

ACCELERATE THE FUTURE

ANNUAL REPORT 2022





Accelerate the FUTURE

Rationale

Greatech 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. Greatech always look into the future before anyone does, set goals ahead of time and work towards these goals. Greatech is leading towards a future where innovations, technological advancements and ameliorated lifestyles thrive.



For more information,
visit our website

www.greatech-group.com

Contents

Corporate overview

Vision, Mission & Core Values - **02**

Corporate Information - **04**

Corporate Structure - **07**

Profile of Directors - **08**

Profile of Key Senior Management Team - **16**

Performance Review

Chairman's Statement - **20**

Management Discussion & Analysis - **23**

Sustainability

Sustainability Report - **36**

Governance

Corporate Governance Overview Statement - **85**

Audit and Risk Management Committee Report - **112**

Statement on Risk Management
and Internal Control - **117**

Additional Compliance Information - **122**

Statement of Directors' Responsibility - **124**

Financial Statement

Financial Statements - **125**

Additional Information

List of Properties - **200**

Analysis of Shareholdings - **202**

Notice of Annual General Meeting - **205**

Statement Accompanying Notice of Annual General
Meeting - **211**

Enclosed - Proxy Form

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.



Vision, Mission & Core Values (Cont'd)



Innovation

Think new,
dream big



Integrity

Ethical
accountability



Teamwork

Creating possibilities
in diversity

Core Values

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



Performance

Focused
on our goals



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.



Solar

Electronic
Device

Semiconductor

Life
Science

E-Mobility

Glass
SubstrateFinancial Highlight
FY 2022

Revenue RM546.21
million

35.8% increase from FY2021

Employees 1,259

**Net Cash
& Cash
Equivalents** RM326.66
million

**Economic
Value
Distributed** RM341.66
million

Employees, Government,
Suppliers and Communities

**Return
on Equity** 22.5%

Our customers operate in solar, semiconductor, consumer electronics, e-mobility 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.

No Fatalities

No Non-Compliance
regarding Environmental,
Health & Safety

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

Corporate Information (Cont'd)

2022 Milestone

Quarter 1

1 January - 31 March

JANUARY 2022

Granted of shares to employees under Employees' Share Grant Plan ("SGP").

Quarter 2

1 April - 30 June

JUNE 2022

Included in FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index 2022.

Quarter 3

1 July – 30 September

JULY 2022

Celebration for achieving 1,000 Greatechies with theme of "Surprise Gift Hour 2.0: CEO Buys You Lunch!".

AUGUST 2022

Entered into Memorandum of Understanding ("MOU") with Garreth Finlay and Fergus Hynes in relation to the proposed acquisition of 60% equity interest in Kaon Automation Limited.

Quarter 4

1 October – 31 December

NOVEMBER 2022

Granted of shares to employees under SGP.

Silver Winner of New Comer from The Edge ESG Awards 2022.

ESG Recognition Award 2022 from Association of Malaysian Medical Industries (AMMI), Medtech Malaysia.

DECEMBER 2022

2021 ASEAN Asset Class award under the 2021 ASEAN CORPORATE GOVERNANCE SCORECARD AWARDS. Ranked 35th in the top 100 companies for CG Disclosure by Minority Shareholders Watch Group.



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

Dr. Michael Dominic Kirk

Independent Non-Executive Director
Appointed with effect from 14 May 2022

Audit and Risk Management Committee

Mariamah binti Daud

Chairman

Ooi Hooi Kiang

Member

Dato' Seri Wong Siew Hai

Member

Remuneration Committee

Ooi Hooi Kiang

Chairman

Mariamah binti Daud

Member

Dato' Seri Wong Siew Hai

Member

Nominating Committee

Dato' Seri Wong Siew Hai

Chairman

Mariamah binti Daud

Member

Ooi Hooi Kiang

Member

Company Secretaries

Yeow Sze Min

SSM PC No. 201908003120
(MAICSA 7065735)

Low Seow Wei

SSM PC No. 202008000437
(MAICSA 7053500)

Registered Office

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

Principal Place of Business

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

Share Registrar

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

Auditors

BDO PLT
(201906000013 (LLP0018825-LCA
& AF 0206))
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel : (604) 222 0288
Fax : (604) 222 0299

Principal Banker

CIMB Bank Berhad

Stock Exchange Listing

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



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 Female

Nationality Malaysian

Age 54

No. of Board Meeting Attended in Financial Year ("FY") 2022 5/5

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 29 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 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 Chief Financial Officer ("CFO") of JWPK Sdn. Bhd. in 2012 and 2013 respectively and holding senior positions in several local brokerage institutions and foreign company. She assumed the position of CFO in Anchor Resources Limited, a company listed on Singapore Stock Exchange from 2014 to 2018. She was the Group CFO and overseeing finance division of PG Automotive Holdings Pte Ltd since November 2018 to January 2022. Ms Ooi currently serves as Director/Principal Consultant – Corporate Strategies of WCoach Sdn Bhd which provides advisory services.



Ms Ooi utilises her commercial experience in supporting and delivering the Group's strategy in non-executive roles. She also serves as Non-Independent Non-Executive Chairperson for L&P Global Berhad and Independent Non-Executive Director of Ge Shen Corporation Berhad, both listed on Bursa Malaysia Securities Berhad.

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

Profile of Directors (Cont'd)

Dato' Tan Eng Kee DSPN

Chief Executive Officer
Executive Director

Gender Male

Nationality Malaysian

Age 53

No. of Board Meeting Attended in FY2022 5/5

Membership of Board Committee: None

Dato' Tan Eng Kee, is our Group's Chief Executive Officer 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 28 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 Board Member for the Malaysia Semiconductor Industry Association ("MSIA").

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 Male

Nationality Malaysian

Age 53

No. of Board Meeting Attended in FY2022 5/5

Membership of Board Committee: None

Khor Lean Heng, is our Group's Chief Operating Officer 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 28 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.



Profile of Directors (Cont'd)

Mariamah Binti Daud

Independent Non-Executive Director

| | |
|---|-----------|
| Gender | Female |
| Nationality | Malaysian |
| Age | 58 |
| No. of Board Meeting Attended in FY2022 | 5/5 |

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 Corporate Services 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 day-to-day operations of 6 departments namely Finance, Administration and Procurement, Digital Technology & Asset Management, Knowledge Management, Corporate Communications and Event Management, a role she assumed since 2022. In her 30-year tenure with MTDC, she is involved in several management roles in charge of technology development, 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.

Profile of Directors (Cont'd)

Dato' Seri Wong Siew Hai

DSPN, DMPN, DGPN

Independent Non-Executive Director

| | |
|---|-----------|
| Gender | Male |
| Nationality | Malaysian |
| Age | 72 |
| No. of Board Meeting Attended in FY2022 | 5/5 |

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



Contributing his global experience to advancing the E&E industry, Dato' Seri Wong is today, the Chairman of the E&E Productivity Nexus ("E&E PN") and President of Malaysia Semiconductor Industry Association ("MSIA"). He was the Chairman of the Malaysian American Electronics Industry ("MAEI"), 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 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.

Profile of Directors (Cont'd)

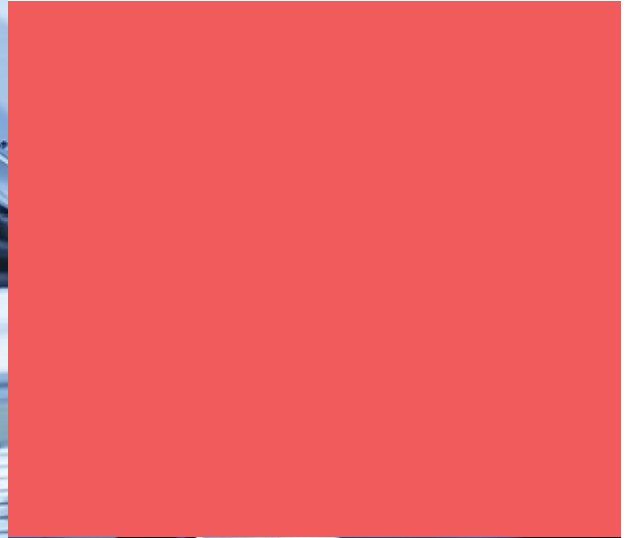


He serves as the Board of Governor for various educational institutes in Malaysia. He is also a Vice President of the Penang Welfare Association for Mentally Retarded Children and Charter President of Kiwanis Club of Penang Central, a charity organisation.

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.

He holds position as an Independent Non-Executive Chairman of Nategate Holdings Berhad and TT Vision Holdings Berhad, both public companies listed on the Bursa Malaysia Securities Berhad.

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



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

Profile of Directors (Cont'd)

Michael Dominic Kirk PHD

Independent Non-Executive Director

Gender Male

Nationality American

Age 60

No. of Board Meeting Attended in FY2022 2/2

Membership of Board Committee: None

Dr. Michael Dominic Kirk, was first appointed to the Board as Independent Non-Executive Director on 14 May 2022.

Dr. Kirk was formerly a Co-founder of Park Scientific Instruments, a scanning probe microscope company, where he served as a Vice President ("VP") of Research and Development and Chief Technology Officer. He spent 9 years in a variety of management, marketing and technical operations roles leading its business until its acquisition by Thermoelectron in 1997, before moving to KLA Corporation ("KLA"), formerly known as KLA-Tencor, a company listed on the NASDAQ stock exchange, as Director of Strategic Marketing for Wafer Inspection Group.

Dr. Kirk held several different senior VP positions at KLA from 1997 to 2020. He was the Senior VP of the Surfscan Division responsible for dramatically growing its revenue and profitability. He was also an Executive VP responsible for the Wafer Inspection Group product development, business performance and strategic planning. In addition to these responsibilities, he also managed KLA's world-wide manufacturing and operations for all of KLA's products. During his tenure at KLA, Dr. Kirk managed KLA's world-wide sales and services groups and later became Executive VP of Strategic Corporate Business Development of KLA managing 5 company acquisitions in 2 years.

Dr. Kirk has extensive understanding of operating in senior business leadership positions in the USA as well as international business, sales and marketing, mergers and acquisitions ("M&A"), product management and innovation experience. During his career with KLA, he has successfully grown numerous new businesses, has strategic experience of operating in large industrial groups across a variety of geographies, developed and ran a global capital equipment business.



Dr. Kirk currently is a business consultant in relation to M&A, business operations and strategic planning. He is also a Board member of SIMCO Electronics in San Jose, California since 2007 and is a volunteer tutor of Physics and Calculus to underserved students in California.

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

Dr. Michael Dominic Kirk holds degrees in physics and applied mathematics from the University of California at Berkeley, California and master's degree and Ph.D in applied physics from Stanford University, California.

Profile of Directors (Cont'd)



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 3 March 2023" 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 FY2022.

Profile of Key Senior Management Team



Koay
Lin Lin

Gender Female

Nationality Malaysian

Age 50

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, corporate finance, tax, information technology ("IT"), environmental, social and governance ("ESG") matters, risk and internal control, overseeing finance & accounting, environment, health & safety ("EHS") and management information system ("MIS") 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 holds a Certificate in International Auditing and Certificate in Sustainability for Finance from Association of Chartered Certified Accountants ("ACCA"). She is a fellow member of the ACCA ("FCCA") and a member of the Malaysian Institute of Accountants.

Tan Huat Tatt, is our Group's Operation Director. He joined the Group in May 2022 and is responsible for overseeing the Group's manufacturing operation. Mr. Tan served as Focus Factory Manager of Plexus Manufacturing Sdn Bhd ("Plexus") from 2018 to 2022. He first joined Plexus as an Operation Department Manager since 2004 to 2016, managing high level assemblies of contract manufacturing services business. Prior to re-joining Plexus in 2018, he was Work Cell Manager of Jabil Circuit Sdn Bhd from 2016 to 2018.

Mr Tan began his career in various operation-focused roles at multinational corporations in Penang including Penang Seagate Industries (M) Sdn Bhd, Silitek Corporation (M) Sdn Bhd and Celestica Malaysia Sdn Bhd.

Mr Tan has over 20 years of operational management and business leadership experience in driving operational performance and strategic improvements in the high-tech global electronics manufacturing services industry.

Mr Tan holds a Bachelor Degree of Management in Organization with Honour from the Universiti Sains Malaysia and a National Technical Certificate in Precision Engineering from Institute of Technical Education Singapore. He was also awarded a Craftsman Certificate from Economic Development Board of Singapore.



Tan
Huat Tatt

Gender Male

Nationality Malaysian

Age 52

Profile of Key Senior Management Team (Cont'd)



Loo
Kim Hai,
Martin

Gender Male

Nationality Malaysian

Age 44

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.

Loo Kim Hai, Martin, was appointed as our Group's Business Unit Manager in October 2019. He is responsible for overseeing the E-Mobility division (formerly known as 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.



Tan
Eng Seng

Gender Male

Nationality Malaysian

Age 40

Profile of Key Senior Management Team (Cont'd)

Yeap Han Keow

Gender Male

Nationality Malaysian

Age 38



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.

Chuah Soo Hoong, is currently a Business Unit Manager of E-Mobility division (formerly known as Energy Storage 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 E-Mobility division. He has 16 years of management and machine design experience in the semiconductor and solar industry.

Chuah Soo Hoong

Gender Male

Nationality Malaysian

Age 41



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

Profile of Key Senior Management Team (Cont'd)

Lee
Chong Chi

Gender Male

Nationality Malaysian

Age 38



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 FY2022.

Chairman's Statement



DEAR SHAREHOLDERS,

It is my pleasure to present to you Greatech Technology Berhad's ("Company" or "Greatech" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2022 ("FY2022"). In 2022 as we entered into the endemic, we were facing gloomy economic situations arising from geopolitical uncertainty posted by the Russia-Ukraine war and ever intense relationship between China and the United States since the cold war era. Supply chain pressures and significant cost inflation have reached levels not seen in decades. However, Greatech manoeuvre the situations to **ACCELERATE THE FUTURE** and achieved commendable results.

In 2022, we completed construction and commenced operations for our 3rd factory in Batu Kawan ("BK III") which further expand our production capability. In August 2022, we signed Memorandum of Understanding to acquire 60% of Kaon Automation Limited as part of the Group's strategic plan to effectively widen our market, product and services. Moving forward, merger and acquisition initiatives will be one of our key strategies to go beyond organic growth.

FINANCIAL PERFORMANCE

As a result of our team's dedication and resilience, the Group continued to perform strongly during the challenging operating environment, with good revenue growth in FY2022 against a strong prior year performance. Greatech recorded a revenue of RM546.21 million in FY2022, which grew by 35.8% from RM402.22 million in financial year ended 31 December 2021 ("FY2021") and achieved net profit of RM131.89 million for FY2022 (FY2021 : RM141.75 million).

Besides, the Group's financial position has also strengthened further. Our shareholders equity increased by RM155.73 million, from RM431.04 million in FY2021 to RM586.77 million in FY2022. Net current assets increased by RM42.62 million, from RM279.03 million in prior year to RM321.65 million.

Backed by strong financials, the Group expansion plan will not be hindered despite the uncertainty ahead. However, the Board will take cognizant of the increasing external risks and take necessary steps to mitigate the risks and ensure the financial performance of the Group remain resilient.

SUSTAINING GROWTH

As an industrial automation solutions provider for industries such as solar, e-mobility, life science, and semiconductor, we envision being one of the world's top 10 automation solution providers in the next few years.

Leveraging on the advantages of the ecosystem in Penang and our financial strength, we set sight to grow our footprint further into Europe to tap into new customers base and technologies. With Penang as our base and the world as our market, we envision to build Penang into a world-class automation hub.

The Group continues to generate healthy cash flows that we are using to re-invest in our business and deliver sustainable value to shareholders. In order to realise our ambition, we continue to invest in three key strategic pillars, namely expanding our production capacity, attracting and retaining key talents and lastly, building an enduring culture that encourages open communication and innovation.

Chairman's Statement (Cont'd)

SUSTAINING GROWTH (CONT'D)

With the weakening economy in Europe and backed by our financial strength, it opens up opportunities for us to acquire new technologies and bring them back to Malaysia to elevate our local talents to world-class level.

In February 2023, we broke ground for our 4th factory in Batu Kawan, Penang at an 11.58 acres land with production floor of 504,224 estimate square feet. Not only we grow our production capacity, we also grow our talent pool concurrently. Total headcount increased from 821 as at end of 2021 to 1,259 as at the end of 2022. The initiatives to grow capacity is in line with ever-growing demand of our products and services as evidence by higher orderbook of RM760.00 million as at 17 February 2023 as compared to the previous year.

Talent Development and Retention

The Board understand the importance of talent development in driving the growth the Group. We continue to invest in and support initiatives to build a diverse pipeline of talent at all levels of the Group. As 50% of our workforce is engineering base, the Young Engineering Program ("YEP") which was established in 2019 was to attach top-notch young engineering graduates. This 12 to 24 months program aims to equip them with both soft-skill and technical skills before they could be deployed into their respective projects.

Through our internship program with various higher education institutions to elevate the branding and visibility of Greatech among the institutions, faculties and students, the success rate can be improved.

Long Term Incentive Plan which includes share options and share grants were awarded to our staff 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 mathematics ("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.



BOARD COMPOSITION

At the Annual General Meeting in May 2022, we introduced Dr. Michael Dominic Kirk ("Dr. Kirk") who joined us as Independent Non-Executive Director with effect from 14 May 2022. As Chairperson, one of my roles is to ensure that the Board members possess relevant and complementary skills that add value to Greatech's business. Dr. Kirk brings a wealth of experience from the process control equipment industry and impressive skills to the Board. He has strong understanding of manufacturing issues, particularly in technology companies, and brings merger and acquisitions experience. I warmly welcome Dr. Kirk to the Group.



SUSTAINABILITY

The Board have raised the emphasis on environmental, social and governance ("ESG"), taking a continuous improvement approach to refining our ESG credential and direct resources to accelerate our ESG initiatives. We aim to be transparent on the impact of our business activities on shareholders, employees, the communities we operate in and on the environment. In 2022, we have continued to proactively manage our principal risks, upskilling and engaging with our people, and reduce our waste and emissions from our own facilities. We have taken further steps to ensure that our sustainability strategy supports the development of the emerging technologies that will help our customers, enabling a greener economy and sustainable future.

We already had a focus on supporting our local communities, and had made positive progress in ensuring there is diversity at all levels. Additionally, we have been reviewing our governance processes and framework to ensure we have oversight of the sustainability of the Group and proactively embedding ESG considerations across the whole value chain of business. Recognising the increasing need and importance to provide investors and other stakeholders with evidence of tangible ESG performance, our Sustainability Reporting data is reviewed by our internal audit teams this year for accuracy and relevancy.

Chairman's Statement (Cont'd)

CORPORATE GOVERNANCE

Sound corporate governance based on an ethical foundation remains the cornerstone of the Board's efforts for a sustainable and successful organisation. This has been evident as we have successfully navigated a challenging manufacturing environment during the year. Since 2019, the Group have doubled the size of the business, enhanced capabilities and developed into a very successful Company. In 2022, the Board had the opportunities to visiting a number of our facilities, meet the managements in persons throughout the year. We were able to engage in subjects pertinent to the situation of business, to have key decisions informed, develop closer insight into the product innovations that are delivering value for Greatech's customers and experience the Greatech culture at work.

The Board understands the importance of maintaining highest standards of corporate governance and continues to review and strengthen our policies and procedures across the Group to ensure our businesses operate with integrity. The Board supports the principles and provisions of the Malaysian Code on Corporate Governance ("MCCG") and we comply with the provisions of the MCCG, with some exceptions. In 2023, the Board has adopted the Group-wide Corruption Risk Management Framework 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 is covered in the Corporate Governance Overview Statement section of this Annual Report.

In 2022, the Board actively engaged into the discussion with both External and Internal Auditors with regard to internal controls and governance issues. Key topics included corporate governance, ESG, 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 experience commendable growth since its listing in 2019. Revenue and Profit After Tax increased by approximately 150% since the financial year ended 31 December 2019 with equity increased by approximately 200%. Market capitalisation has also increased from RM388.00 million upon listing to RM6.00 billion today. Together, with dedication and commitment, **Team Greatech** has created a trail that is not blazed by many. On behalf of the Board, I would like to express gratitude and appreciation to the Management and all staffs of Greatech for your hard work and continuous support to the Group to **ACCELERATE THE FUTURE**.

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 having you on our future journey.

Thank you.

OUI HOUI KIANG

Chairman
7 April 2023

Management Discussion & Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Headquartered in Penang, Malaysia, Greatech 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. With the continuous aggressive growing towards globalisation, Greatech has bring positive impact on supply chain ecosystem.

Financial year ended 31 December 2022 ("FY2022") has been another impressive year for Greatech Technology Berhad ("Greatech" or "Company") and its subsidiaries ("Group") by achieving a revenue of **RM546.21 million**. This represents our **highest revenue** since the Company's listing on the Bursa Malaysia Securities Berhad in year 2019. The recorded revenue represents a 35.8% year-on-year increase as compared to RM402.22 million in the previous year and it was mainly contributed by organic growth from our e-mobility, solar and life science segments despite a challenging year for manufacturing businesses worldwide.

We are thrilled to be among the seven Malaysian companies that have made it to the Forbes Asia's Best Under A Billion 2022 list. According to Forbes, "the list is meant to identify companies with long-term sustainable performance across a variety of metrics such as sales and earnings-per-share growth over both the most recent fiscal one-year and three-year periods, and the strongest one-year and five-year average returns on equity".

We will be celebrating our 30th Anniversary in October 2023, in response to growing markets and technology advancement, Greatech offers cutting edge automation solutions in various industries such as solar, e-mobility, life science, semiconductors and consumer electronics industry to increase customers' productivity level, to improve return on investment and to help customers channelling their time and energy in more strategic assignments. 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. We continued to experience rapid growth from solar and e-mobility customers and acquired several new customers in FY2022.

As always, we were proactive in meeting customer requirements in spite of supply chain shortages and extended lead times. Although this ties up cash, additional inventory investment to hold key components has allowed us to meet customer commitments and maintained high capacity utilisation rate.

While conducting business with the highest standards of integrity had been inculcated in our values and corporate culture, we are likewise aspired to promote and create long-term value for our customers, employees, shareholders and community. In FY2022, we are delighted to be granted the following three awards for the recognition of our efforts in Environmental, Social and Governance ("ESG"):



Please refer to our Sustainability Report for further details on this matter.

Management Discussion & Analysis (Cont'd)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

COVID-19: Transition to Endemic Phase

The escalation of geopolitical tensions since early 2022 and continued COVID-19 lockdowns in some major economies led to global supply chain disruptions and a surge in commodity prices. Notwithstanding, 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.

Since 1 April 2022, Malaysia transitioned to the endemic phase of the COVID-19 pandemic as government-imposed control measures had proved effective in controlling the transmission of the disease. Following the transition to endemic, pandemic-related standard operating procedures ("SOPs") were relaxed and movement control orders were lifted across the nation. Nevertheless, new virus mutations and flareups continued to impact businesses and societies, 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. Thus, we are still strictly observing all new SOPs introduced for the endemic phase. Our face mask mandates and personal hygiene requirements in our workplace are aligned with the government's SOPs.

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. To date, there were no mortality related to COVID-19 and we did not experience any significant downtime at our sites. This would not have been possible without the prior investments in our safety culture aggregated with engaged workforce.

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 RM546.21 million (2021: RM402.22 million), rose significantly by 35.8% year-on-year despite the escalation of geopolitical tensions and its associated supply chain impacts. The increase was mainly attributable to the higher revenue recorded from PLS driven by large scale new capital investment plans of a major customer in solar industry. Several orders were secured in the 4th quarter of 2021 and throughout the year 2022.

In FY2022, revenue from equipment business namely PLS and SAE accounted for 96.8% (2021: 95.2%) of total revenue, increased by 1.6% from the previous financial year, to RM528.66 million (2021: RM382.94 million). The PSS segment accounted for the remaining 3.2% (2021: 4.8%) of the Group's revenue amounting to RM17.55 million (2021: RM19.28 million).

The Group's PLS and SAE businesses achieved organic growth of 35.4% and 74.2% respectively, supported by a robust performance in North America and Asia with a strong demand from solar, e-mobility as well as the life science industry. Revenue for PSS was reduced by 9.0%

from the previous year of RM19.28 million to RM17.55 million. North America is a major market and home to some of our high-growth customers in the solar and e-mobility sectors. In FY2022, the North America region reported revenue of RM328.03 million, which increased by 13.2% as compared to RM289.85 million in the previous year. Demand from North American customers remains strong although supply chain disruptions and inflation are creating challenges for some customers. We expect demand to continue strong due to the attractive secular trends that are foundational for the global economy in the years ahead.

We are exceptionally well-positioned to take advantage of these emerging trends and deliver even better results. Key focus areas of opportunity include electrification, green energy, automation and the Internet of Things ("IoT"), and the push for moving more manufacturing operations back to North America. Along with digitalisation, these secular trends provide outstanding future long term growth opportunities for the Group.

Europe revenue in the FY2022 was RM0.59 million compared to RM0.33 million in the financial year ended 31 December 2021 ("FY2021"), which increased by 78.8%. Demand from Europe is expected to grow in line with the proposed acquisition of Kaon Automation Limited in the financial year ending 31 December 2023 ("FY2023").

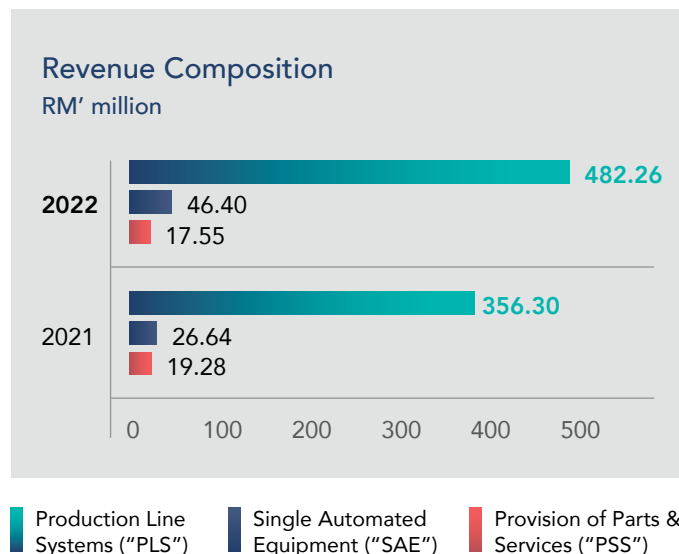
Management Discussion & Analysis (Cont'd)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

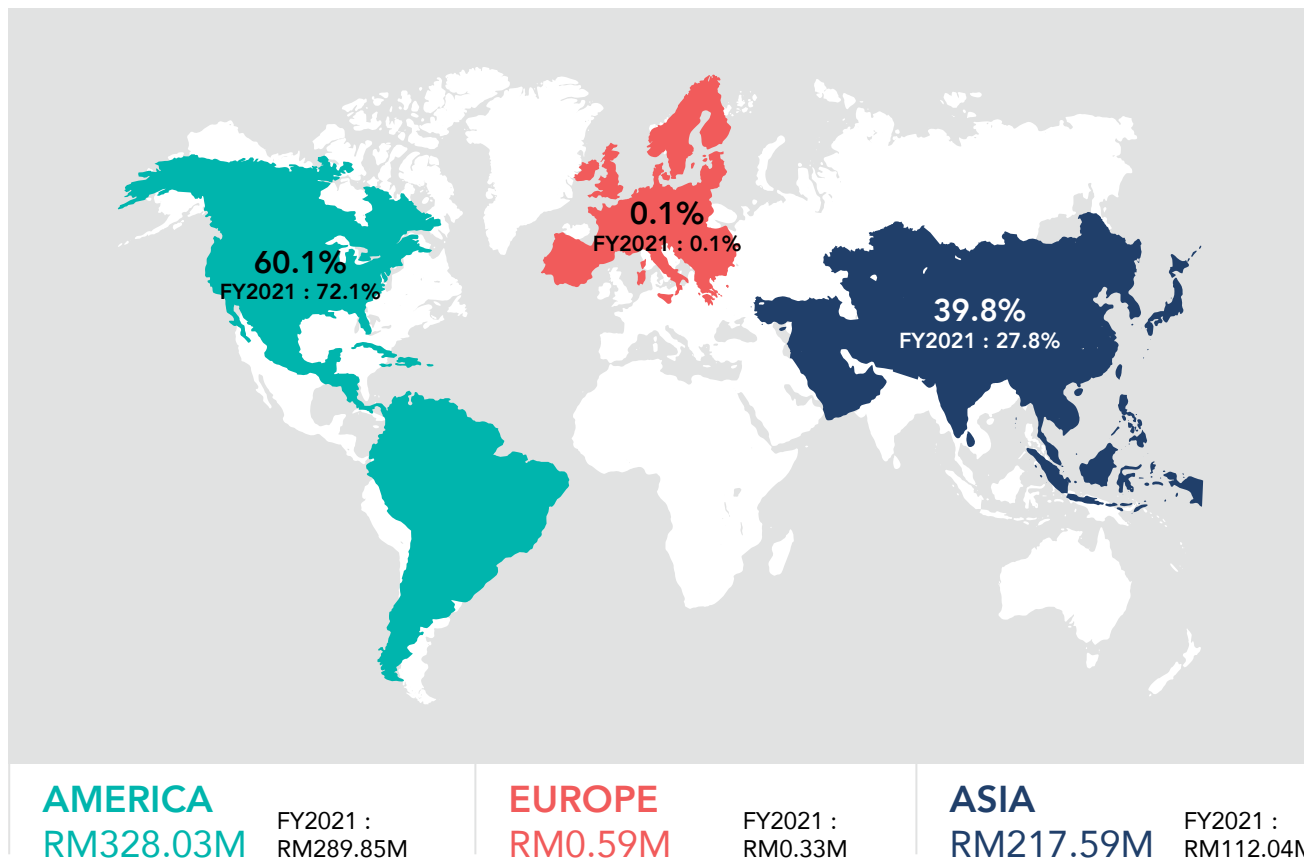
Key Markets (Cont'd)

Revenue in Asia region had significantly increased by 94.2% from RM112.04 million in FY2021 to RM217.59 million in FY2022 mainly driven by customer in the solar sector expanding their manufacturing plant in India as well as we have successfully penetrated a new semiconductor customer in Singapore. Nonetheless, the orders to China have sighted a reduction due to the episodic COVID-19 lockdowns in some of the major cities during the year. Demand is expected to remain fairly stable from existing solar and life science customers that we are supporting.

