

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7022  
**COMPANY NAME** : GLOBETRONICS TECHNOLOGY BERHAD  
**FINANCIAL YEAR** : December 31, 2018

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has ultimate responsibility for setting policy regarding the business and affairs of the Group for the benefit of the shareholders and other stakeholders, and is accountable to shareholders for the performance of the Group. The Board is guided by the Board Charter in discharging its duties and responsibilities including those reserved for Board's approval and those which the Board may delegate to the Board Committees, the CEO and the Management. In year 2018, the Board did a review of the Board Charter to ensure it is in line with CG practices taking into consideration the operating environment, culture and resources available.</p> <p>. The principal responsibilities of the Board include the following:</p> <ul style="list-style-type: none"> <li>• Reviewing and adopting strategic plan for the Group and Company The Board will deliberate and approve any of the management's proposal on strategic plan for the Group. As the non-executive members are not involved in the day-to-day management of the Company's business, it is able to bring out objective judgments and advice, and ensure the management has taken into account all appropriate considerations in establishing any strategic plans for the Group and Company.</li> <li>• Approving the Group's annual budget and capital expenditures and carrying out periodic review of the achievements by the various operating subsidiaries against their respective business targets.</li> <li>• Overseeing of the Group's strategy, corporate governance framework, risk management framework, business operations and financial performance.</li> <li>• Identifying and ensuring that the strategic plan of the Company supports long-term value creation and includes on economic, environmental and social considerations underpinning sustainability.</li> <li>• Understanding Group's Risk Management Framework and reviewing and monitoring on how the Group manages, monitors and mitigates the risks.</li> <li>• Succession planning for CEO and Senior Management, including the implementation of appropriate systems for recruiting, training and determining the appropriate compensation benefits;</li> </ul>

- Reviewing and assessing potential candidates for Board positions to ensure efficient succession planning and continuity of the vision and mission of the Group.
- Overseeing the implementation of a shareholders' communication policy and investors' relations program for the Group
- Delegates certain responsibilities to the various Board Committees with clear defined terms of reference to assist the Board in discharging its responsibilities.

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

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

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

All Directors have completed the Mandatory Accreditation Program prescribed by Bursa Malaysia and for the year 2018, the Directors attended the following conference seminars and training programs:-

Name of Director	Conference/Seminar/Workshop	Presenter/Organiser	Date
Mr. Michael Ng Kweng Chong	Changes in the Listing Requirements Post-Companies Act 2016 - Roadshow	Securities Industry Development Corporation (SIDC)	23-Apr-18
	MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments	In-house	24-Apr-18
	MFRS 16 - Leases	In-house	31-Jul-18
	Introduction to Malaysian Business Reporting Standard (MBRS)	In-house	30-Oct-18
	Online Training - MBRS for Preparers Financial Statements	Baker Tilly MH Consulting Sdn Bhd	13 to 14-Nov-18
	2019 Budget Tax Seminar	BDO	15-Nov-18
	Budget 2019 Highlights	In-house	18-Dec-18
Dato' Heng Huck Lee	Corporate Governance Briefing Sessions: MCGG Reporting & CG Guide	Bursa Malaysia and Securities Commission	2-Mar-18
	MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments	In-house	24-Apr-18
	MFRS 16 - Leases	In-house	31-Jul-18
	PSDC - Industry 4.0 and Digital Leadership - The Four "Hows" of Digital Transformation	Penang Skills Development Centre (PSDC)	3-Sep-18
	Semiconductor in life science symposium by Silterra	Silterra	18-Sep-18

