



TOGETHER
WE CREATE
POSSIBILITIES
ANNUAL REPORT 2020



RATIONALE

Greatech creates possibilities for now and future, serving global customers with innovative, cost effective solutions and support. We are committed to develop the best, providing great value beyond comprehension to satisfy customers' and shareholders' expectation. Together with our employees, shareholders and customers, we all advance further, break through any challenges and create a better now and future.

Together

We are mightier together than we are on our own

We Create

Our innovative approaches distinguish us from the rest and bring forth limitless excellence

Possibilities

Nothing can stop us from turning our dreams into reality



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For more information, visit our website
www.greatech-group.com

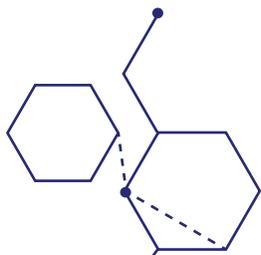
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Vision, Mission & Core Values

VISION

We are dedicated to be a market leader in factory automation by delivering cutting edge automation solutions.



MISSION

We are committed to deliver excellent value to our customers by providing talent, technology solutions and world class services support.

CORE VALUES

These core values encourage us to continue striving for Greatness and have become part of the Greatech culture.



Innovation

^ Think new, Dream big

Integrity

Accountable to being ethical ^



Customer Satisfaction

^ Partnership for success

Performance

Eyes focused on our goals ^

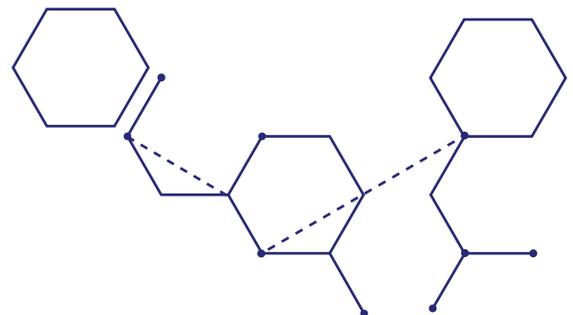


Teamwork

^ Creating possibilities in diversity

Care & Respect

Valuing our people ^



Corporate Information

ABOUT US

Incorporated in 2018, listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 13 June 2019 and completed the transfer to the Main Market of Bursa Securities on 28 December 2020, Greatech Technology Berhad ("Company" or "Greatech"), together with its subsidiaries ("Group"), is a Malaysia-based leading automation solutions provider involved in the design, development and production of system, machinery and equipment for our customers' manufacturing processes. We also provide value-added services including parts, training and after-sales support.

Our customers operate in solar, semiconductor, consumer electronics, energy storage and life science industries. Greatech's machinery and equipment are installed across the world, including China, Vietnam, Singapore, the United States of America, United Kingdom, Thailand and certain European Union countries.

The Group places great emphasis on manifesting its values in its daily business and constantly engages its employees on a journey of excellence.

FY2020 HIGHLIGHTS

Revenue

RM261.13 million
20.9% increase from FY2019

Employees

522

Customers' Satisfaction

100.0%
Rated Good and Above

Net Cash & Cash Equivalents

RM284.02 million

Investment

RM9.30 million
Research & Development (R&D)

Employees

60
Research & Development (R&D)

Economic Value Distributed

RM150.15 million
Employees, Government,
Suppliers and Communities

Return on Equity

30.6%

No Fatalities

No Non-Compliance
regarding Environmental,
Health & Safety

100.0% Code of Conduct &
Ethics, Anti-Bribery and
Anti-Corruption Training

2020 MILESTONE

JAN 2020	Participated in the ATX West exhibition in Anaheim, Los Angeles, with a display of new products on a major exhibition stand.	Board of Directors increased in size to six members. Dato' Seri Wong Siew Hai was appointed as Independent Non-Executive Director.	MAY 2020
JAN 2020	Greatech won follow-up orders for Production Line Systems for world's largest producer of thin-film solar module.	Board of Directors reduced in size to five members. Mr. Ooi Ching Hock has retired as Independent Non-Executive Director.	JUN 2020
FEB 2020	Obtained ISO13485:2016 – Medical Devices Quality Management System.	Greatech announced on a major order received from energy storage industry for Production Line Systems in the field of electric vehicles.	AUG 2020
MAR 2020	Malaysian government declared Movement Control Order ("MCO"). Greatech operated at 50.0% capacity.	Greatech established a wholly owned subsidiary in North America.	OCT 2020
APR 2020	Greatech resumed full operation starting from 29 April 2020.	Greatech successfully completed its transfer to Main Market of Bursa Securities.	DEC 2020
MAY 2020	Malaysian government declared Conditional Movement Control Order ("CMCO").	A lease arrangement on an industrial building in Michigan, North America by our subsidiary in North America.	DEC 2020
MAY 2020	Work started on construction of a production facility comprising production, modern offices and warehouse measuring 130,000 square feet in Batu Kawan Industrial Park, Penang.	Work started on relocation to the newly constructed factory building in Batu Kawan Industrial Park, Penang.	DEC 2020

BOARD OF DIRECTORS

Ooi Hooi Kiang

Chairman
Independent Non-Executive Director

Tan Eng Kee

Chief Executive Officer
Executive Director

Khor Lean Heng

Chief Operating Officer
Executive Director

Mariamah binti Daud

Independent Non-Executive Director

Dato' Seri Wong Siew Hai

Independent Non-Executive Director
Appointed with effect from 8 May 2020

Audit and Risk Management Committee

Mariamah binti Daud

Chairman

Ooi Hooi Kiang

Member

Dato' Seri Wong Siew Hai

Member

Remuneration Committee

Ooi Hooi Kiang

Chairman

Mariamah binti Daud

Member

Dato' Seri Wong Siew Hai

Member

Nominating Committee

Dato' Seri Wong Siew Hai

Chairman

Redesignated with effect from 18 February 2021

Mariamah binti Daud

Member

Redesignated with effect from 18 February 2021

Ooi Hooi Kiang

Member

Company Secretaries

Thum Sook Fun

SSM PC No. 201908000139
(MIA 24701)

Low Seow Wei

SSM PC No. 202008000437
(MAICSA 7053500)

Registered Office

Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Georgetown
Pulau Pinang
Tel : (604) 263 1966
Fax : (604) 262 8544

Principal Place of Business

Plot 287(A)
Lengkok Kampung Jawa Satu
Bayan Lepas Free Industrial Zone Phase 3
11900 Bayan Lepas
Pulau Pinang
Tel : (604) 646 3260
Fax : (604) 646 3261

Share Registrar

Securities Services (Holdings)
Sdn. Bhd. (Registration no.
197701005827 (36869-T))
Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Georgetown
Pulau Pinang
Tel : (604) 263 1966
Fax : (604) 262 8544

Auditors

BDO PLT
(LLP0018825-LCA & AF 0206)
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel : (604) 222 0288
Fax : (604) 222 0299

Principal Banker

CIMB Bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad*
Stock name : GREATEC
Stock code : 0208

** Completed the transfer of the listing of and quotation for the entire issued share capital of Greatech Technology Berhad from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad on 28 December 2020.*



Greatech Technology Berhad

100%

GREATECH INTEGRATION (M) SDN. BHD.

100%

**GREATECH INTEGRATION
(SHANGHAI) LIMITED**

100%

**GREATECH INTEGRATION
(USA) INC.**

Profile of Directors

OOI HOOI KIANG

**Chairman
Independent Non-Executive Director**

Gender	Nationality	Age
Female	Malaysian	52

No. of Board Meeting Attended in
Financial Year ("FY") 2020
6/6

Ooi Hooi Kiang, is our Group's Chairman and Independent Non-Executive Director and was first appointed to the Board on 20 August 2018. She serves as Chairman of the Remuneration Committee and member of Audit and Risk Management Committee and Nominating Committee of the Company.

Ms Ooi has more than 27 years of working experience in a wide range of industries such as auditing, brokerage institutions, property development, mining and manufacturing, including cross border working experience in Abu Dhabi, Singapore, Korea, Vietnam and Russia encompassing finance operations, accounting, financial management, corporate finance, tax planning and merger & acquisition.

Ms Ooi has been appointed as Group Chief Financial Officer ("CFO") and overseeing finance division of PG Automotive Holdings Pte Ltd ("PGA") since November 2018 until to-date. Prior to joining PGA, she was the CFO of Anchor Resources Limited, a company listed on Singapore Stock Exchange from 2014 to 2018. Ms Ooi started her career with Coopers & Lybrand LLP (now known as PricewaterhouseCoopers) in 1995 as an Audit Assistant. Her other notable past working experience include assuming the role of Senior Corporate Finance Manager of Olympia Industries Berhad and CFO of JWPK Sdn. Bhd. in 2012 and 2013 respectively and holding senior positions in several local brokerage institutions and foreign company.

Ms Ooi currently utilises her commercial experience in supporting and delivering the Group's strategy in non-executive roles.

Other than our Company, she does not hold any directorship in public companies or public listed companies in Malaysia.

Ms Ooi holds a Master in Accounting from University of Florida, USA and is a member of the Malaysian Institute of Accountants.



TAN ENG KEE

Chief Executive Officer
Executive Director

Gender	Nationality	Age
Male	Malaysian	51

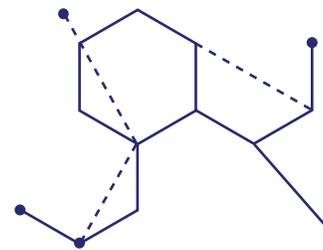
No. of Board Meeting Attended in
FY 2020
6/6



Tan Eng Kee, is our Group's Chief Executive Officer ("CEO") and Executive Director and was appointed to our Board on 14 May 2018. Mr Tan is one of Greatech's founding shareholders since the incorporation of Greatech Integration (M) Sdn. Bhd. in 1997 and is currently responsible for overall management and operation of the Group. As one of the founders, Mr Tan sets the vision, mission and core values of the Group. He drives business development, building and executing the strategic directions and expansion plans for the growth and development of the Group, including sourcing for investment opportunities to uphold the Group's business growth. He has more than 26 years of experience in managing company, marketing strategy planning and business development. Mr Tan has, and continues to be, instrumental to our Group's continuous success and growth.

Other than our Company, he does not hold any directorship in public companies or public listed companies in Malaysia.

Mr Tan holds a Certificate in Mechanical Engineering from Politeknik Sultan Abdul Halim Mu'adzam Shah, Kedah.



KHOR LEAN HENG

**Chief Operating Officer
Executive Director**

Gender	Nationality	Age
Male	Malaysian	51

No. of Board Meeting Attended in
FY 2020
6/6

Khor Lean Heng, is our Group's Chief Operating Officer ("COO") and Executive Director and was appointed to our Board on 14 May 2018. Mr Khor is a co-founder of the Group. He has more than 26 years of experience in areas of precision machining, sheet metal manufacturing and automation equipment business.

Mr Khor is currently responsible for overseeing the daily operations, including supply chain functions (procurement, inventory management, logistic and facility management) and production floor planning of our Group. He also assists the Group CEO in the formulation and execution of the Group's business strategies.

Other than our Company, he does not hold any directorship in public companies or public listed companies in Malaysia.

Mr Khor holds a Sijil Pelajaran Malaysia Vokasional from SMV Lorong Batu Lanchang, Pulau Pinang.



MARIAMAH BINTI DAUD



Independent Non-Executive Director

Gender	Nationality	Age
Female	Malaysian	56

No. of Board Meeting Attended in
FY 2020
6/6

Mariamah binti Daud, was first appointed to the Board as Independent Non-Executive Director on 20 August 2018. She serves as Chairman of the Audit and Risk Management Committee and member of Nominating Committee and Remuneration Committee of the Company.

Puan Mariamah ventured into many entrepreneurial activities centred on food business after completing her studies. Prior to joining the Malaysian Technology Development Corporation Sdn. Bhd. ("MTDC"), she worked as an Administrative Assistant in Earthwin Corporation Sdn. Bhd. and Ferrovest Corporation Sdn. Bhd.. She is currently the Director of Technology Development Division of MTDC, a government agency that involves in technology development and commercialisation as well as nurturing of technopreneurs since August 1993. She is responsible for overseeing the Technology Incubator Department, Industry 4.0 Department, MTDC Academy Department, Ecosystem Development Department, Research and Publication Department as well as Technology Adoption Program Department. In her 28-year tenure with MTDC, she is involved in several management roles in charge of corporate communication and corporate services, technology transfer and commercialisation, nurturing and coaching of entrepreneurs and businesses as well as promotion of the adoption of digital and Industry 4.0 solutions to micro, small and medium enterprises.

Other than our Company, she does not hold any directorship in public companies or public listed companies in Malaysia.

Puan Mariamah holds a Bachelor of Arts Degree in Economics from College of Arts and Sciences of Syracuse University, New York, USA.

DATO' SERI WONG SIEW HAI

DSPN, DMPN, DGPN
Independent Non-Executive Director

Gender	Nationality	Age
Male	Malaysian	70

No. of Board Meeting Attended in
FY 2020
3/3

Dato' Seri Wong Siew Hai, was first appointed to the Board as Independent Non-Executive Director on 8 May 2020. He serves as Chairman of the Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee.

Dato' Seri Wong is an electronics industry veteran, with nearly 30 years' of semiconductor manufacturing experience in electrical and electronics ("E&E") industry covering Malaysia, Asia Pacific and global regions. He had held several senior positions in world renowned technology companies including Vice President and Managing Director of Dell's Asia Pacific Customer Centre, Vice President of Technology and Manufacturing Group ("TMG") and General Manager of Assembly and Test Manufacturing ("ATM") of Intel Penang and Managing Director of Intel Malaysia. In his 27-year tenure with Intel, he covered a wide range of areas including managing and leading Intel's global assembly and test factories until his retirement in year 2004. Dato' Seri Wong is widely known in the business community for his comprehensive network and strong rapport with Malaysia SMEs and E&E industry. He remains active in the industry and corporate business community.

Contributing his global experience to advancing the E&E industry, Dato' Seri Wong is today, the Chairman of the E&E Productivity Nexus and Malaysian American Electronics Industry ("MAEI"), and an industry committee of American Malaysian Chamber of Commerce ("AMCHAM"). He is an Independent Non-Executive Director of Malaysia Venture Capital Management Berhad and a Director of Penang Tech Centre Bhd. and Penang Science Cluster. He is also a member of PEMUDAH, a special task force to address public-private delivery services.

He serves as the Board of Governor for various educational institutes in Malaysia. He is also a Vice President of the Penang Welfare Association for Mentally Retarded Children and Charter President of Kiwanis Club of Penang Central, a charity organisation.

Dato' Seri Wong had 12 years' experience of operating in a highly regulated environment as Board member of the Malaysian External Trade Development Corporation ("MATRADE"), under the Ministry of International Trade and Industry ("MITI"). He had corporate governance experience in his role as the MATRADE's Audit Committee Chairman. He was also a committee member of the Third Industrial Master Plan ("IMP3") in 2004, contributing to Malaysia's Industrial Master Plan.

Since June 2007, he was appointed as Independent Non-Executive Director of SAM Engineering & Equipment (M) Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

In 2015, he was awarded the ASEAN Outstanding Engineering Achievement Award by the ASEAN Federation of Engineering Organisations in recognition for his contributions and services as an outstanding engineer and industry leader who has devoted constantly to the society and community in Malaysia and also as an outstanding professional whose contributions have made great beneficial impact to the country.

Dato' Seri Wong holds a Bachelor of Science in Mechanical Engineering from University of Leeds, England and a Master of Science in Management Science from Imperial College of Science & Technology, University of London, England. He had also been awarded the Outstanding Award in the Management Development Program under Asian Institute of Management, Philippines.



Profile of Directors *(Cont'd)*

Note to Directors' Profiles:

1. Family Relationship

None of the Directors have any family relationship with any director and/or major shareholder of the Company.

2. Directors' Shareholdings

Details of Directors' shareholdings in the Company can be found in the "Analysis of Shareholdings as at 31 March 2021" section of this Annual Report.

3. Non-Conviction of Offences

None of the Directors have been convicted of any offences, other than traffic offences, if any, within the past five (5) years.

4. No Conflict of Interest

None of the Directors have any conflict of interest with the Company.

5. Public Sanction or Penalty Imposed by Relevant Regulatory Bodies

None of the Directors have been imposed of any public sanction or penalty by the relevant regulatory bodies during the FY2020.

Profile of Key Senior Management Team

KOAY LIN LIN

Gender	Nationality	Age
Female	Malaysian	48

Koay Lin Lin, is our Group's Chief Financial Officer ("CFO"). Ms Koay joined the Group in April 2000 and was appointed as the Group's CFO in January 2018. She is responsible for financial management and corporate finance matters, overseeing finance & accounting, environment, health & safety, human resources & administration and management information system functions of the Group.

Ms Koay has more than 20 years of working experience in auditing, finance, accounting, tax, treasury and human resource management. Prior to joining the Group, she was an Audit Senior in PricewaterhouseCoopers.

Ms Koay graduated with National Vocational Qualification in Accounting from the Association of Accounting Technicians (UK) ("AAT") in 1994. She is a member of the Malaysian Institute of Accountants and holds an Association of Chartered Certified Accountants ("ACCA") qualification.



LOO KIM HAI, MARTIN

Gender	Nationality	Age
Male	Malaysian	42

Loo Kim Hai, Martin, was appointed as our Group's Business Unit Manager in October 2019. He is responsible for overseeing the Energy Storage division of the Group. His roles and responsibilities are to manage the team and projects which include planning, execution, monitoring, risk management and the resolution of issues and achievement of the targets for the projects. He has 16 years of management and machine design experience in the LED and semiconductor industry. Mr Martin Loo started his career as Mechanical Design Engineer in Genetec Technology Berhad in April 2004 and thereafter joined Multiled Technology Sdn. Bhd. in August 2005 as a Project Manager. Prior to joining the Group, he was the Senior Mechanical Design Manager of a public listed entity involved in the manufacturing of high-tech automation system. In his 12-year tenure with the public listed entity, he led its Engineering Department to design and develop a wide range of custom-designed machine and standard back-end automation equipment for the LED and semiconductor industry. He was involved in conceptual design, machine design and development, project management and technical support.

Mr Martin Loo holds a Bachelor Degree in Mechanical Engineering from the University of Malaya and a Master of Business Administration with distinction from University of Science, Malaysia.



Profile of Key Senior Management Team (Cont'd)

TAN ENG SENG



Gender	Nationality	Age
Male	Malaysian	38

Tan Eng Seng, is currently a Business Unit Manager of Life Science division of the Group. His roles and responsibilities are to manage the team and projects which include planning, execution, monitoring, risk management and the resolution of issues and achievement of the targets for the projects. He joined the Group in 2014 and oversees the project and team management and was promoted to Business Unit Manager of Battery division in January 2018. In November 2019, he was transferred to lead the Life Science division. Prior to joining the Group, Mr Tan was an Engineer of STEC Technology Sdn. Bhd. (which was subsequently acquired by HGST Technologies Malaysia Sdn. Bhd.) from 2011 to 2014. He has 16 years of experience in software programming and development in the automation system of semiconductor and hard disk drive industry. Mr Tan started his career as a Field Staff with Manpower Staffing Services (M) Sdn. Bhd. in 2005, and he joined Micro View Technologies Sdn. Bhd. and Micro Modular System Sdn. Bhd. as a Software Development Engineer in 2007 and 2008 respectively.

Mr Tan holds a Bachelor Degree of Computer Science with Honours from University Tunku Abdul Rahman.

YEAP HAN KEOW

Gender	Nationality	Age
Male	Malaysian	36

Yeap Han Keow, is currently a Business Unit Manager of Thin Film Solar division of the Group. His roles and responsibilities are to manage the team and projects which include planning, execution, monitoring, risk management and the resolution of issues and achievement of the targets for the projects. Mr Yeap joined the Group in August 2005 as the Electrical Assembly Technician. Subsequently, he was promoted to Software & Control Engineer and Assistant Software Manager of the Group, where he is responsible in managing and overseeing the software department since January 2015. Mr Yeap became Business Unit Manager in January 2018. He has extensive experience in management, project execution, control systems design, software programming and technical support.

Mr Yeap holds a Diploma in Electrical Engineering from Institut Teknologi dan Pengurusan Lebu Victoria, Penang.



Profile of Key Senior Management Team (Cont'd)

CHUAH SOO HOONG

Gender	Nationality	Age
Male	Malaysian	39

Chuah Soo Hoong, is currently a Business Unit Manager of North America division of the Group. His role and responsibilities are to manage the team and projects which include planning, execution, monitoring, risk management and the resolution of issues and achievement of the targets for the projects. Mr Chuah joined the Group in January 2016 as a Senior Mechanical Designer. He was promoted to Assistant Technology and Development Manager of the Group in January 2017, where he was responsible for leading a team of engineers in the design of automated equipment. Mr Chuah became Business Unit Manager of Solar and Semiconductor Wafer division in January 2018. In November 2020, he was transferred to lead the North America division. He has 15 years of management and machine design experience in the semiconductor and solar industry.

Mr Chuah holds a Diploma in Mechanical Engineering from the Polytechnic Sultan Abdul Halim Mu'adzam Shah, Kedah.



Notes to Key Senior Management Team Profiles:

1. Directorship in other Public/Public Listed Companies

None of the key senior management personnel hold directorship in any public companies and public listed companies in Malaysia.

2. Family relationship

None of the key senior management personnel have any family relationship with any director and/or major shareholder of the Company.

3. Non-Conviction of Offences

None of the key senior management personnel have been convicted of any offences other than traffic offences, if any within the past five (5) years.

4. No Conflict of Interest

None of the key senior management personnel have any conflict of interest with the Company.

5. Public Sanction or Penalty Imposed by Relevant Regulatory Bodies

None of the key senior management personnel have been imposed of any public sanction or penalty by the relevant regulatory bodies during the FY2020.

Chairman's Statement

DEAR SHAREHOLDERS,

Year 2020 marked the completion of Greatech Technology Berhad's ("Greatech") first full year as a listed entity of Bursa Malaysia Securities Berhad ("Bursa Securities"). 2020 was a momentous year for Greatech with three significant achievements, despite the unprecedented disruption which severely impacted the livelihoods and businesses around the world. Firstly, we broke our all-time record in terms of revenue and net profit, despite the COVID-19 pandemic. Secondly, we successfully penetrated into the electric vehicle ("EV") energy storage industry, despite travel restrictions. Thirdly, we ended the year with a market capitalisation of RM5.70 billion, which is 280.0% higher year-over-year (2019: RM1.50 billion), despite market volatility.

FINANCIAL PERFORMANCE

Greatech recorded a revenue of RM261.13 million, which grew by 20.9% from RM215.94 million in 2019. Our profit for the financial year increased by 68.0%, from RM52.30 million in 2019 to RM87.85 million. This is mainly driven by the growth in Production Line Systems ("PLS"), in particular from solar and EV energy storage sector.

Besides the strong growth in revenue and profits, the Group's financial position has also strengthened tremendously. Our shareholders' equity increased by RM91.16 million, from RM195.59 million to RM286.75 million in financial year ended 31 December 2020 ("FY2020"). Cash and cash equivalents also increased by RM68.91 million, from RM215.11 million in prior year to RM284.02 million, even though an internal fund of RM19.20 million was utilised for the construction of production facility, Batu Kawan Plant 1 ("BK I") at Batu Kawan Industrial Park, Penang. The Group will be able to leverage on its strong financial positions to undertake bolder business expansion plan and keep the growth momentum at an exciting level.

Since its listing, Greatech has created excellent value for shareholders. Our share price increased from RM2.40 as at 31 December 2019 to RM5.32 (after 1:1 bonus issue) as at 31 March 2021, which is an increase of 343.3%, to RM6.66 billion market capitalisation. The number of shareholders increased from 2,260 as at 31 December 2019 to 14,120 as at 31 March 2021.



Chairman's Statement *(Cont'd)*

SUSTAINING GROWTH

The Group takes cognizant of the importance of having right strategies in sustaining the growth instead of being complacent with status quo. Many initiatives were launched in last few years and many of them have come to fruition, which include expanding production capacity, penetrating into new market, bringing in new major customers and forming strategic partnership.

Expanding Capacity

Production space is key for us to ensure that we delivery products to all our customers in a timely manner. We believe in foresight planning and building in advance to prepare for future needs, instead of only catering to current requirements. In 2020, not only have we completed a new facility, subsequently, we have also started to identify to purchase another piece of land in Batu Kawan as part of our continuous efforts to expand our capacity.

The completion of our BK I was a notable milestone for the business and expect to lead to improved cost structure from the new production capacity, helping the Group to achieve positive profit margin. We should see the full benefits of this expansion as the plant reached full capacity in the new financial year.

As part of our expansion programme, we now have a significant new production plant, warehouse and new offices. This means that all of our fabrication operations are housed in a single location in Batu Kawan, which is expected to result in greater efficiency, reduce costs and improve margin.

Moving into 2021, we have seen underlying order book growth from RM215.00 million to RM351.20 million, providing a clear indication of market demand and subsequently further potential returns from both our technologies and our products. To satisfy the demand, we increased our focus on further developing our design and assembly capabilities. We have commenced the construction work for another new plant in Batu Kawan. Staff recruitment is on-going and we remain on track for the construction of the 230,000 square feet Batu Kawan Plant 2 ("BK II") which is scheduled to be completed by 3rd quarter of 2021.

We continue to see strong demand for our PLS which reinforces our confidence that the long-term return in investing in new plant remains bullish.

Inroads into the EV Energy Storage Market

In August 2020, the Group successfully secured our first order for a PLS from a new customer in the EV energy storage.

As announced in February 2021, through our wholly owned subsidiary, Greatech Integration (USA) Inc. has successfully inked a partnership agreement with Atlis Motor Vehicles, Inc. Leveraging on this new venture, the Group is also in active talks with a few parties to produce EV energy storage PLS or equipment. We believe that the inroads into EV energy storage market will serve as a strong catalyst in the Group's financial performance in financial year ending 31 December 2021 ("FY2021") and beyond.

Expanding Our Footprint in the United States of America ("USA")

Notwithstanding the challenges amidst the COVID-19 outbreak, we have entered the USA market prior to the new financial year. With the success achieved from this initial overseas venture, we plan to further expand our footprint within USA.

In early April 2021, the subsidiary successfully secured its first purchase order in USA from a new EV customer for equipment for the production of lithium-ion battery cell.

In our expansion pipeline, we are looking at bringing our brand further abroad, to potentially including countries Germany, Ireland and India in the next few years.



Chairman's Statement *(Cont'd)*

CORPORATE GOVERNANCE

The Board of Directors ("Board") maintains its commitments to the highest standards of governance and has continued to review how we best apply and embed the principles in our governance structures and strengthen our approach to align with the Malaysian Code of Corporate Governance ("MCCG"). The details are covered in the Corporate Governance Overview Statement section of this Annual Report.

The Company held its first Annual General Meeting virtually in June 2020 since the listing on Bursa Securities in June 2019. All the proposals of the Board were passed by a large majority.

The Board has also actively engaged into discussion with both external and internal auditors with regards to internal controls and governance issues. Besides continuous review on the existing policies during the year, the Board has also deliberated and implemented policies such as Cyber Security Policy and Anti-Bribery and Anti-Corruption Policy, among others.

The world was hit by unprecedented COVID-19 pandemic crisis in FY2020. The Board has swiftly implemented measurements and control procedures to mitigate the effect of the crisis. The Group did not experience major disruption in production, material supplies and delivery of products to our customers. Most importantly, there were no workplace infection identified.

The Board is also actively engaged into discussion with regards to key factors affecting the future growth of our Group such as emerging market trend, business risks, human capital development and expansion plan.

CORPORATE DEVELOPMENT

In terms of corporate development, we initiated a transfer to the Main Market of Bursa Securities in August 2020, and the transfer was completed on 28 December 2020. This is yet another accomplishment by the Group, as Greatech was successfully transferred to the Main Market of Bursa Securities in a short span of eighteen (18) months, after listing on the ACE Market of Bursa Securities.

In October 2020, a 1:1 bonus issue was proposed, and the bonus shares were subsequently listed on 11 January 2021. As part of the Group's staff retention program, we have also put forward a Long Term Incentive Plan which consists of share grant plan and share option plan.

APPRECIATION

The Group has achieved an outstanding performance in FY2020, be it financial performance, human capital development, social community development, or wealth creation for our shareholders. On behalf of the Board, I would like to express my gratitude and appreciation to the management and all staffs of Greatech for your hard work and dedication.

To my fellow Board members, I am thankful for your dedication, undivided support and valuable advice throughout the year. To all the shareholders, customers, suppliers and other stakeholders, it is truly an honour to have your continuous trust in us, especially during this challenging pandemic period. We look forward to have yet another great year ahead.

Thank you.

OOI HOOI KIANG

Chairman
9 April 2021

Management Discussion & Analysis

BUSINESS AND OPERATION OVERVIEW

It gives us great pleasure to present our second set of results as a public company, with financial year ended 31 December 2020 ("FY2020") has been another exciting and successful year for Greatech Technology Berhad ("Greatech" or "Company") and its subsidiaries ("Group").

The Group is a Penang-based leading factory-automation systems provider and system integrator. We offer our customers a single-source comprehensive solution from conceptualisation, engineering development, prototyping, system integration to installation and commissioning. The Group also provide customer training, after-sales service, spare parts, retrofits and equipment relocation in addition to automating manufacturing processes.

As at 31 December 2020, there were a total of 522 employees working for the Group, both locally and abroad. The Group operates three (3) plants in Bayan Lepas, Penang comprising of corporate headquarter, engineering design, quality control, warehouse and assembly, five (5) manufacturing plants in Lunas, Kedah comprising of machining, sheet metal fabrication, quality control and warehouse and two (2) assembly plants in Kulim, Kedah. The Group's fabrication plants in Lunas are equipped with state-of-the-art machine, consisting of 5-axis Computer Numeric Control ("CNC") machining center, CNC laser pipe cutting, CNC press brake, CNC punching, Waterjet Cuttings which enable us to manufacture a wide range of customized precision engineering for metal and plastic parts used in our machinery and equipment. Measurement of these parts is done in our own quality laboratories equipped with highest-end Coordinate Measuring Machine ("CMM").

We develop customised equipment and systems for customers in solar, semiconductors, consumer electronics, energy storage and life science industry. In solar sector, our solar division delivers automation system to leading global manufacturers of crystalline solar cells and thin-film solar modules. Other areas of business include the semiconductors, consumer electronics, energy storage and life science industry which we mainly serve our leading global customers that are manufacturers of smart devices, computers and computer peripherals, electrified vehicles and medical devices.

With over 20 years of continuous experience and innovation, we seek to be the market leader in factory automation by delivering cutting edge automation solutions to all our customers. Our designers and engineering specialists are committed to develop the best possible automation solution to our customers and are constantly upgrading their skills through the continuous training and developments opportunities provided.

On 28 December 2020, Greatech successfully completed its transfer to Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), eighteen (18) months after our Initial Public Offering ("IPO") on ACE Market of Bursa Securities on 13 June 2019. This was a critical milestone in our development and a great leap. We now have a diverse set of investors to support our continued growth and help us undertake strategic acquisitions and establish strategic partnerships that fuel growth.

Following our admission to ACE Market of Bursa Securities in June 2019, Greatech enjoys another strong year as revenue and profit for the financial year grow to RM261.13 million and RM87.85 million respectively despite the adverse impact of the pandemic to the global economy. This also represents a significant endorsement of our evolving business model and strategy.

COVID-19

With the COVID-19 outbreak declared as a pandemic by the World Health Organisation on 11 March 2020, it has created ongoing economic uncertainty and social unrest which brought considerable change to the risk landscape in FY2020. The Group has re-assessed all of its principal risks and implemented a wide range of mitigation measures, where necessary, as highlighted in the Statement on Risk Management and Internal Control ("SORMIC") and Sustainability Report in this Annual Report. The Group's customers in solar and energy storage sector were not materially impacted by the COVID-19 pandemic as they provide essential services. The pandemic temporarily slowed the normal ramp up of production and transportation of goods from suppliers in 1st quarter of FY2020, which was impacted by different lockdown implementations. However, inventory holdings built in advance in the Group provided some buffer to alleviate against disruption to borders and supply delays.

COVID-19 pandemic has resulted in limited direct disruption to most of the Group facilities in terms of inability to operate. As our business was considered essential, we have been granted approval by Ministry of International Trade and Industry ("MITI") to conduct operations at a reduced capacity of 50.0% on 18 March 2020 to adhere physical distancing rules, and continued to operate as normal starting 29 April 2020. As such, the Group has since been maintain its full capacity in servicing our customers and taking all necessary measures to protect the health and safety of our employees. The Group was grateful to all of our employees for their great commitment and constant effort in supporting our customers both on site and remotely. The preventive measures undertaken by the Group have accomplished well with minimal disruption to our operations.

Management Discussion & Analysis (Cont'd)

BUSINESS AND OPERATION OVERVIEW (CONT'D)

Key Markets

The Group manages the business into three (3) categories, namely Production Line Systems (“PLS”), Single Automated Equipment (“SAE”) and Provision of Parts & Services (“PSS”) and across three regions, namely America, Europe and Asia.

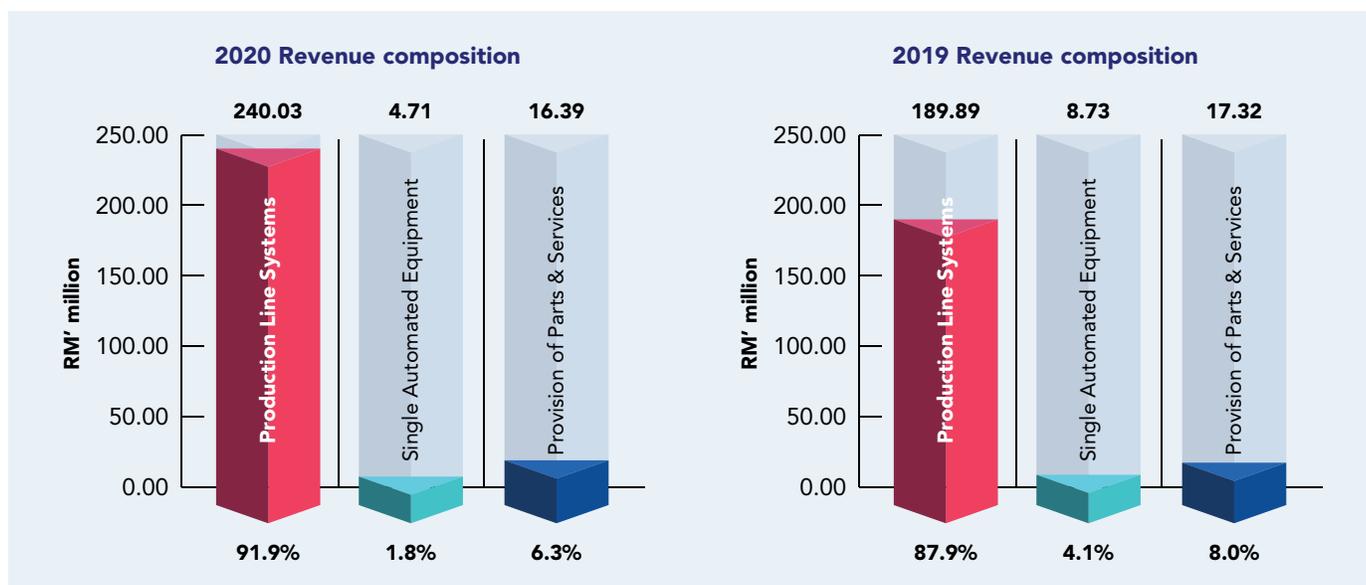
The consolidated revenue generated by the Group for the FY2020 rose by a robust 20.9% year-on-year to RM261.13 million. The equipment sales from PLS and SAE is Greatech’s core business. In FY2020, equipment sales accounted for 93.7% of revenue. The PSS accounted for the remaining 6.3% of the Group’s revenue. The positive trend in equipment sales in recent years continued, with a growth rate of 23.2% to RM244.74 million. Revenue of PLS continued to deliver growth and account for 91.9% of total revenue in FY2020. The growth was supported by strong demand in the PLS of solar and energy storage sector. However, not all expected orders in SAE were awarded in 2020, therefore order intake and revenue were below the figures for the prior year favoured by a major American order. Revenue for PSS declined slightly from the previous year’s record by 5.4% to RM16.39 million due to the lesser demand from customers in Asia region.

Revenue from America region, mainly driven by the PLS reduced to RM50.53 million as compared to RM153.17 million in financial year ended 31 December 2019 (“FY2019”). This was due to investment plans of a major customer in the thin-film solar market which were directed towards Asia, mainly Malaysia. However, the revenue in PLS for electrified vehicles grew as we increased market share in energy storage sector. The Group was able to install the majority of the PLS at the customer facilities in America although some interruptions thereafter due to the COVID-19 pandemic. Despite the international travel restrictions imposed by various countries, the Group remained in close contact with the customer and was able to continue installation and commissioning of additional machines during the 3rd and 4th quarter of FY2020.

Europe revenue in the FY2020 was RM0.60 million compared to RM0.50 million in FY2019, reflecting a lower percentage contribution of revenue from projects to the United Kingdom (“UK”) customers.

By contrast, revenue in Asia region predominantly driven by the thin-film solar sector grew 237.2% to RM210.00 million, compared to RM62.27 million in FY2019. This is due to one of our major customers ramp up its capacities in its facilities located in Asia, especially Malaysia. We also successfully extended our presence in Singapore, which enhanced Asia region equipment revenue.

For the FY2020 and FY2019, the revenue by categories were:

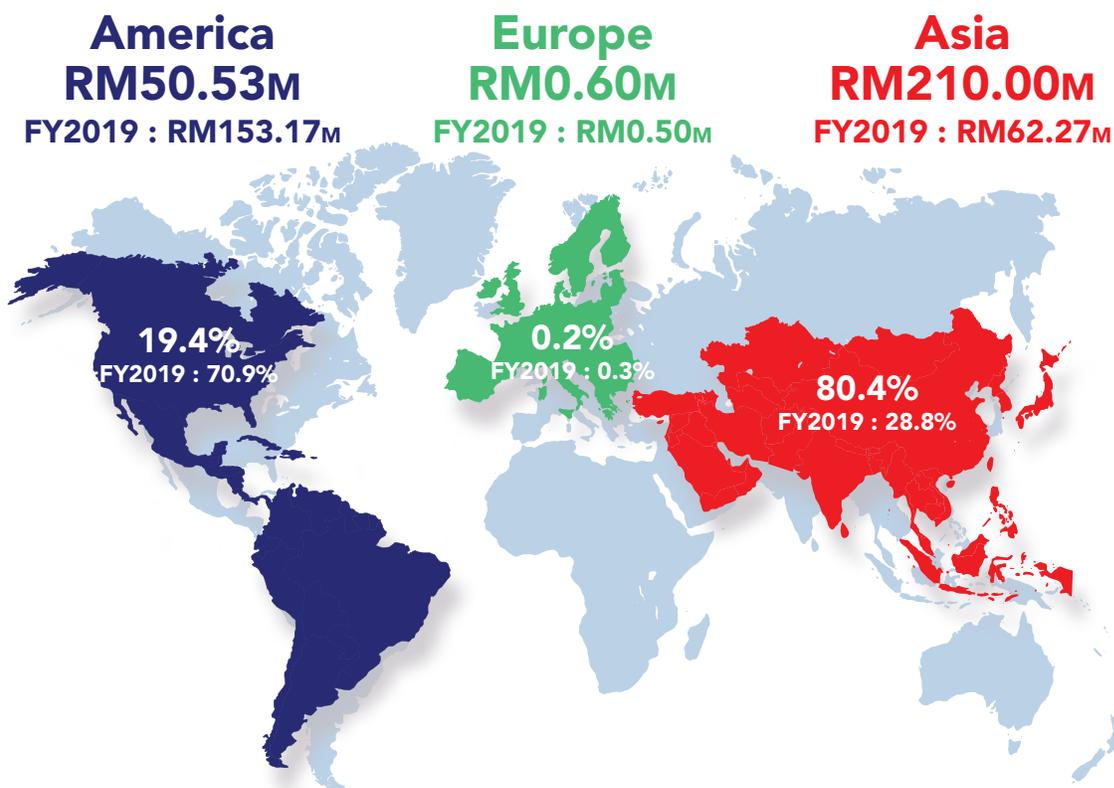


Management Discussion & Analysis (Cont'd)

BUSINESS AND OPERATION OVERVIEW (CONT'D)

Key Markets (Cont'd)

While the revenue by regions for FY2020 and FY2019 were:



Order Prospects

The Group's growth strategies started to gain traction within the organisation. Overall order prospects remain strong, exciting orders were secured in Electric Vehicle ("EV") and activity levels across the equipment business remain high. Despite challenging end market conditions, the market environment in some of our businesses showed improvement and the Group has continued to win new orders. In 2nd half of FY2020, we closed the Group's biggest ever deal, contracts worth more than RM200.00 million relating to PLS for one of the EV manufacturers in North America. In early 2021, we were delighted to announce a strategic partnership with a start-up mobility technology company, for development of prototype battery pack assembly line related to plug-in battery electric pick-up truck in Arizona, United States of America ("USA"). The collaboration is still in the early stage, and we expect several of the projects to develop into bigger contracts in the next phase.