For the FY2022 and FY2021, the revenue by businesses is tabulated as below:



While the revenue by regions for FY2022 and FY2021 were:



Management Discussion & Analysis (Cont'd)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Order Prospects

The Group started 2022 with a RM546.65 million order book. Order book pickup strongly after entering the second half of 2022 and the positive trend continue to the end of the year. Despite the geopolitical tension, the orders accelerated significantly in the third and fourth quarters, leading to an overall increase in total order books of RM213.35 million and we ended FY2022 with a strong order book of RM760.00 million, which represents 39.0% increase as compared to the end of 2021. The RM760.00 million order book provides extensive coverage over our FY2023 forecasted revenue and is expected to last until the first half of the financial year ending 31 December 2024 ("FY2024").

While global growth rates are forecasted to remain low, the operational environment, the escalating inflation and supply chain constraint present both challenges and opportunities. 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. Furthermore, our exposure to the solar photovoltaic industry has shielded us from a cyclical downturn in the chip industry as the solar renewable energy segment will continue to drive growth for the Group, aided in part by the energy shortage in Europe.

Hence, the Group remains confident in its proven resilience in a weakening macro-economic climate by focusing on pricing management and cost control to deliver improved margins in the order book.

Investing in Growth

The Group is proud to be part of the Penang State's continued effort to attract notable local and foreign direct investments. Subsequent to our listing in June 2019, we have initiated and implemented several aggressive investments at Batu Kawan Industrial Park ("BKIP") in expanding local capabilities, improving the Group's competitiveness and ability to realise future opportunities. Our aim is to increase the Group's international value creation.



BK I - 126,694 sq. ft
(FY2020)

Precision machining parts and sheet metal forming



BK II - 209,721 sq. ft
(FY2021)

Engineering design, component handling and assembly



BK III - 241,222 sq. ft
(FY2022)

Engineering design, component handling and assembly



BK IV - 504,224 sq. ft
(In-Progress)

Engineering design, component handling and assembly

Management Discussion & Analysis (Cont'd)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Investing in Growth (Cont'd)

Since the end of 2021, our 1st facility in BKIP ("BK I") with 126,694 square feet ("sq. ft") of floor area 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 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 a highly skilled workforce.

Likewise, our 2nd facility in BKIP ("BK II"), with 209,721 sq. ft of floor area is to focus on engineering design, component handling and assembly commenced its operation in the end of 2021. The facility features a high efficiency air-conditioning system and lighting that significantly reduces energy consumptions. The continuing demand from the solar and e-mobility 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.

In April 2022, the investment of approximately RM66.12 million in a new 241,222 sq. ft modern production and office building ("BK III") commenced its operations. 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.

On 28 February 2023, Greatech celebrated a major milestone for our fourth Manufacturing Plant ("BK IV") Groundbreaking Ceremony located in BKIP. By investing approximately RM1.30 billion, the new 504,224 sq. ft plant is expected to start the operations by the mid of 2024, with the aim of contributing to the industrial sector and economic development of Penang. The purpose 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. In addition, the new plant is expected to create about 500 employment opportunities to support the ecosystem with its ever-growing demands.



On completion of BK IV by end of FY2023, Greatech will have a total combined floor area of more than 1.20 million sq. ft.

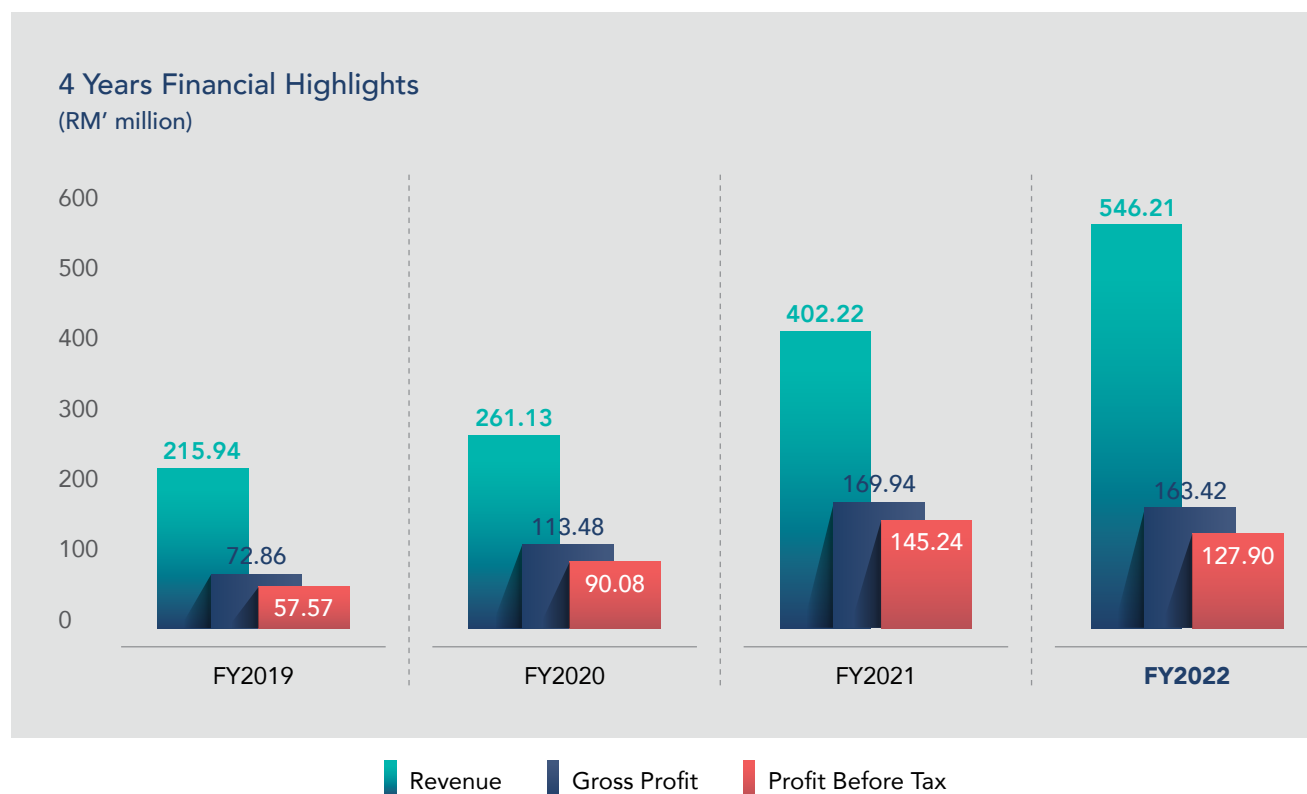
GT Integration (Philippines) Inc.

The Group recognises that attracting the best talents is important for the sustainable growth of the Company. During 2022, the focus to increasing the number of young and emerging talents has continued and we have successfully hired a few talents from the Philippines. 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



Solid Revenue Growth

Revenue increased steadily since FY2019 and recorded highest revenue of RM546.21 million in FY2022.

Financial Performance

Despite the macroeconomy for FY2022 facing steep challenges caused by the Russian-Ukraine conflict, frequent lockdowns under China's zero COVID policy as well as rapid tightening of monetary conditions by global policymakers to bring inflation under control, Greatech Group has delivered respectable results and strong earnings, with revenue reached an all-time high of **RM546.21** million for the FY2022. The increase was mainly attributable to the higher revenue recorded from PLS driven by large scale new capital investment plans of a major customer in the solar industry.

Despite the increase in revenue, the Group's gross profit ("GP") has decreased by RM6.52 million or 3.8% from RM169.94 million in FY2021 to RM163.42 million in FY2022. The GP margin has also reduced from 42.3% to 29.9%. The GP margin was negatively impacted by (i) an increase in project expenditure attributable to higher material and component cost; (ii) an increase in subcontract charges to ensure timely completion and delivery of customer projects; and (iii) higher employees compensation and benefits expenses from increased employees headcounts, offset by lower freight cost and transportation charges for the shipment of machine abroad.

The Group's profit before tax ("PBT") has reduced by RM17.34 million or 11.9% from RM145.24 million in FY2021 to RM127.90 million in FY2022. The decrease in PBT was primarily contributed by the decline of GP, higher administrative and marketing expenses attributable to (i) the increase in employees' Long Term Incentive Plan expense of RM5.01 million, (ii) higher net loss on impairment of contract assets and trade receivables of RM3.38 million and (iii) increase in other expansion related expenses of RM2.65 million.

Management Discussion & Analysis (Cont'd)

FINANCIAL HIGHLIGHTS (CONT'D)

Financial Performance (Cont'd)

Other income has marginally decreased by RM1.02 million or 5.5% in FY2022 as a result of lower realised foreign exchange gain by RM3.43 million as compared to FY2021 mainly driven by the weakening US dollar against Ringgit Malaysia during the end of FY2022, partially mitigated by higher government grants of RM1.20 million related to jobs support scheme and higher interest income of RM0.60 million in FY2022.

The Group's effective tax rate for the FY2022 was nil (FY2021: 2.4%) which is lower than the statutory tax rate of 24% as the subsidiary, GIM, was granted pioneer status by the Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 on 29 March 2013, for a period of five (5) years up to 28 March 2018, which was subsequently extended for another five (5) years to 28 March 2023. As such, its statutory income during FY2022 is exempted from income tax.

The basic and diluted earnings per share decreased fractionally from 11.32 sen to 10.53 sen and 11.32 sen to 10.49 sen respectively in FY2022.

Financial Position

The Group's financial position has been strengthened further with net assets of RM586.77 million (FY2021: RM431.04 million). The Group ended FY2022 with cash and cash equivalent of RM326.66 million (FY2021: RM320.43 million) which reflected strong underlying cash generation and working capital control, but also the effect of some selective working capital investment to support the strong growth in the period.

The Group's total assets was RM946.85 million as at 31 December 2022 in comparison to RM608.60 million as at 31 December 2021. It was primarily due to the increase of property, plant and equipment, and right-of-use assets by RM86.21 million and RM26.06 million respectively, an increase of trade and other receivables by RM17.95 million, an increase of contract asset by RM192.09 million and an increase of cash and bank balances by RM112.01 million being surplus generated from daily business operations. The increase was offset by a reduction in short term funds by RM105.78 million.

Throughout the FY2022, the Group has invested approximately RM100.06 million for the purchase of property, plant and equipment as well as right-of-use assets and committed a further RM4.28 million as at 31 December 2022 in capital assets mainly related to computer systems, motor vehicle, office equipment, plant and machinery, renovation and tools and equipment.

Total liabilities have increased to RM360.09 million in comparison to RM177.56 million in FY2021 mainly due to the increase in trade and other payables by RM22.61 million, contract liabilities by RM168.30 million and deferred tax liabilities by RM0.59 million. The increase was offset by a reduction in borrowings by RM1.10 million and provision for warranties by RM7.66 million.

Total equity has increased to RM586.77 million as compared to RM431.04 million in FY2021 mainly due to the issuance of 344,400 and 357,700 new ordinary shares at a market price of RM5.07 and RM4.80 respectively pursuant to the Employees' Share Grant Plan ("ESGP") and 4,450 new ordinary shares at an exercise price of RM5.475 pursuant to the Employees' Share Option Plan ("ESOP") for FY2022.

Net asset value per share rose to 46.83 sen as at 31 December 2022 as compared to 34.42 sen as at 31 December 2021.

Cash Flows

Greatech developed strong cash generation abilities in FY2022 with net cash from operating activities of RM106.47 million despite difficult challenges posed by pandemic and macroeconomy condition. RM0.50 million and RM0.47 million were used for the payments of interest and taxes respectively.

Net cash used investing activities amounted to RM98.11 million arising from 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 repayments related to term loans with financial institutions.

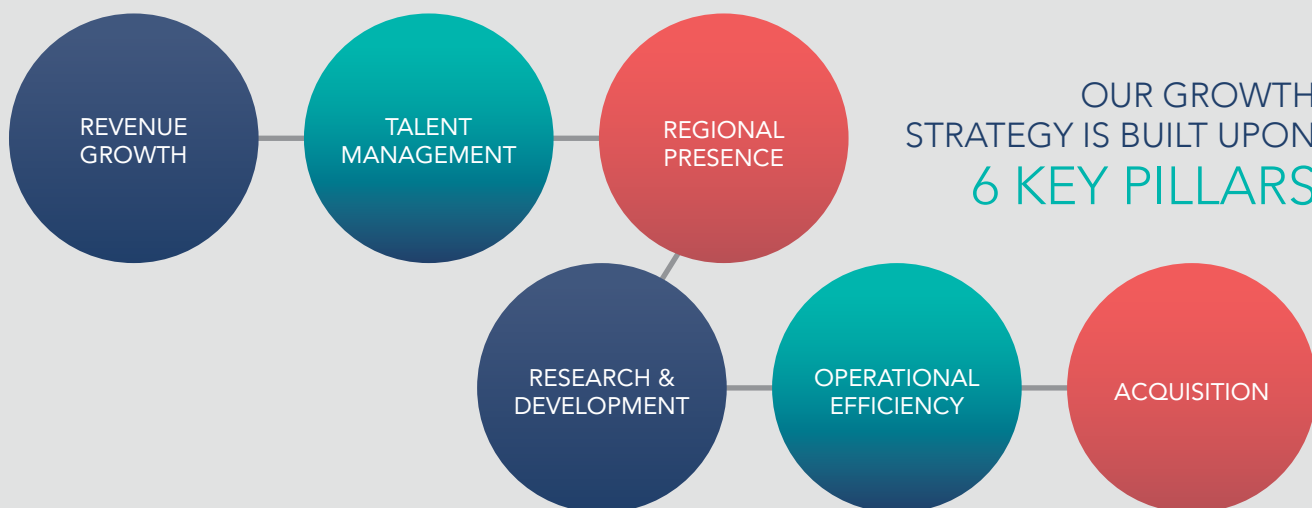
After adjusting for the effect of foreign exchange rate changes, the cash and cash equivalent went up from RM320.43 million to RM326.66 million as at 31 December 2022. This will provide the Group with sufficient financial flexibility for the funding of future growth initiatives.

Management Discussion & Analysis (Cont'd)

CORPORATE STRATEGY

In 2022, while dealing with an increasingly challenging operating environment, 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. The FY2022 ended stronger by us than FY2021, with prominent revenue and cash generation, underpinned by a high-quality order book.

We have reviewed our strategy in light of the events of 2022 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, improving operational excellence, strengthening talent base, broadening our regional presence and continue the search for acquisition targets.



Revenue Growth

In FY2022 we achieved revenue growth of 35.8%. In the second half of 2022, we saw a clear positive impact on our order intake. Order intake in 2022 increased by 39.0% to RM760.00 million as compared to 31 December 2021. 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. The Group is aiming for a more diversified revenue base among the industries it serves. It is targeting a breakdown of solar 30%, e-mobility 30%, life science 30% and semiconductor 10%, and to achieve this goal by 2025.

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. We acknowledged that the sales, project management and field service team are the Group's most important channels of communication with customers. Hence,

to exploit the market potential in existing markets, the Group will continue to expand our sales, project management and field service workforce, improving customer engagement, and aligning our sales effort with specific sectors.

We focus on strong and regular communications with customers to grow the existing relationship and secure new customers. In markets where Greatech has a strong position, such as USA, the aim is to further deepen relationships with existing customers and increased presence towards key customers in other sector. We have a comprehensive understanding of our customers' operations and are responsive at every stage to deliver further value through additional solutions. The value is to focus on partnering with our customers to deliver on the technology we promise and continue to increase market share. We have worked closely with existing customers and new customers during the year to deliver new projects and strengthened the global customer base. We will continue to develop and enhance our sales team to ensure we have a deep understanding of our customers and identify opportunities where we can support them.

Management Discussion & Analysis (Cont'd)

CORPORATE STRATEGY (CONT'D)

Revenue Growth (Cont'd)

Our decision to increase the level of human resources through the recruitment of new employees and other investments, so as not to hamper future growth has proven to be the right one. This had a short-term pressure on our profitability and financial results for a few quarters, but was important for staying put to our long-term strategic plan.

Talent Management

Greatech is characterised by an entrepreneurial corporate culture that encourages all employees to challenge themselves on new and innovative solutions. Our product portfolio required high level of competence, specialised engineering knowledge and quality. Hence, as a growing company, it is of great importance to be able to attract and retain 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.

The Group future success is largely dependent on the capacity to retain, recruit and develop skilled staffs and being an attractive employer to both potential and existing employees. We work across the Group to monitor and improve areas that are important to our people, and ensure that we have consistent policies and procedures in place to acquire, engage and retain the right talent. The Group's Human Resources & Administration ("HRA") is continuing to work on structured approach and market-based compensation package to ensure employee satisfaction. We deployed employee engagement and satisfaction survey to assess the employees' experience with the Group. 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. The Group also cooperates with universities and colleges locally aiming at training and hiring students with industry-ready 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.

The Group also introduces share-based incentive programme annually to strengthen the Group's ability to retain and recruit competent employees. The purpose of the incentive programme is to encourage broad share ownership among the Group's key employees, to facilitate recruitment, to retain competent and talented employees, to increase the alignment of interests between key employees and the Group's objectives, and to increase the motivation to achieve or exceed the Group's financial targets.

In FY2022, we recruited a significant number of new employees to deliver operational improvements, business optimisation and targeted investment.

Management Discussion & Analysis (Cont'd)

CORPORATE STRATEGY (CONT'D)

Regional Presence

In response to the growing demand for our products and services, we have expanded our presence in 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 have shown the importance of having local presence for the Group in multiple geographical regions. Investment in the emerging market continues to be strategic priority to drive our long-term profitable growth.



Michigan Site, USA

In FY2022, USA being the Group's largest market segment reported a strong performance. This was partly due to the strong recovery following the pandemic at the same time as Greatech also gained market shares by being strategically located close to customers. The Group sees great opportunities for related offerings such that customers are offered installation and preventive services, support, spare parts and maintenance service that shorten lead times and reduce costs.

Our presence in Michigan focuses on the e-mobility sector, offering battery assembly and handling systems for lithium-ion battery cells, modules and packs. This new set-up has paid off by strengthening the autonomy of our regional factory and further improving customer proximity. 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 target market of e-mobility. With the automotive industry's shift to electrification, the Group expansions in Michigan were well-timed to take advantage of opportunities in this emerging market. The Group has secured numerous new orders from other American EV makers to design, build and install battery assembly systems during the year. 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 the electrification of energy and transport networks that is critical to decarbonisation.

There are several regions outside North America such as Europe which the Group see growth potential but has yet to establish local presence in 2022. Greatech still has a relatively small market share in Europe but we envision exciting growth opportunities with Europe customers. Consequently, a Memorandum of Understanding had been signed in August 2022 to acquire Kaon Automation Limited in Ireland. The Group will also continue to increase our exposure to the e-mobility and life science industry where the Group sees growth potential and attractive opportunities. There is also potential in expanding the Group's automated systems to markets other than North America.

Research and Development ("R&D")

We leverage R&D investments in order to sustain the momentum of key innovation projects that will bring significant benefits to customers and help to drive future growth. We continue to collaborate with customers, local universities and selected market-leading partners for specialised solutions across the value chain on bringing new products to market, further developing the functions or applications of existing products, and concepts responding to the direct needs of customers of target markets. To enhance our market sectors and drive growth, we will continue to focus on high-growth opportunities, particularly with EV and medical device customers where development in technology is driving opportunities for expansion.

Our experienced design teams have successfully designed and developed complex PLSs together with our customers, and realising additional sales. We have incredible depth of experience to design and develop innovative solutions to address the technical challenges that our customers face in relation to solar, e-mobility or life science application.

Management Discussion & Analysis (Cont'd)

CORPORATE STRATEGY (CONT'D)

Research and Development ("R&D") (Cont'd)

In FY2022, the Group spend approximately RM3.72 million on R&D, compared to RM10.85 million in FY2021 to develop innovative products for our customers. These innovative initiatives, together with ongoing product development programme with our customers, have updated and expanded our range of products. We are delighted with the external recognition we have received from the Institution of Engineering and Technology for our significant contributions to the advancement of science, engineering or technology. Greatech emerged as the biggest winner during the Institution of Engineering and Technology (IET) Prestige Lecture & Award Dinner (PLAD) 2022 as our Group Chief Executive Officer, Dato' Tan Eng Kee won the Malaysia Outstanding Industry Captain Award and Greatech won one of the Platinum awards.



Operational Efficiency

The Group continued to focus on the optimisation of manufacturing operations and investing in the expansion of capacity. FY2022 is characterised by targeted investments in people and strategic capital expenditure focusing on manufacturing and engineering capabilities to support overall growth strategy. We never stop identifying where we can make improvements in our systems and processes. Continuous improvement has taken place at all levels of the Group on both the manufacturing and within support functions. Managers are supported by Chief Executive Officer to deliver positive change in the organisation.

Total capital expenditure investment increased to RM100.22 million (FY2021: RM48.54 million). On 28 February 2023, we had conducted the Groundbreaking ceremony to build a new factory, BK IV in Batu Kawan that provides space for the safe and efficient assembly of PLS & SAE, enable us to continue seizing opportunities for growth and significantly strengthen our position. It will be located in sight of our 2nd and 3rd plants, which we officially opened in Q4 2021 and Q1 2022 respectively. As well as capital expenditure of RM200.00 million, we will create 500 job opportunities with this new site. At present, capacities were well utilised at all existing manufacturing sites to deliver strong orders booked at the beginning of 2022 and maintained revenue at the exceptionally high level during the reporting period.

In 2020, we commenced a change program to improve internal digital capabilities. We kick-off a new Enterprise Resource Planning ("ERP") system to improve the efficiencies in the processes of our Penang's manufacturing sites. In 2022, we successfully completed the significant milestone of rolling-out the first phase of new ERP system. The Group will continue to evaluate, invest in and roll out focused digital platforms and initiatives to drive productivity and efficiency gains.

Acquisition

Historically, Greatech has grown organically. Our growth strategy will primarily be organic, but acquisitions will continue to be an important part of our efforts to create profitable growth. Acquisition-led growth strengthen our market position in existing areas, or paves the way for entry into new ones rapidly. The Group has on-going dialogue with various potential acquisition candidates. Our ideal acquisition targets are dependable businesses that we understand extremely well, that would bring us either new customers or new capabilities to complement our businesses and enhance our margins. A number of opportunities are currently under evaluation and further update will be provided as appropriate.

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 2022, 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 FY2022. This remains unchanged and similar to the previous year.

Management Discussion & Analysis (Cont'd)

OUTLOOK

The Group made substantial progress in 2022 in delivering our strategic plan and remains focused on executing long term strategy of delivering revenue growth and improved margin. Through the productive implementation of our business strategy, we had delivered very good results surpassing the pre-crisis level despite a challenging market environment. The stronger order book in the second half of 2022 provides momentum for the year 2023.

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. Our key catalysts for growth are further amplified by attractive secular trends that are foundational for the global economy in the years ahead. Geopolitical tension and challenges in logistics and supply chains have forced manufacturers to look at their investment strategies. There is an increased focus on supply chains with the pandemic highlighting dependencies on particular countries or delivery corridors.

We can see tremendous growth opportunities globally, particularly in our target market of renewable energy, e-mobility 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 the USA and other governments worldwide. Governments are encouraging a move to cleaner energy through policies and the introduction of emission targets. Transitioning to cleaner and greener energy will drive future demand. The Group's PLS help reduce the cost of generating renewable energy and this market provide niche opportunities for the Group.

For solar, we have further increased our production and assembly capability during FY2022 to allow us to meet customer demand. Our significant experience in the solar market and our ability to cope with customisation allow us to support the new generation of solar technology. We also have the flexibility to support increasing demand. We continue to invest in engineers to develop our product to ensure we stay at the forefront of the technology and we have worked very closely with our customers throughout FY2022 to help them manage continued high demand.

The e-mobility market remains encouraging. Governments worldwide are incentivising the switch to sustainable, clean and quiet electric mobility through policies including tax, financial incentives, and the introduction of targets to end sales of Internal Combustion Engine ("ICE") vehicles and to meet emission targets. Automotive model launches continue to be focused on EV, supporting the e-mobility shift, and creating additional year-on-year demand. In response to the growing market in EV, we continue to expand our relationships with manufacturers of EV and battery technology and work with them to meet their individual challenges. The strategy is to further deepen the customer relationship over time. The long-term trend is toward moving away from fossil fuels to greener alternatives, and demand is increasing rapidly. 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.

For life science, the capabilities of new technologies to improve the quality of life and the development of COVID-19 vaccine have 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 the pharmaceutical and medical devices industries. Further deployment in medical technology is required globally to realise the benefits of innovative treatment approaches such as continuous glucose monitors or insulin pumps. Aging populations are going to increase the need for medical sector investment. In tandem with this trend, we worked closely with our customers to meet their requirement and increased demand. We have facilities that are accredited to stringent medical manufacturing standards to meet customer requirements. We are continually expanding our capabilities to allow us to support the latest technologies.

Looking ahead, rising interest rates, inflationary pressure and geopolitical challenges continue to weigh on economy activities. The growth related to sustainability solutions for energy efficiency and decarbonization is expected to remain positive in 2023, supported by favourable government policies, and increased spending on low-carbon initiatives. The Group will focus on the execution of our strategy to drive near-term growth and increase investment for another year, including further strengthening our sustainability leadership to deliver long term value. The Group anticipates approximately RM227.00 million in capital expenditure in 2023 including adding a BK IV in BKIP, Penang to capture the growth potential in our markets around the world.

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 2022, this Report discloses our progress for the activities from 1 January 2022 to 31 December 2022, unless otherwise specified and if relevant to the Report. Where possible, information from previous years have been included to provide comparative data.

Reporting Contents, Boundaries and Standards

This Sustainability Report covers Greatech and all its subsidiaries' sustainability performance for the financial year ended 31st December 2022 ("FY2022", "Reporting Period", "The year"). Most of our sustainability work is carried out in our Malaysian entities, namely Greatech Technology Berhad and Greatech Integration (M) Sdn Bhd. Hence, the sustainability reporting will be focused on these two entities of the Group. The Malaysian entities also happen to house our largest manufacturing facilities, where the workforce there covers 99% of the employees of the Group.

As of 31 December 2022, Greatech has one manufacturing site in Penang, Malaysia and one in Michigan, United States of America ("USA"), as well as sales and services offices situated throughout Asia, Europe, and the USA. 99% of our employees work at our manufacturing sites in Penang, Malaysia. Penang houses the Group's largest manufacturing facilities, with a total of six factories located within the state. With the newly built factory located in Batu Kawan, Penang now harbours a manufacturing footprint greater than 1,000,000 square feet ("sq ft") in total, providing full support to our customers' business. On the other hand, there is a significantly smaller number of employees who are working in the USA.

