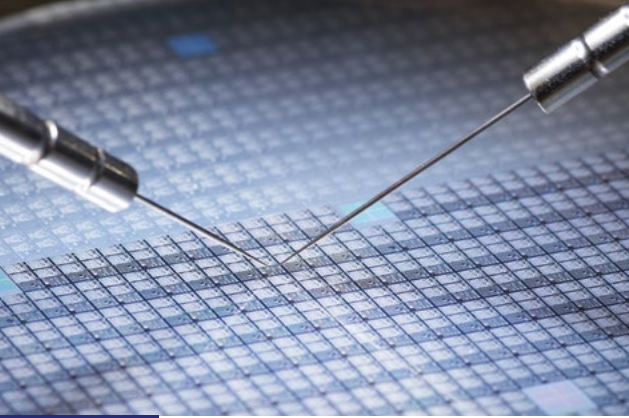


ACCELERATE THE FUTURE

ANNUAL REPORT 2021





Accelerate the FUTURE

RATIONALE

Greotech dedicates itself to accelerating the future through the pace of our growth which will definitely bring about a brighter future. We are devoted to improving the growth rate of our Group through our innovations, inventions and production capabilities. By innovating our methods of managing our business operations, constantly inventing new technologies that will fascinate customers and improve our production capabilities, such advancements will increase the pace of our development and ensure that we stay ahead in the race for our customers. Greotech always look into the future before anyone does, set goals ahead of time and work towards these goals. Greotech is leading towards a future where innovations, technological advancements and ameliorated lifestyles thrive.



For more information, visit our website

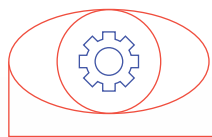
<https://www.greotech-group.com/en/>



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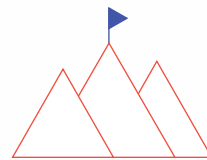
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VISION, MISSION & CORE VALUES



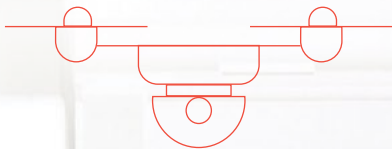
VISION

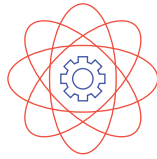
We are dedicated to be a market leader in factory automation by delivering cutting edge automation solutions.



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.



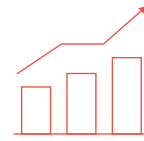
INNOVATION

Think new,
dream big



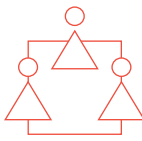
INTEGRITY

Ethical
accountability



PERFORMANCE

Focused
on our goals



TEAMWORK

Creating possibilities
in diversity



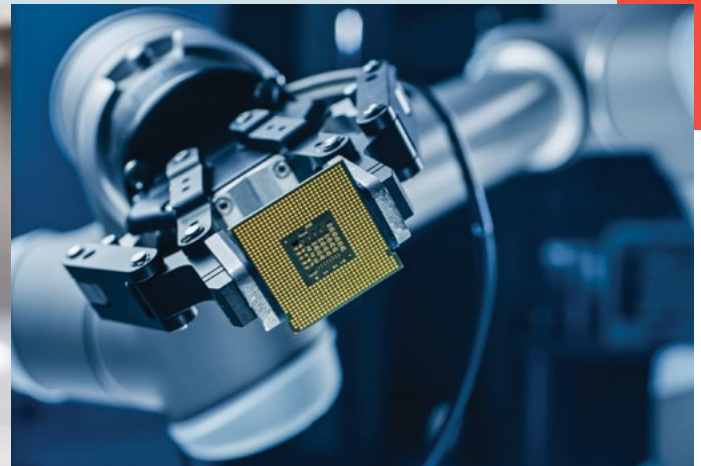
CUSTOMER SATISFACTION

Partnership for
success

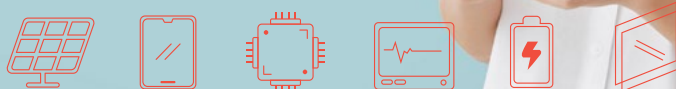
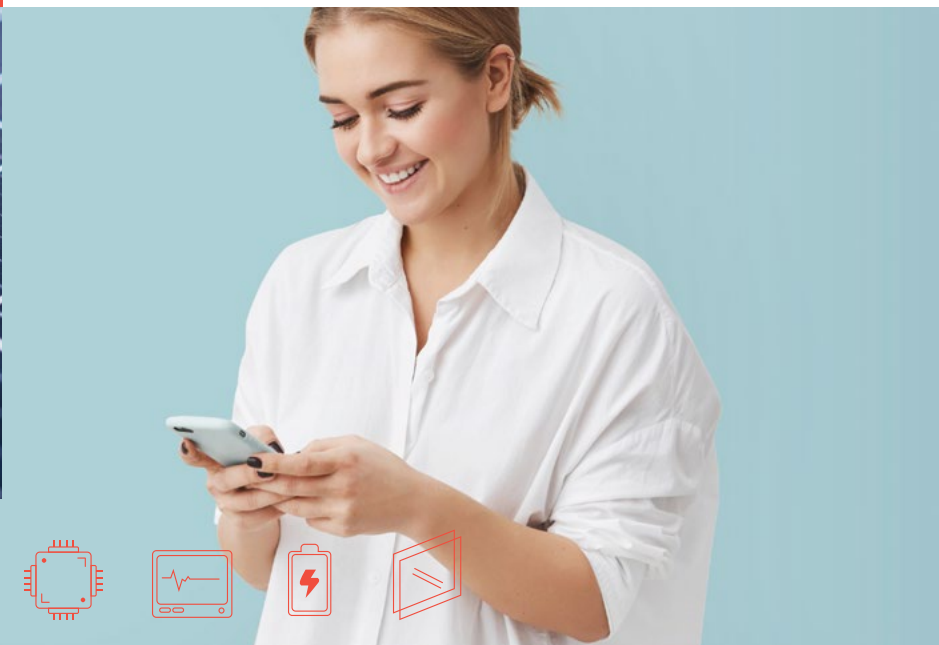


CARE & RESPECT

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.



FY2021 HIGHLIGHTS

Customers’ Satisfaction
91.7%
Rated Good and Above

Employees
108
Research & Development (R&D)

Revenue
RM402.22 million
54.0% increase from FY2020

Investment
RM10.85 million
Research & Development (R&D)

Economic Value Distributed
RM191.92 million
Employees, Government, Suppliers and Communities

Employees
831

Net Cash & Cash Equivalents
RM320.43 million

Return on Equity
32.9%

No Fatalities

No Non-Compliance regarding Environmental, Health & Safety

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

2021
MILESTONE



Q1

1 JANUARY - 31 MARCH

JAN 2021

Bonus shares listed on the Main Market of Bursa Securities

Establishment of Long Term Incentive Plan consisting of Share Option Plan and Share Grant Plan to employees

Acquisition of a piece of vacant land for the Batu Kawan II ("BK II") facility

FEB AND MAR 2021

Offer of share options to employees

MAR 2021

Work started on construction of BK II facility

Q2

1 APRIL - 30 JUNE

APR 2021

Greatech Integration (USA) Inc. secured its first purchase order from a new Electric Vehicle customer

Q3

1 JULY - 30 SEPTEMBER

AUG 2021

Awarded the following honours for the MSWG-ASEAN Corporate Governance Awards 2020 by Minority Shareholders Watch Group:

- Ranked 89th in the top 100 companies for CG Disclosure
- Merit Award for newly listed company

SEP 2021

Entered into Sale and Purchase agreement to acquire a piece of vacant leasehold land for the the Batu Kawan III ("BK III") facility

Q4

1 OCTOBER - 31 DECEMBER

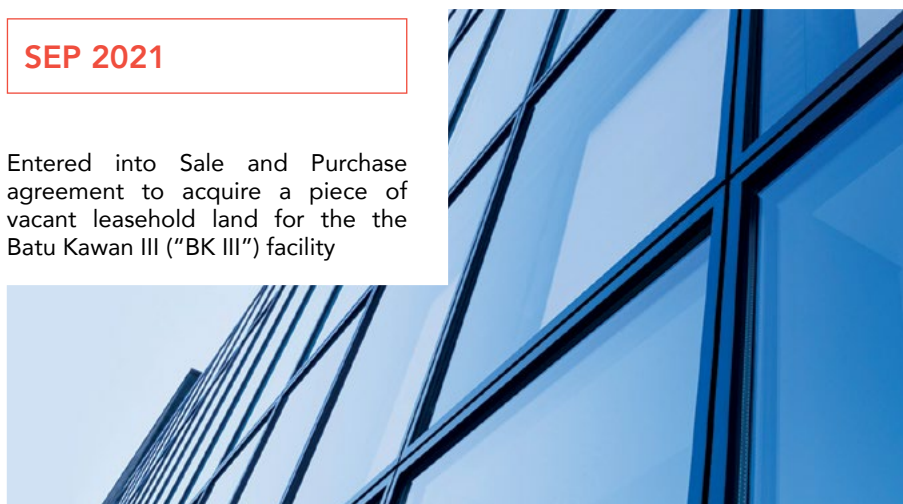
OCT 2021

Launch of new Company slogan "Accelerate the Future" and virtual groundbreaking ceremony for BK III facility

NOV 2021

Established a wholly owned subsidiary in Philippines

Acquisition of a piece of vacant leasehold land for the Batu Kawan IV ("BK IV") facility



CORPORATE INFORMATION (Cont'd)



BOARD OF DIRECTORS

OOI HOOI KIANG
CHAIRMAN
Independent Non-Executive Director

DATO' 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

AUDIT AND RISK MANAGEMENT COMMITTEE

Mariamah binti Daud
Chairman

Ooi Hooi Kiang
Member

Dato' Seri Wong Siew Hai
Member

COMPANY SECRETARIES

Yeow Sze Min
SSM PC No. 201908003120
(MAICSA 7065735)

Low Seow Wei
SSM PC No. 202008000437
(MAICSA 7053500)

SHARE REGISTRAR

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

REMUNERATION COMMITTEE

Ooi Hooi Kiang
Chairman

Mariamah binti Daud
Member

Dato' Seri Wong Siew Hai
Member

REGISTERED OFFICE

Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 George Town
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

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

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

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



Greatech Technology Berhad
Investment holding

100%

Greatech Integration (M) Sdn. Bhd.
Manufacture of automated equipment
and provision of parts and services

100%

**Greatech Integration
(Shanghai) Limited**
Dormant

100%

**Greatech Integration
(USA) Inc.**
Sales and support office

100%

**GT Integration
(Philippines) Inc.**
Engineering design centre

PROFILE OF DIRECTORS

OOI HOOI KIANG

CHAIRMAN

Independent Non-Executive Director

Gender	Nationality	Age
Female	Malaysian	53

No. of Board Meeting Attended
in Financial Year ("FY") 2021 : 4/4

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 28 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 currently serves as Director/Principal Consultant – Corporate Strategies of WCoach Sdn Bhd which provides advisory services. She was the Group Chief Financial Officer ("CFO") overseeing finance division of PG Automotive Holdings Pte Ltd ("PGA") since November 2018 to January 2022. 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 exploits her commercial experience in supporting and delivering the Group's strategy in non-executive roles.

She is a Non-Independent and Non-Executive Director of L&P Global Berhad effective 22 March 2022.

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



DATO' TAN ENG KEE DSPN

CHIEF EXECUTIVE OFFICER
Executive Director

Gender	Nationality	Age
Male	Malaysian	52

Membership of Board Committee : None

No. of Board Meeting Attended
in FY 2021 : 4/4

Dato' Tan Eng Kee, is our Group's Chief Executive Officer ("CEO") and Executive Director and was appointed to our Board on 14 May 2018. Dato' 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, Dato' 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 27 years of experience in managing company, marketing strategy planning and business development. Dato' Tan has, and continues to be, instrumental to our Group's continuous success and growth.

Dato' Tan has been appointed as the Governing Committee for the Electrical and Electronics Productivity Nexus ("EEPX") and Board Member for the Malaysia Semiconductor Industry Association ("MSIA") for the year 2021.

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

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



PROFILE OF DIRECTORS (Cont'd)



KHOR LEAN HENG

CHIEF OPERATING OFFICER
Executive Director

Gender	Nationality	Age
Male	Malaysian	52

Membership of Board Committee : None

No. of Board Meeting Attended
in FY 2021 : 4/4

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 27 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 Chief Executive Officer 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 Female	Nationality Malaysian	Age 57
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No. of Board Meeting Attended
in FY 2021 : 4/4

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 29-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	71

No. of Board Meeting Attended
in FY 2021 : 4/4

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.



PROFILE OF DIRECTORS (Cont'd)

Contributing his global experience to advancing the E&E industry, Dato' Seri Wong is today, the Chairman of the E&E Productivity Nexus ("EPPN") and President of Malaysia Semiconductor Industry Association ("MSIA"). He was the Chairman of the Malaysian American Electronics Industry ("MAEI") and an industry committee of the American Malaysian Chamber of Commerce ("AMCHAM") for the last 15 years. He is an Independent Non-Executive Director of Malaysia Venture Capital Management Berhad, MTT Shipping and Logistics Berhad, Natiogate Holdings 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.

Notes 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 4 March 2022" 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 financial year ended 31 December 2021.



PROFILE OF KEY SENIOR MANAGEMENT TEAM

KOAY
LIN LIN

Gender
Female

Nationality
Malaysian

Age
49



LOO
KIM HAI,
MARTIN

Gender
Male

Nationality
Malaysian

Age
43



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 fellow member of the Association of Chartered Certified Accountants ("FCCA") and a member of the Malaysian Institute of Accountants.

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 17 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
Male

Nationality
Malaysian

Age
39



YEAP HAN KEOW

Gender
Male

Nationality
Malaysian

Age
37



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 17 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, 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
Male

Nationality
Malaysian

Age
40



LEE CHONG CHI

Gender
Male

Nationality
Malaysian

Age
37



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 16 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.

Lee Chong Chi, is currently a Business Unit Manager of Semiconductor Automation 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 2019 to lead and oversee project and team in Optical System division. In February 2022, Mr Lee was transferred to lead all standard machinery division merged under Semiconductor Automation. He has 14 years of high precision machinery design and management experience in semiconductor and automotive industry. Mr Lee began his career with a local automation company in 2006. Subsequently, he joined a German based company in 2008. Mr Lee was promoted from an engineer to Head of Department during his serving. He was also stationed in Germany for a duration of 3 years for technology transfer and skill enhancement. In his 11-year tenure with the German based company, he had set up the local automation team which include design, software, electrical and assembly to support the Asia market.

Mr Lee holds a Bachelor Degree in Mechanical Engineering from The Nottingham Trent University.

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 FY2021.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

In 2021 team Greatech realised the slogan **TOGETHER WE CREATE POSSIBILITIES**. Despite continuous challenges posted by the COVID-19 pandemic since early 2020, we continue to blaze new trails at higher peak. A new corporate slogan **ACCELERATE THE FUTURE** was launched during the year to set sight for next phase of growth.

In 2021, we completed construction and commenced operations for BK II factory in Batu Kawan, acquired industrial land for BK III and IV, commenced construction for BK III, doubled the headcounts, and delivered yet another record high revenue and profit for the 5th consecutive year.



FINANCIAL PERFORMANCE

As a result of our team's dedication and resilience, Greatech recorded a revenue of RM402.22 million, which grew by 54.0% from RM261.13 million in 2020. Our profit for the financial year increased by 61.4%, from RM87.85 million in 2020 to RM141.75 million. This is mainly driven by the growth in Production Line Systems ("PLS"), in particular from Electric Vehicle ("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 RM144.29 million, from RM286.75 million to RM431.04 million in financial year ended 31 December 2021 ("FY2021"). Cash and cash equivalents also increased by RM36.41 million, from RM284.02 million in prior year to RM320.43 million.

Backed by strong financial positions, the Group was able to fund business expansion plans and stay resilient when uncertainty arising from Russia-Ukraine war has added to the disruption created by COVID-19 pandemic.

CHAIRMAN'S STATEMENT (Cont'd)

SUSTAINING GROWTH

Over the years, we have evolved from single automated equipment maker to now an industrial automation solutions provider for industries such as solar, energy storage, life science, lidar and semiconductor.

We are not only here to stay and grow Penang as our base, we also envision to build Penang into a world class automation hub. In order to realise our ambition, we continue to invest in three key strategic pillars, first, expand our production capabilities, second, attract and retain key talents and lastly, build an enduring culture that encourages open communication and innovation.

Ever since our successful penetration into the renewable energy storage market in 2020, our business continues to flourish by leaps and bounce. Outstanding order book grow to RM546.65 million as compared to RM351.20 million. This represents an increase of RM195.45 million (55.7%). We believed that building resilient business model is key to shareholders wealth creation in long term.

Expanding Capacity

As order book continues to grow, we continue our capacity expansion plan. The completion of BK II in Batu Kawan has added 210,000 sq ft floor area to the group. BK III & IV with combined areas of 809,741 sq ft were acquired from Penang state government during the year. We expect BK III with 265,000 sq ft floor area to be in operations by Q2 2022 while BK IV with another 265,000 sq ft floor area is planned to commence construction in 2022.

Talent Development and Retention

The Board seeks to create a better and innovative work environment. We continue to invest in and support initiatives to build a diverse pipeline of talent at all levels of the Group. Focus has been placed on enhancing the skills of our employees to best perform their role and meet the needs of our customers. The Young Engineering Program ("YEP") implemented in 2019 has successfully added new employees into the business. However, COVID-19 continues to impact on the Group's ability to source candidates domestically and the industries have experienced intense competition for labour in 2021. The Group continues to positively react to talent market challenges with many initiatives underway across the business including setting up design office in Philippines, salary adjustments, investments in trainees and apprenticeships, recruitment incentives, employee satisfaction surveys and increased employer branding on social media.

Long Term Incentive Plan which includes share options and share grants were awarded to our staffs to encourage them to continue to grow with the Group as we created more career development both locally and abroad.

The Board has also focused on supporting science, technology, engineering and maths ("STEM") activities to help attract, develop and retain talent in STEM-related careers, as well as promote STEM education and opportunities in our communities. Further details is set out in the Sustainability Report of this Annual Report.

Inroads into new sectors

As part of the Group's strategy in building sustainable growth, we always allocate 20% resources in developing new sectors and market. Such strategy allows us to penetrate new sectors thus, build sustainable pipelines of order book. And, life science will be one of the key sectors we will focus in developing within next 12 months.

Expanding Our Footprints

The setting up of USA office and service centre has started to reap results as we see increasing order book coming through them.

We also set sight in expanding into Europe through strategic alliance or merger and acquisition. We actively look out for potential partners which is in line with our long-term business strategies and thus creating synergistic effect.

The Board takes cognisant of the recent conflict between Russia and Ukraine and assesses its impact to the future growth of our Group such as market trend, business risks, human capital development, and expansion plan.



CHAIRMAN'S STATEMENT (Cont'd)

EMBEDDING SUSTAINABILITY

Throughout 2021, we continued to make progress, measure and report on our environmental, social and governance ("ESG") journey. We are committed to continuously enhancing our sustainability strategy focused on the four key areas of economic performance, environment, our people, and corporate governance. During the year, we continue to improve our ESG credential and direct resources to accelerate our ESG initiatives. Through our talent development program, we emphasise our commitment to developing, engaging and empowering our employees. It is crucial to train our employees new skills and recruit diverse capabilities to truly take advantage of the differentiated technologies that will support the execution of our long-term strategy. We have demonstrated our commitment to our employee with an emphasis on employee health and safety, employee satisfaction via surveys, and diversity and inclusion. It is pleasing to see continued improvement in our safety statistics, with lost time injury rate decreasing by 56.3% to 0.70 during the year. We have also been taking the appropriate measures to reduce energy and water we use and the waste we generate from our operations. In addition, we continue to invest in product development which contributing to better solutions for our customers and enhanced our foundation for organic growth. We are better positioned to create long-term value for our customers, employees, shareholders and community, while at the same time conducting business with the highest standards of integrity and embracing our values.

CORPORATE GOVERNANCE

Sound corporate governance based on an ethical foundation remains the cornerstone of the Board's efforts for a sustainable and successful organisation. The Board continues to review and strengthen our policies and procedures across the Group to ensure our businesses operate with integrity and to the highest standards of governance. The Board has adopted the Group-wide Corporate Governance Framework in 2021 which binds our values, behaviours, policies and procedures and embed the necessary governance structures that enable us to conduct our business in an ethical and accountable way. Further information on our governance are covered in the Corporate Governance Overview Statement section of this Annual Report.

In 2021, the Board actively engaged into discussion with both External and Internal Auditors with regards to internal controls and governance issues. Key topics included corporate governance, compliance, human capital, as well as overseeing and advising on the Group strategy.

The Board will also further develop our governance and control arrangement over the coming years, ensuring the necessary financial and human resources are in place to achieve our diverse and ambitious strategic goals.

APPRECIATION

The Group has achieved an outstanding performance in FY2021, be it financial performance, human capital development, or social community development. 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. We look forward to have you in our future journey.

Thank you.

OOI HOOI KIANG

Chairman
8 April 2022

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS AND OPERATION REVIEW

It gives us great pleasure to present our third set of results as a public company, with financial year ended 31 December 2021 ("FY2021") has been another impressive year for Greatech Technology Berhad ("Greatech" or "Company") and its subsidiaries ("Group") despite another challenging market environment outweighed by COVID-19.

Headquartered in Penang, Malaysia, the Group is a leading factory automation solutions provider and system integrator. The Group offers our customers a single-source comprehensive solution from conceptualisation, engineering development, prototyping, system integration to installation and commissioning of factory automation. As a total solution provider, 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 2021, there were a team of more than 800 people working for the Group, both locally and abroad through a network of subsidiaries and marketing partners. The Group's principal manufacturing sites are located in Malaysia.

With over 20 years of continuous experience and expertise in factory automation, the Group offer customised equipment and systems for customers in solar, energy storage, life science, semiconductors and consumer electronics industry. The Group's customers are mainly global multinational corporations that are manufacturers of solar panels, electric vehicles ("EV"), medical devices, smart devices, computers and computer peripherals.

COVID-19

In 2021, we focused on doing what we could in terms of managing the business during the COVID-19 pandemic that affected all walks of life globally. We responded swiftly and effectively to the health crisis. The Group priorities remained unchanged – safeguard our people, their families and communities we serve, ensure the continuity of our operations to serve our customers and behave according to government guidelines.

We provided guidance and support regarding safety protocols and legislative requirements to ensure our people comply with regulations. We continued to uphold our safety measures and strict hygiene standards in our facilities. Measures including enhanced cleaning and disinfection processes, personal protective equipment, physical distancing, work-from-home and split shift working remain in place to safeguard our people and society at large, while keep operations running and protecting jobs for as long as possible. We worked closely with our suppliers to mitigate any potential supply chain impacts and innovated how we engaged with customers to help keep them operational. To date, there were no mortality related to COVID-19. This would not have been possible without the prior investments in our safety culture combined with engaged workforce.

During the year, Greatech has worked together with local health ministry to mitigate the risk of the coronavirus to our people and their families, as well as the communities where they live and work. We have participated in onsite vaccination events and provided information to our people about vaccination benefits. Our entire workforce has been vaccinated and COVID-19 positive cases among team members remain very low, with majority of cases tracing back to contacts occurring outside of workplace. Within Malaysia, the Group has also partnered with an independent medical provider to provide bi-weekly on-site nasal swab testing ("RTK-Antigen Test") for all employees according to government legislation. All positive cases of COVID-19 detected in RTK-Antigen Test were immediately reported for further polymerase chain reaction ("PCR") test, and subsequently communicated to the Employee Health Response Team for quarantine action.

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 (3) regions, namely North America, Europe and Asia.

The Group recorded a consolidated revenue of RM402.22 million (2020: RM261.13 million), rose significantly by 54.0% year-on-year despite significant disruptions caused by the ongoing pandemic in 2021 and associated supply chain impacts. In FY2021, revenue from equipment business namely PLS and SAE accounted for 95.2% (2020: 93.7%) of total revenue, increased by 1.5% from the previous financial year, to RM382.94 million (2020: RM244.74 million). The PSS accounted for the remaining 4.8% (2020: 6.3%) of the Group's revenue amounting to RM19.28 million (2020: RM16.39 million).

In 2021, Greatech was able to grow in all business segment. The Group PLS as well as its SAE businesses all achieved full year organic growth of 48.4% and 465.6% respectively, supported by a robust performance in the North America and strong demand from energy storage and solar industry. The performance of PSS surpassed what was achieved in 2020. Revenue for PSS increased by 17.6% from the previous year's record of RM16.39 million to RM19.28 million, which is encouraging given the short-term pandemic crisis.

The North America region reported a revenue increase of RM239.32 million or 473.6% as compared to RM50.53 million in previous year and were strongest into EV customers. In the USA, the Group gained substantial business momentum which was driven by large scale new investment plans of a major customer in the thin film solar market and new-build projects in the EV of energy storage sector. In 2021, revenue from energy storage benefited from the increasing demand for electrification of road transport and recorded strong revenues to deliver outstanding growth for the full year.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

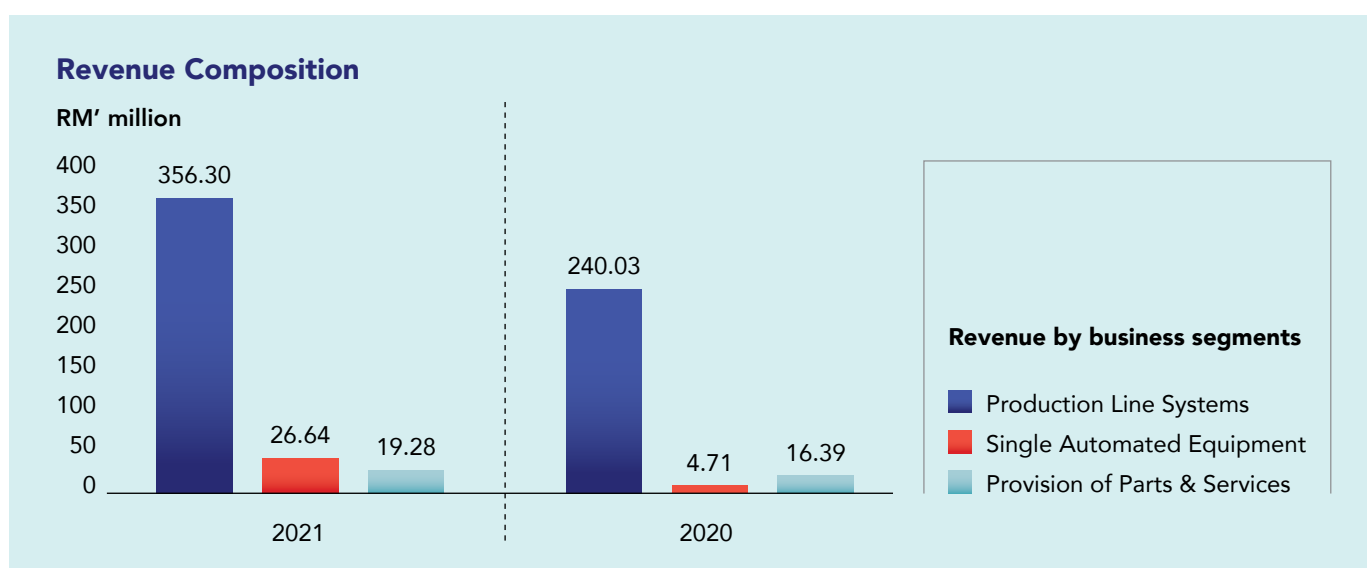
BUSINESS AND OPERATION REVIEW (CONT'D)

Key Markets (Cont'd)

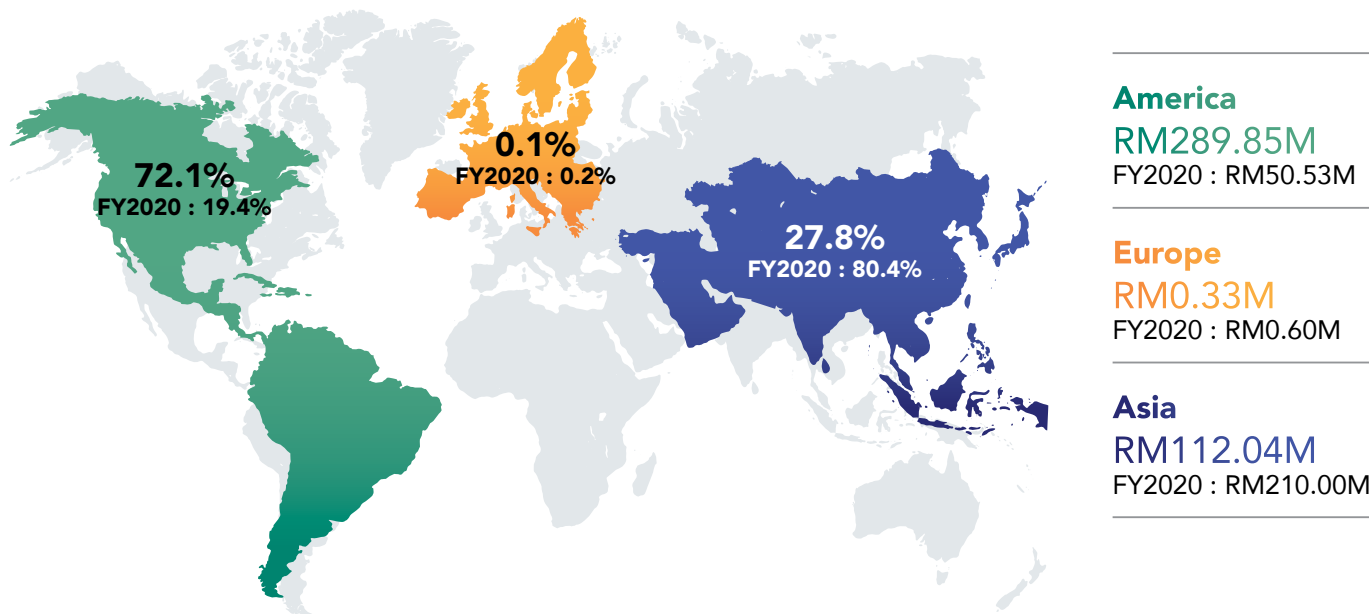
Europe revenue in the FY2021 was RM0.33 million compared to RM0.60 million in the financial year ended 31 December 2020 ("FY2020"), decreased by 45.0%. The decrease was due to global travel restrictions for the majority of the calendar year reduced the opportunities for business development in Europe.

Revenue in Asia region, mainly driven by the PLS orders from customers in the solar sector reduced 46.6% to RM112.04 million as compared to RM210.00 million in previous financial year. During the year, the Group continued the upgrading and installation of the existing PLS delivered in 2020 benefited from activity with a major customer in the thin film solar market. The non-repeat of a particular large order by a major customer in the thin film solar market in 2020 was compensated for by an increase in smaller projects in 2021 has resulted a lower revenue contribution from Asia in this financial year.

For the FY2021 and FY2020, the revenue by categories were:



While the revenue by regions for FY2021 and FY2020 were:



MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

BUSINESS AND OPERATION REVIEW (CONT'D)

Order Prospects

The Group started 2021 with a RM351.20 million order book. Order book pickup strongly after entering second half of 2021 and positive trend continue to the end of the year. Despite continuous coronavirus new restrictions, the orders accelerated significantly in the third and fourth quarter, leading to an overall increase in total order books of RM195.45 million and we ended FY2021 with a strong order book of RM546.65 million, which represents 55.7% increase as compared to the end of 2020.

Having established a direct sales presence in North America has given us a closer customer relationship and made the sales process smoother. We began to secure additional orders from customers in this region. Our short-term focus will be on building the orders that are strategically important to the business.

Investing in Growth

While uncertainty remains with the pandemic, we initiated and implemented several aggressive investments in expanding local capabilities, improving the Group's competitiveness and ability to realise future opportunities.

New facilities in Batu Kawan Industrial Park ("BKIP") ("BK I" and "BK II")

At BKIP, we have two manufacturing facilities namely BK I and BK II with a total area of 340,000 square feet.

We have relocated majority of our Lunas fabrication facilities to BK I at the end of 2021. The facility measuring 130,000 square feet has brought together under one roof all the production value chain that came with fabrication activities, quality control, offices and warehousing operation. The production is now being expanded and investments made in the new energy-efficient production equipment and lighting, high-efficiency air-conditioning and air-flow ventilation system. Precision machining parts and sheet metal forming are produced here by the highly skilled workforce.