The Group's business is well positioned moving into 2021 with an order book of RM351.20 million, grew by 63.3% from RM215.00 million opening order book in 2020, with a significant increase in order intake from our PLS business, and with a notably diversified customer base, reducing our reliance on individual customer. We remain mindful to project execution risk and are confident that the order book can be delivered at sold margins.

Management Discussion & Analysis (Cont'd)

BUSINESS AND OPERATION OVERVIEW (CONT'D)

Investment in Growth

Greatech Integration (USA) Inc.

We have commenced the geographic expansion journey we described during the IPO process. In October 2020, the Group has taken important strategic initiatives to broaden its footprint in rapid growth emerging markets. A wholly-owned subsidiary of the Group, Greatech Integration (M) Sdn Bhd has incorporated a new wholly-owned foreign subsidiary, namely Greatech Integration (USA) Inc. in Delaware, USA with production planned to begin in 2nd quarter of 2021. The investment focus on direct sales and support to increase customer value propositions and sales effectiveness of several large multinational of key industries which we have identified such as energy storage, and to raise customer awareness of other sectors.

We continue to invest in our USA subsidiary, Greatech Integration (USA) Inc. The company is currently leasing a 16,000 square feet building in Michigan, USA to exploit the growth opportunities in our market and to serve North America region better. We anticipate good growth opportunities for our PLS due to the strength of the industry in the area and the previously untapped customer base in the life science sector. The company is being managed independently by a local team who has a wide range of experience in engineering, sales, management and strategic implementation. We are making good progress and have entered into new project with one of the American EV manufacturer headquartered in USA at the start of April 2021.

Workforce grew above the 500

Greatech has grown significantly in recent years. To meet our ambitious growth targets, the Group needs qualified, passionate and highly motivated people who understand customers' needs and meet their high expectations. In 2020, Greatech employed 522 people locally and abroad, which is 104 employees or 24.9% more than in the previous year. The number of employees continued to rise, primarily in Penang, Malaysia, as a result of investments on expansion. We will continue to invest in training and developing our employees to ensure that our talented workforce remains one of our competitive advantage.

New facility in Batu Kawan Industrial Park ("BK I"), Penang

In May 2020, the Group has invested approximately RM19.20 million to construct a new facility in Batu Kawan Industrial Park, Penang and is expecting to obtain its Certificate of Completion and Compliance in the 2nd quarter of 2021. This 130,000 square feet double storey detached office, an annexed single storey detached factory is two times larger than our existing headquarter in Bayan Lepas, Penang and will support the Group's relocation of our entire Lunas fabrication facilities. This newly constructed facility aptly named BK I have the advantage of being built exactly in line with the Group's technology and operational efficiency focus. It provides a superb environment to operate and showcase our capabilities that enables us to serve our global customers even more effectively. The Group has also added new CNC machine and portable CMM amounting to RM3.42 million at the existing Lunas fabrication facility during the year 2020. This new plant will employ around 100 people in 2021 for the manufacture of machine parts and components.

New industrial land in Batu Kawan Industrial Park ("BK II"), Penang

As the energy storage sector continuing to add significant business, the increase will require a new facility to be built in 2021 in order to service forecast demand. Hence, the Group is adding additional innovative capacity into our base in Penang to support growing business needs. In January 2021, the Group entered into an agreement with Penang Development Corporation to acquire another piece of leasehold industrial land measuring 257,052 square feet in Batu Kawan Industrial Park, Penang which is close proximity to the Group's newly completed facility. A 230,000 square feet new building will be erected, focusing on engineering design and development services as well as professional development for employees with effect from March 2021. The building will be expected to be ready by 3rd quarter of 2021. We will employ approximately 220 people at this new plant in 2022. We believe that these facilities, which are strongly underpinned by projects from key customers, will contribute meaningfully to the Group's revenue growth.



Management Discussion & Analysis (Cont'd)

FINANCIAL HIGHLIGHTS

Financial Performance

Despite extraordinarily uncertain times, the Group has achieved a double-digit revenue growth of 20.9% reaching a record high revenue of RM261.13 million, with revenue increasing mainly in the PLS. This was backed by steady revenue growth from solar and energy storage sector.

Overall, the gross profit ("GP") has increased from RM72.86 million in FY2019 to RM113.48 million in FY2020. The GP margin has increased to 43.5% in FY2020 from 33.7% in FY2019. The improvement in GP margin can be associated with increased operational efficiencies, careful cost discipline in the face of growing revenue and better product margin mix.

The Group generated a profit before taxation ("PBT") of RM90.08 million in FY2020, a 56.5% increase from RM57.57 million in FY2019. The PBT margin was 34.5% in FY2020 as compared to 26.7% in FY2019. The increase in PBT was primarily due to the improved GP margin despite having a slightly higher other income of RM10.70 million which was being offset by higher administrative and marketing expenses of RM33.17 million as compared to FY2019.

Other income has increased marginally by RM0.70 million or 7.0% in FY2020.

Higher administrative and marketing expenses was primarily contributed by (i) increased headcounts from the research & development division and overseas, salary increment and bonuses, (ii) increased in research & development expenses, and (iii) impairment of trade receivables and contract assets, partially offset by reduced marketing expenses due to the international travel restriction imposed by foreign governments to curb the spread of COVID-19.

The Group's profit for the financial year increased by RM35.55 million or 68.0% to RM87.85 million in FY2020, compared to RM52.30 million in FY2019.

The Group has recorded other comprehensive income of RM3.31 million, mainly derive from the revaluation surplus of properties, net of deferred tax in FY2020 for accounting purposes.

The Group's strong profit improvement, coupled with a lower effective tax rate of 2.5% (FY2019: 9.2%), increased basic and diluted earnings per share to 7.02 sen from 5.64 sen in FY2019.

Financial Position

The Group has maintained a robust balance sheet. As at 31 December 2020, the Group recorded a net assets of RM286.75 million and cash and cash equivalents of RM284.02 million for FY2020 as a result of our improved profitability and in spite of increased capital expenditure to support the future growth of the business.

The Group's total assets was RM454.74 million as at 31 December 2020 in comparison to RM344.64 million as at 31 December 2019. It was primarily due to the increase of property, plant and equipment by RM26.99 million, an increase of inventories by RM8.81 million and an increase of short-term funds, cash and bank balances by RM67.60 million being surplus generated from daily business operations. The increase was offset by a reduction in contract assets by RM5.82 million.

Throughout the FY2020, the Group has invested approximately RM29.48 million for the purchase of property, plant and equipment and committed a further RM6.10 million as at 31 December 2020 in capital assets involving construction cost of new BK I building, upgrading our facilities, machine and company car purchases as well as deployment of Enterprise Resource Planning ("ERP") system which was kicked-off in FY2019.

Total liabilities has also increased to RM168.00 million in comparison to RM149.05 million in FY2019, mainly due to the increase in trade and other payables by RM11.02 million, provision for warranties by RM5.32 million and deferred tax liabilities by RM2.86 million.

Total equity has increased to RM286.75 million as compared to RM195.59 million in FY2019 mainly due to RM3.31 million arising from revaluation surplus of properties net of deferred tax and RM87.85 million of profit recognised in FY2020.

Net asset value per share rose to 45.81 sen as at 31 December 2020 compared to 31.24 sen as at 31 December 2019.

Cash Flows

Greatech maintained its strong cash generation abilities with net cash from operating activities of RM103.23 million. An amount of RM0.84 million and RM0.76 million was used for the payments of interest and taxes respectively.

Net cash used in investing activities amounted to RM28.16 million arising from net changes in the deposits pledged with licensed banks, net changes in deposits with licensed banks (more than three months) and purchase of property, plant and equipment.

The Group repaid RM1.00 million and RM1.45 million to financial institution and lease obligations respectively during the year.

After adjusting for the effect of foreign exchange rate changes, there was a net increase in cash and cash equivalent from RM215.11 million as at 31 December 2019 to RM284.02 as at 31 December 2020. This will provide the Group with sufficient financial flexibility for the funding of future growth initiatives.

Management Discussion & Analysis *(Cont'd)*

CORPORATE STRATEGY

2020 marked second years since we developed our new growth and expansion strategy. The Group has performed a review of its strategy post year end. Our strategic priorities remain unchanged and continue to remain relevant and appropriate for the medium term: to drive organic growth, innovative product development, improve operational excellence, strengthening talent base, broaden our regional presence and expanding our addressable markets through Merger & Acquisition activity.

During FY2020, we continued to focus on the rigorous implementation of our strategic priorities, which was a significant contributing factor to the robust financial performance and good organic growth achieved.

Recurring Revenue

Since 2019, the Group has strategised to drive the business through organic growth in our target markets of solar, energy storage and life science industry. We market our products and services through our own sales and marketing teams. 100.0% of our revenue is generated through our direct sales force.

Our experienced sales team continue to focus on building deep, long term relationships, interact and working closely with existing and potential customers to understand their needs and identify opportunities and challenges. Key account management is in place by focusing on the targeted customers, creating global customer accounts where Greatech can have a broad geographical reach and receive orders from the same customer in several markets.

We are also focusing on providing our extensive engineering knowledge of systems design, operations and maintenance to deliver value-adding engineering solutions to customers, who rely on our solutions and expertise to solve operational and efficiency challenges.

As our exposure to growth markets increase, we invest extensively in developing the knowledge and capabilities of all employees including our sales teams. We further enhance the industry specific knowledge and provide training to our sales team to enable them to sell effectively. Our new factory buildings are equipped with training room to facilitate learning. Our engineers and sales team also undergo extensive on-the-job training and mentoring.

Talent Management

We constantly invest in our brand as an employer in order to offer an attractive workplace with good possibilities in terms of satisfaction and a sense of togetherness, as well as within the areas of skills development and career paths. In 2019, Greatech developed core values and launched throughout the Group. We aim to create a culture that adds value to the business and encourages diversity, inclusion and innovative thinking. During 2020, we completed a Group-wide survey of our employees to understand how employees feel about their workplace and role. The survey for 2020 had achieved above-benchmark levels of satisfaction of 77.7%. We are extremely encouraged with positive feedbacks, based on being proud to be part of Greatech workforce and recommending the company as preferred employer.

During the year, the Group continued to grow its highly talented and experienced team, bringing on board additional experience and expertise, particularly in the areas of marketing, product design and development.

Regional Presence

Greatech business and product development are based on the customer's specific needs. Our direct sales approach allows our sales team and engineers working in close proximity to the customers, understand their needs and apply their technical expertise to help our customers solve their complex productivity, process, control and energy efficiency problems. We become an important strategic partner at an early stage in the process.

There are several large markets where the Group has yet to establish local presence. The Group is continuing its strategic process of investing in these markets with superior growth potential through the creation of a sales office or the installation of one or more sales engineers. We have had a local presence in Michigan, USA since October 2020 which give us a firm foothold on the market. The Group see growth potential in Germany, Ireland and India, which we have yet to tap into, as compared to North America.

As we continue to widen our geographical footprint by entering new markets, we are able to leverage the benefits of our direct sales presence and early entry into emerging markets.

Management Discussion & Analysis *(Cont'd)*

CORPORATE STRATEGY (CONT'D)

Research and Development ("R&D")

Investments in R&D is the core driver of the Group's growth. It is essential to meet customers' evolving requirements, continued expansion of our product portfolio across the Group, as well as innovative new products development. Our focus on new product development gained significant momentum during the year which enhanced the competitiveness of the Group.

The Group invests approximately RM9.30 million in R&D this year, which focusing on reducing time-to-market for new products of addressable markets, develop new applications for existing products, and aligning product development with industry requirements. We develop our products in-house and work with selected, market-leading partners for specialised solutions.

The Group endeavours to be at the forefront in order to distinguish itself from its competitors and create good conditions to drive the long term growth and the overall branding.

Operational Efficiency

Improving operational efficiency is fundamental to our objective of creating competitive advantage and remains a key part of our strategic initiative. Supply chain optimisation and manufacturing are both critical in delivering long-term profitability. While managing our business for financial success, we discipline costs. Rigid cost control is achieved by streamlining manufacturing processes and professional sourcing to increase our competitiveness through quality and cost efficiency.

During the year, we continued to drive margin improvements through improvement of our business processes to drive further operational productivity efficiencies. The Group has invested in the expansion of its production capacity, which enables the Group to cut lead times, resulting in lower costs and contributing value for our customers. Our supply chain team continues to identify further opportunities and optimise purchase price which contributes to further cost savings.

This enhanced productivity and operational performance provides an important foundation to underpin our increased competitiveness and responsiveness to customers.

Acquisition Strategy

Acquisitions are an integral part of our growth strategy. The Group continues to evaluate potential acquisition and investment opportunities, the focus of which is to find businesses that will enhance our existing presence on a market, in existing or adjacent product areas or within new customer segments and further expanding our technology capabilities. Our robust cash flows will support the Group's value-adding acquisitions.

RISK MANAGEMENT

Technology Obsolescence

Technological obsolescence is inherent in our nature of business. In this fast-paced technological era, customers' demand and requirements will evolve constantly. Failure to deliver market leading products will impact our ability to grow. As such, it is our mission to ensure continuous innovation and R&D is being made to mitigate the risk. The Group makes significant investments in product development. A three-year technology and product roadmap has been established and included in the Group's strategy for sustainable long term growth. Continuous staff development is also emphasised to ensure skills and knowledge of our employees are aligned with the latest technology in our business. With this right set of knowledge and skills, the Group will be able to continue to deliver cutting edge automation solutions to meet our customers' demand and requirements while keeping up with the technological changes.

Foreign Exchange Risk

The Group is exposed to foreign exchange risk, primarily with respect to US Dollar. In order to mitigate the foreign currency risk, the Group regularly review and assess our exposure to changes in exchange rates. We monitor the level at which natural hedges occur by matching the timing of the settling of sales and purchases invoice. The Group continually reviews the need to enter into forward contracts in order to mitigate any material forecast exposure. The Group finances overseas investments through the use of foreign currency receipts in order to provide a natural hedge over the foreign currency risk that arises from the transactions of its foreign currency subsidiaries.

Management Discussion & Analysis (Cont'd)

RISK MANAGEMENT (CONT'D)

Dependent on Certain Major Customers

The Group's business is project-based and most orders awarded were dependent on large capital projects by its customers each year of which the timing of customer decisions is beyond the Group's control. The revenue driven by a single customer or several customers may contribute to a larger percentage of the Group's revenue. Several risks associate from the nature of this type of business, including the potential for cost over-runs and delays in delivering the orders. The completions of projects are dependent on customer delivery schedules and the timing of third-party content. Thus, the revenue recognised may fall outside the financial period that was originally forecast. This in turn will have an impact on the Group's operating performance. The loss of a key customer, or significant worsening in their success or financial performance, could result in a material impact on the Group's results. The Group mitigates this risk by closely monitoring our performance with all customers through developing strong relationship and dedicated key account management teams. Engineering team and key account management teams are undertaking the technical and commercial reviews of major projects regularly. Resource capacity and lists of prospective orders are also regularly being reviewed. In addition, the Group monitors closely the financial performance of our key customers and the receivable balances outstanding from them.

In 2020, the Group continued to develop and expand our reach to new markets such as energy storage and life science sector. The revenue mix from broader customers base will enhance our resilience towards risk from a specific customer.

DIVIDEND

The Group does not have an explicit dividend policy and the Board did not recommend any dividend for FY2020 as the Group aims to utilise its funds for development and investment in growth market as well as development of technology and product portfolio.

OUTLOOK

The strong financial and operational performance exhibit the Group's resilience during the challenging time.

The Group assumes that there will be gradual normalisation of economic conditions and the global economy will recover in 2021, following a severe collapse in many sectors as triggered by COVID-19 pandemic in 2020. As coronavirus vaccinations are administered across the world, with ongoing fiscal policy actions and stimulus support in a few large economies, sustainable recovery is expected. US economy is also projected to grow surpass its pre-COVID levels this year, well ahead of Euro zone by International Monetary Fund ("IMF"). In Europe, where many countries began reimposing COVID-19 restrictions in October 2020 as new infection rates climbed, the economy is expected to remain severely impacted by the COVID-19 pandemic in 2020. However, IMF expects GDP of Euro zone to grow by 4.2% in 2021 and recovery is projected to increasingly gain momentum as the year progresses.

The global market for medical device has continued to expand, driven by macro trends relating to growing and aging population, increasing healthcare expenditure, technological development and increasing chronic and lifestyle related diseases. The growing adoption of automated machinery to process, assemble, test, inspect and package medical devices will drive market demand for medical equipment and benefit the Group in the long term.

The potential for increasing renewable energy demand, combined with the electrification of transportation is accelerating industry convergence. Solar energy companies are expected to benefit under the Biden administration, which has a US\$2.00 trillion agenda to combat climate change by encouraging solar energy as well as the development of battery technology, renewable energy and EV.

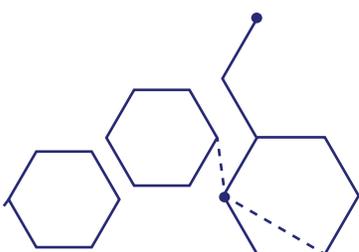
Greatech is a relatively small player in several markets, and we see good opportunities to win bigger market shares with our increasingly broaden regional presence, consistent product development and delivery capacity. The market outlook is bright on several of our major markets.

Despite the present uncertainties and rapid changing environment due to the effects of COVID-19 pandemic, the Group continues to focus on implementing our strategy initiatives which enhances our ability to outperform the markets and self-generate growth. The margin improvement initiatives will continue to help counter the current market headwinds.

Like the rest of the companies, we are actively managing the rapidly evolving situation with the current spread of the COVID-19. All facilities have remained open for production during pandemic. At the same time, the Group remain in line with all of the evolving public health requirements and safeguarding our employees and customers.

APPRECIATION

We have once again delivered an excellent set of results thanks to the approximately 522 committed, talented and passionate employees for their continued hard work and enthusiasm. Our fellow Executive Board members and us would like to offer our heartfelt gratitude to our shareholders, customers and suppliers for their continued support.



Sustainability Report

About this Report

Greatech Technology Berhad (“Company” or “Greatech”), together with its subsidiaries (“Group”), are proud to present its second sustainability report (“Report”) highlighting the Group’s activities and performances in the economic, environmental, social and governance aspects of sustainability. We hope this Report attests to our growing commitment fostering a much inclusive practice and methodology in overseeing the Group’s sustainability management.

Reporting Period and Cycle

We published our previous Report in May 2020, which contained the results for financial year ended 31 December 2019 (“FY2019”). This Report covers the period from 1 January 2020 to 31 December 2020 (“FY2020”) unless otherwise specified. However, as part of our commitment to transparent reporting, Greatech is reporting on a biennial cycle, setting year-over-year performance indicators that demonstrate our progress. As such, substantial restatements of data prior to FY2020 are noted in the corresponding sections. Going forward, our sustainability reports will be published on an annual basis.

Reporting Scope and Boundaries

As of 31 December 2020, our major operations, each having over 200 employees, located at 10 respective facilities in Penang and Kedah, Malaysia provide full support to our customers’ businesses. Reporting therefore focuses on the facilities at these two locations under our organisational control, with manufacturing footprints greater than 100,000 square feet (“sq ft”) each. Contrarily, our scope excludes all outsourced activities in which we do not have administrative controls over these entities, unless otherwise stated in the report.

The data presented and analysed in the People section of this report is solely based on the headcount of the Group’s main operating subsidiary, Greatech Integration (M) Sdn. Bhd.

Reporting Framework

This Report has been prepared with referenced to the Sustainability Reporting Guide (2nd edition) and Toolkits released by Bursa Malaysia Securities Berhad (“Bursa Securities”). It focuses on the material sustainability issues to both Greatech and its stakeholders. This Report should also be read in conjunction with this Annual Report 2020.

External Assurance

The Company has not sought external assurance for this Report but may consider doing so in future. We have relied on internal mechanisms to ensure the accuracy of information disclosed in this Report. Performance data for the corresponding material topic is reported in good faith and to the best of our knowledge. Financial statements included in this Annual Report 2020, however, have been audited by the independent external auditors.

Availability

The Report is available at our website: www.greatech-group.com in a downloadable PDF format.

Feedbacks

Your comments, feedbacks and critiques on the Report and our sustainability practices are valuable to us. Please drop us a message via our website: www.greatech-group.com.



Sustainability Report *(Cont'd)*

About Greatech

Listed on the ACE Market of Bursa Securities since June 2019, the Group focuses on developing customised equipment and process solutions for multiple industries including solar, semiconductors, consumer electronics, energy storage and life science. Greatech's automation equipment are used worldwide by multinational organisations ranging from medical device makers, renewable energy producers to semiconductor companies.

The Group was founded in 1997 and is headquartered in Penang, Malaysia, with subsidiaries and representative offices in Asia, United States of America ("USA") and Europe. As of 31 December 2020, our major operations, each possessing over 200 workforce, located at 10 different facilities in Penang and Kedah, Malaysia provide full support in meeting our customers' businesses requirements.

Greatech business activities include the design, development and production of system, machinery and equipment that are marketed under the Greatech's brand. In addition, we offer a variety of service products from conceptualisation, engineering development, prototyping, system integration to installation and commissioning, as well as customer training, after-sale service, parts, retrofits and equipment relocation.

On 28 December 2020, Greatech was transferred to the Main Market of Bursa Securities. We are regarded as one of the Mid Cap Companies with market capitalisation of approximately RM5.70 billion (2019: RM1.50 billion) at the end of FY2020, funded by equity.

The Company has incorporated a wholly-owned USA subsidiary in the end of October 2020, and there were no major changes in Greatech's company structure since last financial year. The legal entities and ownership structure are presented in our Annual Report 2020.

Corporate Values

We foster a high-integrity, diverse and inclusive work environment based on strong corporate values of integrity, innovation, performance, customer satisfaction, care & respect and teamwork. We believe these are the intrinsic principles that will lead us to creating values for our stakeholders and achieving sustainable goals for our businesses.



Our Vision

At Greatech, we are dedicated to be a market leader in factory automation by delivering cutting edge automation solutions.



Our Mission

At Greatech, we are committed to deliver excellent value to our customers by providing talent, technology solutions and world class service support.

Our End Market

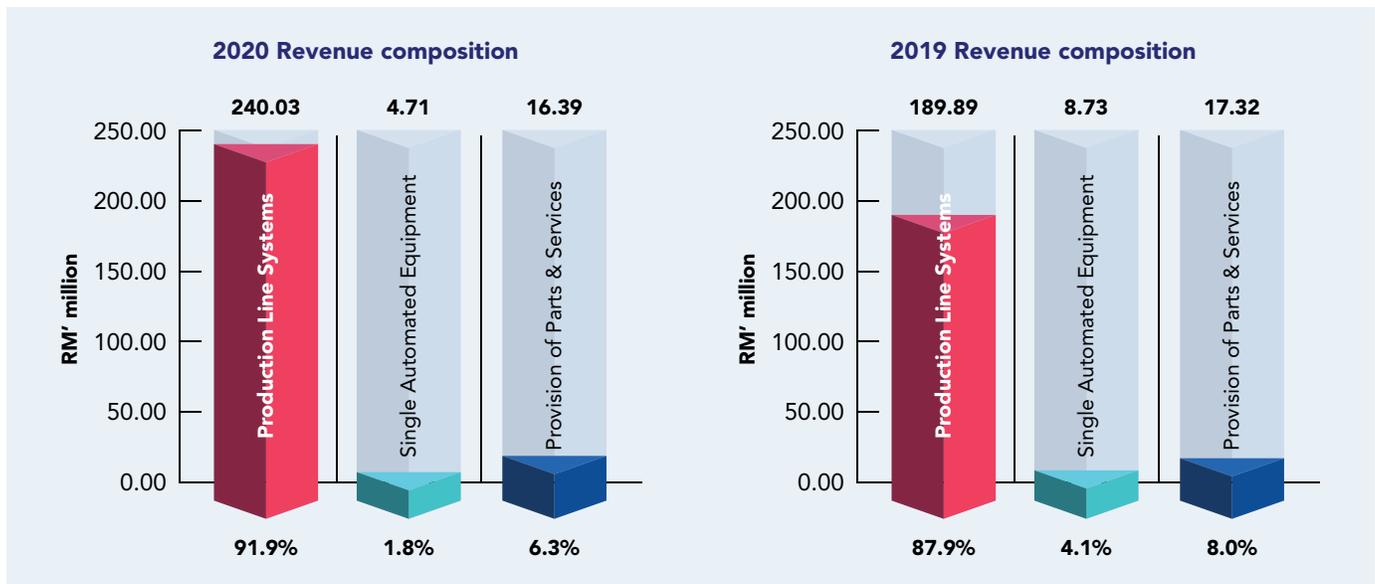
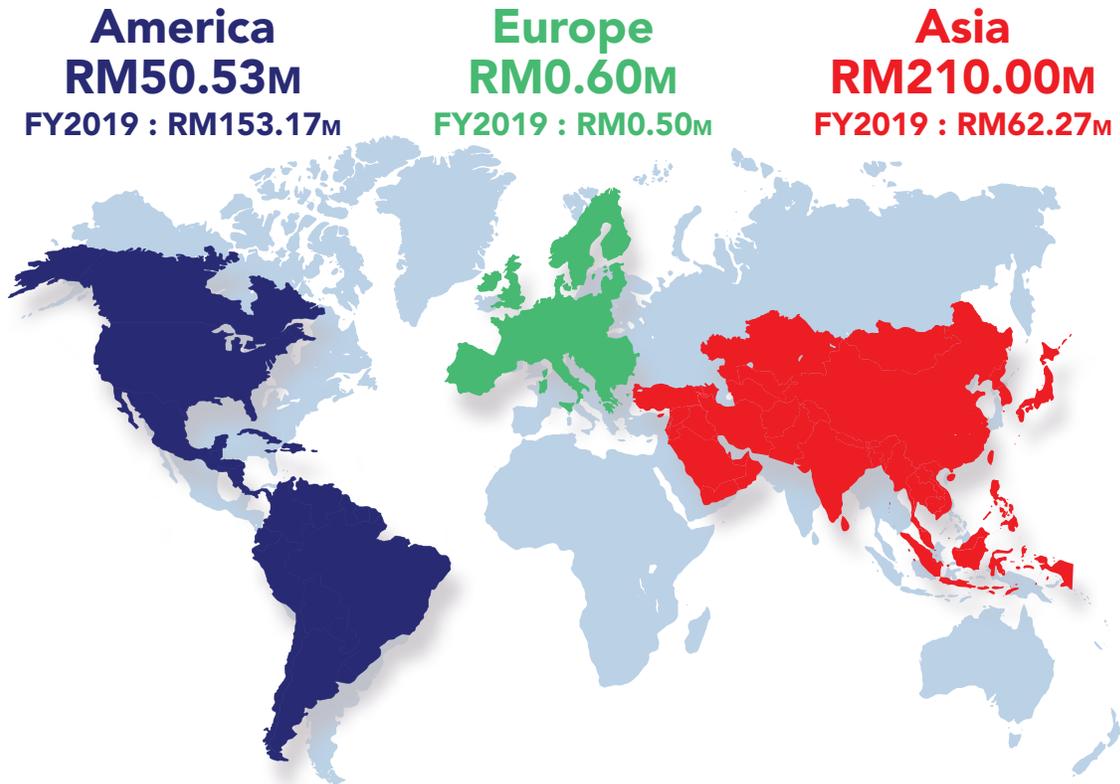
Greatech offers machinery and equipment to our customers as part of their manufacturing process. Since our listing on the Bursa Securities in 2019, we have carved out an escalating presence in three core businesses – Production Line Systems ("PLS"), Single Automated Equipment ("SAE") and Provision of Parts and Services ("PSS"). The Group's largest markets are the Northern Region of America and Asia. At present, Greatech has a prolific customer base of more than 10 comprising the multinational corporations, of which majority of them are located in America, Vietnam, Malaysia and China.

Sustainability Report *(Cont'd)*

Our End Market *(Cont'd)*

Greatech conducts most of its' marketing and sales activities locally through the respective subsidiaries established at its operating market, with minimal activities being carried out by the appointed sales representatives.

In 2020, we continue to be a mainstay in the solar energy industry, but we are also expanding our presence in industries such as energy storage and life science. Assuredly, Greatech is one of the preferred industrial equipment provider for the world's largest thin-film solar producer due to our innovative solutions and technical expertise.



Sustainability Report *(Cont'd)*

SUSTAINABILITY AT GREATECH

With the apparent shift of corporate sentiment across the globe, Greatech recognises its opportunity and responsibility to contribute towards a more sustainable world. Our sustainable strategy is planned and developed to deliver beyond the profitable growth for our businesses; we aspire to promote and create long-term values to our stakeholders including – customers, vendors, community where we operate, as well as to address the raising concerns on environmental matters. We acknowledge that genuine commitment and engagement in our sustainability practices has become a distinct competitive advantage to our businesses, as our stakeholders are now focusing on our sustainability efforts as the underlying factors, rather than looking at just the economic performance and product pricing of the Group.

In 2019, we had developed a Sustainability Policy that emphasises on the three (3) key values to our business: People, Planet, and Profit. Against this background, we are committed to our sustainability development goals covering three aspects of: environmental, social and governance (“ESG”). Our aim is to increase both the level of awareness and commitment among the workforces and business counterparts in achieving sustainable goals and objectives across the Group.

Stakeholder Engagement

As a company with global operations, Greatech forms part of an interactive relationship between the environment and numerous stakeholders who influence or are influenced by our operations to differing extent. To ensure we have considerably addressed our stakeholder’s interests and concerns in this ever-changing environment, we strive to maintain a regular dialog with our principal stakeholders: customers, employees, investors, shareholders, suppliers, government bodies, media, universities and the communities. At Greatech, the respective business divisions are empowered to identify their respective stakeholders through various channels including, regular consultations, internal survey and brainstorming sessions, news update, feedback from the potential stakeholders, discussions with members of the community, and with government. In the dialog with our stakeholders, we attempt to understand their viewpoints and needs, at the same time we aspire to build the much-needed trust by reinforcing the existing communication and relationship management systems. Likewise, our senior management provides feedback through regular reports and management meetings to ensure the stakeholder’s concerns and expectations are recorded and reasonably considered in the Group’s activities, targets and strategies.

The aforesaid efforts would provide us a clearer overview in recognising our stakeholder’s expectation whilst enable us to determine and identify the essential and ensuing steps to be considered in our sustainability approach. At the same time, the Company utilises this dialog to communicate its ambition to address social concerns and environmental issues, and to present the underlying requirements and conditions that are deemed important to us.

Based on the Group’s operations, the following stakeholder groups have been identified:

Stakeholder	Topic of dialog	Frequency of engagement	Forms of engagement
Investors/ Shareholders	<ul style="list-style-type: none"> Company business development Growth opportunities Strategy Corporate governance Sustainability Regulatory compliance 	<ul style="list-style-type: none"> Quarterly, annually On an as-needed basis and driven by events 	<ul style="list-style-type: none"> Press releases and Bursa Securities filing Roadshows and conferences Investors calls and analysts’ meetings Website information Quarterly and annual reports Annual General Meeting (“AGM”), Extraordinary General Meeting (“EGM”) and circulars Sustainability reporting Executive meetings, presentations and operational tours
Customers	<ul style="list-style-type: none"> Product quality and safety Sustainable technologies Product energy efficiency and price competitiveness Best practices Compliance Service excellence 	<ul style="list-style-type: none"> Daily, weekly, monthly, annually 	<ul style="list-style-type: none"> Audits Greatech after-sales activities Compliance certification Customer surveys Joint development with customer Proprietary company events and meetings Global, regional and local industry events, exhibitions and conferences Training and development

Sustainability Report *(Cont'd)*

SUSTAINABILITY AT GREATECH (CONT'D)

Stakeholder Engagement (Cont'd)

Stakeholder	Topic of dialog	Frequency of engagement	Forms of engagement
Suppliers and business partners	<ul style="list-style-type: none"> Product quality and safety Fair and transparent procurement procedures Occupational health and safety Training and education Compliance with Greatech and industry's standards Long-term partnership 	<ul style="list-style-type: none"> Daily, weekly monthly, annually 	<ul style="list-style-type: none"> Supplier evaluations and audits Due diligence Procurements and invitations to biddings/ quoting Meetings Emails Purchasing policies/principles Training and development
Employees	<ul style="list-style-type: none"> Health and safety Career advancement opportunities Company's growth plan and direction Training opportunities Workplace culture Compensation and benefits Work-life balance Diversity & equal opportunities Compliance with Greatech standards 	<ul style="list-style-type: none"> Daily, weekly, monthly, annually 	<ul style="list-style-type: none"> Intranet, newsletter and email Townhall meetings Performance review Employee engagements and activities Employee surveys Staff meetings Internal publications, policies and procedures Talent management program
Governments/ Regulators	<ul style="list-style-type: none"> Regulatory compliance Survey, statistical requests by local and national authorities Anti-corruption Occupational health and safety Scheduled waste disposals 	<ul style="list-style-type: none"> Monthly, quarterly, annually 	<ul style="list-style-type: none"> Formal and informal bilateral meetings with public officials at all level of governments Reports to regulatory bodies in compliance with applicable laws and regulations Participation in conferences, forums and events Announcements Correspondences
Universities, institutions and NGOs	<ul style="list-style-type: none"> Collaborations and partnerships on shared industry, social and environmental interests Networking of industry and research Recruitment 	<ul style="list-style-type: none"> On an as-needed basis and driven by events 	<ul style="list-style-type: none"> Meetings Memorandum of Understandings Collaborations with academia Research projects Educational fairs, events and conferences University group visits Internship
Media representatives	<ul style="list-style-type: none"> Innovation and technologies Greatech as employer Sustainability Financial position 	<ul style="list-style-type: none"> On an as-needed basis and driven by events 	<ul style="list-style-type: none"> Interviews Press releases
Communities	<ul style="list-style-type: none"> Collaboration and social investments Environment Innovation and technology promotion 	<ul style="list-style-type: none"> On an as-needed basis and driven by events 	<ul style="list-style-type: none"> On-going dialogue on charitable projects and organisations Donations and sponsorships Employee volunteerism Meetings Participation in Corporate Social Responsibility ("CSR") activities, initiatives, events and conferences

Sustainability Report *(Cont'd)*

SUSTAINABILITY AT GREATECH (CONT'D)

Materiality Assessment (Cont'd)

As stipulated in the above chart, we have considered the 13 topics in the upper right quadrant as material, which formed the basis for our sustainability methodology. Topics that fall under other quadrants are managed through other channels.

Moving forward, the Group will continue to review its material sustainability matters against the dynamic business environment, stakeholder opinions, as well as the emerging local and global trends on an annual basis.

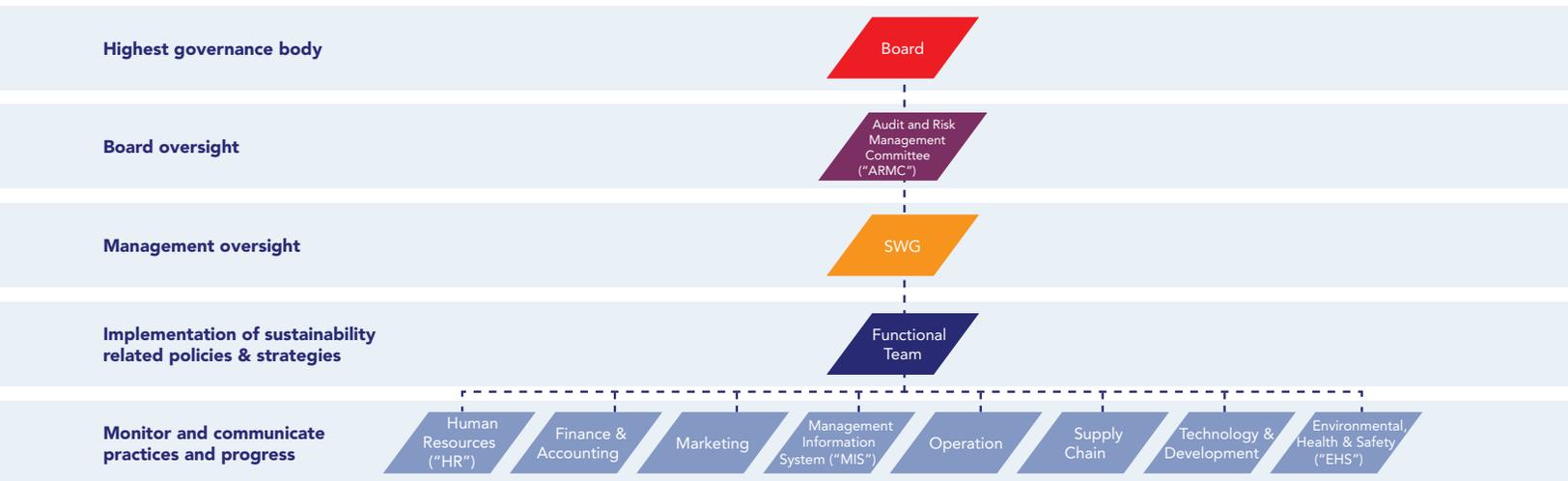
GOVERNANCE

Sustainability Governance

At Greatech, the Board of Directors ("Board") oversees the relevant ESG factors that may impact the long-term interest of our shareholders and stakeholders. In 2019, we formalised the management of ESG matters at Greatech by forming a SWG at the direction of our Chief Executive Officer ("CEO"), comprising cross-functional management level team who is tasked to integrate essential ESG practices into the Group's strategies. The sustainability indicators as applied in this report are gathered by the SWG through a close collaboration with the relevant departments across the Group. They are also responsible to regularly update the Executive Board on the topics and progress in this area.

The SWG is the main committee established to monitor and evaluate sustainability activities and performance according to the objectives and strategies approved by the Board on annual basis. Summarily, the responsibilities for implementing the sustainability initiatives lies within the relevant functions of the Group.

Our sustainability governance structure is outlined as follows:



The SWG convened one time meeting in 2020 to define the Group's sustainability approach, identify the impact, and solutions to fit in the context of global challenges. The SWG will continue to meet at least once a year to review the progress of its sustainability initiatives, recommend for improvements, whilst ensuring the Group's sustainability roadmap remain relevant and impactful to the Group's operations.