Our sustainability reporting focuses on our Malaysian operations which are under our organisational control. The scope of our sustainability reporting excludes all outsourced activities in which we do not have management control over, unless otherwise stated in the Report.



Global Reporting Initiative ("GRI")

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and meets the criteria of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements on sustainability reporting for the FY2022.

The Report has also been prepared with reference to the following guidelines or frameworks:



United Nations Sustainable Development Goals ("UN SDGs")

We are committed in setting our goals in alignment with the UN SDGs to build a sustainable future. We have linked our material sustainability matters to the SDGs and are striving to drive SDGs through our business.



FTSE4Good

FTSE4Good Bursa Malaysia ("F4GBM") Index & FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index

We are pleased to report that in June 2022, Greatech was added to the constituents of the F4GBM Index, which was designed to identify Malaysian companies with recognised environmental, social and governance ("ESG") practices. We put in our best efforts in fulfilling the FTSE4Good ESG criteria. The inclusion into the F4GBM Index represents a new milestone of Greatech and demonstrates our commitment in our ESG practices and disclosures.

In addition, in June 2022, Greatech was also added to the F4GBMS Index and designed to track constituents in the F4GBM that are Shariah-compliant in accordance with the Shariah Advisory Council screening methodology.

Sustainability Report (Cont'd)

Reporting Contents, Boundaries and Standards (Cont'd)

This Report has been prepared with reference to the Sustainability Reporting Guide (2nd edition) and Toolkits released by 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 together with this Annual Report 2022.

Statement of Assurance

In strengthening the credibility of this Report, data for each corresponding material topic has undergone rigorous review by our internal auditors to ensure the accuracy of information disclosed in this Report in preparation for external assurance in the future.

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, E-Mobility, 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 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 RM6.06 billion (2021: RM8.43 billion) at the end of 2022.

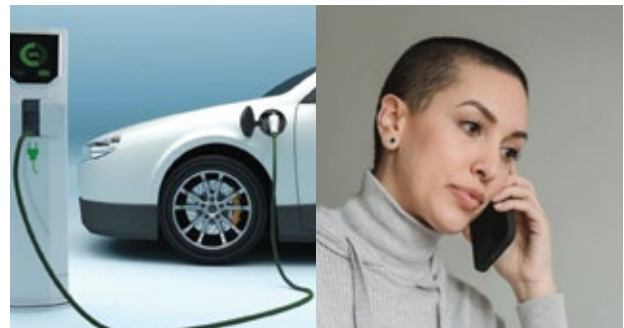
Availability

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

Feedback

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/en/contact/>.

The Group has a wholly owned subsidiaries in USA, Philippines and China respectively, and there were no major changes in Greatech's company structure since the last financial year. The legal entities and ownership structure are presented in our Annual Report 2022.



Our Vision



We are dedicated to being 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 behaviours 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.

Sustainability Report (Cont'd)

Core Values

| | |
|-----------------------|----------------|
| Innovation | Performance |
| Integrity | Teamwork |
| Customer Satisfaction | Care & Respect |

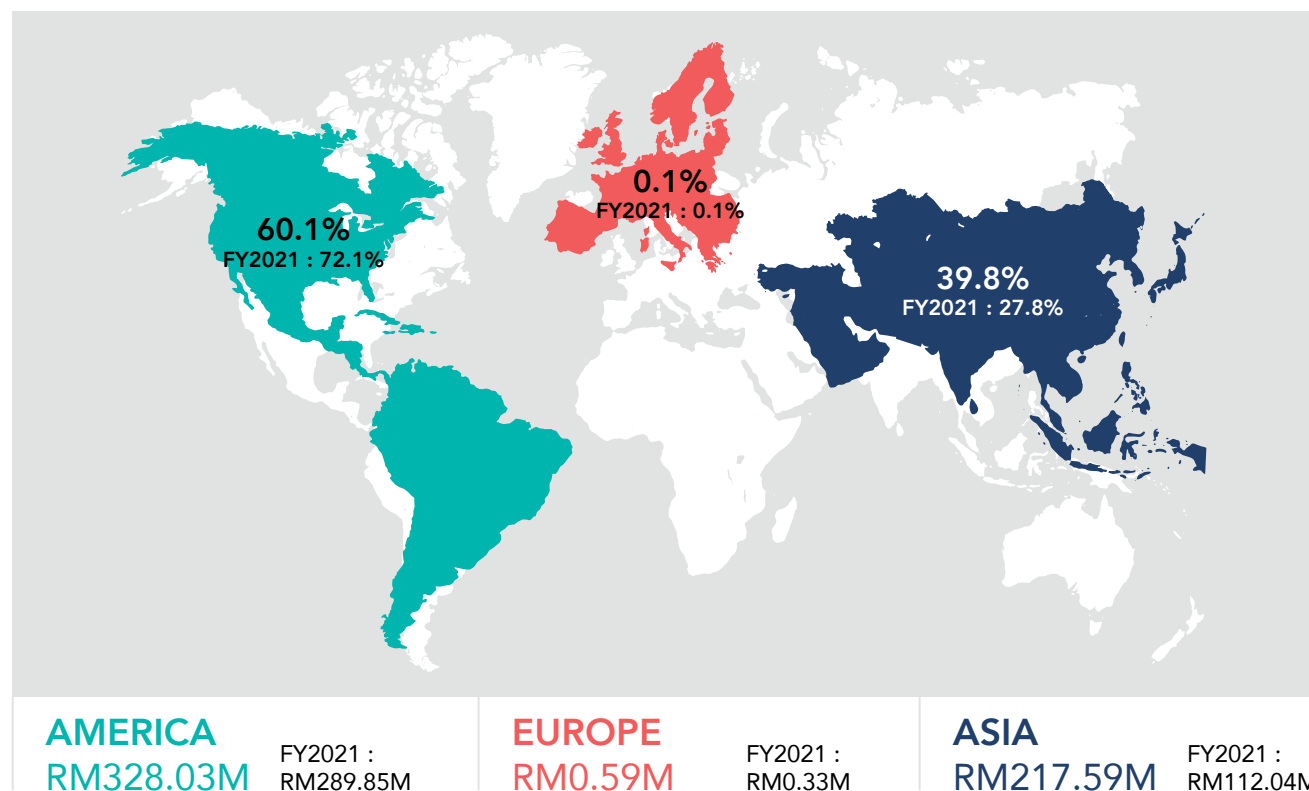
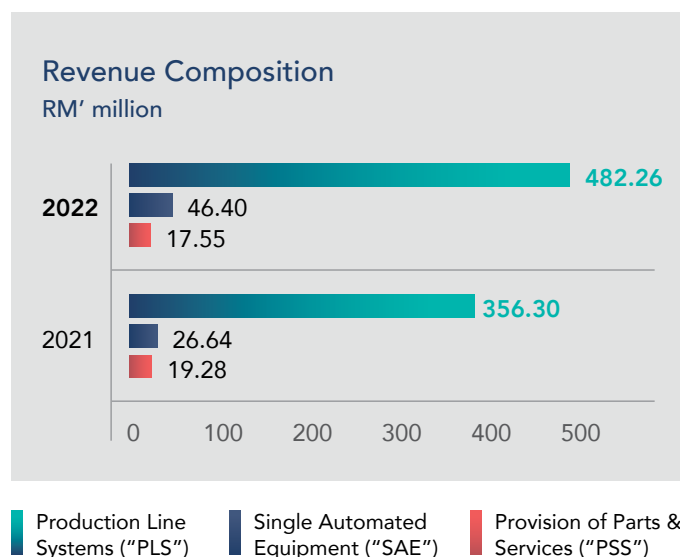
Our End Market

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 amplified our 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 India.

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

Revenue by regions for FY2022 and FY2021:

Our focus on e-mobility continued to drive favourable revenue contribution in 2022. In the meantime, we are also expanding our presence in industry such as life science.



Sustainability Report (Cont'd)

SUSTAINABILITY AT GREATECH

How We Manage Sustainability

The Board of Directors ("Board") is responsible for the reviewing of Greatech's objectives, policies, procedures, and progress with respect to sustainability business issues and corporate social responsibility ("CSR"). The Group Chief Executive Officer ("CEO") is responsible for implementing the Board's decisions and strategies. He is supported by the Group Chief Financial Officer ("CFO"), who assists the Sustainability Working Group ("SWG") with decision-making and analysis on the details of the Group's sustainability issues.

The SWG was formed in the year of 2019, comprising of the CFO, a cross functional management team, and chaired by the CEO. The SWG is tasked to integrate essential ESG practices into the Group strategies. Greatech has also designated our CFO as the officer in charge of sustainability related matters. The Group's ESG activities are regularly presented to the Board to keep the Board updated on the Group's efforts in these areas.

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 for our stakeholders including – customers, vendors, community where we operate, as well as to address the rising concerns on environmental matters. We acknowledge that genuine commitment and engagement in our sustainability practices have become a distinct competitive advantage to our businesses, as our stakeholders are now focusing on our sustainability efforts as the underlying factor, 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 ESG. 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.

Stakeholder Engagement

We understand the significant impact of those with vested interests 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, non-governmental organisations ("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 our stakeholders' concerns and build their confidence in us.

In 2022, we have conducted ongoing formal and informal meetings with our key stakeholders. The table below summarises our key stakeholders, the topic of dialogue, frequency of engagement and engagement channels.

| 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 submission 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)

Stakeholder 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 emails Townhall meetings Performance review Employee engagements and activities Employee surveys Staff meetings Internal publications, policies and procedures Talent management programme |
| Governments/Regulators | <ul style="list-style-type: none"> Regulatory compliance Survey, statistical requests by local and national authorities Anti-corruption Occupational health and safety Scheduled waste disposals | <ul style="list-style-type: none"> Monthly, quarterly, annually | <ul style="list-style-type: none"> Formal and informal bilateral meetings with public officials at all levels of government 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 |

Sustainability Report (Cont'd)

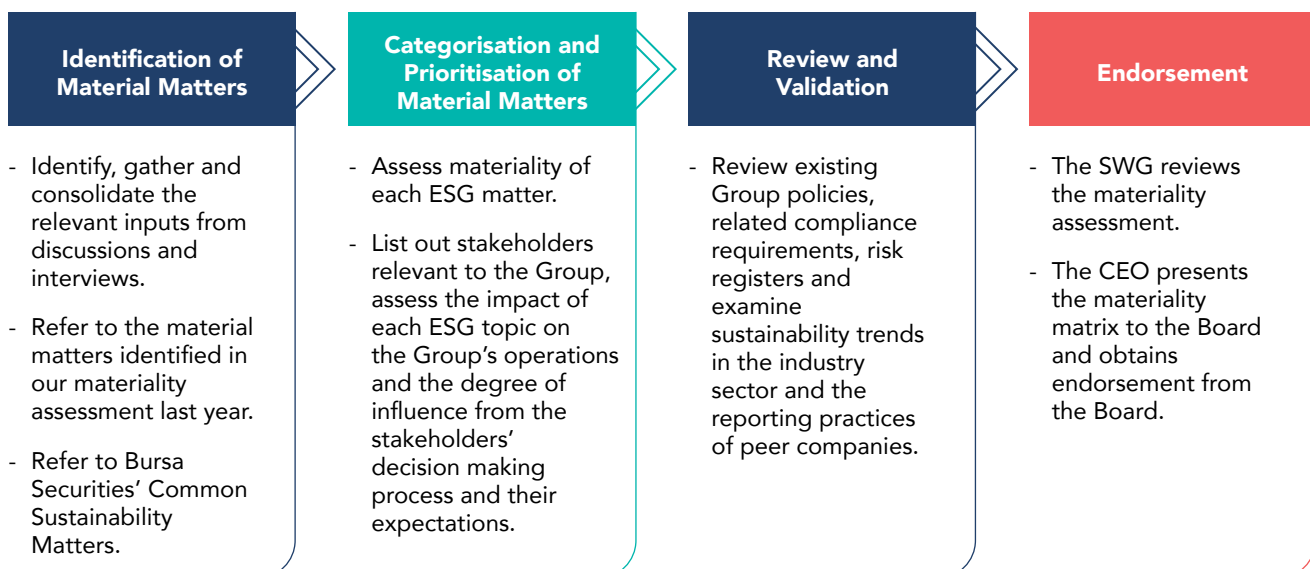
SUSTAINABILITY AT GREATECH (CONT'D)

Stakeholder Engagement (Cont'd)

| Stakeholder | Topic of Dialogue | Frequency of Engagement | Engagement Channels |
|-----------------------|---|--|--|
| Media Representatives | <ul style="list-style-type: none"> • Innovation and technologies • Greatech's employer branding • 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 |
| 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 dialogues on charitable projects and organisations • Donations and sponsorships • Employee volunteerism • Meetings • Participation in CSR activities, initiatives, events and conferences |

Materiality Assessment

In 2022, we updated our materiality assessment to identify and incorporate material ESG factors that may significantly impact the Group's business or influence the decisions of our stakeholders. In addition to our identified material topics, we incorporated Bursa Securities' Common Sustainability Matters as part of our materiality assessment for 2022. Subsequently, we obtained inputs from dialogue sessions with internal stakeholders such as employees and representatives of different functional groups to identify the relative interest and impact to business of the respective material topics, thus forming the basis of our materiality assessment and development of our sustainability strategy. External stakeholders were not directly involved in the materiality assessment process at this juncture but were represented by internal stakeholders through internal knowledge of the ongoing stakeholder dialogues. The materiality matrix was also reviewed and approved by the Board.

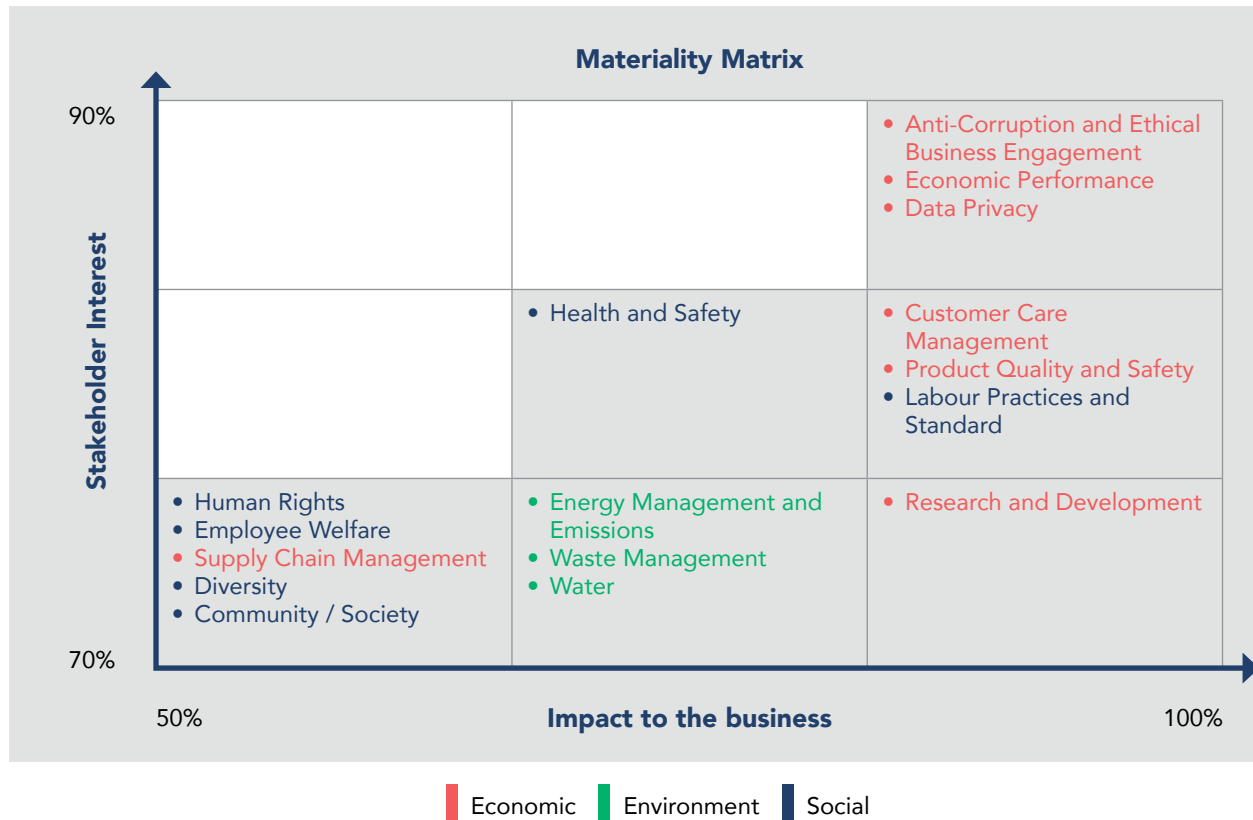


The relevant sustainability areas for Greatech are illustrated in the materiality matrix below. A comprehensive list of 16 material matters is plotted against the x-axis, which shows the importance of each matter to the business, and against the y-axis, which shows how critical each matter is to influence the stakeholder's decision on our business engagements.

Sustainability Report (Cont'd)

SUSTAINABILITY AT GREATECH (CONT'D)

Material Assessment (Cont'd)



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

Greatech is also committed to support the UN SDGs. Therefore, we have identified and adopted 8 Sustainability Goals which we believe are most relevant to our business and where we can contribute to the economic, environmental, and social (EES) sustainability in Malaysia.



The table below provides an overview of the Sustainability Goals adopted by Greatech in measuring our sustainability performance and it has been categorised according to the ESG pillars:

| Pillars | Material Sustainability Matters | GRI Standards Specific Topics | UN SDGs |
|---------------|------------------------------------|---|---------|
| Environmental | 1. Energy Management and Emissions | GRI 302: Energy 2016 GRI 305: Emissions 2016 | |
| | 2. Water | GRI 303: Water and Effluents 2018 | |
| | 3. Waste Management | GRI 306: Waste 2020 GRI 304: Biodiversity 2016 | |

Sustainability Report (Cont'd)

SUSTAINABILITY AT GREATECH (CONT'D)

Material Assessment (Cont'd)

| Pillars | Material Sustainability Matters | GRI Standards Specific Topics | UN SDGs |
|------------|---|--|---|
| People | 4. Diversity | GRI 401: Employment 2016 GRI 406: Non-discrimination 2016 |  |
| | 5. Labour Practices and Standards | GRI 401: Employment 2016 GRI 404: Training and Education 2016 | |
| | 6. Employee Welfare | GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 | |
| | 7. Health and Safety | GRI 403: Occupational Health and Safety 2018 | |
| | 8. Human Rights | GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labour 2016 | |
| | 9. Community / Society | GRI 203: Indirect Economic Impacts 2016 GRI 413: Local Communities 2016 | |
| Governance | 10. Economic Performance | GRI 201: Economic Performance 2016 GRI 207: Tax 2019 |  |
| | 11. Anti-Corruption and Ethical Business Engagement | GRI 205: Anti-corruption 2016 | |
| | 12. Data Privacy | GRI 418: Customer Privacy 2016 | |
| | 13. Customer Care Management | - | |
| | 14. Product Quality and Safety | - | |
| | 15. Supply Chain Management | GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016 | |
| | 16. Research and Development | - | |

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 of Management and Technology ("TARUMT") (formerly known as Tunku Abdul Rahman University College) 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.

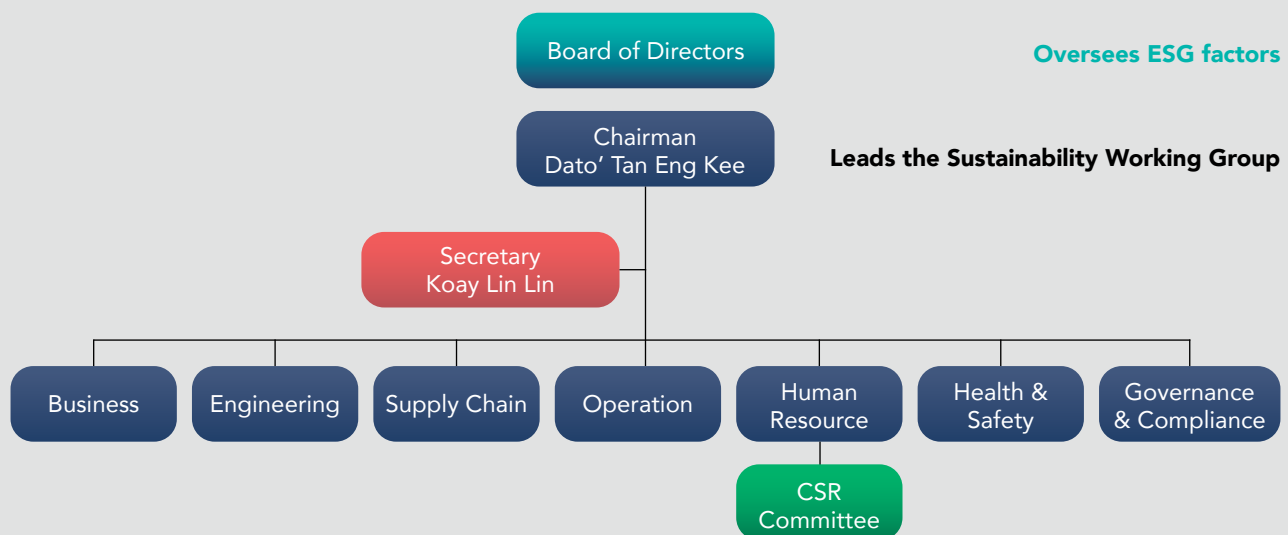
Sustainability Governance

At Greatech, the Board oversees the relevant ESG factors that may impact the long-term interest of our shareholders and stakeholders. Greatech's sustainability and 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 for regularly updating 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 an annual basis. In summary, the responsibilities for driving and implementing the sustainability initiatives lies within the relevant functions of the Group.

In November 2022, Greatech received recognition from the 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 positioned us among the Top 100 best companies for CG in Malaysia. Another noteworthy achievement we received in 2022 was the ASEAN Asset Class Award, where we placed amongst top 234 PLCs in ASEAN region.

Board Oversight of Sustainability



*The Sustainability Working Group (SWG) monitors and evaluates sustainability activities and performance.
The relevant functions implement sustainability initiatives.*

Sustainability Report (Cont'd)

SUSTAINABILITY AT GREATECH (CONT'D)

Board Oversight of Sustainability (Cont'd)

The Board's oversight responsibilities require ongoing, in-depth consideration of economic, social, and environmental risks and opportunities. The Board ensures resources are directed towards meeting our sustainability objectives and has overall responsibility for ESG management. The oversight of 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 Audit and Risk Management Committee ("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 the Group 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.

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 the achievement of financial metrics and several ESG priorities, demonstrating our Board's commitment to our sustainability framework. For 2022, the sustainability KRAs considered by the Remuneration Committee ("RC") include improving business performance, driving ESG efforts across the business, energy efficiency, digitalisation and automation of processes, leadership of the compliance culture, and talent development.

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 by using all resources efficiently. 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 of Conduct ("Supplier Code") includes relevant EHS guidelines which delineate our expectation towards the suppliers, and they are required to remain vigilant and adhere to the requirements at all

At Greatech, we commit to relentlessly ensuring that our environmental performance and management across all our operations are meeting the local and regional environmental laws and regulations. We acknowledge that strict compliance is pertinent to the Group as it associates with our applicability to retain the necessary operating licenses and permits, whilst reducing 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 to overall environmental management practices in each plant. Subsequently, all observations or risks identified would be addressed accordingly amongst the responsible management teams.

In 2022, there were no fines, penalties or non-monetary sanctions imposed for non-compliance with environmental laws and regulations. There are no known threats from an environmental viewpoint that could jeopardise the Group's operation.

Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

Moving forward, the Group will continue to review and improve its Environmental Management System and practices, whilst staying abreast of the latest regulations and practice strict compliance with the relevant requirements. This year, our Malaysia subsidiary having the largest facilities at Penang have been ISO 14001:2015 (Environmental Management System) certified. In addition, we will continue to promote environment awareness within our organisation and advocate environmental initiatives launched by the local authorities.

Energy Management and Emissions

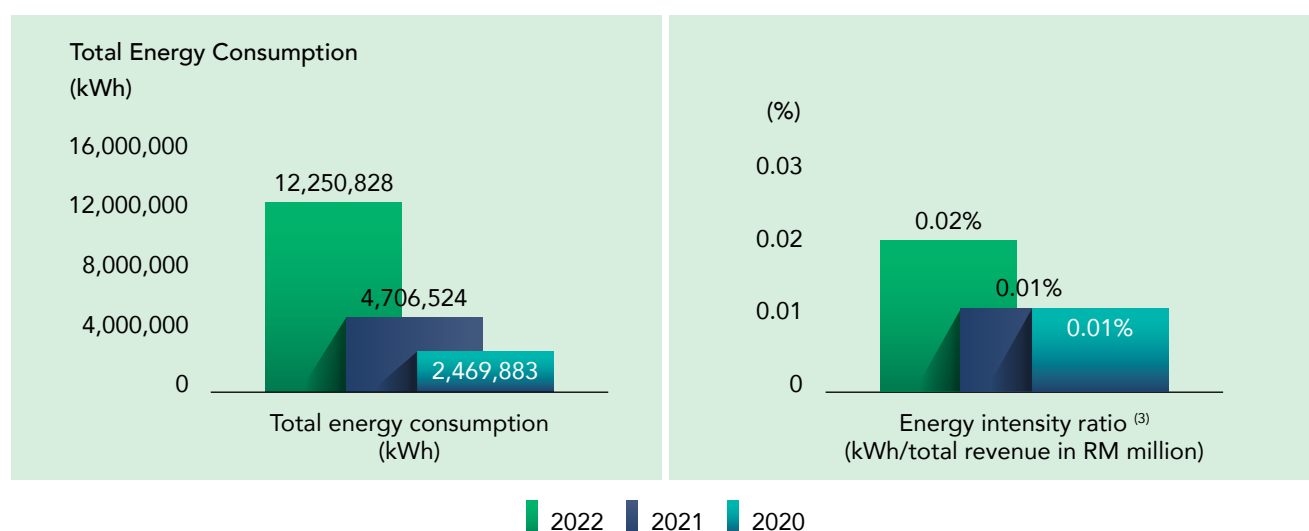
Energy Management

Greatech's energy consumption is tracked on a monthly basis by our internal facility team for each manufacturing site in Penang, Malaysia over which we have operational control. The energy data for each location is then converted into greenhouse gas ("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.

| Total Energy Consumption | Unit | 2022 | 2021 | 2020 |
|---|--|-------------------|------------------|------------------|
| Electricity consumption ⁽¹⁾ | | | | |
| Electricity consumption | kWh | 12,080,328 | 4,587,354 | 2,391,293 |
| Total electricity consumption | kWh | 12,080,328 | 4,587,354 | 2,391,293 |
| Fuel consumption | | | | |
| Diesel ⁽²⁾ | kWh | 170,500 | 119,170 | 78,590 |
| Total fuel consumption | kWh | 170,500 | 119,170 | 78,590 |
| Total energy consumption | kWh | 12,250,828 | 4,706,524 | 2,469,883 |
| Total energy consumption | GJ | 44,103.10 | 16,943.49 | 8,891.58 |
| Energy intensity ratio ⁽³⁾ | kWh/total revenue in RM million | 0.02 | 0.01 | 0.01 |

Notes:

- (1) Consumption of electricity is measured on the basis of direct meter readings per site.
- (2) The energy (in kWh) of diesel is calculated using conversion factor from Sustainability Exchange UK.
- (3) Energy intensity ratio is calculated based on total energy consumption (in kWh) divided by total revenue (in RM million).



Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

Energy Management and Emissions (Cont'd)

Energy Management (Cont'd)

The Group continues to seek ways of improving energy management of our operations, evaluating variables affecting energy indicators and searching for anomalies. To further reduce our GHG emissions, the Group invests in air compressors with an energy-saving inverter system for new manufacturing sites, switching to energy efficient LED lighting based on lighting ergonomics, optimizing energy consumption of air-conditioning system of each building and using energy-efficient window tinting for office blocks to reduce the energy lost through the windows.