A brand-new engineering and assembly facility totalling 210,000 square feet ("BK II") has been completed in the BKIP in November 2021, which have taken up occupancy at the end of 2021. Engineering design, component handling and assembly is accommodated here. The facility features high-efficiency air-conditioning system and lighting that significantly reduces energy consumptions. The continuing demand from the solar and energy storage industries confirms that the new BK II facility is well-invested. It strengthens the Group's competitiveness and enables rapid adaptation to changing demand levels.

New industrial land in BKIP ("BK III" and "BK IV")

We also continued to invest in increased capacity in Penang. Our aim is to increase the Group's international value creation. A crucial move is the investment of approximately RM51.00 million in a new 265,000 square feet modern production and office building ("BK III") commissioned mid-October 2021. Strategically located at BKIP, this BK III facility will allow us to support growth with local and regional customers in the region and across customer segments.

In November 2021, the Group entered into an agreement with Penang Development Corporation to purchase a piece of leasehold industrial land measuring approximately 504,224 square feet ("BK IV") near BK II and III, funded by internally generated fund. The aim of this expansion is to create the necessary space for the further development of the Group's automation business and create optimum conditions for special customer needs.

GT Integration (Philippines) Inc.

The Group recognises that attracting the best talents is important for the sustainable growth of the Company. During 2021, the focus to increasing the number of young and emerging talents has continued. A wholly-owned subsidiary of the Company, Greatech Integration (M) Sdn Bhd has incorporated a new wholly-owned foreign subsidiary, namely GT Integration (Philippines) Inc. in Manila, Philippines in November 2021 to leverage the region's talent base. In anticipation of post-pandemic talent crew shortage which may last for years, we have commenced sourcing high performers from Philippines. The Group aims to develop a diverse pool of talent to provide cross-regional alignment across talent population and strong pipeline for international assignments adapting to the business needs.

Given corresponding market growth, the Group will further increase the proportion of workforce in emerging markets.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

FINANCIAL HIGHLIGHTS

Financial Performance

During the year dominated by the progression of the global pandemic and societal lockdowns, the Group has delivered a respectable results and strong earnings, with revenue reached an all-time high of RM402.22 million for the FY2021.

The gross profit ("GP") has increased from RM113.48 million in FY2020 to RM169.94 million in FY2021. The GP margin has decreased marginally to 42.3% in FY2021 from 43.5% in FY2020 despite an increase in production overhead.

The Group generated a profit before taxation ("PBT") of RM145.24 million in FY2021, a 61.2% increase from RM90.08 million in FY2020. The PBT margin was 36.1% in FY2021 as compared to 34.5% in FY2020. The increased in PBT was primarily due to the higher other income of RM18.52 million which was being offset by higher administrative and marketing expenses of RM42.72 million as compared to FY2020. This is an overall strong performance given the impact of the COVID-19 pandemic and the varying levels of restrictions that were in place during the year.

Other income has increased by RM8.00 million or 76.05% in FY2021 as a result of higher realised foreign exchange gain driven by strengthening US dollar against Ringgit Malaysia.

Higher administrative and marketing expenses was primarily contributed by (i) increased headcounts in the research & development division and overseas, (ii) depreciation of property, plant and equipment, and (iii) share-based payment transaction. However, the administrative and marketing expenses as a percentage of revenue has dropped from 12.4% in FY2020 to 10.6% this year, contributing to a higher PBT margin of 36.1% as compared to 34.5% a year earlier.

The Group's strong profit improvement, coupled with a lower effective tax rate of 2.4% (FY2020: 2.5%), increased basic and diluted earnings per share to 11.32 sen from 7.02 sen in FY2020.

Cash Flows

Greatech developed strong cash generation abilities in FY2021 with net cash from operating activities of RM129.71 million despite difficult challenges posed by pandemic. RM0.58 million and RM0.72 million was used for the payments of interest and taxes respectively.

Net cash used investing activities amounted to RM87.60 million arising from net changes in the deposits with licensed bank (more than three months) and higher investment in right-of-use assets and property, plant and equipment.

Net cash used in financing activities consists mainly of repayments of lease liabilities and the proceeds and repayments related to term loans with financial institutions.

After adjusting for the effect of foreign exchange rate changes, the cash and cash equivalent went up from RM284.02 million to RM320.43 million as at 31 December 2021. This will provide the Group with sufficient financial flexibility for the funding of future growth initiatives.

Financial Position

The Group financial position has been strengthened further with net assets of RM431.04 million (2020: RM286.75 million). The Group continue to be highly cash generative. The Group ended the year with cash and cash equivalent of RM320.43 million (2020: RM284.02 million) as a result of improved profitability, in spite of increased capital expenditure for the capacity expansion programme.

The Group's total assets was RM608.60 million as at 31 December 2021 in comparison to RM454.74 million as at 31 December 2020. It was primarily due to the increase of property, plant and equipment, and right-of-use assets by RM42.86 million and RM42.06 million respectively, an increase of trade and other receivables by RM51.90 million and an increase of cash and bank balances by RM33.78 million being surplus generated from daily business operations. The increase was offset by a reduction in contract assets by RM19.07 million.

Throughout the FY2021, the Group has invested approximately RM89.48 million for the purchase of property, plant and equipment as well as right-of-use assets and committed a further RM74.51 million as at 31 December 2021 in capital assets for capacity expansion mainly involving acquisition cost of BK III land, construction cost of new BK III factory and purchase of new production machinery.

Total liabilities has also increased to RM177.56 million in comparison to RM168.00 million in FY2020 mainly due to the increase in trade and other payables by RM5.01 million, contract liabilities by RM10.71 million and deferred tax liabilities by RM2.62 million.

Total equity has increased to RM431.04 million as compared to RM286.75 million in FY2020 mainly due to the issuance of ordinary shares pursuant to Share Option Plan ("SOP") of RM2.61 million and RM141.68 million of profit recognised in FY2021.

Net asset value per share rose to 34.4 sen as at 31 December 2021 as compared to 22.9 sen (after adjusted for bonus issue) as at 31 December 2020.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

CORPORATE STRATEGY

In 2021, while dealing with pandemic, we maintained our strategic focus in executing our long-term strategy. We have continued to be successful in executing our strategy since it was launched in 2019 and have converted strategic progress into a robust financial performance. We ended the FY2021 stronger than year 2020, with both revenue, profit and cash generation, underpinned by a high-quality order book.

We have reviewed our strategy in light of the events of 2021 and are confident that they remain appropriate and highly relevant. Our focus remains on delivering organic growth, extending our offering to new customers with new products, improve operational excellence, strengthening talent base, broaden our regional presence and continue search for acquisition targets.

Recurring Revenue

Favourable growth is anticipated in Greatech's markets. The demand for industrial automation is being driven by ongoing megatrends in emerging markets and massive efforts to establish energy efficient solutions.

Historically, the Group has grown organically, and our primary growth strategy remains organic growth. Through growth, the Group will strengthen and enhance its market position in target markets.

The Group emphasises the value of direct contact with its customers. In 2021, we accelerate our growth further by investing in people, in particular our North America sales leadership across client segments. To benefit fully from the potential opportunities in existing and target markets, we have driven synergies across our global customer support teams, enhancing our local support capabilities and response times, whilst reducing our own travel requirements. Since the Group's automated systems are customised to the customer's needs, maintaining a local presence close to customer is important. The closer the sales team to customers, the faster we can provide the existing and potential customers with advice and services optimally tailored to their needs.

The Group will also continue to increase its exposure to the energy storage and life science industry where the Group see growth potential and attractive opportunities. There is also potential in expanding the Group's automated systems to markets other than North America.

Talent Management

Passionate, engaged and skilled employees in safe working environments positively contribute to our strategy and performance. We strive to provide a diverse, inclusive and stimulating working environment where every employee is respected and included, with the aim of attracting, engaging and developing together. We work across the Group to monitor and improve areas that are important to our people, ensure that we have consistent policies and procedures in place to acquire, engage and retain the right talent.

Throughout the year, we continue to seek ways to develop our people, provide opportunities for promotion within the Group as well as selective recruitment to further enhance essential skills. Other initiatives focus on improving wellbeing, working environment, employee benefits and training. Several activities to keep employees engaged in the workplace and to bond with colleagues were undertaken in the Group as well. These included teambuilding, recreation activities, wellbeing events and competitions. Kindly refer to our Sustainability Report for further details on the initiatives implemented to enhance talent management and development of our employees.

We continue to offer the SOP to all our employees in Malaysia. This long-term incentive program provides all employees, regardless of their role, with the opportunity to partake in Greatech's growth in value and ensure a united focus on long-term value increase for shareholders.

Despite the COVID-19 restrictions, we proceed to recruit a significant number of new employees to deliver operational improvements, business optimisation and targeted investment. In view of the current rigorous employment environment, the Group has established a subsidiary in Philippines in November 2021 to access a wider pool of skilled talent to support our organisation's growth. Recruitment of skilled talent is under way and onboarding to Greatech had begun remotely.

Regional Presence

In response to growing demand for our products and services, we have expanded our presence in the North America, which is the largest market globally and for the Group. In February 2021, the new factory in Michigan, USA started its operations to strengthen our international competitiveness and use the benefits of international procurement. The travel restrictions during the COVID-19 pandemic has showed the importance of having local presence for the Group in multiple geographical regions. Investment in emerging market continues to be strategic priority to drive our long-term profitable growth.

Our presence in Michigan focuses on the EV and energy storage sector, offering battery assembly and handling systems for lithium-ion battery cells, modules and packs. The new set-up has paid off by strengthening the autonomy of our regional factory and further improving customer proximity. After we secured an EV battery assembly system order of more than RM200.00 million in 2nd half of 2020, the Group has secured numerous new orders from other American EV makers to design, build and install battery assembly systems. The Group has a sizeable opportunity for our products across many client segments in the North America. We saw continued interest and gradual improvement in demand for automation from electrification of energy and transport networks that is critical to decarbonisation.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

CORPORATE STRATEGY (CONT'D)

Regional Presence (Cont'd)

The significant near-term focus is aligning our capacity to serve the growing demand of e-mobility customers, which has grown its share of our overall business considerably since 2020. The Group also expects to secure orders from new customers in our targets market of energy storage. With the automotive industry's recent shift to electrification, the Group expansions at Michigan were well timed to take advantage of opportunities in this emerging market.

There are several regions outside North America such as Europe which the Group see growth potential but has yet to establish local presence in 2021. The increased contagion of COVID-19 in most countries and thus reintroduced restrictions has made the arranging of desired visits difficult. For the coming year, the focus will be on continuing the investment strategy of setting up additional offices in Europe to deepen customer and geographic reach.

Research and Development ("R&D")

We maintained our R&D expenditure in order to sustain the momentum of key innovation projects that will bring significant benefits to customers and help to drive future growth. The Group's R&D department facilities are maintained in Penang and currently employs around 108 people who have leading-edge expertise in different areas. They are taking responsibility to run any project from the initial designs, to the first prototype and production run. Development and innovation work mainly focused on bringing new products to market, further developed the functions or applications of existing products, and concept responding to the direct needs of customers of target markets.

During the year, to better meet customers' needs, the Group developed the new e-motor assembly PLS which further optimise the entire electric driveline and supporting the rapid increase of electric propulsion. This enhance our product proposition for customers and strengthen our positions to win further market share in the emerging markets.

In FY2021, the Group spend approximately RM10.85 million on R&D, compared to RM9.30 million in FY2020. As technologies and customers' needs evolve, we continue to focus on exciting disruptive technologies, for example machine learning, artificial intelligence and motion technology to help customers meet their own challenges. We develop our products in-house and work with customers, local universities and selected market-leading partners for specialised solutions.

Operational Efficiency

The Group continued focus on key strategic investments despite the pandemic. One of which was expanding the new production and assembly facilities for large PLS assembly in Batu Kawan, Penang. The newly expanded facilities namely BK I and BK II became fully operational in Q4 2021, providing space for the safe and efficient production and assembly of some of the largest PLS developed by the Group. Capacities were well utilised at all manufacturing sites to deliver strong orders booked at the beginning of 2021 and maintained revenue at the exceptionally high level during the reporting period.

The underlying demand in the Group's target market is currently favourable, as evidenced by the strong order books secured. However, the pandemic-related supply chain bottlenecks from the 2nd half of the 2021 onwards continued affecting the Group and wider market environment. The Group will continue to focus on optimise customer delivery times and securing components availability while at the same times ensuring delivery reliability.

We are continuing to invest in the expansion and modernisation of our manufacturing facilities to drive organic growth, strengthen our cost competitiveness, enhancing our product offering, quality and service to customers. Capital investment in FY2021 including the commencement of BK III construction with completion scheduled for year 2022. The expansion will increase flexibility and create space for the assembly of PLS.

Acquisition Strategy

While we prioritise organic growth, we actively explore opportunities to further strengthen our existing core business through acquisitions. Although we have participated in several merger and acquisition processes in 2021, we did not consummate any acquisitions. We retain a strict acquisition discipline and are highly focus on acquiring businesses which will create synergy to the Group and value to the shareholders.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

RISK MANAGEMENT

Technology Obsolescence

Technological obsolescence is inherent in our nature of business. In this fast-paced technological era, customers' demand and requirements will change constantly and rapidly. Failure to deliver market leading products will impact our ability to grow. As such, it is our mission to ensure continuous innovation and research and development is being made to mitigate the risk. The Group make 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 global nature of the Group's business means it is exposed to foreign exchange risk arising from various currency exposure, in respect of foreign currency denominated transactions. The Group is exposed to a number of foreign currencies, 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.

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 out of 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 time of third-party content. Thus, the revenue recognised may fall outside the financial period that was originally forecasted. 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 mitigate this risk by closely monitoring our performance with all key 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 reviewed. The Group has also made significant investments in product development and marketing activities to ensure that we remain competitive. In addition, the Group monitors the financial performance of our key customers and the receivable balances outstanding from them.

In 2021, the Group continued to actively improve its efficiency and pursue growth in selected emerging markets in order to safeguard and further expand its market position.

DIVIDEND

The Group does not have an explicit dividend policy and the Board did not propose any dividend for FY2021. This remain unchanged and similar to the previous year.

OUTLOOK

The past fiscal year was the second year of the COVID-19 pandemic. The Group continued to implement our business strategy and deliver very good results surpasses pre-crisis level despite a challenging market environment. The stronger order book in the last three months of 2021 provides momentum for the year 2022 although, much uncertainty remains.

The Group is confident that the future growth prospects for our business remain very strong, driven by technological change and a number of important megatrends that shape the sustainable future of mobility, industry and energy all over the world.

We can see tremendous growth opportunities globally, particularly in our target market of renewable energy, energy storage and life sciences. The markets where we already operate such as the USA and Europe also offer high potential for growth.

At present, the Group can see positive long term growth prospect in renewable energy market, driven by ambitious climate targets and decarbonisation efforts from USA and other governments worldwide. The Group's PLS help reduce the cost of generating renewable energy and this market provide niche opportunities for the Group.

The EV market remains encouraging. The transition from traditional drive systems to electromobility gained momentum benefiting from various government support programs in a number of countries. The Group is in an excellent position as we have successfully expanded ourselves as an important supplier to the rapidly growing modern automotive production i.e. e-mobility.

The capabilities of new technologies to improve the quality of life and the development of COVID-19 vaccine has accelerated the need for advanced healthcare around the world. The Group continue to see strong recovery in hospital spending and an increase in activity from pharmaceutical and medical devices industries. The strong market trends will favour the Group to take advantage of growth opportunities in life science sector.

Looking into 2022 and beyond, the Group intend to further build out our capabilities as an automation solutions provider through organic investment and acquisitions. We will continue to focus on attractive end markets where our technology and services can create long term value for our customers.

APPRECIATION

We have once again performed well in this financial year. Although some uncertainty remains about the development of the pandemic, we remain confident we have the right strategy in place for continued success over the longer term. Our fellow Board members and us would like to thank our customers, employees and suppliers for their dedication, innovation and hard work in taking the Group through adverse cycles brought on by the pandemic.

T H A N K Y O U

SUSTAINABILITY REPORT

About this Report

Since 2020, Greatech Technology Berhad (“Company” or “Greatech”), together with its subsidiaries (“Group”) has been publishing its annual sustainability reports (“Report”) highlighting the Group’s activities and performances in the economic, environmental, social and governance aspects of sustainability. We trust that this report attests to our growing commitment of an inclusive practice and methodology in overseeing the Group’s sustainability management.



Reporting Period and Cycle

Building on our sustainability efforts from the last report published in April 2021, this report discloses our progress for the activities from 1 January 2021 to 31 December 2021, unless otherwise specified and if relevant to the report. Where possible, information from previous years have been included to provide comparative data.

Reporting Scope and Boundaries

This Report provides information on Greatech’s sustainability performance for our operations in Malaysia. As of 31 December 2021, Greatech had manufacturing facilities in Malaysia and United States of America (“USA”). Our major operations are located in Penang and Kedah, Malaysia with manufacturing footprints greater than 100,000 square feet (“sq ft”) provide full support to our customers’ businesses. Majority of the Group’s workforce is also employed by these sites. Reporting therefore focuses on these sites under our organisational control. Contrarily, our scope excludes all outsourced activities in which we do not have management controls over these entities, unless otherwise stated in the report.

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”). The disclosures contained herein are focused on the material sustainability issues to both Greatech and its stakeholders. This Report is published together with the Company’s annual financial results; hence it should be read in conjunction with this Annual Report 2021.

External Assurance

The Company did not seek 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 the Annual Report 2021, however, have been audited by the independent external auditors.

Availability

This Report is available on the Company’s website: <https://greatech-group.com> in a downloadable PDF format.

Feedbacks

To continuously improve on our sustainability efforts, we welcome and encourage our stakeholders to provide feedback pertaining to this Report or our sustainability practices and initiatives. Please drop us a message via our website: <https://greatech-group.com>.



About Greatech

Greatech is a global industrial automation company with businesses that serve a wide variety of industries around the world. Greatech focuses on developing customised equipment and process solutions for multiple industries including Solar, Energy Storage, Life Science, Semiconductors and Consumer Electronics. Greatech’s automation equipment are used worldwide by multinational organisations ranging from medical device makers, renewable energy producers to semiconductor companies.

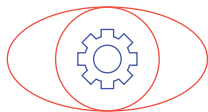
The Group was founded in 1997 and is headquartered in Penang, Malaysia, with four (4) subsidiaries and representative offices in Asia, USA and Europe.

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.

Greatech was listed on the ACE Market of Bursa Securities on 13 June 2019 and was transferred to the Main Market of Bursa Securities on 28 December 2020. Greatech is regarded as one of the Large Cap Companies with market capitalisation of approximately RM8.43 billion (2020: RM5.70 billion) at the end of 2021, funded by equity.

Greatech shares are publicly traded on the Bursa Securities.

The Group has a wholly-owned USA subsidiary and incorporated a Philippines subsidiary in November 2021, and there was no major changes in Greatech’s company structure since last financial year. The legal entities and ownership structure are presented in our Annual Report 2021.



OUR VISION

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

Corporate Culture

Greatech’s corporate culture is based on Six Core Values, which guide our behaviour and decision making. Our actions are further supported by our Code of Conduct and Ethics (“Code”), which serves as a practical guide to understanding our ethics and compliance standards.

Core Values

o Innovation	o Customer Satisfaction	o Teamwork
o Integrity	o Performance	o Care & Respect

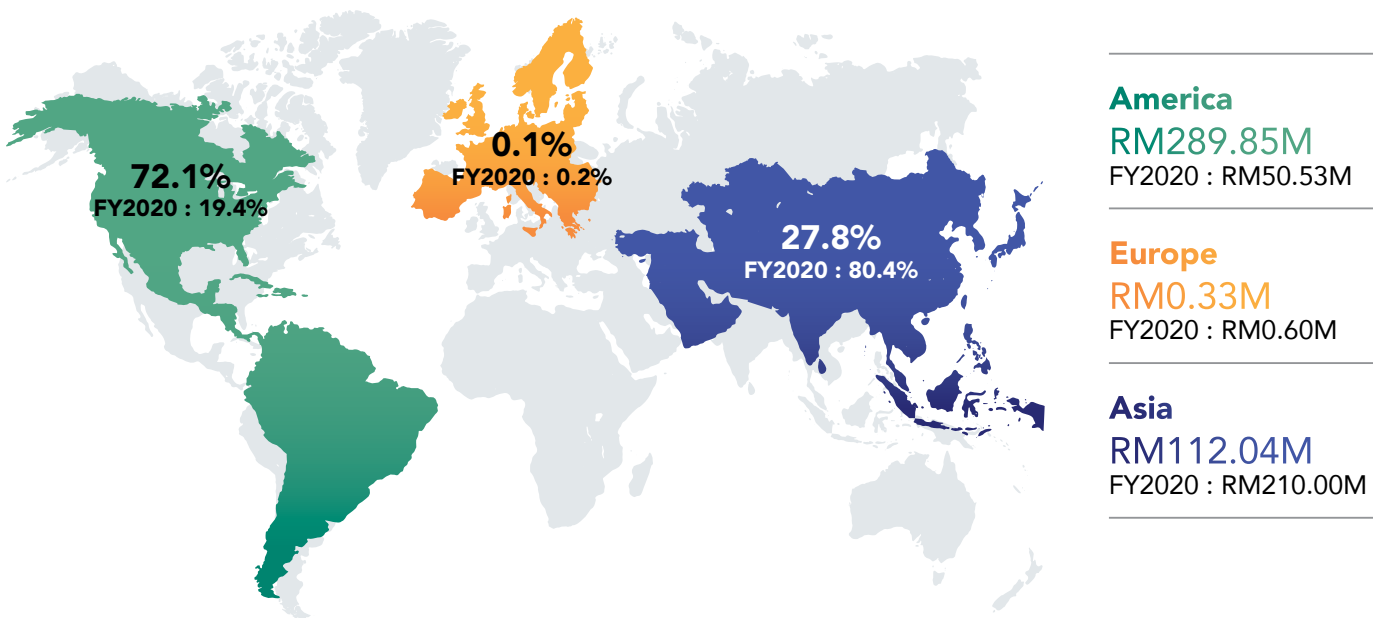
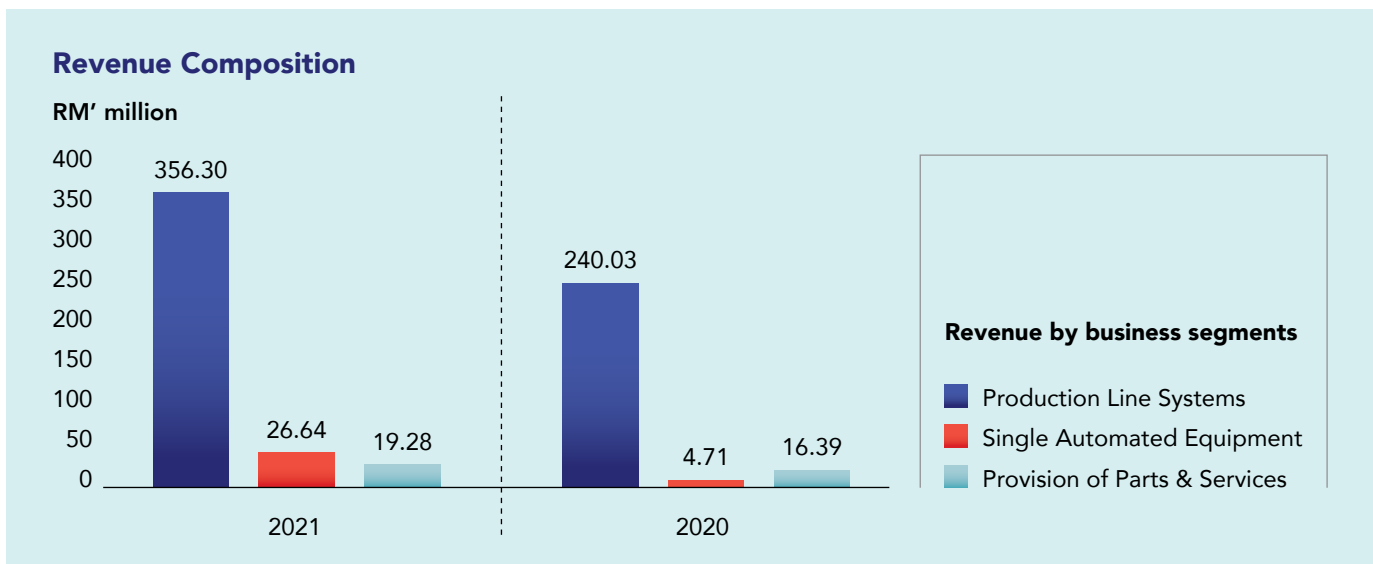
SUSTAINABILITY REPORT (Cont'd)

Our End Market

Greatech offers equipment and tools 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 comprising more than 10 multinational corporations, of which majority of them are in USA, Vietnam, Malaysia and China.

Greatech conduct 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.

Our focus on energy storage continued to drive favourable revenue contribution in 2021. Meantime, we are also expanding our presence in industry such as life science.



SUSTAINABILITY AT GREATECH

How We Manage Sustainability

The Board of Directors ("Board") is responsible for reviews of Greatech's objectives, policies, procedures and progress with respect to sustainability and corporate social responsibility ("CSR"). The Chief Executives responsible for the Group's environmental, social and governance ("ESG") activities make regular presentation to the Board about the Group's efforts in these areas.

In support of our ongoing sustainability drive, the Group had formed a Sustainability Working Group ("SWG") in year 2019, comprising the Chief Financial Officer ("CFO"), cross functional management team and chaired by the Chief Executive Officer ("CEO"), the SWG is tasked to integrate essential ESG practices into the Group strategies.

Our Approach to Sustainability

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 key values to our business: People, Planet, and Profit. In light of this, we are committed to our sustainability development goals covering three aspects of: environmental, social and governance. Our aim is to increase the level of awareness and commitment among the workforces and business counterparts in achieving sustainable goals and objectives across the Group.

Stakeholders Engagement

We understand the significant impact of those with a vested interest in our operations, and therefore, the success of our business is dependent on maintaining strong relationships with our stakeholders. Our key stakeholders include our customers, employees, investors, shareholders, suppliers, governments, media representatives, universities, institutions, NGOs and the communities that are influenced or affected by our operations. At Greatech, we actively engage with our stakeholders through various platforms and channels to understand their priorities and expectations of the Group. By keeping lines of communications open, we intend to create meaningful dialogue to address stakeholders' concerns and build their confidence in us.

In 2021, we had conducted regular formal and informal meetings with our key stakeholders, the table below summarises our key stakeholders, the topic of dialogue and the engagement channels. All these engagements identified no significant stakeholder concerns or issues with our operations.

Stakeholder	Topic of dialogue	Frequency of engagement	Engagement channels
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"> Monthly, quarterly, annually 	<ul style="list-style-type: none"> Press releases and Bursa Securities filing Roadshows and conferences Investors calls and analysts' meetings Website information Quarterly announcement and annual reports Annual General Meeting ("AGM") and circulars Sustainability reporting Executive meetings, presentations, and operational tours

SUSTAINABILITY REPORT (Cont'd)

SUSTAINABILITY AT GREATECH (CONT'D)

Stakeholders Engagement (Cont'd)

Stakeholder	Topic of dialogue	Frequency of engagement	Engagement channels
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
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 • Scheduler 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 • 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

SUSTAINABILITY REPORT (Cont'd)

SUSTAINABILITY AT GREATECH (CONT'D)

Stakeholders Engagement (Cont'd)

Stakeholder	Topic of dialogue	Frequency of engagement	Engagement channels
Community	<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 CSR activities, initiatives, events and conferences

Materiality Assessment

In 2019, Greatech conducted its first materiality assessment. The relevant inputs from dialogues with our internal stakeholder such as employees and representatives of different functional groups form our materiality analysis and basis for effective development of our sustainability work. External stakeholders were not directly involved in the materiality process, but rather represented through internal knowledge of the ongoing stakeholder dialogues.

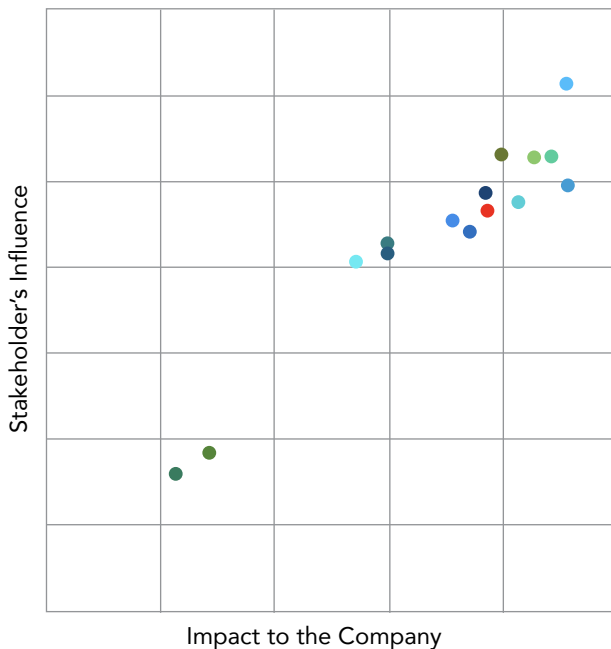
The materiality assessment has since been reviewed during internal follow-up processes. The impact of material topics towards the Group's operations has also been identified, considering the degree of influence from stakeholders' decision-making process, their expectations and current market trends.

Additionally, we have reviewed our existing Group policies, related compliance requirements, risk registers and examined sustainability trends in the industry sector and the reporting practices of peer companies.

There has been no significant changes in the Group's operations in the last 12 months that impacted the conditions for the materiality assessment, thus, we concluded that the materiality assessment conducted in 2020 remains valid and vital to us to adequately address, report and communicate in this Report. Correspondingly, our materiality assessment was reviewed and approved by the Board.

The relevant sustainability areas for Greatech are illustrated in the materiality matrix below. A comprehensive list of 15 material matters are plotted against the x-axis, which shows the importance of each matter to the business, and against the y-axis, which shows how critical each issue is to influence the stakeholder's decision on our business engagements.

Materiality Assessment



Our top material sustainability matters remained the same as previous year, 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.

SUSTAINABILITY REPORT (Cont'd)

SUSTAINABILITY AT GREATECH (CONT'D)

Memberships

The Group is actively engaging with industry and trade associations through participation in the activities, share good practices and contribute to solve emerging problems in the industry. Greatech Integration (M) Sdn Bhd, a subsidiary of the Group, is a member of the following associations and organisations:

- o Federation of Malaysia Manufacturers
- o Malaysian Employers Federation
- o Association of Malaysian Medical Industry
- o Penang Skills Development Centre ("PSDC")
- o Malaysia Semiconductor Industry Association ("MSIA")

The Group maintains close collaboration with local universities and education institutions, such as Tunku Abdul Rahman University College ("TARUC") and University Tunku Abdul Rahman ("UTAR").

The Group's CEO, Dato' Tan Eng Kee, is a Board member of the MSIA, where Greatech is a member. The CEO is also a member of the Governing Committee of the Electrical and Electronics Productivity Nexus ("EEPNN").

GOVERNANCE

Sustainability Governance

At Greatech, the Board oversees the relevant ESG factors that may impact the long-term interest of our shareholders and stakeholders. Greatech's sustainability work including ESG matters are managed by the SWG, led by our CEO, and represented by cross-functional management team. 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 main function of the SWG is to monitor and evaluate sustainability activities and performance according to the objectives and strategies approved by the Board on annual basis. In summary, the responsibilities for driving and implementing the sustainability initiatives lies within the relevant functions of the Group.

In August 2021, Greatech had received recognition from Minority Shareholder Watch Group ("MSWG"), who has assessed the corporate governance practices of the Group. Based on the assessment, the Company received a high Corporate Governance ("CG") score that position us among the Top 100 best companies for CG in Malaysia.

Board of Directors

Our Board is committed to conduct business responsibly and maintain sound corporate governance across the organisation. This commitment extends to overseeing the sustainability issues that may impact the long-term interest of our shareholders and stakeholders. The Board is led by our Chairman, who is an independent director under the Main Market Listing Requirements ("MMLR") of Bursa Securities and principle of Malaysia Code of Corporate Governance 2021 ("MCCG"). Board members are guided by our Code and other policies that are available on our website.

The Board has established three committees from among its members which the Board has delegated specific responsibilities in discharging its duties:

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

These committees are governed by charters that have been drawn up in line with the MMLR and MCCG and can be found on the corporate website.