Sustainability Report *(Cont'd)*

GOVERNANCE (CONT'D)

Enterprise Risk Management

We assess potential sustainability risks and opportunities through our Enterprise Risk Management ("ERM") Framework. The ARMC is responsible to oversee the risk management policies and processes of the Group. They would receive regular updates from the management on key enterprise risks exposures and how these exposures are diligently managed and addressed by the respective subject-matter-expert within the Group.

Additionally, our ERM assessments are coordinated with the internal audit process to ensure consistency and appropriate coverage is considered in the upcoming internal audit plans. We are committed to perform the internal audits on a regular basis to ensure the operating risks are minimised, whilst to determine improvement areas and ultimately achieve the desired operational efficiencies in our business activities. Four internal audits took place in 2020. The regular reviews by internal auditors were marked satisfactory without significant control weaknesses identified concerning the Group's environmental, social, or governance practices.

For detailed disclosure on risk management, please refer to the Corporate Governance Overview Statement section in this Annual Report 2020.

Code of Conduct & Ethics

Greatech's corporate values are the fundamental principles that steer our behaviour in interacting with our associates, customers, vendors and shareholders on day-to-day business activities. In 2019, we created a Code of Conduct & Ethics ("Code") that reflects our corporate values and desired behaviour which the Group wishes to foster amongst its stakeholders. The Code has been updated in 2020 to include the principles of Anti-Bribery and Anti-Corruption. The updated Code, which is publicly available to everyone, was published on 29 May 2020 subsequent to the approval from the Board. The Code serves as a foundation of commitment to carry out our business in a responsible manner, with utmost honesty, integrity, accountability and in strict compliance with the applicable legislations. It also governs other key topics, including insider trading, conflicts of interest, data privacy, human rights, non-discrimination employment practices, forced labour and safety in the workplace. The Group's Directors, senior executives and other employees are bounded by the Code and encouraged to live its values on a daily basis.

The roll-out of the updated Code was accompanied by multiple communications to our employees through various sessions of classroom training and online learning platforms. We believe with adequate trainings provided to our employees, we are able to instil the corporate values to them, as well as highlighting the ethical boundaries which ought to be observed by all levels of workforces during their stay with the Group. A 100.0% completion rate for the training was attained in FY2020. After training, employees are required to certify their understanding on the application of the Code in their jobs and how these application comply with the provisions.

Other ethics and compliance trainings on selected topics and target groups such as trade compliance, insider trading, conflict of interest, environment, health & safety were also provided in various learning platforms, including e-learning and classroom training. Participation is mandatory for all employees. Additionally, the Group has incorporated these trainings as part of our onboarding process to all the new employees.

At Greatech, we believe that employee's diversity is one of the key element in achieving our business objectives. To uphold our commitment to an open, inclusive, and respectful environment, our Code requires a firm commitment to the equitable treatment of all our employees. As stressed in our Code, we do not tolerate any forms of discrimination or harassment at our workplace.

Moving forward, all Greatech employees are required to provide their certification on the compliance of the Code and its related policies, such as our Conflicts of Interest Policy and Anti-Bribery and Anti-Corruption Policy on an annual basis.

Whistleblowing Policy

The Group has established a robust Whistleblowing Policy that stipulates the optimal procedures concerning the reporting of misconducts as committed by our employees or relevant stakeholders. We commit to protect the whistle-blowers against any retaliation, for all reports disclosed in good faith. Employees or third parties are encouraged to report any suspected or actual misconduct through a secured website or a dedicated email. The said reports raised will be ultimately escalated to the attention of the Board Chairman/ARMC Chairman. There were no whistleblowing cases being reported in FY2020.

Anti-Bribery and Anti-Corruption Policy

As outlined in our Code, Greatech is committed to conducting its business in the right way, including zero tolerance in any form of bribery or corruption. To ensure that we uphold our values whilst complying with the anti-corruption legislations, such as the Malaysian Anti-Corruption Act 2009 (Amendment 2018), the Group has developed an Anti-Bribery and Anti-Corruption Policy that mandates our Board, employees and business associates to be in strict compliance with these anti-corruption laws. The policy governs our stance in prohibiting any forms of payments and acceptance of bribes within the Group, and stipulates the guidelines for our Board, employees and business associates in dealing with tangible and intangible gifts and entertainment.

Sustainability Report *(Cont'd)*

GOVERNANCE (CONT'D)

Anti-Bribery and Anti-Corruption Policy (Cont'd)

In 2020, we have also provided trainings on compliance issues covering the Anti-Bribery and Anti-Corruption Policy and procedures to all of our managers and employees. 100.0% of our employees have committed and participated in the aforesaid training. The Chief Financial Officer ("CFO") kept all five members of the Board fully informed on the Anti-Bribery and Anti-Corruption Policy and procedures as well as the development of the Group's compliance under this area.

With the utmost commitment upheld by the Group, we are pleased to inform that there have been no incidents of confirmed corruption during the reporting period. It is the Group's goal to maintain zero incidents of corruption.

Human Rights

Greatech's approach to address the human rights is guided by our values of integrity, caring and respecting the people which are fundamental to our business. We respect international human rights and recognises the importance of evading all forms of forced labour, including child labour and stopping the workplace discrimination. This principle is defined in our Code, which applies throughout the entire Group.

Child, Forced or Compulsory Labour

Our Code prohibits the employment of children, forced or compulsory labour in our business. Similarly, our Supplier Code of Conduct ("Supplier Code") also prohibit our suppliers from exploiting any child, forced or compulsory labour. As part of our commitments in fighting for human rights, our suppliers are required to provide their acknowledgement on the receipt of Supplier Code as an evidence that they are aware of the Group's expectation prior to entering a business engagement with us.

Additionally, the Group have set age of 18 as the minimum age of employment, which complies with or exceeds local laws and regulations.

Greatech also does not sanction any employments which may expose the people to hazardous working conditions, either at our own sites or as part of any business relationships we are involved in. Concisely, we pledge to ensure that we are not complicit in human rights abuse.

Compensation

We ensure that the compensation packages meets or exceeds the legal minimums and is competitive with industry standards. Additionally, we ensure that adequate communication on our compensation philosophy is conveyed to our employees through various channels such as our employee's handbook, Company's memo, briefing and trainings, and is in full compliance with all applicable laws.

Data Privacy

According to Greatech's Code, all employees including the Directors hold the responsibility to comply with the applicable local laws and regulations concerning personal data protection. We recognise that maintaining the highest standard of data security and privacy are imperative to our stakeholders. Thus, we are dedicated in ensuring the data stored across our Systems, Databases, and Networks are being adequately safeguarded.

To this end, the Group established a MIS department in 2018 with the objective to keep track on the rapid developments in Information Technology ("IT") and ensure that our systems remain compatible and updated with the highest level of protection in terms of data and network security.

At Greatech, we practice disciplined data management. During the course of business, we are required to regularly collect and assess the data of our employees, job candidates, customers, and business partners. As such, we strive to continually promote and communicate the importance of data protection and strict adherence with local legislation to all relevant employees who are granted the authority and access to sensitive data and confidential information. Our MIS team, who is responsible to oversee, implement and maintain various Systems, is required to sign a Restricted Project Non-Disclosure Agreement ("NDA") with the HR personnel and Sales team to ensure that the customer's information and their related sales data are not being disclosed to any personnel who does not have the authorisation to view or access the said confidential information.

Sustainability Report *(Cont'd)*

GOVERNANCE (CONT'D)

Data Privacy (Cont'd)

Additionally, our data management is governed through MIS policies and procedures such as password, email, internet policy, with other safeguarding measures in place to protect the confidential information stored in the IT system. Access rights of designated employees were also being reviewed on a regular basis by the management to ensure the accesses commensurate with their respective roles.

In 2020, we received no substantiated complaints concerning breaches of customer or employee privacy and to the best of our knowledge, there are no leaks, theft, or losses of customer or employee data.

Cyber Security

Data is one of the dispensable asset to the Company. Fundamentally, Greatech is committed to safeguard the information security and data protection of its IT infrastructure, products and the data security of employees and customers.

The Group has established and enforced a Cyber Security Policy designed to protect the confidentiality, integrity and availability of data stored in the IT systems. To ensure strict compliance with the aforesaid Policy, we introduce cyber security awareness training during the onboarding program of new employees. Subsequently, we commit to continuously provide periodic updates on cyber security measures to all of our employees. Real-time scanning, endpoint protection platform, security patching of known IT vulnerabilities as well as anti-virus and firewalls are utilised to minimise the IT security risk, at the same time validating the effectiveness of the Group's data protection system. It also aimed to ensure that the adequate control procedures are being enforced by the relevant management team members.

Maintaining the compliance with cyber security guidelines and the governance of cyber security program falls under the responsibility of the MIS department which is supervised by the CFO. The CFO periodically updates the Executive Board and ARMC on the relevant matters of cyber security, cyber risk, and development of related policies. Likewise, the ARMC regularly reviews and discusses with management on the strategies, process improvements and controls pertaining to IT operations, cyber security, and cyber risk.

In 2020, management conducted a mandatory IT security awareness training covering information security issues such as ransomware, phishing, password protection, smart phone usage, social media protocol, malware, and cybercrime. Employee's roles and responsibility in protecting Company's data, provisions set out in the information security policies, as well as guidance on how to manage digital resources in a safer and practical way were the key topics we briefed to our employees. To ensure our employees maintain adequate awareness towards cyber security risk, we commit to publish a monthly newsletter to our computer users through email, raising their level of awareness as well as highlighting the latest cyber threats to the Group. The MIS employees were also required to undertake cyber security training in 2020 to ensure they keep abreast of the latest development on cyber security threat and the subsequent measurements needed to address said threat.

Customer data is processed and centralised in an isolated server whereby only the authorised personnel are granted with the access to the information kept in the system. Regular review on user access and its activities is conducted to ensure there is no unauthorised access and misuse of authority. As of 31 December 2020, no infringement of customer privacy or loss of customer data were reported to us.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Cyber Security (Cont'd)



There were no reports of major cyber security violations or loss of proprietary information in 2020. Nevertheless, the Group will continue to raise and instil IT security awareness to our employees through our training programs and invest in security improvements to minimise and prevent relevant security threats.

BUSINESS SUSTAINABILITY

Economic Performance

The Group offers a variety of comprehensive automation solutions across our operating markets in USA, Asia and Europe. Intrinsicly, our revenues are derived from different geographic region, product range, and customer base. We are mindful that our economic performance contributes to financial stability which in turn, has an impact on our ability to meet our financial obligations to the stakeholders, such as payment of salaries to our employees, to government through taxes, to shareholders through bonus shares issuance, to suppliers through purchases, and to communities through donations, sponsorships and internship opportunities.

Despite the pandemic which has adversely affected the global economy and financial markets, the Group however, proved that it had manage weather in the storm in an applauding way in achieving yet another dynamic and profitable growth for the year. The Group delivered another resilient financial and operational performance in FY2020, whereby our revenues rose by 20.9% to RM261.13 million (FY2019: RM215.94 million), reaching new record high.

Profit Development

The growth in revenue was also reflected in the Group's profit after taxes ("PAT") in FY2020. PAT grew 68.0% to RM87.85 million, while the PAT margin reached 33.6% (FY2019: RM52.30 million; 24.2%). Our capital expenditure in FY2020 reached approximately RM29.48 million compared to approximately RM12.11 million at the end of FY2019, an increase of 143.4%.

Profit before taxes ("PBT") rose 56.5% to RM90.08 million in FY2020 (FY2019: RM57.57 million). This resulted in an improved PBT margin of 34.5% (FY2019: 26.7%).

Sustainability Report *(Cont'd)*

BUSINESS SUSTAINABILITY (CONT'D)

High Return on Equity

The Group's financials and assets remained strong, with a net assets of RM286.75 million (FY2019: RM195.59 million) and net cash after borrowing of RM266.91 million (FY2019: RM198.80 million).

Bolstered by the strong profit development for FY2020 as a whole, return on equity ("ROE") improved to 30.6% (FY2019: 26.7%).

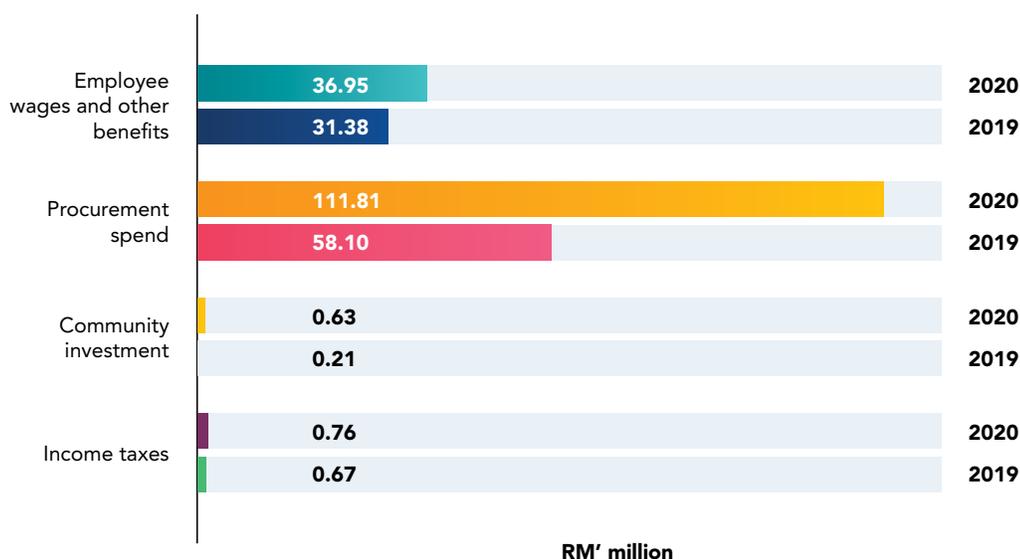
In addition to increasing of our total assets, we increased the cash and cash equivalents to reach RM284.02 million (FY2019: RM215.11 million), which is an increase of RM68.91 million compared to the preceding year.

Grant Received

During FY2020, the Group received government grants amounting to RM0.29 million. These include subsidies and rebates under the NCER Talent Enhancement Programme ("NTEP"), JomKerja from the Northern Corridor Implementation Authority ("NCIA") and Programme Incentive PenjanaKerja from Perkeso.

Flow of Capital to Stakeholders

Our stakeholders contribute and share the revenue that we generate as a company: employees, suppliers, governments and local communities. As a committed organisation that aims to achieve sustainable business development, the Group is dedicated to stimulate economic activities at the local and regional levels to improve the living standards of our employees and communities. We accomplish this by providing stable, fair-paying jobs, procuring goods and services from local suppliers, paying income and other taxes, and investing in community infrastructure and initiatives.



As indicated above, the Group made payments of RM36.95 million to employee wages and other benefits (FY2019: RM31.38 million) and RM0.63 million to local communities (FY2019: RM0.21 million).

The Group paid taxes on income amounted to RM0.76 million in the year under review (FY2019: RM0.67 million), thereupon translated our commitment to contribute to the growth of our country's economic value, both in the direct and indirect way.

Sustainability Report *(Cont'd)*

BUSINESS SUSTAINABILITY (CONT'D)

The Greatech Share

Even though 2020 was a highly volatile year on global stock markets, our shares performed well, recording a gain of 279.2% as of 31 December 2020. The Company thus significantly outperformed both its Bursa Securities benchmark indexes and peers. It then went on to gain over 19.1% again from the beginning of the year to the start of April 2021.

The share price climbed from RM2.40 (as at 31 December 2019) to RM9.10 (as at 31 December 2020). The highest price was RM9.79, exceeding the previous peak from the year before (FY2019: RM2.40). The lowest price in 2020 was RM1.34 (FY2019: RM0.635).

Greatech's market capitalisation at the end of 2020 is amounted to approximately RM5.70 billion (31 December 2019: RM1.50 billion). This corresponds to an increase of over RM4.20 billion (+280.0%) for the year under review.

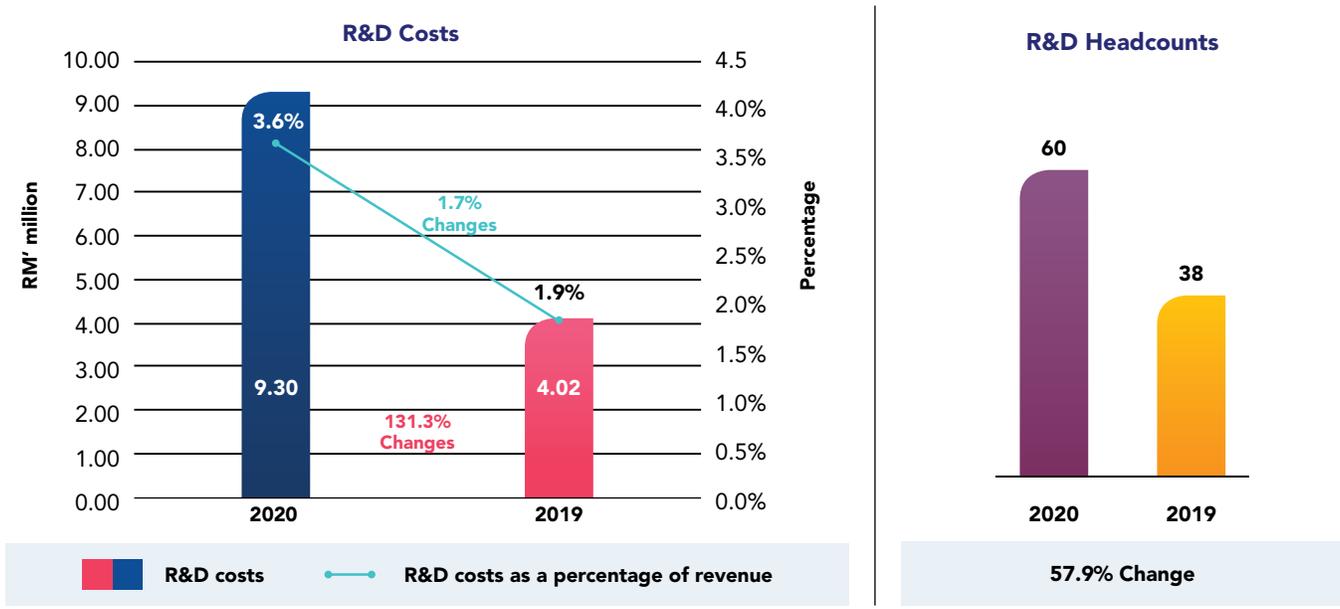
In 2020, 626,000,000 ordinary shares were in circulation at all times. Subsequently in January 2021, the Company has completed its 1:1 bonus issue, resulting in the increase of ordinary shares in circulation to 1,252,000,000. This resulted in earnings per share (basic and diluted) of 7.02 sen (FY2019: 5.64 sen).

For detailed information on the Group's economic performance in FY2020, please refer to the investor page in our website, or the Audited Financial Statements disclosed in this Annual Report.

Innovation and Technology

As one of the world's leading automation solution providers for factories, we strive to rapidly transform creative ideas into commercially viable product and service offerings to meet the sophisticated market needs. This is paramount in driving our organic revenue growth and the development of Greatech's operations, by maximising our customer's expectations and to create values to our strategic partners, including suppliers and collaborators.

We place significant concentration in investing and managing our research and development ("R&D") activities in headquarter, Penang. The R&D division is a dynamic team responsible for developing new products, as well as improving current product design and engineering capabilities. Fundamentally, we use environmentally friendly materials wherever possible to further extend the life cycle of each product whilst enabling resource recovery after the end of its useful life. Ultimately, our ambition is to design the products that are highly sustainable by relatively low maintenance. In 2020, we invested RM9.30 million on product-related R&D. The results of these investment were then translated to the launched of two new products, such as battery cell sorting system and battery cell testing system, spanning new energy storage industry for electrified vehicles. With the strong growth of business in Greatech, our R&D professionals has expanded to 60 employees this year from 38 employees, an increase of 57.9% in headcounts to focus on emerging market product-related R&D, specifically in photonics, vision system and Internet of Things ("IoT").



Sustainability Report *(Cont'd)*

BUSINESS SUSTAINABILITY (CONT'D)

Innovation and Technology (Cont'd)

Along with our innovation roadmap, we aspire to continuously advance our technology and be innovative in our product development to maintain our market competitive edge by targeting the needs across the increasingly promising markets. To achieve our goal, we leverage on our key stakeholder's relationships, including our customers and diverse supplier base to gather relevant market information and future trend, which allow us to transform these business information into new products and cutting-edge solutions.

Given the market swift of attention towards climate change, decarbonisation and urbanisation, Greatech realises that we need to inculcate sustainable engineering solutions that meet our customer's expectation and requirement. As such, we strive to maintain our engagement in the emerging markets to promote knowledge transfer on product stewardship that subsequently drive our culture of innovation. We have also stepped up our efforts to implement an innovation-oriented ecosystem by forming enterprise-wide collaboration and partnerships with academics, laboratories, and other technology companies to ensure we are focusing and investing on the key aspects of innovation that are of the greatest interest in the market.

In line with this innovation strategy, the Group launched its own Innovation Council which aim to promote innovation and deep learning for engineering applications among the team by leveraging close ties with universities and academics such as Universiti Tunku Abdul Rahman and Tunku Abdul Rahman University College.

Greatech's order intake reflects the success of its innovation efforts and provide an early indication of revenues trends. It increased significantly between 2015 to 2020, from RM21.39 million five years ago to RM261.13 million today. This testified the Group have made the right strategic choices to venture into different market sectors and investing enough resources to develop the right technologies and product ranges that are suited to the market evolution.

Looking ahead in 2020 and beyond, our approach to innovation include:

- Understanding customers' needs at the early stage of engagement, and continue to maintain a regular dialogue with them;
- Co-developing and advancing new technologies through partnership with universities, colleges, policymakers and other technology companies;
- Promoting diversity and inclusion to create the culture of cross-exchange of ideas and perspectives that is critical to fuelling innovation; and
- Promoting innovations by focusing on creating social impact through Science, Technology, Engineering and Mathematics ("STEM") education, awareness and empowering communities to grow along with the global economic pyramid.

Customer Satisfaction and Engagement

Customer satisfaction is one of the pivotal factors for Greatech to remain its industry competitiveness, branding and reputation. Our aim is to offer the customers a safe, resilient and sustainable solution that meets or exceeds their needs and expectation, from the stage of conceptualisation, design, development, to after-sales services. At Greatech, we empower our employees to show their personal responsibility and strong commitment in attaining customer's satisfaction.

Our teams work in close collaboration with the customers to discuss the sustainability of Greatech's offerings and how we can assist in meeting their distinct requirements and targets. For existing customers, we remain committed to provide a wide range of services such as upgrade and regular maintenance support on the PLS and SAE employed in their factories to ensure our solutions remain effective and pertinent to their sustainability goals. Depending on our customer's need, we offer an extensive range on the service maintenance packages – from routine servicing to a full service plan including regular support and replacement of spare parts. We understand that well-maintained machinery and equipment are compelling to our customers as it upholds the highest production quality, minimises production waste and downtime which in return, achieves operating cost efficiency in the long-run.

Aside from that, we ensure that our experienced technical service engineers remain prepared to provide technical insights to the customers in operating said systems to optimise the production's efficiency during our visit to the customer's facilities. Likewise, a Strategy Accounts Manager is assigned to and supported by our Project Management team to continuously engage with our customers to understand their emerging requirements, address and resolve their concerns, whilst building strong, productive customer partnerships that enhance customer satisfaction and accelerate revenue growth. Through these efforts, we are confident to maintain our standing as an eminent and trusted supplier to our customers.

Sustainability Report *(Cont'd)*

BUSINESS SUSTAINABILITY (CONT'D)

Customer Satisfaction and Engagement (Cont'd)

Towards our commitment to stay as a first-class automated solutions provider to our customers, the Group undertakes an annual customer satisfaction survey with its key customers to collect feedback on their experiences working with Greatech. The surveys are aimed to assess the levels of customer satisfaction from several aspects – the Group's products quality, timely delivery, after-sales services and support rendered to them on project basis. We believe the results of the said survey had helped us to identify our strengths and opportunities for improvements whilst maintain ourselves in a strategic competitive advantage amongst the peers.

Through the recent survey conducted to all our key customers with core projects in October 2020, we are proud to announce that they have rated Greatech's products and services to be excellent, with an average score of 93%. Despite the encouraging results, Greatech is devoted to continuously develop reliable, safe and cost effective products and services that meet or exceed our customer's specific needs.

Product Safety and Quality

Safety, quality and reliability of our products are the most significant elements to Greatech's sustainable business model and value creation. It is pivotal to us in ensuring we develop and deliver products that are safe and functional for all users. As such, we strive to relentlessly build and strengthen the safety and quality standards of our machinery and equipment at every stage of our product lifecycle, from concept, design, and throughout the manufacturing to production process, including strict protocols in design reviews, Failure Mode Effects Analysis ("FMEA"), and fabrication part approval.

In demonstrating our professional integrity and ethical business practice, we are committed to deliver the highest quality of products and services to the customers, in line with our corporate values and the Code. Our strong commitment in upholding this principle is governed by the robust quality management systems at all our manufacturing plants which are certified by the international ISO 9001:2015 Standard. To further signify our commitment, we are accredited with ISO 13485:2016 Medical Devices Quality Management System – a Standard that specify the requirements on the safety and efficacy of medical devices certification in year 2020.

Notwithstanding that, we provide adequate training to our employees throughout the year to ensure the implementation of these systems are strictly adhered to and complied with, whilst reinforce their knowledge and awareness in maintaining the product safety and quality of our machinery and equipment. With furtherance to that, our Quality Assurance team is in place to ensure our products meet the relevant specifications and standards at all time. They conduct internal audits concerning the quality management systems at our production sites every year to identify and address any potential risks. Through these initiatives, we envisage to continuously make improvements over the quality assurance systems for the betterment of the Group as a whole.

Greatech understands that attaining safety and quality excellence for our products also require collaborations with our business partners across the supply chain. As such, we strive to promote our ambition and communicate our expectations with suppliers on a regular basis to ensure they understand and share the same value in our partnership journey. In general, our key suppliers are required to meet the internal quality benchmark during their course of business with us. Thereafter, we monitor their performance and compliance status through our supplier audit process.

Contrarily, we communicate with our customers on the relevant safety information which are included in the operation and technical manuals upon handing over the machinery and equipment to them. Safety instructions are also affixed to the product to appropriately warn the machine operator of potential hazards in the operation of said product. In addition, Greatech endeavours to work closely with the customers to further understand and accommodate their requests to include additional product safety requirements where necessary. As part of our efforts to upholding our customer's trust and expectations, we apply rigorous procedures to ensure the product safety is on par with the requirement, including utilising the FMEA to identify, address and monitor potential hazards in our production processes as well as at our customer's facilities. With strict quality assurance management and focused emphasis on product safety and quality, we are delighted to report that there is no major incident or report made by our customers or relevant governing bodies concerning the breach of safety and quality standards in the year of reporting.

Sustainability Report *(Cont'd)*

BUSINESS SUSTAINABILITY (CONT'D)

Responsible Supply Chain

The Group delivers large, complex, and customised machinery and equipment and services to customers with diverse supply chains amongst the projects. Majority of our direct suppliers are the component manufacturers, metallic material suppliers and fabrication workshops. The remaining suppliers comprise of logistics partners, packaging, and other service providers.

At Greatech, we commit to ensure our procurement practices remain fair and transparent, whilst selecting only the competent, qualified and reputable suppliers. The Group has a comprehensive Procurement Policy and the relevant ISO Quality Management System in place which provides reasonable guidance to our procurement team within the selection and evaluation of suppliers. Generally, our suppliers are selected based on their price, quality, delivery lead time, after-sales services, financial stability, flexibility, capability, growth potential and business integrity. To ensure our suppliers remain reliable, competent and qualified, we constantly screen and monitor their performance to ensure they remain consistent in delivering their commitment to us. When necessary, we would conduct on-site supplier's audit to further testify their standards and qualities of deliveries in meeting our quality expectations. Based on our recent performance evaluation conducted during the year 2020 to the key suppliers, we are satisfied with the overall assessment results – which was recorded above 95.0%.

In the year of 2020, the Group spent RM111.81 million on customer-related purchasing (FY2019: RM58.10 million) and partnered with more than 500 approved suppliers located worldwide supplying components, direct materials and fabrication work.

As a customer-centric organisation, the Group strives to constantly explore the global procurement opportunity as well as making purchases from local suppliers in response to the requirements and needs from our customers. At the same time, we prioritise local sourcing from suppliers that are geographically located near our purchasing and manufacturing facilities, wherever possible as an effort to create domestic employment, support local business, reduce the carbon footprint from overseas shipment, optimise material flow, and achieve cost-saving in transportation. In FY2020, our spending on suppliers based in Malaysia accounted for 63.2% (FY2019: 64.1%), equivalent to RM70.61 million (FY2019: RM37.26 million) of total supply spent.

Supplier Code of Conduct ("Supplier Code")

We seek to relentlessly aspire our suppliers to uphold the same ethical standards and behaviours as the Group does. Essentially, we expect our suppliers to be in strict compliance with the applicable laws and regulations, whilst conduct its business in an ethical manner during their partnership with Greatech. In order to communicate our expectations on this aspect, we have established the Supplier Code in 2020 and require all our suppliers to comply with the Supplier Code, amongst all other applicable legislations relevant to their business. The Supplier Code provides guiding principles for our suppliers relating to ethics, integrity and compliance, human rights, anti-bribery and anti-corruption, harassment and environmental management.

In an effort to promote our stance in cultivating business integrity and ethicality with our core stakeholders, a copy of the Supplier Code is sent to all business partners and interested parties before they enter into a business engagement with us. Subsequently, they are required to acknowledge receipt on the said Supplier Code to demonstrate their commitment in practicing ethical business conducts throughout their course of business with us.

ENVIRONMENTAL

Our commitment to sustainability includes the initiatives in reducing the environmental impacts amongst our people, operations, products and services. We strive to continuously develop and maintain a sustainable mechanism to protect the environment by managing our energy consumption, water usage and waste generated throughout our businesses. As such, we have proactively engaged with key external and internal stakeholders to identify the tangible environmental concerns and means for improvements of the environmental impact over time. These commitments are also embedded in our Environmental, Health and Safety ("EHS") Policy. Likewise, our Supplier Code includes relevant EHS guidelines which delineates our expectation towards the suppliers and they are required to remain vigilant and adhere to the requirements at all times.

Energy and Climate

We are aware of the gradual concern from the community concerning the climate change arises from the increase in energy consumption and its greenhouse gas ("GHG") emissions. Intrinsically, Greatech is committed to diligently implement, enforce and reinforcing energy efficiency measures at our facilities to reduce the GHG emissions.

Given the nature of our business as a machine manufacturer, our operation and production are generally not energy-intensive as compared to the other industries in steel, non-ferrous materials, or chemicals. Substantively, the largest source of carbon emissions at Greatech is our own electricity consumption, which is the key input and cost to the Group's business. It is primarily used for lighting, office equipment, ventilation and air conditioning (HVAC) systems, as well as for the manufacturing equipment.

Sustainability Report *(Cont'd)*

ENVIRONMENTAL (CONT'D)

Energy and Climate (Cont'd)

As such, we concentrate on minimising the environmental impact by regularly measuring and monitoring our energy usage and water consumption associated with our manufacturing operations. Our emissions reporting includes all facilities within our operational control, including non-manufacturing facilities such as warehouses, offices and headquarter.

With an area of 74,701 square feet, our new headquarter includes energy-saving features, including LED lighting and sensors to control and minimise the energy usage across the building. Aside from that, our building are designed with sustainable elements that aim to optimise the use of natural sunlight and minimise water usage through a rainwater harvesting system.

In 2020, the Group consumed a total of 2,391,293kWh of electricity (2019: 2,071,692kWh). While we are focusing on reducing emissions throughout our facilities, the higher occupancy rate at the Bayan Lepas headquarter has rendered an increase of our electricity consumption by 15.4% year-over-year. However, this was mitigated by other initiatives and progress made throughout the year as reported below. Although the Group expects some fluctuation of emissions from year to year due to our dynamic market conditions and changes in activity levels, we remain committed in reducing the use of energy in the year ahead in its best possible way.

Total Electricity Use by Year



To reduce electricity consumption and increase energy efficiency, we have implemented a number of changes to our facilities and offices. These include:

- replacing the existing lighting systems to energy-saving lightbulbs such as T5 fluorescent lamps and LED;
- installing energy-saving lightbulbs such as T5 fluorescent lamps and LED in new facilities;
- installing thermometers in different areas of the office to monitor the temperature;
- switching off electrical appliances, including air-conditioning, computer, printer, lighting, etc when they are not in use;
- replacing old air-conditioners with energy efficient air conditioners;
- choosing electrical appliances (i.e. refrigerator and air conditioner) with energy star label which come with highest energy savings whenever possible; and
- encouraging the employees to use stairways instead of the lift.

Sustainability Report *(Cont'd)*

ENVIRONMENTAL (CONT'D)

Energy and Climate (Cont'd)

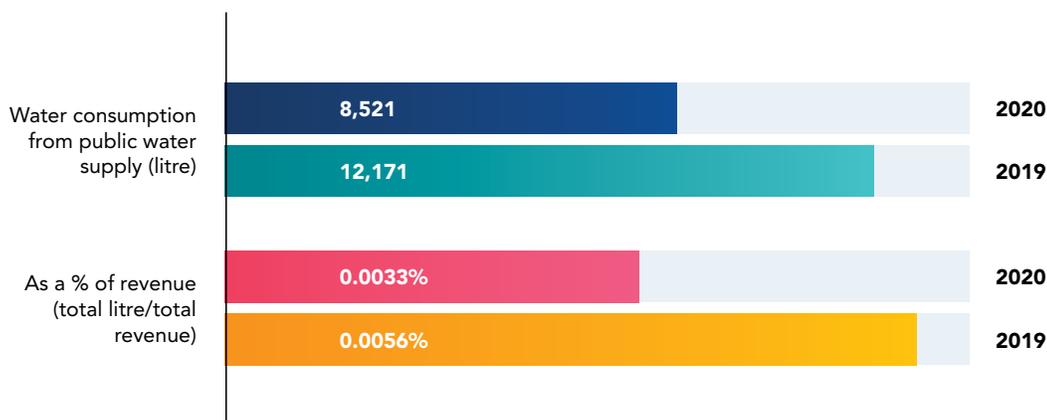
Additionally, our facility maintenance team is assigned to conduct periodic examinations on all operating sites to ensure our lighting and air conditioning systems are reasonably maintained and are running efficiently. Subsequently, the Group monitors energy consumption of its sites on a quarterly basis through the reports made by the aforesaid team.

Apart from that, we strive to control and optimise the vehicle fleets used by our management personnel by procuring fuel efficient and/or low emission hybrid car to decrease fuel and energy consumption. We have also promoted and implemented several fuel efficiency measures including the elimination of unnecessary travel and transportation, encourage car-pooling, and undertaking proper vehicle maintenance registered under the Group.

Water Consumption

Primarily, Greatech's water usage takes place in our fabrication processes and support areas such as washrooms and pantry. Due to the nature of our operations, we have relatively low water consumption in our direct operations as compared to manufacturing companies in other industries. Even though water conservation was not one of the most critical sustainability matters, we remain cautious to track our water consumption and envisage to reduce water usage in our products and processes. Our current use of water does not significantly impact the availability of water in the regions where we operate. Having said that, we continue to place reasonable focus in the monitoring of water consumption, ensure water leakage is promptly addressed and regular maintenance is carried out accordingly. As a result, our total water consumption in 2020 has dropped to 8,521 litre (2019: 12,171 litre) for all of our sites, equivalent to a 30% of reduction as compared to the previous year. More than 99% of our water is withdrawn from local municipal water supply systems. The wastewater we produce is discharged into publicly owned treatment plant and treated at the municipal sewerage facilities.

Total Water Consumption by Year



ENVIRONMENTAL (CONT'D)

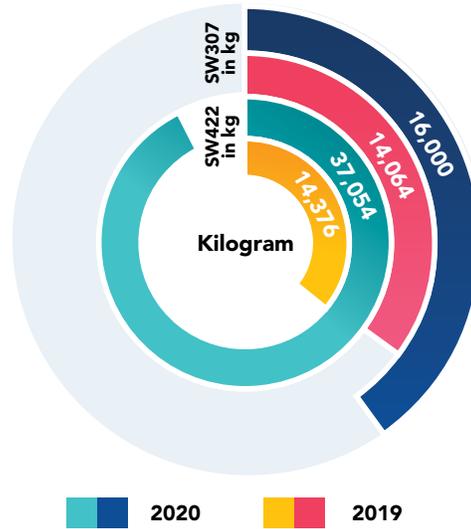
Waste Management

Effluents and Scheduled Waste

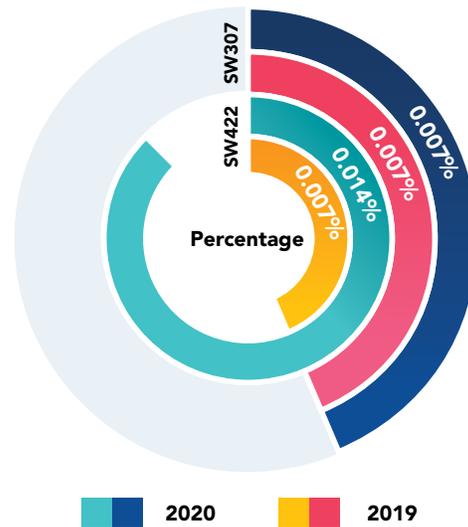
As part of our commitment to protect the environment, we have placed reasonable emphasis to reduce the production waste generated throughout its lifecycle and focus on the way we managed our waste. Considering our business nature, majority of the waste generated is associated to the use of cooling lubricants during the metal fabrication and machining processes. Upon which, the mixed contaminated metal chips are managed and disposed of as scheduled wastes in accordance with the prescribed requirements under the Environmental Quality (Scheduled Wastes) Regulations 2005 and our internal policy and procedures. Besides that, other non-hazardous wastes were also generated during the manufacturing process, including general solid waste, containers or drums, packaging materials, wood pallets, and any other recyclable material such as papers and cardboard boxes. We strive to reuse or repurpose the packing and packaging materials such as wooden pallets and cardboard boxes as they are our most used commodities.

The total amount of metal chips contaminated with cooling lubricants/oil (SW422) and cooling lubricants (SW307) generated at Greatech's fabrication facilities in 2020 was 37,054kg (2019: 14,376kg) and 16,000kg (2019: 14,064kg) respectively, it was however appropriately disposed to the authorised waste collectors for subsequent off-site treatment, and in compliance with local regulations. This represents a 22,678kg and 1,936kg increase respectively as compared to FY2019. The rise was due to the high production activities and output which created an extra 24,614kg of waste in 2020.

Scheduled Waste Generation



Scheduled Waste Generation as a % of revenue (total kg/total revenue)



Meanwhile, further attention was placed on the overall management of scheduled waste through the introduction of various environment management tools in our operating facilities to limit damage made to the environment and adheres to best practices wherever practicable. This includes labelling and maintaining inventory records of scheduled waste, in addition to managing the cooling lubricants and oil spill kits in a designated chemical storage area to prevent spillages into open stormwater drains.

Progress made on the environmental management system is reported internally and reviewed through the EHS Department as a measure to mitigate relevant environmental risks and suggest continuous improvement.

In 2020, no accidental or significant spills or releases occurred at Greatech's facilities that may present a significant risk to human health or the environment.