		<p>"Industrial Forum for the 6th International Conference on Business, Finance, Accounting and Economics (BAFE 2018) Topic: Creating Value in the Industrial Revolution 4.0 era: Collaboration between Academics and Industry"</p> <p>Introduction to Malaysian Business Reporting Standard (MBRS)</p> <p>"FMM SME Conference 2018 Embrace Change, Invent the Future Topic: Re-engineering Malaysian SMEs -Success Story: From SME into a Global Powerhouse"</p> <p>Budget 2019 Highlights</p>	<p>University Tunku Abdul Rahman Kampar</p> <p>In-house</p> <p>Federation of Malaysian Manufacturers (FMM)</p> <p>In-house</p>	<p>4-Oct-18</p> <p>30-Oct-18</p> <p>12-Nov-18</p> <p>18-Dec-18</p>
	Dato' Syed Mohamad Bin Syed Murtaza	<p>MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments</p> <p>MFRS 16 - Leases</p> <p>Global Harbour Cities Forum – Kaohsiung Taiwan</p> <p>Anti-Corruption Summit 2018</p> <p>Kuala Lumpur International Automotive Conference 2018</p> <p>Budget 2019 Highlights</p>	<p>In-house</p> <p>In-house</p> <p>Economic Development Bureau, Kaohsiung City Government</p> <p>Aram Global Sdn Bhd</p> <p>Asian Strategy &amp; Leadership Institute</p> <p>In-house</p>	<p>24-Apr-18</p> <p>31-Jul-18</p> <p>25 to 27-Sep-18</p> <p>30-Oct-18</p> <p>21 to 22 Nov-18</p> <p>18-Dec-18</p>
	Dato' Norhalim Bin Yunus	<p>The Conference on the Emerging Technologies That Matter</p> <p>Higher Education Forum (IEHEF) 2018 : Islamic Economies @ IR4.0 - Discussion on Talent, Innovation &amp; Enablers</p> <p>1.5 days in house training programme on Corporate Governance Framework</p> <p>MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments</p> <p>MFRS 16 - Leases</p> <p>Industrial Transformation – Future of Manufacturing Summit : "Getting Real with the Business of Industry 4.0"</p> <p>Introduction to Malaysian Business Reporting Standard (MBRS)</p> <p>4th USIMP National Patent Fair and Annual Congress - Challenges of the Malaysian Research &amp; Innovation Ecosystem</p> <p>MICG Half-day Seminar on 'Board Evaluation &amp; Board Effectiveness Assessment - Moving the Performance Paradigm'</p>	<p>MIT Technology Review</p> <p>Ministry of Higher Education (MoHE)</p> <p>Malaysian Institute of Corporate Governance (MICG)</p> <p>In-house</p> <p>In-house</p> <p>Hannover Messe</p> <p>In-house</p> <p>University - Industry Cooperation Centers Platform of Turkey (USIMP) and Human Life Advancement Foundation (HLAF)</p> <p>Malaysian Institute of Corporate Governance (MICG)</p>	<p>30 to 31-Jan-18</p> <p>22-Feb-18</p> <p>9 to 10-Apr-18</p> <p>24-Apr-18</p> <p>31-Jul-18</p> <p>16 to 17-Oct-18</p> <p>30-Oct-18</p> <p>14-Nov-18</p> <p>28-Nov-18</p>

		National Forum of Technology Business Incubators Indonesia: Development Program of International Incubators - Ecosystem Support for Incubatees in Malaysia	Ministry of Research, Technology and Higher Education, Republic of Indonesia in cooperation with the Association of Indonesia Business Incubators (AIBI)	4-Dec-18
		Budget 2019 Highlights	In-house	18-Dec-18
	Dato' Iskandar Mizal Bin Mahmood	Corporate Governance Briefing Sessions: MCGG Reporting and CG Guide	Bursa Malaysia	28-Feb-18
		MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments	In-house	24-Apr-18
		MFRS 16 - Leases	In-house	31-Jul-18
		Introduction to Malaysian Business Reporting Standard (MBRS)	In-house	30-Oct-18
		Budget 2019 Highlights	In-house	18-Dec-18
	Mr. Yeow Teck Chai	"Lion Group in-house training for directors: 1. Global Trade Development 2. Update on Merger Control and Competition Risks	McKenzie Wong & Leow	16-Apr-18
		MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments	In-house	24-Apr-18
		MFRS 16 - Leases	In-house	31-Jul-18
		"Independent Directors Programme: The Essence of Independence. Bursa Iclif Leadership and Governance Centre 1. What CEOs Really Think of Their Boards 2. The Board of Directors at Market Basket"	Nabil N. El-Hage, Chairman Academy of Executive Education	29-Oct-18
		Introduction to Malaysian Business Reporting Standard (MBRS)	In-house	30-Oct-18
		Budget 2019 Highlights	In-house	18-Dec-18
	Mr. Ng Kok Khuan	MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments	In-house	24-Apr-18
		MFRS 16 - Leases	In-house	31-Jul-18
		Introduction to Malaysian Business Reporting Standard (MBRS)	In-house	30-Oct-18
		Budget 2019 Highlights	In-house	18-Dec-18
	Ms. Lam Voon Kean	MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments	In-house	24-Apr-18
		Hong Kong IPO for Malaysian Enterprises Conference- Hong Kong Capital Markets Analysis and IPO Practices	"Yuanta Securities (Hong Kong) Co., Ltd"	17-May-18
		MFRS 16 - Leases	In-house	31-Jul-18
		"Case Study Workshop for Independent Directors "Rethinking- Independent Directors: Board Best Practices"	Securities Industry Development Corporation (SIDC)	5-Sep-18
		Introduction to Malaysian Business Reporting Standard (MBRS)	In-house	30-Oct-18
		Budget 2019 Highlights	In-house	18-Dec-18