SUSTAINABILITY REPORT (Cont'd)

GOVERNANCE (CONT'D)

Board Oversight of Sustainability

The Board's oversight responsibilities require ongoing, in-depth consideration of economic, social, and environmental risks and opportunities. The oversight for our People, Planet and Profit key values, including environmental, health and safety, corporate responsibility and governance matters, has been delegated to SWG. In addition to assessing material impacts and discussing associated risks with Management, the Board reviews and considers stakeholders feedback on ESG topics as well as oversees human capital management, including diversity and inclusion. The ARMC oversee additional sustainability priorities within their subject matters, such as climate and other risks assessed and evaluated as part of the Group Enterprise Risk Management ("ERM") review process.

The Board receives regular updates relating to ESG matters, including climate change risks and opportunities in the quarterly Board meeting from CEO and CFO. The ARMC also reviews and approves the Sustainability Report on Annual Report. The Company publishes the financial results accordingly in the quarterly and annual reports.

Gender Diversity

The NC strives to maintain a Board with the right balance of experience, skills, continuity and diversity required to be successful. The composition of the Board in 2021 remained the same as in previous year. Two (2) out of five (5) Board directors are women i.e. 40% female leadership. The members of the Board are elected based on their experience, available knowledge, which may be conducive to the performance of the Group's activities and contributing valuable insight to the Board, without discrimination based on gender.

Board Independence

Currently, the Board comprises five (5) members, of whom three (3) are independent non-executive directors. None of the members of the independent Board hold any other position in the companies of the Group.

Aligning Compensation with Sustainability

Our executive compensation is designed to attract, motivate and retain our executives, who are critical to our strategic success. We are committed to a performance-based compensation that focuses our leaders on the achievement of certain financial goals and progress against strategic goals. We believe this strikes the right balance to ensure compensation is responsive to performance and aligned with shareholders interest.

Since the Company listed in 2019, the compensation plans for our Chief Executives focus on metrics with quantitative and qualitative performance key result areas ("KRA"). Annual bonus plan was based on achievement of financial metrics and several ESG priorities, demonstrating our Board's commitment to our sustainability framework. For 2021, sustainability KRAs considered by the RC include performance related to the rapid implementation of safety-protocols related to COVID-19, leadership of the compliance culture, and our focus on talent development, diversity and inclusion.

Enterprise Risk Management

We assess potential sustainability risks and opportunities through our 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. The internal auditors monitors the effectiveness of internal controls based on the global framework and reports to the ARMC at each of its meetings. Two internal audit reviews and two follow up reviews took place in 2021. 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 2021.

GOVERNANCE (CONT'D)

Code of Conduct & Ethics

All employees of the Group including Directors and senior executives are bounded by the Code and are encouraged to uphold its values on a daily basis. Our Code and other specific Group policies which support and aligned with the Code, is designed to assist all employees in complying with the laws and ethical principles that govern our business conduct. The Code governs the rules implementing insider trading, conflict of interest, data privacy, human rights, non-discrimination employment practices, forced labour and safety in the workplace.

To promote a culture of integrity and accountability, annually, all our employees acknowledged that they are familiar with and adhered to Greatech's Code and its related policies, such as Conflict of Interest Policy and Anti-Bribery and Anti-Corruption Policy. New hires of the Group also acknowledged that they have read and understand the Code, alongside other policies of the Group. In addition, the internal auditors regularly audits the adherence to the respective policies and procedures, and recommends corrective actions where necessary.

Whistleblowing Policy

The Group has established a robust Whistleblowing Policy that stipulates the optimal procedures concerning the reporting of any potential misconducts as committed by our employees or relevant stakeholders. We commit to protect the whistle-blowers' identity 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 dedicated email. The said reports raised will be escalated to the attention of the Board Chairman/ARMC Chairman. There were no whistleblowing cases being reported in year 2021.

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. Our Code and associated Anti-Bribery and Anti-Corruption Policy reflect our commitment to integrity. The policy which is overseen by the Board, 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.

Other preventive and control actions against corruption such as whistleblowing procedures, dedicated training for managers, etc. are implemented to ensure proper functioning of the Group. Training is included in the induction of new employees. There is a Conflict of Interest Policy that requires all employees to report information about potential conflict of interest. In 2021, there were no incidents of confirmed corruption. It is the Group's goal to maintain zero tolerance to corruption.

Human Rights

Greatech's approach to address the human rights is guided by our core 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 human rights abuses, including any form of harassment, discrimination, threatening or inappropriate behaviour. The Group also does not tolerate or contribute to human trafficking. This principle is defined in our Code, which applies throughout the entire Group.

We continually perform due diligence on our own facilities and outlines our expectations relating to human rights in Supplier Code before entering any commercial relationship with supplier. We also updated our Supplier Evaluation Assessment Questionnaire to ensure we assess forced labour and other human right risks in our supplier audit process. Participation in labour standard related training is mandatory for Chief Executives, Directors and all managers.

All stakeholders are encouraged to report suspected human rights violations within our operations and those of our suppliers without fear of retaliation. Our whistleblowing procedures make available several reporting channels so that concerns are reviewed and addressed. In 2021, there were no human rights violations reported across the Group.

Child, Forced or Compulsory Labour

Our Code prohibits the employment of children, forced or compulsory labour in our business. Similarly, our 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.

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

Greatech provides working condition that are safe and healthy to all employees. 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. All employees are entitled to reasonable rest breaks and access to toilets, rest facilities, and potable water at their place of work. Employees received 24 hours of rest within a time frame of seven consecutive days throughout the entire scope of operations. Concisely, we pledge to ensure that we are not complicit in human rights abuse.

All employees are provided with appropriate job skills training. During the year, we have provided trainings on human rights principles to all of our Board and managers. 100% of them have committed and participated in the aforesaid training.

GOVERNANCE (CONT'D)

Child, Forced or Compulsory Labour (Cont'd)

In 2021, there is no reported incidents of child labour or forced labour in the Group or in supply chain.

Compensation

We ensure that the compensation packages meets or exceeds the legal minimums and is competitive with industry and local labour market. 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 applicable wage, work hours, overtime and benefit laws.

Tax Governance

The Group recognises the importance of tax in contributing to the country's economic development and society prosperity. The Group is committed to responsible tax governance and

- complying with the applicable tax laws and regulations in the jurisdictions where we operate;
- maintain respect and mutual trust relationships with the tax authorities; and
- optimise available tax incentives and reliefs under applicable laws and double tax treaties to minimise tax cost of conducting business

The tax risk management process is an integral part of the Group's ERM. The Group's tax affairs are overseen by the Board via its ARMC. At an operational level, the tax affairs are delegated to the Group's finance teams, which reports to the CFO.

Data Privacy and Protection

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.

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 Management Information System ("MIS") team, who is responsible to oversee, implement and maintain various Systems, is required to sign a Non-Disclosure Agreement ("NDA") with the Human Resource ("HR") personnel and Sales team to ensure that the customers' 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.

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 Information Technology ("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 2021, we received no complaints concerning breaches of customer or employee privacy and to the best of our knowledge, there are no leakage, theft, or losses of customer or employee data.

Cyber Security

As the cyber security threat continues to evolve, Greatech remains committed to safeguard the information security and data protection of its IT infrastructure, products and the data security of employees and customers against sophisticated attacks and threats.

The Group continue to invest in cyber security through the enforcement of Cyber Security Policy, with a heightened focus on improving detection technologies and processes to ensure the safekeeping of our information and assets.

In 2021, we took several actions to cyber security such as penetration tests on our network were executed by external specialists, and take a risk-based approach to remediation. We also continued and expanded our cyber security awareness program amongst employees through monthly Group-wide newsletter and updates. We focused on security awareness training that increases cyber security knowledge, encourages staff in reporting possible cyber security threats and behavioural change to reduce risk.

Customer data is processed and centralised in a customer relation management ("CRM") system 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 2021, no infringement of customer privacy or loss of customer data were reported.

SUSTAINABILITY REPORT (Cont'd)

GOVERNANCE (CONT'D)

Cyber Security (Cont'd)

In summary, Greatech has developed and maintained an all-inclusive information security management system, encompasses the information security policies and procedures, adopting relevant information security technology, implementing adequate information security plans, organising educational training on information security, monitoring, reporting and addressing the information security incidents, updating and managing the information security system, and detecting vulnerabilities in the information system.

There were no reports of major cyber security violations or loss of proprietary information in 2021. 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's strategy is based on profitable and sustainable growth, which is important to our long-term success as a listed company. The Group develop comprehensive automation solutions that support increased yields and better-quality outputs, with less waste and a lower environmental impact. Intrinsically, 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 attractive returns, to suppliers through purchases, and to communities through donations, sponsorships and internship opportunities.

Despite the significant market disruptions caused by the pandemic in 2021, the Group achieved another year of solid results for financial year ended 2021 ("FY2021") as compared to financial year ended 2020 ("FY2020"). The Group delivered another resilient financial and operational performance in FY2021, whereby our revenues increased by 54.0% to RM402.22 million (FY2020: RM261.13 million).

Profit Development

Consequent to the growth in revenue, the Group's profit after tax ("PAT") increased by 61.4% to RM141.75 million in FY2021, while the PAT margin reached 35.2% (FY2020: RM87.85 million; 33.6%). Our capital expenditure investment in FY2021 recorded at RM178.73 million compared to RM30.35 million for FY2020, an increase of 488.9% towards building more sustainable business.

Profit before tax ("PBT") rose 61.2% to RM145.24 million in FY2021 (FY2020: RM90.08 million). This resulted in an improved PBT margin of 36.1% (FY2020: 34.5%).

High Return on Equity

The Group's financials and assets remained strong, with a net asset of RM431.04 million (FY2020: RM286.75 million) and net cash after borrowing of RM304.31 million (FY2020: RM266.91 million).

Substantiated by the strong profit development for FY2021, return on equity ("ROE") improved to 32.9% (FY2020: 30.6%).

In addition to increase in total assets, the cash and cash equivalents stand at RM320.43 million, an increase of RM36.41 million compared to the preceding year.

Grant Received

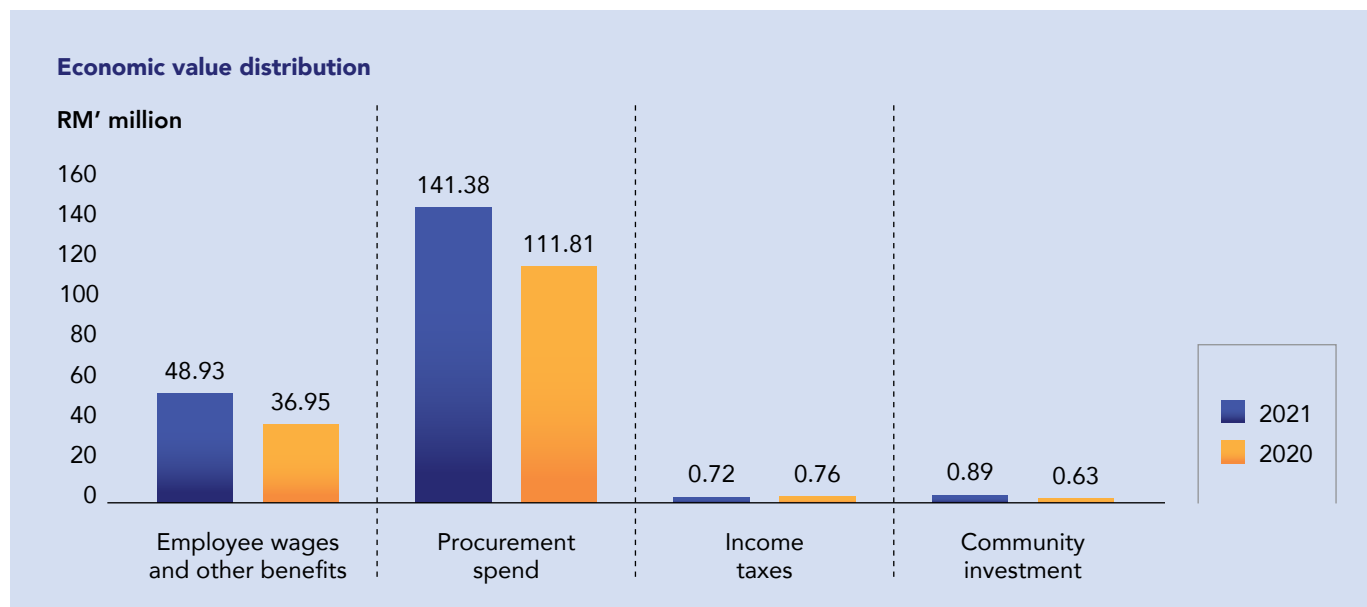
In FY2021, the Group received government grants amounting to RM0.73 million (FY2020: RM0.29 million). These include subsidies and rebates under the NCER Talent Enhancement Programme ("NTEP"), JomKerja from the Northern Corridor Implementation Authority ("NCIA") and Programme Incentive PenjanaKerja from Perkeso.

SUSTAINABILITY REPORT (Cont'd)

BUSINESS SUSTAINABILITY (CONT'D)

Flow of Capital to Stakeholders

Our stakeholders contribute and share the revenue and other income 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 RM48.93 million to employee wages and other benefits (FY2020: RM36.95 million) and RM0.89 million to local communities (FY2020: RM0.63 million)

The Group paid taxes on income amounted to RM0.72 million in the year under review (FY2020: RM0.76 million), thereupon translated our commitment to contribute to the growth of our country's economic value, both in the direct and indirect way.

Innovation and Technology

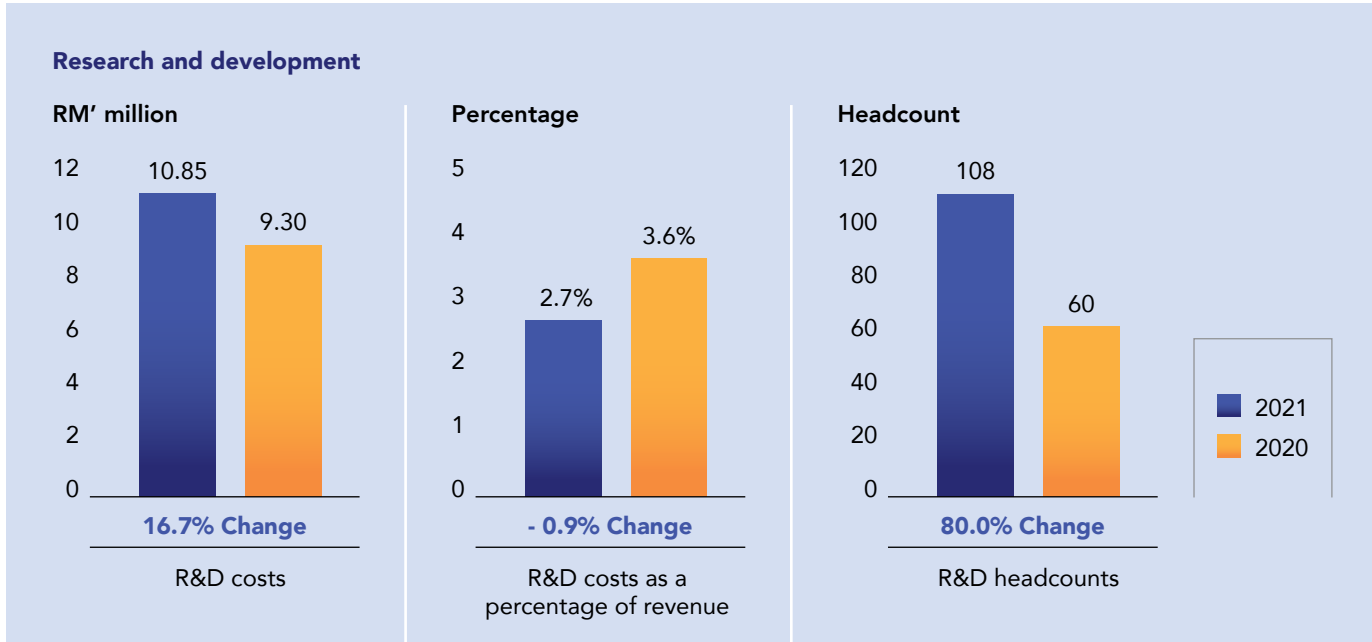
As one of the world's leading automation solution providers for factories, we strive to rapidly transform creative ideas into commercially viable product and service offerings to meet the sophisticated market needs. This is paramount in driving our organic revenue growth and the development of Greatech's operations, by maximising our customers' 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. We have a dedicated R&D team consisting of 108 engineers (2020: 60 engineers) contributes to the process enhancement by developing new products, improving current product design and innovative applications.

Sustainability is the key development area in the design of new products such as the use of environmentally friendly materials wherever possible or design aimed at ensuring longevity through maintenance and after sales support via parts that can be exchanged or upgraded whilst enabling resource recovery after the end of useful life. Since 2020, the Group has increased its investments into taking the next step in the digitalisation of the Group's products that enable collection of important data on usage and the status of the machine. In 2021, the development work is focused on partnership with customers to bring new, advanced and sustainable products to market.

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 based 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 shift 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.

We design and build machinery that support the increased demand for factory automation and electrification. We innovate along the entire value chain to meet the sophisticated market needs for sustainable solutions. Some product groups are built around modular systems, which means that the equipment can be adapted to customer-specific needs, yet still be based on relatively standardised and known components. This provides more efficient manufacturing and handling of components with reduced environmental impact.

Our commitment to innovation has led to many high efficiency product and service offerings that enable the industry to reduce energy and resource consumption during application and use, reduce carbon footprint ("CO₂") emissions and solving complex production challenges today. We are investing in new technologies, products and services that enable industry to improve health, safety, sustainability and to advance toward a cleaner energy future.

Even during the economic uncertainty of 2021, we maintained our intense focus on technology development, investing RM10.85 million in R&D, an increase of RM1.55 million as compared to prior year. We advanced our use of digital technology which we see as an enabler of lower costs, lower emissions, and reduced health, safety and environment risk.

SUSTAINABILITY REPORT (Cont'd)

BUSINESS SUSTAINABILITY (CONT'D)

Customer Satisfaction and Engagement

Customers are the key to success of all businesses. Collaboration with our customers enable us to innovate and develop automation solutions that fight the effects of climate change. Hence, maintaining a strong customer relationship with customers is crucial in sustaining the performance of our business.

We serve customers directly through our dedicated Strategic Accounts Manager, who works closely with highly trained engineering or service staffs. Synergy between our Strategic Accounts Manager and our Project Management team is essential to build a strong and productive customer partnership that enhance customer satisfaction and accelerate revenue growth. This adds value for customers and helps us identify, manage and learn from their needs.

The Group also attend international trade fairs and exhibition to communicate with customers. Due to the COVID-19, marketing events, conferences, travel and face-to-face meeting has been largely restricted or cancelled. Through intense online efforts, we connect customers through digital solutions and strengthened our market position. We also continued our strategy to address customers directly through our USA subsidiary and partner with third parties to provide customer-centric solutions.

In addition, we utilised questionnaire to determine how well we have met our customers' expectation. Parameters such as consistency and quality of the products that we delivered and the support we provide throughout our products' lifecycle including after sales services and installation are used to assess each customer's satisfaction. These data were analysed to address areas that require continuous improvement.

Through the recent survey conducted with our key customers in December 2021, 91.7% (2020:100%) of customers rated us with rating of good and above. The Group has identified the shortfalls, discussed the potential improvement areas with our customers and have set up internal team to address the causes.

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 automated 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 analysis, 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.

With strict quality assurance management and focus 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.

Responsible Supply Chain

The Group delivers large, complex, and customised automation solutions and services to customers with diverse supply chains from more than 20 countries, 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.

In 2021, the Group spent RM141.38 million on customer-related purchasing (2020: RM111.81 million) and work together with more than 600 approved suppliers located worldwide supplying components, direct materials and fabrication work.

SUSTAINABILITY REPORT (Cont'd)

BUSINESS SUSTAINABILITY (CONT'D)

Responsible Supply Chain (Cont'd)

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 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 2021, our spending on suppliers based in Malaysia accounted for 60.3% (2020: 63.2%), equivalent to RM85.22 million (2020: RM70.61 million) of total supply spent.

Supplier Code of Conduct ("Supplier Code")

Suppliers are strategic partners in our value chain, thus, maintaining an ethical supply chain is essential. 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, suppliers are required to acknowledge receipt on the Supplier Code to demonstrate their commitment in practicing ethical business conducts throughout their course of business with us.

In the year under review, all new suppliers were assessed according to the supplier evaluation process. Standardised self-assessment questionnaires have been sent to selected suppliers in 2021. Supplier Quality Management team reviews the individual questionnaires and evaluate the responses. Pre-engagements and periodic on-site suppliers' audits by our trained auditors further testify our supplier standard and alert our teams on potential violations of ethical practices. The Group has not identified or received reports of any potential violations by suppliers on the Supplier Code for the year under review.

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 and our Code for all employees. 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 global concern from the community concerning the climate change arises from the increase in energy consumption and its greenhouse gas ("GHG") emissions. Intrinsicly, Greatech is committed to diligently implement, enforce and reinforcing energy efficiency measures at our facilities to reduce the GHG emissions and developing automation solutions to assist our customers producing cleaner and more efficient energy to meet the world's growing demand.

In Greatech, we recognise that climate change and the policy interventions aimed at mitigating its effects have far-reaching impact on businesses. Hence, we have formally evaluated the risks and opportunities arising from climate change so that potential shifts in customer demand, technological changes, the competitive landscape and regulatory terrain can be tactfully navigated.

In our evaluation, potential events in the form of Physical (i.e., weather and climate) and Transition (i.e., societal changes arising from a transition to a low-carbon economy) risk drivers were identified along with an analysis of their corresponding risk, opportunities and financial impact. Risk management strategies were also drawn up as the organisation's long-term plan for mitigating risks or realising opportunities. Information gathered was presented to the Board as the management teams at Greatech are committed to taking a forward-looking stance in managing climate-related impact and building strategic resilience.

SUSTAINABILITY REPORT (Cont'd)

ENVIRONMENTAL (CONT'D)

Energy And Climate (Cont'd)

The industrial automation sector in which the Group operates is characterised by a relatively low impact on the natural environment. Our operation and production activity do not generate any significant emissions, do not generate significant amount of waste, and do not consume environmentally important raw materials. The largest source of indirect carbon dioxide ("CO2") emissions at Greatech is our electricity consumptions, which is captured under Scope 2 emissions, thus, a relevant cost factor. Therefore, the efficient use of energy is highly important to reduce the scale of our environmental impact.

Our second largest source of emissions is derived from direct liquid fuel combustion used in our vehicles and providing power to back-up generators. Fuel is captured under Scope 1 emissions.

Scope 1, direct CO2 emissions: CO2 emissions come mainly from the consumption of diesel for vehicles i.e., lorries, forklifts and back-up generators owned by the Group, calculated based on the reported fuel quantities for our principal manufacturing sites in Malaysia. In 2021, CO2 emissions from the used of fuel amounted to 32 tonnes (2020: 21 tonnes).

Scope 2, indirect CO2 emissions: Electricity that we consumed for our principal manufacturing sites in Malaysia accounts for approximately 99% of the energy we use at Greatech. It is primarily used for manufacturing of our system, machinery and equipment from assembly to testing, lighting, office equipment, ventilation and air conditioning ("VAC") systems and production machine, are derived from reported energy quantities. In 2021, CO2 emissions caused by electricity consumption amounted to 3,184 tonnes (2020: 1,660 tonnes).

Emissions Type in Metric Tonnes CO2	2021	2020	% Change
Direct Emissions (Scope 1)	32	21	52.4%
Indirect Emissions (Scope 2)	3,184	1,660	91.8%
Total	3,216	1,681	91.3%
Scope 1 as at % of revenue in RM million	0.08	0.08	-
Scope 2 as a % of revenue in RM million	7.92	6.36	1.56%

Note: The CO2 emissions is calculated using the emission factors from the Malaysian Green Technology.

We report using an intensity ratio of carbon dioxide emissions per RM million of revenue for our scope 1 and 2 emissions (expressed in tonnes of carbon dioxide).

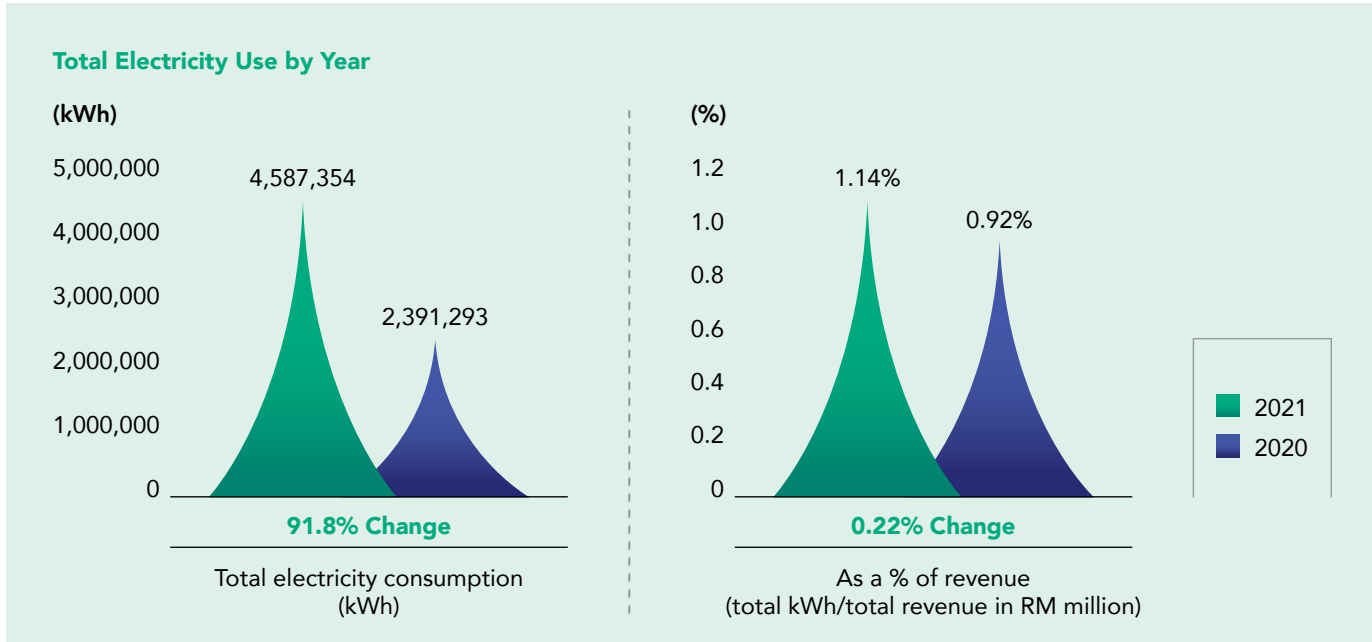
Other GHG emitted as a result of the manufacturing process are not included within this figure as they are a negligible proportion of overall emissions.

The energy consumption is tracked on a monthly basis by our internal facility team for each manufacturing sites in Malaysia over which we have operational control. The energy data for each location is then converted into GHG emissions. This enables us to evaluate the largest sources of our emissions as well as variables affecting significant areas of energy use and implement plans for improvement. Overall, our energy consumption increase due to new opening and production expansion in some locations.

In 2021, the Group's combined Scope 1 and 2 emissions increased by 91.3% compared with the previous year.

ENVIRONMENTAL (CONT'D)

Energy And Climate (Cont'd)



Note: Consumption of electricity are measured on the basis of quantities consumed according to direct meter readings per site.

Energy consumption in 2021 was 4,587,354kWh (2020: 2,391,293kWh) which leads to an increase of 91.8% compared to the previous year. Consumption of electricity increased due to the new launches of two manufacturing site in Batu Kawan namely BK I and BK II, increased production capacity and the installation of additional sheet metal and computer numeric control (“CNC”) machinery resulting in higher energy consumption. GHG emissions developed is in line with energy consumption.

The Group continue to seek ways of improving energy management of our operations, evaluating variables affecting energy indicators and searching for anomalies. To further reduce the GHG emissions, the Group invest in energy-efficient air compressors for new manufacturing sites, purchase new production machine and VAC taking into account energy efficiency requirements. Further activities in 2021 including systematically implement the processes relating to energy and emissions such as switching to energy efficient LEDs lighting, replacing air-conditioning system and the installation of control modules with automatic timer off and dimming in new building.

For the next few years, exploring ways to substitute electricity with renewable sources will remain a priority on the Group’s sustainability agenda. Several assessments were conducted in 2021. The Group will continue to work diligently to increase our proportion of electricity consumption from renewable sources through the use of on-site solar energy generation wherever feasible in the future.

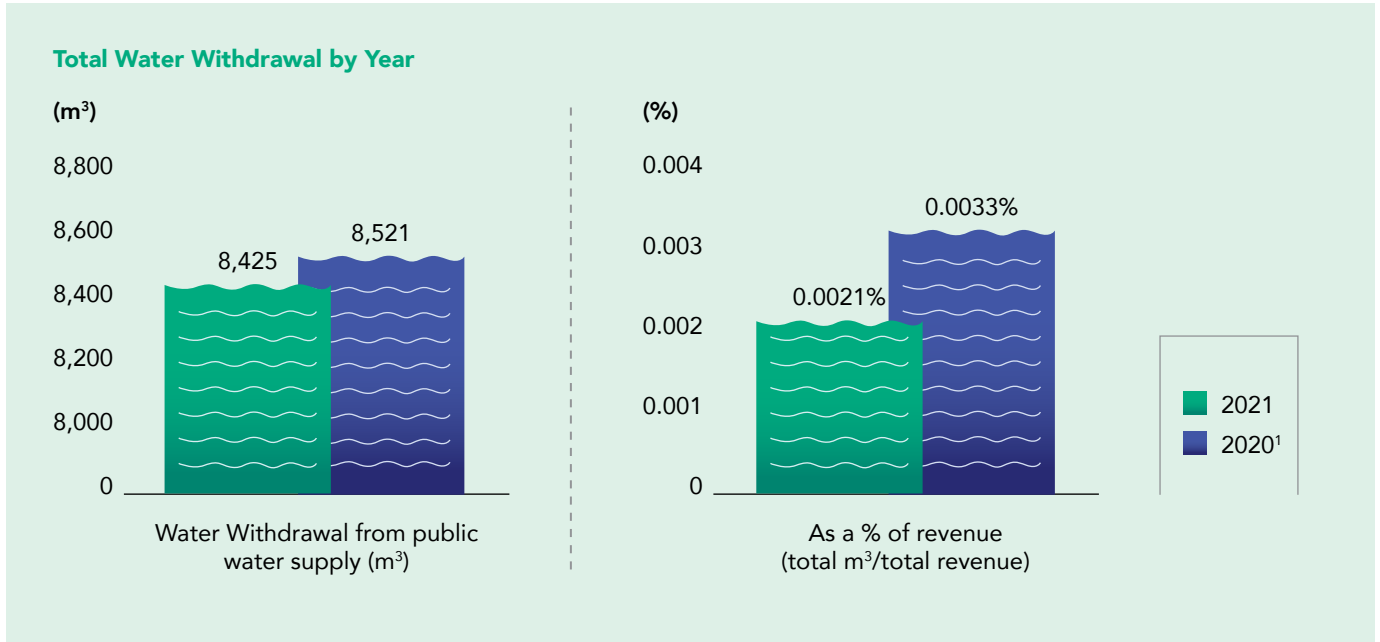
Water Withdrawal

Primarily, Greatech’s water usage takes place in our fabrication processes and support areas such as washrooms, pantry and sprinkler systems. 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. There is no acute water shortage at our manufacturing sites. Having said that, we continue to take measures to use water economically by reducing consumption. In 2021, we focused primarily on ensuring water leakage is promptly addressed and regular maintenance is carried out accordingly.

Our facilities at Bayan Lepas and Batu Kawan, Penang, and those currently under constructions at Batu Kawan are equipped with rain harvesting and storage system as a supplementary water source.

ENVIRONMENTAL (CONT'D)

Water Withdrawal (Cont'd)



¹. The data presented for 2020 is in m³ instead of litres which was inaccurately indicated in the Sustainability Report for 2020.

Note: The withdrawal of water is stated as measured withdrawal of fresh water on the basis of supplier statements and meter readings.

In 2021, Greatech used 8,425 m³ of water (2020: 8,521 m³) for all of our Malaysia sites, equivalent to a 1.1% of reduction as compared to the previous year despite increased operational capacity. 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, in compliance with local requirements as stipulated by the Department of Environment (“DOE”).