Sustainability Report *(Cont'd)*

ENVIRONMENTAL (CONT'D)

Paper consumption

We are committed into managing our consumption of natural resources in a responsible manner. In 2020, we consumed 597,500 pieces of printing paper. With the increased business volume, our paper consumption was adequately controlled, whereby an average paper consumption per head has slightly increased from 1,202 pieces to 1,282 pieces (+6.7% year to year), which is within the acceptable range set by the management. Nonetheless, we remain cognisant and advocate our employees to minimise the consumption of paper wherever possible, by setting two-sided printing and recycling the papers. To monitor this, we utilise network printers that can only be activated by an employee ID, which allows more secure printing and avoiding unnecessary or accidental printing. All departments were informed on their monthly paper consumption.

Moving forward, we look forward to place greater efforts in decreasing our paper consumption by digitalising and automating our internal processes and procedures, including the introduction of an ERP system which eliminates the manual processes – particularly in our procurement functions.

Other Management Tools

We undertake additional approach to assess and identify excessive noise in all the manufacturing facilities and the head office on a yearly basis to maintain the relevant standards mandated by the legislation, as well as to uphold the health and safety standards and improve the overall safety environment in the buildings. A comprehensive Noise Risk Assessment is also conducted every five years to ascertain we have adequate controls and measures in managing noise produced within our facilities.

Promoting eco-friendly culture at the workplace

To encourage an environmentally conscious workplace for our employees, we have placed the recycle bins within the area of operation for our employees to practice responsible waste disposal.

Additionally, in conjunction with the National Environment Day campaign organised by Department of Environment (“DOE”) Penang, we have launched our in-house We Care Environment Campaign during the year including:



Recycle Program (Glass Container)

- Single-Use Plastic Restriction Awareness Program

In response to the local authority initiatives to ban single-use plastics, we led an educational campaign against plastic in Greatech to raise awareness towards zero-waste for the environmental well-being of the community. Subsidy of RM0.01 million for this program was offered to Greatech employees to purchase 330 reusable glass lunchboxes as an alternative to disposable plastic packaging.



Household E-Waste Collection

First runner-up in household E-Waste Collection and Green Program Award 2020

- Household E-Waste Collection

The Group launched its plant-wide e-waste recycling initiatives in October 2020. Employees are encouraged to bring in old and unused electronics items from home and to recycle them at Greatech’s facility as part of our recycling collection events. 369.91kg of household e-waste were collected and sent to licensed recyclers for proper treatment.

As a result, we are awarded as the first runner-up in household e-waste collection and the Green Program Award 2020.



Beach Clean-Up

- Beach Clean-Up

On 10 October 2020, more than 20 Greatech employees and our partner – Trash Hero Penang, joined the force to clean up the beaches of Tanjung Bungah. This beach clean-up was a great opportunity to raise awareness on waste reduction and recycling efforts. In total, the team collected and sorted 35kg of garbage.

Sustainability Report *(Cont'd)*

ENVIRONMENTAL (CONT'D)

Environmental Compliance

At Greatech, we commit to relentlessly ensure that our environmental performance and management across all our operations are meeting the local and regional environmental laws and regulations. We acknowledge that a strict compliance is pertinent to the Group as it associates with our applicability to retain the necessary operating licenses and permits, whilst to reduce our exposure on financial and other risks, including substantial fines and damage to our reputation. As such, our EHS Officer regularly conducts on-site inspections of the facilities to evaluate the level of environmental regulatory compliance and the adherence of overall environmental management practices in each plant. Subsequently, all observations or risks identified would be addressed accordingly amongst the responsible management teams.

In August and November 2020, environmental regulators paid a visit to our facilities and inspected our management of environment practices. There are no fines, penalties or non-monetary sanctions imposed for non-compliance with laws and regulations.

Furthermore, Greatech also participated in the National Environment Day 2020 campaign in October 2020, an initiative organised by DOE Penang, aimed to inculcate and increase environmental awareness amongst the local communities, whilst promoting a culture of sustainable environment amongst the industry players. Greatech's involvement in the said campaign was one of the initiatives that demonstrates our commitment to playing a role that instils environmentally sustainable practices at workplace and contributes to the success of the green program. Among which, Greatech has participated in the following programs:

- Virtual Environmental Talk by the officials from Penang Green Council and Green Hero, held on 7 October 2020 and 23 October 2020 respectively; and
- "1 Staff 1 Plant" with a total of 47 greenery plants added onto the respective workstations of our employees.

Moving forward, the Group will continue to review and improve its environmental management system and practices, whilst to keep abreast of the latest regulations and practice strict compliance with the relevant requirements. Additionally, we commit to promote environment awareness within our organisation and advocates environmental initiatives launched by the local authorities.

PEOPLE

Our People

We are committed to building a diverse and inclusive environment in which people of all backgrounds are treated with equality and respect. We also aim to provide a safe and secure workplace that supports employee's wellbeing and productivity. Investing in our employees is the cornerstone to the growth and success of the Group. Hence, we strive to create a culture where they feel engaged and included. It is the key to unleashing the power of their innovation and creativity, and to deliver long-standing results which helps to create sustainable values to the Group and stakeholders. We formalise these aspirations through impartial compensation packages, an extensive list of training and development programs, along with relevant policies and Code to promote a safe and healthy working culture.

Summarily, the Human Resources & Administration ("HRA") team has the responsibility to oversee and implement the essential HR programs, processes and systems, with the support from the individual business units and department to manage the relevant HR initiatives respectively.

As at 31 December 2020, Greatech had a total of 517 employees locally (2019: 418 employees), reflecting an increase of 23.7% year-on-year. There were no seasonal or part-time employees.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

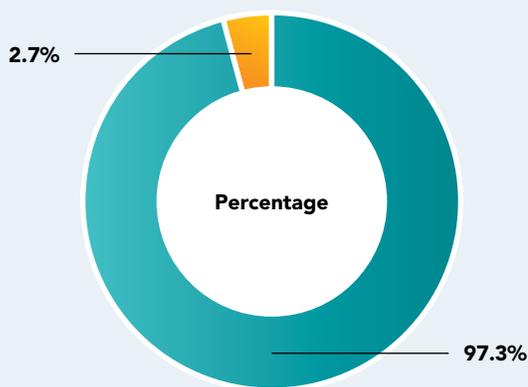
Our People (Cont'd)

The details of the employee profile are presented as below.

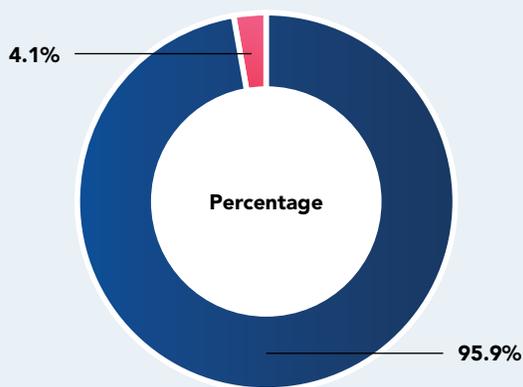
Workforce Profile



Workforce Nationalisation 2020



Workforce Nationalisation 2019



■ Malaysian
 ■ Non-Malaysian

Understanding our employee’s career aspirations and personal goals are one of the key factors to ensure our employees remain engaged with the Group. Consequently, we ensure sufficient efforts are made in maintaining an ongoing dialog with our employees. We therefore foster a culture of open communication throughout our company, which are evidenced through the annual employee appraisals and CEO dialog that held regularly. We began to collect our year 2020 employee’s feedback through a survey conducted across the Group in February 2021 to grasp the employee’s engagement rate and their perception concerning the overall workplace culture. As a result, we have over 67.5% (2019: 61.2%) of the employees took part in the survey which resulted in an average satisfaction rate of 77.7% (2019: 75.8%). Moving forward, we envisage to ensure a higher participation rate is attained on the aforesaid survey, and commit to consistently improve the level of our employee’s engagement.

Sustainability Report *(Cont'd)*

PEOPLE (CONT'D)

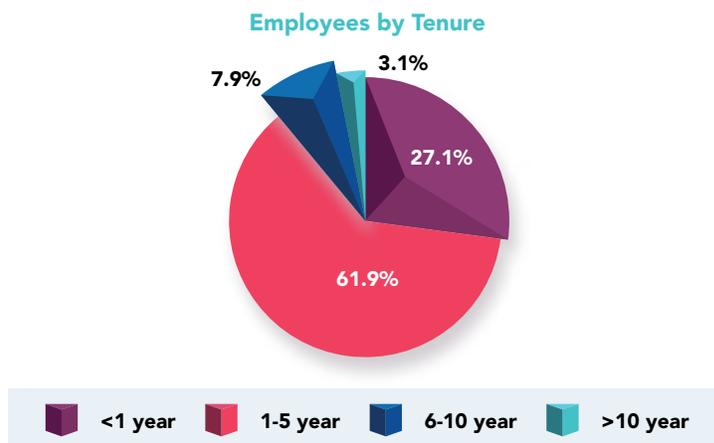
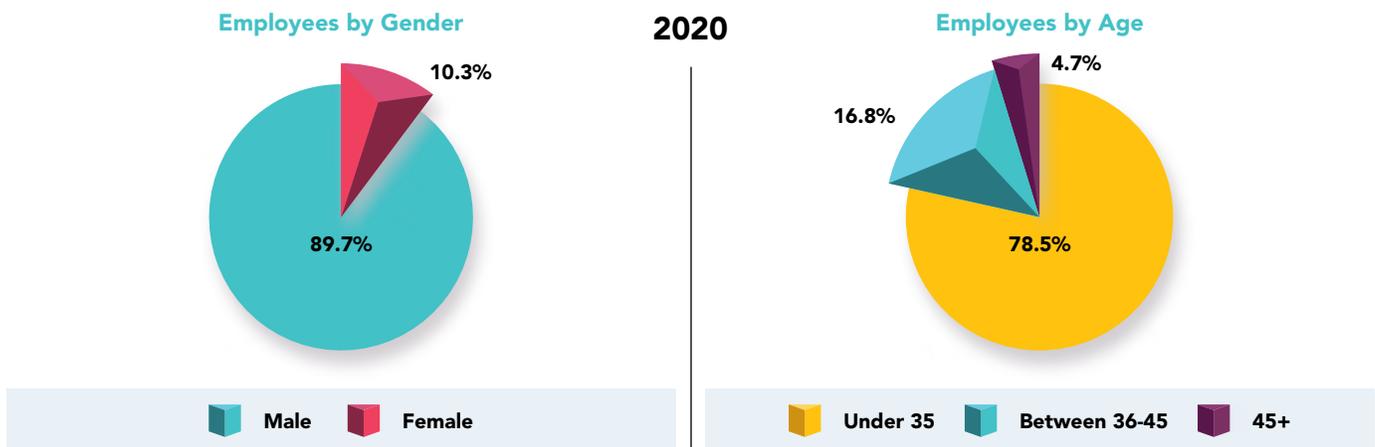
Diversity and Inclusion

To uphold our commitment as an ethical and socially responsible employer, we strive to promote diversity and inclusion amongst our employees to create a healthy culture where they are recognised and valued for their diverse skills, experiences and aspects they deliver and contribute to the Company. In return, through employee's empowerment, the Group is able to innovate and grow further, at the same time maintaining its competitive position in the industry. Presently, our workforce has a gender-balanced ratio of 1:9, with 53 female employees and 464 male employees. Our commitment in fostering diversity is practiced across all levels of the Group, starting with the tone from the top whereby we have a total of 40.0% of female representatives appointed as the Board of the Group, beyond the stipulated requirements in the Malaysian Code of Corporate Governance ("MCCG"). Contrarily, women representation in the managerial position in year 2020 was 12.1% (2019: 12.5%) and remained the same with year 2019 at 33.3% in the chief executive positions.

While our industry is inherently male-dominated, we wish to further promote gender diversity by recruiting female employees with diverse experiences and backgrounds.

Correspondingly, we remain committed to offering equal opportunities and providing a working environment that is free of unlawful discrimination or harassment across the organisation. This is translated in our Code where we prohibit unlawful discrimination concerning the race, colour, sex and gender of our employees, amongst others.

Our inclusion and diversity performance at a glance:

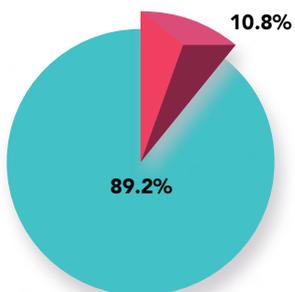


Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Diversity and Inclusion (Cont'd)

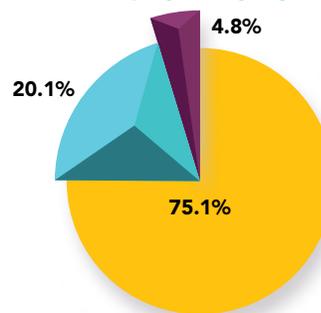
Employees by Gender



Male Female

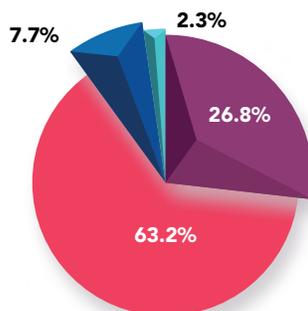
2019

Employees by Age



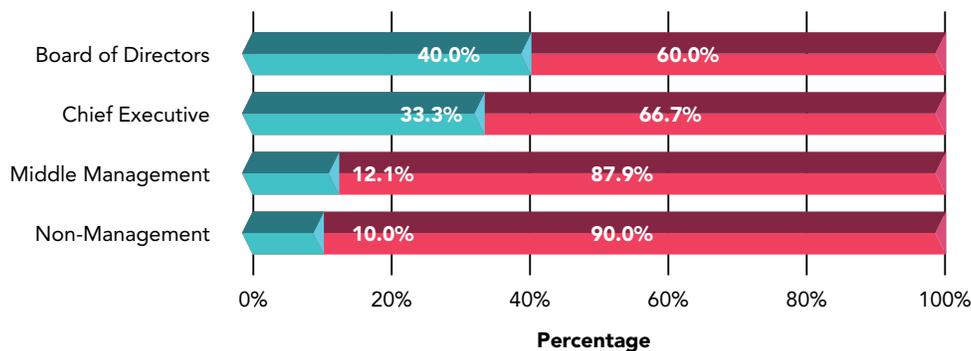
Under 35 Between 36-45 45+

Employees by Tenure



<1 year 1-5 year 6-10 year >10 year

Total Workforce by Employment Level in 2020



Female Male

Sustainability Report *(Cont'd)*

PEOPLE (CONT'D)

Workplace Health and Safety

Workplace health and safety are pivotal for our employees and an absolute priority at Greatech. We are committed to protecting the health and safety of our employees at the workplace through the establishment, implementation and maintenance of safety related measures which are ultimately governed by our EHS Policy and all others related procedures. We recognise that adequate prevention measurements and good management practices are part and parcel to the key success factors of our business by reducing lost time, enhancing productivity and improving employee engagement.

Generally, our health and safety efforts are guided by our EHS Committee, which comprises 52.0% of employees and 48.0% of employer representatives of our company. The EHS Committee oversees the Group's operations to ensure that safety standards are always upheld and also up to industry best practices. They meet quarterly to review the respective safety inspection results and incidents and to track the progress on safety priorities, including safety education, prevention approaches, compliance and organise safety-related activities.

We mandate the requirement to establish and maintain a health and safety sub-committee for all our operating facilities with 50 or more employees operating at the local level, which includes representatives from members of the workforce, to work proactively in identifying and addressing health and safety concerns. We conduct Gemba Walk safety audits at our facilities on a quarterly basis to ensure the safety measures are adequately practiced and adhered to in accordance with the standards required by both the local authority and our internal protocols. Upon which, the findings and observations are communicated amongst the relevant department, where we empower the employees to ensure the identified risks are sufficiently and appropriate addressed, mitigated and controlled.

To promote and create safety awareness across the Group, we conduct regular safety trainings and initiatives for all employees. In year 2020, our Group has invested an approximate amount of RM0.02 million on safety related trainings and program, with 2,336 training hours recorded. For good measure, a total of 28 employees have been trained as first-aiders in March 2020 by Red Crescent Society. Apart from this, fire evacuation drills refresher trainings were also conducted in December 2020 at all sites with all employees to ensure they are aware of the appropriate steps to be made should a fire takes place in our operating facilities. Additionally, to reinforce safety practices and further advocate the safety culture across company-wide, we practice sending a monthly newsletter to all employees, focusing on the relevant safety prevention and awareness.

Notwithstanding with the abovementioned initiatives, our safety commitment is extended to our supply chain, where we actively seek to influence our vendors or contractors to practice adequate safety measures at work. They are required to undergo general safety awareness training prior to their commencement of work at our facility.



ZERO WORK RELATED FATALITIES reported in the FY2020 and FY2019.

To ensure continual improvement, we consistently monitor the safety of our employees and contractors working at our facilities. During the current reporting period, there were no fatalities being recorded due to the work-related injury or high consequence work-related injuries reported by our contractors, suppliers, and customers who work at our workplace.

In addition, there were no severe occupational incidents of fatalities being reported across the Group's business operations in 2020 or 2019. Nevertheless, our total number of major accidents that resulted in an absence period longer than four days remained the same at 2 cases for 2020 and 2019. While we were disappointed in not able to bring down the number of accident cases, we were pleased to record a significant reduction of lost working days from 119 in 2019 to 51 in 2020. There were also 2 accidents recorded on the way to work (2019: 3 accidents). All that being said, the incidents were mainly caused by accidental mistake in handling the machineries, tools or sharp objects and road accidents. These incidents were closely followed up and remediated within 30 days.

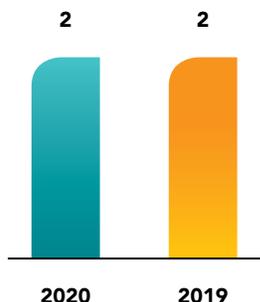
In 2020, we have ten (10) facilities with the total operation of more than one million hours. We had a lost-time injury rate of 1.6 (2019: 1.8) and a severity rate of 40.9 (2019: 108.9). This signifies a huge improvement resulting from our sound commitment - to identify and prioritise the safety risk and operating threat, as well as the enhancement over our prevention measures. The Group places reasonable priority in focusing the safety indicators whilst improving the monitoring system and increasing the accountability level amongst employees in responding swiftly to the necessary corrective actions. The Group strives to continue driving our safety commitment in attaining a zero injury and incident-free workplace through continuous improvement in our safety practices and monitoring system.

Sustainability Report *(Cont'd)*

PEOPLE (CONT'D)

Workplace Health and Safety (Cont'd)

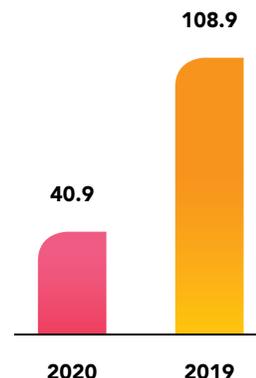
Total recordable cases



Total lost-time injury rate ("LTIR")



Occupational injury severity rate ("SR")



COVID-19 Measures

The emphasis we put in safeguarding our employee's health and safety became even more important since the outbreak of COVID-19 pandemic as declared by the WHO in March 2020. Through the formation of an Employee Health Response Team ("EHRT") in early 2020, we are taking concrete actions to ensure the health and safety of our employees are being essentially safeguarded during these unprecedented time.

As the situation evolved, we were able to monitor, prepare and roll out additional extensive precautionary measures starting from March 2020 at all of our facilities based on the direction from the local government and our safety protocols to prevent the spread of COVID-19 at the workplace and the communities. Among these, we have also increased the frequency and intensity of cleaning and disinfecting activities at our facilities with special attention to common areas. A mandatory temperature scanning of personnel before entering our premises are being enforced. Other actions undertaken by the Group include:

- Required all employees to work from home wherever possible;
- Established safe physical distancing protocols through the addition of physical distancing markers and signs within offices and manufacturing sites;
- Provided face masks and personal hygiene toolkit for our employees, customers and business partners who enter our premises;
- Suspended all non-essential business related travel during high times of incident rates;
- Restricted all non-essential visitors to our facilities during high times of incident rates; and
- Utilised IT communication tools in lieu of travels and physical meetings.

We acknowledge that strict physical distancing and quarantine rules played an important part in avoiding the spread of the virus amongst employees. As such, we ensure to keep abreast of the latest requirements and recommendations announced by the health authorities or government, conforming the Group's commitment in adhering with the relevant rules and regulations in a meticulous manner.

Additional care is given to the front-line employees who are required to travel during these period. An approximately 75 travel kits filled with essential items were provided to them as a safety measurement to reduce the risk of coronavirus exposure. The travel kits consist of – face masks, hand gloves, hand sanitiser, alcohol pad, disinfectant wipes and safety guidelines.

With our utmost commitment placed in fighting this pandemic, we are contributing to prevent the spread of COVID-19 virus.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Staff Training, Learning and Development

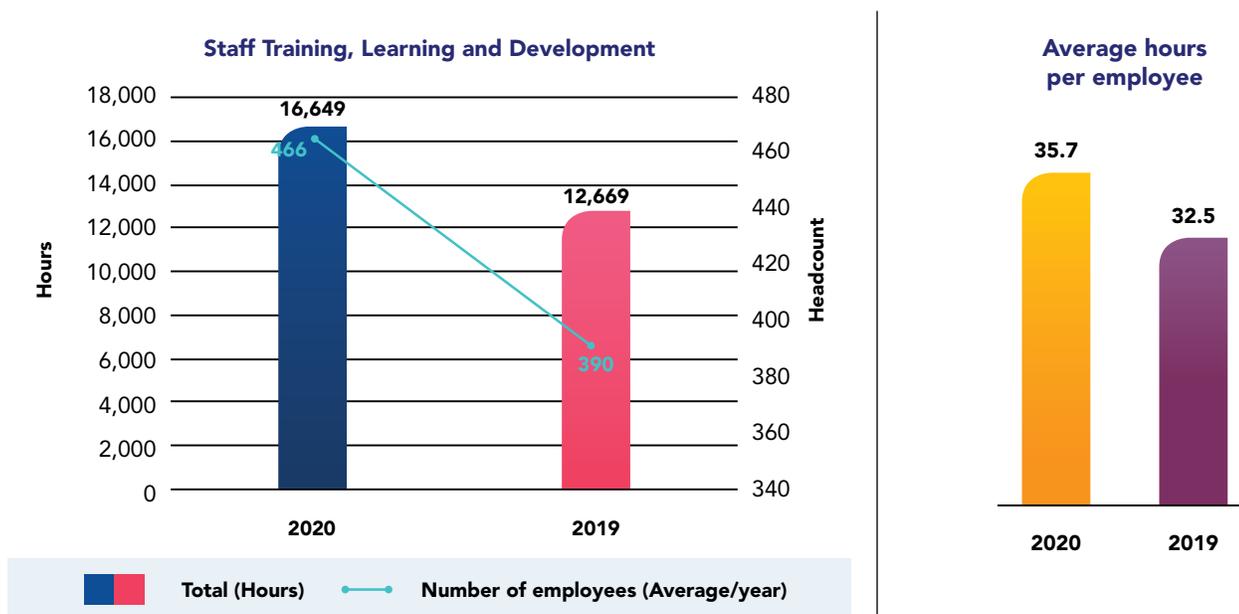
We understand that our employees are the driving force for Greatech's business growth and sustainability. It is of paramount importance to establish an avenue and provide adequate training to the next generation of innovators to develop their strengths and knowledge which in return, creating an effective workplace for the Company. As a general rule, we measure our human capital investment in the form of training hours and cost associated to it, and the progress made along the years as this is the most comparable metric amongst our internal measures and external benchmarks. In 2020, a total of RM0.17 million was invested in training and skill development as compared to RM0.15 million in 2019. We provided 16,649 hours (2019: 12,669 hours) of training and offered 287 (2019: 211) training sessions across 172 (2019: 123) different courses. This equates to an average of 35.7 hours (2019: 32.5 hours) per employee at all levels – 59.6 hours for managers and 33.8 hours for executives. This is yet another breakthrough that demonstrates the Group's profound commitment to continuously investing in people development throughout these unprecedented times.

We offer diverse training and development programs, focusing on core topics such as technical knowledge, management proficiency, ethics and compliance behaviour and leadership skill by way of on-site classroom and online courses to our employees at all levels. These trainings are tailored to suit our employee's roles and functions with the aim to further develop their work capabilities whilst ensure Greatech remains innovative and competitive.

We empower our managers to relentlessly nurturing talents and building effective team in their own departments. At the same time, we cultivate a culture of knowledge-sharing across our organisation by leveraging the expertise at Greatech, where the managers are encouraged to contribute their technical and professional expertise to the employees; the employees are required to support their peers by providing on-the-job learning experiences; and a mentor system is in place to provide guidance to their counterparts where necessary.

We discuss our development strategies through regular dialogue and appraisals amongst the management and employees. An annual appraisal would be conducted to all levels of employees to assess their performance, whilst stipulating his or her individual development goals. The appraisal would serve as a useful tool in identifying the appropriate training and development plans for the employee. All eligible employees had undergone the said appraisal interviews in year 2020.

We envisage to provide a sustainable workplace for our people to develop their career with us. As an effort to support them along their path towards attaining a successful career, we strive to create individual development plan through a training needs analysis. In 2020, Greatech invested an average of RM364.37 (2019: RM376.99) per employee in training and development. Nonetheless, the contributing factors to the decrease of human capital investment was due to the increase of workforce in 2020 with 99 additional headcounts, the shift of physical to online training which comes with lower enrolment cost, as well as leveraging our internal expertise to conduct necessary trainings than to engage an external trainer.



Sustainability Report *(Cont'd)*

PEOPLE (CONT'D)

Young Engineer Program

We are dedicated to building upon our legacy of success by attracting and retaining top-notch talent in the industry. At the start of 2019, we launched a Young Engineer Program ("YEP") designed to provide engineering graduates with the optimum start to their career with our Group. This program takes between 12 to 24 months and is set to become a cornerstone of our talent recruitment system. In 2020, we continue to engage with relevant universities and colleges across Malaysia through targeted recruitment, career fairs, technical forum talks and other partnership activities. We provided the interested candidates with extensive information of our Group's background and working culture, and offer a career opportunity with us. Based on our recruitment profile, we select employees in accordance with their personal qualifications, specialty and their previous experience, where applicable. This year, we hired 48 engineering graduates to work at our facilities across all relevant functions. A structured on-boarding process is in place to facilitate the rapid integration of new employees at the Group. Since the inception of the YEP in year 2019, 82 young engineering graduates have been placed into full-time positions and provided with adequate training focusing on technical knowledge and leadership functions at our sites. Simultaneously, they continue to help us in maintaining our relationships with key universities and colleges and building our early-in-career talent pipeline. Over time, we aim to continue our initiative to nurture young talents and to receive constructive feedback from both the program participants and the teams working with these individuals on the potential value that the new graduates may bring to the Group.

Moving forward, we will continue to build and grow our relationships with the key education institutions to promote new initiatives and to create an employer's branding image amongst the graduates.

Internship Training

Greatech is devoted to building a robust talent pipeline that brings talented individuals into our Group through our internship program. Additionally, the internship program is aimed to create Greatech's branding amongst the campuses and faculty, which helped improving candidate's referrals, a win-win approach for both students and Greatech.

In 2020, 35 interns (2019: 17 interns) completed their internship in various teams, including MIS, Finance, Human Resources and Supply Chain at our sites, where 5 (2019: 10) of them were then entered into employment with the Group.

We strive to create a diverse pool of students that bring different perspectives into our operations. As such, other than offering the monthly internship allowance, our interns are also given equal treatments with permanent employees, where they are allowed to access to all facilities in the office and participate in company events.

Rewarding Performance

We aspire to implement and provide a fair and rewarding systems for the competent employees to show our recognition and appreciation towards their contribution to the Group. To uphold our aspiration, we conduct an annual review of our compensation and benefits packages through peers and third-party benchmarking surveys to ensure that our reward packages remain competitive in the markets. Despite the challenging period in 2020, we continue to offer bonuses to all eligible employees.

Employees' Wellness

We acknowledge that cultivating employee's wellbeing is one of the key driver to improve the overall workplace engagement level. Hence, aside from monetary rewarding system, we commit to promoting the health and well-being of our stakeholders through additional benefits by investing in health screenings, and organising wellness events for our people.

The Group took up a corporate scheme with Health Metrics which operates a large network of panel clinics. All our employees are allowed to visit the panel clinics for general medical consultation. Additional welfare benefits include Group's Hospital and Surgical treatment, Term Life and Personal Accident insurance coverage, medical and dental benefits, maternity and parental leave are also offered uniformly to our full-time employees, as well as to our contracted employees. Essentially, the HRA Department monitors the frequency of consultations and if necessary, identify the employees with frequent medical consultations and assess if the issues are concerned with work related hazards that need to be addressed immediately by the Group.

Contrarily, our foreign employees are covered by work injury compensation and medical insurance under the scheme of Foreign Worker Hospitalisation & Surgical Insurance ("SKHPPA"). Insurance policies for employees are reviewed and renewed by the HRA Department annually to ensure adequate coverage is offered to employees.

Sustainability Report *(Cont'd)*

PEOPLE (CONT'D)

Employees' Wellness (Cont'd)

As part of our proactive approach in cultivating a healthy workplace, the Group offers various wellness initiatives each year that goes beyond the legal requirements, including annual voluntary health checks, allowances for dental, travel insurance, paid time off and other benefits to support employees when they become ill.

In 2020, 2 female employees and 32 male employees took the paid maternity and paternity leave respectively. A total of 100.0% of female and male employees returned to work after completing of their leave and remained employed with us to date after their return to work.

Aside from that, Greatech attributes great importance to promoting a good working environment and support employees with a variety of sports activities and team building events. Various sports groups founded on the Group's own initiatives, and some of them are being financially supported by the Group. Summarily, in the year of 2020, we have organised the following activities before the evolvement of COVID-19 cases in Penang:

- Department team building event organised by respective department manager;
- Leisure activities such as Movie Day, Karaoke Day and Festival Celebration; and
- Sport events such as table tennis and badminton.

The Group also ensure the compliance with various local labour regulations across our operations, as well as observing the minimum wages law and social security legislation. We make monthly contributions to every employee's Employee Provident Fund and social security accounts respectively.

The Group is committed to offering reasonable working hours and rest period to employees. Generally, our employees work on an average 40 hours per week. Nonetheless, the supervisor is empowered to reschedule the working hours of the department to suit the operational needs. All of our employees are entitled to public holidays gazetted by the Malaysia Government each year. In addition to it, our employees are entitled to annual leave, marriage leave, maternity leave, sick leave, study leave and examination leave.

We recognise that it is never enough for us to attract and develop our talent pool, but we must also learn the best possible ways to retain them. As such, we observe and manage the employee's turnover and the level of the employee's engagement on a regular basis. We are very pleased to share that our commitments and investments in our employees resulted in low turnover. Concisely, 11.0% of our workforce has been with the company for more than 5 years, and 27.1% has been here in less than a year – due to a swift expansion of our operations in 2020. Our average years of service for full-time employees are 2.8 years, and our average monthly voluntary turnover rate in 2020 was **0.8%** (2019: 1.1%).

We also conduct an annual Employee Satisfaction Survey across our Group which allow our employees to submit their feedback anonymously. In the survey, we emphasize on the employee's engagement and leadership effectiveness to ensure that we listen and learn from our employee's perspectives in these key areas. All levels of employees are strongly encouraged to participate. The results gathered from the survey are considerably examined to develop the corresponding action plans across the Group.

Sustainability Report *(Cont'd)*

SOCIAL

At Greatech, we seek to extend our values and contribute to the communities where we operate through a variety of social engagements and sustainability initiatives. Our social sustainability approach is to enforce community partnerships that focus on the local needs, supports the underprivileged and future generations which in return, create economic and social value and engage our team in the purpose of the Company.

Our community programmes are managed locally and actively supported by varied projects in the areas of education and science, social initiatives, arts and culture, fitness and health, and ecology. In 2020, we contributed RM0.66 million in cash and in-kind to more than 25 charities, non-profit organisations and educational institutions across the region. Funding was approved to support a range of requests from universities, civil and non-profit organisations, including operating costs to establish or sustain core programs, and capital costs such as building construction or renovations.

Our most prominent community initiatives include the establishment of GreatCare Committee in the Group. Launched in 2020 by our CSR Team, the establishment is to encourage our employees to partner with local non-profits and community organisations to advance our social sustainability efforts and nurture social engagement. We aim to engage in the relevant programmes where our people and our business are able to contribute in making substantial difference to the society and improve the living standards of the communities where we operate.

We also exercise reasonable care in the selection of society projects before approving any donations. It is crucial for us that all of the contributions made reach the intended recipients. Essentially, we ensure our resources are diligently managed and distributed to the communities in need. We are passionate in selecting only the suitable organisations to the cause we support.

Social Partnership

We advocate in developing our communities' future workforce by regular collaboration with the universities/colleges and industry associations via funding research, skills-sharing assignments, educational enrichment, and mentoring programs for youth and university/college graduate and undergraduate, with the main objective to promote education across the community.



Sponsorship for Universiti Tunku Abdul Rahman ("UTAR")



Sponsorship for Tunku Abdul Rahman University College ("TARUC")

UTAR and TARUC

Greatech pledged to invest RM0.30 million (to be paid over 3 years), RM0.10 million of which was paid in 2020, to advance the academy research programs and enhance both the university's offerings related to STEM.

Sustainability Report (Cont'd)

SOCIAL (CONT'D)

Community Engagement

Greatech is committed to positively impacting local communities by supporting social programs that share our Core Values. We contribute to the local and national organisations, among which consists of schools and other social bodies that carry the same ambition with us – to safeguard and improve the living standards of the communities. In addition to donations for social service needs, Greatech supports regional COVID-19 efforts through monetary and in-kind donations.

Similarly, Greatech strives to provide necessary resources to our employees to initiate and engage in the community activities, including helping the underprivileged families and children, supporting environmental initiatives and sustainability, and organising onsite blood drives.

Examples of organisations that received Greatech's funding in 2020 are:

Infrastructure Development



Donation for SJKC Moh Ghee Branch/ SJKC Moh Ghee Cawangan - refurbishment of the school's balcony and replacement of new roof for the balcony

SJKC Moh Ghee Branch

Greatech has continued its support to SJKC Moh Ghee Branch, which provides an educational environment for primary students. Funding of RM0.05 million has dispensed to improve the quality of the school, through a refurbishment of the school's balcony and replacement of new roof for the balcony. The purpose of the funding was to improve the student's learning environment.



Donation for a new School for Mentally Retarded Children in Relau, Penang

School of Mentally Retarded Children, Penang

Greatech is supporting an initiative made by the Penang Welfare Association of Mentally Retarded Children. We donated RM0.07 million to help in building a new school in Penang which subsequently provide a place to these special children to receive the necessary care and education. More classrooms will be constructed, anticipate to cater an additional 95 special distinctly abled students upon the completion of construction.



STEM Program (TARUC and Penang Science Cluster)

STEM Education

Mentor-based Program

We support educational programmes with a focus on STEM. We encourage our employees to dedicate their time and share relevant technical expertise to making STEM programs a success.

To uphold our commitment in supporting STEM, Greatech sponsored a 6 months STEM Empowering program, jointly organised by the TARUC Penang and Penang Science Cluster to foster interest in STEM education amongst young generation. In addition to providing the financial support of RM0.02 million, Greatech employees, together with TARUC engineering volunteers provide ongoing mentoring, instruction, and guidance for a team of 85 secondary school students. Due to the COVID-19 pandemic, the starter kits were mailed to the identified participants and the trainings are carried out via cloud-based platforms to facilitate the learning experience. Additionally, the student team – with guidance from Greatech and TARUC mentors from Faculty of Engineering and Technology, has design and build their very own smart car from scratch by leveraging on the knowledge shared to them on electronics, microcontrollers, sensors, motors and coding design. The mentor-based competitions also attest their engineering skills and creativity, with the judges from the experts in TARUC.

Sustainability Report (Cont'd)

SOCIAL (CONT'D)

STEM Education (Cont'd)

Mentor-based Program (Cont'd)



Sponsorship for SMJK Heng Ee Pulau Pinang in First National Lego League (FLL)

SMJK Heng Ee Penang

Promoting young people in the fields of STEM is important to us and we commit to contribute in our capacity as a responsible corporate citizen. In 2020, we continue to support the STEM education program of SMJK Heng Ee, the school which we have adopted since 2019. Funding of RM0.04 million was provided, aims at inspiring young students to opt for STEM related fields which provide a pathway to attain high-quality jobs and careers.



Sponsor for Penang Chinese Girls' Union "Fuelling the Aspiring Minds" Forum

Penang Chinese Girls' Union

Greatech accompanied Penang Chinese Girls' Union, pledged to contribute an amount of RM0.03 million to establish a virtual forum meeting live under the theme "Fuelling the Aspiring Minds". They have invited our CEO and seven leading people from various industry with the entrepreneurial spirit to share inspiring stories relating to their journeys as an entrepreneur and valuable lessons learned throughout the years. In return, the forum brought meaningful discussions, spark the inspiration and bring creativity to the youths. Greatech is proud to support this initiative that aim to continuously motivate, impart skills and transforms the lives of youths for a sustainable future.



Oaktree Resource Centre (Apr'20 - Dec'20)

COVID-19 Efforts Oaktree Resource Centre

Greatech has provided RM0.08 million to Oaktree Resource Centre in 2020 to sponsor the education fee of 5 special distinctly abled children ages between 9 to 12 from 5 economically disadvantaged families impacted by COVID-19. The contribution helped to provide a stable daily structure for them.

Penang General Hospital

Greatech donated an ultrasound machine worth RM0.20 million to the Penang General Hospital which specifically used for COVID-19 patients receiving treatments at the intensive care unit.

In addition, Greatech also provided 20,000 pieces of face masks as practical emergency aid to the police and local customs for their daily needs at the regions we operate.



Donation of ultrasound machine for COVID-19 patients at Penang General Hospital



Donation of 20,000 pcs face masks to Balai Polis & Kastam

Sustainability Report (Cont'd)

SOCIAL (CONT'D)

COVID-19 Efforts (Cont'd)



Persatuan Syukur Penyayang Pulau Pinang

Social Welfare Centre

Greatech has also contributed financial aid of RM0.02 million in support of three organisation: Persatuan Syukur Penyayang Pulau Pinang, Be Home for Special Care Penang and Persatuan Kebajikan Anak-anak OKU Taman Island Penang, which were the less-privileged communities affected by COVID-19.



Persatuan Kebajikan Anak-anak OKU Taman Island Penang



St.Nicholas' Home Penang

St. Nicholas' Home

This year, we have sponsored RM1,500 worth of ginger breads to the St. Nicholas' Home Deaf-Blind Programme.



Blood Donation

Blood Donation Drive

It is the culture that we promote within our organisation, where we encourage our employees to contribute towards the local community within their personal capacity. In a blood donation campaign carried out in cooperation with the National Blood Bank, we received 78 registrations, with 71 qualified donors from Penang and Kedah sites donated more than 30,000 ml of blood in 2020.

Be A Santa Program

For the first time, Greatech established a "Be A Santa" program for 3 orphanage homes in Penang during Christmas seasons to create joyful experience of receiving a Christmas present during the festive season amongst the unfortunate children. In addition to providing the financial aid of RM0.01 million, 72 of our employees purchased 78 Christmas presents and toys to these children under their personal expense.

Ultimately, we remain committed to continuously share and exchange our knowledge and vision on sustainability matters with our strategic partners. This initiative highlights that maintaining a dialogue and collaboration with our partners is one of the key element to maximise our positive impact, not just environmentally, but also in the relevant ESG aspects.