	Ms. Ong Huey Min	Tax Audits and Investigations – Issues, Strategies and Appeals  Malaysian Code on Corporate Governance and Bursa's Listing Requirements - Application, Disclosure and Reporting Expectations  Revenue & Contract from Customers & Accounting Standards Updates  MFRS 15 - Revenue (Updates) and MFRS 9 - Financial Instruments  MFRS 16 - Leases  Managing Tax Investigation & Tax Audit  Introduction to Malaysian Business Reporting Standard (MBRS)  KPMG Penang Tax Submit 2018  Budget 2019 Highlights	Chartered Tax Institute of Malaysia  SIDC  Trainmode Sdn Bhd  In-house  In-house  Chartered Tax Institute of Malaysia  In-house  KPMG  In-house	12-Mar-18  13-Mar-18  28 to 29-Mar-18  24-Apr-18  31-Jul-18  27-Aug-18  30-Oct-18  22-Nov-18  18-Dec-18
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:			

### Intended Outcome

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

### Practice 1.2

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

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

### Intended Outcome

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

### Practice 1.3

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

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



## Intended Outcome

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

## Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company Secretaries of the Group are members of professional bodies and qualified to act as company secretaries.</p> <p>The brief profile of the Company Secretaries are as follows:</p> <p>Lee Peng Loon, is an associate member of the Malaysian Association of Company Secretaries (MACS). He started his career with the Malaysian Inland Revenue Board (IRB) as a senior officer for several years before joining one of the "Big Four" international accounting firms in its taxation division. He was later transferred to head its secretarial division as the Executive Director, a position he had served for 10 years. With more than 35 years of immense tax, accounting and secretarial experiences, he had assisted and supported countless companies of diverse industries to ensure achievements of the regulatory compliance.</p> <p>He is the founding member of Corporatenet Sdn Bhd, an established corporate secretarial service provider firm. He is also the named secretary for a number of public listed companies, public companies and private limited companies in Malaysia.</p> <p>P'ng Chiew Keem, Riko, is an associate member of the Malaysian Institute of Chartered Secretaries &amp; Administrators (MAICSA). She started her career with one of the "Big Four" international accounting firms in Malaysia. She had then further her studies in Business Management Education in Asian Institute of Management (AIM), a pioneer business school in Asia, founded in 1968 by the Harvard Business School, academicians and prominent business leaders.</p> <p>She is the Executive Director of Corporatenet Sdn Bhd, an established corporate secretarial service provider firm. She is also the named secretary for a number of public listed companies, public companies and private limited companies in Malaysia.</p> <p>She has more than 20 years of experience in handling corporate secretarial and compliance matters to a large portfolio of clients from multinationals, public listed companies to non-profits organisations. She also has immense experiences in management consulting, indirect tax consulting, accounting and corporate advisory.</p> <p>The Company Secretaries are responsible for proper maintenance of secretarial records, preparation of resolutions and other secretarial functions of the Company. The Company Secretaries attend all Board and General meetings of the Company and record the minutes of the meetings.</p>