There were no significant spills into water sources in 2021, defined as significant environmental incidents with a lasting environment impact. Lastly, there were no instances of non-compliance with water quality standards and regulations.

Waste Management

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 cutting oil and 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. Scheduled wastes are any waste with hazardous characteristics or can potentially adversely affect public health and the environment. 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. Waste materials from production processes whether they are aluminium, mild steel or stainless steel are 100% recyclable and these materials are reused in a circular fashion for other industrial companies. 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.

SUSTAINABILITY REPORT (Cont'd)

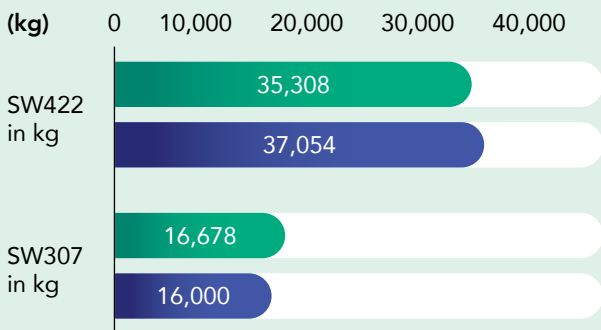
ENVIRONMENTAL (CONT'D)

Waste Management (Cont'd)

Scheduled Waste (Cont'd)

With an increased production volume, the total amount of metal chips contaminated with cooling lubricants/oil (SW422) and cooling lubricants (SW307) generated at Greatech's fabrication facilities in 2021 was 35,308kg (2020: 37,054kg) and 16,678kg (2020: 16,000kg) respectively, it was however appropriately disposed to the authorised waste collectors for subsequent off-site treatment, and in compliance with local regulations. SW422 decreased 4.7% while SW307 increased 4.2% in 2021 as compared to 2020. Overall, total amount of scheduled waste output reduced by 1,068kg or 2.0% compared to previous year despite of increased production volume. This is mainly due to the continuous efforts by our production experts to redesign the production processes in a holistic way to minimise raw material used. The Group has also explored opportunities to reduce the coolant consumption, disposal quantity and waste disposal fee. The Group is promoting the reduction of coolant by using long-life cutting fluid that extends cutting tool life and safe to use. In addition, the Group is using coolant recycling systems that filtered the coolant used in our CNC machining center, recycled and reused for the next machining process to reduce the waste disposal quantity.

Scheduled Waste Generation



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



Legend: 2021 (Green), 2020 (Blue)

Note: Volume of waste is calculated based on weight slips received from the waste recipients for deliveries.

Our scheduled waste management programs include:

- Coolant and scheduled waste inventory management control
- Storage management
- Process optimisation
- Spill prevention and control

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.

Where possible, the Group avoids the use of hazardous or environmentally harmful substances and products containing such substances. Safety data sheets are used to assess the hazard potential.

In 2021, no accidental or significant spills or releases occurred at Greatech's facilities that may present a significant risk to human health or the environment.

Other Waste

In order to facilitate sustainable waste management, Greatech is attentive towards the recyclability element of our waste and practices recycling wherever possible. During 2021, we disposed 65,213kg of waste metal, 515kg of waste plastic and 100kg of wastepaper for recycling.

Print Environmentally

We support all minor activities in our operations which do not appear to be significant but can also help in fighting climate change such as printing documents on recycled paper. This protects trees, preserve energy and reduce air pollution.

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 2021, there were no fines, penalties or non-monetary sanctions imposed for non-compliance with laws and regulations.

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 where employees are treated and valued equally regardless of age, race, gender, disability, nationality, religion, or sexual orientation. We also aim to provide a safe and secured workplace that supports employee's wellbeing and productivity. Investing in our employees is the foundation 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.

The Human Resources & Administration ("HRA") team is responsible 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. Despite the challenges of pandemic that led to new ways of working, travel restrictions and physical distancing, we strive to introduce and coach new colleagues to the workplace efficiently.

As at 31 December 2021, Greatech had a total of 821 (2020: 517) permanent local employees, reflecting an increase of 58.8% (2020: 23.7%) year-on-year. There were no seasonal or part-time employees.

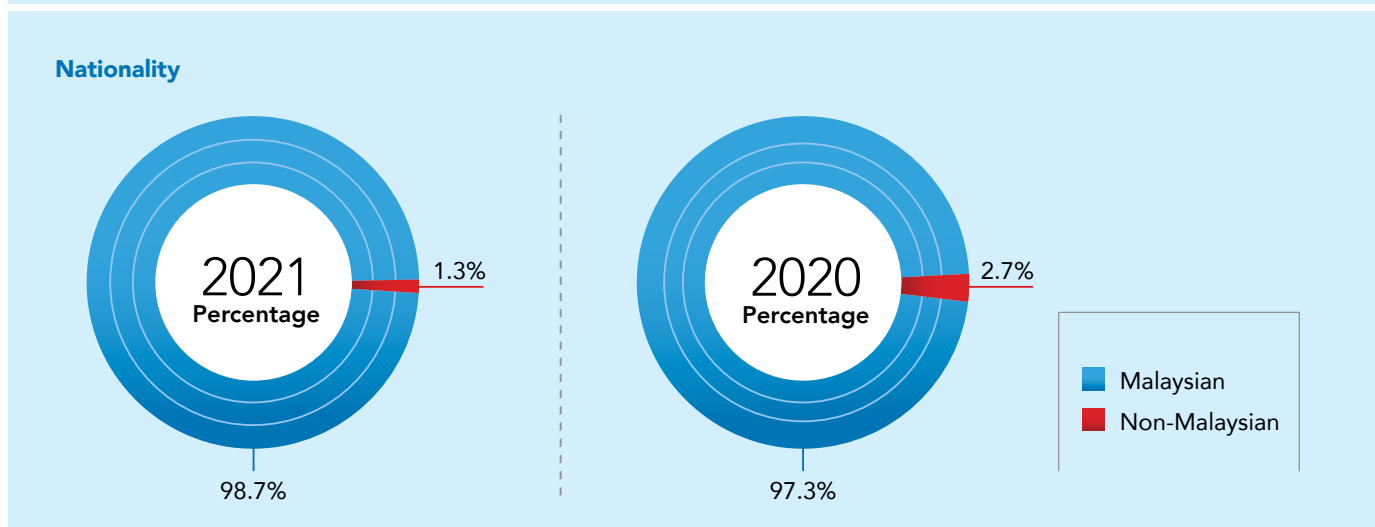
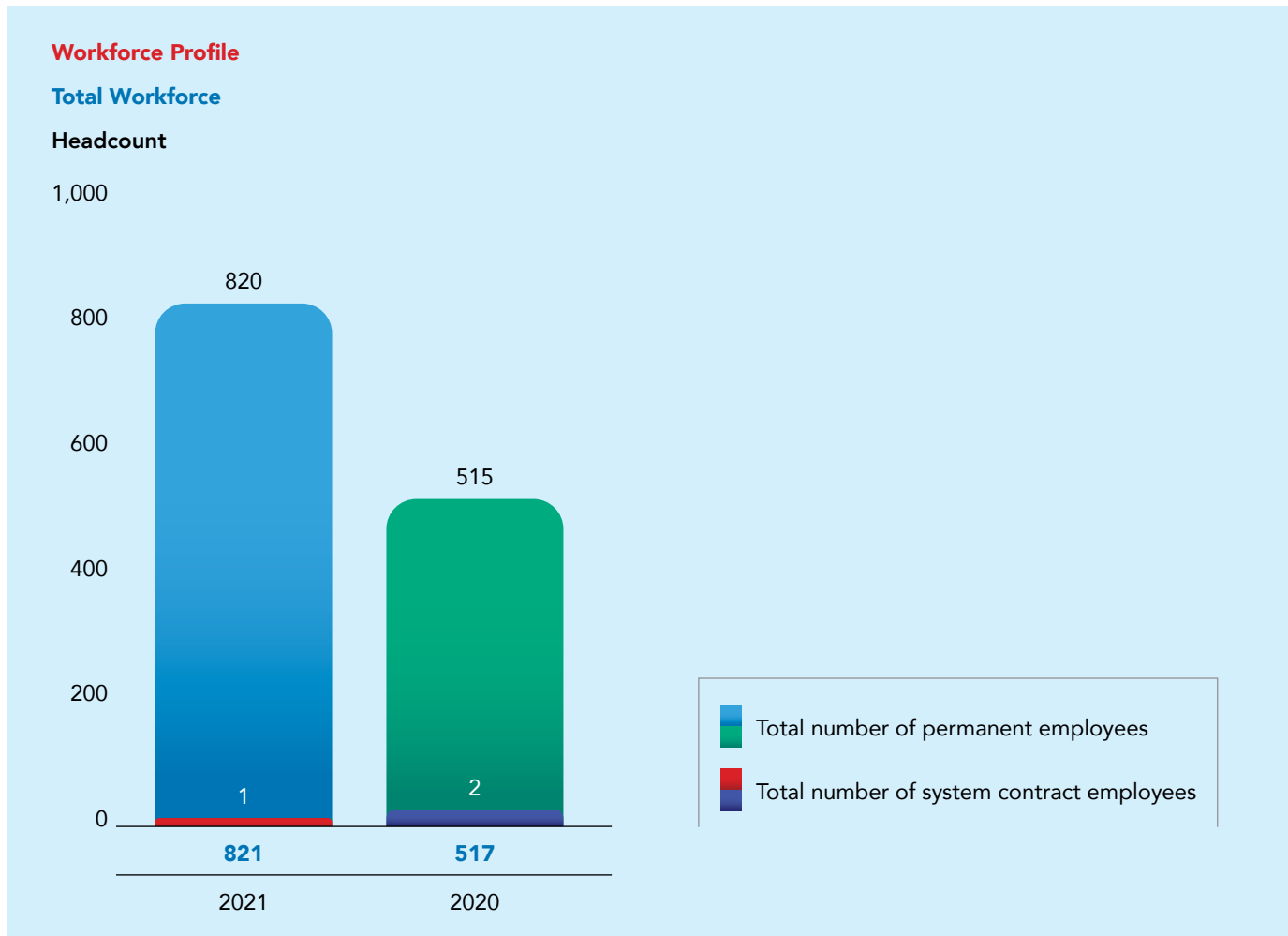
Despite the disruptions caused by COVID-19, we continued to recruit a significant number of new employees, our headcount grew by 58.8%, creating 304 new jobs, majority of the new positions were in engineering and in production. To support and meet the needs of our fast-growing workforce and to seek additional talent, we invested in our HRA teams globally and enhanced efficiency through further digitalising personnel processes. Our digital channels allowed us to transition smoothly from on-site to video interviews. In addition, with student career fairs being cancelled during 2021, we hosted digital recruitment events and live stream webinars with more than 900 students.

SUSTAINABILITY REPORT (Cont'd)

PEOPLE (CONT'D)

Our People (Cont'd)

The details of the employee profile are presented as below.

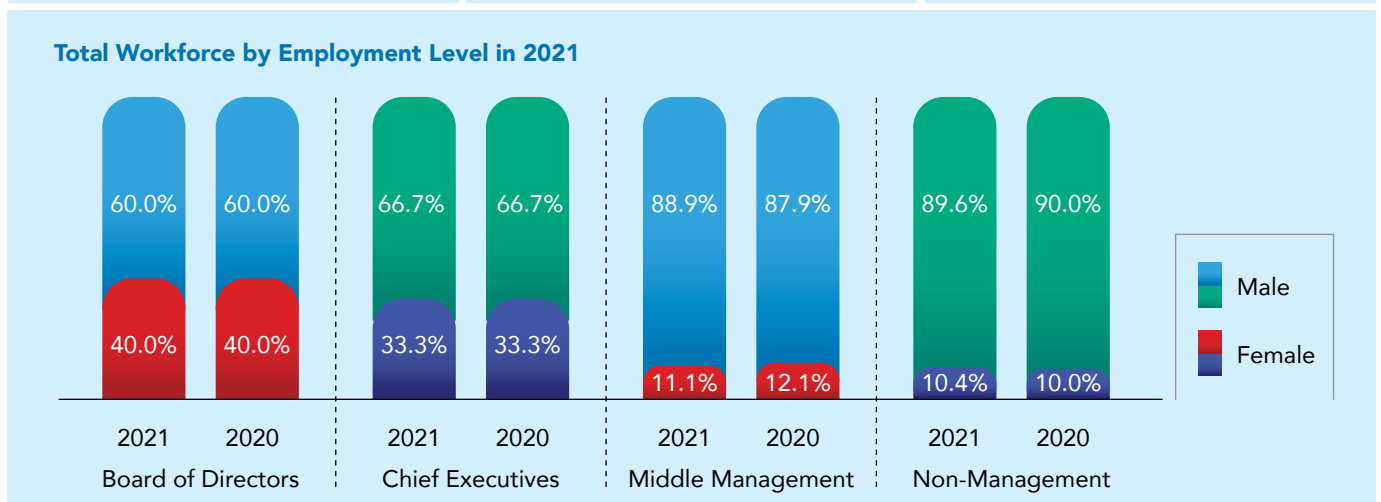
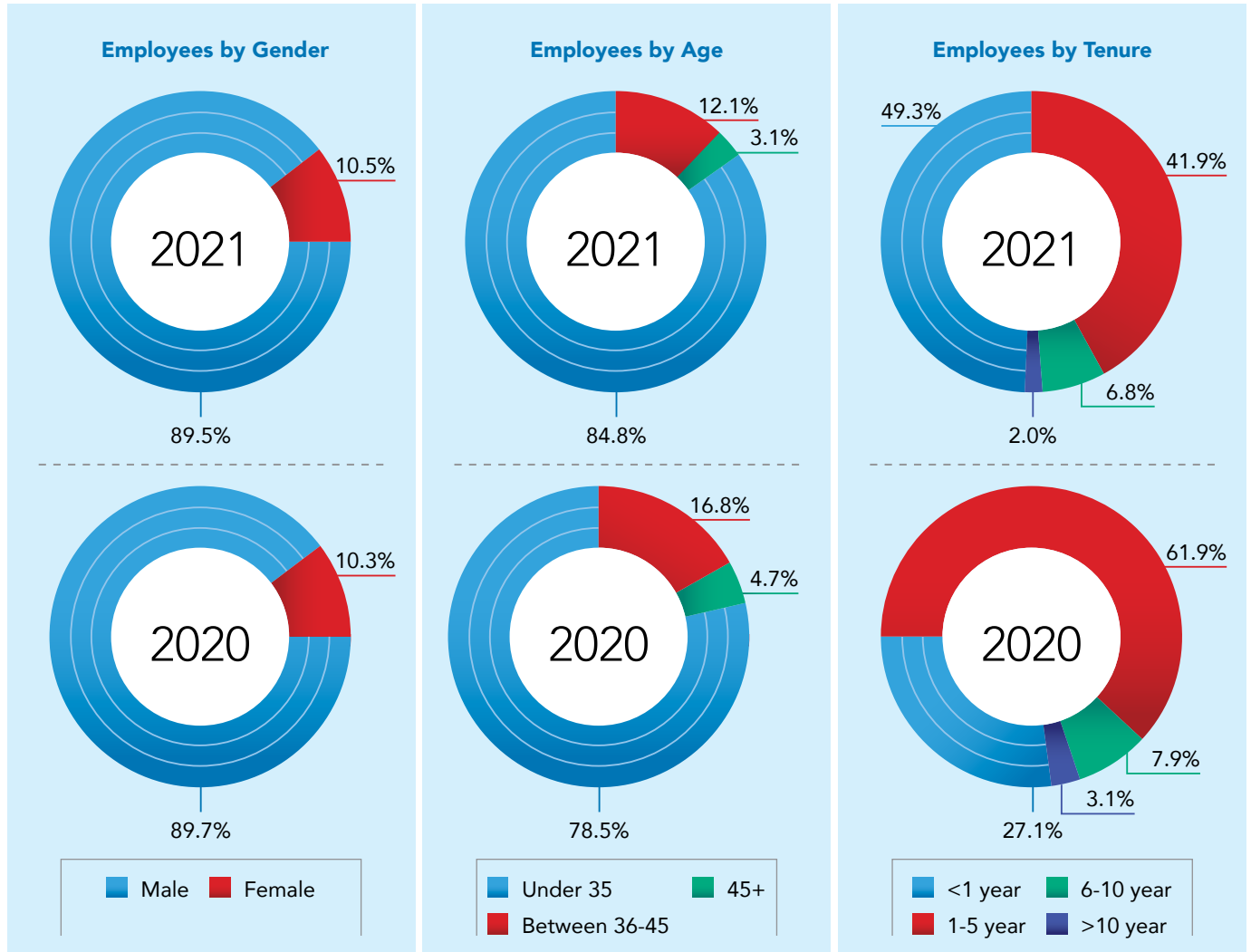


SUSTAINABILITY REPORT (Cont'd)

PEOPLE (CONT'D)

Our People (Cont'd)

Employees Distribution



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 Group. 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 (2020: 1:9), with 86 (2020: 53) female employees and 735 (2020: 464) male employees.

While our industry is inherently male-dominated, we further promote gender diversity by recruiting female employees with diverse experiences and backgrounds such as cooperates with universities, technical colleges and participating in special programs organised by local government. In 2021, we participated in the TalentCorp's Women Career Convention, an initiative aimed to promote women in leadership positions where our CFO share the experiences to encourage women to actively use their skills and develop their potential. We also participated in celebrations on the International Women's Day organised by Bursa Securities in 2021 to raise awareness and build knowledge of diversity and inclusion. Under the guiding principle of gender diversity, the Group is constantly working to increase the women headcount ensuring that women are represented as equally as possible at all hierarchical levels in the future.

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% (2020: 40%) of female representatives appointed as the Board of the Group, beyond the stipulated requirements in the MCCG. Contrarily, women representation in the managerial position in year 2021 was 11.1% (2020: 12.1%) and remained the same with year 2021 at 33.3% (2020: 33.3%) in the Chief Executive positions.

It is our policy that recruitment and promotion decisions are conducted based on the equal opportunity, irrespective of gender, marital status, sexuality, sex, ethnic origin, religion or physical ability. All staff involved in recruitment, selection and remuneration are made familiar with their responsibilities with regards to ensuring equality of opportunity for both current and prospective employees.

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. In keeping to our ethos for inclusivity, the Group strives to create a built environment with improved accessibility for differently abled employees to traverse the workplace in a safe and efficient manner, with facilities such as handicapped parking spaces, wheelchair ramp and universally accessible toilets.

Additionally, we strive to improve inclusion in the local societies where we have operations. We support "local first" initiatives in our local operations. In 2021, we announced a historic RM0.20 million investment in the Greatech Education Assistance Program ("GEAP") to strengthen learning opportunities for Greatech employees, to support more staffs' access to high quality education and promote workforce development. The program will provide scholarship so that a portion or the full degree courses taken by the employees will be paid for by the Group.

Workplace Health and Safety

The health, safety and well-being of all Greatech employees, contractors and visitors are pivotal to our operations. We are committed to nurturing a safe and healthy workplace for all employees and promote safety as an attitude.

Generally, our health and safety efforts are guided by our EHS Committee, which comprises of employee (52.0%) and employer (48.0%) representatives of our Group. The EHS Committee oversees the Group's operations to ensure that safety standards are aligned with industry best practices. They meet quarterly to review safety inspection results, workplace incidents and to track progress on where our safety efforts are prioritised. Such efforts include events/ awareness briefings organised to educate the workforce on general health and safety policies, promote prevention approaches and importance of adhering to standard operating procedures in place.

It is a mandatory requirement to establish and maintain a health and safety sub-committee for all our local operating facilities with 40 or more employees. These sub-committees comprising of workforce representatives take a proactive approach in identifying and addressing health and safety concerns. One of such approaches include the quarterly Gemba Walk safety audits at our facilities to ensure 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, any findings or observations are communicated to the relevant department for a root-cause analysis to be carried out internally so that issues can be appropriately addressed and mitigated to prevent recurring incidences.

PEOPLE (CONT'D)

Workplace Health And Safety (Cont'd)

At Greatech, we continuously promote well-being, prevent accidents and work-related illnesses in our workplaces. Any accidents or near-miss incidences should be escalated immediately to employees' superior, the EHS officer or other management function such as the HRA department.

The EHS Officer should be notified of such accidents/incidences within 24 hours for documentation in the Group monitoring system along with an analysis and description of action plans required. Action plans and the outcome of Group-wide EHS goals are monitored regularly and reported to the Executive Board every month. The outcome of the health and safety goals are also shared to all employees every quarter on the Group's EHS Bulletin.

Likewise, unsafe situations that pose a potential risk for hazard should be similarly reported to employees' superior, even if such situations do not directly impact one's work. In addition to feedback from the ground, potential dangers are identified using task and workplace-related risk assessments. They are then evaluated by the EHS team to determine if action plans for improvement measures need to be implemented.

In 2021, our priority has still been to ensure a safe working environment for our employees. We have EHS programs, policies and trainings in place for employees and contractors. These meet or exceed regulatory requirements and are regularly reviewed. Employees are provided with necessary personal protection equipment and high quality safety clothing according to the nature of their work.

In 2021, Greatech had no regulatory violations by the Department of Occupational Safety and Health ("DOSH").

EHS Training in 2021

We conduct regular safety meetings and trainings for existing employees via a robust safety training program tailored to the types of work employees perform and the hazards that they face. All Greatech employees and contractors participate in the safety training specific to their role to clearly define our EHS expectations. New employees are provided with Occupational Safety and Health ("OSH") training as part of their induction training.

In 2021, all our employees completed EHS Refresher Training while all contractors who performed work in Greatech completed mandatory general safety awareness and environment-related policies training.

The Group has invested an approximate amount of RM0.004 million (2020: RM0.02 million) on safety related training, with 2,513 (2020: 2,336) training hours recorded. The following training were conducted during the year:

- Hazard Identification, Risk Assessment and Risk Control ("HIRARC")
- Firefighting
- Safety at the Workplace
- Fire evacuation drills
- Chemical spillage control

The main objective of this training is to eliminate all Lost Time injuries, strengthen our safety culture and encourage good safety behaviours.

Work-related injuries (own staff)

	2021	2020
Lost Time Injury Rate ("LTIR")	0.7	1.6
Men	0.7	1.6
Women	0	0
Severity Rate	10.6	40.9
Men	10.6	40.9
Women	0	0

Methodology for calculating the indicator:

- LTIR = number of registered accidents that led to sick leave of more than one (1) day X 1,000,000/total number of hours worked and is computed based on Occupational Safety and Health Administration ("OSHA") guidelines. The number includes employees working in principal manufacturing sites of Malaysia.

We had a LTIR per million working hours decreased to 0.7 (2020: 1.6) and a severity rate of 10.6 (2020: 40.9). There was an overall significant reduction of accidents in the year under review. The number of major occupational accidents with four or more lost working days were 1 case, decreased by 50% in 2021 compared to 2020 (2020: 2 cases). Occupational accident statistics did not include accidents on the way to and from work. Each and every reported incident is followed up and actions are taken to eliminate the root cause of the incident. All the measures that have been implemented have resulted in a steady decline in the accident rates of the Group but the work to drive these numbers down never stop. During the year, several initiatives have been implemented to foster a safety-first culture at Greatech and promote safety awareness of employees such as additional safety audits of critical manufacturing sites, safety campaigns and training in preventive tools.

PEOPLE (CONT'D)

EHS Training in 2021 (Cont'd)

November 2021 is Greatech's OSH Month, safety campaigns were conducted virtually focusing on physical well-being and mental health with the objective to encourage healthy living and raising awareness of mental health within workplace. EHS team with representatives from across the Group has delivered mental health awareness training to all employees. Greatech's employees had participated eight events over the month, including Mental Health Care Talk, Nutrition Talk, Eye Health Talk, Ergonomics Health Talk and Care Food Packaging Distribution.

There were no fatalities being recorded due to the work-related injury reported by our contractors, suppliers, and customers who work at our workplace. We had zero road fatalities with our own fleet.

Engagement of Employees

Greatech's strength is its workforce and we take great efforts to take care of the wellbeing of our employees. We maintain regular dialogues with employee to demonstrate our commitment to our people with Care & Respect as our core value. Staff was constantly being informed on key developments throughout the year by regular Group-wide HR communication and business updates from the CEO in CEO Talks. The EHS department also increased the frequency of its meeting with staffs due to the COVID-19 pandemic and creating group-chat to monitor the health of our employees. Managers were encouraged to increase their engagement with employees on managing the COVID-19 situation.

Our annual Employee Satisfaction survey is an important indicator of cultural progress and engagement. The surveys allow all employees to give their views, anonymously, on what the Company does well and what can be improved, and we develop and implement initiatives as a result of the findings. The survey built further on questions we had asked in previous year, allowing us to measure our progress over time. Numerous meetings and forums took place throughout the Group to address the lowest-scoring areas and qualitative issues raised. Despite the difficulties of the pandemic, the 2021 Satisfaction Survey shows no decline in employee experience for the Group as a whole. Most employees feel being treated with care and respect, majority of employees feel proud to work for Greatech, love what they do and feel their work contributes to the overall success of the Company.

We achieved a high response rate of 99.0%, up from 67.5% in 2020 which resulted in an average satisfaction rate of 77.7% (2020: 77.7%).

Talent Attraction

Our recruitment is to a substantial extent focused on young engineering talents, typically recruited straight from universities and colleges. Maintaining close relationships with universities and selected education institutions is key in that approach. By providing internships, career days, forum talks and dedicated learning projects, we add value to academic programs and can simultaneously attract and build our early-in-career talent pipeline.

For senior roles, recruitment is based on relevant work experience, qualification and organisational fit. The same standards and application procedures are adhered to in all locations.

In 2021, as our business evolves, we continued our efforts to add value to talent recruitment system and ensure our access to the skilled people required to support our organisation's growth. We digitalised our offering via web-based recruitment events and student mentoring. We reached out to prospects with digital resources such as email, social media marketing to familiarise young engineering talents with our company and career opportunities during COVID-19.

Internship

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 2021, 38 interns (2020: 35 interns) completed their internship programme in various department across the organisation, where 14 (2020: 5) of them decided to pursue their career 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 regularly reassess our total rewards through peers and local market comparison. The Group is proud to offer a competitive suite of benefits, including:

- Private rooms designed for lactation or prayer
- Fitness center
- Share Option Plan
- Greatech Education Assistance Program – scholarships to children of Greatech employees pursuing post-secondary education

SUSTAINABILITY REPORT (Cont'd)

PEOPLE (CONT'D)

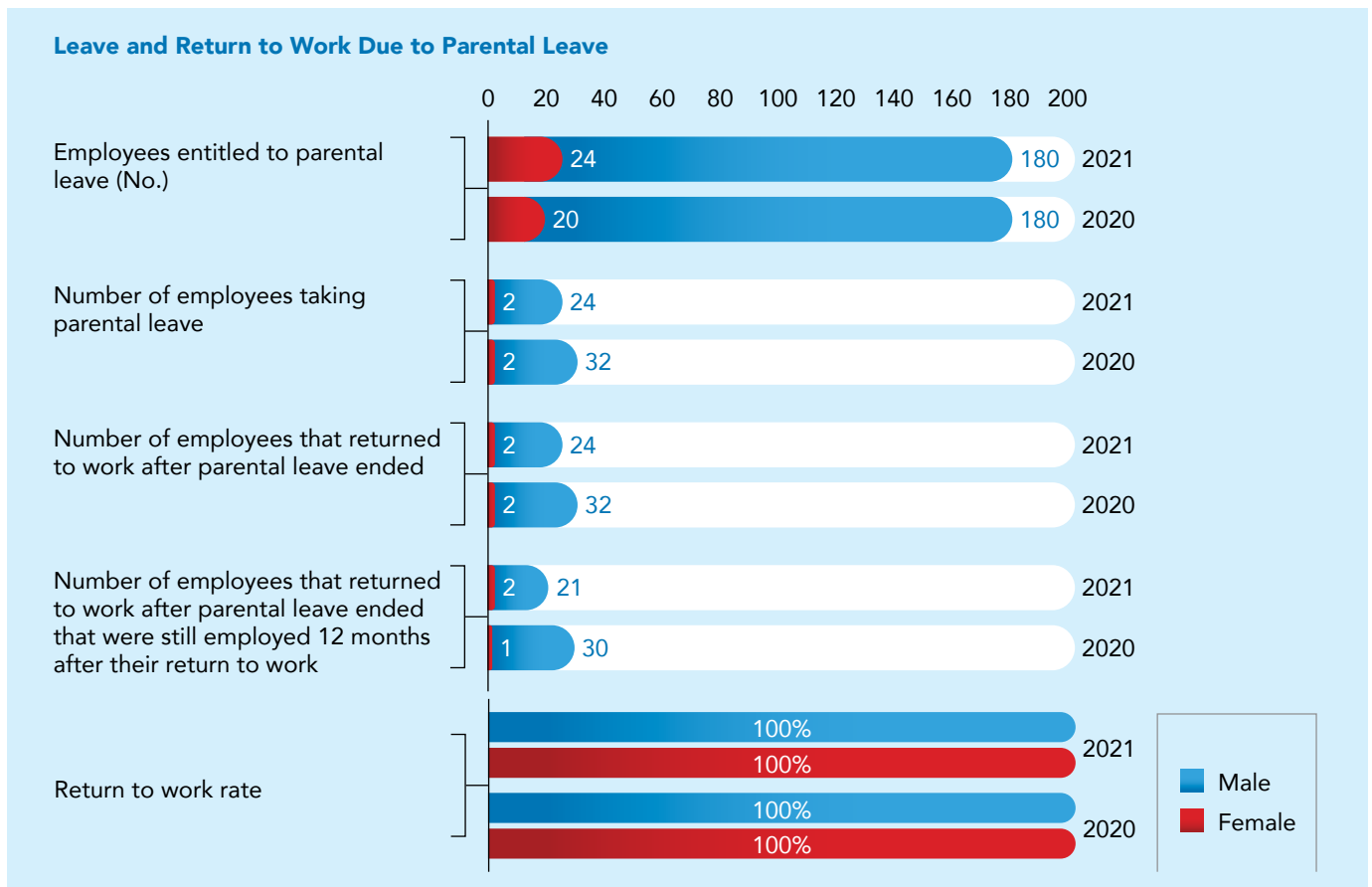
Employee Wellness

At Greatech, we invest in the health and welfare of employees and are committed to producing a caring and supporting community. The Group took up a corporate scheme with Health Metrics which operates a large network of panel clinics. Additional welfare benefits which includes 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.

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 allowances for dental and health screenings, travel insurance, paid time off and other benefits to support employees when they become ill.

In 2021, 2 female employees (2020: 2) and 24 male employees (2020: 32) took the paid maternity and paternity leave respectively. A total of 100% of female and male employees returned to work after completing of their leave.



SUSTAINABILITY REPORT (Cont'd)

PEOPLE (CONT'D)

Employee Wellness (Cont'd)

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 Company's own initiatives, and some of them are being financially supported by Greatech. In 2021, 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 and Karaoke Day; 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.

Training and Development

Greatech considers education and continuous development to be an investment in the future and keys to attracting and retaining high performers. The Group ensure a number of training and development activities for employees in addition to mandatory education. We launched training development platform which serves as a tool and hub for talent development in 2021 of which all employees and managers have access.

Despite restrictions cause by COVID-19, we continue to offer internal open courses and refreshers for employees who have been with the Group for some time. Employees may also participate in external special education, workshop and conferences. These courses were made available virtually. This year we have delivered 163 different courses.

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 2021, a total of RM0.08 million was invested in training and skill development as compared to RM0.17 million in 2020. We provided 28,892 hours (2020: 16,649 hours) of training and offered 272 (2020: 287) training sessions across 163 (2020: 172) different courses. This equates to an average of 43.8 hours (2020: 35.7 hours) per employee at all levels – 44.0 hours (2020: 33.8 hours) for executives and 40.8 hours (2020: 59.6 hours) for managers. This is yet another breakthrough that demonstrates the Group's profound commitment to continuously investing in people development throughout these unprecedented times.

To respond to the development needs of our people and to give them the behavioural and technical skills they need, the following training and development programmes were carried out in 2021:

- Robotic Training
- Software Orientation Program
- Cyber Security Best Practices for Business
- Dynamics of Negotiation for Purchasing & Procurement
- Programmable Logic Control & Human-machine Interface Training
- Dealings in Listed Securities, Closed Period & Insider Training
- Sustainable Finance: Making Better Financial Decisions
- Linear Servo Motor Training
- Failure Mode and Effect Analysis
- Corruption Risk Management
- COVID-19 and Employment Issues

All employees undergo an annual performance and career development review. This serves to evaluate performance as well as align the training needs of employees with business objectives. In 2021, we achieved 100% of performance review completion rate for our eligible employees.