Corporate Governance Overview Statement

The Board of Directors (“Board”) of Greatech Technology Berhad (“Company” or “Greatech”) recognises the importance of practicing high standards of corporate governance is essential in building a sustainable business and creating long-term value for the shareholders and stakeholders and to enhance the performance of the Company and its subsidiaries (“Group”).

The Board is pleased to present the Corporate Governance Overview Statement (“Statement”) to provide shareholders and investors with an overview of the corporate governance practices adopted by the Company in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance (“MCCG”) under the leadership of the Board during the financial year ended 31 December 2020 (“FY2020”). The Group also ensures that all applicable laws, rules and regulations are duly complied with.

This Statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and shall be read together with the Corporate Governance Report (“CG Report”) of the Company, which provides details on how the Company has applied each practice as set out in MCCG. The CG Report is available on the Company’s website: <https://greatech-group.com> and Bursa Securities’ website: <https://www.bursamalaysia.com>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.0 Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Value and Standards

The primary responsibility of the Board is to provide effective leadership to ensure that it promotes the long-term sustainable success of the Group, generating value for our shareholders and other stakeholders, and contributing to wider society. The Board, supported by its committees, provides leadership within a framework of prudent and effective controls.

The functions of the Board and the Management are clearly defined to ensure the effectiveness of the Group’s business and operations. The Board provides leadership and direction to the operations of the Group while the Management is accountable for the execution of policies and meeting corporate objectives. Updates to the Board from the Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”) are scheduled in respect of all material business matters to ensure that progress against strategy is monitored.

The Board relies on the reports provided by the CEO of the Group who oversees the entire business and operations of the Group in setting the Group’s strategic aims. At each Board meeting, and as and when the need arises, the CEO will brief the Directors on the current operations, issues faced and plans of the Group in order for the Board to be kept abreast on the conduct, business activities and development of the Group. The Board discusses and advises the Management in its formulation of the Group’s business strategies, both short-term and long-term. Discussions would include the deployment of resources efficiently and effectively in achieving the objectives to be met. In making its decisions, the Board would be guided by the Group’s values and standards.

The Board is accountable to the shareholders and it is ultimately responsible for the Group adherence to sound corporate governance practices and highest standard of ethics. The Board sets the Group strategy and overseeing its execution, reviewing business performance, formulating policy on key issues and bringing long-term benefits to the shareholders. The Board is made up of a combination of Executive Directors who are involved in strategic formulation and implementation and Independent Non-Executive Directors who are involved in decision evaluation and approval.

The Executive Directors together with the Key Senior Management Team are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and operational strategies are formulated.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic Aims, Value and Standards (Cont'd)

Independent Non-Executive Directors deliberate and discuss policies and strategies formulated and proposed by the Management to take into account the long-term interests of all stakeholders. The Independent Non-Executive Directors provide independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process to safeguard the long-term interests of all stakeholders and the community.

To assist in the execution of Board's duties, powers and authority and, facilitates effective decision making, the Board is supported by three (3) board committees as follow, each with delegated responsibilities and duties:

- Audit and Risk Management Committee ("ARMC")
- Remuneration Committee ("RC")
- Nominating Committee ("NC")

These Committees oversee the broad strategic areas within the Group such as audit and finance, risk, remuneration, sustainability and ethics, Board renewals and related matters. Each of these committees has its own written Terms of Reference ("TOR"), which are reviewed on periodical basis by each Committee and the Board, to ensure its effectiveness. The Chairman and members of each Committee are nominated by the Board. The Chairman of each Committee reports to the Board on the outcome of the Committee's meetings and resolutions, which would also include the key issues deliberated at the Committee's meetings.

1.2 The Chairman of the Board

The Chairman undertakes a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman is primarily responsible for leading the Board to effectively discharge its fiduciary duties and responsibilities and ensuring the adequacy and integrity of the governance process.

Presently, the Board is chaired by Ms Ooi Hooi Kiang, who is able to provide effective leadership and necessary governance to the Group.

1.3 Chairman and Chief Executive Officer

The position of the Chairman and the CEO are held by separate individual who are not related to each other, to ensure a good balance of power and authority, such that no one individual has unfettered powers in decision making.

The Chairman is responsible for overseeing the function of the Board and leading the Board in its collective oversight of management, while the CEO assumes executive responsibility for the Group's business and executing corporate strategies and policies, as approved by the Board. There is a clear delineation of responsibilities between the Chairman of the Board and the CEO.

1.4 Company Secretaries

The Board is supported by two (2) suitably qualified and experienced company secretaries in discharging its duties and responsibilities.

The company secretaries advise the Board on corporate governance related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as Board policies and procedures.

The company secretaries attend and ensure that all Board and Board Committee meetings are properly convened, and all deliberations and decisions are properly minuted and kept.

The Board has separate and independent access to the advice and services of the company secretaries.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

1.5 Access to Information and Meeting Materials

The Board meets at least, quarterly, to consider all matters relating to the overall control, business performance and strategy of the Group. Additional meeting will be called when and if necessary.

Board members are provided with sufficient and timely information prior to all Board and Board Committee meetings through Board papers and related materials, or explanatory information relating to matters to enable the Board to make informed decisions.

Notices are sent to the Directors at least seven (7) days in advance of Board meetings, followed by the Board papers in order for the Directors to have sufficient time to prepare for the meetings.

At each quarterly Board meeting, Chief Executives which comprises of CEO, COO and CFO will provide the quarterly reports on the Group's performance and financial results and address queries from the Directors. Other Management personnel may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. To keep the Board members abreast of the Group's business, Directors are also updated by the CEO of any significant developments or events relating to the Group. The Board also has unrestricted access to Management and entitled to request from Management additional information as and when required.

The company secretaries are responsible for the proper maintenance of the records of Board and Board Committee meetings and record of discussions on key deliberations and decisions taken. Minutes of the meeting are circulated to the members of the Board and Board Committee, and the Management for review and comments in a timely manner.

2.0 Demarcation of Responsibilities

2.1 Board Charter

The Board has adopted a Board Charter which sets out its primary responsibilities as follows:

- To effectively represent and promote the interest of shareholders with a view to add long-term value to the Company's shares.
- To review and adopt a strategic plan for the Group, and ensure that the Group's strategic plan supports long-term value creation.
- To establish policies for strengthening the performance of the Group.
- To identify principal risks, set the risk appetite within which the Board expects the management to operate and ensure the implementation of appropriate systems to manage the significant financial and non-financial risks and ensure there is a sound framework for internal controls and risk management.
- To ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management.
- To review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, directives, guidelines, rules and regulations.
- To decide on necessary steps to protect the Group's financial position and the ability to meet its debts and other obligations when they fall due, and ensure that such steps are taken.
- To ensure that the Group's financial statements are true and fair and conform with any applicable laws and/or regulations.
- To ensure that the Group adheres to high standards of ethics and corporate behaviour.
- To review, challenge and decide on the Management's proposals for the Group, and monitor its implementation by the Management.
- To supervise and assess Management performance to determine whether the business is being properly managed.
- To ensure that the Group has in place procedures to enable effective communication with the stakeholders.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

2.1 Board Charter (Cont'd)

The Board Charter also clearly defines the functions that are reserved for the Board and those delegated to the Management of the Group. In general, all decisions that would materially impact on the strategy, direction, values and financial standing of the Group, or decisions that may potentially create material conflict of interest with related parties, decisions that may be prone to fraud risk, and decisions in high value transactions are reserved exclusively for the Board. None of the members of the Board has unfettered powers of decision.

The Board Charter serves as a guide to the Board members of their roles and responsibilities in discharging their duties as Directors.

The Board Charter is subject to review and update by the Board from time to time to ensure it remain consistent with the Board's objectives and kept up-to-date with changes in regulations and governance practices. On 29 May 2020, the Board through its ARMC reviewed and approved the amendments to the Board Charter to incorporate Anti-Corruption Framework, which was intended to strengthen the integrity and governance of the Group.

The Board Charter is available on the Company's website: <https://greatech-group.com> in line with Practice 2.1 of the MCCG.

3.0 Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct & Ethics and Anti-Bribery and Anti-Corruption

The Directors and employees are committed to observe good corporate governance practices with high standards of ethical and honest culture within the Group. The Core Values of Integrity, Innovation, Performance, Customer Satisfaction, Care & Respect and Teamwork are observed by all our people from Directors to employees as a commitment to sustainable growth. The Board puts in place a Code of Conduct & Ethics which sets out the principles and standard of business conduct and ethics in relation to integrity, responsibility and corporate social responsibility to ensure proper accountability within the Group.

On 29 May 2020, the Board through its ARMC reviewed and approved the amendments to the Code of Conduct & Ethics which focuses on the proper conduct of executives and employees with regard to anti-bribery and anti-corruption. As part of the Group's commitment in upholding high ethical standards, the Code of Conduct & Ethics is extended to third parties through the Greatech Business Partner Anti-Corruption Policy and Supplier Code of Conduct. The Code of Conduct & Ethics is communicated internally and externally and the importance of ethical behaviour is emphasized in all of the Group's engagements. Mechanisms are in place to report instances of fraud, theft, corruption, unethical behaviour and irregularities. The Management is responsible for the implementation and execution of the Group's Code of Conduct & Ethics and ongoing oversight of the management of ethics. Management will report breaches to the ARMC and to the Board.

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) which effective from 1 June 2020, the Group has since 2019 put together a comprehensive Anti-Bribery and Anti-Corruption Policy and procedures to prevent a number of risks related to inappropriate behaviour, such as acts of corruption.

Employees of the Group, including the Directors, whose job responsibilities may give rise to conflict of interest are required to complete and submit an annual conflict of interest declaration to the Group's Human Resource and Administration Department. In addition, Directors are expected to notify the company secretaries of any actual or potential conflicts as soon as they arise so the Board can consider them at the next available opportunity. In the Board's view, this procedure operated effectively during the financial year under review.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

3.1 Code of Conduct & Ethics and Anti-Bribery and Anti-Corruption (Cont'd)

During FY2020, there was no known non-compliance with our Code of Conduct & Ethics for Directors and employees.

The Code of Conduct & Ethics and Anti-Bribery and Anti-Corruption Policy are available on the Company's website: <https://greatech-group.com> in line with Practice 3.1 of the MCCG and will be reviewed by the Board as and when the need arises.

3.2 Whistleblowing Policy

The Whistleblowing Policy provides a mechanism for employees of the Group and external parties to raise genuine concerns through secure and confidential disclosure channel about possible improprieties and any malpractices such as fraud, breach of legal obligations at the earliest opportunity to Chairman or ARMC Chairman. Employees making the report in good faith are protected from reprisals. On 29 May 2020, the Board through its ARMC reviewed and approved the amendments to the Whistleblowing Policy to incorporate Anti-Corruption Framework, which was intended to strengthen the integrity and governance of the Group.

There was no incident of whistleblowing received in FY2020. The Whistleblowing Policy is available on the Company's website: <https://greatech-group.com> in line with Practice 3.2 of the MCCG and will be reviewed by the Board as and when the need arises.

II. BOARD COMPOSITION

4.0 Board Objectivity

4.1 Composition of the Board

The Board currently comprise of three (3) Independent Non-Executive Directors and two (2) Executive Directors. The present composition complies with Paragraph 15.02 of the MMLR and Practice 4.1 of the MCCG as more than half of its members are Independent Directors. Such composition is able to provide an unbiased and independent and objective judgement to facilitate a balanced leadership in the Group as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensuring high standards of conduct and integrity are maintained.

The Board has examined its size and is of the view that the current Board size is appropriate and facilitates effective decision-making, taking into consideration the scope and nature of the Group's operation.

4.2 Tenure of Independent Non-Executive Director

4.3 Policy on Tenure of Independent Non-Executive Director

None of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at 31 December 2020.

Under Part 4.10.1 of the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.

Upon completion of the nine (9) years' term, 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 to seek annual shareholders' approval with justification if the Board intends to retain an Independent Director who has served beyond nine (9) years' term.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

4.3 Policy on Tenure of Independent Non-Executive Director (Cont'd)

The Board through the NC has on 18 February 2021 carried out an annual assessment of independence of all the Independent Directors. Each Independent Director is required to complete a checklist to confirm his/her independence annually. The checklist is drawn up based on the guidelines as set out in the MMLR, MCCG and any other relevant rules and regulations. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors remain objective and independent in expressing their views and in participating in deliberations and decision makings of the Board and Board Committees.

4.4 Diversity of Board and Senior Management

The Board recognises that board diversity is an essential element contributing to the sustainable development of the Group and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. The 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. The Board believes that diversity facilitates multi perspectives resulted in productivity, sustainability and competencies to deliver the business performance of the Company for the benefit of the shareholders over the medium to long-term.

The current Board comprises of two (2) female Directors and three (3) male Directors with an age group ranging from 51 to 70 years old. Each Director has been appointed based on their core competencies and relevant experience critical to the Group and its businesses.

The Board is satisfied that its members have the appropriate balance and mix of skill set, knowledge and experience which is relevant for the current position of the Group.

4.5 Gender Diversity Policy

The Company adopted Board Diversity Policy on 25 November 2019 to encourage Board gender diversity. The Board did not set any specific target for women representation at the senior management level. Two (2) out of five (5) Directors on the Board are females as of the time of writing, which demonstrates the Group's commitment on gender diversity. The Company had exceeded the prevailing requirement of Practice 4.5 of the MCCG that at least 30% women Directors is satisfied.

4.6 Board Appointment

The NC is responsible for identifying and nominating candidates to fill Board vacancies for approval by the Board as and when they arise. The search and nomination process for new Directors, if any, are through Directors' personal contacts, recommendations of the Company's sponsor or may engage executive search firms to source for potential candidates.

Mix of skills, competencies, integrity, diversity, ability to commit time and industry knowledge may also be sought. The NC will review, shortlist candidates and make recommendations to the Board for its consideration and approval.

Pursuant to the TOR of the NC, the NC is tasked to identify, nominate and orientate new Directors and to make recommendations to the Board for the appointment of Directors. While the Board is responsible for the appointment of new Directors, the NC is delegated with the role of screening and conducting an initial selection, which includes external and independent searches, before making a recommendation to the Board. The NC reviews the candidate for appointment as Director based on the mix of skills, expertise, working experience, professionalism, integrity and the ability to discharge their expected duties and responsibilities.

In sourcing for new Directors, the Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merits. The NC meets with the shortlisted Board candidates to assess their suitability and availability before making recommendations to the Board for its consideration and approval.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

4.6 Board Appointment (Cont'd)

During FY2020, the NC has reviewed the nomination of Dato' Seri Wong Siew Hai as a Board member. The NC has reviewed his profile, curriculum vitae, academic qualifications and the disclosure of his other directorships, as well as considered his background, skills, experiences and competencies for appointment as an Independent Non-Executive Director of the Company.

The Board after taking into consideration of NC's recommendation, reviewed and approved the appointment of Dato' Seri Wong Siew Hai as an Independent Non-Executive Director of the Company with effect from 8 May 2020.

4.7 Nominating Committee

The Board has delegated its authority to the NC to make recommendations on all board appointments and re-appointments. The NC comprises exclusively of Independent Non-Executive Directors. The current members of the NC are as follows:

- Dato' Seri Wong Siew Hai (Chairman) *with effect from 18 February 2021*
- Puan Mariamah binti Daud
- Ms Ooi Hooi Kiang

The NC has adopted a formal set of TOR approved by the Board. The TOR of the NC can be found on the Company's website: <https://greatech-group.com>.

The NC meets as and when necessary, but at least once a year. Its duties comprise of, amongst others, to review the composition of the Board and its succession planning. It leads the process for identifying and nominating, for approval by the Board, candidates to fill the Board and committee vacancies, the Board evaluation process, Directors' performance and recommendations for re-elections at the Annual General Meeting ("AGM"), and consideration of Director's independence in accordance with the MCCG. The NC also decides whether Directors, who have multiple board representations, have sufficient time and attention in carrying out his/her duties as Director of the Company.

The attendance of the NC at the NC meetings held during FY2020 is tabulated below:

Designation	Directors	Attendance
Chairman	Puan Mariamah binti Daud	2/2
Member	Ms Ooi Hooi Kiang	2/2
	Dato' Seri Wong Siew Hai*	N/A
	Mr Ooi Ching Hock**	2/2

* Appointed as Independent Non-Executive Director w.e.f. 8 May 2020

** Retired as Independent Non-Executive Director w.e.f. 29 June 2020

A summary of key activities undertaken by the NC during the FY2020 are as follows:

- Reviewing and approving the amendments to the TOR of NC.
- Reviewing the re-election of the Directors who were subject for retiring at the 2nd AGM of the Company.
- Reviewing the Key Results Areas for the Key Principal Officers for the FY2020 for performance evaluation purposes.
- Conducted an annual assessment on the effectiveness of the Board as a whole and the various Board Committees.
- Conducted its annual assessment on the Independent Directors.
- Reviewing the performance of the Key Principal Officers of the Company, which comprise of CEO, COO and CFO.
- Reviewing the effectiveness of the ARMC as a whole and each of its members.
- Reviewing and recommended to the Board, the appointment of Dato' Seri Wong Siew Hai as an Independent Non-Executive Director of the Company.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

4.7 Nominating Committee (Cont'd)

In accordance with the Company's Constitution, every Director shall retire from office at least once every three (3) years and for this purpose, at each AGM, one-third (1/3) of the Directors shall retire from office by rotation. The retiring Directors are eligible to offer themselves for re-election. Any Director appointed within the year shall hold office only until the next AGM and shall then be eligible for re-election at the AGM. None of the Directors has been appointed for a fixed term.

The retiring Directors at the upcoming AGM pursuant to Clause 170 of the Constitution are Ms Ooi Hooi Kiang and Mr Tan Eng Kee. Both of them have consented to continue in office and accordingly will be offering themselves for re-election at the forthcoming AGM.

After assessing the contributions of Ms Ooi Hooi Kiang and Mr Tan Eng Kee in terms of guidance and time devoted to the Board affairs and in virtue of their skills and experience respectively, the NC has recommended the re-election of Ms Ooi Hooi Kiang and Mr Tan Eng Kee at the forthcoming AGM.

Ms Ooi Hooi Kiang and Mr Tan Eng Kee had abstained from voting on any resolution and making any recommendation and/or participating in respect of matters in which he/she has an interest.

5.0 Overall Effectiveness of the Board and Individual Directors

5.1 Annual Evaluation of Effectiveness of the Board, Board Committees and Directors

For FY2020, an annual assessment of the Board, its Committees and contribution of each individual Director is carried out by the NC, with the assistance of company secretaries, taking the form of comprehensive evaluation questionnaires which provide all Directors with an opportunity to score their opinion on a series of questions in relation to inter alia the execution and performance of the Board as a whole and the three (3) Board Committees, and to comment on procedures or any relevant matters.

The evaluation of the Board covers factors such as mix and composition of the Board, quality of decision making, timeliness of Board papers, internal controls, conduct of Board meetings, interactions with the Management and stakeholders and, effectiveness of the Chairman.

The Board Committees are assessed based on efficiency and effectiveness of each Committee and its members' continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties. Likewise, the NC is able to assess the contribution of each individual Director to the effectiveness of the Board.

The completed evaluation forms were submitted to company secretaries for collation and consolidated responses were presented to the NC for review before being shared with the Board for discussion and are taken into accounts when the NC assesses the Board effectiveness.

The NC has also reviewed the independence of the Independent Directors for FY2020 in accordance with the MCCG. Each Independent Director is required to complete a checklist drawn up based on the MMLR to confirm his/her independence annually. The Directors are each required to provide information on their current shareholding interests, areas of conflicts (if any) and directorship in other companies. None of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgement. The NC is of the view that Ms Ooi Hooi Kiang, Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai are independent.

During the FY2020, six (6) Board Meetings were held to review and deliberate on the key activities and strategy of the Group, including annual budget, capital assets investment, financial performance and to endorse the release of the quarterly financial results. All Board and Board Committees' meetings for FY2020 have been scheduled well in advance in consultation with the Directors to ensure maximum attendance. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of circular resolutions. The resolutions passed by way of such circular resolutions are then noted in the next Board Meeting.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

5.1 Annual Evaluation of Effectiveness of the Board, Board Committees and Directors (Cont'd)

The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. In this respect, none of the Directors hold more than two (2) directorships in listed corporations.

As a mean to facilitate Directors' planning and time management, an annual meeting calendar is prepared and given to Directors before the beginning of each new financial year.

The attendance of the Directors at Board meetings held during FY2020 is tabulated below:

Directors	Attendance
Ms Ooi Hooi Kiang	6/6
Mr Tan Eng Kee	6/6
Mr Khor Lean Heng	6/6
Puan Mariamah binti Daud	6/6
Dato' Seri Wong Siew Hai*	3/3
Mr Ooi Ching Hock**	4/4

* Appointed as Independent Non-Executive Director w.e.f. 8 May 2020

** Retired as Independent Non-Executive Director w.e.f. 29 June 2020

Following the review of overall performance of the Board, Board Committees and each Director, the NC is of the view that the Board operates effectively and the contribution of each Director to the effectiveness of the Board has been satisfactory.

The Directors are conscious of the importance of keeping abreast with the latest changes and development in legal and regulatory governance, so as to update and refresh themselves on matters that may affect their performance as Directors. As part of training and professional development for the Board, the Company ensures that Directors are briefed from time to time on changes of regulations, guidelines and accounting standards, as well as other relevant trends or issues.

During FY2020, the company secretaries, external auditors and/or the CFO provided the Directors with updates on changes in laws, rules and regulations, including the Companies Act 2016 ("CA 2016"), MMLR, MCGG, accounting standards which are relevant to the Group. The CEO and Management also regularly updates and familiarises the Directors on the Group's operations and directions during Board and Board Committee meetings.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

5.1 Annual Evaluation of Effectiveness of the Board, Board Committees and Directors (Cont'd)

The trainings attended by the Directors during the FY2020 are as follows:

Directors	Trainings
Ms Ooi Hooi Kiang	<ul style="list-style-type: none">• Tax considerations in Dealing with the Impact of COVID-19 – Ensuring Business Continuity• Section 17A MACC (Amendment) Act 2018 – Adequate Procedures• Complete Your Reports in Minutes with Accuracy and Interactivity• Purpose-driven Business Leadership Validating Your Sustainable Business Model• Oversights by Directors and Secretaries
Puan Mariamah binti Daud	<ul style="list-style-type: none">• Adequate Procedures Pursuant to Subsection (5) of Section 17A under MACC (Amendment) Act 2018• Corporate Liability and Ethical Framework Awareness 2020• Oversights by Directors and Secretaries
Dato' Seri Wong Siew Hai	<ul style="list-style-type: none">• Rethink, Reinvent, Revitalise in the New Normal• Making the Climb Towards Recovery• Growing Business Against the Tides of Disruption• Assessing the Effectiveness of Public Research Institutions in Fostering Knowledge Linkages and Transferring Technology in Malaysia• The Global Sustainability Journey and 2nd Edition of Bursa's Guide• The Future of the E&E Industry Amidst the Impact of the Global Supply Chain
Mr Tan Eng Kee	<ul style="list-style-type: none">• Greatech Innovation Programme Launching Day• Corporate Liability and Ethical Framework Awareness 2020• Strategic Future C-Suite Leadership Foresight in the Age of AI• Fraud Risk Management Workshop
Mr Khor Lean Heng	<ul style="list-style-type: none">• Corporate Liability and Ethical Framework Awareness 2020• Fraud Risk Management Workshop

All the Directors have attended the Mandatory Accreditation Programme as required under the MMLR.

In addition, the company secretaries would also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to attend relevant seminar and training programmes to enhance their skills and knowledge on the latest governance and listing rules and regulations, the expenses of which will be borne by the Company.

Upon review, the Board concluded that the Directors' trainings for the FY2020 were adequate.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION

6.0 Level and Composition of Remuneration

6.1 Remuneration Policy

The Remuneration Policy of the Group is designed to align the interest of the Directors and Chief Executive with those of shareholders, by linking reward to the Group's and individual's performance, therefore promoting long-term sustainability of the Company. It seeks to attract, motivate and retain key employees with competitive remuneration packages base on respective individual's responsibilities, expertise, prevailing market conditions and relevant market benchmarks. The Remuneration Policy of the Group can be found on the Company's website: <https://greatech-group.com>.

The remuneration package of Executive Directors and Chief Executive comprises fixed cash component of salary, fringe benefits, variable performance incentives and statutory contributions. Variable performance incentives are tied to the performance of the Group and the individual's ability to achieve their respective performance targets.

The Company also has in place Long-Term Incentive Plan ("LTIP") which consists of share grant plan ("SGP") and share option plan ("SOP") as set out in the Company's Circular to Shareholders dated 5 November 2020. Both schemes are administered by LTIP Committee, which is also report to the RC. For FY2020, no share grants or share options have been granted under SGP and SOP as the effective date for the implementation of LTIP was on 11 January 2021.

All Directors are paid fixed directors' fee of RM5,000 per month for serving as a member of the Board. All Independent Non-Executive Directors are also paid a meeting allowance of RM1,000 per day for attending Board and Board Committee meeting. The Executive Directors are not entitled to any meeting allowance.

The remuneration of the Company's Independent Non-Executive Directors is appropriate to the level of contribution, considering factors such as effort and time spent, responsibilities undertaken, and are benchmarked against prevailing market practices. The directors' fees of the Independent Non-Executive Directors are recommended by the Board and subject to approval by shareholders at each AGM thereby ensuring that their independence is not compromised. Each of the Independent Non-Executive Directors should abstain from deliberating and voting on decision in respect of his/her own remuneration.

6.2 Remuneration Committee

The Board has established the RC to review and makes recommendations on matters relating to performance and remuneration for the Executive Directors and Chief Executive of the Group. The RC comprises exclusively of Independent Non-Executive Directors of the Company. The current members of the RC are as follows:

- Ms Ooi Hooi Kiang (Chairman)
- Puan Mariamah binti Daud
- Dato' Seri Wong Siew Hai

The RC has adopted a formal set of TOR approved by the Board. The TOR of the RC can be found on the Company's website: <https://greatech-group.com>.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

6.2 Remuneration Committee (Cont'd)

The RC meets as and when necessary, but at least once a year. There is a formal and transparent procedure for developing and setting remuneration packages of Executive Directors and Chief Executive. None of the Executive Directors are involved in deciding their own remuneration.

The attendance of the RC at the RC meetings held during FY2020 is tabulated below:

Designation	Directors	Attendance
Chairman	Ms Ooi Hooi Kiang	3/3
Member	Puan Mariamah binti Daud	3/3
	Dato' Seri Wong Siew Hai*	1/1
	Mr Ooi Ching Hock **	2/2

* Appointed as Independent Non-Executive Director w.e.f. 8 May 2020

** Retired as Independent Non-Executive Director w.e.f. 29 June 2020

The RC has full authority to engage any external professional advisors, as and when the need arises, on matters relating to remuneration at the cost of the Company. No external professional advisors engaged by the Company in the FY2020.

A summary of key activities undertaken by the RC during the FY2020 are as follows:

- Reviewing and setting the Key Result Areas ("KRA") for Chief Executive for the financial year ended 31 December 2019 and FY2020 for reward purposes.
- Reviewed and recommended the directors' fees for FY2020 and from 1 January 2021 up to AGM of the Company to be held in year 2021 for shareholders' approval during the Company's AGM held in year 2020.
- Reviewed and recommended the benefit payable to the Directors for the period from AGM held in 2020 until the conclusion of AGM to be held in year 2021 for shareholders' approval during the Company's AGM held in year 2020.
- Reviewed and recommended the bonus payment to Executive Directors and CFO before recommended to the Board for approval.
- Reviewed and assessed the Executive Directors and CFO's remuneration package for FY2020 to ensure it is in line with market benchmarks before recommended to the Board for approval.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. REMUNERATION (CONT'D)

7.0 Remuneration of Directors and Key Senior Management

7.1 Directors' Remuneration

The Directors' remuneration received/receivable from the Company and its subsidiary for the FY2020 is presented in the table below:

Category	Directors' Fees RM'000	Meeting Allowance RM'000	Salary, Bonus and Incentive RM'000	Employees Provident Fund RM'000	Benefits-in-kind and Others RM'000	Total RM'000
COMPANY						
Executive Directors						
Mr Tan Eng Kee	60	-	-	-	-	60
Mr Khor Lean Heng	60	-	-	-	-	60
Non-Executive Directors						
Ms Ooi Hooi Kiang	60	7	-	-	-	67
Puan Mariamah binti Daud	60	7	-	-	-	67
Dato' Seri Wong Siew Hai*	40	5	-	-	-	45
Mr Ooi Ching Hock**	30	5	-	-	-	35
SUBSIDIARY						
Executive Directors						
Mr Tan Eng Kee	-	-	708	85	25	818
Mr Khor Lean Heng	-	-	505	61	18	584

* Appointed as Independent Non-Executive Director w.e.f. 8 May 2020

** Retired as Independent Non-Executive Director w.e.f. 29 June 2020

7.2 Key Senior Management's Remuneration

Although the MCCG recommends full disclosure by the Company of the remuneration of its Key Senior Management on named basis, the Company is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. The Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of Key Senior Management in the bands of RM50,000 on a named basis.

In setting the remuneration packages for Key Senior Management, the Company keeps in mind the remuneration and employment conditions within the industry and in comparable companies. The level and structure of the Key Senior Management's remuneration is aligned with the Company's long-term interest and desire to attract, retain and motivate the right talent to achieve superior performance and continued growth and development of the Company.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

8.0 Effective and Independent Audit Committee

8.1 Chairman of the Audit Committee

The Board has established an ARMC, which report to the Board on all matters requiring audit of the Company. The ARMC comprises wholly of three (3) Independent Non-Executive Directors as of the time of writing. The ARMC is chaired by Puan Mariamah binti Daud who is not the Chairman of the Board. This had ensured that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.

The current composition of the ARMC is in compliance with Paragraph 15.10 of the MMLR and Practice 8.1 of the MCCG. The ARMC has adopted a formal set of TOR approved by the Board. The TOR of the ARMC can be found on the Company's website: <https://greatech-group.com>.

The ARMC composition and a summary of the activities during the FY2020 are set out in ARMC Report contained in this Annual Report.

8.2 Former Key Audit Partner

None of the ARMC members were former partners of the Company's existing auditing firm. The Practice 8.2 of the MCCG that required a former key audit partner to observe a cooling-off period of at least two (2) years before appointed as a member of the ARMC has been adopted by the ARMC and incorporated in its TOR.

8.3 Suitability, Objectivity and Independence of the External Auditors

The External Auditors Assessment Policy defined the guidelines and procedures to be undertaken by the ARMC to assess the suitability, objectivity and independence of external auditors. This is also in accordance with the TOR of the ARMC, to review the annual performance assessment, including the suitability, objectivity and independence of the external auditors.

During the financial year under review, the ARMC members met with the external auditors, BDO PLT ("BDO") twice in the absence of the Management to discuss, amongst other matters, the findings for FY2019 audit as well as the conduct of audit for the Group's FY2020 financial statements. BDO has also confirmed that they received the full co-operation of Management and no restrictions were placed on the scope of the respective audits.

BDO has set out the key audit matters in respect of FY2020 in the Independent Auditors' Report of this Annual Report. The ARMC concurs with the basis and conclusions included in the Independent Auditors' Report with respect to the key audit matters.

The ARMC had obtained a written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC has conducted an annual review of all the non-audit services provided by the affiliated firm of the external auditors for the FY2020, as disclosed in this Annual Report, before recommending their re-nomination to the Board. The ARMC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The ARMC has also assessed and was satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors for shareholders' consideration at the forthcoming AGM.

8.4 Composition of the Audit Committee

The Company adopted Step-Up Practice 8.4 of the MCCG which the ARMC comprises solely of Independent Non-Executive Directors.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I. AUDIT COMMITTEE (CONT'D)

8.5 Qualification of the Audit Committee

The members of the ARMC are suitably qualified and possess sufficient financial management expertise, as determined by the Board in its business judgement, to discharge their responsibilities as ARMC members. One (1) member of the ARMC namely Ms Ooi Hooi Kiang is the member of the Malaysian Institute of Accountants ("MIA").

All ARMC members are financially literate and has sufficient understanding of the Group's business and matters under the purview of the ARMC including the financial reporting process. The ARMC's composition and performance are reviewed by the NC annually and recommended to the Board for its approval.

All members of the ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.0 Risk Management

9.1 Effective Risk Management and Internal Control Framework

The Board is responsible for managing risks in order to limit potential adverse effects on the implementation of its strategy, its financial performance and the interests of shareholders. The Board delegates oversight of the Group's risk management processes and control environment to ARMC.

The Group has in place an Enterprise Risk Management ("ERM") Framework which is aligned with ISO 31000:2018 Risk Management Standards. The ERM Framework enables the Group to identify the risks and address internal control to mitigate or eliminate the risk. These risks are prioritised based on risk appetite and risk tolerance levels that the Board has adopted. Key risks identified are discussed at the Board meeting while all other risks are managed by respective department head and reported to the Board on an exceptional basis.

The Management and the Internal Auditors, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") conduct reviews and audits on a regular basis to evaluate and test the adequacy and effectiveness of internal control systems on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions are reported to the ARMC. BDO has also highlighted internal control weaknesses which have come to their attention in the course of their statutory audit. All external and internal audit findings and recommendations were reported to the ARMC.

Based on the ERM Framework established, reviews carried out by the ARMC, work performed by the internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the internal controls and risk management systems in place are adequate and effective for FY2020.

9.2 Features of Risk Management and Internal Control Framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview of the risk management framework and internal control system within the Group.

9.3 Risk Management Committee

In terms of Step-Up Practice 9.3 of the MCCG which recommends that the establishment of a stand-alone Risk Management Committee with majority of its members being independent, the Company does not intend to adopt such step-up practice for the time being. The function of Risk Management Committee is currently assumed by the ARMC via the Executive Risk Management ("ERM") committee.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

10.0 Effective Governance, Risk Management and Internal Control Framework

10.1 Internal Audit Function

The Group has appointed Sterling to conduct internal audit ("IA") review based on an agreed scope of review which covers governance, risk management and internal control processes. The Internal Auditors reports directly to ARMC for all IA matters. The ARMC approves the appointment, removal, evaluation and compensation of the Internal Auditors.

The ARMC reviews and approves the annual IA plan and reviews the IA reports and activities on an on-going basis. It also oversees the implementation of the IA plan and ensures that management provides the necessary co-operation to enable the Internal Auditors to perform its function.

The IA team have unfettered access to the Group's documents, records, properties and personnel, including access to the ARMC. The Internal Auditors has staffed the IA team with persons with the relevant qualifications and experience and use the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system. The IA work carried out is guided by International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

During the FY2020, the ARMC had assessed and reviewed the adequacy of the scope, functions, resources, competency and independence of the Internal Auditors. During each ARMC meeting, the Internal Auditors will report on the follow-up matters arising from previous cycle audit, present their audit findings and make recommendations, where applicable, along with a conclusion statement on the opinion given for the scope of works performed. The ARMC is satisfied that the Internal Auditors have sufficient resources, staffed by suitably qualified and experienced personnel and have to the best of its ability, maintained its independence.

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

I. COMMUNICATION WITH STAKEHOLDERS

11.0 Communication with Stakeholders

11.1 Effective, Transparent and Regular Communication with its Stakeholders

The Board considers effective communication with shareholders to be integral to long-term growth and success. It is committed to providing timely, transparent, accurate and credible material information about the Group to its shareholders, stakeholders and investors.

The information is disseminated to stakeholders through:

- Annual reports prepared and issued to shareholders remain the central means of communicating to the shareholders, amongst others, the Group's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.
- Quarterly financial results announcements containing a summary of the financial information and affairs of the Group disclosed on Bursa Securities' website: <https://www.bursamalaysia.com>.
- Public announcements on price sensitive information released via Bursa Securities' website: <https://www.bursamalaysia.com>.
- Press releases on major developments of the Group.
- Group's website: <https://greatech-group.com> provides a myriad of relevant information on the Group and is accessible by the public.
- AGM/Extraordinary General Meeting which are used as the main forum of dialogue for shareholders to seek and clarify relevant issues pertaining to the Group.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

11.1 Effective, Transparent and Regular Communication with its Stakeholders (Cont'd)

The Group has in place Investor Relations (“IR”) Policy which spells out guidelines and practices that it applies when communicating with shareholders and prospective investors with appropriate information necessary to make well-informed investment decisions. The IR Policy outlines the Company’s approach toward the dissemination of material information, response to market rumours, unwarranted promotional activities, closed periods and restriction on insider trading with reference to Chapter 9 of the MMLR.

The Company currently handles its IR matter internally. The Company’s IR team is led by the CEO to facilitate effective communication with shareholders, prospective investors and other financial community. During the year, the Company conducted dialogue sessions and meetings with shareholders, prospective investors, investment analysts, fund managers and media to ensure the Group’s management strategies, corporate direction and operational developments are clear and understood. This includes analyst briefings, shareholders briefings during AGM, conference calls, ad-hoc meeting and site tours in both large and small groups as well as 1-to-1 meetings with broking houses and analysts. Our Chief Executives presented and addressed the key issues of which concerned by investors.

The Company’s corporate website serves as a resource centre from which the financial community can access information of the Group. In addition, the Company’s corporate website has a dedicated investor relations section containing stock information and all material information reported to the Bursa Securities, together with copies of annual and quarterly results announcements and trading updates. Contact details of the IR are also listed on the website to facilitate dialogue and queries from shareholders.

The Company have not adopted integrated reporting based on a globally recognised framework. This Annual Report provides comprehensive financial and non-financial information of the Company and contains components such as Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Report and Statement on Risk Management and Internal Control that form an integral part of the non-financial information. Further, the present Sustainability Report has incorporated in-depth overview of the Group’s governance policies and stakeholder initiatives. These represent the Board’s commitment towards sustainability and a more comprehensive reporting at all time.

II. CONDUCT OF GENERAL MEETINGS

12.0 Engagement with Shareholders

12.1 Notice of Annual General Meeting

The Company held its 2nd AGM and an Extraordinary General Meeting (“EGM”) in year 2020. In compliance with Practice 12.1 of the MCCG, shareholders received annual reports, circular and notices of AGM, which were issued at least twenty-eight (28) days before the date of AGM. The Company served notice of its 2nd AGM and EGM, together with explanatory notes or a circular on items of special business and Administrative Guide, which furnished useful information regarding conduct of the AGM and EGM 28 days and 23 days respectively before the meeting, well in advance of the 21-day requirements under the Companies Act 2016 and the listing requirements of Bursa Securities at that time being where the Company is listed on. The additional time provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the AGM and EGM. All shareholders of the Company received the Annual Report with an accompanying notice of AGM by post.

The notice of AGM and EGM were also published in the nationally circulated daily newspaper within the mandatory period and the Company’s announcements via Bursa Securities’ website: <https://www.bursamalaysia.com> as well as the Company’s website: <https://greotech-group.com>.

The notice of AGM and EGM provides further explanation beyond the minimum content stipulated in the listing requirements of Bursa Securities at that time being where the Company is listed on for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. CONDUCT OF GENERAL MEETINGS (CONT'D)

12.1 Notice of Annual General Meeting (Cont'd)

In view of the COVID-19 transmission risk, the 2nd AGM and EGM of the Company held in year 2020 were convened and held via electronic means i.e. live audio-visual webcast pursuant to the Guidelines issued by the Securities Commission Malaysia on the conduct of a General Meeting. Alternative arrangements relating to attendance at the AGM and EGM via electronic means, submission of questions in advance of the AGM and EGM, addressing of substantial and relevant questions prior to or at the AGM and EGM and voting by appointing the Chairman of the meeting as proxy at the AGM and EGM were set out in the notice of AGM and EGM.