	<p>The Company Secretaries also regularly updated the Board on the changes of the Listing Requirements upon receiving the circulars from Bursa Securities, which are relevant to the Company and provide advice on corporate disclosures and compliances.</p> <p>During the financial year, the Company Secretaries had attended various seminars and conferences to keep themselves abreast with the regulatory changes and other areas of sustainability, governance, finance and accounting.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries, together with Management and the Chairman of the Board, prepared a tentative calendar of the Board and Board Committee meetings for the whole year to be distributed to all Directors at the beginning of each year. Directors would be able to do their planning in advance to ensure their availability in attending the meetings.</p> <p>All Directors are furnished with the pre-set Agenda to be discussed at least 5 days prior to the meetings. Apart from that, Directors are also simultaneously furnished with detailed board papers that contain relevant qualitative and/or quantitative information to give Directors time to review the reports, obtain further clarification if necessary and enable effective and constructive deliberation at Board meetings.</p> <p>All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of the Companies Act 2016. Minutes of meetings of each committee are also circulated to the Board Members for review and the Directors may request clarification or raise comments on the minutes wherever necessary.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Board Charter which sets out the principal functions, composition, roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees as well as to the Management of the Company and its Group.</p> <p>The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management. The Board Charter would be reviewed periodically and updated to ensure that they are aligned with the Board's objectives, applicable standards and corporate governance practices. The last review of the Board Charter was in July 2018.</p> <p>The Board Charter is available for reference at the Company's website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has put in place the Whistleblowing Policy as an avenue for employees to report their genuine concerns of any unlawful or unethical situations or any suspected violation of the Principles of Business Conduct. The Board also provides assurance that genuine whistle blower will not be at risk to any form of victimisation, retribution or retaliation.  The details of the Whistleblowing Policy is available for reference at the Company's website ( <a href="http://www.globetronics.com.my">www.globetronics.com.my</a> )	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board currently comprises of nine (9) Directors after Mr Ng Kok Chin, a Non-Independent Non-Executive Director resigned on 1<sup>st</sup> August 2018.</p> <p>Paragraph 15.2 of Main Market LR of Bursa Malaysia required at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is higher, are independent directors.</p> <p>The current board composition is two (2) Non-Independent Non-Executive Directors, five (5) Independent Non-Executive Directors and two (2) Executive Directors, namely the Executive Chairman and Chief Executive Officer.</p> <p>Therefore, 56% of the Board composition is comprised of Independent Non-Executive Directors which meets the requirement of Main Market LR of Bursa Malaysia and also in line with MCG 2017 which calls for at least half of the board to be comprised of independent directors.</p> <p>In the event of any vacancy in the board of directors resulting in non-compliance with paragraph 15.2 of Main Market LR of Bursa Malaysia, the Company must fill the vacancy within 3 months from the date of the vacancy.</p> <p>This allows for more independent judgement and view points on the various issues for the Board's decision making.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.2

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

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

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



**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted														
<b>Explanation on adoption of the practice</b>	:	<p>The Board has adopted a 9-year policy for Independent Non-Executive Directors. All Independent Non-Executive Directors have served the Board for less than nine (9) years. Their length of service is set out in the Corporate Governance Overview Report on page 38 of 2018 Annual Report, and summarised as follows:-</p> <table border="1"> <thead> <tr> <th>Length of Service*</th> <th>No of Directors</th> </tr> </thead> <tbody> <tr> <td>Less than 1 year</td> <td></td> </tr> <tr> <td>Between 1 to 3 years</td> <td>1</td> </tr> <tr> <td>Between 3 to 6 years</td> <td>1</td> </tr> <tr> <td>Between 6 to 9 years</td> <td>3</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>5</b></td> </tr> </tbody> </table> <p>*as of 26 March 2019</p>	Length of Service*	No of Directors	Less than 1 year		Between 1 to 3 years	1	Between 3 to 6 years	1	Between 6 to 9 years	3			<b>Total</b>	<b>5</b>
Length of Service*	No of Directors															
Less than 1 year																
Between 1 to 3 years	1															
Between 3 to 6 years	1															
Between 6 to 9 years	3															
<b>Total</b>	<b>5</b>															