For the next few years, exploring ways to substitute electricity with renewable sources will remain a priority on the Group's sustainability agenda, to mitigate the effects of climate change. This is also in line with Malaysia's climate change mitigation ambition to cut carbon intensity against GDP by 45% by 2030 compared to 2005 levels, as well as aligning with UN SDG 13, Climate Action. Several assessments were conducted in 2022 on the Group to assess the feasibility of Solar Photovoltaic (PV) and in 2023, we plan to install our first Solar PV system on the roof to provide energy for the office and production operations of Batu Kawan Plant 1 ("BK 1"). The installation is estimated to generate approximately 162,443 kWh of electricity monthly or close to 2,000 MWh yearly. We have engaged with a reputable solar service provider who have assessed the feasibility of our solar installation and have identified a potential indirect carbon dioxide ("CO₂") avoidance of emissions through this upcoming Solar PV installation. Besides mitigating the risk of climate change through Solar PV installation, we also see this as an opportunity to go greener, while saving on our operational expenses through consuming our own solar energy through the government's NEM scheme. In the future, we will also consider setting emissions reduction targets which will also be part of our Board's key review area (KRA). The Group is also considering installing more Solar PV systems in the years to come.

Emissions

We are cognisant of the increasing threats of climate change to our planet, due to the increase in GHG emissions from energy produced via fossil fuels. Further supporting the national and global agenda to mitigate the devastating effects of climate change, Greatech is committed to continue implementing and enforcing energy efficiency measures at our facilities to reduce GHG emissions; and developing automation solutions to assist our customers in producing cleaner and more efficient energy to meet the world's growing demand.

Through guidance from the Task Force on Climate-Related Financial Disclosures (TCFD) framework and as part of our measures on climate change adaptation, we have also formally evaluated climate change risks and opportunities across our value chain so that potential shifts in customer demand, technological changes, the competitive landscape, and new regulatory requirements 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 risks, opportunities, and financial impacts. Risk management strategies were also drawn up as the organisation's long-term plan to mitigate risks or realise opportunities. Information gathered was presented to the Board as the management team at Greatech are committed to taking a forward-looking stance in managing climate-related impact and building strategic resilience.

The industrial automation sector in which the Group operates has a relatively low impact on the natural environment. Our operation and production activities do not generate significant amounts of emissions or waste, and do not consume environmentally important raw materials. The largest source of CO₂ emissions at Greatech is our electricity consumption, which contributes to Scope 2 emissions. Therefore, the efficient use of energy is highly important to reduce the scale of our environmental impact.

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

In 2022, the Group's combined Scope 1 and 2 emissions increased by 162.1% compared with the previous year due to new opening and production expansion in some location as well as increase in business activity.

Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

Emissions (Cont'd)

A summary of our emissions profile is as follows: -

- (a) **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 2022, CO₂ emissions from the used of fuel amounted to 45.69 tonnes (2021: 32.00 tonnes).
- (b) **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 2022, CO₂ emissions from electricity consumption amounted to 8,383.70 tonnes.

| GHG Emissions ⁽¹⁾ | Unit | 2022 | 2021 | 2020 |
|---|------------------------------|----------|----------|----------|
| Direct Emissions (Scope 1) | tCO ₂ | 45.69 | 32.00 | 21.00 |
| Indirect Emissions (Scope 2) | tCO ₂ | 8,383.70 | 3,184.00 | 1,660.00 |
| Total Scope 1 & 2 Emissions | tCO ₂ | 8,429.39 | 3,216.00 | 1,681.00 |
| GHG Emissions Intensity Ratio ⁽²⁾ | | | | |
| Scope 1 | tCO ₂ /RM million | 0.08 | 0.08 | 0.08 |
| Scope 2 | tCO ₂ /RM million | 15.35 | 7.92 | 6.36 |

Notes:

(1) The CO₂ emissions are calculated using the emission factors from the Malaysian Green Technology.

(2) Our GHG intensity ratio is calculated based on GHG emissions (in metric tonnes) divided by revenue (in RM million).

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

Water

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 2022, the focus continues to be on tracking water leakage, raising workforce awareness, and encouraging environmentally sustainable behaviour at work.

Our facilities at Bayan Lepas and Batu Kawan, Penang, and those currently under construction at Batu Kawan are equipped with rain harvesting and storage system as a supplementary water source. To date, Greatech has installed 4 rainwater harvesting systems and was able to harvest 43m³ of rainwater in 2022.

Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

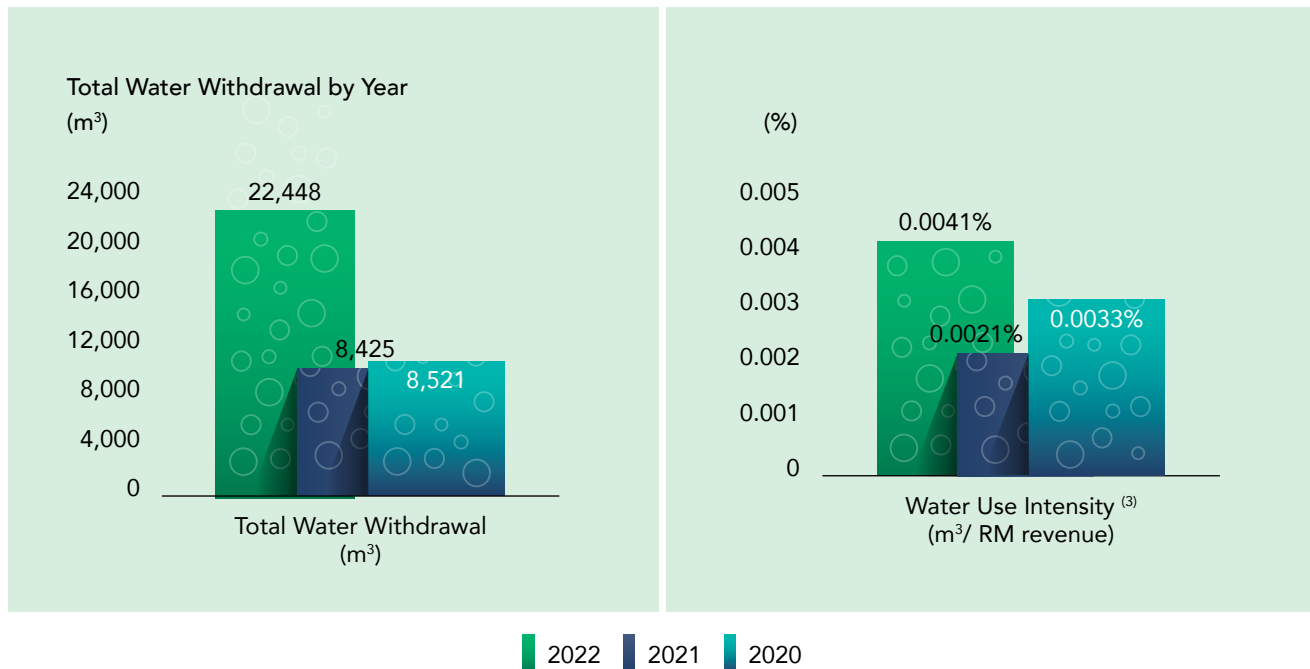
Water (Cont'd)

Total Water Withdrawal by Year

| Water Withdrawal ⁽¹⁾ | Unit | 2022 | 2021 | 2020 ⁽²⁾ |
|---|-----------------------------|---------|---------|---------------------|
| Water Withdrawal from public water supply | m ³ | 22,405 | 8,425 | 8,521 |
| Rainwater Harvested | m ³ | 43 | 0 | 0 |
| Total Water Withdrawal | m ³ | 22,448 | 8,425 | 8,521 |
| Total Water Withdrawal | ML | 22.448 | 8.425 | 8.521 |
| Water Use Intensity ⁽³⁾ | m ³ / RM revenue | 0.0041% | 0.0021% | 0.0033% |

Notes:

- (1) The withdrawal of water is measured based on supplier statements and meter readings.
 (2) The data presented for 2020 is in m³ instead of litres which was inaccurately indicated in the Sustainability Report for 2020.
 (3) Water use intensity is calculated as a percentage of water withdrawal (in m³) divided by total revenue (in RM).



In 2022, Greatech used 22,448 m³ of water for all of our Malaysia sites, equivalent to an increase of 166.45% compared to the previous year. More than 99% of our water is withdrawn from local municipal water supply systems. Greatech's primary water source is treated river water from the Perbadanan Bekalan Air Pulau Pinang Sdn Bhd ("PBA") which is the licensed water supply operator in Penang.

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 2022 and there were no instances of non-compliance with water quality standards and regulations.

Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

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 waste is 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 recyclable and can be 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.

The total amount of metal chips contaminated with cooling lubricants / oil (SW422) and cooling lubricants (SW307) generated at Greatech's fabrication facilities in 2022 was 42,482kg and 16,269kg respectively. The waste was appropriately disposed to the authorised waste collectors for subsequent off-site treatment, and in compliance with local regulations. Greatech has appointed a waste management company who is an ISO 9001:2015 certified company that collects waste for proper treatment and recovery.

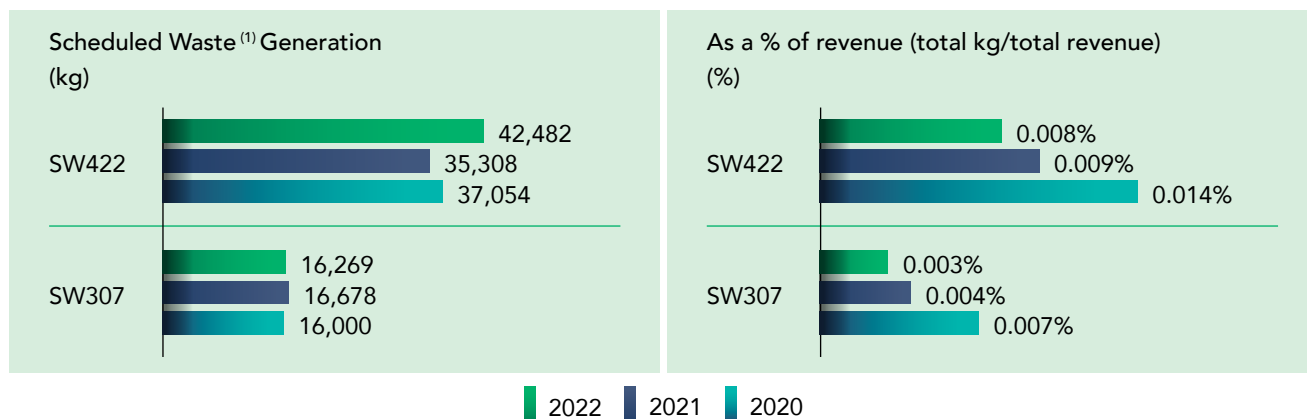
SW422 increased 20.32% while SW307 decreased 2.45% in 2022 as compared to 2021. Overall, total amount of scheduled waste output increased by 6,765kg or 13.01% compared to the previous year. The increase in SW422 generation was due to the increased business volume. However, the increase in SW422 generation was still lower in proportion to the increase in business volume. There was a decrease in SW307 generation despite an increase in machine quantity.

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 centre, recycling and reusing it for the next machining process to reduce the waste disposal quantity.

| Scheduled Waste ⁽¹⁾ Generation | Unit | 2022 | 2021 | 2020 |
|---|---------------|--------|--------|--------|
| SW422 | kg | 42,482 | 35,308 | 37,054 |
| SW307 | | 16,269 | 16,678 | 16,000 |
| As a % of revenue (total kg/total revenue) | kg/RM revenue | | | |
| - SW422 | | 0.008% | 0.009% | 0.014% |
| - SW307 | | 0.003% | 0.004% | 0.007% |

Note:

(1) Volume of waste is calculated based on weight slips received from the waste recipients for deliveries.



Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

Waste Management (Cont'd)

Scheduled Waste (cont'd)

Our scheduled waste management programmes 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 2022, no accidental or significant spills or releases occurred at Greatech's facilities that may present a significant risk to human health or the environment.

| | Unit | 2022 | 2021 | 2020 |
|---|-------|--------|--------|--------|
| Diverted from disposal ⁽¹⁾ | | | | |
| - Non-hazardous waste ⁽¹⁾ | tonne | 151.52 | 65.83 | 77.23 |
| Directed to disposal | | | | |
| - Non-hazardous waste | tonne | - | - | - |
| - Hazardous waste (Scheduled waste) | tonne | 58.75 | 51.99 | 67.40 |
| Total waste disposal | tonne | 58.75 | 51.99 | 67.40 |
| Total waste generated ⁽²⁾ | tonne | 210.27 | 117.82 | 144.63 |
| | | | | |
| Total non-hazardous waste | tonne | 151.52 | 65.83 | 77.23 |
| Total hazardous waste (Scheduled waste ⁽³⁾) | tonne | 58.75 | 51.99 | 67.40 |
| | | | | |
| Waste generated onsite | tonne | 210.27 | 117.82 | 144.63 |
| Waste generated offsite | tonne | - | - | - |

Note:

(1) Consists of recycled waste.

(2) Total waste generated is the sum of total diverted from disposal and total directed to disposal.

(3) Scheduled wastes are hazardous wastes.

Sustainability Report (Cont'd)

ENVIRONMENTAL (CONT'D)

Waste Management (Cont'd)

Other Waste

In order to facilitate sustainable waste management, Greatech is attentive towards the recyclability element of our waste and practises recycling wherever possible. During 2022, we recycled 151,516.90kg of waste ranging from carton boxes to metal scraps. This represents an increase of 130.2% in recycled waste.

| Recycled Waste Category | Unit | 2022 | 2021 | 2020 |
|-------------------------|------|-------------------|------------------|------------------|
| Carton Box | kg | 1,333.50 | 1,831.50 | 3,293.50 |
| Plastic | | 0 | 374.50 | 40.00 |
| Metal Scrap | | 127,833.40 | 53,827.00 | 54,170.50 |
| Aluminium | | 68.00 | 6,048.20 | 13,879.00 |
| Stainless Steel | | 0 | 2,740.50 | 4,384.00 |
| PVC Wire | | 16,875.00 | 701.50 | 240.00 |
| Electrical Item | | 5,407.00 | 0 | 749.00 |
| Mix waste | | 0 | 203.50 | 475.30 |
| Wastepaper | | 0 | 100.00 | 0 |
| Total | | 151,516.90 | 65,826.70 | 77,231.30 |

PEOPLE

Diversity

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 programmes, 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 programmes, processes, and systems, with the support from the individual business units and department to manage the relevant HR initiatives respectively.

Workforce 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. In 2022, our workforce has a gender ratio of 1:9, with 167 female employees and 1,080 male employees.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Diversity (Cont'd)

Workforce Diversity and Inclusion (Cont'd)

While our industry is inherently male-dominated, we are actively promoting the recruitment of female talent at all levels, especially in our main populations of engineering and technology, develop and retain them with the aim of increasing the proportion of female employees and managers year-on-year. Developing leadership talent for the future has been a key focus of our Group HR strategy and we have made significant investment in leadership development activities. In 2022, the Group seek to address the gender diversity by encouraging more women into next generation of leader through focused and targeted activities including giving high potential females an internal or external mentor, ensuring that we consider female candidates where we can for leadership roles. Additionally, the Group continue to have female recruiters to handle the recruiting for technical positions, create chances for women to share work environment and life at Greatech, and support initiatives such as International Women Day to acknowledge the diversity of our organisation and the communities in which we operate.

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 levels in the future.

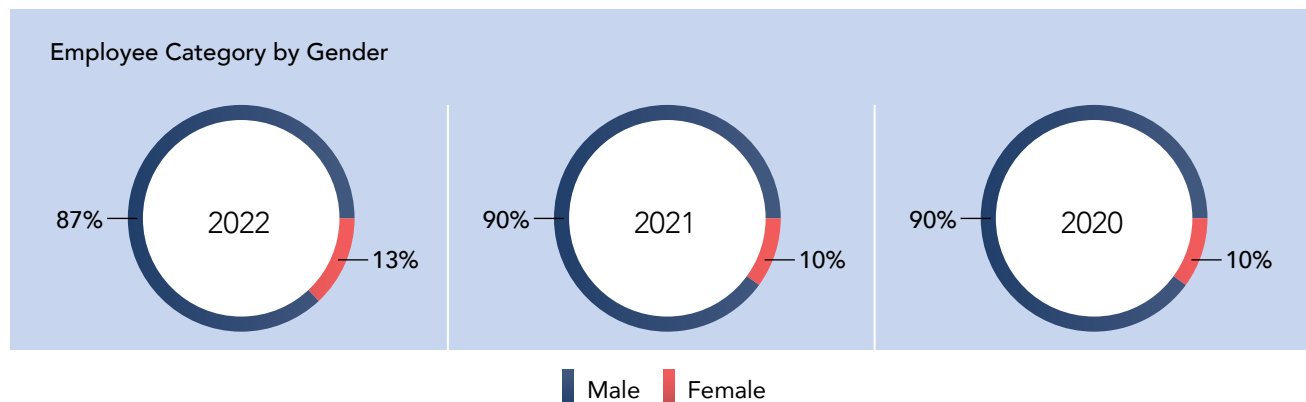
Our commitment in fostering diversity is practised across all levels of the Group, starting with the tone from the top whereby we have a total of 33% of female representatives appointed as the Board of Greatech Technology Berhad beyond the stipulated requirements in the Malaysian Code on Corporate Governance ("MCCG"). Women representation was 13% and 33% in the managerial and Chief Executive positions, respectively. 13% of our new hires are female. This year has also shown marked improvement in our gender balance at other levels in our organisation.

Employee Category by Gender

| Employee Category by Gender | 2022 | | | 2021 | | | 2020 | | |
|--------------------------------|--------|-------|-------|--------|------|-------|--------|------|-------|
| | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Executive | 125 | 574 | 699 | 68 | 443 | 511 | 39 | 240 | 279 |
| Middle Management | 8 | 38 | 46 | 4 | 32 | 36 | 4 | 29 | 33 |
| Non-executive | 33 | 466 | 499 | 13 | 258 | 271 | 9 | 193 | 202 |
| Senior Management ¹ | 1 | 2 | 3 | 1 | 2 | 3 | 1 | 2 | 3 |
| Grand Total | 167 | 1,080 | 1,247 | 86 | 735 | 821 | 53 | 464 | 517 |
| Percentage % | 13% | 87% | 100% | 10% | 90% | 100% | 10% | 90% | 100% |

Note:

(1) Senior Management as defined by Greatech, refers to C-Suite



Sustainability Report (Cont'd)

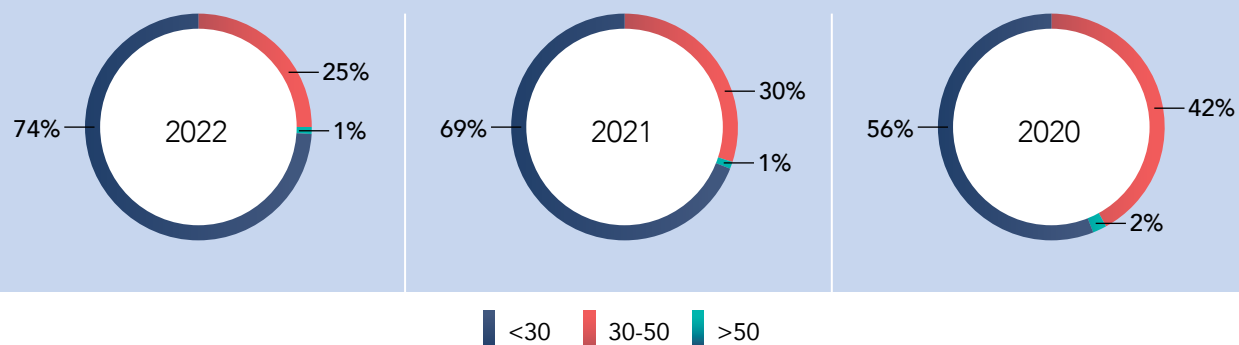
PEOPLE (CONT'D)

Diversity (Cont'd)

Employee Category by Age Group

| | Age Group (Years) | | | | | | | | | | | |
|--------------------|-------------------|-------|-----|-------|------|-------|-----|-------|------|-------|-----|-------|
| | 2022 | | | | 2021 | | | | 2020 | | | |
| | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total |
| Grand Total | 919 | 314 | 14 | 1,247 | 568 | 242 | 11 | 821 | 287 | 218 | 12 | 517 |
| Percentage % | 74% | 25% | 1% | 100% | 69% | 30% | 1% | 100% | 56% | 42% | 2% | 100% |

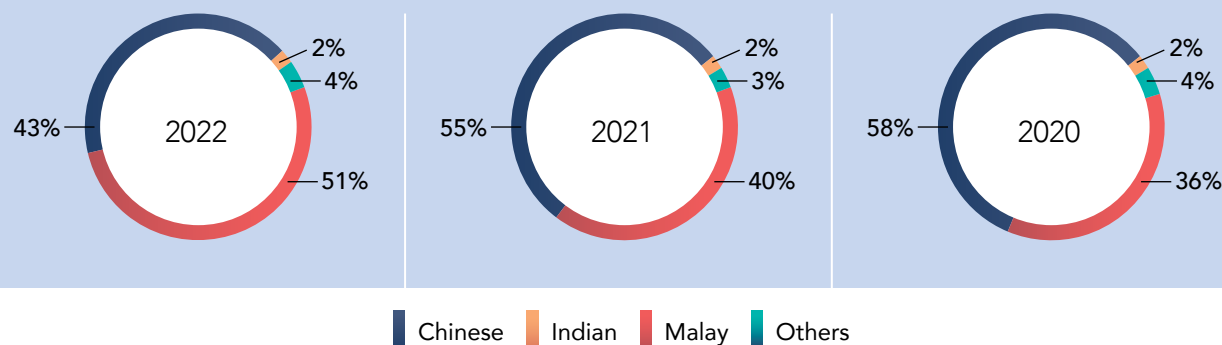
Employee Category by Age Group



Employee Category by Ethnicity

| | 2022 | | | | 2021 | | | | 2020 | | | |
|--------------------|---------|--------|-------|--------|---------|--------|-------|--------|---------|--------|-------|--------|
| | Chinese | Indian | Malay | Others | Chinese | Indian | Malay | Others | Chinese | Indian | Malay | Others |
| Grand Total | 536 | 22 | 643 | 46 | 450 | 15 | 334 | 22 | 300 | 9 | 188 | 20 |
| Percentage % | 43% | 2% | 51% | 4% | 55% | 2% | 40% | 3% | 58% | 2% | 36% | 4% |

Employee Category by Ethnicity



Sustainability Report (Cont'd)

PEOPLE (CONT'D)

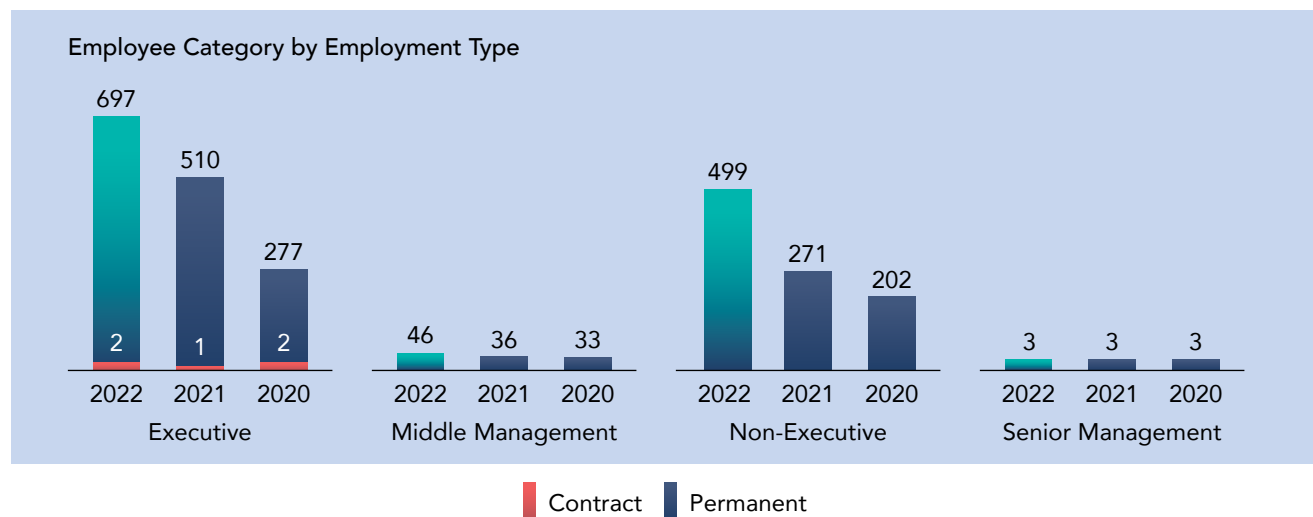
Diversity (Cont'd)

Employee Category by Employment Type

| Employee Category | 2022 | | | 2021 | | | 2020 | | |
|--------------------------------|----------|-----------|-------|----------|-----------|-------|----------|-----------|-------|
| | Contract | Permanent | Total | Contract | Permanent | Total | Contract | Permanent | Total |
| Executive | 2 | 697 | 699 | 1 | 510 | 511 | 2 | 277 | 279 |
| Middle Management | - | 46 | 46 | - | 36 | 36 | - | 33 | 33 |
| Non-Executive | - | 499 | 499 | - | 271 | 271 | - | 202 | 202 |
| Senior Management ¹ | - | 3 | 3 | - | 3 | 3 | - | 3 | 3 |
| Grand Total | 2 | 1,245 | 1,247 | 1 | 820 | 821 | 2 | 515 | 517 |
| Percentage % | 0.2% | 99.8% | 100% | 0.1% | 99.9% | 100% | 0.4% | 99.6% | 100 % |

Note:

(1) Senior Management as defined by Greatech, refers to C-Suite



Director breakdown by Gender

| | 2022 | | | 2021 | | | 2020 | | |
|--------------|--------|------|-------|--------|------|-------|--------|------|-------|
| | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Count | 2 | 4 | 6 | 2 | 3 | 5 | 2 | 4 | 6 |
| Percentage % | 33% | 67% | 100% | 40% | 60% | 100% | 33% | 67% | 100% |

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Diversity (Cont'd)

Director breakdown by Age Group

| | Age Group (Years) | | | | | | | | | | | |
|--------------|-------------------|-------|------|-------|------|-------|------|-------|------|-------|-----|-------|
| | 2022 | | | | 2021 | | | | 2020 | | | |
| | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total | <30 | 30-50 | >50 | Total |
| Count | 0 | 0 | 6 | 6 | 0 | 0 | 5 | 5 | 0 | 2 | 4 | 6 |
| Percentage % | 0% | 0% | 100% | 100% | 0% | 0% | 100% | 100% | 0% | 33% | 67% | 100% |

Zero Discrimination and Equal Opportunity

It is our policy that recruitment and promotion decisions are conducted based on the equal opportunity, irrespective of gender, marital status, sexuality, ethnicity, religion, or physical ability. All staff involved in recruitment, selection and remuneration are made familiar with their responsibilities with regard 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 from unlawful discrimination or harassment across the organisation. This is translated in our Code where we prohibit unlawful discrimination concerning the race, colour, and gender of our employees, amongst others. Training programs aimed at improving management skills, including topics such as discrimination, workplace harassment and employee engagement were conducted to employees during 2022 to bring awareness to and improve upon the inclusion of the Group. In keeping with our ethos for inclusivity, the Group strives to create a work 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. The Group also supports employees who want to pursue high-quality education or certification by partially or fully paying the cost of tuition for employees who maintain certain grade levels.

Labour Practices and Standards

Employees and Talent Attraction

Our recruitment is to a large 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 programmes 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 2022, as our business evolves, we continued our talent recruitment efforts. We participated in both in-person and virtual 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 pandemic. 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. We started to use online interviews for recruitment since the COVID-19 pandemic in first half of 2020. With fewer time and location constraints, we could interview the candidates flexibly, regardless of the place they live or work. This has increased opportunities to approach a diverse range of talents by leveraging the benefits of virtual interviews. 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-scream webinars with more than 900 students. Greatech supports local talent, hence our recruitment is mainly local hiring.