12.2 Shareholders' Participation at General Meetings

The Board regards its AGM or other General Meetings as an opportunity to communicate directly with shareholders and endeavour to encourage shareholders to participate in these meetings.

In line with the recommendation of MCCG which encourages more shareholders to participate the General Meeting of the Company while adhering to the physical distancing requirements under the COVID-19 pandemic, the Company adopted the Guidelines issued by the Securities Commission Malaysia on the conduct of a General Meeting and to enable the voting in absentia or remote shareholders' participation at the 2nd AGM and EGM of the Company.

During the 2nd AGM, the CEO and CFO gave a detailed presentation of the Group's business overview and financial performance for the financial year ended 31 December 2019 respectively.

All Directors including Chairman of the Board and the respective Chairman of the Board Committees, the CEO, COO and CFO attended the 2nd AGM and EGM to answer any questions put to them and address concerns from shareholders. The external auditors were also present in AGM to address any shareholders' queries about the conduct of audit and the preparation and content of the auditors' reports.

Minutes of meeting which incorporate substantial comments and queries from shareholders and responses from the Company are available on the Company's website: <https://greatech-group.com> after the conclusion of the General Meeting.

A summary of the key matters discussed at the 2nd AGM was published on the Company's website as soon as practicable after the conclusion of the 2nd AGM.

12.3 Voting

Under COVID-19 pandemic, the Company has considered various factors which aimed to adhere to the physical distancing requirements and thus, the Company had leveraged on technology to facilitate electronic voting ("e-voting") for the conduct of poll on all resolutions for the first time.

All shareholders were encouraged to attend the Company's AGM and EGM to ensure a high level of accountability and to be updated on the Company's strategy and developments. In order to do so, the shareholders were given the opportunity to participate and vote remotely at the 2nd AGM and EGM via the facility which is available on the Company's Share Registrar's online portal, i.e. **Securities Services e-Portal** at <https://www.sshsb.net.my/login.aspx>.

The shareholders were given opportunities to raise questions and feedback their view on issues affecting the Company and to vote in AGM and EGM remotely.

To have greater transparency, accuracy and efficiency in the voting process, the Company adopted the system of e-voting by poll at the 2nd AGM and EGM to allow the shareholders or the appointed proxy or authorised representative to submit their votes online. A shareholder who participates remotely via live streaming at the 2nd AGM and EGM was required to login to **Securities Services e-Portal** for casting his/her vote online until the close of the voting session at the venue of the 2nd AGM and EGM respectively.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. CONDUCT OF GENERAL MEETINGS (CONT'D)

12.3 Voting (Cont'd)

An independent scrutineer was appointed to validate the votes cast and results of each resolution put to vote were announced at the meeting. The poll results were instantaneously displayed on-screen which could be seen by shareholders who join the meeting via electronic means, confirmed by the Chairman.

An announcement detailing the poll results, including the total number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK on the same day after the conclusion of the General Meeting.

Statement on Compliance

The Board is satisfied that the Company complies substantially the principles and practices set out in the MCCG for the FY2020.

This Statement is made in accordance with a resolution of the Board.

Audit and Risk Management Committee Report

The Board of Directors ("Board") presents the Audit and Risk Management Committee ("ARMC") report which provides insights into the manner in which the ARMC discharged its functions for the Group in the financial year ended 31 December 2020 ("FY2020").

INTRODUCTION

The ARMC was established by the Board of the Company to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries ("Group"), monitoring the management of risk and system of internal control, external and internal audit process, compliance with legal and regulatory matters and such other matters that may be specifically delegated to the ARMC by the Board.

MEMBERS

The present composition of the ARMC comprises of three (3) members of the Board, all of whom are Independent Non-Executive Directors ("INEDs"), as follows:

Puan Mariamah binti Daud	-	Chairman/INED
Ms Ooi Hooi Kiang	-	Member/INED
Dato' Seri Wong Siew Hai (<i>appointed w.e.f. 8 May 2020</i>)	-	Member/INED
Mr Ooi Ching Hock (<i>retired w.e.f. 29 June 2020</i>)	-	Member/INED

The above composition of ARMC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Step-Up Practice 8.4 of Malaysian Code on Corporate Governance ("MCCG").

Ms Ooi Hooi Kiang is a member of the Malaysian Institute of Accountant ("MIA"). As such, the composition of ARMC meets the requirements of Paragraph 15.09(1)(c)(i) of the MMLR, which stipulates that at least one member of the ARMC must be a member of MIA.

All members of the ARMC are financially literate with diverse background, experience and knowledge in accountancy, finance, commercial, corporate service and investment. The Nominating Committee ("NC") had on 18 February 2021 reviewed the performance of the ARMC's members and based on the results of its review, the NC was satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference ("TOR") and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

The ARMC has adopted a formal set of TOR approved by the Board. The TOR of the ARMC can be found on the Company's website: <https://greatech-group.com>.

MEETINGS

The attendance of the ARMC at the ARMC meetings held during FY2020 is tabulated below:

Designation	Directors	Attendance
Chairman	Puan Mariamah binti Daud	5/5
Member	Ms Ooi Hooi Kiang	5/5
	Dato' Seri Wong Siew Hai	3/3
	Mr Ooi Ching Hock	3/3

The ARMC meetings were structured through the use of agendas and relevant meeting papers which were distributed to the ARMC prior to the meetings. The meetings were of adequate length to allow the ARMC to accomplish its agenda with sufficient time to discuss emerging issues.

Audit and Risk Management Committee Report *(Cont'd)*

MEETINGS (CONT'D)

The ARMC conducted its meeting in an open and constructive manner and encouraged focused discussion, questioning and expressions of differing opinions. The ARMC Chairman invited the Directors who are also the Chief Executive Officer and Chief Operating Officer, and Chief Financial Officer ("CFO") to attend all regular meetings. Other relevant key personnel from the Group were also invited, as appropriate, to attend meetings to provide a deeper level of insight into key issues. The ARMC Chairman also invited internal auditors and external auditors to attend the meeting as and when necessary. As part of the process of working with the Board to carry out its responsibilities and to maximise effectiveness, meetings of the Committee generally take place just prior to Board meetings.

The external auditors will report their findings of the significant accounting and auditing issues to the ARMC for review, deliberation and decision making. While, the finance team will present the unaudited quarterly financial statements, as well as other financial reporting related matters for the ARMC's deliberation and recommendation to the Board for approval, where appropriate. The ARMC Chairman will report and highlight the key issues discussed at each ARMC meeting to the Board accordingly.

In FY2020, the ARMC had 2 private sessions with the external auditors without the presence of Executive Board members and Management to facilitate discussions on key audit challenges. The ARMC had also have a private session with the head of internal auditors in FY2020 which allow him/her to provide candid, confidential comments, valuable views and opinions, as a result of his/her work, to the ARMC.

SUMMARY OF ACTIVITIES

The works of the ARMC were primarily in accordance with its TOR. The main works undertaken by the ARMC during the FY2020 were as follows:

(i) Financial Performance and Reporting

- reviewed the Group's quarterly unaudited consolidated financial results. During the review, the CFO was invited to present and respond to questions raised by the ARMC on the performance and significant financial reporting concerning compliance with applicable approved accounting standards and other regulatory requirements. Upon review and satisfied with the clarification and justification provided by the Management, the ARMC recommended the financial results to the Board for consideration and approval.
- reviewed the content of the Group's Annual Report and recommended to the Board for approval.
- recommended to the Board the adoption of the annual audited financial statements, and that they provide a true and fair view of the financial position of the Group.

(ii) Oversight of External Auditors

- reviewed the external audit reports and assessed the auditor's findings and management's responses thereto in respect of the audit for the financial year ended 31 December 2019.
- reviewed and approved the external auditors' 2020 Audit Planning Memorandum outlining materiality, their scope of work including audit risk areas, audit approach, audit focus area and timeline for the interim review and year-end audit, as well as the audit fees at the meeting held on 27 November 2020. The ARMC considered and agreed the scope and materiality to be applied to the Group audit and its components. Key audit matters and the audit approach to these matters are discussed in the Independent Auditor's Report of this Annual Report, which also highlights the other significant matters that the external auditors drew to the ARMC's attention. The ARMC also noted the external auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit service to the Group.
- the ARMC having considered the nature, scope and amount of non-audit fees, was satisfied that there was no conflict of interest and that the non-audit services would not impair the independence of the external auditors. The details of the audit and non-audit services rendered by the external auditors and their affiliates for FY2020 are disclosed in Additional Compliance Information of this Annual Report.

Audit and Risk Management Committee Report *(Cont'd)*

SUMMARY OF ACTIVITIES (CONT'D)

(ii) Oversight of External Auditors (Cont'd)

- discussed and reviewed with external auditors the applicability and the corresponding impact of the new and revised approved accounting standards and financial reporting regime issued by the Malaysian Accounting Standards Board.
- the ARMC had met twice on 24 February 2020 and 27 November 2020 with the external auditors without the presence of the Executive Directors and Management team in order to reinforce the independence of the external audit function of the Company and to discuss with the external auditors if there is any concern which warrant the attention of the ARMC.
- reviewed and discussed with external auditors on the management letters issued to the Company during the financial year ended 31 December 2019 ("FY2019") audit.
- reviewed the suitability, objectivity and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the 2nd Annual General Meeting of the Company.

(iii) Oversight of Internal Audit ("IA")

- reviewed and accepted the internal audit plan following discussions and challenge as to the scope and areas of focus as tabled by the outsourced internal auditors. The plan takes account of the Group's strategic objectives and risks and provide the degree of coverage deemed appropriate by the ARMC. Make enquiries as to the internal auditors' resources, expertise, professionalism and independency to meet plan audit activities across the Group.
- reviewed the IA Reports and assessed the internal auditors' findings and the Management's responses, and reported the same to the Board.
- reviewed the implementation status of the corrective action arising from the audit recommendations to ensure that the key risks and control lapses identified were addressed in a timely manner. The status of corrective actions is monitored closely by the ARMC until they are completed.
- evaluated and reviewed the adequacy of the scope, functions, competency and performance of IA function and its comprehensiveness of the coverage of activities within the Group.
- the ARMC had met with the head of internal auditors once in FY2020 without the presence of the Executive Directors and Management team to discuss their respective areas and any issues arising from their audits.
- noted and discussed the key observations i.e. adoption of a recognised IA framework, independence and objectivity, planning the audit, effectiveness of IA function, resource management, communicating audit result and monitoring progress on the effectiveness on IA function of listed issuers published by Bursa Securities based on their thematic study in 2019 together with the Institute of Internal Auditors Malaysia.

(iv) Related Party Transactions

- reviewed the policy and procedures on related party transactions/recurrent related party transactions to comply with the Companies Act 2016 and the prescribed Listing Requirements.
- reviewed and confirmed with the Management on a quarterly basis if any related party transaction or recurrent related party transaction entered by the Group which are required to be transacted at an arm's length basis and no detrimental interest to the minority of the shareholders.

Audit and Risk Management Committee Report *(Cont'd)*

SUMMARY OF ACTIVITIES (CONT'D)

(v) Oversight of Internal Control and Corporate Governance Matters

- reviewed and confirmed the minutes of the ARMC Meetings.
- reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group.
- on 29 May 2020, the ARMC reviewed the Corporate Liability Assessment as well as adopted the recommendations for improvement on company policies performed by KPMG Management & Risk Consulting Sdn. Bhd. in compliance with the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.
- reviewed and recommended the ARMC Report and Statement on Risk Management and Internal Control ("SORMIC") to the Board for approval and inclusion in the Annual Report 2019.

(vi) Risk Management and Internal Control

- reviewed the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- reviewed and discussed the appointment of a firm in relation to the provision of service on Enterprise Risk Management and recommended to the Board for approval.
- reviewed and received updates on the Enterprise Risk Management principal risk findings as well as adoption of relevant corrective measures for the identified risks.

During FY2020, the ARMC have sufficient resources available to discharge their responsibilities. The ARMC not only has access to any information that it needs, but also have the right to seek independent advice and the power to investigate any matter within the ambit of its authority.

IA FUNCTION

The IA function of the Group is assumed by the outsourced internal auditors to assist the ARMC in discharging its duties and responsibilities. The role of internal auditors is to provide the ARMC with independent assessment on the adequacy of internal control system to ensure compliance with policies and procedures. The IA function is also involved in risk management, risk evaluation and recommendation of control activities to manage such identified risk.

The Group appointed Messrs. Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") as its internal auditors to carry out the IA on the Group since FY2019. Sterling is a professional firm which reports directly to the ARMC, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the IA function.

During FY2020, the work of audits and findings conducted by the Group's internal auditors were as follows:

- prepared the IA Plan of the Group based on the direction of the ARMC.
- reviewed the system of internal control system based on approved IA Plan. Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the existing system of internal control.
- IA Reports incorporating the audit observations, audit recommendations and management action plans were tabled to the ARMC for review and approval on quarterly basis.
- follow-ups were conducted on previously issued audit recommendations to ensure that all recommendations and management action plan had been implemented accordingly.

The total costs incurred for the IA function of the Group during the FY2020 was RM47,763.30.

The ARMC and Board were satisfied with the performance of the internal auditors for the FY2020 and have in the interest of greater independence and continuity in the IA function, taken the decision to continue with the outsource of the IA function.

This ARMC Report is made in accordance with a resolution of the Board of Directors.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control of Greatech Technology Berhad ("Company" or "Greatech") and together with its subsidiaries ("Group") for the financial year ended 31 December 2020 ("FY2020") which has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Principle B of the Malaysian Code on Corporate Governance ("MCCG") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines"). The Board recognises the importance of sound risk management and internal control framework in achieving its objective and sustain success.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded. On a periodic basis, the Board, via Audit and Risk Management Committee ("ARMC"), evaluates the adequacy of the system of risk management and internal control and, where appropriate, requires the Management to implement pertinent controls to address emerging issues or areas of control deficiencies. The process has been in place for the financial year under review and up to the date of approval of this Statement for the inclusion in the Annual Report of the Company.

The system of risk management and internal controls not only covers the financial aspect of the Group but also the operational and compliance aspects of the Group. Given the inherent limitations in the risk management and internal control system, such system put into effect by the Board is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, such system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of Practices 9.1 and 9.2 of the MCCG which call for the establishment of an effective risk management and internal control framework and the disclosure thereof. In doing so, the Board has put in place an Enterprise Risk Management ("ERM") Framework within the Group as an ongoing process to identify, evaluate and manage principal risks and uncertainties faced by the Group.

ERM is the holistic and structured process, effected top-down, from the Board to the Management and the employees across the Group that addresses the uncertainties surrounding potential events that may affect the Group by identifying these events and determining appropriate control and monitoring measures.

ERM aims to align the processes, people, and technology to manage the Group's risks in accordance to its risk appetite and tolerance, so that the Group's values to its stakeholders are sustainable. ERM aims to minimise the unpleasant surprises while enabling a speedier response to secure good opportunities, and the efficient use of capital. The control measures such as timely reporting and transparency of risks across the Group, increase the effectiveness of the Group's operation, and align the Group's risk appetite and tolerance more effectively.

The Board recognises the importance of ERM in order to achieve a sustainable growth in profitability and strong asset quality that in turn will optimise the Group's value to its shareholders.

The Board has established an ARMC that comprise of Independent Non-Executive Directors to support the Board in reviewing the risk management methodology and the effectiveness of the internal control.

The ARMC assist and advise the Executive Directors in fulfilling its oversight responsibilities regarding the effectiveness of the design, operation and effectiveness of both the ERM Framework and the internal control systems of the Group, including supervising the enforcement of relevant legislation and regulations. Furthermore, the ARMC regularly reviews the Group's risk exposures as they relate to capital, earnings, liquidity and compliance with risk management policies.

Statement on Risk Management and Internal Control *(Cont'd)*

RISK MANAGEMENT FRAMEWORK (CONT'D)

The Board recognises that risk management shall be an integral part of the Group's culture and embedded into the day-to-day management of the Group's operations, processes and structures. Thus, it should be extensively applied in all decision-making and strategic planning. The Executive Risk Management Committee ("ERMC"), led by the Chief Operating Officer ("COO") has implemented and maintained a comprehensive ERM Framework to identify, evaluate, manage, monitor and report key risk exposures, and activities in respect of significant risk matters. Risks are elevated to the appropriate decision makers and, if they require strategic action, to the Board.

The Group's management regularly assesses the likelihood that identified risks will occur and their potential impact on financial and non-financial parameters as a basis to determine the residual risk rating and expected risk value for risk reporting and monitoring. The Group's process for early identification of risks also encompasses emerging risks, which the Group define as potential trends or sudden events that are characterised by a high degree of uncertainty in terms of occurrence probability and potential impact on expected earnings. The risk management system is subject to reporting and reviewing processes twice a year which involves identifying new risks to reflect the business most pertinent risks and follow-up assessment of existing risks. Each risk has a designated risk owner who early identify, monitors the risk's evolution while developing mitigation plans to limit business impact. Risk Coordinator coordinates the risk management system and summarises the critical risks identified in a risk report, which is presented and reviewed periodically by the ERMC and the Executive Directors. Internal risk reporting provides the Executive Directors and the management with regular, detailed information on the risk situation. This ensures that negative trends are identified in sufficient time for countermeasures to be taken. The risk report is also presented and reviewed, at least twice a year by the ARMC.

The ARMC also reviews the adequacy of measures implemented to minimise risk or whether additional measures need to be initiated. It also assesses the reasonableness of the reported risks and determine how to avoid similar risks in future.

The Board also aware of the key changes in the Malaysian Anti-Corruption Commission (Amendment) Act 2018, particularly on the new Corporate Liability Provision under Section 17A which had been effective on 1 June 2020. The Group maintains a policy and procedures for anti-bribery and anti-corruption and complete the roll-out of its training across the Group to foster good governance practices during the year. The Group also has a whistleblowing policy and procedures which provides an avenue for its employees and other stakeholders to report any suspicion of fraud, financial irregularity or other malpractices committed by employees and/or directors in confidence provided that all reports made in good faith which are genuine and not malicious in intent. Details of the Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are available on the Group's website: <https://greatech-group.com>.

Based on the ERM Framework established, the Board is of the view that there is an ongoing risk management process to support the delivery of the Board's strategy and managing the risk of failing to achieve the Group's business objectives. The Board, with the concurrence of the ARMC, is satisfied that the risk management systems in place are adequate and effective throughout the financial year and up to the date of approval of this Annual Report.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an external independent professional consulting firm namely Sterling Business Alignment Consulting Sdn. Bhd.. The internal audit function reports administratively to the Chief Financial Officer ("CFO") and functionally to the ARMC to preserve its objective. The firm is free from any relationships or conflicts of interest, which could impair its objectivity and independence of the internal audit function. The firm does not have any direct operational responsibility or authority over any of the activities audited.

The ARMC relies on the independent assurance provided by the internal audit function of the Group on the risk management and system of internal control. The ARMC is of the opinion that the internal audit function is independent and has the necessary resources, standing and authority within the Group to discharge its duties.

The internal auditors use the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. The internal audit reviews are conducted according to the approved internal audit plan which focuses financial, operational, compliance and information technology risks and addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. The internal audit plan is reviewed and approved by the ARMC, to provide reasonable assurance that such a system continues to operate satisfactorily and effectively within the Group.

Statement on Risk Management and Internal Control *(Cont'd)*

INTERNAL AUDIT FUNCTION (CONT'D)

The internal audit function assists the Board, ARMC and ERM in providing an independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The assessment of the adequacy and effectiveness of the internal controls established in mitigating risks is carried out through interviews and discussions with the ERM, review of the relevant established policies and procedures and authority limits, and observing and testing the internal controls on a sample basis.

The internal audit reviews have resulted in action plans to be taken by the Group to address the weaknesses noted. Identified enhancement opportunities are then reported to the ARMC, who in turn reports these matters to the Board. Any highlighted issues will be followed up closely to determine the extent of the recommendation that has been implemented by the management.

During the FY2020, two (2) follow up reviews and two (2) internal audit reviews had been carried out and reported by the internal auditors on the following subsidiary of the Company in accordance with the risk-based internal audit plan approved by the ARMC:

Audit for the period	Reporting Month	Name of Entity Audited	Audited Areas
1 st Quarter (October - December 2019)	February 2020	Greatech Integration (M) Sdn. Bhd.	Follow up on <ul style="list-style-type: none">• Project Management• Procurement functions
2 nd Quarter (January - March 2020)	May 2020	Greatech Integration (M) Sdn. Bhd.	Follow up on <ul style="list-style-type: none">• Inventory Management• Project Management• Procurement functions
3 rd Quarter (April - June 2020)	August 2020	Greatech Integration (M) Sdn. Bhd.	<ul style="list-style-type: none">• Financial compliance• Environmental, Health & Safety• Facilities Management
4 th Quarter (July - September 2020)	November 2020	Greatech Integration (M) Sdn. Bhd.	<ul style="list-style-type: none">• Human Resources and Administration

The results of the internal audit review and where applicable, recommendations for improvement were presented at the scheduled ARMC meetings. The internal audit function has also performed follow-up audits to ensure that the appropriate corrective actions have been undertaken to address the control gaps highlighted. Based on the internal audit reviews conducted, none of the gaps noted have, in all material aspect, raises any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The total cost incurred for the internal audit function for the FY2020 amounted to RM47,763.30.

INTERNAL CONTROL FRAMEWORK

The Board recognises that a sound system of internal control reduces, but cannot eliminate, the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees, management overriding controls, and the occurrence of unforeseeable circumstances.

The Group's ERM receives and reviews regular reports on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board's attention are highlighted for review, deliberation and decision making on a timely basis. The Board will approve the appropriate responses or amendments to the Group's policies.

The internal control matters are reviewed and the Board is updated on significant control gaps, if any, for the Board's attention and action. Issues relating to the business operations are also highlighted to the Board's attention during Board meetings and any significant fluctuation or exceptional noted will be analysed and acted in a timely manner.

Statement on Risk Management and Internal Control *(Cont'd)*

INTERNAL CONTROL FRAMEWORK (CONT'D)

Other key elements of the Group's internal control systems are as follows:

- a) Clearly defined Terms of Reference, authorities and responsibilities of the various Board Committees which include the ARMC, Nominating Committee and Remuneration Committee;
- b) Well-defined organisational structure taking into account the business and operational requirements of the core businesses of the Group which limits the respective levels of authority, accountability and responsibility of job functions and specifications with clearly defined lines of authority, accountability and responsibilities;
- c) Risk report from principal risk owner on areas of significant risk to the Group and enhancements to strengthen the control environment;
- d) Comprehensive system of planning, budgeting, reporting and monitoring of performance and forecast. Monthly reviews of business development, financial performance against budget, health and safety and capital expenditure proposals and all other aspects of business attended by Executive Directors and management as appropriate;
- e) Clearly defined corporate policies such as Code of Conduct & Ethics, Remuneration Policy, Whistleblowing Policy, Conflict of Interest Policy and Anti-Bribery and Anti-Corruption Policy;
- f) Regular reporting of operational performance and financial results at timely intervals to enable proper review by the Executive Directors and/or the ARMC;
- g) Clearly defined and formalised internal policies and procedures are in place to support the Group in achieving its business objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
- h) Management meetings are conducted to review financial performance, health and safety, operational efficiency, quality performance, business development, capital expenditure proposals and risk assessment and all other aspects of business;
- i) The Group establishes a Performance Management System with core competencies assessment and key performance indicators to review and assess employees' performance and competency;
- j) ISO 9001:2015 Quality Management System and ISO 13485:2016 Medical Devices Quality Management System forming the basis of production, operational and management procedures of the Group;
- k) There is a whistleblowing procedure of which all employees are made aware, to enable concerns to be raised either with management or, if appropriate, confidentially outside management;
- l) The Group establishes a Cyber Security Policy to ensure that access to information systems and confidential information is adequately controlled and monitored; and
- m) Effective 29 May 2020, the Group has adopted an Anti-Bribery and Anti-Corruption Policy in view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The Group will continue to foster risk-awareness and internal control awareness in all decision making and managing all risks in a proactive and effective manner. This is to enable the Group to respond effectively to the changing business and competitive environment.

CORONAVIRUS ("COVID-19") IMPACTS AND MITIGATION PLAN

The unprecedented outbreak and rapid spread of the COVID-19 early in 2020 are amongst the most significant economic events currently faced by Malaysia and global. It presents profound risks for the countries and communities in which we work, and for activities as a company.

Since the emergence of COVID-19, the Group have been taking measures to mitigate its impact on the employees, customers and communities. Safety is valued at Greatech, and their wellbeing has always been the top priority for the Group.

Statement on Risk Management and Internal Control *(Cont'd)*

CORONAVIRUS ("COVID-19") IMPACTS AND MITIGATION PLAN (CONT'D)

The Group have ongoing notifications to the workforce as the COVID-19 situation develops and has taken robust measures to lessen the spread of COVID-19 in accordance with the latest guidelines and recommendations provided by the World Health Organisation ("WHO"), local government and other relevant health authorities. These measures including communication guidance to employees on physical distancing, increased emphasis on hygiene, widespread use of face mask and other best practices to take during the pandemic time, expanded occupational safety and health protocol to help ensure employees are reporting exposure and possible symptoms, and the Group have transitioned to work remotely for several roles to also help limit exposure to COVID-19.

During the year, a COVID-19 risk assessment was carried out by the management to manage risk and keep employees and others safe in response to the surging of COVID-19 cases in the countries that the Group operates. The assessment was carried out based on the guidance from WHO, national and local directives. An internal audit was performed and reported in August 2020 to ensure the Group compliance with the Standard Operating Procedures and guidelines issued by relevant authorities.

There were limited direct disruption to most of the Group facilities in terms of inability to operate. As our business was considered essential, we have been granted approval by Ministry of International Trade and Industry ("MITI") to conduct operations based on the predetermined operation level as well as operating guidelines. As such, the Group has since been maintain its full ability in servicing our customers.

The management has also considered the impact of COVID-19 on the preparation of financial statements including potential for impairment of current and non-current assets.

The Group will continue doing its part to contribute to the global efforts to stop the spread of the COVID-19.

ASSURANCE

The Board regularly receives and reviews the reports on the effectiveness of the risk management and internal control, and is of the view that it is adequate to safeguard the shareholders' interests and the Group's assets. The role of the Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced and to operate a suitable system of internal controls to manage these risks.

The Board has obtained assurances from the Chief Executive Officer, COO and CFO that the Group's system of risk management and internal control is operating adequately and effectively for the financial year under review and up to date as of this Statement. Taking this assurance into consideration and input from relevant parties like the internal audit function and feedback from the external auditors on any control failings, the Board is of the view that the system of risk management and internal control is adequate and operating effectively to achieve objectives and has not resulted in any material losses or contingencies that would require disclosure in the Group's Annual Report. The Board remains committed towards establishing a robust system of internal control and risk management, where improvements are made as considered appropriate.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report.

The review of this Statement by the external auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants ("MIA").

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of risk management and internal controls of the Group, has not been prepared in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

Statement on Risk Management and Internal Control *(Cont'd)*

CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal controls and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal controls.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors.

Additional Compliance Information

1. Utilisation of Proceeds

Greatech Technology Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing") on 13 June 2019. In conjunction with the Listing, the Company undertook a public issue of 119,750,000 new ordinary shares, raising gross proceeds of RM73.05 million ("IPO proceeds"). Subsequently, the Company has successfully completed the transfer of the listing of and quotation for the entire issued share capital of the Company to the Main Market of Bursa Securities ("Transfer Listing") on 28 December 2020.

As at 31 December 2020, the status of the utilisation of the IPO proceeds is set out as below:

Purposes	Estimated time frame for utilisation upon Listing	Proposed utilisation RM'000	Actual utilisation RM'000	Percentage utilised %
Business expansion and development, and marketing activities	Within 48 months	18,000	1,821	10.1
Capital expenditure	Within 24 months	5,000	5,000	100.0
R&D expenditure	Within 24 months	5,000	3,230	64.6
Working capital	Within 30 months	36,548	36,548	100.0
Repayment of bank borrowings	Within 3 months	4,500	4,500	100.0
Estimated listing expenses	Immediately	4,000	4,000	100.0
Total		73,048	55,099	

The utilisation of gross proceeds as set out above should be read in conjunction with the Prospectus of the Company dated 13 May 2019.

2. Audit and Non-Audit Fees

Audit fees paid and payable to external auditors by the Company and the Group for the financial year ended 31 December 2020 amounted to RM28,000 and RM82,000 respectively.

Non-audit fees paid and payable to external auditors, or a firm or corporation affiliated to the external auditors by the Company and the Group for the financial year ended 31 December 2020 amounted to RM62,900 and RM70,900 respectively. The non-audit fee services rendered by BDO PLT and its affiliates mainly comprise of fees payable for the Transfer Listing exercise to the Main Market of Bursa Securities, review of Sustainability Report, Statement on Risk Management and Internal Control and tax incentive review works.

3. Material Contracts Involving Directors', Chief Executive who is not a Director and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving the interest directors, chief executive who is not a Director and major shareholders, either still subsisting as at 31 December 2020 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions

The Company and its subsidiaries did not have any recurrent related party transactions during the financial year ended 31 December 2020.

5. Employees' Share Option Scheme ("ESOS")

The ESOS of the Company was approved by shareholders at the Extraordinary General Meeting held on 27 November 2020.

During the financial year ended 31 December 2020, no ESOS Option has been offered. Subsequent to the year ended 31 December 2020, the Company has on 11 January 2021 announced the effective date of implementation of the Long Term Incentive Plan comprising share grant plan and share option plan, which will be in force for a period of five (5) years.

Statement of Directors' Responsibility In Relation to the Financial Statements

The Board of Directors ("Board") is required under the Companies Act 2016 to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of their financial performance and their cash flows for that year then ended. Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

In preparing the financial statements for the financial year ended 31 December 2020, the Board considers that:

- (i) all applicable approved accounting standards in Malaysia, such as Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") have been followed;
- (ii) the Group and the Company have used appropriate accounting policies and have consistently applied them;
- (iii) reasonable and prudent judgments and estimates were made; and
- (iv) the financial statements were prepared on the going concern basis as the Board has a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Board is responsible for ensuring that the Group and the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and applicable approved accounting standards in Malaysia.

The Board has general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This Statement of Directors' Responsibility in relation to the financial statements is made in accordance with a resolution of the Board.

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Directors' Report

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities and details of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	87,846,479	9,227,002
Attributable to:		
Owners of the parent	87,846,479	9,227,002

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Tan Eng Kee*
Khor Lean Heng*
Mariamah binti Daud
Ooi Hooi Kiang
Dato' Seri Wong Siew Hai (Appointed on 8 May 2020)
Ooi Ching Hock (Retired on 29 June 2020)

* These Directors of the Company are also the Directors in certain subsidiaries of the Company.

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →			
	Balance as at 1-1-2020/ Date of appointment^	Bought	Sold	Balance as at 31-12-2020

Shares in the Company

Direct interests:

Tan Eng Kee	0	269,000	(150,000)	119,000
Khor Lean Heng	200,000	485,000	(200,000)	485,000
Mariamah binti Daud	350,000	140,000	(140,000)	350,000
Ooi Hooi Kiang	350,000	1,136,600	(265,000)	1,221,600

Shares in the Company

Indirect interests:

Tan Eng Kee*	463,218,750	0	(38,385,000)	424,833,750
Dato' Seri Wong Siew Hai^#	547,000	124,500	(160,000)	511,500
Mariamah binti Daud#	0	20,000	(20,000)	0

* Deemed interest by virtue of shareholdings in GTECH Holdings Sdn. Bhd..

Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 held through children.

By virtue of Tan Eng Kee's substantial interest in the shares of the Company, he is also deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who received remuneration from a subsidiary as Directors of the subsidiary as disclosed in Note 27 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report *(Cont'd)*

DIRECTORS' REMUNERATION

The fees and other benefits of the Directors who held office during the financial year ended 31 December 2020 are as follows:

	Group RM	Company RM
Fees	310,000	310,000
Salaries	847,440	0
Bonuses	365,004	0
Others	172,087	24,000
	<u>1,694,531</u>	<u>334,000</u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and Officers' liability insurance during the financial year to protect the Directors and Officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and Officers.

During the financial year, the total amount of insurance premium paid for the Directors and the Officers of the Group and of the Company were RM22,604.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report *(Cont'd)*

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (CONT'D)

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 31 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 32 to the financial statements.

HOLDING COMPANY

The Directors regard GTECH Holdings Sdn. Bhd., a company incorporated in Malaysia as the immediate and ultimate holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 amounted to RM28,000 and RM54,000 respectively.

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

Tan Eng Kee

Director

Penang
9 April 2021

Khor Lean Heng

Director

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 102 to 153 have been 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 at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Tan Eng Kee

Director

Penang
9 April 2021

Khor Lean Heng

Director

Statutory Declaration

I, Koay Lin Lin (CA 16631), being the officer primarily responsible for the financial management of Greatech Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 102 to 153 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Georgetown in the State of
Penang this 9 April 2021

Koay Lin Lin

Before me,

Commissioner for Oaths

Independent Auditors' Report To the Members of Greatech Technology Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greatech Technology Berhad, which comprise the statements of financial position as at 31 December 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 153.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') 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 ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

(a) Revenue recognition for construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 23 to the financial statements amounted to RM243,088,409.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers and costs in applying the input method to recognise revenue over time.

The Group estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims.

Independent Auditors' Report To the Members of Greatech Technology Berhad (Cont'd)

Key Audit Matters (Cont'd)

(a) Revenue recognition for construction contracts (Cont'd)

Audit response

Our audit procedures included the following:

- (i) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (ii) inspected documentation to support cost estimates made including contract variations;
- (iii) compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (iv) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

(b) Provision for warranties

We refer to Note 21 to the financial statements on the provision for warranties which amounted RM42,447,055.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates in determining the valuation of provision for warranties.

Audit response

Our audit procedures included the following:

- (i) tested the relevant internal control in place on the completeness of warranty provision and assessed the valuation of provision;
- (ii) challenged the assumptions underlying the basis of provisions by checking and verifying the inputs used to calculate the provisions, including interviewing project managers, sales managers and management;
- (iii) assessed the level of historical warranty claims to determine whether the total provision for warranties held at year-end were sufficient to cover the expected warranty claims in light of known and expected cases and standard warranty periods provided; and
- (iv) recomputed the provision for warranties based on the basis of provisions provided by the management.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the Members of Greatech Technology Berhad *(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 MFRSs, IFRSs 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 ISAs 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 ISAs, 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 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 and 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 achieves fair presentation.
- 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.

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.

Independent Auditors' Report

To the Members of Greatech Technology Berhad *(Cont'd)*

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

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 7 to the financial statements.