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity and the practice of the MCCG pertaining to the establishment of a diversity policy in skills, experiences, knowledge, age, gender, ethnicity and educational background. Therefore, the Board had always been in support of a policy of nondiscrimination on the basis of race, religion and gender.</p> <p>The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. The diversity details of the current board is disclosed in the Corporate Governance Overview report on page 37 of 2018 Annual Report.</p> <p>The appointment of key senior management was also consistently done with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board Diversity Policy is available for reference at the Company's website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>)</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is cognizant of boardroom gender diversity as propounded by MCCG 2017.  The Board appointed Ms. Ong Huey Min as a director last year. Therefore, as of year end 2018, there are two female directors on board and this forms 22% of the Board composition.  The Nomination Committee would continue to keep in mind gender diversity as one of the factors to be taken into consideration in the appointment of new director when the case arises.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies or diversity gap that has been identified. NC identify candidates from local business community based on recommendations from business partners/professionals or board members. Potential candidates must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director.</p> <p>In assessing the suitability of a candidate, the NC will take into consideration the candidate’s skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of Independent Non-Executive Director, the NC will evaluate the candidate’s ability to discharge such responsibilities as expected from an independent non-executive director. Recruitment matters are discussed by the Committee before the entire Board makes the final decision on new appointments.</p> <p>For sourcing of future candidates, NC would try to explore other independent sources such as directors’ registry and industry and professional associations.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee("NC") is chaired by an Independent Non-Executive Director, Dato' Iskandar Mizal Bin Mahmood.</p> <p>The composition of the NC for year 2018 is as per below:</p> <table border="1"><thead><tr><th>Members</th><th>Membership/Designation</th></tr></thead><tbody><tr><td>Dato' Iskandar Mizal bin Mahmood</td><td>Chairman/ Independent Non-Executive Director</td></tr><tr><td>Dato' Syed Mohamad bin Syed Murtaza</td><td>Member/ Independent Non-Executive Director</td></tr><tr><td>Mr. Yeow Teck Chai</td><td>Member/ Independent Non-Executive Director</td></tr></tbody></table> <p>NC serves as a committee of the Board and it is guided by its Terms of Reference which can be viewed at the Company's website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>).</p>	Members	Membership/Designation	Dato' Iskandar Mizal bin Mahmood	Chairman/ Independent Non-Executive Director	Dato' Syed Mohamad bin Syed Murtaza	Member/ Independent Non-Executive Director	Mr. Yeow Teck Chai	Member/ Independent Non-Executive Director
Members	Membership/Designation									
Dato' Iskandar Mizal bin Mahmood	Chairman/ Independent Non-Executive Director									
Dato' Syed Mohamad bin Syed Murtaza	Member/ Independent Non-Executive Director									
Mr. Yeow Teck Chai	Member/ Independent Non-Executive Director									
<b>Explanation for departure</b>	:									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
<b>Measure</b>	:									
<b>Timeframe</b>	:									

**Intended Outcome**

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

**Practice 5.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the year an evaluation of the Board’s effectiveness, including the effectiveness of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and ESOS Committee was undertaken internally by way of written questionnaire.</p> <p>The relevant evaluation forms were distributed to each respective director to assess the effectiveness of the board and its committee. Adequate time of at least a month was given to the directors to compile and return the evaluation forms.</p> <p>The results indicated that the Board is functioning well as a unit and is discharging its duties and responsibilities effectively. Going forward, areas that the Board would like to put more focus on are related to senior management succession planning, strategic opportunities in response to volatility in technology market within the purview of the Company’s risk appetite and sustainability matters in relation to the Group’s business decision and strategies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.1

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

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





### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied									
<b>Explanation on application of the practice</b>	:	<p>The board has a Remuneration Committee who is responsible for reviewing and recommending matters relating to the remuneration of board and senior management.</p> <p>The composition of Remuneration Committee for year 2018 is as per below:</p> <table border="1"> <thead> <tr> <th>Members</th> <th>Membership/Designation</th> </tr> </thead> <tbody> <tr> <td>Mr. Yeow Teck Chai</td> <td>Chairman/ Independent Non-Executive Director</td> </tr> <tr> <td>Dato' Iskandar Mizal bin Mahmood</td> <td>Member/ Independent Non-Executive Director</td> </tr> <tr> <td>Dato' Norhalim bin Yunus</td> <td>Member/ Non-Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The Terms of Reference is available for reference at the Company's website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>)</p>		Members	Membership/Designation	Mr. Yeow Teck Chai	Chairman/ Independent Non-Executive Director	Dato' Iskandar Mizal bin Mahmood	Member/ Independent Non-Executive Director	Dato' Norhalim bin Yunus	Member/ Non-Independent Non-Executive Director
Members	Membership/Designation										
Mr. Yeow Teck Chai	Chairman/ Independent Non-Executive Director										
Dato' Iskandar Mizal bin Mahmood	Member/ Independent Non-Executive Director										
Dato' Norhalim bin Yunus	Member/ Non-Independent Non-Executive Director										
<b>Explanation for departure</b>	:										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
<b>Measure</b>	:										
<b>Timeframe</b>	:										