As of 31 December 2022, Greatech had a total of 1,216 permanent local employees, reflecting an increase of 50.3% (2021: 61.5%) year-on-year. There were no seasonal or part-time employees. As of 31 December 2022, Greatech has no differently abled personnel.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Labour Practices and Standards (Cont'd)

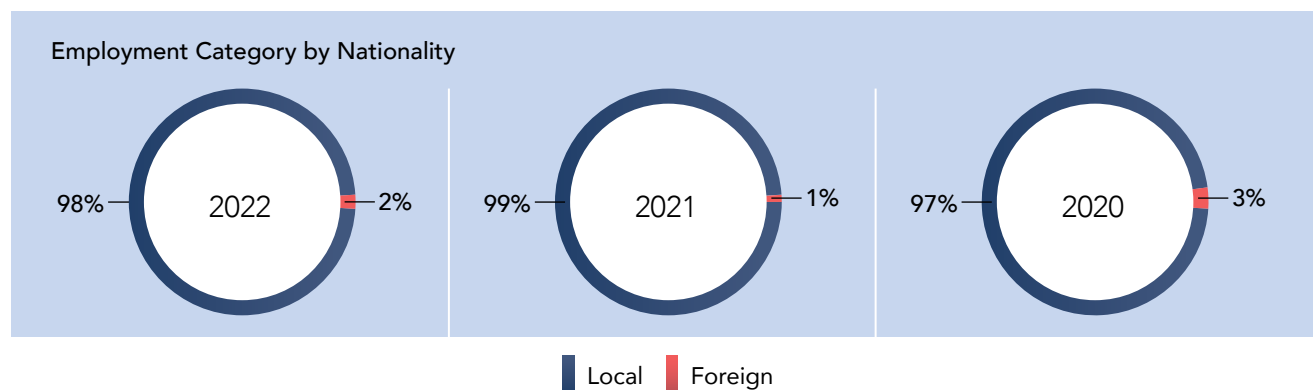
Employment Category by Nationality

| Employee Category | Nationality | | | | | | | | |
|--------------------------------|--------------------|-----------|--------------|--------------------|-----------|------------|--------------------|-----------|------------|
| | 2022 | | | 2021 | | | 2020 | | |
| | Local ¹ | Foreign | Total | Local ¹ | Foreign | Total | Local ¹ | Foreign | Total |
| Executive | 698 | 1 | 699 | 509 | 2 | 511 | 277 | 2 | 279 |
| Middle Management | 45 | 1 | 46 | 35 | 1 | 36 | 32 | 1 | 33 |
| Non-Executive | 472 | 27 | 499 | 263 | 8 | 271 | 191 | 11 | 202 |
| Senior Management ² | 3 | 0 | 3 | 3 | 0 | 3 | 3 | 0 | 3 |
| Grand Total | 1,218 | 29 | 1,247 | 810 | 11 | 821 | 503 | 14 | 517 |
| Percentage % | 98% | 2% | 100% | 99% | 1% | 100% | 97% | 3% | 100% |

Note:

(1) Local as defined by Greatech, refers to Malaysians

(2) Senior Management as defined by Greatech, refers to C-Suite



Employment type by Gender and Nationality

| Employment Type | 2022 | | | 2021 | | | 2020 | | |
|---|--------------|------------|--------------|------------|-----------|------------|------------|-----------|------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Contract (excluding sub-contractors) | | | | | | | | | |
| Local ¹ | 1 | 1 | 2 | 1 | - | 1 | 2 | - | 2 |
| Foreign | - | - | - | - | - | - | - | - | - |
| Subtotal | 1 | 1 | 2 | 1 | - | 1 | 2 | - | 2 |
| Permanent | | | | | | | | | |
| Local ¹ | 1,050 | 166 | 1,216 | 723 | 86 | 809 | 448 | 53 | 501 |
| Foreign | 29 | - | 29 | 11 | - | 11 | 14 | - | 14 |
| Subtotal | 1,079 | 166 | 1,245 | 734 | 86 | 820 | 462 | 53 | 515 |
| Grand Total | 1,080 | 167 | 1,247 | 735 | 86 | 821 | 464 | 53 | 517 |
| Percentage % | 87% | 13% | 100% | 90% | 10% | 100% | 90% | 10% | 100% |

Note:

(1) Local as defined by Greatech, refers to Malaysian

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Labour Practices and Standards (Cont'd)

Employment type by Gender and Nationality

We continued to recruit a significant number of new employees. Our headcount grew by 51.9% and 752 (2021: 455) new jobs were created. The majority of the new positions were in engineering and in production.

The detailed breakdown of our new hires in 2022 is as listed below:

New Hires breakdown by Gender, Age Group and Nationality

| New Hires | FY2022 | | FY2021 | | FY2020 | |
|--------------------|------------|-------------|------------|-------------|------------|-------------|
| By Gender | Count | % | Count | % | Count | % |
| Male | 612 | 81% | 398 | 87% | 148 | 91% |
| Female | 140 | 19% | 57 | 13% | 15 | 9% |
| Total | 752 | 100% | 455 | 100% | 163 | 100% |
| By Age Group | Count | % | Count | % | Count | % |
| Under 30 years old | 640 | 85% | 394 | 87% | 126 | 77% |
| 30-50 years old | 108 | 14% | 60 | 13% | 36 | 22% |
| Over 50 years old | 4 | 1% | 1 | 0% | 1 | 1% |
| Total | 752 | 100% | 455 | 100% | 163 | 100% |
| By Nationality | Count | % | Count | % | Count | % |
| Local ¹ | 732 | 97% | 455 | 100% | 163 | 100% |
| Foreign | 20 | 3% | - | 0% | - | 0% |
| Total | 752 | 100% | 455 | 100% | 163 | 100% |

Note:

(1) Local as defined by Greatech, refers to Malaysian

Compensation and Benefits

We ensure that the compensation packages meet or exceed the legal minimum and compensate our employees at a competitive rate compared to the 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. Some of our benefits include paternity leave, travel insurance, dental and health, Greatech Education Assistance Programme, among many more.

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.

Internship

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

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Labour Practices and Standards (Cont'd)

Internship (Cont'd)

In 2022, 100 interns completed their internship programme in various department across the organisation, where 69 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.

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 several training and development activities for employees in addition to mandatory education. We continue to use the training development platform which serves as a tool and hub for talent development in 2021 of which all employees and managers have access.

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.

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 2022, a total of RM0.68 million was invested in training and skill development as compared to RM0.08 million in 2021. We provided 71,590 hours (2021: 28,892 hours) of training and offered 393 (2021: 272) training sessions across 170 (2021: 163) different courses. This equates to an average of 57.41 hours per employee at all levels – 87.00 hours for executives and 83.29 hours for managers. This demonstrates the Group's commitment to continuously invest in people.

Training hours

| Number of total and average training hours participated by employees | FY2022 | FY2021 | FY2020 |
|--|-----------|--------|--------|
| Total training hours | 71,590 | 28,892 | 16,649 |
| Total training hours by employee category: - | | | |
| Top management | 219.45 | | |
| Managerial | 3,831.40 | | |
| Senior executive / Executive | 60,813.40 | - | - |
| Non-executive | 6,725.30 | | |
| Average training hours per employee | 57.41 | 35.19 | 32.20 |
| Total training hours by gender: - | | | |
| Male | 62,332 | | |
| Female | 9,258 | - | - |
| Average training hours by employee category: - | | | |
| Top management | 73.15 | | |
| Managerial | 83.29 | | |
| Senior executive / Executive | 87.00 | - | - |
| Non-executive | 13.48 | | |

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Labour Practices and Standards (Cont'd)

Training hours (Cont'd)

To respond to the development needs of our people and to develop their behavioural and technical skills, the following training and development programmes were carried out in 2022:

- Robotic Training
- Building Sustainable Future
- Understanding Environmental, Health & Safety and Other Requirements
- Lean Manufacturing
- Programmable Logic Control & Human-machine Interface Training
- Basic GD&T
- Chemical Handling, Chemical Spill Management and PPE Management
- Linear Servo Motor Training
- Failure Mode and Effect Analysis
- Corruption Risk Management
- Employer and Employee Tax Obligations in Malaysia

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 2022, we achieved 100% of performance review completion rate for our eligible employees.

Young Engineer Programme

At the start of 2019, we launched a Young Engineering Programme ("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 2022, 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 (2021: 194) 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, 470 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 programme participants and the teams working with these individuals on the potential value that the new graduates may bring to the Group.

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

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. Our average years of service for full-time employees is 1.9 years, and our overall turnover rate in 2022 is 18.2%.

Employee Turnover

| Employee turnover rate | FY2022 | FY2021 | FY2020 |
|---------------------------|--------|--------|--------|
| Total number of employees | 227 | 132 | 45 |
| Percentage (%) | 18.2% | 16.1% | 8.7% |

Note:

- (1) The employee turnover rate is calculated based on total number of employees who left voluntarily or due to dismissal, retirement, or death in service, over the total number of employees at the end of the reporting period.

Incidents or complaints related to labour standards

Between 2020 to 2022, there were no reported incidents or complaints pertaining to Greatech's labour standards, including human rights violation such as discrimination, child labour or forced labour in the Group or in our supply chain. Further information on Greatech's approach to human rights in our business and supply chain can be found in the next section.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Human Rights

Greatech's approach to address human rights is guided by our core values of integrity, caring, and respecting the people which are fundamental to our business. We respect international instruments such as the Universal Declaration of Human Rights and relevant local laws on human rights. We also recognise the International Labour Organisation's (ILO) eight fundamental conventions concerning freedom of association and the right to collective bargaining, and the elimination of forced labour, child labour and discrimination in the workplace. We respect and support the rights of employees to freely form or join associations or unions. The Group also does not tolerate or contribute to human trafficking or any form of harassment, threatening or inappropriate behaviour. This principle is defined in our Code, which applies throughout the entire Group.

We continually perform due diligence on our own facilities and outlined our expectations relating to human rights in our Supplier Code before entering any commercial relationship with suppliers. We also updated our Supplier Evaluation Assessment Questionnaire to assess forced labour and other human rights risks in our supplier audit process. As of 31 December 2022, 47.8% of subcontractors have been screened using our Supplier Evaluation Assessment Questionnaire.

Greatech provides working condition that is 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 receive 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. Participation in labour standards related training is mandatory for Chief Executives, Directors, and all managers. During the year, we have provided trainings on human rights principles to all our Board and managers. 100% of them have committed and participated in the aforesaid training.

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. Employees and external stakeholders are able to raise grievances or concerns regarding suspected inappropriate behaviour, corrupt practices or misconduct relating to human rights issues. They can file their complaints through their immediate superior, Executive Board, Board Chairman or Chairman of the ARMC.

Freedom of Association & Collective Bargaining

Greatech has officially published its handbook on Freedom of Association and Collective Bargaining. We believe that all of our employees, regardless of rank or job grade, have the rights to form or join trade unions of their choice and to bargain collectively.

Child, Forced or Compulsory Labour

The Group has zero tolerance on child labour and forced labour and complies with all relevant international and local laws, including Malaysian Employment Act 1955 and Minimum Wages Order, 2022. In compliance with local laws and regulations, the Group has set the age of 18 as the minimum age of employment. This is also reflected in our Code which prohibits the employment of children, forced or compulsory labour in our business.

Similarly, our Supplier Code also prohibits our suppliers from exploiting any child, forced or compulsory labour. As part of our commitment in fighting for human rights, our suppliers are required to provide their acknowledgement on our Supplier Code as evidence that they are aware of the Group's expectations, prior to entering business engagement with us.

In 2022, there are no reported incidents of child labour or forced labour in the Group or in the supply chain.

Employee Welfare

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 MiCare. Additional welfare benefits which include Group's Hospital and Surgical treatment, Term Life and Personal Accident insurance coverage, medical and dental benefits, maternity, and parental leave are also offered uniformly to our full-time employees, as well as to our contracted employees. Essentially, the HRA Department monitors the frequency of consultations and if necessary, identify the employees with frequent medical consultations and assess if the issues are concerned with work related hazards that need to be addressed immediately by the Group.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Employee Welfare (Cont'd)

Employee Wellness (Cont'd)

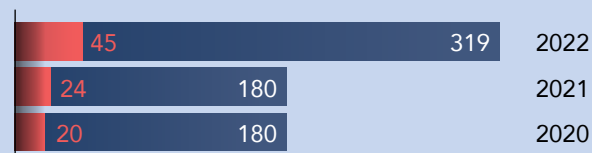
Contrarily, our foreign employees are covered by work injury compensation and medical insurance under the scheme of Foreign Worker Hospitalisation & Surgical Insurance ("SKHPPA"). Insurance policies for employees are reviewed and renewed by the HRA Department annually to ensure adequate coverage is offered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

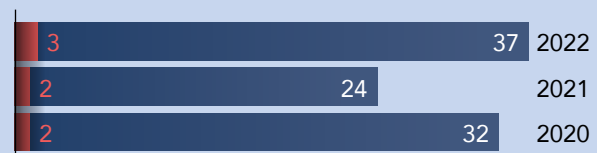
Parental Leave

In 2022, 3 female employees and 37 male employees took the paid maternity and paternity leave respectively. A total of 87.5% of female and male employees returned to work after completing of their leave.

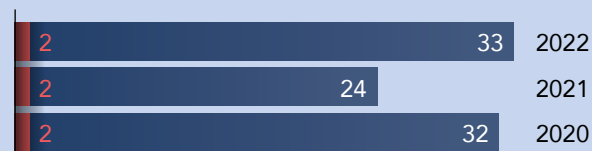
Total number of employees who are entitled to parental leave benefits: -



Total number of employees who took parental leave: -



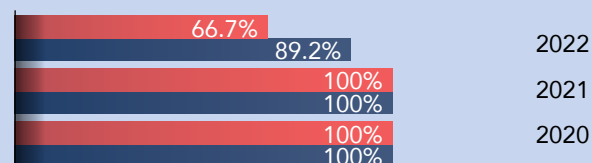
Total number of employees who returned from parental leave: -



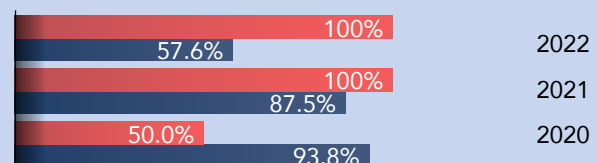
Total number of employees who returned to work after parental leave ended and were employed 12 months after their return to work: -



Return to work rate: -



Retention rates of employees who took parental leave; calculated by using the total number of employees that returned to work after parental leave ended and were employed 12 months after their return to work: -



Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Employee Welfare (Cont'd)

Parental Leave (Cont'd)

Aside from that, Greatech attributes great importance in promoting a good working environment and supports employees with a variety of sports activities and team building events. Various sports groups are founded on the Company's own initiatives, some of which are being financially supported by Greatech. In 2022, we organised the following activities in Penang: -

- Department team building event organised by respective department manager;
- International Women's Day celebration;
- Long Service Awards celebrates employees commitment to Greatech from 5 years upwards;
- Festive season celebration; and
- Sport events such as basketball and badminton.

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

Employee Engagement

Greatech's strength is its workforce, and we take great efforts to take care of the wellbeing of our employees. Discussions with executive management have focused on growth, talent, succession planning and a strategic investment in key skills and capabilities to underpin the delivery of the strategy. We maintain regular dialogues with our employees to demonstrate our commitment to our people with Care & Respect as our core value. Our staff were informed on key developments throughout the year by regular Group-wide HR communication and business updates from the CEO in CEO Talks.

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 lower-scoring areas and qualitative issues raised. Feedback on the survey was also shared with respective functional management to take corrective steps and improve the employee experience.

1,162 employees completed Employee Satisfaction Survey with a 92.1% response rate, down from 99.0% in 2021, which resulted in an average satisfaction rate of 78.2% (2021: 77.7%). The employees are keen to share their views and feel encouraged to drive improvements. The results of the survey are shared with the Board and provide them with valuable insight into the culture of the workforce and issues that matter to them. The Group will continue to work on the engagement as a company, with working teams actively facilitating engagement discussions with employees and developing action plans to ensure progress. We will again administer the satisfaction survey in 2023 to measure engagement improvement.

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 prayers;
- Fitness center;
- Share Option Plan;
- Greatech Education Assistance Programme – scholarships to children of Greatech employees pursuing post-secondary education;
- Welcoming lunch for new hires;
- Free flow of coffee and biscuits in the pantry; and
- Share Grant Plan.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

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, promoting safety as an attitude and driving continuous improvement in our health and safety management system. In 2022, all of Greatech's Penang sites (except for newly constructed BK 3 site) are equipped with Environmental Management System and Occupational Health & Safety System that has successfully obtained the ISO 14001:2015 and ISO 45001:2018 certification with zero non-compliance detected. Our EHS internal auditors conduct annual self-assessments based on the ISO 14001 and ISO 45001 management standards to review our compliance level. Our Group Head of EHS reports directly to the CEO who has ultimate responsibility for health and safety. In addition, Greatech requires Hazard Identification, Risk Assessment and Risk Control (HIRARC) standards be applied to all facilities. The standard is applicable to all routine and non-routine activities, existing and new operations as well as all employees, contractors and visitors. Risks associated with identified hazards are assessed using the Company's EHS Risk Matrix which takes into consideration the likelihood of potential risks occurring and the severity of the consequences resulting from the occurrence of the risk. The Group's risk assessments are reviewed for accuracy annually, or when an incident arises, or when there is a change in the work environment, process, equipment, or tasks.

Our EHS Committee comprises of employee (50.0%) and employer (50.0%) 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.

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. There are processes in place to allow employees to report hazards and concerns without fear of retaliation to the EHS Committee. 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 2022, our priority has still been to ensure a safe working environment for our employees. We have EHS programmes, policies, and trainings in place for employees and contractors. These meet or exceed regulatory requirements and are regularly reviewed for continuous improvement. Employees are provided with necessary personal protection equipment and high-quality safety clothing according to the nature of their work.

In 2022, Greatech did not receive any penalty or notice from authorities such as the Department of Occupational Safety and Health ("DOSH"), Department of Environment ("DOE") or the Health Ministry.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Health and Safety (Cont'd)

EHS Training in 2022

We conduct regular safety meetings and trainings for existing employees via a robust safety training programme tailored to the types of work employees perform and the hazards that they face. All Greatech employees and contractors are required to participate in the safety training relevant to their roles to clearly define our EHS expectations. Our employees receive training on the Group's EHS Policy while new employees are provided with Occupational Safety and Health ("OSH") training as part of their induction training.

In 2022, 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 RM0.062 million safety related training, with 6,145 training hours recorded, and 2,905 employees trained on health and safety.

The following trainings were conducted during the year: -

- Bomba Training
- Forklift Training
- Fire Alarm Panel Procedure Training
- Emergency Evacuation Drill
- Hazard Identification, Risk Assessment & Determining Controls
- Road Safety Training
- EHS Legal Requirements
- First Aider Training
- Fire Fighting Practical Training

The main objective of these trainings are to eliminate all lost time injuries, strengthen our safety culture and encourage good safety behaviours.

Work-related injuries (Employee)

| | 2022 | 2021 | 2020 |
|---------------------------------------|------|------|------|
| Lost Time Injury Rate ("LTIR") | 1.3 | 0.7 | 1.6 |
| Men | 1.3 | 0.7 | 1.6 |
| Women | 0 | 0 | 0 |
| Severity Rate | 3.8 | 10.6 | 40.9 |
| Men | 3.8 | 10.6 | 40.9 |
| Women | 0 | 0 | 0 |

Methodology for calculating the indicator:

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

Work-related injuries (Contractors ⁽¹⁾)

| | 2022 | 2021 | 2020 |
|---------------------------------------|------|------|------|
| Lost Time Injury Rate ("LTIR") | 0 | 0 | 0 |
| Men | 0 | 0 | 0 |
| Women | 0 | 0 | 0 |
| Severity Rate | 0 | 0 | 0 |
| Men | 0 | 0 | 0 |
| Women | 0 | 0 | 0 |

Note:

- (1) Contractors are employees of third-party companies hired for specific tasks such as cleaning and repairing.

Methodology for calculating the indicator:

- $LTIR = \frac{\text{number of registered accidents that led to sick leave of more than one (1) day} \times 1,000,000}{\text{total number of hours worked}}$ and is computed based on Occupational Safety and Health Administration ("OSHA") guidelines.

In 2022, there were 3 workplace lost-time injuries (2021: 1 case) reported. 67% of these were caused by employees coming into contact with moving machinery. Having assessed every lost time accident since 2019 we know that the primary cause of lost time accidents historically has been employees injuring their fingers or hand palm when coming into contact with moving machinery.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Health and Safety (Cont'd)

Work-related injuries (Contractors ⁽¹⁾) (Cont'd)

We had a LTIR per million working hours increased to 1.30 and a severity rate of 3.80. The number of hours worked in 2022 increased by 58.1% compared with 2021, mainly due to the adding of over 400 new headcounts in 2022 through the Group expansion strategy.

The number of major occupational accidents with four or more lost working days were 1 case in 2022 compared to 2021 (2021: 1 case). Occupational accident statistics did not include accidents on the way to and from work. We have seen an increase in the number of incidents in LTIR. We have worked intensively on analysing, understanding, and taking action to reverse the trend during the year. Each and every reported incident is followed up and actions are taken to eliminate the root cause of the incident. The root causes and actions taken by Greatech for work-related ill-health incidents in 2022 included further workplace inspections together with EHS team and manager in-charge to gain comprehensive picture of the status quo. The analysis focused on the working environment, available tools and materials, and prescribed work processes. A remediation measures is agreed, and countermeasures implemented.

Throughout the year, several initiatives were implemented to foster a safety-first culture at Greatech to help promote safety awareness of employees such as additional safety audits of critical manufacturing sites, safety campaigns and training in preventive tools. During the EHS Week Campaign in December 2022, virtual talks regarding contemporary health issues were conducted as well as workshops educating employees and enhancing their awareness on health and safety regulations. Additionally, the first post-pandemic physical EHS event was conducted in the same year. A total of 1,327 employees registered and participated in 14 events which included health talks, blood donation, tree planting, health screening, natural soap making, firefighting workshop, EHS competitions and fitness challenge.

Greatech has also taken initiative in promoting environment health by collaborating with Animal Projects & Environmental Education Malaysia (APE) in 2022. Through this collaboration, Greatech and its employees have graciously donated to the Restore Our Amazing Rainforest (ROAR) initiative by APE Malaysia to plant trees in Borneo, Sabah. Through the donation, Greatech was able to fund the planting of 242 trees at the Lower Kinabatangan Wildlife Sanctuary in Sabah which is an ex-logging site and former log dumping site.

In the same year, Greatech also conducted 3 Environmental Monitoring and Industrial Hygiene Monitoring for all manufacturing plants to ensure compliance with local regulations. The procedure covered areas such as Chemical Health Risk Assessment, Chemical Exposure Monitoring, Noise Risk Assessment, Audiometric Testing and Boundary Noise. The employees were informed and have access to the results of the monitoring processes. There were other EHS initiatives carried out by Greatech in 2022 and are listed as below:

- COVID-19 preventive measures and disinfection
- Bi-weekly RTK Antigen Test
- Emergency Evacuation Drill
- Road Safety Programme
- Installation of Automated External Defibrillator ("AED") Machine

In 2022, there were no fatalities being recorded due to work-related injuries as reported by our contractors, suppliers, and customers who work at our workplace. There were also zero road fatalities with our own fleet and zero cases of work-related illness. Moving forward, we will continue with our safety target of zero work-related injuries or illness and zero fatalities.

Community / Society

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, support the underprivileged and future generation which generates economic and social value and helps keep our team aligned with the purpose of the Group.

Our most prominent community initiatives include the establishment of the 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 towards making substantial difference to the society and improving the living standards of the communities where we operate.

Greatech charitable giving focuses on three major areas:

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

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Community / Society (Cont'd)

In 2022, GCC together with our Board and employees have contributed approximately RM1.99 million (2021: RM3.30 million) in cash and in-kind to more than 30 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 programmes, and capital costs such as building construction or renovations.

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 supports and develops the resilience of local communities that are connected with our value chain, such as job creation for economic mobility, fostering habit of life-long learning and continuous investment in the future of our workforce.



As part of our commitments in 2020, we have established a STEM research programme with UTAR and TARUMT. The group pledged to pay an amount of RM0.30 million over the course of 3 years, from the year 2020 to 2022. For the past 3 years, RM0.10 million was paid on a yearly basis. In 2022, the Board of Greatech donated RM0.50 million to the UTAR Hospital, a not-for-profit hospital, in hopes of benefiting the medical and health science students, the community, and the nation.

In addition to that, Greatech has also been running a



scholarship program at the Penang Skills Development Centre ("PSDC"). The scholarship program is running on a 3-year basis, where the Group will be donating a total sum of RM0.30 million throughout the year 2021 to 2023. As of 2022, Greatech has funded RM0.06 million worth of scholarship fees to 7 selected students at PSDC.

In September 2022, Greatech collaborated with Penang STEM 4.0, the Institution of Engineers, Malaysia (IEM) Penang, Tech Dome Penang, Penang Math Platform, and Han Chiang High School to host the STEM Showcase 2022, featuring STEM-themed competitions.

Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Community / Society (Cont'd)

Giving Back to the Community

The Board of Greatech has also raised and donated a total of RM0.20 million to the Malaysian Red Crescent Society, Penang to positively influence the community through charitable donations and continuous efforts to support humanitarian services initiatives.



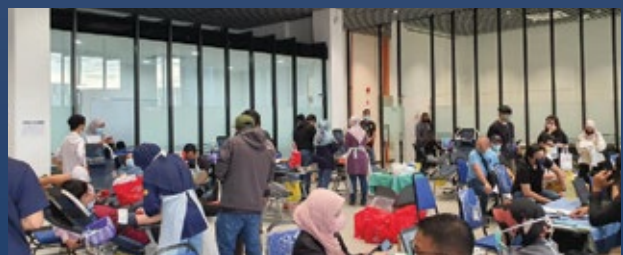
This year, a contribution of RM0.20 million was again made to School of Mentally Retarded Children school building fund by Greatech and its Board to complete the new school and providing a better learning environment for students and better facilities for teachers to conduct their lessons.

In January 2022, Greatech donated RM0.10 million to the Club Ministry of International Trade and Industry to aid victims affected by the flood disaster in Selangor and other areas.

Greatech also joined a fund-raising dinner organized by the Kiwanis Club of Penang Central in October 2022. The Kiwanis Club is a global organization of volunteers who dedicated to changing the world, one child and one community at a time. Greatech and its Board donated RM0.02 million to support the club as their motives are in line with the Group's CSR initiative.



Greatech fosters a corporate culture amongst employees through encouraging them to positively impact the local community. In December 2022, Greatech held a Blood Donation Campaign for employees at our Batu Kawan facility in partnership with Seberang Jaya Hospital. There were 90 employees who showed their support by helping to save lives through blood donations. In total, 27,600 ml blood was collected through the blood donation campaign.



Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Community / Society (Cont'd)

Giving Back to the Community (Cont'd)

To end the year on a good note, Greatech and its Board also graciously donated RM0.40 million and RM0.30 million respectively to aid with the development of SRJK (C) Chung Hwa 3's and SRJK (C) Beng Teik Cawangan's new infrastructures so that the students will be able to study in a better environment.



Fitness and Health

In 2022, we supported the Penang Glow Walk 2022 hosted by Tech Dome Penang. 114 employees took part in 5km physical walk at the Penang Municipal Park. We encouraged our employees to exercise for the sake of their health and covered their entry fees which amounted to RM0.01 million. Through Greatech's participation in the event, the money raised from the entry fees helped to benefit more STEM activities in the region.



We contributed RM0.01 million to WRC Sport Enterprise for organising the annual Pesta Badminton Open, one of the sports event in Penang. The purpose of the event was to promote a healthier lifestyle and bring joy to the local community.



We also contributed RM0.01 million to the World Hoop Penang 3x3 Challenger, which is the second-highest ranked tournament on the 3x3 World Tour. 8 employees took part in the basketball competition at the Queensbay Mall, Penang.



Sustainability Report (Cont'd)

PEOPLE (CONT'D)

Community / Society (Cont'd)

Fitness and Health (Cont'd)

Some other community programmes and initiatives supported by the Group and its employees in 2022 are as below:

- Persatuan Kebajikan Anak-Anak OKU Taman Island Penang and Penang Welfare Association for Mentally Retarded Children (Suria Care) – donation to the underprivileged in helping them have better lives.
- Penang Shan Home Children Association – Deepavali is all about giving, sharing and spreading happiness. We organised a Deepavali celebration with orphans during the festive season, sharing a great amount of joy and letting them know they are not alone and forgotten.



GOVERNANCE

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 develops comprehensive automation solutions that support increased yields and better-quality outputs, with less waste and a lower environmental impact. Intrinsically, our revenue is derived from different geographical regions, products, 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 economic returns, to suppliers through purchases, and to communities through donations, sponsorships, and internship opportunities.