Other Matters

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Beng Tuan
03271/07/2022 J
Chartered Accountant

Penang
9 April 2021

Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	64,540,755	37,547,516	0	0
Right-of-use assets	6	29,826,696	29,130,874	0	0
Investments in subsidiaries	7	0	0	40,500,000	40,500,000
		<u>94,367,451</u>	<u>66,678,390</u>	<u>40,500,000</u>	<u>40,500,000</u>
Current assets					
Inventories	8	11,670,692	2,864,976	0	0
Trade and other receivables	9	41,459,463	30,239,865	10,261,681	141,401
Contract assets	10	20,589,808	26,408,922	0	0
Derivative assets	11	3,523	8,728	0	0
Current tax assets		1,120,483	506,488	11,050	0
Short term funds	12	212,960,050	176,527,866	67,807,931	66,161,957
Cash and bank balances	13	72,569,672	41,404,714	3,377,371	5,774,038
		<u>360,373,691</u>	<u>277,961,559</u>	<u>81,458,033</u>	<u>72,077,396</u>
TOTAL ASSETS		<u>454,741,142</u>	<u>344,639,949</u>	<u>121,958,033</u>	<u>112,577,396</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	111,950,679	111,950,679	111,950,679	111,950,679
Reserves	15	174,794,859	83,639,317	9,700,288	473,286
TOTAL EQUITY		<u>286,745,538</u>	<u>195,589,996</u>	<u>121,650,967</u>	<u>112,423,965</u>

Statements of Financial Position (Cont'd)

as at 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
LIABILITIES					
Non-current liabilities					
Borrowings	17	17,202,728	18,128,267	0	0
Lease liabilities	6	615,091	2,185,516	0	0
Deferred tax liabilities	18	6,001,590	3,138,525	0	0
Government grant	19	526,151	658,743	0	0
		<u>24,345,560</u>	<u>24,111,051</u>	<u>0</u>	<u>0</u>
Current liabilities					
Trade and other payables	20	40,165,824	29,147,262	307,066	140,431
Contract liabilities	10	58,349,358	56,189,453	0	0
Provision for warranties	21	42,447,055	37,124,259	0	0
Borrowings	17	1,415,934	1,001,323	0	0
Lease liabilities	6	1,139,281	1,331,013	0	0
Government grant	19	132,592	132,592	0	0
Current tax liability		0	13,000	0	13,000
		<u>143,650,044</u>	<u>124,938,902</u>	<u>307,066</u>	<u>153,431</u>
TOTAL LIABILITIES		<u>167,995,604</u>	<u>149,049,953</u>	<u>307,066</u>	<u>153,431</u>
TOTAL EQUITY AND LIABILITIES		<u>454,741,142</u>	<u>344,639,949</u>	<u>121,958,033</u>	<u>112,577,396</u>

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	23	261,126,387	215,935,041	10,000,000	0
Cost of sales		<u>(147,643,241)</u>	<u>(143,075,628)</u>	<u>0</u>	<u>0</u>
Gross profit		113,483,146	72,859,413	10,000,000	0
Other income	24	10,702,226	10,001,247	1,829,451	1,453,665
Administrative and marketing expenses		<u>(33,171,163)</u>	<u>(24,383,228)</u>	<u>(2,586,062)</u>	<u>(827,195)</u>
Finance cost	25	<u>(938,074)</u>	<u>(904,980)</u>	<u>0</u>	<u>0</u>
Profit before tax		90,076,135	57,572,452	9,243,389	626,470
Tax expense	26	<u>(2,229,656)</u>	<u>(5,275,809)</u>	<u>(16,387)</u>	<u>(40,000)</u>
Profit for the financial year		<u>87,846,479</u>	<u>52,296,643</u>	<u>9,227,002</u>	<u>586,470</u>
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		(4,406)	6,569	0	0
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus on property, plant and equipment and right-of-use assets		<u>3,313,469</u>	<u>1,969,950</u>	<u>0</u>	<u>0</u>
Other comprehensive income for the financial year, net of tax		<u>3,309,063</u>	<u>1,976,519</u>	<u>0</u>	<u>0</u>
Total comprehensive income for the financial year		<u>91,155,542</u>	<u>54,273,162</u>	<u>9,227,002</u>	<u>586,470</u>
Profit attributable to owners of the parent		<u>87,846,479</u>	<u>52,296,643</u>	<u>9,227,002</u>	<u>586,470</u>
Total comprehensive income attributable to owners of the parent		<u>91,155,542</u>	<u>54,273,162</u>	<u>9,227,002</u>	<u>586,470</u>
Earnings per ordinary share attributable to owners of the parent:					
Basic and diluted (sen)	28	<u>7.02</u>	<u>5.64</u>		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

Group	Note	Share capital	Exchange			Revaluation reserve	Retained earnings	Total equity
			translation reserve	Reorganisation debit reserve	RM			
Balance as at 1 January 2020		111,950,679	6,965	(39,500,000)	5,464,162	117,668,190	195,589,996	
Profit for the financial year		0	0	0	0	87,846,479	87,846,479	
Gross revaluation increase of properties	16	0	0	0	4,359,828	0	4,359,828	
Deferred tax relating to revalued properties	16	0	0	0	(1,046,359)	0	(1,046,359)	
Foreign currency translations		0	(4,406)	0	0	0	(4,406)	
Other comprehensive income, net of tax		0	(4,406)	0	3,313,469	0	3,309,063	
Total comprehensive income		0	(4,406)	0	3,313,469	87,846,479	91,155,542	
Realisation of revaluation surplus	16	0	0	0	(173,465)	173,465	0	
Balance as at 31 December 2020		111,950,679	2,559	(39,500,000)	8,604,166	205,688,134	286,745,538	

Consolidated Statement of Changes in Equity (Cont'd)

For the financial year ended 31 December 2020

Group	Note	Exchange				Revaluation reserve	Retained earnings	Total equity
		Share capital	Exchange translation reserve	Reorganisation debit reserve	Revaluation reserve			
		RM	RM	RM	RM	RM	RM	
Balance as at 1 January 2019		1,000,001	396	0	3,605,139	65,260,620	69,866,156	
Profit for the financial year		0	0	0	0	52,296,643	52,296,643	
Gross revaluation increase of properties	16	0	0	0	2,592,040	0	2,592,040	
Deferred tax relating to revalued properties	16	0	0	0	(622,090)	0	(622,090)	
Foreign currency translations		0	6,569	0	0	0	6,569	
Other comprehensive income, net of tax		0	6,569	0	1,969,950	0	1,976,519	
Total comprehensive income		0	6,569	0	1,969,950	52,296,643	54,273,162	
Realisation of revaluation surplus	16	0	0	0	(110,927)	110,927	0	
Transactions with owners:								
Issuance of ordinary shares pursuant to:								
- acquisition of a subsidiary in business combination under common control	14	39,500,000	0	(39,500,000)	0	0	0	
- Initial Public Offering	14	73,047,500	0	0	0	0	73,047,500	
Share issue expenses	14	(1,596,822)	0	0	0	0	(1,596,822)	
Total transactions with owners		110,950,678	0	(39,500,000)	0	0	71,450,678	
Balance as at 31 December 2019		111,950,679	6,965	(39,500,000)	5,464,162	117,668,190	195,589,996	

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2020

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2020		111,950,679	473,286	112,423,965
Profit for the financial year		0	9,227,002	9,227,002
Other comprehensive income, net of tax		0	0	0
Total comprehensive income		0	9,227,002	9,227,002
Balance as at 31 December 2020		111,950,679	9,700,288	121,650,967
Balance as at 1 January 2019		1	(113,184)	(113,183)
Profit for the financial year		0	586,470	586,470
Other comprehensive income, net of tax		0	0	0
Total comprehensive income		0	586,470	586,470
Transactions with owners:				
Issuance of ordinary shares pursuant to:				
- acquisition of a subsidiary	14	40,500,000	0	40,500,000
- Initial Public Offering	14	73,047,500	0	73,047,500
Share issue expenses	14	(1,596,822)	0	(1,596,822)
Total transactions with owners		111,950,678	0	111,950,678
Balance as at 31 December 2019		111,950,679	473,286	112,423,965

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		90,076,135	57,572,452	9,243,389	626,470
Adjustments for:					
Amortisation of government grant	19	(132,592)	(132,591)	0	0
Bad debt written off		0	184,473	0	0
Depreciation of:					
- property, plant and equipment	5	3,801,832	2,267,831	0	0
- right-of-use assets	6	1,929,949	2,220,835	0	0
Fair value adjustment on derivative assets	11(a)	5,205	(8,728)	0	0
Gain on disposal of property, plant and equipment		0	(62,999)	0	0
Gain on lease modification	6(g)	(8,515)	0	0	0
Impairment losses on:					
- contract assets	10(e)	332,085	0	0	0
- trade receivables	9(f)	526,671	180,124	0	0
Interest expense	25	938,074	904,980	0	0
Interest income	24	(615,778)	(639,744)	(105,301)	(310,222)
Inventories written back	8(b)	(17,984)	0	0	0
Inventories written down	8(b)	11,897	200,924	0	0
Lease concessions	6(g)	(21,875)	0	0	0
Property, plant and equipment written off		6,904	1,593	0	0
Provision for warranties	21(b)	17,186,580	14,732,089	0	0
Revaluation deficit of property, plant and equipment		0	936,812	0	0
Reversal of:					
- impairment losses on trade receivables	9(f)	(180,124)	(523,329)	0	0
- revaluation deficit of property, plant and equipment		(936,812)	0	0	0
- unused provision for warranties	21(b)	(11,862,877)	(306,923)	0	0
Unrealised loss on foreign exchange		4,048,857	3,082,086	0	0
Operating profit before changes in working capital		105,087,632	80,609,885	9,138,088	316,248

Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Operating profit before changes in working capital (Cont'd)		105,087,632	80,609,885	9,138,088	316,248
(Increase)/Decrease in inventories		(8,799,629)	528,507	0	0
Increase in trade and other receivables		(11,823,869)	(11,273,517)	(10,120,280)	(141,401)
Decrease/(Increase) in contract assets		5,487,029	(474,827)	0	0
Increase/(Decrease) in trade and other payables		12,108,984	(7,328,733)	166,635	25,298
Increase in contract liabilities		2,159,905	42,013,202	0	0
Warranties paid	21(b)	(907)	(34,888)	0	0
Cash generated from/(used in) operations		104,219,145	104,039,629	(815,557)	200,145
Interest paid		(840,859)	(614,843)	0	0
Interest received		615,778	639,744	105,301	310,222
Tax paid		(762,437)	(669,544)	(40,437)	(27,000)
Tax refunded		0	740,046	0	0
Net cash from/(used in) operating activities		103,231,627	104,135,032	(750,693)	483,367
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		0	63,000	0	0
Purchase of property, plant and equipment	5	(29,480,980)	(12,111,192)	0	0
Purchase of right-of-use assets	6(c)	0	(16,986,817)	0	0
Net changes in deposits pledged with licensed banks		2,823,549	(103,886)	0	0
Net changes in deposits with licensed banks (more than three months)		(1,506,869)	0	0	0
Net cash used in investing activities		(28,164,300)	(29,138,895)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
- term loans		490,395	19,181,638	0	0
- issuance of ordinary shares		0	73,047,500	0	73,047,500
Repayments of:					
- lease liabilities		(1,450,063)	(4,693,700)	0	0
- term loans		(1,001,323)	(5,147,882)	0	0
Share issue expenses paid		0	(1,596,822)	0	(1,596,822)
Net cash (used in)/from financing activities		(1,960,991)	80,790,734	0	71,450,678
Net changes in cash and cash equivalents		73,106,336	155,786,871	(750,693)	71,934,045
Effects of exchange rate changes on cash and cash equivalents		(4,192,514)	(2,950,898)	0	0
Cash and cash equivalents at beginning of financial year		215,109,031	62,273,058	71,935,995	1,950
Cash and cash equivalents at end of financial year	13(b)	284,022,853	215,109,031	71,185,302	71,935,995

Statements of Cash Flows (Cont'd)

For the financial year ended 31 December 2020

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities Note 6 RM	Hire purchase creditors RM	Term loans Note 17 RM
Balance as at 1 January 2020	3,516,529	0	19,129,590
Cash flows	(1,450,063)	0	(510,928)
Non-cash flows			
- lease concessions	(21,875)	0	0
- unwinding of interest	97,215	0	0
- effects of lease modification	(387,434)	0	0
Balance as at 31 December 2020	<u>1,754,372</u>	<u>0</u>	<u>18,618,662</u>
Balance as at 1 January 2019, as previously reported	0	3,047,337	5,095,834
Effects of adoption of MFRS 16	<u>7,557,848</u>	<u>(3,047,337)</u>	<u>0</u>
Balance as at 1 January 2019, as restated	7,557,848	0	5,095,834
Cash flows	(4,693,700)	0	14,033,756
Non-cash flows			
- addition of lease liabilities	362,244	0	0
- unwinding of interest	290,137	0	0
Balance as at 31 December 2019	<u>3,516,529</u>	<u>0</u>	<u>19,129,590</u>

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 18.05, MWE Plaza, No.8, Lebuhraya Farquhar, 10200 Georgetown, Penang.

The principal place of business of the Company is located at Plot 287(A), Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone, Phase 3, 11900 Bayan Lepas, Penang.

The Directors regard GTECH Holdings Sdn. Bhd., a company incorporated in Malaysia as the immediate and ultimate holding company.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 9 April 2021.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provision of management services. The principal activities and details of the subsidiaries are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 33.1 to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sale of automated equipment together with provision of parts and services.

No provision of parts and services segment information is presented as the Chief Executive Officer ('CEO') views the Group as a single reportable segment.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses.

Notes to the Financial Statements (Cont'd)

31 December 2020

4. OPERATING SEGMENTS (Cont'd)

(a) Geographical information

The manufacturing facilities of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Majority of the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/details of the segment assets and liabilities of the Group.

Revenue information based on the geographical location of customers are as follows:

	2020	2019
	RM	RM
Revenue from external customers		
India	0	72,652
Ireland	510,135	319,950
Malaysia	159,227,085	12,232,795
People's Republic of China	1,955,614	1,831,538
Philippines	0	376,960
Singapore	720,212	5,165
Switzerland	0	183,038
Thailand	57,657	0
United Kingdom	90,796	0
United States of America	50,528,928	153,168,895
Vietnam	48,035,960	47,744,048
	<u>261,126,387</u>	<u>215,935,041</u>

(b) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	2020	2019
	RM	RM
Customer A	48,035,960	47,744,048
Customer B	42,054,731	146,268,945
Customer C	158,117,222	*
	<u>248,207,913</u>	<u>194,012,993</u>

* less than 10%

Notes to the Financial Statements (Cont'd)

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings, at valuation RM	Plant and machinery RM	Furniture, fittings, office equipment and computer system RM	Motor vehicles RM	Electrical installation RM	Tools and equipment RM	Renovation RM	Total RM
31 December 2020								
At cost/At valuation								
Balance as at 1 January 2020	21,820,000	15,174,157	6,333,909	1,661,679	1,192,475	813,416	1,350,248	48,345,884
Additions	19,203,540	3,416,250	5,615,269	977,460	60,703	96,638	111,120	29,480,980
Revaluation	626,460	0	0	0	0	0	0	626,460
Written off	0	(2,024,243)	(240,599)	0	(112,443)	(144,625)	0	(2,521,910)
Balance as at 31 December 2020	41,650,000	16,566,164	11,708,579	2,639,139	1,140,735	765,429	1,461,368	75,931,414
Accumulated depreciation								
Balance as at 1 January 2020	0	6,874,015	2,185,508	720,958	408,741	174,340	434,806	10,798,368
Current charge	694,535	1,375,906	1,010,447	373,875	110,688	96,971	139,410	3,801,832
Revaluation	(694,535)	0	0	0	0	0	0	(694,535)
Written off	0	(2,023,289)	(235,600)	0	(112,443)	(143,674)	0	(2,515,006)
Balance as at 31 December 2020	0	6,226,632	2,960,355	1,094,833	406,986	127,637	574,216	11,390,659
Carrying amount								
Balance as at 31 December 2020	41,650,000	10,339,532	8,748,224	1,544,306	733,749	637,792	887,152	64,540,755

Notes to the Financial Statements (Cont'd)

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold land, at valuation RM	Buildings, at valuation RM	Plant and machinery RM	Furniture, fittings, office equipment and computer system RM	Motor vehicles RM	Electrical installation equipment RM	Tools and equipment RM	Renovation progress RM	Construction-in-progress RM	Total RM
31 December 2019										
At cost/At valuation										
Balance as at 1 January 2019, as previously reported	7,600,000	6,020,000	14,467,358	3,587,325	1,027,998	1,092,725	312,594	1,271,852	9,315,788	44,695,640
Effects of adoption of MFRS 16	(7,600,000)	0	(5,902,003)	0	(179,458)	0	0	0	0	(13,681,461)
Balance as at 1 January 2019, restated	0	6,020,000	8,565,355	3,587,325	848,540	1,092,725	312,594	1,271,852	9,315,788	31,014,179
Additions	0	581,673	710,000	1,256,944	330,733	83,300	265,874	47,801	8,834,867	12,111,192
Revaluation	0	(1,157,615)	0	0	0	0	0	0	0	(1,157,615)
Disposal	0	0	(1)	0	0	0	0	0	0	(1)
Written off	0	0	(3,200)	(1,700)	0	0	(1,380)	0	0	(6,280)
Transfer from right-of-use assets	0	0	5,902,003	0	482,406	0	0	0	0	6,384,409
Reclassifications	0	16,375,942	0	1,491,340	0	16,450	236,328	30,595	(18,150,655)	0
Balance as at 31 December 2019	0	21,820,000	15,174,157	6,333,909	1,661,679	1,192,475	813,416	1,350,248	0	48,345,884

Notes to the Financial Statements (Cont'd)

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold land, Buildings, at valuation RM		at Buildings, at valuation RM		Plant and machinery RM		Furniture, fittings, office equipment and computer system RM		Motor vehicles installation equipment RM		Tools and equipment RM		Renovation progress RM		Construction-in-progress RM		Total RM	
	RM		RM		RM		RM		RM		RM		RM		RM		RM	
31 December 2019																		
Accumulated depreciation																		
Balance as at 1 January 2019, as previously reported	440,580	348,986	5,641,539	1,513,042	463,254	309,107	131,499	304,975	0	9,152,982								
Effects of adoption of MFRS 16	(440,580)	0	(726,210)	0	(8,973)	0	0	0	0	(1,175,763)								
Balance as at 1 January 2019, restated	0	348,986	4,915,329	1,513,042	454,281	309,107	131,499	304,975	0	7,977,219								
Current charge	0	395,295	743,549	674,166	182,435	99,634	42,921	129,831	0	2,267,831								
Revaluation	0	(744,281)	0	0	0	0	0	0	0	(744,281)								
Written off	0	0	(2,907)	(1,700)	0	0	(80)	0	0	(4,687)								
Transfer from right-of-use assets	0	0	1,218,044	0	84,242	0	0	0	0	1,302,286								
Balance as at 31 December 2019	0	0	6,874,015	2,185,508	720,958	408,741	174,340	434,806	0	10,798,368								
Carrying amount																		
Balance as at 31 December 2019	0	21,820,000	8,300,142	4,148,401	940,721	783,734	639,076	915,442	0	37,547,516								

Notes to the Financial Statements (Cont'd)

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially measured at cost.

After initial recognition, property, plant and equipment except for buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. Buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Buildings are revalued at least every three (3) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Buildings	31.4 - 50 years
Plant and machinery	10 years
Furniture, fittings, office equipment and computer system	5 - 10 years
Motor vehicles	5 years
Electrical installation	10 years
Tools and equipment	10 years
Renovation	10 years

Construction-in-progress represents building under construction and was stated at cost. Construction-in-progress was not depreciated until such time when the asset was available for use.

- (b) The buildings of the Group were revalued on 31 December 2020 by the Directors based on a valuation exercise carried out in December 2020 by an independent professional valuer using the open market value basis.

Had the revalued assets been carried at historical cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2020	2019
	RM	RM
Buildings	<u>40,717,726</u>	<u>22,218,121</u>

Notes to the Financial Statements *(Cont'd)*

31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (c) The fair value of buildings (at valuation) of the Group are categorised as Level 3 in the fair value hierarchy.
- (i) Level 3 fair value of buildings (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of buildings were derived using comparison/cost method.
- The comparison/cost method of valuation entails separate valuations of the buildings to arrive at the market value of the subject property. Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in term of building differences, improvements and amenities, time element and other relevant characteristics. Appropriate adjustments are then made for the factors of obsolescences, optimisation and existing physical condition of the buildings. The estimated fair value would be higher if the estimated replacement cost is lower and vice versa. The significant unobservable input into this valuation method is adjustment factors to prices of comparable assets.
- (ii) The fair value measurements of the buildings (at valuation) are based on the highest and best use which does not differ from their actual use.
- (d) As at the end of the reporting period, buildings with a total carrying amount of RM15,800,000 (2019: RM18,220,000) of the Group have been charged to banks for credit facilities granted to the Group as disclosed in Note 17(c) to the financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2020

6. LEASES

The Group as lessee

Right-of-use assets

Group	Balance as at 1 January 2020 RM	Depreciation RM	Revaluation RM	Effects of lease modification RM	Balance as at 31 December 2020 RM
Carrying amount	25,545,973	(550,663)	3,004,690	0	28,000,000
Leasehold land, at valuation	287,212	(67,579)	0	0	219,633
Motor vehicles	204,812	(82,613)	0	0	122,199
Forklifts	26,804	(9,403)	0	0	17,401
Hostels	3,066,073	(1,219,691)	0	(378,919)	1,467,463
Rented premises	29,130,874	(1,929,949)	3,004,690	(378,919)	29,826,696

Group	Balance as at 1 January 2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Depreciation RM	Revaluation RM	Transfer to property, plant and equipment RM	Balance as at 31 December 2019 RM
Carrying amount	0	7,159,420	16,645,973	(327,982)	2,068,562	0	25,545,973
Leasehold land, at valuation	0	5,175,793	0	(491,834)	0	(4,683,959)	0
Plant and machinery	0	170,485	640,844	(125,953)	0	(398,164)	287,212
Motor vehicles	0	214,806	62,244	(72,238)	0	0	204,812
Forklifts	0	36,207	0	(9,403)	0	0	26,804
Hostels	0	4,259,498	0	(1,193,425)	0	0	3,066,073
Rented premises	0	17,016,209	17,349,061	(2,220,835)	2,068,562	(5,082,123)	29,130,874

Notes to the Financial Statements (Cont'd)

31 December 2020

6. LEASES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities

Group	Balance as at		Lease payments	Lease concessions	Interest expense	Effects of lease modification	Balance as at
	1 January 2020	31 December 2020					
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Motor vehicles	118,644	(53,963)	0	4,797	0	0	69,478
Forklifts	207,145	(86,400)	0	4,465	0	0	125,210
Hostels	27,358	(10,200)	0	973	0	0	18,131
Rented premises	3,163,382	(1,299,500)	(21,875)	86,980	(387,434)	1,541,553	
	3,516,529	(1,450,063)	(21,875)	97,215	(387,434)	1,754,372	

Group	Balance as at		Effects of adoption of MFRS 16	Additions	Lease payments	Interest expense	Balance as at
	1 January 2019	31 December 2019					
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Plant and machinery	0	2,940,617	0	(3,054,929)	114,312	0	0
Motor vehicles	0	106,720	300,000	(298,521)	10,445	118,644	
Forklifts	0	214,806	62,244	(75,600)	5,695	207,145	
Hostels	0	36,207	0	(10,200)	1,351	27,358	
Rented premises	0	4,259,498	0	(1,254,450)	158,334	3,163,382	
	0	7,557,848	362,244	(4,693,700)	290,137	3,516,529	

Notes to the Financial Statements (Cont'd)

31 December 2020

6. LEASES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

	Group	
	2020	2019
	RM	RM
Represented by:		
Current liabilities	1,139,281	1,331,013
Non-current liabilities	615,091	2,185,516
Total lease liabilities	<u>1,754,372</u>	<u>3,516,529</u>
Lease liabilities owing to a financial institution	69,478	118,644
Lease liabilities owing to non-financial institutions	1,684,894	3,397,885
	<u>1,754,372</u>	<u>3,516,529</u>

- (a) The right-of-use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use) at cost initially. The cost of right-of-use assets comprise the initial amount of the lease liabilities, initial direct costs incurred adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets except for leasehold land are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities. Leasehold land is stated at valuation, which is the fair value at the date of revaluation less subsequent accumulated depreciation.

Leasehold land is revalued at least every three (3) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

The right-of-use assets are depreciated from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	31.4 - 55 years
Plant and machinery	10 years
Motor vehicles	5 years
Forklifts	3 - 3.5 years
Hostels	3.5 - 4.17 years
Rented premises	3 - 4.17 years

- (b) The leasehold land of the Group was revalued on 31 December 2020 by the Directors based on a valuation exercise carried out in December 2020 by an independent professional valuer using the open market value basis.

Had the revalued assets been carried at historical cost less accumulated depreciation, the carrying amounts would have been:

	2020	2019
	RM	RM
Leasehold land	<u>18,561,701</u>	<u>18,894,978</u>

Notes to the Financial Statements (Cont'd)

31 December 2020

6. LEASES (CONT'D)

(c) In the previous financial year, the Group made the following cash payments to acquire right-of-use assets:

	RM
Purchase of right-of-use assets	17,286,817
Financed by hire purchase arrangement	(300,000)
Cash payments on purchase of right-of-use assets	<u>16,986,817</u>

(d) The fair value of leasehold land (at valuation) of the Group are categorised as Level 3 in the fair value hierarchy.

(i) Level 3 fair value of leasehold land (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of leasehold land was derived using comparison method.

Under the comparison method of valuation, the land is valued by reference to transactions of similar lands in close proximity with adjustments made for differences in location, size and other relevant characteristics. The estimated fair value would be higher if the differential rate is lower and vice versa. The significant unobservable input into this valuation method is adjustment factors to prices of comparable assets.

(ii) The fair value measurements of the leasehold land (at valuation) are based on the highest and best use which does not differ from their actual use.

(e) As at the end of the reporting period, leasehold land with a total carrying amount of RM9,400,000 (2019: RM13,700,000) of the Group has been pledged to banks as securities for credit facilities granted to the Group as disclosed in Note 17(c) to the financial statements.

(f) The Group has a lease of warehouse with lease term of twelve (12) months or less, and certain low-value leases of office equipment of RM20,000 and below. The Group applies the 'short-term leases' and 'lease of low-value assets' exemptions for these leases.

(g) The following are the amounts recognised in profit or loss:

	Group	
	2020	2019
	RM	RM
Depreciation charge of right-of-use assets (included in cost of sales)	1,862,370	2,094,882
Depreciation charge of right-of-use assets (included in administrative and marketing expenses)	67,579	125,953
Expenses relating to short-term leases (included in cost of sales)	204,573	0
Expenses relating to low-value assets (included in cost of sales)	2,912	1,472
Expenses relating to low-value assets (included in administrative and marketing expenses)	14,305	9,940
Interest expense on lease liabilities (included in finance costs)	97,215	290,137
Gain on lease modification (included in other income)	(8,515)	0
Variable lease payments arising from COVID-19 related rent concessions (included in other income)	(21,875)	0
	<u>2,218,564</u>	<u>2,522,384</u>

(h) At the end of the financial year, the Group had total cash outflow for the leases of RM1,450,063 (2019: RM4,693,700).

Notes to the Financial Statements (Cont'd)

31 December 2020

6. LEASES (CONT'D)

- (i) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

There are no potential future rental payments that are not included in the lease terms.

- (j) Information on financial risks of lease liabilities is disclosed in Note 30 to the financial statements.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM	RM

At cost

Unquoted equity shares	<u>40,500,000</u>	<u>40,500,000</u>
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- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

- (b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
Greatech Integration (M) Sdn. Bhd.	Malaysia	100%	100%	Designing and manufacturing of single automated equipment, production line system and provision of related components and engineering services.
<u>Subsidiaries of Greatech Integration (M) Sdn. Bhd.</u>				
Greatech Integration (Shanghai) Limited*	People's Republic of China	100%	100%	Wholesale, import and export, commission agency (except for auction) and related supporting services in automation equipment and accessories, machinery and equipment, electromechanical equipment, hardware and electrical equipment, and electric tools. Engaged in technical development, technical consultation, technology transfer and technical services in the field of automation technology. Business information consulting. #
Greatech Integration (USA) Inc.^ +	United States of America	100%	N/A	Design, development and production of system, machinery and equipment and related components and engineering services. Currently, Greatech Integration (USA) Inc. has not commenced operations.

* Subsidiary not audited by BDO PLT, Malaysia or BDO member firms.

Approved projects according to law, approved by relevant departments before carrying out business activities.

^ Subsidiary not required to be audited in the country of incorporation.

+ Consolidated using management financial statements up to 31 December 2020.

Notes to the Financial Statements (Cont'd)

31 December 2020

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) On 29 October 2020, a subsidiary of the Company, Greatech Integration (M) Sdn. Bhd. ('GIM'), incorporated a wholly-owned subsidiary, Greatech Integration (USA) Inc. in Delaware, United States of America with an issued and paid-up share capital of USD1 (equivalent to RM4).
- (d) In the previous financial year, the Company completed the acquisition of entire equity interest in GIM for a total purchase consideration of RM40,500,000 which was satisfied via the issuance of 506,249,999 new ordinary shares at an issue price of RM0.08 per new ordinary share. Consequently, GIM has become a wholly-owned subsidiary of the Company.

8. INVENTORIES

	Group	
	2020	2019
	RM	RM
At cost		
Raw materials	11,664,178	2,859,170
At net realisable value		
Raw materials	6,514	5,806
	<u>11,670,692</u>	<u>2,864,976</u>

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out formula. The cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.
- (b) As at the end of each reporting period, the following are the amounts recognised in cost of sales:

	Group	
	2020	2019
	RM	RM
Cost of inventories	102,184,349	84,585,925
Inventories written down	11,897	200,924
Inventories written back	<u>(17,984)</u>	<u>0</u>

During the financial year, the Group wrote back RM17,984 in respect of inventories written down in the previous financial year that were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

Notes to the Financial Statements (Cont'd)

31 December 2020

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Third parties	33,181,121	11,243,818	0	0
Less: Impairment losses	(526,671)	(180,124)	0	0
Total trade receivables	32,654,450	11,063,694	0	0
Other receivables				
Other receivables	95,232	1,034,313	77,733	0
Deposits	1,231,377	693,517	1,000	0
Dividend receivable from a subsidiary	0	0	10,000,000	0
Total other receivables	1,326,609	1,727,830	10,078,733	0
Total receivables	33,981,059	12,791,524	10,078,733	0
Prepayments	7,478,404	17,448,341	182,948	141,401
Total trade and other receivables	41,459,463	30,239,865	10,261,681	141,401

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 to 90 days (2019: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	27,772,878	20,277,543	10,261,681	141,401
US Dollar	13,686,585	9,962,322	0	0
	41,459,463	30,239,865	10,261,681	141,401

- (d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ('ECL').

The Group uses an allowance matrix to measure the ECL of trade receivables from monthly aging based on common credit risk characteristic - industry.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (Export Unit Value Indices) (2019: Industrial Production Index) and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative and marketing expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

The Group considers receivables to be in default when the receivables are more than twelve (12) months past due and there is no reasonable expectation of recovery.

Notes to the Financial Statements (Cont'd)

31 December 2020

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) The ageing analysis and impairment losses for trade receivables of the Group are as follows:

Group	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
31 December 2020			
Current	31,207,444	(332,380)	30,875,064
1 to 30 days past due	1,973,677	(194,291)	1,779,386
Total	<u>33,181,121</u>	<u>(526,671)</u>	<u>32,654,450</u>
31 December 2019			
Current	10,743,952	(166,814)	10,577,138
1 to 30 days past due	263,094	(5,712)	257,382
31 to 60 days past due	236,461	(7,287)	229,174
More than 60 days past due	311	(311)	0
Total	<u>11,243,818</u>	<u>(180,124)</u>	<u>11,063,694</u>

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(f) Movements in the impairment losses for trade receivables are as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 January	180,124	523,329
Reversal of impairment losses	(180,124)	(523,329)
Charge for the financial year	<u>526,671</u>	<u>180,124</u>
Balance as at 31 December	<u>526,671</u>	<u>180,124</u>

(g) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group defined significant increase in credit risk when there are changes in contractual terms and delay in payment. The Group considered the qualitative and quantitative information that are reasonable, including historical experience and observable forward-looking information without undue cost or efforts. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) months ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

Credit impaired refers to individually determined receivables who is in significant financial difficulties and has defaulted on payments to be impaired as at the end of the reporting period.

No expected credit loss is recognised arising from other receivables as it is negligible.

(h) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2020

10. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020	2019
	RM	RM
Contract assets		
Construction contracts	20,921,893	26,408,922
Less: Impairment losses	(332,085)	0
	20,589,808	26,408,922
Contract liabilities		
Construction contracts	(56,812,976)	(54,870,940)
Deferred revenue	(1,536,382)	(1,318,513)
	(58,349,358)	(56,189,453)
	(37,759,550)	(29,780,531)

- (a) Contract assets and contract liabilities represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to trade receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

- (b) Contract assets/(contract liabilities) from construction contracts are as follows:

	Group	
	2020	2019
	RM	RM
Aggregate costs incurred to date	71,917,118	34,721,897
Add: Attributable profits	83,666,007	25,106,727
Less: Impairment losses	(332,085)	0
	155,251,040	59,828,624
Less: Progress billings	(191,474,208)	(88,290,642)
	(36,223,168)	(28,462,018)
Represented by:		
Contract assets	20,589,808	26,408,922
Contract liabilities	(56,812,976)	(54,870,940)
	(36,223,168)	(28,462,018)

- (c) The amount of RM54,870,940 (2019: RM13,253,257) recognised in contract liabilities at the beginning of the respective financial years have been recognised as revenue for the financial years ended 31 December 2020 and 31 December 2019.

Notes to the Financial Statements (Cont'd)

31 December 2020

10. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (d) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group			
	2020 RM	2021 RM	2022 RM	Total RM
31 December 2020	0	285,895,195	44,153,063	330,048,258
31 December 2019	218,729,004	1,761,838	0	220,490,842

- (e) Impairment for contract assets that do not contain a significant financing component are recognised based on simplified approach using the lifetime ECL as disclosed in Note 9(d) to the financial statements.

During the financial year, lifetime ECL allowance for contract assets are as follows:

	Group		
	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
Current	20,921,893	(332,085)	20,589,808

- (f) Movements in the impairment losses on contract assets are as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 January	0	0
Charge for the financial year	332,085	0
Balance as at 31 December	332,085	0

11. DERIVATIVE ASSETS

	Group			
	2020		2019	
	Contracts amount RM	Asset RM	Contracts amount RM	Asset RM

Financial asset at fair value through profit or loss

Forward foreign exchange contracts	99,960	3,523	377,100	8,728
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Notes to the Financial Statements (Cont'd)

31 December 2020

11. DERIVATIVE ASSETS (CONT'D)

(a) The fair value adjustments on derivative instruments are as follows:

	Group	
	2020	2019
	RM	RM
(Loss)/Gain on derivative assets	<u>(5,205)</u>	<u>8,728</u>

(b) Derivative assets of the Group are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(c) Forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

12. SHORT TERM FUNDS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM

Financial asset at fair value through profit or loss

Short term funds in Malaysia (Note 13(b))	<u>212,960,050</u>	<u>176,527,866</u>	<u>67,807,931</u>	<u>66,161,957</u>
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(a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

(b) Short term funds are investments in money market fund which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(c) The currency exposure profile of short term funds are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia	<u>194,906,761</u>	158,228,058	<u>67,807,931</u>	66,161,957
US Dollar	<u>18,053,289</u>	18,299,808	<u>0</u>	0
	<u>212,960,050</u>	<u>176,527,866</u>	<u>67,807,931</u>	<u>66,161,957</u>

(d) Short term funds of the Group and of the Company are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(e) Information on financial risks of short term funds is disclosed in Note 30 to the financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2020

13. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	71,062,803	38,476,165	3,377,371	5,774,038
Deposits with licensed banks	1,506,869	2,928,549	0	0
	72,569,672	41,404,714	3,377,371	5,774,038

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	28,926,545	34,939,276	3,377,371	5,774,038
US Dollar	43,033,292	5,051,541	0	0
Japanese Yen	1,883	28,213	0	0
Euro	91,618	1,287,052	0	0
Chinese Renminbi	115,917	76,781	0	0
Singapore Dollar	400,417	21,851	0	0
	72,569,672	41,404,714	3,377,371	5,774,038

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	71,062,803	38,476,165	3,377,371	5,774,038
Deposits with licensed banks	1,506,869	2,928,549	0	0
Short term funds (Note 12)	212,960,050	176,527,866	67,807,931	66,161,957
	285,529,722	217,932,580	71,185,302	71,935,995
Less:				
Deposits pledged to licensed banks	0	(2,823,549)	0	0
Deposits with a licensed bank (more than three months)	(1,506,869)	0	0	0
	284,022,853	215,109,031	71,185,302	71,935,995

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

(d) In the previous financial year, deposits pledged to licensed banks were for credit facilities granted to the Group as disclosed in Note 17(c) to the financial statements.

(e) Information on financial risks of cash and bank balances is disclosed in Note 30 to the financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2020

14. SHARE CAPITAL

	Group			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid-up ordinary shares:				
Balance as at 1 January	626,000,000	111,950,679	1,000,001	1,000,001
Effect of business combination under common control:				
- elimination of issued and paid-up ordinary share capital of Greatech Integration (M) Sdn. Bhd.	0	0	(1,000,000)	(1,000,000)
Issuance of ordinary shares pursuant to acquisition of a subsidiary	0	0	506,249,999	40,500,000
	0	0	505,249,999	39,500,000
Issuance of ordinary shares pursuant to Initial Public Offering	0	0	119,750,000	73,047,500
Share issue expenses	0	0	0	(1,596,822)
Balance as at 31 December	<u>626,000,000</u>	<u>111,950,679</u>	<u>626,000,000</u>	<u>111,950,679</u>

	Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid-up ordinary shares:				
Balance as at 1 January	626,000,000	111,950,679	1	1
Issuance of ordinary shares pursuant to:				
- acquisition of a subsidiary	0	0	506,249,999	40,500,000
- Initial Public Offering	0	0	119,750,000	73,047,500
Share issue expenses	0	0	0	(1,596,822)
Balance as at 31 December	<u>626,000,000</u>	<u>111,950,679</u>	<u>626,000,000</u>	<u>111,950,679</u>

- (a) Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 1 to 626,000,000 ordinary shares by way of issuance of 625,999,999 new ordinary shares pursuant to the following:
- issuance of 506,249,999 new ordinary shares of RM0.08 each for cash pursuant to the acquisition of a subsidiary; and
 - allotment of 119,750,000 new ordinary shares at an issue price of RM0.61 each for cash pursuant to its Initial Public Offering exercise.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Financial Statements (Cont'd)

31 December 2020

15. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Exchange translation reserve	2,559	6,965	0	0
Reorganisation debit reserve	(39,500,000)	(39,500,000)	0	0
Revaluation reserve (Note 16)	8,604,166	5,464,162	0	0
	(30,893,275)	(34,028,873)	0	0
Distributable:				
Retained earnings	205,688,134	117,668,190	9,700,288	473,286
	174,794,859	83,639,317	9,700,288	473,286

(a) Exchange translation reserve

Exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Reorganisation debit reserve

The reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital of Greatech Integration (M) Sdn. Bhd. pursuant to business combination under common control.

(c) Revaluation reserve

Revaluation reserve represents the surplus arising on the revaluation of the leasehold land and buildings of the Group.

16. REVALUATION RESERVE

The revaluation reserve which is non-distributable as cash dividend represents the surplus arising on the revaluation of the leasehold land and buildings of the Group.

	Group	
	2020 RM	2019 RM
Balance as at 1 January	5,464,162	3,605,139
Gross revaluation increase of properties	4,359,828	2,592,040
Transfer to deferred tax liabilities (Note 18)	(1,046,359)	(622,090)
Realisation of revaluation surplus	(173,465)	(110,927)
Balance as at 31 December	8,604,166	5,464,162

Notes to the Financial Statements (Cont'd)

31 December 2020

17. BORROWINGS

	Group	
	2020	2019
	RM	RM
<i>Term loans</i>		
Non-current	17,202,728	18,128,267
Current	1,415,934	1,001,323
	<u>18,618,662</u>	<u>19,129,590</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings are denominated in RM.
- (c) The term loans of the Group are secured by:
- (i) a legal charge over a leasehold land and building as disclosed in Note 6(e) and Note 5(d) to the financial statements respectively;
 - (ii) a legal charge over certain deposits with licensed banks as disclosed in Note 13(d) to the financial statements in the previous financial year;
 - (iii) joint and several guarantee by certain Directors of the Group; and
 - (iv) corporate guarantee by the immediate and ultimate holding company.
- (d) The carrying amounts of borrowing are reasonable approximation of fair values, as they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

Fair values of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (e) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 30 to the financial statements.

18. DEFERRED TAX LIABILITIES

- (a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2020	2019
	RM	RM
Balance as at 1 January	3,138,525	0
Recognised in:		
- profit or loss (Note 26)	1,816,706	2,516,435
- other comprehensive income (Note 16)	1,046,359	622,090
Balance as at 31 December	<u>6,001,590</u>	<u>3,138,525</u>
Presented after appropriate offsetting:		
Deferred tax assets	(106,400)	(109,300)
Deferred tax liabilities	6,107,990	3,247,825
	<u>6,001,590</u>	<u>3,138,525</u>

Notes to the Financial Statements (Cont'd)

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18. DEFERRED TAX LIABILITIES (CONT'D)

- (b) The components and movements of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax assets

	Provision for warranties RM	Others RM	Total RM
Balance as at 1 January 2020	83,400	25,900	109,300
Recognised in profit or loss	(29,200)	26,300	(2,900)
Balance as at 31 December 2020	<u>54,200</u>	<u>52,200</u>	<u>106,400</u>

Deferred tax liabilities

	Property, plant and equipment RM	Revaluation surplus of revalued properties RM	Total RM
Balance as at 1 January 2020	1,522,300	1,725,525	3,247,825
Recognised in:			
- profit or loss	1,867,800	(53,994)	1,813,806
- other comprehensive income	0	1,046,359	1,046,359
Balance as at 31 December 2020	<u>3,390,100</u>	<u>2,717,890</u>	<u>6,107,990</u>

Deferred tax assets

	Provision for warranties RM	Others RM	Total RM
Balance as at 1 January 2019	1,172,900	653,200	1,826,100
Recognised in profit or loss	(1,089,500)	(627,300)	(1,716,800)
Balance as at 31 December 2019	<u>83,400</u>	<u>25,900</u>	<u>109,300</u>

Deferred tax liabilities

	Property, plant and equipment RM	Revaluation surplus of revalued properties RM	Total RM
Balance as at 1 January 2019	687,700	1,138,400	1,826,100
Recognised in:			
- profit or loss	834,600	(34,965)	799,635
- other comprehensive income	0	622,090	622,090
Balance as at 31 December 2019	<u>1,522,300</u>	<u>1,725,525</u>	<u>3,247,825</u>

Notes to the Financial Statements (Cont'd)

31 December 2020

18. DEFERRED TAX LIABILITIES (CONT'D)

- (c) The amount of temporary difference for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020	2019
	RM	RM
Unabsorbed capital allowance	<u>302,200</u>	<u>0</u>

Deferred tax assets of a subsidiary had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences can be utilised.

19. GOVERNMENT GRANT

	Group	
	2020	2019
	RM	RM
Balance as at 1 January	791,335	923,926
Amortisation during the financial year	(132,592)	(132,591)
Balance as at 31 December	<u>658,743</u>	<u>791,335</u>
Represented by:		
Current liabilities	132,592	132,592
Non-current liabilities	526,151	658,743
	<u>658,743</u>	<u>791,335</u>

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade payables				
Third parties	17,033,576	10,781,915	0	0
Other payables				
Other payables	6,390,128	2,593,056	215,198	59,915
Accruals	16,742,120	15,772,291	29,957	30,740
Amount due to a subsidiary	0	0	61,911	49,776
Total other payables	<u>23,132,248</u>	<u>18,365,347</u>	<u>307,066</u>	<u>140,431</u>
Total trade and other payables	<u>40,165,824</u>	<u>29,147,262</u>	<u>307,066</u>	<u>140,431</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade and other payables are non-interest bearing and the normal credit terms granted to the Group ranged from 30 to 90 days (2019: 30 to 90 days).
- (c) Amount due to a subsidiary is unsecured, non-interest bearing and payable within one (1) year in cash and cash equivalents.