## Intended Outcome

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

## Practice 7.1

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

<b>Application</b>	: Applied								
<b>Explanation on application of the practice</b>	: The disclosure on named basis for the remuneration of individual directors for year 2018 is as per below:								
	Fees		Salaries*	Bonus*	Benefits-in-kind*	Other Emoluments*	Total		
	Group	Company					Group	Company	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Executive Directors									
Mr Ng Kweng Chong	105	-	1,584	1,046	16	537	3,288	-	
Dato' Heng Huck Lee	105	-	1,584	3,482	13	948	6,132	-	
Total for Executive Directors	210	-	3,168	4,528	29	1,485	9,420	-	
Non-Executive Directors									
Dato' Syed Mohamad Bin Syed Murtaza	133	133	-	-	-	-	133	133	
Dato' Norhalim Bin Yunus	109	109	-	-	-	-	109	109	
Dato' Iskandar Mizal Bin Mahmood	114	114	-	-	-	-	114	114	
Mr Yeow Teck Chai	114	114	-	-	-	-	114	114	
Ms Lam Voon Kean	127	127	-	-	-	-	127	127	
Mr Ng Kok Khuan	109	4	-	-	-	-	109	4	
Mr Ng Kok Chin	61	-	-	-	-	-	61	-	
Ms Ong Huey Min	122	122	-	-	-	-	122	122	
Total for Non-Executive Directors	889	723	-	-	-	-	889	723	
Total Directors	1,099	723	3,168	4,528	29	1,485	10,309	723	
*Paid by the group									

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

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure													
<b>Explanation on application of the practice</b>	:														
<b>Explanation for departure</b>	:	<p>The top senior management's remuneration for year 2018 is disclosed as per below table:</p> <table border="1"> <thead> <tr> <th>Range of remuneration</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM1,100,001 to RM1,150,00</td> <td>1</td> </tr> <tr> <td>RM700,001 to RM750,000</td> <td>1</td> </tr> <tr> <td>RM300,001 to RM350,000</td> <td>1</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>1</td> </tr> <tr> <td>Total</td> <td>4</td> </tr> </tbody> </table> <p>The Board is of opinion that disclosure of senior management's remuneration on name basis is not encouraged as a precautionary measure of confidentiality, security and retainability of the senior management.</p> <p>The Board via Remuneration Committee ensures that senior management's remuneration is linked to corporate and individual performance and commensurate with their scope of responsibilities. In addition to this, the remuneration package is structured to be able to attract, retain and motivate senior management to manage the business of the Group and to align to the interest of the Directors and the shareholders.</p>		Range of remuneration	Number of Senior Management	RM1,100,001 to RM1,150,00	1	RM700,001 to RM750,000	1	RM300,001 to RM350,000	1	RM200,001 to RM250,000	1	Total	4
Range of remuneration	Number of Senior Management														
RM1,100,001 to RM1,150,00	1														
RM700,001 to RM750,000	1														
RM300,001 to RM350,000	1														
RM200,001 to RM250,000	1														
Total	4														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.													
<b>Timeframe</b>	:	Choose an item.													