Young Engineer Program

At the start of 2019, we launched a Young Engineering Program ("YEP") designed to attract and retain top notch talent with our Group. This 12 to 24-month YEP focuses on providing young engineering graduate who have leadership talent and aspirations with optimum start to their career, with a view to filling our succession pipelines. In 2021, we continue to engage with relevant colleges and universities across Malaysia through targeted recruitment, career fairs, technical forum talks and other partnership activities. We provided the interested candidates with extensive information of our Company'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 194 (2020: 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, 276 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.

PEOPLE (CONT'D)

Young Engineer Program (Cont'd)

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.

COVID-19 Measures

Throughout 2021, the COVID-19 pandemic continued to heavily impact operations of businesses around the world and we at Greatech have faced the challenges brought on by the pandemic. The health and safety of our employees, customers, and community remain our utmost priority and we take great effort to implement measures at our facilities and offices to safeguard their well-being. Our approach is based on global best practices and seeks to meet or exceed regulations wherever we operate. In addition, in-line with the recommendations of the World Health Organisation ("WHO") and the respective governments, we have developed and implemented measures to mitigate the transmission of COVID-19 virus at our operations.

We have recognised the need to enable efficient work from home, and priority was to give guidance on how to stay physically and mentally healthy while working remotely. In addition, our MIS teams made enormous efforts to ensure that our staffs had the correct digital tools in place to work from home and keep our entire business connected.

Through our Employee Health Response Team ("EHRT") regular meetings led by our CFO, we established COVID-19 mitigation and management procedures that included minimising mobility and cross-team exposure, disciplined use of masks and all hygiene measures, entrance safety surveys, split-shift operations, standardised approach to respond to potential exposure using contact tracing and generous access to quarantine leave to achieve the key objective of zero transmission within our facilities. Thanks to the extraordinary efforts made by everyone in the Group in containing COVID-19, we did not have to shut down any of our plants because of COVID-19 cases.

Other actions taken by the Group at our offices and manufacturing facilities included action plan for quarantine, safe physical distancing, temperature scanning, hygiene and sanitising practices at all sites, limitation of business travel and limitation of physical meeting. We also developed a training matrix that lists all safety topics, the frequency of training required, personnel to be trained and training resources requires i.e. virtual classes or in-person demonstrations.

To ensure our employees' health and well-being, the Group has partnered with lab specialist to carry out on-site nasal swab tests and checks bi-weekly. We have also identified a wide range of simple, ergonomic trainings to improve the posture of our employees doing repetitive tasks.

As a responsible business, we recognised the enormous impact the pandemic had on vulnerable communities without the resources needed. We committed to providing COVID aid to support local communities and medical care system that had been affected by the pandemic. In 2021, 10 medical beds, 13 electrical appliances and 35 medical equipment were donated when local hospital and front-liners faced amenities and equipment shortages.

Working Hours and Rest Periods

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 all 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.

Employee Retention

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 employees' turnover and the level of the employees' engagement on a regular basis. On an ongoing basis, we review our HR policies and initiatives for improvement. This includes seeking feedback through exit interviews with employees who resigned. Information gathered is reviewed and analysed by our HRA teams on a regular basis. We are very pleased to share that our commitments and investments in our employees resulted in low turnover. Concisely, 8.8% (2020: 11.0%) of our workforce has been with the company for more than 5 years, and 49.3% (2020: 27.1%) has been here in less than a year – due to a swift expansion of our operations in 2021. Our average years of service for full-time employees are 2.2 years (2020: 2.8 years), and our average annual turnover rate in 2021 was 1.6% (2020: 0.8%).

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 Group.

Our most prominent community initiatives include the establishment of GreatCare Committee ("GCC") 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.

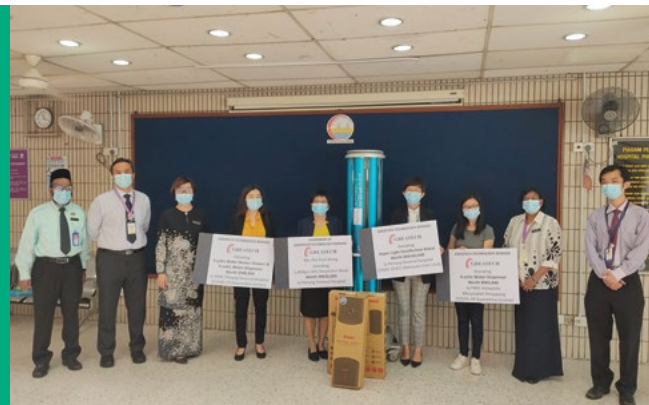
In 2021, GCC together with our employees have contributed approximately RM3.30 million (2020: RM0.66 million) in cash and in-kind to more than 15 charities, non-profit organisations and educational institutions across the region. Funding was approved to support universities, civil and non-profit organisations, including operating costs to establish or sustain core program, and capital costs such as building construction or renovations.

Greatech charitable giving focuses on three major areas:

- Education and science
- Fitness and health
- Social initiatives and welfare

The significant increase in social participation is mainly due to donations made to support front liners fighting the COVID-19 pandemic and supporting young people in STEM, education and career development. 53% of the expense were contributed to support primary schools and differently abled caring centre building, participating in domestic scientific research and offering scholarship program.

Since the outbreak of COVID-19 pandemic, the Group and its employees have taken initiatives to donate medical equipment and personal protection equipment ("PPE") to local hospital and devoted times to support vulnerable communities affected by virus. In 2021, we have listened to local healthcare staff, hospital, government and communities concern experiencing equipment, computers, supplies and PPE shortages around COVID-19. We responded quickly to help meet shortfalls at hospital, quarantine centre and local communities. The Group together with the Board and employees donated critical medical aids including healthcare equipment, medical and protective supplies worth approximately RM1.50 million in monetary and in-kind to frontline workers, quarantine facility and local general hospital to combat COVID-19.



SOCIAL (CONT'D)

As the pandemic has evolved, local schools are striving to adapt to remote learning modes. We took immediate actions to donate 250 pre-owned and new computers amounted to RM0.28 million to the primary and secondary schools' students to pursue their learning opportunities during the COVID-19 crisis.



Inspiring STEM Education

The Group believes that education and life-long learning is pivotal to create a sustainable future. As an industrial automation company, the Group support and develop the resilience of local communities that connect with our value chain, such as job creation for economic mobility, foster habit of life-long learning at all times and continuous investment in the future of our workforce.

As part of our 2020 commitment, we established STEM academy research program with Universiti Tunku Abdul Rahman ("UTAR") and Tunku Abdul Rahman University College ("TARUC"). Greatech pledged RM0.30 million to be paid over 3 years, RM0.10 million were paid in 2020 and another RM0.10 million was paid in 2021 to enhance the University's offerings related to STEM. In 2021, additional RM0.20 million was pledged to UTAR by the Board of Greatech for setting up a hospital in its Kampar campus that will offer quality and affordable medical and health services in both Western Medicine and Traditional and Complementary Medicine including Chinese, Ayurvedic and Traditional Malay Medicine. The hospital will also provide clinical training for the Faculty of Medicine and Health Sciences ("FMHS"), Bachelor of Medicine, Bachelor of Surgery ("MBBS"), Traditional Chinese Medicine ("TCM") and Health Science students. Greatech also donated a Programmable Logic Control ("PLC") and related components to UTAR to be used for instructional purpose in the university software engineering courses. The donation valued at RM0.07 million will benefit students who enrolled in the industrial automation courses.



SOCIAL (CONT'D)

Inspiring STEM Education (Cont'd)

In 2021, the Group delivered its first Greatech Scholarship Program in STEM related education amounted to RM0.09 million out of RM0.30 million allocated for three years that enable greater career opportunities in these field. The Group work hand-in-hand with PSDC to help youth pursue industrial automation program and become talent force of the future for Malaysia businesses. Under STEM program, four underprivileged youths have given equitable access to post-secondary education.



In addition, the Board donated RM0.30 million to Penang Tech Dome, a project undertaken by Penang Tech Centre Berhad to spark interest in STEM and hosting Penang Tech Glo-Walk 2021 held in August virtually, a program to raise health and fitness awareness in the city where our employees work and live.



Greatech also supported Penang Science Cluster in hosting a Penang International Virtual Science Fair, an event showcasing meaningful STEM experiments virtually and FIRST Tech Challenge, a program that engage students and their volunteer mentors to design and build robots to compete in tournament. Along the way, students develop a wide range of skills including project management, coding, engineering and teamwork.

In March 2021, the Board of Greatech decided to offer substantial support to two community projects. It was further agreed that the project should be focused on developing community and in line with the Group corporate value of caring for mankind. Therefore, the Group selected SRJK (C) Tar Thong School and The Penang Welfare Association for Mentally Retarded Children as our core community investment this year. A contribution of RM0.44 million and RM0.20 million were made to SRJK (C) Tar Thong and School of Mentally Retarded Children school building fund respectively to completing the new school and providing a better learning environment for students and better facilities for teachers to conduct their lessons.



SUSTAINABILITY REPORT (Cont'd)

SOCIAL (CONT'D)

Inspiring STEM Education (Cont'd)



The Group and employees held fundraiser of RM5,000 for International Aid for the Protection and Welfare of Animals ("IAPWA") Penang, a home to stray and abandoned dogs. Through IAPWA, the employees distribute the dog food to volunteers who feed and help stray dogs in Penang, as the number of needy animals continue to rise due to the resurgence of COVID-19.

Some other examples of community programs and initiatives supported at the Group and employees levels during 2021:

- SRJK (C) Mah Hua – support school meals program in public primary school by providing daily lunches to 9 students suffering from the economic effects of the COVID-19 pandemic
- Women's Aid Organisation ("WAO") – employees' donation to WAO was matched Ringgit to Ringgit to support gender equality and women's empowerment program. This program supports our employees by investing in charitable organisations to which they choose to donate.
- WRC Sport Enterprise – Greatech continue to support the local Penang junior badminton players this year with the hope that young and talented badminton players will showcase their talent and serve the country in the future.



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 committed to upholding high standards of integrity and transparency in its governance and ensuring corporate practices are implemented and maintained throughout the 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 new Malaysian Code on Corporate Governance (“MCCG”) with the following 3 key principles, under the leadership of the Board during the financial year ended 31 December 2021 (“FY2021”):

(a) Principle A: Board Leadership and Effectiveness;

(b) Principle B: Effective Audit and Risk Management; and

(c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement also serves as a compliance with Paragraph 15.25(1) of 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 for the FY2021 published 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 good corporate governance, setting the Group’s strategic objectives, values and standards, and ensure necessary resources is in place to achieve the long-term sustainable success of the Group for the benefit of stakeholders. The Board, supported by other Board Committees, operates within a robust framework of risk management and effective internal controls at all times.

The functions of the Board and the Management are clearly defined to ensure the effectiveness of the Group’s business and operations.

As in previous year, the Board reviews business and financial performance, worked closely with the Management in the shared strategic aims to secure the Group’s leading market positions in the long term to benefit from growing end markets. The Board monitors the culture of the Group to ensure that it is aligned to the Group’s values and strategy. The Board received regular updates from the Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”), Chief Financial Officer (“CFO”) and other members of Management in the Board meeting in respect of all material business matters to the Group with regard to strategy, planning, business development, risk management, governance and employees’ engagement approach in supporting the Group’s culture.

The Board relies on the reports provided by the Group CEO 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, challenges, market opportunities and plans of the Group in order for the Board to be kept abreast on the conduct, business activities and development of the Group, and to discuss and advise the Management in its formulation of the Group’s business strategies, both short-term and long-term.

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 robust Group Governance Framework continues to drive the highest level of business standards and best practices. The Board assess and monitor culture and ensures it align with the Group’s values and strategy. The Board leads by example, act in a constructive and respectful manner demonstrating the values that the Group expect across the companies.

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)

The Board is made up of a combination of Executive Directors who are involved in strategic formulation and implementation and Independent Non-Executive Directors ("INEDs") who are involved in decision evaluation and approval.

The Executive Directors together with the Key Senior Management team are responsible for develops strategy, monitors progress against the Group's strategic objectives, reviews day-to-day operations and business performance. In addition, informal management groups have been established to review, monitor and take decisions in respect of collaborative partnerships, risk management and environmental, social and governance ("ESG") matters.

The INEDs are persons of calibre and credibility with the ability to exercise independent judgment. Their roles are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. The INEDs 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 ensure effective discharge of its duties, powers and authority and, facilitates effective decision making, the Board has established 3 Board Committees as follow with effect from admission to the Bursa Securities, each with delegated responsibilities and duties:

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

Each of the committee operates under clearly defined Terms of Reference ("TOR") setting out its duties, authority and reporting responsibilities, to oversee and deliberate matters within their purview. The TOR are reviewed on a regular basis by each Committee to ensure they remain appropriate, approved by the Board and made available on the Company's website: <https://greatech-group.com>. 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 deliberates at the Committee's meetings.

In addition to the principal Board Committees, the Board has established 3 topic-specific Committees to which it has delegated certain powers to review and administer matters – Sustainability Working Group ("SWG"), Long Term Incentive Plans ("LTIP") Committee and Enterprise Risk Management ("ERM") Committee.

1.2 The Chairman of the Board

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 ("Ms. Ooi"), who is able to provide effective leadership and necessary governance to the Group. She chairs the meetings of the Board and the shareholders, and thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 4.7 of the Board Charter, which is available on the Company's website: <https://greatech-group.com>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

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 position of the Chairman is held by Ms. Ooi and the position of CEO is held by Dato' Tan Eng Kee ("Dato' Tan").

As the Board Chairman, Ms. Ooi led the Board to ensure the effectiveness of the Board. Meanwhile, the CEO, Dato' Tan assumes executive responsibility is focusing on the business, organisational effectiveness and day-to-day management of the Group, and actively reports, clarifies and communicates matters to the Board. The CEO also act as a link between the Independent Directors and the Management to align management actions to Board decisions and strategies.

1.4 Chairman and Board Committees

Practice 1.4 of the MCCG states that the Chairman of the Board should not be a member of the Audit Committee, NC or RC.

Ms. Ooi is the Chairman of the Board and she is also the Chairman of the RC and member of ARMC and NC, which is a departure from the Practice 1.4 of MCCG.

The Company believes that Ms. Ooi is financially literate and have business as well as financial acumen. Her experience and industry knowledge benefit the Company and shareholders, which outweigh any perceived disadvantage of being assuming positions of Chairman of the Board, and a member of the Board Committee.

However, in acknowledgement of the spirit of this Practice 1.4, the Company is looking for suitable candidate to join the Company as an INED and to sit in the Board Committees by 2023 in order for Ms. Ooi to step down from the Board Committees by the Fifth AGM.

1.5 Company Secretaries

The Board is supported by 2 suitably qualified and experienced Company Secretaries, namely Ms. Yeow Sze Min and Ms. Low Seow Wei, in discharging its duties and responsibilities.

The Company Secretaries acts as the adviser to the Board on corporate governance related matters and briefed the Board on the relevant rules and regulatory requirements.

The Company Secretaries are also acting as the official liaison party for the Company to prepare and submit statutory documents to the Companies Commission of Malaysia ("CCM").

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.

During the FY2021, the Company Secretaries together with the Board, review and adopt the Corporate Governance Framework of the Company to ensure that it fits for the purpose and operates effectively. The Company Secretaries also update the Board on the Directors' Resolutions in Writing passed, Directors' dealings pursuant to Chapter 14 of the MMLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Securities, at every scheduled Board meeting during the year, as well as the changes in the regulatory requirements.

One of the Joint Company Secretary attended the Third Annual General Meeting ("AGM") held on 21 May 2021 ("3rd AGM") and all Board and Board Committee meetings during the FY2021. During the 3rd AGM, the Company Secretaries coordinated with the Management and Share Registrar or Poll Administrator to manage the processes of the meeting and ensured orderly proceedings, including the conduct of the poll taken on all resolutions tabled at the 3rd AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

1.5 Company Secretaries (Cont'd)

The Company Secretaries notify the Board and affected persons on closed period dealing and process and procedure to aid them in complying with the MMLR.

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the regulatory environment, through continuous training and industry updates.

The Board has direct access to the professional advice and services of the Company Secretaries.

1.6 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.

Dates of Board and Board Committees' meeting are determined well in advance to facilitate Directors' time planning.

All Board and Board Committee meetings during the financial year followed an approved agenda. Board members are provided with pre-circulated Board papers and related materials, or explanatory information analysing all relevant aspects and recommended course of action for each item on the agenda prior to respective meetings to enable them to make informed decisions.

The notice of the Board meetings is sent to the Directors at least seven (7) days in advance of Board meetings with the appropriate information to enable sufficient time for the Directors to prepare for the meetings and to facilitate informed decision making.

At each quarterly Board meeting, Key Principal Officers 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. There is sufficient time allocated for discussion by the Board, allowing the Directors to discharge their duties effectively.

The Board also has unrestricted access to Management and other external advisers enabling them to explore specific issues in more detail; and entitled to request for additional information and received presentations by the Management and external advisers, as and when required.

The Board is also regularly updated and kept informed by the Company Secretaries and the Management on corporate disclosures and compliance with Company and securities regulations and listing requirements such as restriction in dealing with the securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

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 Committees, and the Management for review and comments in a timely manner.

2.0 Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by a Board Charter which clearly defines the respective roles and responsibilities of the Board, Board Committees, individual Directors and Management as well as matters reserved for the Board. It served as a primary reference and induction literature in providing the Board members and Management insights into the functions, governance and conduct of the Board.

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 core areas of the Board Charter are as follows:

- (a) Company vision, mission and guidance for the Board
- (b) Board governance process and procedures
- (c) Board and Management relationship
- (d) Board and Shareholders relationship
- (e) Stakeholders' relationship
- (f) Code of Conduct & Ethics
- (g) Whistleblowing

The Board Charter also clearly defines the functions that are reserved for the Board and those delegated to the Management of the Group. 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 continuously reviewed and updated to ensure it remain consistent with the Board's objectives and kept up-to-date with changes in regulations and governance practices. On 1 November 2021, the Board revised its Board Charter to incorporate the changes in MCCG 2021, 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

The Board is responsible for creating and fostering a culture aimed at long term value creation for the Group and all of its stakeholders. Directors and employees are committed to observe good corporate governance in business practices consistent with the Group's Core Values of Integrity, Innovation, Performance, Customer Satisfaction, Care & Respect and Teamwork.

Accordingly, the Group has adopted a Code of Conduct & Ethics ("the Code"), formally approved by the Board which govern the conduct of business, set the standards that drive performance and ethics.

There are numerous more specific Company policies which supports and feed into the Code, relating to compliance with legislation, financial matters, conflict of interest, modern slavery, employment practices, corruption and other matters. Company policies are hosted in a policy portal on the Company intranet and website and are communicated to new staff on entering employment.

As part of the Group's commitment in upholding high ethical standards, the Code is extended to third parties through the Greatech's Supplier Code of Conduct & Ethics ("Supplier Code"). The Code is communicated internally and externally and the importance of ethical behaviour is emphasised in all of the Group's engagements. Mechanisms are in place to report instances of fraud, theft, corruption, unethical behaviour and irregularities.

Other than the Code, the Group has adopted Insider Trading Policy as well as other policies and procedures aiming at appropriately monitoring and prevention of corruption.

The 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 ("HRA") 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.

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 (Cont'd)

During FY2021, there was no known non-compliance with the Code by the Directors and employees.

The Code is available on the Company's website: <https://greatech-group.com> and will be reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

3.2 Whistleblowing Policy

The Whistleblowing Policy which has had in place since 2019, provides a mechanism for parties (such as staffs, business associates and members of the public) to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rule or procedure by employees or Management of the Group. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.

On 29 May 2020, the Board through its ARMC reviewed and approved the amendments to the Whistleblowing Policy to incorporate ABC Framework, which was intended to strengthen the integrity and governance of the Group.

There was no incident of whistleblowing received in FY2021.

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 periodically reviewed by the Board to ensure its relevance.

3.3 Anti-Bribery and Anti-Corruption Policy

The Company has since 2019 implemented a comprehensive ABC Framework to regulate inappropriate behaviour, such as acts of corruption and adopted an ABC Policy. In line with the amendment of the Malaysian Anti-Corruption Commission Act ("MACC Act"), which is the new Section 17A on corporate liability for corruption, the Company has revised its ABC Policy on 29 May 2020.

This ABC Policy sets out its expectations for internal and external parties working for and on behalf of the Group in preventing bribery or corrupt practices in relation to the Group's businesses.

The Group's Business Partner Anti-Corruption Policy sets forth the Group's expectations with respect to all suppliers. It prohibits any form of bribery, "kickbacks", or any other improper payment (of cash or anything of value) to a third party to obtain an unfair or improper advantage.

In FY2021, there was no incident of bribery and corruption were reported to the Group. In addition, internal audit activities did not identify bribery or corruption problems or issues.

The ABC Policy is available on the Company's website: <https://greatech-group.com>.

4.0 Addressing Sustainability Risks and Opportunities

4.1 Governance of Sustainability

The Group's primary objective is to achieve optimum equilibrium between achieving business growth and profitability, whilst simultaneously focusing on conducting the business in a socially responsible and ethical manner, creating a conducive working environment for its employees and fulfilling wherever possible the expectations of its stakeholders in its business activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

4.1 Governance of Sustainability (Cont'd)

The Board has since 26 August 2019, approved the formation of a SWG, which led by the Group CEO and include the internal experts of key functional group, to promote and oversee the development of strategy towards sustainability with emphasis on environmental program, social stewardship and governance. In furtherance of this strategy, the Board has adopted a Sustainability Policy, with emphasis on 3 key principles namely - People (Social), Planet (Environment) and Profit (Economy) in achieving its sustainability development goals and embracing the importance of business sustainability as a fundamental element of the Group's culture.

The Board is dedicated to providing ESG guidance to ensure that the Group is managed ethically and responsibly and enhance the value of its businesses for the benefit of all stakeholders. The Senior Management team is responsible for regular ESG reporting to the Board. The Board oversees the Group's ESG strategy, initiatives and performance, which are outlined in the Sustainability Report, and help drive continuous improvement.

In 2021, the Board started a systematic process of building a sustainability agenda for the Group. The key areas of focus during the year include factoring ESG measures into remuneration, keeping up with changes in the remuneration landscape and assuring there is appropriate transparency on the impact of the Group activities on all stakeholders, including shareholders, employees and the communities in which the Group operates.

4.2 Communication of Company's Sustainability Strategies, Priorities, Targets and Performance

The Company's sustainability strategy is guided by a materiality assessment. This assessment defines the sustainability focus areas that are most important to Greatech and its stakeholders that Greatech believe, will have the most impact on its business. Increasing sustainability expectations brings with it both risks and opportunities. As part of the materiality analysis and process of determining the material sustainability topics, the Board also reviewed the external environment with the aim of identifying both sustainability related risks and business opportunities concerning environment issues, climate change, health & safety, respect for human rights, bribery and corruption.

The Group uses a wide range of communication channels with its stakeholders, including digital engagement and face-to-face dialogue. Since 2019, the Company has been publishing its annual sustainability reports with the purpose of ensuring that it remains accountable to all its stakeholders.

The Group constantly works to raise awareness of sustainability strategy among employees through a programme of events, initiatives and good practices implemented within the organisation. Emphasis is placed on saving energy, reduce waste and resource efficiency through education to embed a sustainability mindset and to take further steps towards effective delivery of the sustainable development strategy.

The Group considers sustainability reporting to be an important communication channel to update the internal and external stakeholders on the Group's sustainability strategies, priorities and progress of the Group's to achieve its sustainability targets and performance. Sustainability-related actions and disclosures has also incorporated into the Company's public announcements for analysts, institutional investors and general public.

4.3 Board Keep Abreast of the Relevant Sustainability Issues

The Company's objectives, strategy and financial targets are evaluated by the Board on an annual basis. The Board also reviews the Group's performance in ESG and evaluates the risk profile and make regular assessments of these processes to ensure high quality standards. During the financial year, the following were presented by the CFO in the Board meeting and approved by the Board.

- o Materiality matrix which has been evaluated by SWG;
- o Sustainability priorities
- o ESG strategy, plan and activities
- o Climate change risks, opportunities and mitigation plan

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. BOARD RESPONSIBILITIES (CONT'D)

4.3 Board Keep Abreast of the Relevant Sustainability Issues (Cont'd)

Stakeholders' views had given valuable insight into economic and ESG topics, which had also formed part of the discussions at the Board meetings and every decision that the Board takes.

The Board keeps fully abreast of latest regulations and guidance applicable to the business including current and emerging environment problems and develop robust practices around factoring environmental considerations into Board decision making.

4.4 Performance Evaluation of Board and Senior Management

The Management remuneration pay are linked to ESG metrics, ensuring Management accountability for the achievement of the Company's goals.

The performance evaluation of the Board for the FY2021 included a review of their performance in addressing the Company's material sustainability risk and opportunities and ESG issues. Based on the evaluation carried out by the Board, the below areas required further improvement/action:

- (i) training and professional development programme in terms of ESG learning for the Board;
- (ii) strengthen the sustainability agenda recognising the extensive impact of the Group's operations; and
- (iii) strengthen the Board oversight of policies and performance regarding sustainability.

4.5 Sustainability Strategy (Step Up)

The Group CFO has been designated to manage sustainability strategically including the integration of sustainability considerations in the operations of the Group as well as reporting. Updates will be tabled for discussion at the Executive Risk Management Meeting and ARMC Meeting in line with risk review cycle.

The SWG, led by the Group CEO, oversees the planning and execution of sustainability strategies to ensure that the Group sustainability matters are implemented throughout its business operations.

Together, the SWG identifies, evaluates, monitors, and manages risks as well as opportunities in our business operations relating to Economic, Environmental and Social aspects.

II. BOARD COMPOSITION

5.0 Board Objectivity

5.1 Board Appointment

5.2 Composition of the Board

The NC is responsible to assist the Board in the development and implementation of the policies on the nomination and appointment of Directors and Committee members in the Company, to achieve long-term sustainability of the organisation in accordance with the TOR of NC.

The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.

The NC reviewed the tenure of each Director as well as the annual re-election of a Director which it was satisfactory evaluation of the Director's performance and contribution to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

5.2 Composition of the Board (Cont'd)

The Board currently comprised 3 INEDs and 2 Executive Directors. The present composition complies with Paragraph 15.02 of the MMLR and Practice 5.2 of the MCCG as more than half of the Board are Independent Directors. Such composition is able to provide an unbiased, 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 having reviewed its size and composition is satisfied that its current size and composition is well balanced, with diverse professional background, skills, expertise and knowledge in discharging its responsibilities for the proper functioning of the Board. Furthermore, the current number of Board members is conducive for efficient deliberations at Board meetings and effective conduct of Board decision-making.

5.3 Tenure of Independent Non-Executive Director

5.4 Policy on Tenure of Independent Non-Executive Director

None of the Independent Directors has exceeded a cumulative term of more than 9 years in the Company as at 31 December 2021. Upon the completion of 9 years, the Independent Director may continue to serve on the Board as a re-designated, Non-Independent Director. If, however, the Director is to remain designated as an Independent Director, the Board shall provide justification and obtain shareholders' approval through a two-tier voting process on a year-to-year basis.

The Board will determine whether the independency of a Director has been impaired through a rigorous review to justify retaining an Independent Director beyond the cumulative term limit of 9 years.

The Board through the NC has on 18 February 2021 carried out an annual assessment of independence of all the Independent Directors of the Company. The Board is satisfied with the level of independence demonstrated by all the Independent Directors considering their length of service at the Company, independent in character and judgment, provide constructive challenge and do not have relationships which are likely to affect their judgement. The opinion is based on current participation and performance on both Board and Board Committees.

5.5 Appointment of Board and Senior Management

The Board endeavours to ensure that it consists of individuals with a diverse background equipped with professional and technical knowledge to effectively carry out its roles as the representative to the interests of shareholders.

In putting the Board and Senior Management Diversity Policy into action, the NC is mindful of its responsibilities to conduct all Board appointments processes through various approaches in a manner that promotes diversity in the Board which can offer greater depth, breadth and lead to better decisions made while taking into account suitability for the role. It will also take into consideration Board balance and composition, the required mix of skills, the candidates' background, knowledge, integrity, competency, experience and potential contribution to the Group. In the case of candidates for the position of Independent Director, the NC will also evaluate the candidate's ability to discharge responsibilities and functions as expected from an Independent Director.

There was no Director appointed to the Board during FY2021.

Time Commitment

The Board, through the NC, considers annually the time commitment expected from each of the Director to meet the expectations of their role. The Board is also expected to attend the AGM, engage with stakeholders and participate in the Board evaluation process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

5.5 Appointment of Board and Senior Management (Cont'd)

Time Commitment (Cont'd)

Directors are, while holding office, at liberty to accept other Board appointment(s) in other companies, so long as the appointment is not in conflict with the Group's business and does not affect the discharge of his/her duty as a Director of the Company. Directors are required to notify the Chairman of the Board and/or the Company Secretaries, prior to the acceptance of new Board appointment in other companies. New appointments are then reported to the Board.

Currently, several of the INEDs hold more than two external appointments (although some of these are not-for-profit organisations). The Board has considered these external commitments, taking into account the time commitment required for each role, and is satisfied they do not impact upon the individual Board members' ability to discharge their responsibilities fully and effectively. As evidenced in this statement, in FY2021 all Directors attended all the Board and Board Committees meetings of the Company.

5.6 Identify Candidates for Board Appointment

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.

The search and nomination process for new Directors, if any, is facilitated through recommendations from the Directors or external parties, including the Company's contacts in related industries, Directors' personal contacts or may engage executive search firms to source for potential candidates.

In respect of the appointment of Directors, the Company practises a clear and transparent nomination process, which involves the following 5 stages:

- Stage 1: Identification of candidates
- Stage 2: Evaluation of suitability of candidates
- Stage 3: Meeting up with candidates
- Stage 4: Final deliberation by the NC
- Stage 5: Recommendation to the Board

5.7 Re-election of Directors at the General Meeting

The performance of retiring Directors recommended for re-election at the 3rd AGM have been assessed through the Board annual evaluation (including the independence of INEDs). A statement by the Board and NC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the AGM was stated in the explanatory notes of Notice of AGM.

The retiring Directors at the upcoming AGM pursuant to Clause 170 of the Constitution are Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai. 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 Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai 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 Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

5.7 Re-election of Directors at the General Meeting (Cont'd)

Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai 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.

The Board, being satisfied with the justification and criteria based on the recommendation of NC, shall be seeking the shareholders' approval at this forthcoming AGM of the Company on the re-election of Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai as Directors of the Company.

5.8 Nominating Committee

The NC were entrusted by the Board to assist in nomination for the Board and Board Committees as well as assessing their performance.

The NC is chaired by Dato' Seri Wong Siew Hai, the INED of the Company. The present NC comprises exclusively of INEDs as follows:

- Dato' Seri Wong Siew Hai (Chairman)
- 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 attendance of the NC at the NC meetings held during FY2021 is tabulated below:

Designation	Directors	Attendance
Chairman	Dato' Seri Wong Siew Hai	1/1
Members	Ms. Ooi Hooi Kiang	1/1
	Puan Mariamah binti Daud	1/1

A summary of key activities undertaken by the NC during the FY2021 are as follows:

- Reviewing the re-election of the Directors who were subject for retiring at the 3rd AGM of the Company.
- 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.

5.9 Diversity of Board and Senior Management

5.10 Gender Diversity Policy

The Board recognises that gender and ethnic 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 Group for the benefit of the shareholders over the medium to long-term.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

5.10 Gender Diversity Policy (Cont'd)

In FY2021, 2 out of 5 Directors i.e. 40% (2020: 40%) on the Board are females, which demonstrates the Group's commitment on Board gender diversity. The Company had exceeded the prevailing requirement of Practice 5.9 of the MCCG to have at least 30% women Directors on Board.

The Board and Senior Management Diversity Policy was updated and approved on 1 November 2021 to encourage Board and senior leadership gender diversity.

In FY2021, female representation on the Senior Management level was 33.3% (2020: 33.3%). While the Group are above 30.0% by 2021 target for women participation in Senior Management recommended by the Practice 5.10 of the MCCG.