The Group achieved another year of solid results for the FY2022 whereby our revenue increased by 35.8% to RM546.21 million.

Profit Development

The Group's profit after tax ("PAT") was RM131.89 million in FY2022, while the PAT margin was 24.1%. Our capital expenditure investment in FY2022 was recorded at RM100.06 million compared to RM89.48 million for FY2021.

Profit before tax ("PBT") was RM127.90 million in FY2022. This is compared to RM145.24 million, or 36.1% of total revenue, in FY2021.

Return on Equity

The Group's financials and assets remained strong, with a net asset of RM586.77 million and net cash after borrowing of RM311.64 million.

In addition to the increase in total assets, the cash and cash equivalents stand at RM326.66 million, an increase of RM6.23 million compared to the preceding year.

Grant Received

In FY2022, the Group received government grants amounting to RM1.94 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)

GOVERNANCE (CONT'D)

Economic Performance (Cont'd)

Flow of Capital to Stakeholders (Cont'd)

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 stimulating 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.

| Economic value distribution | 2022 (RM million) | 2021 (RM million) | 2020 (RM million) |
|---------------------------------------|----------------------|----------------------|----------------------|
| Employee Wages and Other Benefits | 69.78 | 48.93 | 36.95 |
| Procurement Spending | 270.49 | 141.38 | 111.81 |
| Income Taxes | 0.47 | 0.72 | 0.76 |
| Community Contributions and Donations | 0.92 | 0.89 | 0.63 |

As indicated above, the Group made payments of RM69.78 million to employee wages and other benefits and RM0.92 million to local communities.

Tax Governance

The Group supports tax policies and incentives; and 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 Enterprise Risk Management ("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. In 2022, the tax payments by Greatech amounted to RM0.47 million.

Anti-Corruption and Ethical Business Engagement

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, to assist all employees and business partners in complying with the relevant 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, we engage in annual communication and training for all

employees regarding adherence to our various corporate policies, including Greatech's Code, Anti-Bribery and Anti-Corruption, Conflict of Interest and Cyber-Security Policies. All employees acknowledged that they are familiar with and adhered to Greatech's Code and its related policies. New hires of the Group are trained for ethics and compliance as part of their induction programme and also acknowledged that they have read and understand the Code, alongside other policies of the Group.

Our managers and directors also undergo training on Human Rights, Sustainability and ESG that are tied to our Corporate Value of Care and Respect.

In addition, the internal auditors regularly audit the adherence to the respective policies and procedures and recommends corrective actions where necessary. Our policies are available at <https://www.greatech-group.com/en/investor-relations/corporate-governance>.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Anti-Corruption and Ethical Business Engagement (Cont'd)

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 2022.

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 ("ABC") Policy reflect our commitments 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. In 2022, we have communicated our policy to all suppliers via the Supplier Code and Supplier Self-Assessment Questionnaire respectively.

Other preventive and control actions against corruption such as whistleblowing procedures, dedicated training for directors, managers, etc. are implemented to ensure proper functioning of the Group. In the event of onboarding a new employee, we are committed to requiring said employees to a formal training on ABC Policy during their probation period.

In 2022, we conducted an anti-corruption training for all the employees. Percentage of employees which attended the formal training on our anti-corruption policies and procedures are as following:

| Training on ABC Policy and procedures | 2022 (%) | 2021 (%) | 2020 (%) |
|---------------------------------------|----------|----------|----------|
| Executive | 100 | - | - |
| Middle Management | | | |
| Non-executive | | | |
| Senior Management | | | |

Our target is to conduct formal training on key aspects of corruption and bribery and (re) introduce relevant legislation and penalties covering anti-corruption to our employees at least once in 3 years. However, in the event of an on-boarding of new senior management, anti-corruption training is included as part of orientation.

| | |
|--|------|
| Business operations assessed in FY2020, 2021, and 2022 | 100% |
|--|------|

In 2022, Greatech has conducted the corruption risk assessment covering 100% of our business operations. Subsequent to the ABC training and assessment, the management also established the Corruption Risk Management ("CRM") Framework for the Board approval in February 2023, to address corruption exposure in operations that are assessed as high priority due to its nature. Our target is to review our CRM Framework at least once in 3 years. An Integrity Working Group, which directly reports to the ARMC has also been set-up to audit and review compliance with policies, guidelines and requirements of regulatory authorities.

| | |
|---|---------------|
| Number of confirmed incidents for FY2020, 2021 and 2022 | None Reported |
|---|---------------|

It is the Group's goal to maintain zero tolerance to corruption and we are pleased to announce that there were no incidents of confirmed corruption between the year 2020 to 2022. All of employees had complied with the Group's anti-bribery and anti-corruption policy.

Conflict of Interest

All employees including directors updated their conflict-of-interest disclosures for 2022. There is a Conflict-of-Interest policy that requires all employees to report information about potential conflict of interest. There were no conflicts of interest noted in 2022.

Board Charter

The function of Greatech's Board Charter is to: -

- Set out the composition, role, responsibilities, structure and processes of the Board; and
- Ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

It is also not an all-inclusive document and is reviewed on a periodic basis and may be amended by the Board from time to time to ensure that the practices of the Board are consistent with the prevailing code of Corporate Governance and the relevant laws and/or regulations.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Anti-Corruption and Ethical Business Engagement (Cont'd)

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, in line with the Main Market Listing Requirements ("MMLR") of Bursa Securities and the principles of the 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 ARMC;
- o Nominating Committee ("NC"); and
- o RC.

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

Gender Diversity on the Board

The NC strives to maintain a Board with the right balance of experience, skills, continuity and diversity required to be successful. With effect from 1st January 2022, we have 40% female representation on our Board, which dropped to 33% when Dr. Michael Dominic Kirk was appointed in May 2022. At the end of December 2022, two (2) out of six (6) Board directors are women. 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 ESG Oversight

The Board has primary responsibility for reviewing, assessing, and advising on Greatech's initiatives, policies and practices with respect to ESG matters. Both the Board and its Board Committees provides further oversight of specific ESG matters falling within their scope of responsibility. For example, the RC regularly reviews the Group's progress on diversity, equity and inclusion initiatives, and the ARMC receives regular updates on our cybersecurity and enterprise risk assessments.

The Board views ESG matters as critically important to the Group's success and consistently receives updates from management on a wide range of ESG topics. Our CFO also report to the Board annually on the status of our ESG programs and sustainability targets progress.

Board Independence

The Board consistently maintains an independent majority and is currently comprises six (6) members, of whom four (4) are independent non-executive directors. None of the members of the independent Board hold any other position in the companies of the Group.

Enterprise Risk Management (ERM)

We assess potential sustainability risks and opportunities through our ERM Framework. Whilst we already consider potential sustainability and climate-related issues in our ERM framework, we acknowledge the need and urgency to further build our capacity and deepen our understanding of climate-related issues in our business operations and supply chain in the near future, based on the four pillars of the TCFD Framework:-

- o Governance;
- o Strategy (including scenario analysis);
- o Risk Management; and
- o Metrics and Targets.

The ARMC is responsible to oversee the risk management policies and processes of the Group. They would receive regular updates from the Management who continually monitor the key enterprise risks exposures, including financial risk, operational risk, strategic risk, legal and compliance risk, 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 perform and reviews of emerging risks that may impact the Group, monitor the effectiveness of internal controls based on the global framework and report to the ARMC at each of its meetings. Two internal audit reviews and two follow-up reviews took place in 2022. The regular reviews by internal auditors were marked satisfactory without significant control weaknesses identified concerning the Group's ESG practices.

For detailed disclosure on risk management, please refer to the Statement on Risk Management and Internal Control section in this Annual Report 2022 and our Corporate Governance Report 2022.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Data Privacy

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.

Here at Greatech, we are committed to protecting and respecting our client's privacies. In 2022, we have implemented the Personal Data Protection ("PDP") Notice. The PDP Notice covers both our online and offline collection activities, including personal data that we collect through online platforms such as websites, applications, third party social networks or our online or physical events or through other third parties that we work with. The PDP Notice helps our clients to understand what personal data we collect about them, when and why we collect it, how we use it, the conditions under which we may disclose it to others, dispose, their rights to their personal data, and how we keep it secure to ensure that our clients' rights are protected. Further information about the PDP Notice is available on our website at: <https://greatech-group.com/en/personal-data-protection-notice/>

Additionally, 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. All of our staff are required to undergo training sessions on Data Privacy and Protection on a regular basis. A newsletter on Data Privacy and Protection is sent to all employees as a means of a refresher course on the topic.

Furthermore, 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 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. This also applies to all new hires who join the company. They are required to sign an NDA with HR prior to joining the Group.

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 2022, 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. These investments include board-level oversight of our cybersecurity practices and controls, employee training and communication, email and web filters, regular patching, surveillance, and encryption, among other measures.

In 2022, we took several actions to cyber security such as deploying security tools to limit the impact and spread of ransomware and introduction of new Multi Factor Authentication. There was also an internal vulnerability assessment on our servers. We also continued and expanded our cyber security awareness programme amongst employees through monthly Group wide newsletter and updates to ensure we stay alert to this risk. Mandatory cyber security awareness training is delivered to all staff electronically each year to increase 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 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 2022, no infringement of customer privacy or loss of customer data were reported.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Data Privacy

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 2022. Nevertheless, the Group will continue to raise and instil IT security awareness to our employees through our training programmes and invest in security improvements to minimise and prevent relevant security threats.

Customer Care Management

Customer Satisfaction

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

With respect to customer satisfaction and in order to track our performance, we have developed a customer feedback system by way of customer survey. 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.

Our economic performance is a reflection of our ability in meeting our stringent customer satisfaction and quality standards. Further discussion on our business strategy and performance can be found in the Management Discussion and Analysis section.

Product Quality and Safety

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.

Supply Chain Management

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 2022, the Group spent RM270.49 million (2021 : RM141.38 million) on customer-related purchasing and work together with more than 500 approved suppliers located worldwide supplying components, direct materials, and fabrication work.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Supply Chain Management (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 2022, our spending on suppliers based in Malaysia accounted for 54.5% equivalent to RM147.28 million of total procurement spending.

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. 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 2023, we revised the Supplier Code to incorporate the Conflict Minerals Policy. We have adopted a Conflict Minerals Policy in February 2023 that established our commitment to avoiding the use of any materials that have been illegally mined or traded, or for which the extraction or trade has resulted in or contributed to any direct or indirect support to non-state armed groups. We also ask our suppliers to ensure that materials used in products they supply to us, including tin, tantalum, tungsten, and gold, are conflict-free. It is our policy to comply with all applicable regulations and customer requirements regarding conflict minerals and reduce it in our supply chain.

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 2022, Greatech sent the Supplier Code to all new suppliers which confirms their commitment to abide by similar standards (100%).

In the year under review, all new suppliers were assessed according to the supplier evaluation process. Standardised self-assessment questionnaires have been sent to 53 selected vendors in 2022, which covers environmental and social criteria. Supplier Quality Management team reviews the individual questionnaires and evaluates 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.

To help reduce the impact of our supply chain on the environment and to help ensure that our suppliers are conducting themselves responsibly, the Group has put more emphasis towards more environmentally friendly products and services where cost and performance considerations are equal. The Group has adopted some best practices to reduce our environmental impact when procure indirect electronic products such as: -

- Electronics office appliances: Printers, copiers, monitors, computers, and servers which are energy-efficient and Energy Star-certified to reduce our energy consumption, cut energy costs, and reduce GHG emissions;
- Electrical appliances: Air-conditioner, television, refrigerator, and microwave oven which are Energy Efficient rated and help the Group do its part to reduce GHG emissions; and
- Office paper: All printer paper is sourced from sustainable sources and be certified by the Programme for the Endorsement of Forest Certification ("PEFC").

Research and Development

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 and specialised R&D team which contributes to the process enhancement by developing new products, improving current product design and innovative applications.

Sustainability Report (Cont'd)

GOVERNANCE (CONT'D)

Research and Development (Cont'd)

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 2022, the development work is focused on partnership with customers to bring new, advanced, and sustainable products to market.

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 this 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 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. We advanced our use of digital technology which we see as an enabler of lower costs, lower emissions, and reduced health, safety, and environmental risk.

Sustainability Report

(Cont'd)

Appendix 1 – GRI Content Index

| | |
|--|---|
| Statement of use | Greatech Technology Berhad has reported the information cited in this GRI content index for the period of 1 January 2022 to 31 December 2022 (FYE 2022) in accordance with the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | None |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION |
|--|--|--------------------------------------|---|
| General Disclosures | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | Pages 4 to 7, 23 to 27, and 37 to 38 | |
| | 2-2 Entities included in the organization's sustainability reporting | Pages 36 to 37 | |
| | 2-3 Reporting period, frequency and contact point | Pages 36 to 37 | |
| | 2-4 Restatements of information | Stated throughout where relevant | |
| | 2-5 External assurance | Page 37 | |
| | 2-6 Activities, value chain and other business relationships | Pages 23 to 35 on the MD&A | - |
| | 2-7 Employees | Pages 53 to 60 | - |
| | 2-8 Workers who are not employees | Pages 58 and 59 | Information incomplete since said information need to be obtained from our suppliers/contractors, which we have yet to require. |
| | 2-9 Governance structure and composition | Pages 44 to 45, 86 to 100 | - |
| | 2-10 Nomination and selection of the highest governance body | Pages 96 to 97 | - |
| | 2-11 Chair of the highest governance body | Pages 8 to 15, 88 | - |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Pages 86 to 94 | - |
| | 2-13 Delegation of responsibility for managing impacts | Pages 44 to 45 | - |
| | 2-14 Role of the highest governance body in sustainability reporting | Pages 39, 41 to 42 | - |
| | 2-15 Conflicts of interest | Pages 15, 72, 115, 122 and 190 | - |

Appendix 1 – GRI Content Index (Cont'd)

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION |
|--|---|---------------------------|--|
| General Disclosures | | | |
| GRI 2: General Disclosures 2021 | 2-16 Communication of critical concerns | Pages 71 to 72 | Confidentiality constraints on disclosure on the total number and nature of critical concerns – due to confidentiality policy of the company's grievance mechanisms which includes whistleblowing policy |
| | 2-17 Collective knowledge of the highest governance body | Pages 45 and 100 | - |
| | 2-18 Evaluation of the performance of the highest governance body | Pages 94, 95 and 98 to 99 | - |
| | 2-19 Remuneration policies | Pages 101 to 104 | - |
| | 2-20 Process to determine remuneration | Pages 101 to 104 | - |
| | 2-21 Annual Total Compensation Ratio | None | Information incomplete. Will consider disclosure in the future. |
| | 2-22 Statement on sustainable development strategy | Pages 20 to 22 | - |
| | 2-23 Policy commitments | Pages 61, 71 to 73 | - |
| | 2-24 Embedding policy commitments | Pages 61 and 72 | - |
| | 2-25 Processes to remediate negative impacts | Pages 61 and 72 | - |
| | 2-26 Mechanisms for seeking advice and raising concerns | Pages 44, 61, and 72 | - |
| | 2-27 Compliance with laws and regulations | None | Not applicable since no significant instance of non-compliance to law nor fine was imposed |
| | 2-28 Membership associations | Page 44 | - |
| | 2-29 Approach to stakeholder engagement | Pages 39 to 41 | - |
| | 2-30 Collective bargaining agreements | Page 61 | Information incomplete on % of employees covered under collective bargaining. |
| Material Topics | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Page 41 | - |
| | 3-2 List of material topics | Pages 42 to 43 | - |

Sustainability Report

(Cont'd)

Appendix 1 – GRI Content Index (Cont'd)

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION |
|--|--|--------------------|----------|
| Energy Management and Emissions | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 46 to 48 | - |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Page 46 | - |
| | 302-3 Energy intensity | Page 46 | - |
| | 302-4 Reduction of energy consumption | Pages 46 to 47 | - |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Page 48 | - |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Page 48 | - |
| | 305-4 GHG emissions intensity | Pages 46 to 48 | - |
| | 305-5 Reduction of GHG emissions | Page 47 | - |
| Water | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 48 to 49 | - |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Page 48 | - |
| | 303-3 Water withdrawal | Page 49 | - |
| | 303-5 Water consumption | Page 49 | - |
| Waste Management | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 50 to 52 | - |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Page 50 | - |
| | 306-2 Management of significant waste-related impacts | Pages 50 to 52 | - |
| | 306-3 Waste generated | Page 51 | - |
| | 306-4 Waste diverted from disposal | Page 51 | - |
| | 306-5 Waste directed to disposal | Page 51 | - |
| Diversity | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 53 to 58, 61 | - |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Pages 53 to 58 | - |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Page 61 | - |

Appendix 1 – GRI Content Index (Cont'd)

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION |
|---|---|--------------------|----------|
| Labour Practices and Standards | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 59 to 60 | - |
| GRI 401: Employment 201 | 401-1 New employee hires and employee turnover | Page 60 | - |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Page 59 | - |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Pages 59 to 60 | - |
| Employee Welfare | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 58, 62 to 63 | - |
| GRI 401: Employment 201 | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 58 | - |
| | 401-3 Parental leave | Pages 62 to 63 | - |
| GRI 403: Occupational Health and Safety 2018 | 403-6 Promotion of worker health | Page 62 | - |
| Health and Safety | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 64 to 66 | - |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Page 64 | - |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Page 66 | - |
| | 403-3 Occupational health services | Page 66 | - |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Page 66 | - |
| | 403-5 Worker training on occupational health and safety | Page 65 | - |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Page 66 | - |
| | 403-8 Workers covered by an occupational health and safety management system | Page 64 | - |
| | 403-9 Work-related injuries | Pages 65 to 66 | - |
| | 403-10 Work-related ill health | Pages 65 to 66 | - |

Sustainability Report

(Cont'd)

Appendix 1 – GRI Content Index (Cont'd)

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION |
|---|--|-----------------------------------|----------|
| Human Rights | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 61 | - |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Page 61 | - |
| GRI 408: Child Labour 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labour | Page 61 | - |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | Page 61 | - |
| Community / Society | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 66 to 70 | - |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Pages 66 to 70 | - |
| | 203-2 Significant indirect economic impacts | Pages 66 to 70 | - |
| Economic Performance | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 29, 70 to 71 and 184 to 186 | - |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Pages 70 to 71 | - |
| | 201-4 Financial assistance received from government | Pages 29, 70 and 179 | - |
| GRI 207: Tax 2019 | 207-1 Approach to tax | Page 71 | - |
| | 207-2 Tax governance, control, and risk management | Page 71 and 184 to 186 | - |
| | 207-3 Stakeholder engagement and management of concerns related to tax | Page 71 | - |
| Anti-Corruption and Ethical Business Engagement | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 72, 91 and 92 | - |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | Pages 72, 91 and 92 | - |

Sustainability Report

(Cont'd)

Appendix 1 – GRI Content Index (Cont'd)

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSION |
|--|--|-----------------------|----------|
| Data Privacy | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Page 74 | - |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Page 74 | - |
| Supply Chain Management | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Pages 61, 75 to 76 | - |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Pages 75 to 76 | - |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | Page 76 | - |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Page 76 | - |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | Pages 61 and 75 to 76 | - |
| | 414-2 Negative social impacts in the supply chain and actions taken | Pages 61 and 75 to 76 | - |
| Other material topics not covered by GRI Standard | | | |
| Customer Care Management | | Page 75 | |
| Product Quality and Safety | | Page 75 | |
| Research and Development | | Pages 76 to 77 | |

Sustainability Report

(Cont'd)

Appendix 2 – FTSE4Good Bursa Malaysia Index

| FTSE4Good Theme | Location | Pages |
|-------------------------------------|---|-----------------------|
| Environmental | | |
| Climate Change | Environmental: Energy Management and Emissions | 46 to 48 |
| Pollution & Resources | Environmental: Emissions; Water; Waste Management | 48 to 52 |
| Water Security | Environmental: Water | 48 to 49 |
| Social | | |
| Human Rights & Community | People: Human Rights; Community / Society; Governance: Supply Chain Management | 61 and 75 to 76 |
| Health & Safety | People: Workplace Health and Safety | 64 to 66 |
| Labour Standards | People: Diversity; Labour Practices and Standards; Employee Welfare; Human Rights; Community / Society | 53 to 63 and 67 to 70 |
| Governance | | |
| Anti-Corruption | Governance: Anti-Corruption and Ethical Business Engagement | 71 to 73 |
| Corporate Governance | Governance: Anti-Corruption and Ethical Business Engagement | 71 to 73 and 92 |

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 our Corporate Governance Overview Statement ("Statement") to provide shareholders and investors with an overview of the corporate governance practices of the Group for the financial year ended 31 December 2022 ("FY2022"), in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance ("MCCG") with the following 3 key principles, under the leadership of the Board: -

- 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.

As an overall, the Group has complied with all material aspects of the principles set out in the MCCG throughout FY2022 to achieve the intended outcomes. Details of the application are summarised as below: -

| | Total | Applied | Departure | Not Applicable | Not Adopted |
|-----------------------|-------|---------|-----------|----------------|-------------|
| Recommended practices | 43 | 39 | 4 | 0 | 0 |
| Step-up practices | 5 | 3 | 0 | 0 | 2 |

The following are the 4 recommended practices which the Company has departed from:

- Practice 1.4 The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 6.1 For large companies, the Board engages independent experts at least every three years to facilitate objective and candid board evaluation.
- Practice 8.2 The Board discloses on a named basis the top five Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- Practice 12.2 Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

This Statement also serves as 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 Company's Corporate Governance Report ("CG Report") for the FY2022 published on the Company's website: <https://greatech-group.com> and Bursa Securities' website: <https://www.bursamalaysia.com>.

Corporate Governance Overview Statement (Cont'd)

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 ensuring necessary resources is in place to achieve the long-term sustainable success of the Group for the benefit of shareholders and other stakeholders.

The major responsibilities of the Board are outlined in the Board Charter which documents the governance and structure of the Board and its committees, including the authority, matters reserved for the Board, guidance on Board's conduct and the Terms of Reference ("TOR") of the Board and its committees.

In order to ensure the effective discharge of Board's duties, powers and authority and facilitates effective decision-making, the Board has established 3 Board Committees ("Committees") as follow, each with delegated responsibilities and duties: -

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

These Committees oversee the broad strategic areas within the Group such as audit and finance, risk, remuneration, sustainability and ethics, Board renewals, succession planning of the Board and Key Senior Management and related matters. Each of the Committee operates under clearly defined 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>.

In addition to the principal Committees, the Board has established 4 topic-specific committees as follow, to which it has delegated certain powers to review and administer matters: -

- Sustainability Working Group ("SWG");
- Integrity Working Group ("IWG");
- Long Term Incentive Plans ("LTIP") Committee; and
- Enterprise Risk Management ("ERM") Committee.

The functions of the Board and the Management are clearly defined to ensure the effectiveness of the Group's business and operations. The Board provides leadership and direction to the operations of the Group, while the Management is accountable for the execution of policies and meeting corporate objectives.

As in previous year, the Board reviews business and financial performance, and 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. Discussions would include the deployment of resources efficiently and effectively in achieving the objectives to be met. In making its decisions, the Board would be guided by the Company's values and standards.

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 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.

The Board sets the Group strategy and overseeing its execution, reviewing business performance, formulating policy on key issues and bringing long-term value to the shareholders and other stakeholders. The Board is made up of a combination of Executive Directors who are involved in strategy 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 Group's strong performance throughout the COVID-19 crisis demonstrated its financial strength, market leaderships and commitment in sustaining the global supply chain in automation.

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. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations. The INEDs provide independent and unbiased views, advice and judgement to ensure a balanced and unbiased decision-making process to safeguard the long-term interests of all stakeholders and the community.

1.2 The Chairman of the Board

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>. The Chairman of the Board is responsible for instilling good corporate governance practices in the organisation, leading the Board in the adoption and implementation of good governance practices.

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.

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 distinct and separate roles and responsibilities of the Chairman and CEO as set out in the Board Charter of the Company, which is available on the Company's website: <https://greatech-group.com>.

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 the executive responsibility in 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.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

1.4 Chairman and Board Committees

Practice 1.4 of the MCGG 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 a member of ARMC and NC, which is a departure from the Practice 1.4 of MCGG.

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

However, in acknowledgment 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 Committees.

1.5 Company Secretaries

The Board is supported by 2 suitably qualified, competent and experienced Company Secretaries, in discharging its duties and responsibilities.

Both the Company Secretaries are qualified Chartered Secretaries as per Section 235(2)(a) of the Companies Act 2016 registered with the SSM and are member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries are responsible to advise and brief the Directors on their fiduciary and statutory duties, as well as corporate disclosures and compliances with the Companies Act 2016, the Company's Constitution, the MMLR, MCGG adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.

The Company Secretaries also assist in the Director's training and development.

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.

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 controls, operational and financial performances, strategies, major issues and opportunities of the Group. Additional meeting will be called when and if necessary. Although a number of meetings during FY2022 were held virtually using Microsoft Teams due to the ongoing impact of COVID-19, meetings held in the second half of the year were predominantly held in hybrid format, allowing those able to travel to attend in person.

Dates of Board and Committees' meeting are determined well in advance to facilitate Directors' time planning. It is our practice to prepare and circulate the annual meeting calendar to Directors during the beginning of each financial year for them to block the dates accordingly. In FY2022, total 5 Board meetings were held with full attendance from the Board.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

1.6 Access to Information and Meeting Materials (Cont'd)

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.

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.

To keep the Board's knowledge current and enhance their experience, 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.

Minutes of Board meetings are circulated on a timely manner for comments. Action items are highlighted for follow-up by Management.

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 serves as a primary reference and induction literature in providing the Board members and Management insights into the functions, governance and conduct of the Board. The Board Charter is also to promote high standards of corporate governance, ethical behaviour and compliance culture.

The core areas of the Board Charter are as follows: -

- a) The Group 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 ("the Code"); and
- g) Whistleblowing.

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 12 May 2022, the Board revised its Board Charter to incorporate the updates pursuant to the Paragraph 15.01A of the MMLR that effected on 1 July 2022 and revised MCCG 2021.

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

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

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 the Code, formally approved by the Board, to articulate acceptable practices, which guides the behaviour of directors, management and employees. The Board, the Management, and other employees and stakeholders are clear on what is considered acceptable behaviour and practice in the Company through the Code, which are integrated into company-wide management practices.

The Board together with the Management, had ensured the implementation of the Code and procedures in which include managing conflicts of interest, and preventing the abuse of power, bribery, corruption, insider trading, money laundering, terrorist related activities, discrimination and harassment, forced or child labour.

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. The Management is responsible for the implementation and execution of the Code and ongoing oversight of the management of ethics. The Management will report breaches to the ARMC and to the Board.

Other than the Code, the Group has adopted Share 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.

During FY2022, there was no known material breaches of our 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 Directors' Fit and Proper Policy

In May 2022, the Board established the Directors' Fit and Proper Policy. The Policy sets the criteria in relation to a fit and proper requirement for Directors within the Group, by exemplifying integrity and good character to promote and support an ethical culture.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

3.3 Whistleblowing Policy

The Group is committed to achieving sustainable performance and delivering value to customers and shareholders without compromising ethical standards, behavioural expectation and trusted reputation. The Board recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees and other stakeholders can report their concerns freely without fear of reprisal or intimidation.

In line with this commitment, the Board has formalised a Whistleblowing Policy for the Group since 2019, with the aims to promote a workplace conducive to open communication regarding the Group's business practices. The Whistleblowing Policy provides a mechanism for parties (such as employees, directors, shareholders, consultants, vendors, contractors, outsider agencies, business associates and members of the public or any parties with a business relationship with the Group) to channel their complaints or to provide information on fraud, wrongdoings, improper conduct which may adversely impact the Group or non-compliance to any rule or procedure by employees or Management of the Group.

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

The whistleblowing report can be made to employee's immediate superior or CEO or COO or Independent Non-Executive Chairman or the ARMC Chairman, where appropriate.

Any concern raised will be investigated by the Investigating Officer appointed by the CEO/COO. At the conclusion of the investigation, the Investigating Officer will submit an investigation report of the findings to the CEO/COO or to the Independent Non-Executive Chairman/Chairman of ARMC when the improper conduct is involving Board members or Senior Management. The CEO/COO or the Independent Non-Executive Chairman/Chairman of ARMC must maintain a record of reports and the outcome will be reported, as necessary, to the ARMC or the Board accordingly. The whistleblower will be notified on the outcome of the disclosure and actions taken or reason(s) should it be decided that no action is to be taken after investigation.

There was no incident of whistleblowing received in FY2022.

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.