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The policy and procedure on the assessment of suitability, objectivity and independence of the external auditor is specified in the External Auditors Policy which is available for reference at the Company's website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>). It includes the following:</p> <ul style="list-style-type: none"><li>• the competence, audit quality and resource capacity of the external auditor in relation to the audit;</li><li>• the nature and extent of the non-audit services rendered and appropriateness of the level of fees; and</li><li>• obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</li></ul> <p>In September 2018, the External Auditors, Messrs. KPMG PLT ("KPMG") presented its 2018 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters to the ARMC.</p> <p>Upon completion of their audit work, KPMG presented their audit results to ARMC in February 2019. They also provided written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2018.</p> <p>The above meetings formed part of ARMC's assessment of the suitability, objectivity and independence of KPMG on an annual basis.</p> <p>Overall in year 2018, ARMC was satisfied with the suitability of KPMG based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. ARMC also reviewed the provision of the non-audit services by KPMG to the Company for the financial year 2018 and was satisfied that the provision did not in any way impair their objectivity and independence as external auditors of the Group.</p> <p>Therefore, in February 2019, the Board had approved the ARMC's recommendation for the shareholders' approval to be sought at the 22<sup>nd</sup> AGM on the re-appointment of KPMG as external auditors of the Company for the financial year 2019.</p>



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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of Audit and Risk Management Committee ("ARMC") are financial literate and have a wide range of knowledge, experience and skills. Two members of ARMC are members of the Malaysian Institute of Accountants (MIA).</p> <p>The Board performed an annual assessment of the Committee's effectiveness in carrying out its duties set out in the Terms of Reference. The Board is satisfied that the Committee has effectively discharged its duties in accordance with its Terms of Reference. The Board Effectiveness Assessment 2018 further commended that the Committee has the right composition, and sufficient, recent and relevant skills and expertise.</p> <p>The terms of reference of ARMC is available for reference at the Company's website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>)</p> <p>In order to carry out their duties and responsibilities effectively, all members of ARMC do undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>For the overall details of ARMC in terms of composition, responsibilities and continuous professional development, please refer to ARMC report on page 32 to page 35 of 2018 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for maintaining a sound system of risk management and internal control which provides reasonable assurance of the adequacy and effectiveness of the Group's operational processes and internal controls system, compliance with laws and regulations as well as with internal procedures and guidelines, to safeguard the shareholders' investment and the Group's assets.</p> <p>A formal risk management framework has been established with the aim of setting guidelines in relation to the risk acceptable to the Group. The framework is also to ensure proper management of the risks in order to achieve the Group's goals and objectives.</p> <p>This includes identifying the principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.</p> <p>The Enterprise Risk Management Policy is available for reference at the Company website (<a href="http://www.globetronics.com.my">www.globetronics.com.my</a>)</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has overall responsibility for the Group's Risk Management Framework and has assigned the Audit and Risk Management Committee with the assistance of Business/Operations Risk Review Committee and internal auditor to be responsible to review the adequacy and effectiveness of the Risk Management Framework.</p> <p>In year 2018, the Group under its Risk Management Report has identified twelve key risks in relation to operational, financial and compliance risks and the Group has evaluated the potential impact of these risks. The Risk Register was updated, and meetings were held to communicate and deliberate the issues or risks and where appropriate, the control systems and action plans were implemented and taken to ensure the continuous risk mitigation and risk management.</p> <p>The overall features of its risk management and internal control framework and the review of the adequacy and effectiveness of this framework is disclosed in the Statement of Risk Management and Internal Control on page 42 to page 44 of 2018 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Manager reports to Audit and Risk Management Committee (“ARMC”) and administratively to Chief Financial Officer. She is a qualified person with over 20 years of working experience and have sufficient knowledge and resources to function effectively and independently.</p> <p>The internal audit done for year 2018 included review of internal controls, review of risk management framework and risk assessment as well as identification and analysis of the impact of new MFRs .</p> <p>Further details of the internal audit activities are set out in ARMC Report and in Statement on Risk Management and Internal Control of 2018 Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