In order to enhance the Board and Senior Management gender diversity, the Board will strive to ensure a minimum of 30.0% female representation on the Board and Senior Management.

6.0 Overall Effectiveness of the Board and Individual Directors

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

For FY2021, an annual assessment of the Board, its Committees and contribution of each individual Director is carried out by the NC, 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 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.

In addition, all Independent Directors had signed an undertaking/confirmation letter that they remain independent. The NC had considered each Independent Director's independence and advised the Board accordingly.

The assessments were facilitated by the Company Secretaries making references to the guides available. All results were presented to the NC for review before being reported to the Board for notation, discussion and further improvements.

Following the annual review, the NC agreed that the Board as a whole and the Board Committees had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and Independent Directors, as appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings.

In accordance with the Practice 6.1 of the MCCG, the Board considered the option of engaging independent experts to conduct its performance evaluation for FY2021, but decided to proceed with an internal assessment process given the limitations of conducting an evaluation process remotely in the COVID-19 environment, rather than in person.

However, the Board will engage an independent expert at least every three (3) years, to facilitate objective and candid board evaluation by end of year 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

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

During the FY2021, 4 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 FY2021 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 is 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.

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 2 directorships in listed corporations.

The attendance of the Directors at Board meetings held during FY2021 is tabulated below:

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

Following the review of overall performance of the Board, Board Committees and each Director, the NC is of the view that the Board had performed effectively whilst giving due commitment to their role.

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, both on appointment and subsequently are briefed from time to time on changes of regulations, guidelines and accounting standards, as well as other relevant trends or issues.

During FY2021, the Company Secretaries, External Auditors and/or the CFO provided the Directors with updates on changes in laws and regulations, including the Companies Act 2016 ("CA 2016"), MMLR, MCCG, accounting standards which are relevant to the Group. Presentations from the CEO and Senior Management during Board and Board Committee meetings on particular topics such as the Group's ESG plan and technology also enhance the Board's knowledge and familiarity with the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

II. BOARD COMPOSITION (CONT'D)

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

The trainings attended by the Directors during the FY2021 are as follows:

Directors	Trainings
Ms. Ooi Hooi Kiang	<ul style="list-style-type: none">• 2021 Global Economic Outlook• Implementing Amendments in the Malaysian Code on Corporate Governance• Strategy & Budgeting Masterclass: Aligning Action Plans, Numbers & Vision in Practice
Puan Mariamah binti Daud	<ul style="list-style-type: none">• Board Dynamics – What are the Key Governance Reporting & Compliance Requirements• Integrity Framework• Legal Framework• Adequate Procedures Guidelines for Section 17(A) and Corruption Risk Management and Anti-Bribery Management System• Enforcement – Understanding the Authority and Responsibilities of MACC• Raising Defence: Section 17(A)• AOB Conversation with Audit Committees• Compliance with Listing Requirements – Reporting of Financial Statements
Dato' Seri Wong Siew Hai	<ul style="list-style-type: none">• National E&E Forum• The New Way of Working (WOW) In E&E Industry• Global Semiconductor Shockwave Webinar• RMK12: Boosting E&E Industry in Moving up the Value Chain• Global Minimum Tax• Seizing the Next Wave of E&E Investment into Malaysia
Dato' Tan Eng Kee	<ul style="list-style-type: none">• Managing Human Rights: Why Is It Important to Corporations?• Corruption Risk Management• Board and Audit Committee Priorities 2021• Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and Their Subsidiaries• Conference on Emerging Technologies for Productivity Enhancement
Mr. Khor Lean Heng	<ul style="list-style-type: none">• Managing Human Rights: Why Is It Important to Corporations?• Dealing in Listed Securities, Closed Period & Insider Trading• Corruption Risk Management• Project Costing Preparation• The Sustainability Accelerator• Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and Their Subsidiaries

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

In addition, the Company Secretaries would also notify the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to upgrade and refresh their skills and knowledge by attend relevant seminar and training programmes 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 FY2021 were adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III REMUNERATION

7.0 Level and Composition of Remuneration

7.1 Remuneration Policy

The Board has adopted a Remuneration Policy for the remuneration of Directors and Key Principal Officers of the Company.

The Remuneration Policy is designed to align the interest of the Directors and Key Principal Officers with those of shareholders, by linking reward to the Group's and individual's performance, therefore promoting long-term sustainability of the Group. It seeks to attract, motivate and retain key employees with competitive remuneration packages based on respective individual's responsibilities, expertise, prevailing market conditions and relevant market benchmarks.

The remuneration package of Executive Directors and CFO 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 based on financial and non-financial targets.

During the year under review, the Board, Key Management Personnel and employees worked extremely hard throughout COVID-19 pandemic to mitigate its impact on business and minimal disruption to stakeholders including customers, suppliers, employees and communities. Despite the uncertainties and limited visibility created by COVID-19, the Group has made good progress and the resiliency is reflected in the Group's broader performance and the sustained increase in the share price over the financial year. The RC has assessed the business performance relative to the markets and competitors against target which had been set for each half of the year. Based on the assessment, the NC consider overall remuneration rewards including annual bonus paid to the Executive Directors, Key Management Personnel and employees to be a fair reflection of the performance of the business.

The Company also has in place Long-Term Incentive Plan ("LTIP") such as 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.

INEDs are not awarded remuneration in the form of shares and/or right to shares and their compensation is not dependent on the results of the Company. The Executive Directors are not entitled to any meeting allowance. The remuneration of the Company's INEDs 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 INEDs are recommended by the Board and subject to approval by shareholders at each AGM. Directors who are shareholders and controlling shareholders with a nominee or connected director on the Board should abstain from deliberating and voting on decision in respect of his/her own remuneration.

The Remuneration Policy of the Group 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)

7.2 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 Key Principal Officer of the Group. The RC comprises exclusively of INEDs 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>.

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 Key Principal Officers. None of the Executive Directors are involved in discussing and deciding their own remuneration.

The attendance of the RC at the RC meetings held during FY2021 is tabulated below:

Designation	Directors	Attendance
Chairman	Ms. Ooi Hooi Kiang	2/2
Members	Puan Mariamah binti Daud	2/2
	Dato' Seri Wong Siew Hai	2/2

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 FY2021.

A summary of key activities undertaken by the RC during the FY2021 are as follows:

- Reviewing and setting the Key Result Areas ("KRA") for Key Principal Officers for the FY2021 for reward purposes
- Reviewed and recommended the Directors' fees for the period from AGM held in 2021 until the conclusion of AGM to be held in year 2022 for shareholders' approval during the Company's AGM held in year 2021
- Reviewed and recommended the benefit payable to the Directors for the period from AGM held in 2021 until the conclusion of AGM to be held on in year 2022 for shareholders' approval during the Company's AGM held in year 2021
- 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 FY2021 to ensure it is in line with market benchmarks before recommended to the Board for approval
- Oversight the operation of the Group's LTIP

The RC carried out an annual review of the Executive Directors' and CFO's remuneration to ensure that the remuneration package remains sufficiently attractive to retain the Executive Directors and CFO of such calibre to provide the necessary skills and experience and commensurate with their responsibilities to ensure the effective management and operations of the Group.

The remuneration package for all Directors is determined by the Board as a whole following the relevant recommendations made by the RC, with the Directors concerned abstaining from deliberations and voting on his/her own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III REMUNERATION (CONT'D)

7.2 Remuneration Committee (Cont'd)

The level of remuneration for Non-Executive Directors generally reflects the effort, time spent, and level of responsibilities undertaken. They are paid a basic fee as ordinary remuneration, a sum based on their respective responsibilities in Board Committees, meeting allowance and reimbursement for reasonable expenses incurred in the course of their duties.

The proposed Directors' fees and benefits for the period from the next day after the forthcoming 4th AGM until the next AGM of the Company will be tabled at the forthcoming 4th AGM for the approval of the shareholders. The interested Directors had abstained from voting on the resolutions approving the Directors' fees and Directors' benefit at the 3rd AGM held in year 2021 and will continue this practice at the forthcoming 4th AGM.

In addition to the above, the Directors and CFO are provided with the Directors & Officers ("D&O") insurance in respect of any liabilities arising from acts committed in their capacity as D&O of the Group.

8.0 Remuneration of Directors and Key Senior Management

8.1 Directors' Remuneration

The Directors' remuneration received/receivable from the Company and its subsidiary for the FY2021 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						
Dato' Tan Eng Kee	67	-	-	-	-	67
Mr. Khor Lean Heng	67	-	-	-	-	67
Non-Executive Directors						
Ms. Ooi Hooi Kiang	67	6	-	-	-	73
Puan Mariamah binti Daud	67	6	-	-	-	73
Dato' Seri Wong Siew Hai	67	6	-	-	-	73
SUBSIDIARY						
Executive Directors						
Dato' Tan Eng Kee	-	-	882	108	28	1,018
Mr Khor Lean Heng	-	-	708	85	18	811

8.2 Key Senior Management's Remuneration

8.3 Disclosure of Detailed Remuneration (Step Up)

Although the MCCG recommends full and detailed disclosure by the Company of the remuneration of its Key Senior Management on named basis and in the bands of RM50,000, the Company is of the view that it is not in its best interest to disclose details of remuneration due to the confidentiality and sensitive nature of such information. Greatech requires highly skilled talents given with its nature of business. In view of the competitive market for talents in the industry, the Company would want to ensure that every effort is made in retaining its talents.

Furthermore, this information is subject to the Personal Data Protection Act 2010, that requires written consent from the respective Senior Management personnel for disclosure of their personal data to the public at large, and taking into consideration the sensitivity, security, and issue of staff morale.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III REMUNERATION (CONT'D)

8.3 Disclosure of Detailed Remuneration (Step Up) (Cont'd)

As an alternative, the Company disclosed the details of its top 6 Key Senior Management during the FY2021 on a group basis as below:

Remuneration (Top 6 Key Senior Management)	RM'000
Salary and other emoluments **	1,930
Statutory contributions by the Company	229
Benefits-in-kind	35
Total	2,194

** Including salary, bonus and allowances chargeable to income tax

The performance of Key Senior Management is evaluated on an annual basis and measured against the targets sets for the year. The remuneration packages are reviewed annually and adjustments to their remuneration are made based on not only on their individual performance and contributions in the preceding year, but also the Company's performance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

9.0 Effective and Independent Audit Committee

9.1 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 is responsible for overseeing financial reporting and disclosure and assists the Board with assessments of the integrity of the Company's financial statements, financial reporting processes and internal controls, risk management and performance of the External Auditors.

The ARMC comprises wholly of 3 INEDs 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 ARMC's findings and recommendations is not impaired. The ARMC members have the overall competence required to fulfil their duties based on the organisation and operations of the Group, at least 1 member of the ARMC is competent in respect of finance and audit.

The current composition of the ARMC is in compliance with Paragraph 15.10 of the MMLR and Practice 9.1 of the MCGG.

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 FY2021 are set out in ARMC Report contained in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I AUDIT COMMITTEE (CONT'D)

9.2 Former Key Audit Partner

The Practice 9.2 of the MCCG that required a former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) to observe a cooling-off period of at least 3 years before appointed as a member of the ARMC has been adopted by the ARMC and incorporated in its TOR.

None of the ARMC members were former key audit partners of the Company's existing auditing firm and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

9.3 Suitability, Objectivity and Independence of the External Auditors

The ARMC has adopted the External Auditors Assessment Policy which defined the guidelines and procedures to be undertaken by the ARMC to assess, review and supervise the suitability, objectivity, independence and overall performance of the External Auditors. The said Policy was approved by the Board in December 2019 and updated on 1 November 2021 to incorporate the requirements of MCCG published in 2021.

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.

In the FY2021, the ARMC had conducted an annual assessment of the suitability, objectivity and independence of the External Auditors, Messrs. BDO PLT ("BDO"), in respect of the FY2020. The ARMC was satisfied with the performance and independence of the External Auditors, as well as the fulfilment of criteria as set out in the External Auditors Assessment Policy.

In respect of the performance of the External Auditors, the ARMC had also reviewed the Annual Transparency Report for measures taken by BDO to uphold audit quality and manage risks.

The ARMC has taken the following steps to ensure the External Auditor's independence is not impaired:

- o The External Auditors is precluded from undertaking internal audit services;
- o Prior approval by the ARMC of non-audit services is required where the cost of the proposed service exceeds or is expected to exceed RM50,000; and
- o The extent and nature of non-audit services is disclosed in the ARMC report contained in this Annual Report.

The ARMC has conducted an annual review of all the non-audit services provided by the affiliated firm of the External Auditors for the FY2021, as disclosed in this Annual Report and 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.

The Board, on the recommendation of the ARMC, is of the view that the declaration of independence, integrity and objectivity made by the External Auditors in their audit report for each financial year under review is sufficient to serve as a written assurance from the External Auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with the independence criteria as set out by Malaysian Institute of Accountants ("MIA") By-Laws, has recommended their re-appointment as the External Auditors of the Company for the ensuing year, upon which the shareholders' approval has been sought at the AGM.

9.4 Composition of the Audit Committee (Step Up)

The Company adopted Step Up Practice 9.4 of the MCCG which the ARMC comprises solely of INEDs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I AUDIT COMMITTEE (CONT'D)

9.5 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. 1 member of the ARMC namely Ms. Ooi Hooi Kiang is the member of the 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 is kept up to date by the Management, Company Secretaries, External and Internal Auditors on changes to accounting standards, MMLR and other codes and regulations which can have an impact on the Group's business and financial statements.

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 in discharging their duties effectively.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 Risk Management

10.1 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 Board through the ERM Committee, monitors risk and internal control, which is a comprehensive report tabling the current status, action taken and conclusion of the key risks identified.

The Group has in place an 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. The Board conducts bi-yearly review of the Group's risk exposure areas and internal control arrangements of such areas. Key risks identified are discussed at the ARMC meeting while all other risks are managed by respective department head and reported to the Board on an exceptional basis. Sustainability risks concerning climate change, environmental issues, health & safety, forced labour, bribery and corruption had also being reported to the Board during the year. The Board has also been updated by the Management on the Group's financial situation and continuously evaluating if the Group's capital or liquidity are adequate in terms of business continuity during the COVID-19 pandemic.

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.

In the FY2021, the risk reports of the Group on product risk, intellectual property right risk, competition risk, sustainability risk, foreign exchange risk, legal and compliance risk, cyber security risk, supply chain disruption risk, market risk, operational risks and business risk were presented to the ARMC, where internal controls and risk mitigation strategies were highlighted.

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 FY2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

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

10.2 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.

10.3 Risk Management Committee (Step Up)

The function of Risk Management Committee is currently assumed by the ARMC via the ERM Committee. ERM Committee has taken up the role to review the risk management framework half yearly.

The composition of ERM comprised of Executive Board, Risk Manager and cross functional management team. The ERM Committee, through CFO reports to ARMC during the ARMC meeting half yearly where the ARMC members reviewed the risk management framework and policies and risk report of the Group as presented to them.

11.0 Effective Governance, Risk Management and Internal Control Framework

11.1 Internal Audit Function

11.2 Internal Audit Effectiveness Review

The Internal Audit ("IA") function of the Group is carried out by an outsourced professional service firm, namely Sterling.

The Internal Auditors perform their audit engagements according to the annual audit plan 2021 as approved by the ARMC. Throughout the engagement period, the Internal Auditors cover the conduct of the audit planning, execution, documentations, communication of findings, consultations, and follow up on the action items with key stakeholders on the audit concerns, with reference to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The IA team have unfettered access to the Company's documents, records, properties and personnel, including direct access to the ARMC.

The Internal Auditors has staffed the IA team with persons who possess the relevant qualifications and experience and use the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.

During the FY2021, the ARMC had assessed and reviewed the adequacy of the scope, functions, resources, competency and independence of the Internal Auditors. Findings and related action plans from internal audit reviews and/or internal control assessments are reported to the Management; summary report including follow-up matters arising from previous cycle audit and its implementation of action plans, audit recommendations, where applicable, along with a conclusion statement on the opinion given for the scope of works performed are provided to the ARMC at every meeting. 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 in carrying out the IA function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I ENGAGEMENT WITH STAKEHOLDERS

12.0 Communication with Stakeholders

12.1 Effective, Transparent and Regular Communication with its Stakeholders

The Board recognises that timely, high-quality and effective disclosure is a key component in upholding the principles and best practices of corporate governance within the Group. As such, maintaining efficient communication between members of the public and the Company is important to build and sustain common understanding and trust between the Company and its stakeholders.

Shareholders

The Group has in place Investor Relations ("IR") Policy which 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. Our Chief Executives supported by the Company's IR function, hosted results presentation and answered the key issues of which investors were mainly concerned following publication of the Group's quarterly and full year results.

The outcomes of stakeholder discussions, including any concerns raised by them, are reported to the Board and Board Committees on a regular basis. Analyst reports are shared regularly with the Board. The Board attends the AGM which gives individual shareholders the opportunity to engage directly with them and raise questions about the Company.

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 IR 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.

One of the most effective platforms for disseminating messages of the Company is social media network. The growth in the direct followers of social media platform of the Company provided the assurance that communication was received by the target market intended for.

Employees

The Group provides an effective platform for clear and open communication with employees. Regular employee engagement events were held through the Group internet platform during the year due to the COVID-19 pandemic and geographically dispersed nature of the Group's workforce. The CEO regularly hold local employee "town hall" meetings. Feedback from employees during one-to-one performance reviews, through line manager, suggestions box or dialogue with HR function were relayed through HR function to the Executive Board. During the year, a group-wide employee survey was conducted to gain a better understanding of the employee satisfaction and engagement. Outcome of the employee satisfaction and engagement level together with workforce concerns that has been raised have also been reported to the Board via the Management through Board presentations and site visits in our open culture.

Other Stakeholders

The Board's considers other stakeholder groups in its decision-making and interaction with key stakeholders is set out in the Company's Sustainability Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

12.2 Integrated Reporting

The Company has not adopted integrated reporting based on a globally recognised framework. This Annual Report provides comprehensive financial and non-financial information of the Group 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.

The Board acknowledges that the MCCG encourages the adoption of integrated reporting based on a globally recognised framework to improve the quality of information available to investors and promote greater transparency and accountability.

The Company would consider adopting integrated reporting if the Board opined that the benefits arising from the adoption of integrated reporting outweigh the related costs.

II CONDUCT OF GENERAL MEETINGS

13.0 Engagement with Shareholders

13.1 Notice of Annual General Meeting

The Company held its 3rd AGM in year 2021. In compliance with Practice 13.1 of the MCCG, shareholders received Annual Report, Circular and Notice of AGM, which were issued at least 28 days before the date of AGM. The Company served Notice of its 3rd AGM together with explanatory notes or a circular on items of special business and Administrative Guide, which furnished useful information regarding conduct of the AGM 28 days before the AGM, well in advance of the 21-days requirements under the CA 2016 and MMLR 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. Where the shareholders are not able to attend the AGM, they may appoint proxies to attend, vote and ask question on their behalf.

The Company had commenced using electronic communications to transmit Annual Report and other documents such as the Notice of AGM to all shareholders by uploading such documents via the Bursa Securities' website: <https://www.bursamalaysia.com> and publishing on the Company's website: <https://greatech-group.com>. The Shareholders of the Company received the Annual Report with an accompanying notice of AGM either electronically or hard copy by post depending on their preference.

The notice of AGM was also published in the nationally circulated daily newspaper within the mandatory period.

The notice of AGM provides further explanation beyond the minimum contents stipulated in MMLR 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.

In view of the COVID-19 transmission risk, the 3rd AGM of the Company held in year 2021 was 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 via electronic means, submission of questions ahead of the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting by appointing the Chairman of the meeting as proxy at the AGM were set out in the notice of AGM.

The Board is satisfied with the current programme for the AGM. During 2021, there were no major contentious issues noted with shareholders/investors.

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)

13.2 Directors' 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 3rd AGM of the Company.

During the 3rd 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 2020.

All Directors including Chairman of the Board and the respective Chairman of the Board Committees, the CEO, COO and CFO attended the 3rd AGM 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.

The Chairman provided appropriate and sufficient time and encouraged the shareholders to raise questions, express opinions and give suggestions about the issues throughout the entire meeting.

13.3 Voting

In FY2021, in view of the COVID-19 pandemic conditions, the Company took the necessary precautions and preventive measures in complying with the directives issued by the Malaysian Ministry of Health. These include the option of remote shareholders' participation at the AGM.

The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions for the virtual 3rd AGM.

The 3rd AGM of the Company was conducted on a virtual basis via remote participation and voting facilities, namely Securities Services e-Portal ("SSeP"). All votes were held by poll and submitted through SSeP.

The Administrative Notes of 3rd AGM including online registration and remote participation and voting were provided to shareholders. In addition, a step-by-step guide together with a short audio clip on the online voting module was played prior to the commencement of poll voting.

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.

All resolutions at the 2021 AGM were passed, with approximately 75.5% of the total number of issued shares of the Company voted, indicating high levels of engagement.

13.4 Interaction with Shareholders in General Meetings

The AGM is a valuable opportunity for the Board to engage with shareholders directly, although in 2021, in line with Malaysian Government's COVID-19 guidance, the format of the meeting was such that shareholders could not be present physically.

The Chairman of 3rd AGM ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question-and-Answer session during the 3rd AGM. All shareholders are encouraged to participate in the AGM and pose questions in the period leading up to or after the AGM through the dedicated email address enquiry@greatech-group.com if circumstances prevent active attendance.

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)

13.4 Interaction with Shareholders in General Meetings (Cont'd)

The CEO and CFO present on overview of the Group's business, review the results and make comment on strategy and current business activity respectively.

The shareholders and proxy holders can rely on real time submission of typed text to exercise their rights to speak or communicate in a virtual meeting by submitting questions or remarks in relation to the agenda items into the text box given in the live stream player within the same SSeP page.

The Chairman of the Board, Group CEO and CFO had actively responded to relevant questions addressed to them during the 3rd AGM.

13.5 Virtual General Meeting

The Board ensured the required infrastructures and tools were in place to enable the smooth broadcast of the 3rd AGM and meaningful engagement with the shareholders. The questions posed by the shareholders were responded by the Directors and CFO and displayed to make visible to all meeting participants during the 3rd AGM.

The Board ensured the seamless experience for shareholders in participating at the 3rd AGM virtually by engaging SS E Solutions Sdn. Bhd. as the service provider of Remote Participation and Voting ("RPV") facilities, namely SSeP for the 3rd AGM.

13.6 Minutes of the General Meeting

The Company's AGM remains one of the most important platforms for communication and engagement between the Company and its shareholders, as it encompasses a two-way discussion on the Company's achievements and performance in the past year and its plans and strategies for the near and long-term future.

The recording of the proceedings in the form of minutes reflects the mutual understanding, agreements as well as resolutions reached between the shareholders and Directors of the Company.

The Minutes of 3rd AGM recording of the general meeting detailing proceedings and issues or concerns raised by shareholders, and the responses by the Company were available on the Company's website: <https://greatech-group.com> and Bursa Securities' website: <https://www.bursamalaysia.com> within 30 business days after the conclusion of the 3rd AGM, to provide useful information to shareholders and investors especially for the absentee shareholders to keep track with the AGM meeting that they are unable to attend.

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("Board") of Greatech Technology Berhad ("Company" or "Greatech") is pleased to present the Audit and Risk Management Committee ("ARMC") report which provides insights into the manner in which the ARMC discharged its functions for its subsidiaries ("Group") in the financial year ended 31 December 2021 ("FY2021").

INTRODUCTION

The ARMC was established by the Board of the Company to assist them in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries, 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.

The ARMC is guided by its Terms of Reference ("TOR") which sets out the authority, duties, and functions of the ARMC. The members of the ARMC will assess, review and update the TOR periodically or as and when there are changes to the regulatory requirements, direction or strategies of the Company that may affect the Committee's roles, and recommend the changes for approval by the Board.

The TOR of the ARMC can be found on the Company's website: <https://greatech-group.com>.

COMPOSITION

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	-	Member/INED

The above composition of ARMC in line with Paragraphs 15.09(1) and (2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Step Up Practice 9.4 of the latest Malaysian Code on Corporate Governance ("MCCG"), which stipulated that the Audit Committee should comprise solely of Independent Directors.

The Chairman of the ARMC, Puan Mariamah binti Daud is not the Chairman of the Board, which is in line with Practice 9.1 of the MCCG.

Ms Ooi Hooi Kiang is a member of the Malaysian Institute of Accountants ("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 25 February 2022 reviewed the performance of the ARMC's members for the FY2021 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 TOR and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

MEETINGS

The attendance of the ARMC at the ARMC meetings held during FY2021 is tabulated below:

Designation	Directors	Attendance
Chairman	Puan Mariamah binti Daud	5/5
Members	Ms Ooi Hooi Kiang	5/5
	Dato' Seri Wong Siew Hai	5/5

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 are invited to attend the ARMC meeting to 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 FY2021, 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 FY2021 which allow him/her to provide candid, confidential comments, valuable views and opinions, as a result of his/her work, to the ARMC.

ROLES AND RESPONSIBILITIES

ARMC had been entrusted by the Board to execute its governance and oversight responsibilities in internal control and risk management systems and ensuring integrity of the financial reporting by the Group. The ARMC also oversee the Group's internal audit function, oversee the relationship with the Group's External Auditors and to report to shareholders on its activities.

ARMC deliberates the Summary of Internal Audit Reports and the External Auditors' reports relating to financial, operational, governance, risk management and internal control matters during ARMC meeting. The status of preventive and corrective actions for issues discussed are updated to the ARMC to ensure that the actions are being monitored.

The system of internal control therefore provides only reasonable, not absolute, assurance against material misstatement or loss. The system of internal control does, however, provide reasonable assurance that potential issues can be identified promptly and appropriate remedial action taken.

SUMMARY OF ACTIVITIES

During the FY2021, the ARMC has carried out the following work in discharging its functions and duties, which are in line with its responsibilities as set out in its TOR:

(i) Financial Performance and Reporting

- reviewed all the four (4) quarterly unaudited consolidated financial results as well as the year-end financial statements of the Group. During the review, the CFO and Finance Manager were invited to present and respond to questions raised by the ARMC focused particularly on any changes in the accounting policies and its related disclosures, significant and unusual events arising from the audit; the going concern assumption; compliance with financial reporting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by Management. 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.
- discussed with Management, amongst others, the accounting principles and standards that were applied, critical judgement exercised with emphasis on accounting estimates and taxation issues, that may affect the financial results;
- reviewed and approved Management's assessment of the Group's prospects and longer-term visibility contained in the quarterly unaudited consolidated financial results and Annual Report; and

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES (CONT'D)

(i) Financial Performance and Reporting (Cont'd)

- confirmed with Management and the External Auditors that the Group's and the Company's audited financial statements have been prepared in compliance with applicable Financial Reporting Standards.

(ii) Oversight of External Auditors

- reviewed the external audit reports and assessed the auditor's findings including its assessment of the control environment and management's responses thereto in respect of the audit for the financial year ended 31 December 2020 ("FY2020").
- reviewed and approved the External Auditors' Audit Planning Memorandum for the FY2021 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 1 November 2021. 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 services to the Group.
- reviewed non-audit fees. 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.
- 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 on 18 February 2021 and 1 November 2021 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 FY2020 audit.
- obtained from the External Auditors written representation of their professional independence as auditors.
- evaluated the External Auditors' suitability, objectivity and independence, taking into consideration their technical competencies, audit quality, manpower resource sufficiency to perform the audit of the Group. The evaluation was performed with reference to the Annual Transparency Report issued by the audit firm. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.
- upon carrying out the evaluation of the performance and independence of the External Auditors, recommended to the Board to propose to shareholders the re-appointment of the External Auditors at the Annual General Meeting of the Company.

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

- reviewed and approved the IA plan for FY2021 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 planned audit activities across the Group.
- reviewed all IA reports issued by the Internal Auditors and took note of their observations, recommendations and Management's responses thereto.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES (CONT'D)

(iii) Oversight of Internal Audit ("IA") (Cont'd)

- during the ARMC meetings, discussed significant reported matters with Management together with the Internal Auditors to reaffirm a common understanding of the issues and Management's commitment to improve the current system of internal control to address the issues. The ARMC reported significant internal control matters 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 resources, 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 FY2021 without the presence of the Executive Directors and Management team, in order to provide Internal Auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

(iv) Related Party Transactions

- 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.

(v) Oversight of Compliance and Corporate Governance Matters

- reviewed and confirmed the minutes of the ARMC Meetings.
- reviewed and monitored compliance with the MCCG.
- reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group.
- 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 2020.
- on 11 August 2021, the ARMC reviewed and adopted the group-wide framework on corporate governance according to guidelines issued by Securities Commission Malaysia on 30 July 2020.

(vi) Risk Management and Internal Control

- reviewed the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- received updates on the ongoing associated impacts and challenges of COVID-19.
- reviewed and received updates twice a year from the Enterprise Risk Management Committee on the Enterprise Risk Management including principal and emerging risks finding as well as adoption of relevant mitigation corrective measures for the identified risks.

During FY2021, 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

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 FY2021, 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 FY2021 was RM42,922.50.

The ARMC and Board were satisfied with the performance of the Internal Auditors for the FY2021 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 ("Statement") of Greatech Technology Berhad ("Company" or "Greatech", and together with its subsidiaries, "Group") for the financial year ended 31 December 2021 ("FY2021") 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 2021 ("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 sustaining 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.

In 2021, the adequacy and effectiveness of internal controls were reviewed by the ARMC in relation to the internal audits conducted by the Internal Auditor during the year. All the audit issues and recommendations as well as actions taken by Management to address the issues tabled by the Internal Auditor were deliberated during the ARMC meetings. The minutes of such meetings were then presented to the Board. The ARMC has also reviewed and assessed the effectiveness of controls and action plans taken to monitor, mitigate and manage the overall risk exposure of the Group.

The system of risk management and internal controls covers financial, governance, risk management, strategy, organisational, operational, regulatory and compliance aspect of the Group. Given the inherent limitations in the risk management and internal control system, such a 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 a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities. The Board has continued to improve and embed controls throughout the Group and will continue to keep the systems under review to ensure that internal control and risk management framework remains fit for purpose.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of Practices 10.1 and 10.2 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.

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

The ARMC assists and advises 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.

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 defines 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's most pertinent risks and follow-up assessment of existing risks. Each risk has a designated risk owner who early identifies, monitors the risk's evolution while developing mitigation plans to limit the business impact. Risk Manager 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 determines how to avoid similar risks in the future.

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 manage 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 the Annual Report.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an external independent professional consulting firm namely Messrs. 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 were conducted in accordance with the approved internal audit plan which focuses on financial, operational, compliance and information technology risks. The reviews also address the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control, to recommend 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.

The internal audit function assists the Board, ARMC and ERMC 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 numerous interviews and discussions with the ERMC during the course of the reviews, review of the relevant established policies and procedures and authority limits, and observing and testing the internal controls on a sample basis.

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

INTERNAL AUDIT FUNCTION (CONT'D)

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 FY2021, two (2) internal audit reviews and two (2) follow up reviews had been carried out and reported by the Internal Auditors on the following subsidiary of the Group 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 2020)	February 2021	Greatech Integration (M) Sdn. Bhd.	Follow up on <ul style="list-style-type: none"> • Human Resources and Administration • Environmental, Health & Safety • Facilities Management • Inventory Management • Project Management • Procurement functions
2 nd Quarter (January - March 2021)	April 2021	Greatech Integration (M) Sdn. Bhd.	<ul style="list-style-type: none"> • Business Development
3 rd & 4 th Quarter (April - June 2021, July - September 2021)	November 2021	Greatech Integration (M) Sdn. Bhd.	<ul style="list-style-type: none"> • Finance & Accounts • Management Information System (Information Technology General Controls) <p>Follow up on</p> <ul style="list-style-type: none"> • Business Development • Environmental, Health & Safety • Facilities Management • Inventory Management • Project Management

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 aspects, 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 FY2021 amounted to RM42,922.50.

INTERNAL CONTROL FRAMEWORK

The Board recognises that a sound system of internal control reduces, but not eliminates, 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 based on the latest regulatory requirement and updates.

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 and Sub-Committees which include the ARMC, Nominating Committee, Remuneration Committee and Long-Term Incentive Plan 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) Annual declaration of Conflict of Interest and on the adherence to the Code of Conduct & Ethics by all the Directors and employees of the Group;
- g) Regular reporting of operational performance and financial results at timely intervals to enable proper review by the Executive Directors and/or the ARMC;
- h) 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 the latest and applicable laws and regulations, and also internal controls with respect to the conduct of business;
- i) 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;
- j) The Group establishes a Performance Management System with core competencies assessment and key performance indicators to review and assess employees' performance and competency;
- 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;
- m) Adoption of Anti-Bribery and Anti-Corruption Policy in line with the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018; and
- n) Adoption of group-wide framework on corporate governance according to guidelines issued by Securities Commission Malaysia on 30 July 2020.