3.4 Anti-Bribery and Anti-Corruption Policy

The Group is committed to conduct business with honesty, integrity and ethics in all business dealings and jurisdictions in which the Group operates in. In respect to this, 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. The objective of the ABC Policy is to outline the principles and behaviours required to ensure that the Group and the employees comply with anti-bribery and anti-corruption laws and governmental guidance.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

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

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 ABC Policy is distributed and disseminated to all Company's employees and is available on the Company's intranet portal. Each employee of the Group is required to confirm that they are familiarise themselves with the regulations and activities in this area. The Company's Business Partner Anti-Corruption Policy sets forth the Company'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. Periodic trainings are conducted on the above policies and procedures. In FY2022, the Group has engaged MCM International Consultancy PLT ("MCMIC") to provide Corruption Risk Management ("CRM") training to identified employees, focusing on the Section 17A of the MACC Act 2009, the 5 guiding principles under the Guidelines on Adequate Procedures and Group's existing ethical framework. Identified employees include those in sales, procurement and other management and administrative functions.

In addition, a CRM assessment which involves the independent assessment of the adequacy, effectiveness and integrity of the Group's risk management and internal control systems in relation to corruption risks had been conducted and reported to the ARMC. The assessment was carried out across the Group based on the present and potential corruption risks which took into account of the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to mitigate the corruption risks. Various enhancements to the current anti-corruption system, policies and procedures including the development and establishment of Group Corruption Risk Management Framework.

In FY2022, 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.

As stated in the Board Charter, the Board oversees the sustainability risk and opportunities, in particular setting the Group's sustainability strategies, priorities and targets and ensure these including the performance are communicated to internal and external stakeholders. 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.

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)

Since 2021, the Board started a systematic process of building a sustainability agenda for the Group. The key areas of focus during the year include create increased value through organic growth and acquisitions, 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: -

- Materiality matrix which has been evaluated by SWG;
- Sustainability priorities;
- ESG strategy, plan and activities; and
- Enterprise risks management including climate change risks, opportunities and mitigation plan.

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.

Corporate Governance Overview Statement (Cont'd)

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

I. BOARD RESPONSIBILITIES (Cont'd)

4.4 Performance Evaluation of Board and Senior Management

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

The performance evaluation of the Board for the FY2022 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: -

- Training and professional development programme in terms of ESG learning for the Board;
- Strengthen the sustainability agenda recognising the extensive impact of the Group's operations; and
- Strengthen the Board oversight of policies and performance regarding sustainability.

Subsequently, the Board has attended sustainability related awareness trainings which covered the topics such as Sustainability Management and Reporting, Climate Change and Human Rights Risk Management for Malaysian Companies.

The principal and emerging risks are discussed and monitored throughout the year to identify changes to the risk landscape. The Group continues to monitor the ongoing impact and inform the assessment of the principal risks to the Board. The risks relating to climate change and sustainability have now included as a separate principal risk. The Board reviews and approves the sustainability related policies such as updated Code, Conflict of Interest policy and Conflict Minerals policy. The Board was updated on the health, safety and wellbeing matters i.e. injury rates, safety incidents, and risk assessment results.

4.5 Sustainability Strategy (Step Up)

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.

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.

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.

On annual basis, the NC evaluates, reviews and recommends to the Board the appropriate size of the Board, required mix of skills, experience and other qualities including core competencies which Non-Executive Directors shall bring to the Board to ensure that they are in line with the Company's and the Group's requirements. 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 of 4 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.

Each of the Directors had given confirmation on annual basis, as to disclose any potential or actual conflict of interests arises. This is one of the criteria to enable the Board/ NC to assess the Directors' independence as and when any new interest or relationship develops.

5.3 Tenure of Independent Non-Executive Director

5.4 Policy on Tenure of Independent Non-Executive Director

The Board Charter provides that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years.

Presently, none of the Independent Directors has exceeded a cumulative term of more than 9 years in the Company.

The Board through the NC has 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 Committees.

5.5 Appointment of Board and Senior Management

The Board believes that a truly diverse and inclusive Board will leverage the difference of its members, to achieve stewardship and in turn, retains its competitive advantage. In this respect, 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.

In the FY2022, the NC having assessed and considered the candidates' background, professional qualification, knowledge, integrity and competencies, independence as well as fulfilment of criteria set out in the Directors' Fit and Proper Policy, recommended the proposed appointment of Dr. Michael Dominic Kirk ("Dr. Kirk") as an INED. The Board has approved the appointment of Dr. Kirk to take effect on 14 May 2022.

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)

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.

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.

None of the Directors holds more than 3 directorships in listed issuers which is well within the MMLR to limit directors to a maximum of 5 directorships in listed issuers. This is to ensure that the Director is able to devote sufficient time and commitment to the Group.

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, all Directors attended all the Board and Committees meetings of the Company held in FY2022.

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; and
- 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 4th 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.

Corporate Governance Overview Statement (Cont'd)

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

II. BOARD COMPOSITION (Cont'd)

5.8 Nominating Committee

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

In accordance to the NC TOR, the NC shall consist of no fewer than three (3) members, all of whom must be Non-Executive Directors and a majority of whom are independent. The present NC comprises exclusively of INEDs as follows: -

- Dato' Seri Wong Siew Hai (INED/ Chairman);
- Puan Mariamah binti Daud (INED/ Member); and
- Ms. Ooi Hooi Kiang (INED/ Member).

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 FY2022 is tabulated below:

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

A summary of key activities undertaken by the NC during the FY2022 are as follows: -

- Reviewed the Board's and Committees' effectiveness, deliberated on their findings and reported the outcome in the Board meeting;
- Reviewed the performance of the Executive Directors and CFO of the Company and reported the outcome in the Board meeting;
- Reviewed and recommended the revised TOR of NC for Board's approval;
- Reviewed and recommended the Directors' Fit and Proper Policy for Board's approval;
- Reviewed the balance of skills, knowledge and experience of candidate and recommended the appointment of Dr. Kirk as an INED of the Company for Board's approval;
- Discussed and confirmed the nomination to the Board of Dr. Kirk as new Independent Director pursuant to the recommendation of Practice 1.4 of MCCG; and
- Discussed the Directors' onboarding programme and budget to be allocated by the Company for Directors to attend outside training for relevant topics.

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 FY2022, 2 out of 6 Directors i.e. 33% (2021: 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 FY2022, female representation on the Senior Management level was 33% (2021: 33%). While the Group are above 30% by 2021 target for women participation in Senior Management recommended by the Practice 5.10 of the MCCG.

6.0 Overall Effectiveness of the Board and Individual Directors

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

For FY2022, 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 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 information and decision making, Boardroom activities, Board's relationship with the management, ESG issues and Committee performance evaluation.

The 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. All assessment 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 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.

As the Company is currently looking for suitable candidates to join the Company as an INED and to sit in the Committees so to adhere to Practice 1.4 of the MCCG which stated that the Chairman of the Board should not be a member of the Audit Committee, NC or RC, the Board was of the view that the engagement of independent experts to perform a formal and objective Board evaluation as required under Practice 6.1 of MCCG should be deferred until the composition of the Board and Committees have been stabilised.

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 FY2022, 5 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 Committees' meetings for FY2022 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 attendance of the Directors at Board meetings held during FY2022 is tabulated below: -

| Directors | Attendance |
|--|------------|
| Ms. Ooi Hooi Kiang | 5/5 |
| Dato' Tan Eng Kee | 5/5 |
| Mr. Khor Lean Heng | 5/5 |
| Puan Mariamah binti Daud | 5/5 |
| Dato' Seri Wong Siew Hai | 5/5 |
| Dr. Michael Dominic Kirk (appointed w.e.f 14 May 2022) | 2/2 |

Following the review of overall performance of the 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 FY2022, 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, MCGG, accounting standards which are relevant to the Group. Presentations from the CEO and Senior Management during Board and 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.

The trainings attended by the Directors during the FY2022 are as follows: -

| Directors | Trainings |
|--------------------------|---|
| Ms. Ooi Hooi Kiang | <ul style="list-style-type: none"> • Course 4 - MIA Webinar Series: ESG Series for Accountants and Financial Professionals- Business for Human Rights and Environment • VIRTUAL MIA INTERNATIONAL ACCOUNTANTS CONFERENCE 2022 • Tier 2 - Virtual MIA International Accountants Conference 2022 |
| Puan Mariamah binti Daud | <ul style="list-style-type: none"> • Related Party Transactions Simplified • Human Rights Risk Management for Malaysian Companies (E-Learning) • Sustainability Management & Reporting • Talk on Transfer Pricing • Corporate Governance & Remuneration Practices for the ESG World • Overview of ESG |

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 FY2022 are as follows: - (Cont'd)

| Directors | Trainings |
|--------------------------|--|
| Dato' Seri Wong Siew Hai | <ul style="list-style-type: none"> • SheXO Forum 2022: Leading with Trust Event feedback form • MSIA National E&E Forum 2022 • Mandatory Accreditation Programme (MAP) • Boosting SMEs Competitiveness on Global Stage organised by SEMI and MSIA |
| Dr. Michael Dominic Kirk | <ul style="list-style-type: none"> • Mandatory Accreditation Programme (MAP) • Human Rights Risk Management for Malaysian Companies • Sustainability Management & Reporting |
| Dato' Tan Eng Kee | <ul style="list-style-type: none"> • Confidentiality & Personal Data Protection Awareness • Strategic Thinking and Business Planning (Leading to High-Performing Organization) • Sustainability Management & Reporting • Annual ISO 9001 Refresher • Motivational Coaching for Results • Corruption Risk Management Training 2022 • Human Rights Risk Management for Malaysian Companies (E-learning) • Annual EHS Refresher 2022 • Intellectual Property Right Awareness • Annual Cybersecurity Refresher Training |
| Mr. Khor Lean Heng | <ul style="list-style-type: none"> • Confidentiality & Personal Data Protection Awareness • Lean Manufacturing - Understanding and Implementation • Enterprise Risk Management (ERM) Awareness • Competition Law • Strategic Thinking and Business Planning (Leading to High-Performing Organization) • Sustainability Management & Reporting • Annual ISO 9001 Refresher • Succeeding High Performing Organization and Workplace Commitment • Corruption Risk Management Training 2022 • Human Rights Risk Management for Malaysian Companies (E-learning) • Annual EHS Refresher 2022 • Intellectual Property Right Awareness • Annual Cybersecurity Refresher Training |

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 FY2022 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, with the key objective of attracting and retaining experienced, qualified and high calibre members of the Board and Key Principal Officers to drive the business strategy, objectives, values and long-term interest 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 endemic phase 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"). 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://greotech-group.com>.

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 (INED/ Chairman);
- Puan Mariamah binti Daud (INED/ Member); and
- Dato' Seri Wong Siew Hai (INED/ Member).

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://greotech-group.com>.

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 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 FY2022 is tabulated below: -

| Designation | Directors | Attendance |
|-------------|--------------------------|------------|
| Chairman | Ms. Ooi Hooi Kiang | 2/2 |
| Member | Puan Mariamah binti Daud | 2/2 |
| Member | 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 FY2022.

A summary of key activities undertaken by the RC during the FY2022 are as follows: -

- Reviewed the Key Result Areas ("KRA") for Key Principal Officers for reward purposes;
- Reviewed and recommended the Directors' fees for the period from AGM held in 2022 until the conclusion of AGM to be held in year 2023 for shareholders' approval during the Company's AGM held in year 2022;
- Reviewed and recommended the benefit payable to the Directors for the period from AGM held in 2022 until the conclusion of AGM to be held on in year 2023 for shareholders' approval during the Company's AGM held in year 2022;
- Reviewed and recommended the bonus payment to Executive Directors and CFO before recommended to the Board for approval; and
- Reviewed and assessed the Executive Directors and CFO's remuneration package for FY2022 to ensure it is in line with market benchmarks before recommended to the Board for approval.

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.

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 Committees, meeting allowance and reimbursement for reasonable expenses incurred in the course of their duties.

The proposed Directors' fees and benefits were tabled at the 4th AGM held in year 2022 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 4th AGM and will continue this practice at the forthcoming 5th AGM.

Corporate Governance Overview Statement (Cont'd)

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

III REMUNERATION (Cont'd)

7.2 Remuneration Committee (Cont'd)

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 from the Company and its subsidiary for the FY2022 is presented in the table below:

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--------------------------|----------------------|----------------|-------------------|--------|-------|------------------|------------------|-------|--------------|-------------------|--------|-------|------------------|------------------|-------|
| | | | Fee | Meeting Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Meeting Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Dato' Tan Eng Kee | Executive Director | 72 | - | - | - | - | - | 72 | 72 | - | 540 | 205 | 28 | 95 | 940 |
| 2 | Khor Lean Heng | Executive Director | 72 | - | - | - | - | - | 72 | 72 | - | 392 | 148 | 17 | 66 | 695 |
| 3 | Ooi Hooi Kiang | Independent Director | 72 | 9 | - | - | - | - | 81 | 72 | 9 | - | - | - | - | 81 |
| 4 | Mariamah binti Daud | Independent Director | 72 | 9 | - | - | - | - | 81 | 72 | 9 | - | - | - | - | 81 |
| 5 | Dato' Seri Wong Siew Hai | Independent Director | 72 | 9 | - | - | - | - | 81 | 72 | 9 | - | - | - | - | 81 |
| 6 | Dr. Michael Dominic Kirk | Independent Director | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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 7 Key Senior Management during the FY2022 on a Group basis as below:

| Remuneration (Top 7 Key Senior Management) | RM'000 |
|--|--------|
| Salary and other emoluments ** | 2,140 |
| Statutory contributions by the Company | 196 |
| Benefits-in-kind | 183 |
| Total | 2,519 |

*** Including salary, bonus, LTIP 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.

Presently, the ARMC comprises wholly of 3 INEDs. 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 MCCG.

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

The ARMC composition and a summary of the activities during the FY2022 are set out in ARMC Report contained in this Annual Report.

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.

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 (Cont'd)

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 FY2022, 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 work provided for FY2021. 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: -

- The External Auditors is precluded from undertaking internal audit services;
- 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
- 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 FY2022, 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. In addition to the Group's policy, the External Auditors runs its own independence and compliance checks, prior to accepting any engagement, to ensure that all non-audit work is compliant with the relevant ethical standard in force and that there is no conflict of interest.

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 of 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

All the members of the ARMC are suitably qualified and possess sufficient financial management expertise, have vast working experience with requisite skills and knowledge from various industries, 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. They are able to apply a critical view of the Company's financial reporting process and information and to effectively challenge and direct probing questions to the Management on the Company's financials to ascertain whether the financial reporting reflects the Company's operations and performance. 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 to ensure there is a sound framework for internal controls and risk management. The Board is also 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 endemic phase.

The Management and the Internal Auditors, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") conduct reviews and audits on a regular basis to evaluate, test and verify 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.

Corporate Governance Overview Statement (Cont'd)

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

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

10.1 Effective Risk Management and Internal Control Framework (Cont'd)

In the FY2022, the risk reports of the Group on strategic risks, financial risks, operational risks and compliance risks were presented to the ARMC, where internal controls and risk mitigation strategies were highlighted. The Group has also engaged MCMIC to provide ERM awareness session to the identified employees, focusing the introduction of risk, importance of risk management and ERM methodology.

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 FY2022.

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 2022 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 FY2022, 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 IA 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 Group 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 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. Shareholders are also able to register for the Group's news alert at the corporate website to receive the Company's latest news and announcement via email.

The Board reviews and approves material communications to investors, such as financial result announcements, Annual Report, and significant business events. The Annual Report remains a vital and convenient source of essential information for investors, shareholders and stakeholders. All Annual Report of the Company are made available at the corporate website.

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 endemic phase and geographically dispersed nature of the Group's workforce. The Group 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.

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)

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

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.

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 times.

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 4th AGM in year 2022. In compliance with Practice 13.1 of the MCCG, shareholders received Annual Report 2021, Circular and Notice of AGM, which were issued at least 28 days before the date of 4th AGM.

The Company served Notice of its 4th 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. 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 for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

Corporate Governance Overview Statement (Cont'd)

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

II CONDUCT OF GENERAL MEETINGS (Cont'd)

13.1 Notice of Annual General Meeting (Cont'd)

In view of the COVID-19 transmission risk, the 4th AGM of the Company held in year 2022 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.

During 2022, there were no major contentious issues noted with shareholders/investors.

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 4th AGM of the Company.

During the 4th 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 2021.

All Directors including Chairman of the Board and the respective Chairman of the Committees, the CEO, COO and CFO attended the 4th 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 2022, 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 4th AGM.

The 4th 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 4th 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.

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)

13.3 Voting (Cont'd)

All resolutions at the 2022 AGM were passed, with approximately 77.6% 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 2022, in line with Malaysian Government's COVID-19 guidance, the format of the meeting was such that shareholders could not be present physically.

All shareholders are encouraged to participate in the AGM and pose questions in the period leading up to the AGM through the dedicated email address enquiry@greotech-group.com.

The Group 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 4th AGM.

13.5 Virtual General Meeting

The Board ensured the required infrastructures and tools were in place to enable the smooth broadcast of the 4th 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 4th AGM.

The Board ensured the seamless experience for shareholders in participating at the 4th AGM virtually by engaging SS E Solutions Sdn. Bhd. as the service provider of Remote Participation and Voting ("RPV") facilities, namely SSeP for the 4th 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 4th 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://greotech-group.com> within 30 business days after the conclusion of the 4th 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 the Company and its subsidiaries ("Group") in the financial year ended 31 December 2022 ("FY2022").

INTRODUCTION

The ARMC was established by the Board of the Company on 20 August 2018 to assist them in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Group, monitoring the management of risk and system of internal control, external and internal audit process, compliance with legal and regulatory matters and such other matters that may be specifically delegated to the ARMC by the Board.

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"), in achieving good corporate governance by having Audit Committee comprising solely 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 Accountant ("MIA"). As such, the composition of ARMC meets the requirements of Paragraph 15.09(1)(c)(i) of the MMLR, which stipulates that at least one member of the ARMC must be a member of MIA.

All members of the ARMC are financially literate with diverse background, experience and knowledge in accountancy, finance, commercial, corporate service and investment. The Nominating Committee ("NC") had on 24 February 2023 reviewed the performance of the ARMC's members for the FY2022 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 FY2022 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, Key Management Team, 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 FY2022, the ARMC had 2 private sessions with the External Auditors on 8 April 2022 and 21 November 2022 without the presence of Executive Board members and Management to facilitate discussions on key audit challenges. The ARMC had also have 2 private sessions with the Head of Internal Auditors on 25 February 2022 and 24 August 2022 which allow her to provide candid, confidential comments, valuable views and opinions, as a result of her work, to the ARMC.

The minutes of each ARMC meeting was duly noted by the Board via tabling in the subsequent Board meeting after the ARMC meeting.

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 Auditor 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 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 FY2022, 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;

Audit and Risk Management Committee Report (Cont'd)

SUMMARY OF ACTIVITIES (Cont'd)

(I) FINANCIAL PERFORMANCE AND REPORTING (Cont'd)

- 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;
- 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; and
- reported its findings on the financial and Management's performance and other material matters to the Board.

(II) OVERSIGHT OF EXTERNAL AUDITORS

- reviewed the external audit reports and assessed the auditor's findings and Management's responses thereto in respect of the audit for the FY2022;
- reviewed and approved the External Auditors' Audit Planning Memorandum for the FY2022 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 21 November 2022. 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 and the level of non-audit services provided by the External Auditors. 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 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.
- obtained from the External Auditors written representation of their professional independence as auditors. The ARMC maintains a rotation policy for the key audit partner and, as part of this policy, the key audit partner changed at the beginning of FY2022.
- 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.

Audit and Risk Management Committee Report (Cont'd)

SUMMARY OF ACTIVITIES (Cont'd)

(III) OVERSIGHT OF INTERNAL AUDIT ("IA")

- reviewed and approved the IA plan for FY2022 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.
- 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 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 without the presence of the Executive Directors and Management team, and once with the presence of the Executive Directors and Management team in FY2022, 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 INTERNAL CONTROL AND CORPORATE GOVERNANCE MATTERS

- reviewed and confirmed the minutes of the ARMC Meetings.
- reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group.
- 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 2021.

(VI) RISK MANAGEMENT AND INTERNAL CONTROL

- reviewed and recommended the appointment of MCM International Consultancy PLT ("MCMIC") to carry out the review of the Enterprise Risk Management ("ERM") of the Company to the Board for approval.
- reviewed the adequacy and effectiveness of risk management and internal control systems instituted within the Group.
- reviewed and received updates twice on 11 May 2022 and 21 November 2022 from the MCMIC on the ERM principal risk findings as well as adoption of relevant corrective measures for the identified risks.

Audit and Risk Management Committee Report (Cont'd)

SUMMARY OF ACTIVITIES (Cont'd)

During FY2022, 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.

INTERNAL AUDIT ("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 financial year ended 2019 ("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 FY2022, 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 the 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; and
- 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 maintaining the IA function of the Group for FY2022 was RM43,185.06 (FY2021: RM42,922.50).

The ARMC and Board were satisfied with the performance of the Internal Auditors for the FY2022 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 2022 ("FY2022") issued in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle B of the Malaysian Code on Corporate Governance 2021 ("MCCG"), with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. 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 2022, the adequacy and effectiveness of internal controls were reviewed by the ARMC in relation to the internal audits conducted by the Internal Auditors during the year. All the audit issues and recommendations as well as actions taken by Management to address the issues tabled by the Internal Auditors 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.

The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of delegated oversight responsibilities, in order to safeguard shareholders' investments and the Group's assets.

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 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 comprises 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 and monitors the risk's evolution while developing mitigation plans to limit the business impact. The 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 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 FY2022, 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 |
|--|-----------------|------------------------------------|---|
| 1st Quarter (January - March 2022) | May 2022 | Greotech Integration (M) Sdn. Bhd. | <ul style="list-style-type: none"> • Procurement <p>Follow up on</p> <ul style="list-style-type: none"> • Finance & Accounts • Management Information System • Inventory Management • Project Management |
| 3rd Quarter (July - September 2022) | November 2022 | Greotech Integration (M) Sdn. Bhd. | <ul style="list-style-type: none"> • Project Management <p>Follow up on</p> <ul style="list-style-type: none"> • Procurement • Finance & Accounts • Management Information System |

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 FY2022 amounted to RM43,185.06.

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 were 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 notes 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 ("ABC") Policy;
- f) Annual declaration of Conflict of Interest and 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 ABC Policy in line with the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018;
- n) Undertaken an external review of the Group's ABC governance and adoption of group-wide Corruption Risk Management framework which is adaptable into ERM framework relevant to the prevention of bribery and corruption;
- o) The Group conducts a risk assessment of bribery and corruption existing controls and vulnerable areas to identify key gaps and improvement opportunities; and
- p) Adoption of group-wide framework on corporate governance according to guidelines issued by the 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.

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

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 THE EXTERNAL AUDITORS

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

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

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

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 controls 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 2022, 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 | 16,770 | 93.2% |
| 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 | 71,818 | |

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 2022 amounted to RM34,500 and RM120,140 respectively. Non-statutory audit fees paid and payable to External Auditors by the Company and the Group for the financial year ended 31 December 2022 amounted to RM4,000.

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 2022 amounted to RM42,000 and RM62,000 respectively. The non-audit services rendered by BDO PLT and its affiliates mainly comprises of fees payable for preparation of Sustainability Report and review of Statement of Risk management & Internal Control and other compliance information.

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 interests of the Directors, Chief Executive who is not a Director and major shareholders, either still subsisting as at 31 December 2022 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 2022.

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.

Additional Compliance Information (Cont'd)

5. LONG TERM INCENTIVE PLAN ("LTIP") (Cont'd)

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.

I) SOP

The information in relation to SOP as at 31 December 2022 is as follows:

| | TOTAL NUMBER |
|---|---------------------|
| Granted | 1,088,400 |
| Cancelled/Lapsed ^(a) | (597,000) |
| Exercised | (135,150) |
| TOTAL OPTIONS OUTSTANDING AS AT 31 DECEMBER 2022 | 356,250 |

Note:

- (a) The outstanding of 493,900 options has been cancelled due to no options were accepted by employees and 103,100 options have lapsed due to they were granted to employees who resigned subsequent to the grant date as at 31 December 2022.
- (b) The details of LTIP are set out in Note 27 to the financial statements of this Annual Report.
- (c) There were no options granted to the Directors and Chief Executive of the Company since the implementation of LTIP up to date.

II) SGP

During the financial year ended 31 December 2022, the Company has on 17 January 2022, 26 January 2022 and 24 November 2022 granted 2,000,000 ordinary shares at RM5.07, 2,000,000 ordinary shares at RM4.80 and 2,500,000 ordinary shares at RM3.88 respectively to the eligible employees with vesting period of 3 - 4 years.

The information in relation to SGP as at 31 December 2022 is as follows:

| | TOTAL NUMBER |
|--|---------------------|
| Granted | 6,500,000 |
| Lapsed ^(a) | (495,600) |
| Exercised | (702,100) |
| TOTAL SHARES OUTSTANDING AS AT 31 DECEMBER 2022 | 5,302,300 |

Note:

- (a) The outstanding of 495,600 ordinary shares have lapsed due to they were granted to employees who resigned subsequent to the grant date as at 31 December 2022.
- (b) 60,000 ordinary shares were granted to the senior management of the Group as at 31 December 2022.

Statement of Directors' Responsibility In Relation To The Financial Statements

Greatech Technology Berhad ("Company" or "Greatech", and together with its subsidiaries, "Group") is required under Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 2022 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 2022.

In preparing the financial statements for the financial year ended 31 December 2022, 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 regulatory requirements 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 Securities 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 of 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.

Financial Statements

Contents

Financial Statements

Directors' Report - **126**

Statement by Directors - **133**

Statutory Declaration - **133**

Independent Auditors' Report to The Members - **134**

Statements of Financial Position - **138**

Statements of Profit or Loss and Other Comprehensive Income - **140**

Consolidated Statement of Change In Equity - **142**

Statement of Changes in Equity - **144**

Statements of Cash Flows - **146**

Notes to The Financial Statements - **150**



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 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are mainly sale of automated equipment together with provision of parts and services. Further 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 | <u>131,887,950</u> | <u>651,814</u> |
| Attributable to: Owners of the parent | <u>131,887,950</u> | <u>651,814</u> |

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 the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 1,252,130,700 ordinary shares to 1,252,837,250 ordinary shares by way of issuance of 706,550 new ordinary shares pursuant to the following:

- (a) 702,100 new ordinary shares under the Share Grant Plan ('SGP') at weighted average share price of RM4.932; and
- (b) 4,450 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.

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 SGP, to eligible Executive Directors and employees of the Group.

Salient features and other terms 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.

Directors' Report (Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

Salient features and other terms of the LTIP are as follows: (Cont'd)

- (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:
- (i) 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
 - (ii) 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:
- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) 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;
 - (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-----] | | | | |
|---------------|--|-----------|------------|------------------------------------|------------------------------------|
| | Balance as at 1.1.2022 | Exercised | Forfeited* | Outstanding as at 31.12.2022 | Exercisable as at 31.12.2022 |
| 10 March 2021 | 422,700 | (4,450) | (62,000) | 356,250 | 356,250 |

* Due to resignation.

Directors' Report (Cont'd)

SHARE GRANT PLAN ('SGP')

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 SGP, to eligible Executive Directors and employees of the Group.

Salient features and other terms of the LTIP are disclosed under "options granted over unissued shares".

The following table illustrates the movement of shares under the SGP during the financial year:

| Date of grant | [-----Number of ordinary shares granted under SGP-----] | | | | |
|------------------|---|------------------|------------------|------------------|------------------------------------|
| | Balance as at 1.1.2022 | Granted | Vested | Forfeited* | Outstanding as at 31.12.2022 |
| 17 January 2022 | 0 | 2,000,000 | (344,400) | (253,800) | 1,401,800 |
| 26 January 2022 | 0 | 2,000,000 | (357,700) | (241,800) | 1,400,500 |
| 24 November 2022 | 0 | 2,500,000 | 0 | 0 | 2,500,000 |
| | <u>0</u> | <u>6,500,000</u> | <u>(702,100)</u> | <u>(495,600)</u> | <u>5,302,300</u> |

* Due to resignation.

