.

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- 6) ○ May I know the total capex and potential profit margin for the new advance packaging venture? Will it be in the joint venture form? Will Globetronics take on a larger share? How does this partnership work? More towards technology know-how transfer and customer sharing? What is the growth plan targeted by Globetronics for this venture?
- In page 17 of the annual report 2023, "Executive Chairman's Message" last paragraph mentions Globetronics is in plans to make targeted investments into various advanced packaging technologies with partners:
- (a) May I know those partners are from which country? Are they also the OSAT player? Is "RDL" wafer level technology partner is one of the partners mentioned by the Chairman?
- (b) How is Globetronics going to fund these many new investments? Will this impact the dividend payout?
- In page 19 of the annual report 2023, about the potential transfer of products from an optoelectronics company, am I correct to say that it is a low profit margin business?

In the same page, the Chairman mentions that Globetronics is in finalization stage to have two potential new customers (for memory and automotive products), are these products involve the "RDL" wafer level technology? How much had Globetronics invested in this advanced packaging technology?

Management Responses

We have had several discussions with the new Board on the long-term direction of the company. Whilst Globetronics continued to be very strong in its niche area on optoelectronics sensing, we also see this as a window of opportunity for us to go into advance packaging alongside with the AI boom as we anticipated that this will be masoned in the community in future. Over the past few months, we have been working with our partner on this project and we are in the final stages of negotiating the technology in depth. On how the partnership works is still in negotiation and for this fact, there will be a sizeable investment that we will put in to enable this project growing into a meaningful contribution in the next 5 years.

- 7) Any plan to apply the pioneer status for all the advanced packaging technologies?

Management Responses:

Yes, this have been in the pipeline.

- 8) What is the current utilisation rate?

Management Responses:

The current utilisation is between 60% to 80%.

- 9) ○ Has the minimum wage affected the Company?
- What is the total workforce in the Company now? Any contractual workers? How many are foreign workers?

Management Responses:

With the competitive landscape and thriving environment for semiconductor in Malaysia, we anticipate potential increase in remuneration for quality workforce. Our workforce roadmap for next 5 years will continue to focus on factory automation which will significantly bring down reliance to foreign workers for low value task.

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- 10) Has the low ringgit value affected the Company?

Management Responses:

Neutral as Globetronics transacts in various currencies.

- 11) In page 21 of the annual report 2023, "Strategic Collaboration" mentions "RDL" wafer level technology, is Globetronics going to support the CoWoS package? What is the latest status of such initiative? Is this partner another OSAT player?

Management Responses:

Aligned with the Group's and customer's Technology Roadmap, the Group is in final stages of discussion with an experienced technology partner in wafer level technology.

- 12) What is the forecast for percentage of revenue contribution and profit margin respectively from (a) RDL wafer level technology; (b) optoelectronics company transferred products; and (c) the 2 potential new customers (memory and automotive products)?

Management Responses:

Forecasted financial numbers cannot be addressed by management as they are deemed confidential.

- 13) The Group incurred RM24.037 million for the acquisition of PPE in FY2023 as compared to RM14.327 million in the previous year. What were the main PPE purchased in FY2023 and for which business segment.

Management Responses:

Major items of the PPE purchased in FY2023 were as follows:

- Integrated fully inline 12-inch wafer platform for thinning and singulation.
- High precision chip attach platform for multi stack, thin die.
- Automated remote access manufacturing control, augmented reality for maintenance setup and control and robotic handling processes

- 14) The Executive Chairman in his statement reported that GTB had to make painful adjustments to restructure GTB's operating base and had taken various measures together with investments into new equipment to upgrade GTB's capabilities.

- (a) Please provide more details on the "various measures" taken in this respect.
(b) What was the cost incurred in the restructuring measures taken?

Management Responses:

We have continuously identified new talents to join Globetronics whilst at the same time identifying potential upgrades to existing facilities, technologies, software and machineries to keep Globetronics' competitiveness up to par. So far, we had spent approximately RM1.0 million to RM2.0 million.

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- 15) ○ What is the Executive Chairman's vision for Globetronics in 3 to 5 years' time?
○ What is the synergistic between APB and Globetronics? Is there any win-win collaboration between APB and Globetronics so far?
○ What could the company do to bring return to investor?
○ I would like to understand the specific strategies and initiatives that the Board of Directors is considering to improve the Company's performance and shareholders value.
○ I understand that there is a change in the major shareholder of Globetronics. What is the influence & new vision introduced and its rationale? What impact is expected over previous vision & the time frame to realise results?
○ Globetronics share price is on down trend after new management take over, any aggressive action from new management to improve this?
○ APB had emerged as one of major shareholder. What is the direction of APB to grow the business in Globetronics?

Management Responses:

We will focus on expanding Globetronics to a global scale focusing on improvement customer mix and diversification into growth verticals such as AI, automotive, infrastructure and medical.

- 16) Will Globetronics consider share buy back?

Management Responses:

We may consider share buy-back upon stability of the organization's performance as we execute our long-term strategy and in consideration of the impact on dividends. We will continue to assess our cash flow strategies for e.g facility upgrade, technology platform investment, share buy back and acquisitions.

- 17) ○ Will the current management follow the previous management regarding the dividend payout or policy?
○ When will the Company distribute more dividend?

Management Responses:

With the opportune timing for Penang, Malaysia to grow in semiconductor as well as the lacklustre capital investment in the past 4-5 years, the current management will focus on investing aggressively to refresh facilities and technology platform as well as capacity. With the growth plan we have put in, we anticipate the dividend payout to improve upon the successful implementation.

- 18) ○ Will the Company give cash tng as gift for today meeting?
○ Will there any door gift or e-voucher for shareholders who attend this AGM?
○ Please give all participants of this virtual meeting some e-wallet top ups as token of appreciation.
○ Please reconsider to give door gift as token of appreciation.

Management Responses:

We will discuss and consider for next AGM.

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- 19) How is the company's website upgrading works so far? It supposed to be completed last year, am I correct?

Management Responses:

The website upgrade work is currently in progress.