The Group will continue to foster risk-awareness and internal control awareness in all decision making and manage 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

COVID-19 has been around with us for 2 years and it has changed how businesses conduct business across all industries and regions.

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

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

Since the emergence of COVID-19, the Group has proactively taken 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.

The Group 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 included communication guidance to employees on physical distancing, increased emphasis on hygiene, distribution of face masks 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 has transitioned to work remotely for several roles to also help limit exposure to COVID-19. Furthermore, the Group has also conducted the biweekly COVID-19 screening for all employees, in accordance with the government requirement for all industry players.

There was limited direct disruption to most of the Group facilities in terms of inability to operate. However, it is unavoidable that the Group was impacted slightly by the pandemic-inflicted global supply chain disruption and component shortages. The Group remains cautious and will continue to focus on capturing the opportunities from the global economic recovery.

The Management has also considered the impact of COVID-19 on the preparation of financial statements including the 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 sound and adequate to safeguard the Group's assets, the shareholders' investments, the interests of customers, regulators, employees and other stakeholders. 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 received assurance 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 risk management and internal control, 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 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 sound and 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 risk management and internal control 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 2021, 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	8,372	46.5%
Capital expenditure	Within 24 months	5,000	5,000	100.0
R&D expenditure	Within 24 months	5,000	5,000	100.0
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	63,420	

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

Statutory audit fees paid and payable to External Auditors by the Company and the Group for the financial year ended 31 December 2021 amounted to RM30,000 and RM98,000 respectively. Non-statutory audit fees paid and payable to External Auditors by the Company and the Group for the financial year ended 31 December 2021 amounted to RM 4,000.

Non-audit fee paid and payable to a firm or corporation affiliated to the External Auditors by the Company and the Group for the financial year ended 31 December 2021 amounted to RM2,000 and RM27,000 respectively.

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

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, Chief Executive who is not a Director and major shareholders, either still subsisting as at 31 December 2021 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 2021.

5. Long Term Incentive Plan (“LTIP”)

The LTIP of the Company comprising employees’ Share Option Plan (“SOP”) and Share Grant Plan (“SGP”) is governed by the By-Laws approved by the shareholders during the Company’s Extraordinary General Meeting held on 27 November 2020.

The effective date of implementation of the LTIP is 11 January 2021, which will be in force for a period of five (5) years from 11 January 2021.

ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

5. Long Term Incentive Plan ("LTIP") (Cont'd)

i) SOP

The information in relation to SOP as at 31 December 2021 is as follows:

	Total Number
Granted	1,088,400
Cancelled/Lapsed ^(a)	(535,000)
Exercised	(130,700)
Total options or shares outstanding as at 31 December 2021	422,700

Note:

- (a) The outstanding of 493,900 options has been cancelled due to no options were accepted by employees and 41,100 options have lapsed due to they were granted to employees who resigned subsequent to the grant date as at 31 December 2021.
- (b) The details of LTIP are set out in Note 27 to the financial statements of this Annual Report.
- (c) There was no options granted to the Directors and Chief Executive of the Company since the implementation of LTIP up to date.

ii) SGP

Subsequent to the financial year ended 31 December 2021, the Company has on 17 and 26 January 2022 granted 2,000,000 ordinary shares at RM5.07 and 2,000,000 ordinary shares at RM4.80 respectively to eligible employees with vesting period of 4 years.

There was no ordinary shares granted to Directors and Chief Executive since the implementation of LTIP up to date.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

Greotech Technology Berhad ("Company" or "Greotech", and together with its subsidiaries, "Group") is required under Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to ensure that its Board of Directors ("Board") make a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements.

The Group's consolidated annual audited financial statements for the financial year ended 31 December 2021 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("CA 2016") to give a true and fair view of the affairs of the Company and its Group. The Statement by the Directors pursuant to Section 251(2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2021.

In preparing the financial statements for the financial year ended 31 December 2021, the Board has taken the following measures:

- (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 has ensured 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 CA 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and applicable approved accounting standards in Malaysia.

The Board has also ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has taken the necessary 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 of Directors.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 December 2021

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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 2021.

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	141,750,841	484,216
Attributable to:		
Owners of the parent	141,750,841	484,216

DIVIDEND

No dividend has been paid, declared or proposed 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 other than those disclosed in Note 15 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 626,000,000 to 1,252,130,700 by way of issuance of 626,130,700 new ordinary shares pursuant to the following:

- (a) 626,000,000 new ordinary shares, credited as fully paid-up on the basis of one (1) bonus share for every one (1) existing ordinary shares held. The bonus shares were issued at nil consideration and without capitalisation of the reserves of the Company; and
- (b) 130,700 options exercised under the Share Option Plan ('SOP') at exercise price of RM5.475 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

There were no other issuance of shares during the financial year.

There were no issuance of debentures during the financial year.

DIRECTORS' REPORT (Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting held on 27 November 2020, the shareholders of the Company approved the establishment of Long Term Incentive Plan ('LTIP') of up to 10% of the issued share capital of the Company which consist of SOP and Share Grant Plan ('SGP'), to eligible Executive Directors and employees of the Group.

Salient features and other terms of the LTIP are disclosed in Note 27 to the financial statements.

DIRECTORS

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

Dato' Tan Eng Kee*
 Khor Lean Heng*
 Mariamah binti Daud
 Ooi Hooi Kiang
 Dato' Seri Wong Siew Hai

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

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 2021 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 1-1-2021	Bonus issue	Bought	Sold	
Shares in the Company					
Direct interests:					
Dato' Tan Eng Kee	119,000	119,000	2,998,300	0	3,236,300
Khor Lean Heng	485,000	485,000	827,000	(960,000)	837,000
Mariamah binti Daud	350,000	350,000	130,000	(170,000)	660,000
Ooi Hooi Kiang	1,221,600	1,105,600	189,400	(698,000)	1,818,600
Indirect interests:					
Dato' Tan Eng Kee*	424,833,750	424,833,750	0	(30,498,600)	819,168,900
Mariamah binti Daud#	0	0	35,000	0	35,000
Dato' Seri Wong Siew Hai#	511,500	512,000	357,200	(542,000)	838,700

* 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 Dato' 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' REPORT (Cont'd)

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 26 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' REMUNERATION

The fees and other benefits of the Directors who held office during the financial year ended 31 December 2021 are as follows:

	Group RM	Company RM
Fees	336,774	336,774
Salaries	837,096	0
Bonuses	752,656	0
Others	213,229	18,000
Benefits-in-kind	44,725	0
	<u>2,184,480</u>	<u>354,774</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 RM24,708.

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.

DIRECTORS' REPORT (Cont'd)

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

(I) AS AT THE END OF THE FINANCIAL YEAR (CONT'D)

- (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.
- (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 AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent events between the end of the reporting period and the date when the financial statements are authorised for issue 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.

DIRECTORS' REPORT (Cont'd)

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 2021 amounted to RM30,000 and RM68,000 respectively.

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

Dato' Tan Eng Kee

Director

8 April 2022

Khor Lean Heng

Director

STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 110 to 167 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 2021 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,

Dato' Tan Eng Kee

Director

8 April 2022

Khor Lean Heng

Director

STATUTORY DECLARATION

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 110 to 167 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 8 April 2022

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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 167.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the 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 22 to the financial statements amounted to RM381,047,384.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREATECH TECHNOLOGY BERHAD (Cont'd)

Key Audit Matters (Cont'd)

(b) Provision for warranties

We refer to Note 20 to the financial statements on the provision for warranties which amounted RM34,408,157.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREATECH TECHNOLOGY BERHAD (Cont'd)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREATECH TECHNOLOGY BERHAD (Cont'd)

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

Penang
8 April 2022

Lee Beng Tuan
03271/07/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	107,400,014	64,540,755	0	0
Right-of-use assets	6	71,885,155	29,826,696	0	0
Investments in subsidiaries	7	0	0	42,398,476	40,500,000
		179,285,169	94,367,451	42,398,476	40,500,000
Current assets					
Inventories	8	12,321,748	11,670,692	0	0
Trade and other receivables	9	93,363,358	41,459,463	25,373	10,261,681
Contract assets	10	1,520,741	20,589,808	0	0
Derivative assets	11	7,437	3,523	0	0
Current tax assets		1,675,511	1,120,483	20,596	11,050
Short term funds	12	214,080,459	212,960,050	79,268,210	67,807,931
Cash and bank balances	13	106,347,885	72,569,672	3,069,456	3,377,371
		429,317,139	360,373,691	82,383,635	81,458,033
TOTAL ASSETS		608,602,308	454,741,142	124,782,111	121,958,033
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	113,083,638	111,950,679	113,083,638	111,950,679
Reserves	15	317,954,695	174,794,859	11,665,603	9,700,288
TOTAL EQUITY		431,038,333	286,745,538	124,749,241	121,650,967

STATEMENTS OF FINANCIAL POSITION (Cont'd)

as at 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
LIABILITIES					
Non-current liabilities					
Borrowings	16	15,016,662	17,202,728	0	0
Lease liabilities	6	3,241,963	615,091	0	0
Deferred tax liabilities	17	8,626,159	6,001,590	0	0
Government grant	18	393,559	526,151	0	0
		27,278,343	24,345,560	0	0
Current liabilities					
Trade and other payables	19	45,178,729	40,165,824	32,870	307,066
Contract liabilities	10	69,054,831	58,349,358	0	0
Provision for warranties	20	34,408,157	42,447,055	0	0
Borrowings	16	1,100,004	1,415,934	0	0
Lease liabilities	6	411,319	1,139,281	0	0
Government grant	18	132,592	132,592	0	0
		150,285,632	143,650,044	32,870	307,066
TOTAL LIABILITIES		177,563,975	167,995,604	32,870	307,066
TOTAL EQUITY AND LIABILITIES		608,602,308	454,741,142	124,782,111	121,958,033

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	22	402,216,766	261,126,387	0	10,000,000
Cost of sales		(232,279,706)	(147,643,241)	0	0
Gross profit		169,937,060	113,483,146	0	10,000,000
Other income	23	18,523,971	10,522,102	1,500,783	1,829,451
Net gains/(losses) on impairment of financial assets		167,083	(678,632)	0	0
Administrative and marketing expenses		(42,717,256)	(32,312,407)	(995,513)	(2,586,062)
Finance cost	24	(668,799)	(938,074)	0	0
Profit before tax		145,242,059	90,076,135	505,270	9,243,389
Tax expense	25	(3,491,218)	(2,229,656)	(21,054)	(16,387)
Profit for the financial year		141,750,841	87,846,479	484,216	9,227,002
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		(72,104)	(4,406)	0	0

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

for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus on property, plant and equipment and right-of-use assets		0	3,313,469	0	0
Total other comprehensive (loss)/income for the financial year, net of tax		(72,104)	3,309,063	0	0
Total comprehensive income for the financial year		141,678,737	91,155,542	484,216	9,227,002
Profit attributable to owners of the parent		141,750,841	87,846,479	484,216	9,227,002
Total comprehensive income attributable to owners of the parent		141,678,737	91,155,542	484,216	9,227,002
Earnings per ordinary share attributable to owners of the parent:					
Basic and diluted (sen)	28	11.32	7.02		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

Group	Note	Share capital RM	Exchange translation reserve RM	Reorganisation debit reserve RM	Revaluation reserve RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2021		111,950,679	2,559	(39,500,000)	8,604,166	0	205,688,134	286,745,538
Profit for the financial year		0	0	0	0	0	141,750,841	141,750,841
Foreign currency translations		0	(72,104)	0	0	0	0	(72,104)
Other comprehensive income, net of tax		0	(72,104)	0	0	0	0	(72,104)
Total comprehensive income		0	(72,104)	0	0	0	141,750,841	141,678,737
Realisation of revaluation surplus	15(c)	0	0	0	(234,555)	0	234,555	0
Transactions with owners:								
Share options vested under SOP		0	0	0	0	1,898,476	0	1,898,476
Issuance of ordinary shares pursuant to SOP	14	1,132,959	0	0	0	(417,377)	0	715,582
Total transactions with owners		1,132,959	0	0	0	1,481,099	0	2,614,058
Balance as at 31 December 2021		113,083,638	(69,545)	(39,500,000)	8,369,611	1,481,099	347,673,530	431,038,333

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 31 December 2021

Group	Note	Share capital RM	Exchange translation reserve RM	Reorganisation debit reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity 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	15(c)	0	0	0	4,359,828	0	4,359,828
Deferred tax relating to revalued properties	15(c)	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	15(c)	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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

Company	Note	Share capital RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2021		111,950,679	0	9,700,288	121,650,967
Profit for the financial year		0	0	484,216	484,216
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	484,216	484,216
Transactions with owners:					
Share options vested under SOP		0	1,898,476	0	1,898,476
Issuance of ordinary shares pursuant to SOP	14	1,132,959	(417,377)	0	715,582
Total transactions with owners		1,132,959	1,481,099	0	2,614,058
Balance as at 31 December 2021		113,083,638	1,481,099	10,184,504	124,749,241
Balance as at 1 January 2020		111,950,679	0	473,286	112,423,965
Profit for the financial year		0	0	9,227,002	9,227,002
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	9,227,002	9,227,002
Balance as at 31 December 2020		111,950,679	0	9,700,288	121,650,967

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		145,242,059	90,076,135	505,270	9,243,389
Adjustments for:					
Amortisation of government grant	18	(132,592)	(132,592)	0	0
Depreciation of:					0
- property, plant and equipment	5	4,873,253	3,801,832	0	0
- right-of-use assets	6	2,213,734	1,929,949	0	0
Fair value adjustment on derivative assets	11(a)	(3,914)	5,205	0	0
Gain on lease modification	6(f)	(44,218)	(8,515)	0	0
Impairment losses on:					
- contract assets	10(g)	35,721	332,085	0	0
- trade receivables	9(f)	655,952	526,671	0	0
Interest expense	24	668,799	938,074	0	0
Interest income	23	(668,384)	(615,778)	(115,730)	(105,301)
Inventories written back	8(b)	(4,335)	(17,984)	0	0
Inventories written down	8(b)	17,289	11,897	0	0
Lease concessions	6(f)	(23,200)	(21,875)	0	0
Loss on disposal of property, plant and equipment		24,696	0	0	0
Property, plant and equipment written off		254,742	6,904	0	0
Provision for warranties	20(b)	12,559,209	17,186,580	0	0
Reversal of:					
- impairment losses on trade receivables	9(f)	(526,671)	(180,124)	0	0
- impairment losses on contract assets	10(g)	(332,085)	0	0	0
- revaluation deficit of property, plant and equipment		0	(936,812)	0	0
- unused provision for warranties	20(b)	(20,598,107)	(11,862,877)	0	0
Share options vested under SOP		1,898,476	0	0	0
Unrealised loss on foreign exchange		2,507,836	4,048,857	0	0
Operating profit before changes in working capital carried forward		148,618,260	105,087,632	389,540	9,138,088

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Operating profit before changes in working capital brought forward		148,618,260	105,087,632	389,540	9,138,088
Increase in inventories		(664,010)	(8,799,629)	0	0
(Increase)/Decrease in trade and other receivables		(52,614,340)	(11,823,869)	10,236,308	(10,120,280)
Decrease in contract assets		19,365,431	5,487,029	0	0
Increase/(Decrease) in trade and other payables		4,933,123	12,108,984	(274,196)	166,635
Increase in contract liabilities		10,705,473	2,159,905	0	0
Warranties paid	20(b)	0	(907)	0	0
Cash generated from/ (used in) operations		130,343,937	104,219,145	10,351,652	(815,557)
Interest paid		(584,348)	(840,859)	0	0
Interest received		668,384	615,778	115,730	105,301
Tax paid		(720,600)	(762,437)	(30,600)	(40,437)
Net cash from/(used in) operating activities		129,707,373	103,231,627	10,436,782	(750,693)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		373,000	0	0	0
Purchase of property, plant and equipment	5	(48,381,214)	(29,480,980)	0	0
Purchase of right-of-use assets	6(g)	(41,099,043)	0	0	0
Net changes in deposits pledged with licensed banks		0	2,823,549	0	0
Net changes in deposits with licensed banks (more than three months)		1,506,869	(1,506,869)	0	0
Net cash used in investing activities		(87,600,388)	(28,164,300)	0	0

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
- term loans		16,500,000	490,395	0	0
- issuance of ordinary shares pursuant to SOP		715,582	0	715,582	0
Repayments of:					
- lease liabilities		(1,291,603)	(1,450,063)	0	0
- term loans		(19,001,996)	(1,001,323)	0	0
Net cash (used in)/from financing activities		(3,078,017)	(1,960,991)	715,582	0
Net changes in cash and cash equivalents		39,028,968	73,106,336	11,152,364	(750,693)
Effects of exchange rate changes		(2,623,477)	(4,192,514)	0	0
Cash and cash equivalents at beginning of financial year		284,022,853	215,109,031	71,185,302	71,935,995
Cash and cash equivalents at end of financial year	13(b)	320,428,344	284,022,853	82,337,666	71,185,302

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 31 December 2021

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Term loans (Note 16) RM
Balance as at 1 January 2021	1,754,372	18,618,662
Cash flows	(1,291,603)	(2,501,996)
Non-cash flows		
- addition of lease liabilities	3,924,135	0
- effects of lease modification	(817,994)	0
- lease concessions	(23,200)	0
- translation adjustment	23,121	0
- unwinding of interest	84,451	0
Balance as at 31 December 2021	<u>3,653,282</u>	<u>16,116,666</u>
Balance as at 1 January 2020	3,516,529	19,129,590
Cash flows	(1,450,063)	(510,928)
Non-cash flows		
- effects of lease modification	(387,434)	0
- lease concessions	(21,875)	0
- unwinding of interest	97,215	0
Balance as at 31 December 2020	<u>1,754,372</u>	<u>18,618,662</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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, Lebuhr 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 2021 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 8 April 2022.

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 beyond 30 June 2021* (Amendment to MFRS 16 *Leases*) 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 2021

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:

	2021 RM	2020 RM
Revenue from external customers		
India	470,428	0
Ireland	331,580	510,135
Malaysia	51,025,727	159,227,085
People's Republic of China	238,475	1,955,614
Singapore	1,349,656	720,212
Thailand	0	57,657
United Kingdom	1,544	90,796
United States of America	289,848,452	50,528,928
Vietnam	58,950,904	48,035,960
	402,216,766	261,126,387

(b) Major customers

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

	2021 RM	2020 RM
Customer A	58,950,904	48,035,960
Customer B	*	42,054,731
Customer C	42,892,646	158,117,222
Customer D	226,213,985	*
	328,057,535	248,207,913

* less than 10%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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	Construction in progress RM	Total RM
31 December 2021									
At cost/At valuation									
Balance as at 1 January 2021	41,650,000	16,566,164	11,708,579	2,639,139	1,140,735	765,429	1,461,368	0	75,931,414
Additions	30,013,375	3,632,533	11,136,559	1,383,549	1,618,087	199,250	334,771	63,090	48,381,214
Disposal	0	0	(252,700)	(534,458)	(158,079)	0	0	0	(945,237)
Written off	0	(27,800)	(155,651)	0	(145,794)	0	(218,982)	0	(548,227)
Translation adjustment	0	0	3,254	0	0	0	737	0	3,991
Balance as at 31 December 2021	71,663,375	20,170,897	22,440,041	3,488,230	2,454,949	964,679	1,577,894	63,090	122,823,155
Accumulated depreciation									
Balance as at 1 January 2021	0	6,226,632	2,960,355	1,094,833	406,986	127,637	574,216	0	11,390,659
Current charge	778,448	1,639,095	1,509,024	608,199	99,824	93,332	145,331	0	4,873,253
Disposal	0	0	(92,796)	(394,535)	(60,210)	0	0	0	(547,541)
Written off	0	(9,498)	(154,652)	0	(53,902)	0	(75,433)	0	(293,485)
Translation adjustment	0	0	206	0	0	0	49	0	255
Balance as at 31 December 2021	778,448	7,856,229	4,222,137	1,308,497	392,698	220,969	644,163	0	15,423,141
Carrying amount									
Balance as at 31 December 2021	70,884,927	12,314,668	18,217,904	2,179,733	2,062,251	743,710	933,731	63,090	107,400,014

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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

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 2021

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

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 last valued 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	
	2021 RM	2020 RM
Buildings	<u>39,629,720</u>	<u>40,717,726</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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, building with a total carrying amount of RM19,933,333 (2020: RM15,800,000) of the Group has been charged to banks for credit facilities granted to the Group as disclosed in Note 16(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Group	Balance as at 1 January 2021 RM	Additions RM	Depreciation RM	Translation adjustment RM	Effects of lease modification RM	Balance as at 31 December 2021 RM
Carrying amount						
Leasehold land, at valuation	28,000,000	41,099,043	(949,522)	0	0	68,149,521
Motor vehicles	219,633	0	(67,579)	0	0	152,054
Forklifts	122,199	0	(31,010)	0	(91,189)	0
Hostels	17,401	0	(3,465)	0	(13,936)	0
Rented premises	1,467,463	3,924,135	(1,162,158)	22,791	(668,651)	3,583,580
Group	29,826,696	45,023,178	(2,213,734)	22,791	(773,776)	71,885,155
Group	Balance as at 1 January 2020 RM	Revaluation RM	Depreciation RM	Effects of lease modification RM	Balance as at 31 December 2020 RM	
Carrying amount						
Leasehold land, at valuation	25,545,973	3,004,690	(550,663)	0	28,000,000	
Motor vehicles	287,212	0	(67,579)	0	219,633	
Forklifts	204,812	0	(82,613)	0	122,199	
Hostels	26,804	0	(9,403)	0	17,401	
Rented premises	3,066,073	0	(1,219,691)	(378,919)	1,467,463	
Group	29,130,874	3,004,690	(1,929,949)	(378,919)	29,826,696	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities

Group	Balance as at 1 January 2021 RM	Addition RM	Lease payments RM	Lease concessions RM	Interest expense RM	Translation adjustment RM	Effects of lease modification RM	Balance as at 31 December 2021 RM
Carrying amount								
Motor vehicles	69,478	0	(53,964)	0	2,239	0	0	17,753
Forklifts	125,210	0	(32,400)	0	1,035	0	(93,845)	0
Hostels	18,131	0	(3,750)	0	240	0	(14,621)	0
Rented premises	1,541,553	3,924,135	(1,201,489)	(23,200)	80,937	23,121	(709,528)	3,635,529
	<u>1,754,372</u>	<u>3,924,135</u>	<u>(1,291,603)</u>	<u>(23,200)</u>	<u>84,451</u>	<u>23,121</u>	<u>(817,994)</u>	<u>3,653,282</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

	Group	
	2021 RM	2020 RM
Represented by:		
Current liabilities	411,319	1,139,281
Non-current liabilities	3,241,963	615,091
Total lease liabilities	3,653,282	1,754,372
Lease liabilities owing to a financial institution	17,753	69,478
Lease liabilities owing to non-financial institutions	3,635,529	1,684,894
	3,653,282	1,754,372

- (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	30.4 - 60 years
Motor vehicles	5 years
Forklifts	3 - 3.5 years
Hostels	3.5 - 4.17 years
Rented premises	3 - 9 years

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

- (b) The leasehold land of the Group was last valued 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:

	2021 RM	2020 RM
Leasehold land	18,063,504	18,561,701

- (c) 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 leasehold 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.
- (d) As at the end of the reporting period, leasehold land with a total carrying amount of RM10,795,031 (2020: RM9,400,000) of the Group has been pledged to banks as securities for credit facilities granted to the Group as disclosed in Note 16(c) to the financial statements.
- (e) 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.
- (f) The following are the amounts recognised in profit or loss:

	Group	
	2021 RM	2020 RM
Depreciation charge of right-of-use assets (included in cost of sales)	1,782,809	1,862,370
Depreciation charge of right-of-use assets (included in administrative and marketing expenses)	430,925	67,579
Expenses relating to short-term leases (included in cost of sales)	376,770	204,573
Expenses relating to low-value assets (included in cost of sales)	24,462	2,912
Expenses relating to low-value assets (included in administrative and marketing expenses)	10,690	14,305
Interest expense on lease liabilities (included in finance costs)	84,451	97,215
Gain on lease modification (included in other income)	(44,218)	(8,515)
Rent concessions (included in other income)	(23,200)	(21,875)
	2,642,689	2,218,564

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(g) The following are total cash outflows for leases as a lessee:

	Group	
	2021 RM	2020 RM
Included in net cash from operating activities:		
Payment relating to short-term leases and low value assets	411,922	221,790
Included in net cash from investing activities:		
Purchase of right-of-use assets	41,099,043	0
Included in net cash from financing activities:		
Payment of lease liabilities	1,291,603	1,450,063
Total cash outflows for leases	<u>42,802,568</u>	<u>1,671,853</u>

(h) 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.

(i) Information on financial risks of lease liabilities is disclosed in Note 30 to the financial statements.

(j) Rent concessions

During financial years ended 2021 and 2020, the Group received numerous forms of rent concession from lessors due to rent forgiveness.

As disclosed in Note 33.1 to the financial statements, the Group elected to apply the practical expedient introduced by Amendments to MFRS 16 (issued in May 2020) to all rent concessions that satisfy the criteria. Many of the rent concessions entered into during 2020 satisfied the criteria to apply the practical expedient.

Application of the practical expedient in 2020 resulted in reduction of total lease liabilities of RM21,875. During the financial year ended 31 December 2021, the Group obtained additional rent concessions that satisfy the criteria of the extended practical expedient, resulting in a reduction of total lease liabilities of RM23,200.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
At cost		
Unquoted equity shares	40,500,000	40,500,000
Equity contributions in subsidiaries in respect of SOP	1,898,476	0
	<u>42,398,476</u>	<u>40,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (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
		2021	2020	
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. # Currently, it has not commenced operations.
Greatech Integration (USA) Inc. ^	United States of America	100%	100%	Design, development and production of system, machinery and equipment and related components and engineering services.
GT Integration (Philippines) Inc. *	Philippines	100%	N/A	To act as a design support center for holding company, an automation solution provide for all kinds of automated products ranging from single automated machines to production line systems; to hire qualified professionals to provide such designs, drawings and plans; to procure parts and components for machines and equipment; to commission and install machine and equipments for its holding company. Currently, it 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) On 29 November 2021, a subsidiary of the Company, Greatech Integration (M) Sdn. Bhd. ('GIM'), incorporated a wholly-owned subsidiary, GT Integration (Philippines) Inc. in Philippines with an issued and paid-up share capital of PHP11,000,000 (equivalent to RM917,011).
- (d) In the previous financial year, 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).

8. INVENTORIES

	Group	
	2021 RM	2020 RM
At cost		
Raw materials	12,321,748	11,664,178
At net realisable value		
Raw materials	0	6,514
	12,321,748	11,670,692

- (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	
	2021 RM	2020 RM
Cost of inventories	140,728,050	102,184,349
Inventories written down	17,289	11,897
Inventories written back	(4,335)	(17,984)
	140,728,050	102,184,349

During the financial year, the Group wrote back RM4,335 (2020: 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 2021

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
Third parties	44,611,691	33,181,121	0	0
Less: Impairment losses	(655,952)	(526,671)	0	0
Total trade receivables	43,955,739	32,654,450	0	0
Other receivables				
Other receivables	115,472	95,232	0	77,733
Deposits	1,784,703	1,231,377	1,000	1,000
Dividend receivable from a subsidiary	0	0	0	10,000,000
Total other receivables	1,900,175	1,326,609	1,000	10,078,733
Total receivables	45,855,914	33,981,059	1,000	10,078,733
Prepayments	47,507,444	7,478,404	24,373	182,948
Total trade and other receivables	93,363,358	41,459,463	25,373	10,261,681

- (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 (2020: 30 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	53,954,327	27,772,878	25,373	10,261,681
US Dollar	39,409,031	13,686,585	0	0
	93,363,358	41,459,463	25,373	10,261,681

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (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 - the days past due.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (Export Unit Value Indices) 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 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.

- (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 2021			
Current	41,706,549	(454,121)	41,252,428
1 to 30 days past due	1,809,665	(84,330)	1,725,335
31 to 60 days past due	1,095,477	(117,501)	977,976
Total	44,611,691	(655,952)	43,955,739
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	33,181,121	(526,671)	32,654,450

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	
	2021 RM	2020 RM
Balance as at 1 January	526,671	180,124
Reversal of impairment losses	(526,671)	(180,124)
Charge for the financial year	655,952	526,671
Balance as at 31 December	655,952	526,671

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (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) Included in prepayments is an amount of RM9,433,279 (2020: RM nil), which relates to the prepayment made on acquisition of leasehold land of the Group. As of the date of this report, the leasehold land is pending fulfilment of the salient terms of the Sale and Purchase Agreement.
- (i) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

10. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group	
	2021 RM	2020 RM
Contract assets		
Construction contracts	1,556,462	20,921,893
Less: Impairment losses	(35,721)	(332,085)
	1,520,741	20,589,808
Contract liabilities		
Construction contracts	(64,686,239)	(56,812,976)
Deferred revenue	(4,368,592)	(1,536,382)
	(69,054,831)	(58,349,358)
	(67,534,090)	(37,759,550)

- (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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

10. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

(b) Contract assets/(contract liabilities) from construction contracts are as follows:

	Group	
	2021 RM	2020 RM
Aggregate costs incurred to date	41,451,328	71,917,118
Add: Attributable profits	10,058,337	83,666,007
Less: Impairment losses	(35,721)	(332,085)
	51,473,944	155,251,040
Less: Progress billings	(114,639,442)	(191,474,208)
	(63,165,498)	(36,223,168)
Represented by:		
Contract assets	1,520,741	20,589,808
Contract liabilities	(64,686,239)	(56,812,976)
	(63,165,498)	(36,223,168)

(c) The amount of RM56,812,976 (2020: RM54,870,940) recognised in contract liabilities at the beginning of the respective financial years have been recognised as revenue for the financial years ended 31 December 2021 and 31 December 2020.

(d) Contract assets have decreased as the Group has provided more services ahead than the agreed billing schedules in previous financial year.

Contract liabilities for construction contracts have increased is due to the negotiation of larger prepayments from customers.

(e) 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		
	2021 RM	2022 RM	Total RM
31 December 2021	0	210,757,436	210,757,436
31 December 2020	285,895,195	44,153,063	330,048,258

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

10. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

- (f) 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.