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

## Practice 10.2

The board should disclose–

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

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

## Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company provides timely, regular, relevant and complete information regarding the Group's businesses and corporate developments.</p> <p>The Board's primary contact with all shareholders is via the Chief Financial Officer and Corporate Director, who have regular dialogue with institutional investors and deliver presentations to analysts and fund investors periodically. For the financial year ended 31 December 2018, the management held and/or attended more than 50 meetings / roadshows with fund managers and analysts in Kuala Lumpur, Singapore, Hong Kong, Taipei, Tokyo and Shanghai.</p> <p>Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Information such as disclosures made to Bursa Malaysia (including interim and full year financial results, Annual Report and other announcements on relevant transactions undertaken by the Group) and the Group's business activities can be obtained from the Company's website at <a href="http://www.globetronics.com.my">www.globetronics.com.my</a>. Copies of the full announcement are supplied to the shareholders and members of the public upon request.</p> <p>The Group's website, <a href="http://www.globetronics.com.my">www.globetronics.com.my</a> also serves as a forum to communicate with shareholders and investors and to provide information on the Group's business activities. Requests for information on the Company can be forwarded to the same website. Announcements made by the Company to Bursa Malaysia are also accessible from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>. As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Dato' Syed Mohamad Bin Syed Murtaza as the Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretaries for information on the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not a Large Company as of 31 <sup>st</sup> December 2018.	
		In preparation of the Annual Report, due care and efforts are taken to ensure that all financial and non-financial information are inter connected and integrated to enable shareholders to make informed decision.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Notice of 21st Annual General Meeting(AGM) with a softcopy of the Annual Report (CD-ROM) which contains comprehensive reports on the Group's financial performance, insights, outlooks and directions were provided to shareholders on 9 April 2018, at least 28 days prior to the AGM which was held on 8 May 2018. This is beyond the minimum stipulated period of 21 days requirement under the Companies Act 2016 and the Main Market LR of Bursa Malaysia. Therefore, shareholders have sufficient time to review the Notice of AGM with the resolutions that are going to be discussed and voted upon during AGM and thus, allowing shareholders to make informed decisions including appoint proxies to attend the AGM if necessary.</p> <p>Notice of 22<sup>nd</sup> Annual General Meeting is served on 9 April 2019 for the Annual General Meeting that is going to be held on 8 May 2019, which is at least 28 days prior to the meeting.</p> <p>The notice for the AGM is also accessible by the shareholders via the Company's website as well as Bursa Malaysia Securities Berhad's website. The said notice is also advertised in one (1) nationally circulated daily newspaper, The Star.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of Board attended the 21st Annual General Meeting (AGM). Board Members, Senior Management and the Group's External Auditors were in attendance to respond to shareholders' enquiries</p> <p>The proceedings of the 21st AGM included presenting the performance of the Group as contained in the Annual Report, addressing all issues raised by the shareholders and Minority Shareholder Watchdog Group in relation to the operational and financial performance of the Group and further clarifications of the proposed resolutions, before putting such resolutions to vote.</p> <p>On the same day as the AGM, the Company also convened an Extraordinary General Meeting ("EGM") to provide shareholders an avenue to raise questions or seek clarification from the Board on the below proposals:-</p> <ol style="list-style-type: none"> <li>1) Proposed subdivision of every 1 existing ordinary share in GTB into 2 ordinary shares in GTB;</li> <li>2) Proposed bonus issue of up to 96,651,980 new subdivided shares on the basis of 1 bonus share for every 6 subdivided shares; and</li> <li>3) Proposed alteration or amendment of the constitution of the company.</li> </ol> <p>These general meetings provided a channel for shareholders to engage directly with the Board in a meaningful discussion on the specified agenda. The Board encouraged shareholders' active participation at these meetings.</p> <p>Press interviews were done after the AGM where the Board members / CEO answered questions in relation to the Group's operations and prospects.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company has adopted electronic poll voting in the poll voting process for the first time in the 21<sup>st</sup> AGM for greater transparency and efficiency purposes. Shareholders and proxies are provided a personalised passcode embedded wrist band by the Share Registrar upon registration. Briefing of the electronic poll voting process is done by the poll administrator and an independent external party is appointed as a scrutineer on the electronic poll voting process.</p> <p>The Chairman announced the voting results for each resolution tabled, which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The results were released to Bursa Malaysia immediately after the meeting to enable the public to know the outcome thereof.</p> <p>The Annual General Meeting is usually held in Hotel Equatorial, Penang which is near to the airport and have good infrastructure surrounding it. The same venue is utilized for the past years as it is easily assessable and shareholders are familiar with it.</p> <p>Alternative practice: Shareholders are allowed to appoint any person(s) as their proxies to attend, participate and vote on his/her behalf at a general meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

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

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

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