Notes to the Financial Statements (Cont'd)

31 December 2020

20. TRADE AND OTHER PAYABLES (CONT'D)

(d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	36,929,663	25,139,977	307,066	140,431
US Dollar	2,989,904	3,555,326	0	0
Singapore Dollar	188,133	119,177	0	0
Euro	41,634	327,432	0	0
Chinese Renminbi	13,281	5,350	0	0
Pound Sterling	3,209	0	0	0
	40,165,824	29,147,262	307,066	140,431

(e) Maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

(f) Information on financial risks of trade and other payables is disclosed in Note 30 to the financial statements.

21. PROVISION FOR WARRANTIES

(a) The Group provides warranty on certain automated production system and equipment for a period of up to three (3) (2019: two (2)) years and undertakes to repair or replace parts and components that fail to perform satisfactorily. A provision has been recognised at end of the reporting period for expected warranty claims based on management's expectation of the level of repair and replace and probability of warranties claims.

It requires management to exercise significant judgements and estimates in determining the valuation of provision for warranties. The key input on the valuation of provision for warranties is the estimation of probability of warranty claims. In arriving the probability of warranty claims, the management analyses the historical warranty claims, if any, to determine the amount of provision.

(b) Movements during the financial year in the amount recognised in the consolidated statement of financial position in respect of the provision for warranties are as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 January	37,124,259	22,733,981
Provision made during the financial year	17,186,580	14,732,089
Provision reversed during the financial year	(11,862,877)	(306,923)
Amount used during the financial year	(907)	(34,888)
Balance as at 31 December	42,447,055	37,124,259

Notes to the Financial Statements (Cont'd)

31 December 2020

22. CAPITAL COMMITMENT

	Group	
	2020	2019
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment - contracted but not provided for	6,097,820	3,239,088

23. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Revenue from contracts with customers:				
Construction contracts revenue	243,088,409	195,827,571	0	0
Sale of goods	1,645,012	2,784,027	0	0
Provision of parts and services	16,392,966	17,323,443	0	0
	261,126,387	215,935,041	0	0
Other revenue:				
Dividend income from a subsidiary	0	0	10,000,000	0
	261,126,387	215,935,041	10,000,000	0

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market and timing of revenue recognition.

Group	Timing of revenue recognition		Total
	Transferred over time	Transferred at a point in time	
31 December 2020	RM	RM	RM
Ireland	0	510,135	510,135
Malaysia	155,143,271	4,083,814	159,227,085
People's Republic of China	1,807,319	148,295	1,955,614
Singapore	0	720,212	720,212
Thailand	0	57,657	57,657
United Kingdom	0	90,796	90,796
United States of America	44,474,589	6,054,339	50,528,928
Vietnam	41,663,230	6,372,730	48,035,960
	243,088,409	18,037,978	261,126,387

Notes to the Financial Statements (Cont'd)

31 December 2020

23. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers (Cont'd)

Revenue from contracts with customers is disaggregated in the table below by primary geographical market and timing of revenue recognition. (Cont'd)

Group 31 December 2019	Timing of revenue recognition		Total RM
	Transferred over time RM	Transferred at a point in time RM	
India	0	72,652	72,652
Ireland	0	319,950	319,950
Malaysia	6,606,550	5,626,245	12,232,795
People's Republic of China	0	1,831,538	1,831,538
Philippines	0	376,960	376,960
Singapore	0	5,165	5,165
Switzerland	0	183,038	183,038
United States of America	149,093,501	4,075,394	153,168,895
Vietnam	40,127,520	7,616,528	47,744,048
	<u>195,827,571</u>	<u>20,107,470</u>	<u>215,935,041</u>

(a) Revenue from construction contracts

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the cost incurred relative to the total expected cost for satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining the satisfaction of performance obligations as stated in the contracts with customers and costs in applying the input method to recognise revenue over time.

The management specifically analyses the contract with customers to identify performance obligations that are distinct and material, which is judgmental in the context of contract. The management also estimated total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the management relies on past experience of completed project and considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. A change in the estimates will directly affect the revenue to be recognised.

There is no significant financing component in the revenue arising from construction contracts as the contracts are on normal credit terms not exceeding twelve (12) months.

Notes to the Financial Statements (Cont'd)

31 December 2020

23. REVENUE (CONT'D)

(b) Sale of products and services rendered

Revenue from sale of products and services rendered is recognised at a point in time when the products has been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from sale of products and services rendered as sales or services are made on the normal credit terms not exceeding twelve (12) months.

(c) Dividend income

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

24. OTHER INCOME

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income	615,778	639,744	105,301	310,222
Dividend income	4,311,261	2,767,571	1,724,150	857,814
Fair value gain on short term funds	0	768,973	0	285,629
Fair value gain on derivative financial instruments	0	8,728	0	0
Realised gain on foreign exchange	4,892,794	4,896,524	0	0
Reversal of impairment losses on trade receivables	180,124	523,329	0	0
Lease concessions	21,875	0	0	0
Gain on lease modification	8,515	0	0	0
Amortisation of deferred income	132,592	132,591	0	0
Gain on disposal of property, plant and equipment	0	62,999	0	0
Others	539,287	200,788	0	0
	<u>10,702,226</u>	<u>10,001,247</u>	<u>1,829,451</u>	<u>1,453,665</u>

Interest income

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

Notes to the Financial Statements (Cont'd)

31 December 2020

25. FINANCE COST

	Group	
	2020	2019
	RM	RM
Interest expenses on:		
- term loans	839,724	614,843
- lease liabilities	97,215	290,137
- others	1,135	0
	<u>938,074</u>	<u>904,980</u>

26. TAX EXPENSE

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current tax expense based on profit for the financial year	127,218	128,100	17,000	40,000
Under/(Over) provision of income tax expense in prior years	8,224	2,075	(613)	0
	<u>135,442</u>	<u>130,175</u>	<u>16,387</u>	<u>40,000</u>
Deferred tax (Note 18):				
- crystallisation of deferred tax liability on revaluation surplus	(53,994)	(35,030)	0	0
- relating to origination and reversal of temporary differences	1,870,700	2,551,400	0	0
- underprovision in prior year	0	65	0	0
	<u>1,816,706</u>	<u>2,516,435</u>	<u>0</u>	<u>0</u>
Withholding tax expense	277,508	2,629,199	0	0
Total tax expense	<u>2,229,656</u>	<u>5,275,809</u>	<u>16,387</u>	<u>40,000</u>

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

Notes to the Financial Statements (Cont'd)

31 December 2020

26. TAX EXPENSE (CONT'D)

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	90,076,135	57,572,452	9,243,389	626,470
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	21,618,272	13,817,388	2,218,413	150,353
Tax effects in respect of:				
Non-allowable expenses	4,333,542	5,205,610	612,383	179,690
Non-taxable income	(1,641,696)	(1,151,926)	(2,813,796)	(274,426)
Different tax rate for first RM500,000 of chargeable income	0	(50,617)	0	(15,617)
Tax exempt income under pioneer status	(22,384,700)	(15,140,955)	0	0
Annual crystallisation of deferred tax on revaluation surplus	(53,994)	(35,030)	0	0
Deferred tax asset not recognised during the year	72,500	0	0	0
Withholding tax expense	277,508	2,629,199	0	0
Under/(Over) provision of income tax expense in prior years	8,224	2,075	(613)	0
Underprovision of deferred tax in prior year	0	65	0	0
Tax expense for the financial year	2,229,656	5,275,809	16,387	40,000

(c) The Group has been granted pioneer status for automated handlers for front end solar wafer and solar panel which exempt 100% of its statutory income derived from those activities for a period of 5 years beginning on 29 March 2013 and expired on 28 March 2018 and subsequently included related modules of automated handlers for front end solar wafer and solar panel and factory automation machine for production of lithium-ion battery and extended to 28 March 2023.

Notes to the Financial Statements (Cont'd)

31 December 2020

26. TAX EXPENSE (CONT'D)

(d) Tax on components of other comprehensive income of the Group are as follows:

	Before tax RM	Tax effect RM	After tax RM
2020			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>(4,406)</u>	<u>0</u>	<u>(4,406)</u>
Item that will not be reclassified subsequently to profit or loss			
Revaluation surplus on property, plant and equipment and right-of-use assets	<u>4,359,828</u>	<u>(1,046,359)</u>	<u>3,313,469</u>
2019			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>6,569</u>	<u>0</u>	<u>6,569</u>
Item that will not be reclassified subsequently to profit or loss			
Revaluation surplus on property, plant and equipment and right-of-use assets	<u>2,592,040</u>	<u>(622,090)</u>	<u>1,969,950</u>

27. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries, overtime and bonuses	38,497,540	30,540,212	0	0
Directors' fees	310,000	250,000	310,000	250,000
Contributions to defined contribution plan	4,580,001	3,683,370	0	0
Social security contributions	354,605	263,905	0	0
Other benefits	134,820	101,278	24,000	12,000
	<u>43,876,966</u>	<u>34,838,765</u>	<u>334,000</u>	<u>262,000</u>

(a) Included in the employee benefits of the Group are Directors' remuneration amounting to RM1,694,531 (2019: RM2,012,347).

(b) Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Group is RM41,350 (2019: RM40,633).

Notes to the Financial Statements (Cont'd)

31 December 2020

28. EARNINGS PER ORDINARY SHARE

Pursuant to the requirements of MFRS 133 *Earnings per Share*, the weighted average number of ordinary shares used in the calculation of basic and diluted earnings per ordinary share for the financial years ended 31 December 2020 and 31 December 2019 have been adjusted to reflect the bonus issue as disclosed in Note 32(a) to the financial statements.

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
Profit for the financial year attributable to owners of the parent (RM)	87,846,479	52,296,643
Weighted average number of ordinary shares in issue	626,000,000	463,278,767
Effects of bonus issue	626,000,000	463,278,767
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share (unit)*	1,252,000,000	926,557,534
Basic earnings per ordinary share (sen)	7.02	5.64

* Excluding bonus issue offered as disclosed in Note 32(a), the basic and diluted earnings per share for the financial years ended 31 December 2020 and 31 December 2019 were 14.03 sen and 11.29 sen respectively.

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary shares in issue during and at the end of the financial year.

29. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

- (i) immediate and ultimate holding company, GTECH Holdings Sdn. Bhd.;
- (ii) direct and indirect subsidiaries as disclosed in Note 7 to the financial statements; and
- (iii) key management personnel as disclosed in Note 29(c) to the financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2020

29. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transaction with its related parties during the financial year:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Subsidiary:				
- dividend receivable	0	0	10,000,000	0
Related party:				
- remaining balance paid for acquisition of land	0	7,560,000	0	0

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

Information regarding outstanding balances with subsidiary at the end of the financial year are disclosed in Note 9 and Note 20 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel are those persons having the 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 and certain members of the senior management of the Group.

The total remuneration of Directors and key management personnel during the financial year was as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' fees	310,000	250,000	310,000	250,000
Short term employee benefits	2,737,939	2,413,000	24,000	12,000
Contributions to defined contribution plan	313,647	290,394	0	0
	3,361,586	2,953,394	334,000	262,000

Estimated monetary value of benefits-in-kind provided to the Executive Directors and key management personnel of the Group is RM66,950 (2019: RM56,100).

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as going concerns whilst maximising return to shareholder through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial years.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debts. The Group includes within net debt, borrowings, lease liabilities, trade and other payables and provision for warranties, less cash and bank balances and short term funds. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Borrowings	18,618,662	19,129,590	0	0
Lease liabilities	1,754,372	3,516,529	0	0
Trade and other payables	40,165,824	29,147,262	307,066	140,431
Provision for warranties	42,447,055	37,124,259	0	0
Less: Short term funds	(212,960,050)	(176,527,866)	(67,807,931)	(66,161,957)
Cash and bank balances	(72,569,672)	(41,404,714)	(3,377,371)	(5,774,038)
Net cash	<u>(182,543,809)</u>	<u>(129,014,940)</u>	<u>(70,878,236)</u>	<u>(71,795,564)</u>
Total capital	286,745,538	195,589,996	121,650,967	112,423,965
Net cash	<u>(182,543,809)</u>	<u>(129,014,940)</u>	<u>(70,878,236)</u>	<u>(71,795,564)</u>
Equity	<u>104,201,729</u>	<u>66,575,056</u>	<u>50,772,731</u>	<u>40,628,401</u>
Gearing ratio	*	*	*	*

* No gearing ratio is presented as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2020.

The Group is not subject to any other externally imposed capital requirements.

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholder whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, foreign currency risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Short term funds, deposits with licensed banks and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, where deposits in advance are normally required. The credit period is generally for a period of thirty (30) days, extending up to ninety (90) days for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each reporting period, the maximum exposure to credit risk of the Group and of the Company is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	Group			
	2020		2019	
	RM	% of total	RM	% of total
By Country				
India	0	0%	38,792	0%
Ireland	10,600	0%	106,909	1%
Malaysia	18,979,492	58%	1,299,855	12%
People's Republic of China	0	0%	1,786,266	16%
United States of America	1,955,434	6%	7,017,555	64%
Vietnam	11,708,924	36%	814,317	7%
	<u>32,654,450</u>	<u>100%</u>	<u>11,063,694</u>	<u>100%</u>

At the end of the reporting period, approximately ninety-four percent (94%) (2019: 79%) of the trade receivables of the Group were due from two (2) (2019: two (2)) major customers who are multi-industry conglomerates located in Malaysia and Vietnam (2019: United States of America and People's Republic of China).

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the entities within the Group. The currency giving rise to this risk is primarily USD.

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD exchange rate against the functional currency of the Group entities, with all other variables held constant:

	Group	
	2020	2019
	RM	RM
Profit after tax		
USD/RM		
- Increase by 5%	2,727,764	1,130,817
- Decrease by 5%	<u>(2,727,764)</u>	<u>(1,130,817)</u>

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

(iii) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligations due to shortage of funds. The exposure of the Group to liquidity and cash flow risk arises primarily from mismatches of maturities of financial assets and financial liabilities. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of available credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Liquidity and cash flow risk (Cont'd)

The table below summaries the maturity profile of the lease liabilities and financial liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	Over one year to within five years RM	Over five years RM	Total RM
31 December 2020				
Group				
Lease liabilities	1,175,739	622,431	0	1,798,170
Trade and other payables	40,165,824	0	0	40,165,824
Borrowings	2,273,799	9,095,194	16,438,279	27,807,272
Total undiscounted liabilities	<u>43,615,362</u>	<u>9,717,625</u>	<u>16,438,279</u>	<u>69,771,266</u>
31 December 2019				
Group				
Lease liabilities	1,451,364	2,261,620	0	3,712,984
Trade and other payables	29,147,262	0	0	29,147,262
Borrowings	1,899,240	9,095,195	18,712,077	29,706,512
Total undiscounted liabilities	<u>32,497,866</u>	<u>11,356,815</u>	<u>18,712,077</u>	<u>62,566,758</u>
31 December 2020				
Company				
Trade and other payables	<u>307,066</u>	<u>0</u>	<u>0</u>	<u>307,066</u>
Total undiscounted liabilities	<u>307,066</u>	<u>0</u>	<u>0</u>	<u>307,066</u>
31 December 2019				
Company				
Trade and other payables	<u>140,431</u>	<u>0</u>	<u>0</u>	<u>140,431</u>
Total undiscounted liabilities	<u>140,431</u>	<u>0</u>	<u>0</u>	<u>140,431</u>

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from their borrowings, short term funds and deposits placed with financial institutions. The Group and of the Company borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's and the Company's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit after tax				
- Increase by 0.5%	744,223	596,330	257,670	251,415
- Decrease by 0.5%	(744,223)	(596,330)	(257,670)	(251,415)

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates/incremental borrowing rates as at the end of the reporting period and the remaining maturities of the financial instruments and lease liabilities of the Group and of the Company that are exposed to interest rate risk:

Group	Note	Interest rates/ Incremental borrowing rates %	Within 1					Total	
			year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years		More than 5 years
			RM	RM	RM	RM	RM	RM	
31 December 2020									
Fixed rates									
Deposits with licensed banks	13	1.85	1,506,869	0	0	0	0	0	1,506,869
Lease liabilities	6	2.63 - 4.20	(1,139,281)	(604,248)	(10,843)	0	0	0	(1,754,372)
Floating rates									
Short term funds	12	1.54 - 3.24	212,960,050	0	0	0	0	0	212,960,050
Term loans	17	4.00	(1,415,934)	(1,472,571)	(1,531,474)	(1,592,733)	(1,656,442)	(10,949,508)	(18,618,662)
31 December 2019									
Fixed rates									
Deposits with licensed banks	13	3.15 - 3.35	2,928,549	0	0	0	0	0	2,928,549
Lease liabilities	6	2.63 - 4.20	(1,331,013)	(1,387,131)	(787,542)	(10,843)	0	0	(3,516,529)
Floating rates									
Short term funds	12	2.00 - 3.58	176,527,866	0	0	0	0	0	176,527,866
Term loans	17	4.00	(1,001,323)	(1,415,934)	(1,472,571)	(1,531,474)	(1,592,733)	(12,115,555)	(19,129,590)

Notes to the Financial Statements (Cont'd)

31 December 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates/incremental borrowing rates as at the end of the reporting period and the remaining maturities of the financial instruments and lease liabilities of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

Company	Note	Interest rates %	Within 1 year					More than 5 years		Total RM
			RM	RM	RM	RM	RM	RM	RM	
31 December 2020										
Floating rates										
Short term funds	12	2.90	67,807,931	0	0	0	0	0	0	67,807,931
31 December 2019										
Floating rates										
Short term funds	12	3.41	66,161,957	0	0	0	0	0	0	66,161,957

Notes to the Financial Statements (Cont'd)

31 December 2020

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 11 August 2020, the Company proposed to undertake below proposals:
- (i) proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ('Proposed Transfer'); and
 - (ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer ('Proposed Amendments').

(collectively referred to as the 'Proposals')

The Proposals was completed on 28 December 2020.

- (b) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia has imposed a Movement Control Order ("MCO") disallowing certain manufacturing activities to operate from 18 March 2020 until 28 April 2020. The Group's business is considered essential and has been granted approval to conduct its operations at a reduced capacity of 50% to adhere physical distancing rules. The government has gradually allowed businesses to resume full operation starting from 29 April 2020.

COVID-19 has resulted in limited direct disruption to the operation of the Group. The Groups' customers in essential service and COVID-19 resilient market of solar, energy storage and life sciences sectors coupled with geographic diversity of the customer base provide a mitigation to the impact from the pandemic. The Group did not encounter significant supply chain disruption as the Group has an established supply chain to ensure there are several options for all critical parts alongside a blend of local and foreign suppliers to provide flexibility. The Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period.

The Group has assessed the COVID-19 outbreak did not have material adverse effect on the financial statements of the Group and the Company for the current financial year. Despite the challenges of COVID-19, the Group has delivered revenue and earnings growth, demonstrating the underlying resilience of the business. The Group remain confident about its outlook and prospects and will continue to monitor and assess ongoing development of COVID-19 closely and respond accordingly.

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 11 January 2021, the Company has completed the listing and quotation for 626,000,000 bonus shares on the basis of one (1) bonus share for every one (1) existing ordinary share held. The issued and fully paid-up ordinary share capital was increased from 626,000,000 to 1,252,000,000 subsequently.
- (b) The Long Term Incentive Plan up to ten percent (10%) of total number of issued shares of the Company (excluding treasury share, if any) to eligible Directors and employees, which comprises of a share grant plan and a share option plan has been approved and was effective on 11 January 2021.

On 8 February 2021 and 10 March 2021, the Company has offered 462,300 options and 626,100 options at RM6.38 and RM5.475 respectively to eligible employees to subscribe for new ordinary shares.

- (c) On 13 January 2021, Greatech Integration (M) Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with Penang Development Corporation for the acquisition of a vacant leasehold land held under Plot P326(b), Batu Kawan Industrial Park, Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang with land area measuring approximately 5.9011 acres or 257,051.9160 square feet land for a purchase consideration of approximately RM13,366,699.84 ('Proposed Land Acquisition').

As at the date of this report, the Proposed Land Acquisition is pending fulfilment of salient terms of the Sale and Purchase Agreement.

Notes to the Financial Statements (Cont'd)

31 December 2020

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

33.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 as described in the following section.

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to MFRS 16 during the financial year ended 31 December 2020 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 6(g) to the financial statements.

Notes to the Financial Statements (Cont'd)

31 December 2020

33. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

33.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for future financial years.

List of Properties

as at 31 December 2020

Registered/ Beneficial owner	Property address	Description/ Existing use	Tenure of property	Date of acquisition/ Date of revaluation	Approximate age of building	Land/ Gross built-up area (sq ft)	Carrying amount as at 31 December 2020 RM'000
Greatech Integration (M) Sdn. Bhd.	Plot 287A, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang	Industrial land with a three- storey detached office block and an annexed double storey detached factory /Used as head office, assembly plant and storage	Leasehold (44 years expiring on 29 May 2051)	21 March 2018/ 31 December 2020	2 years	69,599/ 74,701	25,200
Greatech Integration (M) Sdn. Bhd.	Plot 287B, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang	Industrial land with a double storey detached office block, an annexed single storey detached factory and a guard house /Used as office and storage	Leasehold (60 years expiring on 29 May 2051)	5 November 2014/ 31 December 2020	27 years	33,044/ 20,064	6,350
Greatech Integration (M) Sdn. Bhd.	Plot 287C, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang	Industrial land with a double storey detached office block, an annexed double storey detached factory and a guard house /Used as office, assembly plant and storage	Leasehold (60 years expiring on 29 May 2051)	6 February 2015/ 31 December 2020	27 years	30,053/ 24,283	7,100
Greatech Integration (M) Sdn. Bhd.	H.S.(D) 47093, PT5822, Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang (known as Plot 311(a) at Batu Kawan Industrial Park)	Industrial land with a double storey detached office block, an annexed single storey detached factory and a guard house /Used as office, assembly plant and storage	Leasehold (60 years expiring on 17 August 2074)	20 June 2019/ 31 December 2020	1.5 months (CPC ¹ on 17 Nov 2020)	183,244/ 126,694	31,000

¹ Certificate of Practical Completion

Analysis of Shareholdings

as at 31 March 2021

Issued Share Capital	:	1,252,000,000 Ordinary Shares ("Shares")
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One vote per Share

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Issued Shares	%
26	Less than 100 shares	479	0.00*
6,687	100 – 1,000 shares	4,172,264	0.33
6,004	1,001 – 10,000 shares	21,335,803	1.70
1,095	10,001 – 100,000 shares	31,747,146	2.54
307	100,001 to less than 5% of issued shares	348,449,608	27.83
1	5% and above of issued shares	846,294,700	67.60
14,120	Total	1,252,000,000	100.00

* Negligible

30 Largest Securities Account Holders

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
1	GTECH HOLDINGS SDN BHD	846,294,700	67.60
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AIA BHD.</i>	42,576,500	3.40
3	LLH HOLDINGS SDN BHD	32,535,900	2.60
4	SMARTCAP VENTURE SDN BHD	23,771,300	1.90
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND</i>	19,282,800	1.54
6	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	8,196,500	0.65
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)</i>	5,686,700	0.45
8	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND</i>	5,417,700	0.43
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)</i>	4,468,300	0.36
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (AFFIN 2)</i>	4,435,500	0.35

Analysis of Shareholdings (Cont'd)

as at 31 March 2021

30 Largest Securities Account Holders (Cont'd)

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ASIAN ISLAMIC)</i>	4,396,200	0.35
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND</i>	4,121,500	0.33
13	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND</i>	4,103,300	0.33
14	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND</i>	4,023,900	0.32
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND</i>	3,962,200	0.32
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD.</i>	3,773,400	0.30
17	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC SELECT ENTERPRISES FUND</i>	3,600,000	0.29
18	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND</i>	3,332,000	0.27
19	AMANAHRAYA TRUSTEES BERHAD <i>ASN UMBRELLA FOR ASN EQUITY 3</i>	3,253,800	0.26
20	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND</i>	3,234,500	0.26
21	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONE IFC RESIDENCE SDN BHD</i>	3,070,000	0.25
22	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND</i>	2,879,200	0.23
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT - HW FLEXI FUND</i>	2,791,300	0.22
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN)</i>	2,739,400	0.22
25	MAYBANK INVESTMENT BANK BERHAD <i>IVT</i>	2,724,700	0.22

Analysis of Shareholdings (Cont'd)

as at 31 March 2021

30 Largest Securities Account Holders (Cont'd)

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held	%
26	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEGDED SECURITIES ACCOUNT FOR SIAO CHOON PING</i>	2,705,000	0.22
27	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2</i>	2,522,600	0.20
28	AMANAHRAYA TRUSTEES BERHAD <i>PMB SHARIAH AGGRESSIVE FUND</i>	2,366,400	0.19
29	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG</i>	2,251,600	0.18
30	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD <i>AS BENEFICIAL OWNER (PF)</i>	2,250,000	0.18

Directors' Shareholdings based on Register of Director's Shareholdings

Name of Directors	No. of Shares beneficially held			
	Direct	%	Indirect	%
TAN ENG KEE	1,238,000	0.10	846,294,700	** 67.60
KHOR LEAN HENG	817,000	0.07	-	-
OOI HOOI KIANG	1,773,600	0.14	-	-
MARIAMAH BINTI DAUD	600,000	0.05	15,000	# 0.00*
DATO' SERI WONG SIEW HAI	-	-	633,700	^ 0.05

* Negligible

** Mr Tan Eng Kee is deemed interested through GTECH Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016 ("Act").

Puan Mariamah binti Daud is deemed interested through her child pursuant to Section 59(11)(c) of the Act.

^ Dato' Seri Wong Siew Hai is deemed interested through his children pursuant to Section 59(11)(c) of the Act.

Substantial Shareholders' Shareholdings based on Register of Substantial Shareholders

Name of Substantial Shareholders	No. of Shares beneficially held			
	Direct	%	Indirect	%
GTECH HOLDINGS SDN BHD	846,294,700	67.60	-	-
TAN ENG KEE	1,238,000	0.10	846,294,700	** 67.60

** Mr Tan Eng Kee is deemed interested through GTECH Holdings Sdn Bhd pursuant to Section 8(4) of the Act.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting ("3rd AGM") of Greatech Technology Berhad ("GTB" or the "Company") will be conducted **fully virtual** for the purpose of considering and if thought fit, passing with or without modifications, the resolutions set out in this notice:

Day and Date	:	Friday, 21 May 2021
Time	:	11.00 am
Broadcast venue	:	The Auditorium, Plot 287A, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang
Online Meeting Platform	:	Securities Services ePortal https://sshbsb.net.my/
Modes of Communication	:	1. Typed text in the Online Meeting Platform 2. Email your questions to enquiry@greatech-group.com prior to 3 rd AGM date

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect the following Directors who retire pursuant to Clause 170 of the Company's Constitution and being eligible, have offered themselves for re-election:
 - (a) Ms Ooi Hooi Kiang; and *Resolution 1*
 - (b) Mr Tan Eng Kee *Resolution 2*
3. To approve the payment of Directors' fee of RM6,000 per month for each of the Directors for the period from 22 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. *Resolution 3*
4. To approve the payment of Directors' benefits (excluding Directors' fee) to the Directors up to an amount of RM100,000 for the period from 22 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. *Resolution 4*
5. To re-appoint Messrs BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *Resolution 5*
6. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

AS SPECIAL BUSINESS

7. **Ordinary Resolution** *Resolution 6*
Authority to issue shares pursuant to the Companies Act 2016

"THAT subject to the Companies Act 2016 (the "Act"), the Constitution of the Company, the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any relevant governmental/regulatory authority, the Directors be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting *(Cont'd)*

Resolution 7

8. Ordinary Resolution

Proposed Renewal of Share Buy-Back Authority

"**THAT** subject to the Companies Act 2016 (the "**Act**"), the Constitution of Company, Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**MMLR**") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("**Proposed Share Buy-Back**") as may be determined by the Board of Directors of the Company ("**Board**") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the best interest of the Company provided that:

- (a) the aggregate number of ordinary shares to be purchased pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company; and
- (b) the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the aggregate retained earnings of the Company based on its Audited Financial Statements for the year ended 31 December 2020 of RM9,700,288;

THAT at the discretion of the Board, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and/or distributed as dividends and/or resold on Bursa Securities and/or transferred the shares for the purposes of or under an employees' share scheme in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and Bursa Securities MMLR and any other relevant authorities for the time being in force;

THAT such authority shall commence immediately upon passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company following this general meeting at which such resolution was passed at which time it will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

AND THAT the Board be and is hereby authorised to take such steps to give full effect to the Proposed Share Buy-Back with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

By Order of the Board,

THUM SOOK FUN, SSM PC NO. 201908000139 (MIA 24701)
LOW SEOW WEI, SSM PC NO. 202008000437 (MAICSA 7053500)
Company Secretaries

Penang
Date: 22 April 2021

Notice of Annual General Meeting (Cont'd)

(A) NOTES:

1. The 3rd AGM will be conducted fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services ePortal's platform at <https://sshbsb.net.my/>. Please follow the procedures provided in the Administrative Details for the 3rd AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Act and Clause 111 of the Company's Constitution which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members/Proxies will not be allowed to be physically present at the Broadcast Venue.
3. For the purpose of determining who shall be entitled to attend the meeting, only members whose names appeared on the Record of Depositors on **12 May 2021** ("**General Meeting Record of Depositors**") shall be eligible to participate and vote in the 3rd AGM.
4. Every Member including authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple owners in one securities account ("**Omnibus Account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate, speak and vote in his stead at the 3rd AGM, and that such proxy need not be a Member. There shall be no restriction as to the qualification of the proxy. A proxy appointed by the member shall have the same rights as the member to participate, speak and vote at the 3rd AGM. The members or their proxies may submit questions to the Company at enquiry@greotech-group.com prior to the 3rd AGM or via real time submission of typed texts through a text box within Securities Services ePortal's platform during live streaming of the 3rd AGM as the primary mode of communication. Members are encouraged to submit questions prior to the 3rd AGM. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to eservices@sshbsb.com.my during the 3rd AGM.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. The instrument appointing a proxy or representative and the duly registered power of attorney or other authority, if any, shall be in writing under the hand of the appointer or his/her attorney duly appointed under a Power of Attorney or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for 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.
8. Pursuant to Paragraph 8.29A of Bursa Securities MMLR, all resolutions set out in the Notice of the 3rd AGM will be put to vote on a poll.
9. The instrument appointing proxy(ies) may be made in hardcopy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 3rd AGM or any adjournments thereof:

a) **In Hardcopy Form**

The proxy form shall be deposited at the Company's Registered Office at Suite 18.05, MWE Plaza, No. 8, Lebuhraya Farquhar, 10200 Georgetown, Pulau Pinang, Malaysia.

b) **By Electronic Means**

The proxy form shall be electronically lodged via Securities Services ePortal's platform at <https://www.sshbsb.net.my/> or by email to eservices@sshbsb.com.my.

Notice of Annual General Meeting *(Cont'd)*

(B) EXPLANATORY NOTES:

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2020

The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

2. Resolutions 1 and 2 : Re-election of Directors who retire by rotation pursuant to Clause 170 of the Company's Constitution

Clause 170 of the Company's Constitution states that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting ("**AGM**") of the Company. All the Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nominating Committee ("**NC**") has considered the following:

- (i) Evaluation on the effectiveness of the Board as a whole and all Board Committees; and
- (ii) For Independent Non-Executive Directors ("**INEDs**") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

Ms Ooi Hooi Kiang and Mr Tan Eng Kee are due to retire pursuant to Clause 170 at the 3rd AGM under Resolutions 1 and 2 respectively, and both of them have offered themselves for re-election at the 3rd AGM of the Company.

The Board recommends the re-election of Ms Ooi Hooi Kiang and Mr Tan Eng Kee as Directors of the Company at the forthcoming 3rd AGM. The retiring Directors have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NC and Board meetings and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

3. Resolutions 3 and 4 : Directors' fee and benefits

Clause 186 of the Company's Constitution, any fees and benefits payable to Directors shall be subject to annual shareholders' approval at a General Meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to Directors, in the proposed Resolution 3 and Resolution 4 for the period from the conclusion of this AGM until the next AGM of the Company.

The proposed Directors' fee of RM6,000 per month for each of the Directors are derived based on the assumption that all Directors of the Company will remain in office until the next AGM.

The payment of Directors' fees and benefits to the Directors has been reviewed by the Board of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period from the date of passing this resolution up to the conclusion of the next AGM. The benefits comprise of Directors and Officers Liabilities Insurance and the meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors.

Any Directors who are shareholders of the Company will abstain from voting on Resolution 3 and Resolution 4 concerning the remuneration to the Directors at this AGM.

The remuneration for each Director is set out in the Corporate Governance Overview Statement of the Company's Annual Report 2020.

4. Resolution 5 : Re-appointment of Auditors

The Board and the Audit and Risk Management Committee ("**ARMC**") have considered the re-appointment of Messrs BDO PLT as Auditors of the Company and collectively agreed that Messrs BDO PLT has met the relevant criteria prescribed by Paragraph 15.21 of Bursa Securities MMLR.

Notice of Annual General Meeting (Cont'd)

(B) EXPLANATORY NOTES: (Cont'd)

5. Resolution 6 : Authority to issue shares

The proposed Ordinary Resolution 6 is primarily to seek for the renewal of the Previous Mandate (as defined herein) to give flexibility to the Board to issue and allot shares up to 10% of the total number of issued share (excluding treasury shares) of the Company for the time being, at any time in their absolute discretion for such purposes as the Board considers to be in the best interests of the Company (hereinafter referred to as the "**General Mandate**"). This General Mandate is sought to avoid any delays and costs involved with the convening of a General Meeting. This General Mandate, unless revoked or varied by the Company in a General Meeting, will expires at the conclusion of the next AGM of the Company.

The Company had been granted a general mandate by its shareholders at the last AGM held on 29 June 2020 of which will lapse at the conclusion of the 3rd AGM (hereinafter referred to as the "**Previous Mandate**").

As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilised and hence, no proceeds were raised therefrom.

The General Mandate, upon renewal, will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisitions.

6. Resolution 7 : Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase the Company Shares of not more than 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Bursa Securities MMLR by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a meeting of members, shall continue to be in full force until the conclusion of the next AGM.

Please refer to the Share Buy-Back Statement dated 22 April 2021 which is despatched together with the Company's Annual Report 2020 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Bursa Securities MMLR)

- As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming AGM.
- The renewal of General Mandate for issue of securities in accordance with Paragraph 6.03(3) of the Bursa Securities MMLR.

Details of the renewal of General Mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Note 5 of the Explanatory Notes of the Notice of the 3rd AGM.

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GREATECH

GREATECH TECHNOLOGY BERHAD
Registration no. 201801008633 (1270647-H)
(Incorporated in Malaysia)

Proxy Form

CDS Account No.	
No. of shares held	

I/We _____ (Tel:) _____ NRIC/ Registration No. _____
(Full Name in Capital Letters)

of _____

(Full address in Capital Letters)

being a member of **GREATECH TECHNOLOGY BERHAD** ("the Company") hereby appoint the following person(s):

First Proxy		
Name	NRIC/Passport No.	No. of shares to be represented
Second Proxy		
Name	NRIC/Passport No.	No. of shares to be represented

or failing him/her, the Chairman of the meeting, as *my/our proxy/proxies to attend and to vote for *me/us on *my/our behalf at the Third Annual General Meeting ("3rd AGM") of the Company to be held on a **fully virtual basis** at the broadcast venue, at The Auditorium, Plot 287A, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang on Friday, 21 May 2021 at 11.00 am and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

AGENDA					
To receive the Audited Financial Statements for financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.					
		First Proxy		Second Proxy	
		For	Against	For	Against
Ordinary Business					
Resolution 1	To re-elect Ms Ooi Hooi Kiang as a Director of the Company.				
Resolution 2	To re-elect Mr Tan Eng Kee as a Director of the Company.				
Resolution 3	To approve the payment of Directors' Fee of RM6,000 per month for each of the Directors for the period from 22 May 2021 until the next Annual General Meeting of the Company to be held in year 2022.				
Resolution 4	To approve the payment of benefits to the Directors up to an amount of RM100,000 for the period from 22 May 2021 until the next Annual General Meeting of the Company to be held in year 2022.				
Resolution 5	To re-appoint Messrs BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise Directors to fix their remuneration.				
Special Business					
Resolution 6	Authority to issue shares pursuant to the Companies Act 2016.				
Resolution 7	Proposed Renewal of Share Buy-Back Authority.				

* Strike out whichever not applicable

(Please indicate with an 'X' in the space provided against each resolution of how you wish your vote to be cast. In the absence of specific directions, your proxy(ies) or Chairman of the Meeting will vote or abstain as he/she thinks fit.)

Note: Please note that the short description given above on the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. Shareholders are encouraged to refer to the Notice of 3rd AGM for the full purpose and intent of the Resolutions to be passed.

Signed this _____ day of _____, 2021.

Signature of Shareholder/Common Seal

Notes:

1. The 3rd AGM will be conducted fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services ePortal's ("**SSeP**") platform at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Details for the 3rd AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 (the "**Act**") and Clause 111 of the Company's Constitution which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.
3. For the purpose of determining who shall be entitled to attend the meeting, only members whose names appeared on the Record of Depositors on **12 May 2021** ("**General Meeting Record of Depositors**") shall be eligible to participate and vote in the 3rd AGM.
4. Every Member including authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and an Exempt Authorised Nominee who holds ordinary shares in the Company for multiple owners in one securities account ("**Omnibus Account**"), is entitled to appoint another person as his proxy to exercise all or any of his rights to participate, speak and vote in his stead at the 3rd AGM, and that such proxy need not be a Member. There shall be no restriction as to the qualification of the proxy. A proxy appointed by the member shall have the same rights as the member to participate, speak and vote at the 3rd AGM. The members or their proxies may submit questions to the Company at enquiry@greatech-group.com prior to the 3rd AGM or via real time submission of typed texts through a text box within SSeP platform during live streaming of the 3rd AGM as the primary mode of communication. Members are encouraged to submit questions prior to the 3rd AGM. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the 3rd AGM.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. The instrument appointing a proxy or representative and the duly registered power of attorney or other authority, if any, shall be in writing under the hand of the appointer or his/her attorney duly appointed under a Power of Attorney or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for 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.
8. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 3rd AGM will be put to vote on a poll.
9. The instrument appointing proxy(ies) may be made in hardcopy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 3rd AGM or any adjournments thereof:
 - a) In Hardcopy Form
The proxy form shall be deposited at the Company's Registered Office at **Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 Georgetown, Pulau Pinang, Malaysia.**
 - b) By Electronic Means
The proxy form shall be electronically lodged via Securities Services ePortal's platform at <https://www.sshsb.net.my/> or by email to eservices@sshsb.com.my.
10. Any alteration in this form must be initialed.

Personal data privacy:

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 3rd AGM of the Company and any adjournment thereof.

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Affix
Stamp

The Company Secretaries
GREATECH TECHNOLOGY BERHAD
201801008633 (1270647-H)
Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 George Town
Pulau Pinang
Malaysia

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GREATECH TECHNOLOGY BERHAD

201801008633 (1270647-H)

Plot 287(A)
Lengkok Kampung Jawa Satu
Bayan Lepas Free Industrial Zone Phase 3
11900 Bayan Lepas
Pulau Pinang, Malaysia

Tel : (604) 646 3260
Fax : (604) 646 3261

<http://www.greatech-group.com>