The lifetime ECL allowance for contract assets are as follows:

Group	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
31 December 2021			
Current	1,556,462	(35,721)	1,520,741
31 December 2020			
Current	20,921,893	(332,085)	20,589,808

- (g) Movements in the impairment losses on contract assets are as follows:

	Group	
	2021 RM	2020 RM
Balance as at 1 January	332,085	0
Reversal of impairment losses	(332,085)	0
Charge for the financial year	35,721	332,085
Balance as at 31 December	35,721	332,085

11. DERIVATIVE ASSETS

	Group			
	2021		2020	
	Contracts amount RM	Asset RM	Contracts amount RM	Asset RM
Financial asset at fair value through profit or loss				
Forward foreign exchange contracts	1,266,600	7,437	99,960	3,523

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

11. DERIVATIVE ASSETS (CONT'D)

- (a) The fair value adjustments on derivative instruments are as follows:

	Group	
	2021 RM	2020 RM
Gain/(Loss) on derivative assets	<u>3,914</u>	<u>(5,205)</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	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial asset at fair value through profit or loss				

Short term funds in Malaysia (Note 13(b))	<u>214,080,459</u>	212,960,050	<u>79,268,210</u>	<u>67,807,931</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	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	<u>178,552,656</u>	194,906,761	<u>79,268,210</u>	67,807,931
US Dollar	<u>35,527,803</u>	18,053,289	<u>0</u>	0
	<u>214,080,459</u>	<u>212,960,050</u>	<u>79,268,210</u>	<u>67,807,931</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 2021

13. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	89,774,776	71,062,803	3,069,456	3,377,371
Deposits with licensed banks	16,573,109	1,506,869	0	0
	106,347,885	72,569,672	3,069,456	3,377,371

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	34,949,533	28,926,545	3,069,456	3,377,371
US Dollar	60,997,375	43,033,292	0	0
Japanese Yen	4,174,569	1,883	0	0
Euro	4,990,597	91,618	0	0
Chinese Renminbi	80,489	115,917	0	0
Philippine Peso	902,620	0	0	0
Singapore Dollar	252,702	400,417	0	0
	106,347,885	72,569,672	3,069,456	3,377,371

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	89,774,776	71,062,803	3,069,456	3,377,371
Deposits with licensed banks	16,573,109	1,506,869	0	0
Short term funds (Note 12)	214,080,459	212,960,050	79,268,210	67,807,931
	320,428,344	285,529,722	82,337,666	71,185,302
Less: Deposits with a licensed bank (more than three months)	0	(1,506,869)	0	0
	320,428,344	284,022,853	82,337,666	71,185,302

(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) 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 2021

14. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid-up ordinary shares with no par value:				
Balance as at 1 January	626,000,000	111,950,679	626,000,000	111,950,679
Issuance of ordinary shares pursuant to:				
- Bonus issue	626,000,000	0	0	0
- SOP exercised	130,700	1,132,959	0	0
Balance as at 31 December	<u>1,252,130,700</u>	<u>113,083,638</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) During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 626,000,000 to 1,252,130,700 by way of issuance of 626,130,700 new ordinary shares pursuant to the following:
- 626,000,000 new ordinary shares, credited as fully paid-up on the basis of one (1) bonus share for every one (1) existing ordinary shares held. The bonus shares were issued at nil consideration and without capitalisation of the reserves of the Company; and
 - 130,700 options exercised under the SOP at exercise price of RM5.475 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

15. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable:				
Exchange translation reserve	(69,545)	2,559	0	0
Reorganisation debit reserve	(39,500,000)	(39,500,000)	0	0
Revaluation reserve	8,369,611	8,604,166	0	0
Share options reserve	1,481,099	0	1,481,099	0
	<u>(29,718,835)</u>	<u>(30,893,275)</u>	<u>1,481,099</u>	<u>0</u>
Distributable:				
Retained earnings	<u>347,673,530</u>	<u>205,688,134</u>	<u>10,184,504</u>	<u>9,700,288</u>
	<u>317,954,695</u>	<u>174,794,859</u>	<u>11,665,603</u>	<u>9,700,288</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

15. RESERVES (CONT'D)

(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.

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	
	2021 RM	2020 RM
Balance as at 1 January	8,604,166	5,464,162
Gross revaluation increase of properties	0	4,359,828
Transfer to deferred tax liabilities (Note 17)	0	(1,046,359)
Realisation of revaluation surplus	(234,555)	(173,465)
Balance as at 31 December	<u>8,369,611</u>	<u>8,604,166</u>

(d) Share options reserve

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve comprises the cumulative value of services received from employees for the issue of share options. Whenever options are exercised, an amount from the share options reserve is transferred to share capital. Whenever the share options expire, an amount from the share options reserve is transferred to retained earnings.

16. BORROWINGS

	Group	
	2021 RM	2020 RM
<i>Term loans</i>		
Non-current	15,016,662	17,202,728
Current	1,100,004	1,415,934
	<u>16,116,666</u>	<u>18,618,662</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

16. BORROWINGS (CONT'D)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings are denominated in RM.
- (c) The term loan is secured by the following:
- (i) a legal charge over a leasehold land and building as disclosed in Note 6(d) and Note 5(d) to the financial statement respectively; and
 - (ii) corporate guarantee by the 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.

17. DEFERRED TAX LIABILITIES

- (a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2021 RM	2020 RM
Balance as at 1 January	6,001,590	3,138,525
Recognised in:		
- profit or loss (Note 25)	2,624,569	1,816,706
- other comprehensive income (Note 15(c))	0	1,046,359
Balance as at 31 December	<u>8,626,159</u>	<u>6,001,590</u>
Presented after appropriate offsetting:		
Deferred tax assets	(124,300)	(106,400)
Deferred tax liabilities	<u>8,750,459</u>	<u>6,107,990</u>
	<u>8,626,159</u>	<u>6,001,590</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

17. 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 2021	54,200	52,200	106,400
Recognised in profit or loss	57,700	(39,800)	17,900
Balance as at 31 December 2021	<u>111,900</u>	<u>12,400</u>	<u>124,300</u>

Deferred tax liabilities

	Property, plant and equipment RM	Revaluation surplus of revalued properties RM	Total RM
Balance as at 1 January 2021	3,390,100	2,717,890	6,107,990
Recognised in profit or loss	2,725,900	(83,431)	2,642,469
Balance as at 31 December 2021	<u>6,116,000</u>	<u>2,634,459</u>	<u>8,750,459</u>

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>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

17. 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	
	2021 RM	2020 RM
Unabsorbed capital allowance	348,800	70,800

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.

18. GOVERNMENT GRANT

	Group	
	2021 RM	2020 RM
Balance as at 1 January	658,743	791,335
Amortisation during the financial year	(132,592)	(132,592)
Balance as at 31 December	526,151	658,743
Represented by:		
Current liabilities	132,592	132,592
Non-current liabilities	393,559	526,151
	526,151	658,743

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	15,695,971	17,033,576	0	0
Other payables				
Other payables	13,639,971	6,390,128	0	215,198
Accruals	15,842,787	16,742,120	32,870	29,957
Amount due to a subsidiary	0	0	0	61,911
Total other payables	29,482,758	23,132,248	32,870	307,066
Total trade and other payables	45,178,729	40,165,824	32,870	307,066

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

19. TRADE AND OTHER PAYABLES (CONT'D)

- (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 (2020: 30 to 90 days).
- (c) In the previous financial year, the amount due to a subsidiary was unsecured, non-interest bearing and payable within one (1) year in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	40,537,193	36,929,663	32,870	307,066
US Dollar	4,426,490	2,989,904	0	0
Singapore Dollar	157,983	188,133	0	0
Euro	32,218	41,634	0	0
Chinese Renminbi	24,845	13,281	0	0
Pound Sterling	0	3,209	0	0
	45,178,729	40,165,824	32,870	307,066

- (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.

20. PROVISION FOR WARRANTIES

- (a) The Group provides warranty on certain automated production system and equipment for a period of up to three (3) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

20. PROVISION FOR WARRANTIES (CONT'D)

- (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	
	2021 RM	2020 RM
Balance as at 1 January	42,447,055	37,124,259
Provision made during the financial year	12,559,209	17,186,580
Provision reversed during the financial year	(20,598,107)	(11,862,877)
Amount used during the financial year	0	(907)
Balance as at 31 December	<u>34,408,157</u>	<u>42,447,055</u>

21. CAPITAL COMMITMENT

	Group	
	2021 RM	2020 RM
Capital expenditure in respect of purchase of property, plant and equipment and right-of-use assets		
- contracted but not provided for	<u>74,505,561</u>	<u>6,097,820</u>

22. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers:				
Construction contracts revenue	381,047,384	243,088,409	0	0
Sale of goods	1,894,699	1,645,012	0	0
Provision of parts and services	19,274,683	16,392,966	0	0
	<u>402,216,766</u>	<u>261,126,387</u>	<u>0</u>	<u>0</u>
Other revenue:				
Dividend income from a subsidiary	0	0	0	10,000,000
	<u>402,216,766</u>	<u>261,126,387</u>	<u>0</u>	<u>10,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

22. REVENUE (CONT'D)

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 31 December 2021	Timing of revenue recognition		Total RM
	Transferred over time RM	Transferred at a point in time RM	
India	0	470,428	470,428
Ireland	0	331,580	331,580
Malaysia	46,115,414	4,910,313	51,025,727
People's Republic of China	229,922	8,553	238,475
Singapore	0	1,349,656	1,349,656
United Kingdom	0	1,544	1,544
United States of America	279,721,638	10,126,814	289,848,452
Vietnam	54,980,410	3,970,494	58,950,904
	381,047,384	21,169,382	402,216,766

Group 31 December 2020	Timing of revenue recognition		Total RM
	Transferred over time RM	Transferred at a point in time 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

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

22. REVENUE (CONT'D)

(a) Revenue from construction contracts (Cont'd)

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 judgemental 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

23. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income	668,384	615,778	115,730	105,301
Dividend income	2,923,581	4,311,261	1,019,486	1,724,150
Fair value gain on short term funds	666,254	0	365,567	0
Fair value gain on derivative financial instruments	3,914	0	0	0
Realised gain on foreign exchange	13,130,836	4,892,794	0	0
Lease concessions	23,200	21,875	0	0
Gain on lease modification	44,218	8,515	0	0
Amortisation of government grant	132,592	132,592	0	0
Others	930,992	539,287	0	0
	18,523,971	10,522,102	1,500,783	1,829,451

Interest income

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

24. FINANCE COST

	Group	
	2021 RM	2020 RM
Interest expenses on:		
- term loans	584,348	839,724
- lease liabilities	84,451	97,215
- others	0	1,135
	668,799	938,074

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

25. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense based on profit for the financial year	146,200	127,218	14,000	17,000
Under/(Over) provision of income tax expense in prior years	19,372	8,224	7,054	(613)
	165,572	135,442	21,054	16,387
Deferred tax (Note 17):				
- crystallisation of deferred tax liability on revaluation surplus	(83,431)	(53,994)	0	0
- relating to origination and reversal of temporary differences	4,198,190	1,870,700	0	0
- overprovision of deferred tax in prior year	(1,490,190)	0	0	0
	2,624,569	1,816,706	0	0
Withholding tax expense	701,077	277,508	0	0
Total tax expense	3,491,218	2,229,656	21,054	16,387

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.
- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	145,242,059	90,076,135	505,270	9,243,389
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	34,858,094	21,618,272	121,265	2,218,413
Tax effects in respect of:				
Non-allowable expenses	4,749,409	4,333,542	137,412	612,383
Non-taxable income	(1,348,913)	(1,641,696)	(244,677)	(2,813,796)
Tax exempt income under pioneer status	(33,980,900)	(22,384,700)	0	0
Annual crystallisation of deferred tax on revaluation surplus	(83,431)	(53,994)	0	0
Deferred tax asset not recognised during the year	66,700	72,500	0	0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

25. 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 (Cont'd):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Withholding tax expense	701,077	277,508	0	0
Under/(Over) provision of income tax expense in prior years	19,372	8,224	7,054	(613)
Overprovision of deferred tax in prior year	(1,490,190)	0	0	0
Tax expense for the financial year	<u>3,491,218</u>	<u>2,229,656</u>	<u>21,054</u>	<u>16,387</u>

- (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.
- (d) Tax on components of other comprehensive income of the Group are as follows:

	Before tax RM	Tax effect RM	After tax RM
2021			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>(72,104)</u>	<u>0</u>	<u>(72,104)</u>
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>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

26. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages, salaries, overtime and bonuses	49,850,568	38,497,540	0	0
Directors' fees	336,774	310,000	336,774	310,000
Contributions to defined contribution plan	5,859,882	4,580,001	0	0
Social security contributions	1,217,608	354,605	0	0
Other benefits	192,584	134,820	18,000	24,000
Share options vested under SOP	1,898,476	0	0	0
	59,355,892	43,876,966	354,774	334,000

- (a) Included in the employee benefits of the Group are Directors' remuneration amounting to RM2,139,755 (2020: RM1,694,531).
- (b) Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Group is RM44,725 (2020: RM41,350).

27. SHARE OPTION PLAN ('SOP')

The establishment of LTIP which consist of Share Option Plan ('SOP') and Share Grant Plan ('SGP') was approved by the shareholders of the Company at an Extraordinary General Meeting held on 27 November 2020. The LTIP was came into effect on 11 January 2021 and will continue to be in force for a period of five (5) years.

The salient features of the LTIP are as follows:

- (a) The maximum number of shares which may be made available under the LTIP shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the LTIP.
- (b) The maximum number of shares to be awarded to an eligible person under the LTIP at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee, and subject to the following conditions:
- not more than ten percent (10%) of the total number of issued shares of the Company made available under the Proposed LTIP shall be allocated to any eligible person who, either singly or collectively through persons connected with the eligible person, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any); and
 - up to fifty percent (50%) of the total number of shares which may be made available under LTIP could be allocated, in aggregate, to the Executive Directors and senior management of the Company who are eligible persons.
- (c) Any employee of the Group who fulfill the following conditions shall be eligible to participate in the LTIP as at the date of award, the employee:
- is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - is employed by the Group on a full-time basis or serving in a specific designation under an employment contract with the Group for a fixed duration and is on the payroll of any company within the Group and has not served a notice of resignation or received notice of termination;

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

27. SHARE OPTION PLAN ('SOP') (CONT'D)

The salient features of the LTIP are as follows (Cont'd):

- (c) Any employee of the Group who fulfill the following conditions shall be eligible to participate in the LTIP as at the date of award, the employee (Cont'd):
- (iii) must have been in employment of the Group for a period of at least six (6) months prior to the LTIP award date; and
 - (iv) is confirmed in writing as a full time employee of the Group prior to and up to the LTIP award date.
- (d) The Executive Director of the Group shall be eligible to participate in the LTIP as at the date of award, the Executive Director:
- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
 - (ii) is appointed as an Executive Director of the Company or any company within the Group prior to and up to the LTIP award date.
- (e) The shares to be issued upon vest of SGP and/or exercise of the SOP will not be subjected to any retention period or restriction on transfer.
- (f) The shares to be allotted and issued upon vest of SGP and/or exercise of the SOP will, upon such allotment and issuance, rank equally, in all respects with the existing shares in the Company, save and except that the new shares allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions.

The details of the share options of the Company are as follows:

Date of offer	Number of options over ordinary shares					Outstanding as at 31.12.2021	Exercisable as at 31.12.2021
	Balance as at 1.1.2021	Granted	Exercised	Forfeited*			
10 March 2021	0	594,500	(130,700)	(41,100)	422,700	422,700	
Exercise price (RM)						5.475	

* Due to resignation.

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

Fair value of share options at the following grant dates (RM)	3.193
Weighted average share price (RM)	5.539
Weighted average exercise price (RM)	5.475
Expected volatility (%)	67.98
Expected life (years)	5
Risk free rate (%)	2.63
Expected dividend yield (%)	0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

28. EARNINGS PER ORDINARY SHARE

(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	
	2021 RM	2020 RM
Profit for the financial year attributable to owners of the parent (RM)	141,750,841	87,846,479
Weighted average number of ordinary shares in issue	1,252,000,000	1,252,000,000
SOP exercised	30,607	0
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share (unit)	1,252,030,607	1,252,000,000
Basic earnings per ordinary share (sen)	11.32	7.02

(b) Diluted

Diluted 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 adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2021 RM	2020 RM
Profit for the financial year attributable to owners of the parent (RM)	141,750,841	87,846,479
Weighted average number of ordinary shares in issue	1,252,030,607	1,252,000,000
Effect of dilution due to SOP	65,778	0
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit)	1,252,096,385	1,252,000,000
Diluted earnings per ordinary share (sen)	11.32	7.02

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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.

(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:

	Company	
	2021 RM	2020 RM

Subsidiary:

- dividend receivable	0	10,000,000
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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 19 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' fees	336,774	310,000	336,774	310,000
Short term employee benefits	4,058,710	2,737,939	18,000	24,000
Contributions to defined contribution plan	450,786	313,647	0	0
	4,846,270	3,361,586	354,774	334,000

Estimated monetary value of benefits-in-kind provided to the Executive Directors and key management personnel of the Group is RM79,992 (2020: RM66,950).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to the owners of the parent. Net debt is calculated as borrowings, lease liabilities and provision for warranties, less short term funds and cash and bank balances.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Borrowings	16,116,666	18,618,662	0	0
Lease liabilities	3,653,282	1,754,372	0	0
Provision for warranties	34,408,157	42,447,055	0	0
Less:				
Short term funds	(214,080,459)	(212,960,050)	(79,268,210)	(67,807,931)
Cash and bank balances	(106,347,885)	(72,569,672)	(3,069,456)	(3,377,371)
Net cash	(266,250,239)	(222,709,633)	(82,337,666)	(71,185,302)
Total equity attributable to owners of the parent	431,038,333	286,745,538	124,749,241	121,650,967
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 2021.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

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 ranged between 30 days to 90 days. 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:

By Country	Group			
	2021		2020	
	RM	% of total	RM	% of total
Ireland	0	0%	10,600	0%
Malaysia	4,341,061	10%	18,979,492	58%
Singapore	619,735	1%	0	0%
United States of America	20,949,500	48%	1,955,434	6%
Vietnam	18,045,443	41%	11,708,924	36%
	43,955,739	100%	32,654,450	100%

At the end of the reporting period, approximately eighty-two (82%) (2020: ninety-four (94%)) of the trade receivables of the Group were due from three (3) (2020: two (2)) major customers who are multi-industry conglomerates located in United States of America and Vietnam (2020: Malaysia and Vietnam).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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	
	2021 RM	2020 RM
Profit after tax		
USD/RM		
- Increase by 5%	4,997,293	2,727,764
- Decrease by 5%	(4,997,293)	(2,727,764)

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 2021

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 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 2021				
Group				
Lease liabilities	471,987	1,918,744	1,534,164	3,924,895
Trade and other payables	45,178,729	0	0	45,178,729
Borrowings	1,535,575	5,835,431	12,058,531	19,429,537
Total undiscounted liabilities	<u>47,186,291</u>	<u>7,754,175</u>	<u>13,592,695</u>	<u>68,533,161</u>
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 2021				
Company				
Trade and other payables	32,870	0	0	32,870
Total undiscounted liabilities	<u>32,870</u>	<u>0</u>	<u>0</u>	<u>32,870</u>
31 December 2020				
Company				
Trade and other payables	307,066	0	0	307,066
Total undiscounted liabilities	<u>307,066</u>	<u>0</u>	<u>0</u>	<u>307,066</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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 the Company borrow 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit after tax				
- Increase by 0.5%	815,240	744,223	301,219	257,670
- Decrease by 0.5%	(815,240)	(744,223)	(301,219)	(257,670)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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* %	31 December 2021					Total RM
			Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	
Fixed rates								
Deposits with licensed banks	13	2.25	16,573,109	0	0	0	0	16,573,109
Lease liabilities	6	1.75 - 2.63*	(411,319)	(414,295)	(436,050)	(446,187)	(454,059)	(3,653,282)
Floating rates								
Short term funds	12	1.18 - 2.87	214,080,459	0	0	0	0	214,080,459
Term loans	16	2.79	(1,100,004)	(1,100,004)	(1,100,004)	(1,100,004)	(1,100,004)	(16,116,666)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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):

Group	Note	Interest rates/ Incremental borrowing rates*	Within 1 year RM	Interest rates/ Incremental borrowing rates*					Total RM
				1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years 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	16	4.00	(1,415,934)	(1,472,571)	(1,531,474)	(1,592,733)	(1,656,442)	(10,949,508)	(18,618,662)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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 RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
31 December 2021									
Floating rates									
Short term funds	12	2.52	79,268,210	0	0	0	0	0	79,268,210
31 December 2020									
Floating rates									
Short term funds	12	2.90	67,807,931	0	0	0	0	0	67,807,931

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

31. CONTINGENT LIABILITIES

The Group designates corporate guarantee given to bank for credit facility granted to a subsidiary as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Company has given corporate guarantees to financial institutions for credit facilities granted to a subsidiary for a limit of up to RM31,000,000 (2020: RMNil) of which RM16,116,666 (2020: RMNil) was utilised at the end of reporting period.

The Directors are of the view that the chances of the financial institution to call upon the corporate guarantee is remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 31 December 2021 to be insignificant.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) The World Health Organisation declared the novel coronavirus ('COVID-19') a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has entered into the various phases of the MCO, followed by the announcement of the National Recovery Plan ('NRP') in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. Subsequently, in March 2022, the Government of Malaysia announced that Malaysia will enter the "Transition to Endemic" phase of COVID-19 and reopen its borders from 1 April 2022.

Consequently, effective from 1 April 2022, the restrictions on business operating hours and the capacity limit imposed on the number of employees allowed in the workplace based on the employees' vaccination status are removed.

The implementation of the MCO/NRP and the COVID-19 pandemic have not resulted in any material impact to the Group's business and operations. The Group was able to operate during the MCO/NRP period upon obtaining approval from Ministry of International Trade and Industry ('MITI'). It had also not negatively impacted the liquidity position of the Group. In addition, the Group had not observed any material impairments of the assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group do not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

- (b) On 17 January 2022 and 26 January 2022, the Company has offered 2,000,000 ordinary shares under Share Grant Plan at RM5.07 and 2,000,000 ordinary shares at RM4.80 respectively to eligible employees to subscribe for new ordinary shares.
- (c) On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices, supply chain disruption, significant decrease in value of Ruble and a temporary halt of trading on the Moscow Exchange.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments. However, the Group and the Company did not encounter significant supply chain disruption as the Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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 Amendments to the Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021 (early adopt)

Adoption of the above Amendments to the 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 beyond 30 June 2021

Effective 1 June 2020, MFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (i) The change in lease payments results 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 Amendments to MFRS 16 during the financial year ended 31 December 2021 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(j) to the financial statements.

The Group elected to utilise the practical expedient for all rent concessions that meet the criteria during the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2021

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 2022

The following are Standards and Amendments to the Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company:

Title	Effective Date
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
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</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 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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 2021

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 2021 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	3 years	69,599/ 74,701	24,372
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	28 years	33,044/ 20,064	6,141
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	28 years	30,053/ 24,283	6,867
Greatech Integration (M) Sdn Bhd	PMT 778, Persiaran Cassia Selatan 2, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia ("Batu Kawan I")	Industrial land with a double storey detached office block, an annexed single storey detached factory and a guard house /Used as office, manufacturing plant and storage	Leasehold (60 years expiring on 17 August 2074)	20 June 2019/ 31 December 2020	1 year	183,244/ 126,694	30,728

LIST OF PROPERTIES (Cont'd)

AS AT 31 DECEMBER 2021

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 2021 RM'000
Greatech Integration (M) Sdn Bhd	PMT 800, Persiaran Cassia Selatan 6, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Seberang Perai Selatan, Pulau Pinang ("Batu Kawan II")	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 - Expiry of tenure will only be known upon the issuance of the land title)	13 January 2021/N/A	2 months (CPC ¹ on 9 November 2021)	257,052/ 209,721	43,194
Greatech Integration (M) Sdn Bhd	No. H.S.(D) 40377, PT 4083, Mukim 13, Seberang Perai Selatan, Pulau Pinang (known as Plot 1(c) at Batu Kawan Industrial Park) ("Batu Kawan IV")	Vacant land	Leasehold (60 years expiring on 20 October 2069)	3 November 2021/N/A	N/A	504,224/ N/A	27,732

¹ Certificate of Practical Completion

ANALYSIS OF SHAREHOLDINGS

AS AT 4 MARCH 2022

Issued Share Capital : 1,252,135,150 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	%
38	Less than 100 shares	804	0.00*
6,253	100 – 1,000 shares	3,951,197	0.31
6,412	1,001 – 10,000 shares	23,234,363	1.86
1,273	10,001 – 100,000 shares	36,822,336	2.94
329	100,001 to less than 5% of issued shares	368,957,550	29.47
1	5% and above of issued shares	819,168,900	65.42
14,306	Total	1,252,135,150	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	819,168,900	65.42
2	LLH HOLDINGS SDN BHD	30,758,700	2.46
3	SMARTCAP VENTURE SDN BHD	23,771,300	1.90
4	LEMBAGA TABUNG HAJI	18,418,100	1.47
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	15,109,300	1.21
6	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	13,674,400	1.09
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	13,335,000	1.06
8	PERMODALAN NASIONAL BERHAD	11,873,000	0.95
9	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	6,080,100	0.49
10	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 - DIDIK	5,428,200	0.43
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	5,362,600	0.43
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	5,295,500	0.42
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	5,204,000	0.42

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 4 MARCH 2022

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	%
14	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD <i>CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND</i>	4,828,600	0.39
15	MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD	4,743,200	0.38
16	CGS-CIMB NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)</i>	4,726,800	0.38
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	4,346,800	0.35
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)</i>	4,267,000	0.34
19	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	3,975,583	0.32
20	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)</i>	3,962,200	0.32
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)</i>	3,382,200	0.27
22	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 3</i>	3,191,300	0.25
23	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)</i>	2,906,600	0.23
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND</i>	2,738,600	0.22
25	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC SELECT ENTERPRISES FUND</i>	2,675,000	0.21
26	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD <i>AS BENEFICIAL OWNER (TMEF)</i>	2,516,700	0.20
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)</i>	2,514,000	0.20
28	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND</i>	2,498,700	0.20
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)</i>	2,442,400	0.20
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)</i>	2,429,600	0.19

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 4 MARCH 2022

Directors' Shareholdings based on Register of Director's Shareholdings

Name of Directors	No. of Shares beneficially held			
	Direct	%	Indirect	%
DATO' TAN ENG KEE	4,236,300	0.34	819,168,900	** 65.42
KHOR LEAN HENG	1,147,000	0.09	-	-
OOI HOOI KIANG	1,858,600	0.15	-	-
MARIAMAH BINTI DAUD	820,000	0.07	55,000	# 0.00*
DATO' SERI WONG SIEW HAI	-	-	1,021,700	^ 0.08

* Negligible

** Dato' 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	819,168,900	65.42	-	-
DATO' TAN ENG KEE	4,236,300	0.34	819,168,900	** 65.42

** Dato' 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 Fourth Annual General Meeting (“**4th AGM**”) of Greatech Technology Berhad (“**GTB**” or the “**Company**”) will be conducted virtually 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, 13 May 2022
Time	:	10.00 am
Broadcast Venue	:	The Auditorium, Plot 287A, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang (Members/Proxies/Corporate Representatives will not be allowed to be physically present at the Broadcast Venue)
Online Meeting Platform	:	Securities Services ePortal https://sshb.net.my/
Modes of Communication	:	1. Typed text in the Online Meeting Platform 2. Email your questions to enquiry@greatech-group.com prior to the 4 th AGM

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
- 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:
 - Puan Mariamah binti Daud; and *Resolution 1*
 - Dato' Seri Wong Siew Hai *Resolution 2*
- To approve the payment of Directors' fee of RM6,000 per month for each of the following Directors for the period from 14 May 2022 until the next Annual General Meeting of the Company to be held in year 2023:
 - Ms. Ooi Hooi Kiang *Resolution 3*
 - Dato' Tan Eng Kee *Resolution 4*
 - Mr. Khor Lean Heng *Resolution 5*
 - Puan Mariamah binti Daud; and *Resolution 6*
 - Dato' Seri Wong Siew Hai *Resolution 7*
- To approve the payment of Directors' benefits (excluding Directors' fees) to the Directors up to an amount of RM100,000 for the period from 14 May 2022 until the next Annual General Meeting of the Company to be held in year 2023. *Resolution 8*
- 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 9*
- 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

To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as Ordinary Resolutions:

- Ordinary Resolution** *Resolution 10*
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 percent (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)

8. Ordinary Resolution

Resolution 11

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 profits of the Company based on its Audited Financial Statements for the year ended 31 December 2021 of RM10,184,504;

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,

YEOW SZE MIN, SSM PC NO. 201908003120 (MAICSA 7065735)
LOW SEOW WEI, SSM PC NO. 202008000437 (MAICSA 7053500)
Company Secretaries

Penang
Date: 14 April 2022

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(A) NOTES:

1. The 4th AGM will be conducted virtually 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 Guide for the 4th 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/Corporate Representatives 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 **6 May 2022** ("**General Meeting Record of Depositors**") shall be eligible to participate and vote in the 4th 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 4th 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 4th AGM. The members or their proxies may submit questions to the Company at enquiry@greatech-group.com prior to the 4th AGM not later than 11 May 2022 at 10.00 a.m. or via real time submission of typed texts through a text box within Securities Services ePortal's platform during live streaming of the 4th AGM as the primary mode of communication. 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 4th 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 4th 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 4th 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 George Town, 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.

(B) EXPLANATORY NOTES:

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2021 ("FY2021")

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.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(B) EXPLANATORY NOTES (CONT'D):

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.

Puan Mariamah binti Daud and Dato' Seri Wong Siew Hai ("**Retiring Directors**"), who retire in accordance with Clause 170 of the Company's Constitution and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at this 4th AGM and in line with Practice 5.1 of the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021, the Nominating Committee ("**NC**") has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board for the FY2021.

The NC had recommended the re-election of Retiring Directors based on the following consideration:

- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
- (ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by the independent director; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board endorsed the recommendation of the NC on the re-election of the Retiring Directors.

The profiles of the Directors who are standing for re-election are stated on pages 11 to 13 of the Company's Annual Report 2021.

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 the 4th AGM.

3. Resolutions 3 to 8: 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 to Directors (Resolutions 3 to 7) and benefits payable to Directors (Resolution 8), for the period from 14 May 2022 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 14 May 2022 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 their own respective resolution on Directors' fee and Resolution 8 on Directors' benefits, concerning the remuneration to the Directors at the 4th AGM.

The remuneration for each Director is set out in the Corporate Governance Overview Statement of the Company's Annual Report 2021.

4. Resolution 9: Re-appointment of Auditors

The Audit and Risk Management Committee ("**ARMC**") and the Board have considered the re-appointment of Messrs. BDO PLT as Auditors of the Company, are satisfied with the performance, competency, audit approach and independence of Messrs. BDO PLT and collectively agreed that they have met the relevant criteria prescribed by Paragraph 15.21 of MMLR.

The Board endorsed the ARMC's recommendation to seek for shareholders' approval to re-appoint Messrs. BDO PLT as external auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(B) EXPLANATORY NOTES (CONT'D):

5. Resolution 10: Authority to issue shares

The proposed Resolution 10 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 to such persons 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 21 May 2021 of which will lapse at the conclusion of the 4th 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 11: Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 11, 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 profits 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 14 April 2022 which is despatched together with the Company's Annual Report 2021 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 4th AGM.

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GREATECH

GREATECH TECHNOLOGY BERHAD
 Registration no. 201801008633 (1270647-H)
 (Incorporated in Malaysia)

CDS Account No.	
No. of shares held	

Proxy Form

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 Fourth Annual General Meeting ("4th AGM") of the Company to be held **virtually** 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, 13 May 2022 at 10.00 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 2021 together with the Reports of the Directors and Auditors thereon.					
ORDINARY RESOLUTIONS		First Proxy		Second Proxy	
Ordinary Business		For	Against	For	Against
Resolution 1	To re-elect Puan Mariamah binti Daud as a Director of the Company.				
Resolution 2	To re-elect Dato' Seri Wong Siew Hai as a Director of the Company.				
Resolution 3	To approve the payment of Directors' Fee to Ms. Ooi Hooi Kiang.				
Resolution 4	To approve the payment of Directors' Fee to Dato' Tan Eng Kee.				
Resolution 5	To approve the payment of Directors' Fee to Mr. Khor Lean Heng.				
Resolution 6	To approve the payment of Directors' Fee to Puan Mariamah binti Daud.				
Resolution 7	To approve the payment of Directors' Fee to Dato' Seri Wong Siew Hai.				
Resolution 8	To approve the payment of Directors' benefits (excluding Directors' fees).				
Resolution 9	To re-appoint Messrs. BDO PLT as Auditors of the Company.				
Special Business					
Resolution 10	Authority to issue shares pursuant to the Companies Act 2016.				
Resolution 11	Proposed Renewal of Share Buy-Back Authority.				

(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.)

* *Strike out whichever not applicable.*

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 4th AGM for the full purpose and intent of the Resolutions to be passed.

Signed this _____ day of _____, 2022.

 Signature of Shareholder/Common Seal

Notes:

1. The 4th AGM will be conducted virtually 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 Guide for the 4th 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/Corporate Representatives will not be allowed to be physically present at the Broadcast Venue.
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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 4th 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 4th AGM. The members or their proxies may submit questions to the Company at enquiry@greatch-group.com prior to the 4th AGM not later than 11 May 2022 at 10.00 a.m. or via real time submission of typed texts through a text box within SSeP platform during live streaming of the 4th AGM as the primary mode of communication. 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 4th 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 4th 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 4th 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, Lebuq Farquhar, 10200 George Town, Pulau Pinang, Malaysia.**
 - b) By Electronic Means
The proxy form shall be electronically lodged via SSeP’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 4th AGM of the Company and any adjournment thereof.

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The Company Secretaries
GREATECH TECHNOLOGY BERHAD
201801008633 (1270647-H)
Suite 18.05, MWE Plaza
No. 8, Lebuq Farquhar
10200 George Town
Pulau Pinang
Malaysia

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GREATECH TECHNOLOGY BERHAD

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