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
 Michael Dominic Kirk (appointed on 14 May 2022)

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

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 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 1-1-2022 | SGP | Bought | Sold | Balance as at 31-12-2022 |
| <u>Shares in the Company</u> | | | | | |
| Direct interests: | | | | | |
| Dato’ Tan Eng Kee | 3,236,300 | 0 | 1,600,000 | 0 | 4,836,300 |
| Khor Lean Heng | 837,000 | 0 | 411,500 | 0 | 1,248,500 |
| Mariamah binti Daud | 660,000 | 0 | 160,000 | (50,000) | 770,000 |
| Ooi Hooi Kiang | 1,818,600 | 0 | 40,000 | (10,000) | 1,848,600 |
| Indirect interests: | | | | | |
| Dato’ Tan Eng Kee*# | 819,168,900 | 4,000 | 0 | (51,279,600) | 767,893,300 |
| Mariamah binti Daud# | 35,000 | 0 | 30,000 | 0 | 65,000 |
| Dato’ Seri Wong Siew Hai# | 838,700 | 0 | 224,000 | 0 | 1,062,700 |

* 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' 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.

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

Directors' Report (Cont'd)

DIRECTORS' REMUNERATION

The fees and other benefits of the Directors who held office during the financial year ended 31 December 2022 are as follows:

| | Group RM | Company RM |
|------------------|------------------|----------------|
| Fees | 360,000 | 360,000 |
| Salaries | 932,220 | 0 |
| Bonuses | 352,717 | 0 |
| Others | 188,009 | 27,000 |
| Benefits-in-kind | 45,400 | 0 |
| | <u>1,878,346</u> | <u>387,000</u> |

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

During the financial year, the total amount of insurance premium paid for the Directors and the Officers of the Group and of the Company were RM26,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

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

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

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)

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

- (c) The Directors are not aware of any circumstances: (Cont'd)
 - (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.

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 (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

| | Group RM | Company RM |
|-----------------|----------------|---------------|
| Statutory audit | 120,140 | 34,500 |
| Other services | 4,000 | 4,000 |
| | <u>124,140</u> | <u>38,500</u> |

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

Dato' Tan Eng Kee
Director

7 April 2023

Khor Lean Heng
Director

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 138 to 199 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2022 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

Khor Lean Heng
Director

7 April 2023

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 138 to 199 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 7 April
2023

Koay Lin Lin
Chief Financial Officer

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 2022 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 138 to 199.

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 2022, 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 RM509,089,647.

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

Independent Auditors' Report (Cont'd)

TO THE MEMBERS OF GREATECH TECHNOLOGY BERHAD

Key Audit Matters (Cont'd)

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

Audit response (Cont'd)

- (iv) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

(b) *Provision for warranties*

We refer to Note 20 to the financial statements on the provision for warranties which amounted RM26,751,917.

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

Audit response

Our audit procedures included the following:

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report (Cont'd)

TO THE MEMBERS OF GREATECH TECHNOLOGY BERHAD

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report (Cont'd)

TO THE MEMBERS OF GREATECH TECHNOLOGY BERHAD

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

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.

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
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Penang
7 April 2023

Koay Theam Hock
02141/04/2025J
Chartered Accountant

Statements of Financial Position

AS AT 31 DECEMBER 2022

| | | | Group | | Company |
|--|------|--------------------|-------------|--------------------|-------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 193,614,610 | 107,400,014 | 0 | 0 |
| Right-of-use assets | 6 | 97,942,317 | 71,885,155 | 0 | 0 |
| Investments in subsidiaries | 7 | 0 | 0 | 48,982,581 | 42,398,476 |
| | | 291,556,927 | 179,285,169 | 48,982,581 | 42,398,476 |
| Current assets | | | | | |
| Inventories | 8 | 21,968,337 | 12,321,748 | 0 | 0 |
| Trade and other receivables | 9 | 111,316,033 | 93,363,358 | 25,488 | 25,373 |
| Contract assets | 10 | 193,607,450 | 1,520,741 | 0 | 0 |
| Derivative assets | 11 | 0 | 7,437 | 0 | 0 |
| Current tax assets | | 1,743,592 | 1,675,511 | 30,895 | 20,596 |
| Short term funds | 12 | 108,304,263 | 214,080,459 | 79,153,820 | 79,268,210 |
| Cash and bank balances | 13 | 218,354,559 | 106,347,885 | 3,943,008 | 3,069,456 |
| | | 655,294,234 | 429,317,139 | 83,153,211 | 82,383,635 |
| TOTAL ASSETS | | 946,851,161 | 608,602,308 | 132,135,792 | 124,782,111 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 14 | 116,585,280 | 113,083,638 | 116,585,280 | 113,083,638 |
| Reserves | 15 | 470,179,751 | 317,954,695 | 15,424,243 | 11,665,603 |
| TOTAL EQUITY | | 586,765,031 | 431,038,333 | 132,009,523 | 124,749,241 |

Statements of Financial Position (Cont'd)

AS AT 31 DECEMBER 2022

| | | Group | | Company | |
|-------------------------------------|------|--------------------|-------------|--------------------|-------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 16 | 13,916,658 | 15,016,662 | 0 | 0 |
| Lease liabilities | 6 | 3,045,601 | 3,241,963 | 0 | 0 |
| Deferred tax liabilities | 17 | 9,216,547 | 8,626,159 | 0 | 0 |
| Government grant | 18 | 260,967 | 393,559 | 0 | 0 |
| | | 26,439,773 | 27,278,343 | 0 | 0 |
| Current liabilities | | | | | |
| Trade and other payables | 19 | 67,790,214 | 45,178,729 | 126,269 | 32,870 |
| Contract liabilities | 10 | 237,355,967 | 69,054,831 | 0 | 0 |
| Provision for warranties | 20 | 26,751,917 | 34,408,157 | 0 | 0 |
| Borrowings | 16 | 1,100,004 | 1,100,004 | 0 | 0 |
| Lease liabilities | 6 | 515,663 | 411,319 | 0 | 0 |
| Government grant | 18 | 132,592 | 132,592 | 0 | 0 |
| | | 333,646,357 | 150,285,632 | 126,269 | 32,870 |
| TOTAL LIABILITIES | | 360,086,130 | 177,563,975 | 126,269 | 32,870 |
| TOTAL EQUITY AND LIABILITIES | | 946,851,161 | 608,602,308 | 132,135,792 | 124,782,111 |

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

Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|---|------|----------------------|---------------|--------------------|------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Revenue | 22 | 546,214,485 | 402,216,766 | 0 | 0 |
| Cost of sales | | (382,793,398) | (232,279,706) | 0 | 0 |
| Gross profit | | 163,421,087 | 169,937,060 | 0 | 0 |
| Other income | 23 | 17,504,476 | 18,523,971 | 1,941,401 | 1,500,783 |
| Net (losses)/gains on impairment of financial assets | | (3,209,510) | 167,083 | 0 | 0 |
| Administrative and marketing expenses | | (49,254,095) | (42,717,256) | (1,280,001) | (995,513) |
| Finance cost | 24 | (563,159) | (668,799) | 0 | 0 |
| Profit before tax | | 127,898,799 | 145,242,059 | 661,400 | 505,270 |
| Taxation | 25 | 3,989,151 | (3,491,218) | (9,586) | (21,054) |
| Profit for the financial year | | 131,887,950 | 141,750,841 | 651,814 | 484,216 |
| Other comprehensive income | | | | | |
| Item that may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translations | | (332,333) | (72,104) | 0 | 0 |

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

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|--|------|--------------------|--------------------|----------------|----------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Item that will not be reclassified subsequently to profit or loss | | | | | |
| Revaluation surplus on property, plant and equipment and right-of use assets | | <u>17,233,374</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total other comprehensive income/ (loss) for the financial year, net of tax | | <u>16,901,041</u> | <u>(72,104)</u> | <u>0</u> | <u>0</u> |
| Total comprehensive income for the financial year | | <u>148,788,991</u> | <u>141,678,737</u> | <u>651,814</u> | <u>484,216</u> |
| Profit attributable to owners of the parent | | <u>131,887,950</u> | <u>141,750,841</u> | <u>651,814</u> | <u>484,216</u> |
| Total comprehensive income attributable to owners of the parent | | <u>148,788,991</u> | <u>141,678,737</u> | <u>651,814</u> | <u>484,216</u> |
| Earnings per ordinary share attributable to owners of the parent: | | | | | |
| Basic (sen) | 28 | <u>10.53</u> | <u>11.32</u> | | |
| Diluted (sen) | 28 | <u>10.49</u> | <u>11.32</u> | | |

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

Financial Statements

Consolidated Statement of
Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Group | Note | Share capital RM | Exchange translation reserve RM | Reorganisation debit reserve RM | Revaluation reserve RM | Share options reserve RM | Share grant reserve RM | Retained earnings RM | Total equity RM |
|--|-------|---------------------|------------------------------------|------------------------------------|---------------------------|-----------------------------|---------------------------|-------------------------|--------------------|
| Balance as at 1 January 2022 | | 113,083,638 | (69,545) | (39,500,000) | 8,369,611 | 1,481,099 | 0 | 347,673,530 | 431,038,333 |
| Profit for the financial year | | 0 | 0 | 0 | 0 | 0 | 0 | 131,887,950 | 131,887,950 |
| Gross revaluation increase of properties | 15(c) | 0 | 0 | 0 | 22,665,384 | 0 | 0 | 0 | 22,665,384 |
| Deferred tax relating to revalued properties | 15(c) | 0 | 0 | 0 | (5,432,010) | 0 | 0 | 0 | (5,432,010) |
| Foreign currency translations | | 0 | (332,333) | 0 | 0 | 0 | 0 | 0 | (332,333) |
| Other comprehensive income, net of tax | | 0 | (332,333) | 0 | 17,233,374 | 0 | 0 | 0 | 16,901,041 |
| Total comprehensive income | | 0 | (332,333) | 0 | 17,233,374 | 0 | 0 | 131,887,950 | 148,788,991 |
| Realisation of revaluation surplus | 15(c) | 0 | 0 | 0 | (255,339) | 0 | 0 | 255,339 | 0 |
| Transactions with owners: | | | | | | | | | |
| Issuance of ordinary shares pursuant to: | | | | | | | | | |
| - SOP | 14 | 38,574 | 0 | 0 | 0 | (343,450) | 0 | 329,239 | 24,363 |
| - SGP | 14 | 3,463,068 | 0 | 0 | 0 | 0 | 0 | 0 | 3,463,068 |
| SGP expenses | | 0 | 0 | 0 | 0 | 0 | 3,450,276 | 0 | 3,450,276 |
| Total transactions with owners | | 3,501,642 | 0 | 0 | 0 | (343,450) | 3,450,276 | 329,239 | 6,937,707 |
| Balance as at 31 December 2022 | | 116,585,280 | (401,878) | (39,500,000) | 25,347,646 | 1,137,649 | 3,450,276 | 480,146,058 | 586,765,031 |

Consolidated Statement of Changes In Equity (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| 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 |

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

Financial Statements

Statement of
Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Company | Note | Share capital RM | Share options reserve RM | Share grant reserve RM | Retained earnings RM | Total equity RM |
|--|------|---------------------|--------------------------------|------------------------------|-------------------------|--------------------|
| Balance as at 1 January 2022 | | 113,083,638 | 1,481,099 | 0 | 10,184,504 | 124,749,241 |
| Profit for the financial year | | 0 | 0 | 0 | 651,814 | 651,814 |
| Other comprehensive income, net of tax | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | 0 | 0 | 651,814 | 651,814 |
| Transactions with owners: | | | | | | |
| Issuance of ordinary shares pursuant to: | | | | | | |
| - SOP | 14 | 38,574 | (343,450) | 0 | 0 | (304,876) |
| - SGP | 14 | 3,463,068 | 0 | 0 | 0 | 3,463,068 |
| SGP expenses | | 0 | 0 | 3,450,276 | 0 | 3,450,276 |
| Total transactions with owners | | 3,501,642 | (343,450) | 3,450,276 | 0 | 6,608,468 |
| Balance as at 31 December 2022 | | 116,585,280 | 1,137,649 | 3,450,276 | 10,836,318 | 132,009,523 |

Statement of Changes In Equity (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|--|-------|---------------------|--------------|------------------|------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before tax | | 127,898,799 | 145,242,059 | 661,400 | 505,270 |
| Adjustments for: | | | | | |
| Amortisation of government grant | 18 | (132,592) | (132,592) | 0 | 0 |
| Depreciation of: | | | | | |
| - property, plant and equipment | 5 | 8,541,236 | 4,873,253 | 0 | 0 |
| - right-of-use assets | 6 | 1,779,725 | 2,213,734 | 0 | 0 |
| Fair value adjustment on derivative assets | 11(a) | 7,437 | (3,914) | 0 | 0 |
| Gain on lease modification | 6(f) | 0 | (44,218) | 0 | 0 |
| Impairment losses on: | | | | | |
| - contract assets | 10(g) | 2,537,468 | 35,721 | 0 | 0 |
| - trade receivables | 9(f) | 1,363,715 | 655,952 | 0 | 0 |
| Interest expense | 24 | 563,159 | 668,799 | 0 | 0 |
| Interest income | 23 | (1,268,257) | (668,384) | (117,468) | (115,730) |
| Inventories written back | 8(b) | 0 | (4,335) | 0 | 0 |
| Inventories written down | 8(b) | 26,891 | 17,289 | 0 | 0 |
| Lease concessions | 6(f) | 0 | (23,200) | 0 | 0 |
| Loss on disposal of property, plant and equipment | | 17,521 | 24,696 | 0 | 0 |
| Property, plant and equipment written off | | 481,413 | 254,742 | 0 | 0 |
| Provision for warranties | 20(b) | 9,349,912 | 12,559,209 | 0 | 0 |
| Reversal of: | | | | | |
| - impairment losses on trade receivables | 9(f) | (655,952) | (526,671) | 0 | 0 |
| - impairment losses on contract assets | 10(g) | (35,721) | (332,085) | 0 | 0 |
| - unused provision for warranties | 20(b) | (17,006,152) | (20,598,107) | 0 | 0 |
| Share options vested under SOP | | 0 | 1,898,476 | 0 | 0 |
| Share grant expenses | | 6,913,344 | 0 | 0 | 0 |
| Unrealised loss/(gain) on foreign exchange, net | | 1,049,790 | 2,507,836 | (18,282) | 0 |
| Operating profit before changes in working capital carried forward | | 141,431,736 | 148,618,260 | 525,650 | 389,540 |

Statement of Cash Flows (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|--|------|----------------------|--------------|-----------------|------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd) | | | | | |
| Operating profit before changes in working capital brought forward | | 141,431,736 | 148,618,260 | 525,650 | 389,540 |
| Increase in inventories | | (9,673,480) | (664,010) | 0 | 0 |
| (Increase)/Decrease in trade and other receivables | | (20,230,988) | (52,614,340) | (115) | 10,236,308 |
| (Increase)/Decrease in contract assets | | (194,588,456) | 19,365,431 | 0 | 0 |
| Increase/(Decrease) in trade and other payables | | 20,924,372 | 4,933,123 | 93,399 | (274,196) |
| Increase in contract liabilities | | 168,301,136 | 10,705,473 | 0 | 0 |
| Cash generated from operations | | 106,164,320 | 130,343,937 | 618,934 | 10,351,652 |
| Interest paid | | (497,908) | (584,348) | 0 | 0 |
| Interest received | | 1,268,257 | 668,384 | 117,468 | 115,730 |
| Tax paid | | (468,667) | (720,600) | (19,885) | (30,600) |
| Net cash from operating activities | | 106,466,002 | 129,707,373 | 716,517 | 10,436,782 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from disposal of property, plant and equipment | | 31,000 | 373,000 | 0 | 0 |
| Purchase of property, plant and equipment | 5(e) | (80,310,901) | (48,381,214) | 0 | 0 |
| Purchase of right-of-use assets | 6(g) | (17,834,989) | (41,099,043) | 0 | 0 |
| Net changes in deposits with licensed banks (more than three months) | | 0 | 1,506,869 | 0 | 0 |
| Net cash used in investing activities | | (98,114,890) | (87,600,388) | 0 | 0 |

Statement of Cash Flows (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | | Group | | Company | |
|--|-------|--------------------|--------------------|-------------------|-------------------|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from: | | | | | |
| - term loans | | 0 | 16,500,000 | 0 | 0 |
| - issuance of ordinary shares pursuant to SOP | | 24,363 | 715,582 | 24,363 | 715,582 |
| Repayments of: | | | | | |
| - lease liabilities | | (519,238) | (1,291,603) | 0 | 0 |
| - term loans | | (1,100,004) | (19,001,996) | 0 | 0 |
| Net cash (used in)/from financing activities | | (1,594,879) | (3,078,017) | 24,363 | 715,582 |
| Net changes in cash and cash equivalents | | 6,756,233 | 39,028,968 | 740,880 | 11,152,364 |
| Effects of exchange rate changes | | (525,755) | (2,623,477) | 18,282 | 0 |
| Cash and cash equivalents at beginning of financial year | | 320,428,344 | 284,022,853 | 82,337,666 | 71,185,302 |
| Cash and cash equivalents at end of financial year | 13(b) | <u>326,658,822</u> | <u>320,428,344</u> | <u>83,096,828</u> | <u>82,337,666</u> |

Statement of Cash Flows (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Lease liabilities (Note 6) RM | Term loans (Note 16) RM |
|---------------------------------|-------------------------------------|-------------------------------|
| Balance as at 1 January 2022 | 3,653,282 | 16,116,666 |
| Cash flows | (519,238) | (1,100,004) |
| Non-cash flows | | |
| - addition of lease liabilities | 155,907 | 0 |
| - translation adjustment | 206,062 | 0 |
| - unwinding of interest | 65,251 | 0 |
| Balance as at 31 December 2022 | 3,561,264 | 15,016,662 |
| 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 | 3,653,282 | 16,116,666 |

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

Notes to The Financial Statements

31 DECEMBER 2022

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 2022 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 7 April 2023.

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 32.1 to the financial statements.

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 2022

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:

| | 2022 RM | 2021 RM |
|--|--------------------|--------------------|
| Revenue from external customers | | |
| India | 195,813,600 | 470,428 |
| Ireland | 594,465 | 331,580 |
| Malaysia | 13,559,057 | 51,025,727 |
| People's Republic of China | 5,828 | 238,475 |
| Singapore | 4,484,984 | 1,349,656 |
| United Kingdom | 0 | 1,544 |
| United States of America | 328,025,239 | 289,848,452 |
| Vietnam | 3,731,312 | 58,950,904 |
| | 546,214,485 | 402,216,766 |

(b) Major customers

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

| | 2022 RM | 2021 RM |
|------------|--------------------|--------------------|
| Customer A | * | 58,950,904 |
| Customer B | 251,554,082 | * |
| Customer C | * | 42,892,646 |
| Customer D | * | 226,213,985 |
| Customer E | 195,813,600 | * |
| | 447,367,682 | 328,057,535 |

* less than 10%

Notes to The
Financial Statements (Cont'd)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT

| Group | Note | 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 2022 | | | | | | | | | | |
| At cost/At valuation | | | | | | | | | | |
| Balance as at 1 January 2022 | | 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 |
| Additions | | 2,216,619 | 22,730,822 | 5,217,336 | 169,258 | 1,882,079 | 1,206,484 | 1,877,085 | 46,930,174 | 82,229,857 |
| Reclassification | | 37,867,286 | 0 | 9,125,978 | 0 | 0 | 0 | 0 | (46,993,264) | 0 |
| Reclassification from right-of- use asset | 6 | 0 | 0 | 0 | 337,898 | 0 | 0 | 0 | 0 | 337,898 |
| Revaluation | | 11,002,720 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,002,720 |
| Disposal | | 0 | 0 | (107,759) | (3,000) | 0 | 0 | 0 | 0 | (110,759) |
| Written off | | 0 | (11,750) | (208,391) | 0 | (456,449) | 0 | (247,878) | 0 | (924,468) |
| Translation adjustment | | 0 | 0 | 29,187 | 0 | 0 | 0 | 6,578 | 0 | 35,765 |
| Balance as at 31 December 2022 | | 122,750,000 | 42,889,969 | 36,496,392 | 3,992,386 | 3,880,579 | 2,171,163 | 3,213,679 | 0 | 215,394,168 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Group | Note | 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 2022 | | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | | |
| Balance as at 1 January 2022 | | 778,448 | 7,856,229 | 4,222,137 | 1,308,497 | 392,698 | 220,969 | 644,163 | 0 | 15,423,141 |
| Current charge | | 1,111,781 | 3,305,888 | 2,840,332 | 678,513 | 204,305 | 152,426 | 247,991 | 0 | 8,541,236 |
| Reclassification from right-of-use assets | 6 | 0 | 0 | 0 | 208,370 | 0 | 0 | 0 | 0 | 208,370 |
| Revaluation | | (1,890,229) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,890,229) |
| Disposal | | 0 | 0 | (59,238) | (3,000) | 0 | 0 | 0 | 0 | (62,238) |
| Written off | | 0 | (5,777) | (106,607) | 0 | (236,327) | 0 | (94,344) | 0 | (443,055) |
| Translation adjustment | | 0 | 0 | 1,889 | 0 | 0 | 0 | 444 | 0 | 2,333 |
| Balance as at 31 December 2022 | | 0 | 11,156,340 | 6,898,513 | 2,192,380 | 360,676 | 373,395 | 798,254 | 0 | 21,779,558 |
| Carrying amount | | | | | | | | | | |
| Balance as at 31 December 2022 | | 122,750,000 | 31,733,629 | 29,597,879 | 1,800,006 | 3,519,903 | 1,797,768 | 2,415,425 | 0 | 193,614,610 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | 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 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | Construction in progress RM | Total RM |
|-------------------------------------|-------------------------------------|------------------------------|---|-------------------------|----------------------------------|------------------------------|------------------|-----------------------------------|-------------|
| 31 December 2021 | | | | | | | | | |
| 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 2022

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. The surplus arising from 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 2022 by the Directors based on a valuation exercise carried out in December 2022 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 | |
|-----------|--------------------|--------------------|
| | 2022 RM | 2021 RM |
| Buildings | 107,596,753 | 39,629,720 |

- (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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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. (Cont'd)
- (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 RM21,800,000 (2021: RM19,933,333) 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.
- (e) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

| | 2022 RM | Group 2021 RM |
|--|--------------------|---------------------|
| Purchase of property, plant and equipment | 82,229,857 | 48,381,214 |
| Unpaid and included under other payables | (1,918,956) | 0 |
| Cash payments on purchase of property, plant and equipment | 80,310,901 | 48,381,214 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

| Group | Balance as at 1 January 2022 RM | Additions RM | Depreciation RM | Revaluation RM | Translation adjustment RM | Reclassification (Note 5) RM | Balance as at 31 December 2022 RM |
|------------------------------|---------------------------------|-------------------|--------------------|------------------|---------------------------|------------------------------|-----------------------------------|
| Carrying amount | | | | | | | |
| Leasehold land, at valuation | 68,149,521 | 17,834,989 | (1,271,945) | 9,772,435 | 0 | 0 | 94,485,000 |
| Motor vehicles | 152,054 | 0 | (22,526) | 0 | 0 | (129,528) | 0 |
| Hostels | 0 | 155,907 | (21,838) | 0 | 0 | 0 | 134,069 |
| Rented premises | 3,583,580 | 0 | (463,416) | 0 | 203,084 | 0 | 3,323,248 |
| | 71,885,155 | 17,990,896 | (1,779,725) | 9,772,435 | 203,084 | (129,528) | 97,942,317 |

| 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 |
| | 29,826,696 | 45,023,178 | (2,213,734) | 22,791 | (773,776) | 71,885,155 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities

| Group | Balance as at 1 January 2022 RM | Addition RM | Lease payments RM | Interest expense RM | Translation adjustment RM | Balance as at 31 December 2022 RM |
|------------------------|--|----------------|-------------------------|---------------------------|---------------------------------|--|
| Carrying amount | | | | | | |
| Motor vehicles | 17,753 | 0 | (17,931) | 178 | 0 | 0 |
| Hostels | 0 | 155,907 | (21,786) | 1,190 | 0 | 135,311 |
| Rented premises | 3,635,529 | 0 | (479,521) | 63,883 | 206,062 | 3,425,953 |
| | <u>3,653,282</u> | <u>155,907</u> | <u>(519,238)</u> | <u>65,251</u> | <u>206,062</u> | <u>3,561,264</u> |

| 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> |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

| | 2022 RM | Group 2021 RM |
|---|------------|---------------------|
| Represented by: | | |
| Current liabilities | 515,663 | 411,319 |
| Non-current liabilities | 3,045,601 | 3,241,963 |
| Total lease liabilities | 3,561,264 | 3,653,282 |
| Lease liabilities owing to a financial institution | 0 | 17,753 |
| Lease liabilities owing to non-financial institutions | 3,561,264 | 3,635,529 |
| | 3,561,264 | 3,653,282 |

- (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. The surplus arising from 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 | 2 - 4.17 years |
| Rented premises | 3 - 9 years |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

- (b) The leasehold land of the Group was last valued on 31 December 2022 by the Directors based on a valuation exercise carried out in December 2022 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:

| | 2022 RM | 2021 RM |
|----------------|-------------------|-------------------|
| Leasehold land | <u>75,399,768</u> | <u>18,063,504</u> |

- (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 RM12,000,000 (2021: RM10,795,031) 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 certain leases of warehouse and hostel 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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

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

| | Group | |
|---|------------------|------------------|
| | 2022 RM | 2021 RM |
| Depreciation charge of right-of-use assets | | |
| (included in cost of sales) | 1,293,783 | 1,782,809 |
| (included in administrative and marketing expenses) | 485,942 | 430,925 |
| Expenses relating to short-term leases | | |
| (included in cost of sales) | 512,717 | 376,770 |
| Expenses relating to low-value assets | | |
| (included in cost of sales) | 76,924 | 24,462 |
| (included in administrative and marketing expenses) | 10,219 | 10,690 |
| Interest expense on lease liabilities | | |
| (included in finance costs) | 65,251 | 84,451 |
| Gain on lease modification (included in other income) | 0 | (44,218) |
| Rent concessions (included in other income) | 0 | (23,200) |
| | 2,444,836 | 2,642,689 |

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

| | Group | |
|--|-------------------|-------------------|
| | 2022 RM | 2021 RM |
| Included in net cash from operating activities: | | |
| Payment relating to short-term leases and low value assets | 599,860 | 411,922 |
| Included in net cash from investing activities: | | |
| Purchase of right-of-use assets | 17,834,989 | 41,099,043 |
| Included in net cash from financing activities: | | |
| Payment of lease liabilities | 519,238 | 1,291,603 |
| Total cash outflows for leases | 18,954,087 | 42,802,568 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)

- (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

In financial year 2021, the Group received numerous forms of rent concession from lessors due to rent forgiveness.

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 2021 satisfied the criteria to apply the practical expedient. Application of the practical expedient resulted in reduction of total lease liabilities of RM23,200.

7. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|--|-------------------|-------------------|
| | 2022 RM | 2021 RM |
| At cost | | |
| Unquoted equity shares | 40,500,000 | 40,500,000 |
| Equity contributions in a subsidiary in respect of SOP and SGP | 8,482,581 | 1,898,476 |
| | <u>48,982,581</u> | <u>42,398,476</u> |

- (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 |
|----------------------------------|--|------------------------------|------|---|
| | | 2022 | 2021 | |
| 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. |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Details of the subsidiaries are as follows (Cont'd):

| Name of company | Country of incorporation/ Principal place of business | Effective interest in equity | | Principal activities |
|--|--|------------------------------|------|---|
| | | 2022 | 2021 | |
| Subsidiaries of Greatech Integration (M) Sdn. Bhd. | | | | |
| 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% | 100% | 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. |

* Subsidiaries 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.

- (c) In the previous financial year, 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).

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

8. INVENTORIES

| | 2022 RM | Group 2021 RM |
|--------------------------------|-------------------|---------------------|
| At cost | | |
| Raw materials | 15,201,327 | 12,321,748 |
| Work-in-progress | 6,609,357 | 0 |
| Finished goods | 130,745 | 0 |
| At net realisable value | | |
| Raw materials | 26,908 | 0 |
| | 21,968,337 | 12,321,748 |

- (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 inventories 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:

| | 2022 RM | Group 2021 RM |
|--------------------------|-------------|---------------------|
| Cost of inventories | 281,813,093 | 140,728,050 |
| Inventories written down | 26,891 | 17,289 |
| Inventories written back | 0 | (4,335) |

The Group writes down its slow moving inventories whenever there are events that indicate the carrying amounts could not be recovered (eg. percentage of write down based on ageing of inventories). During the financial year, the Group had written down inventories amounted to RM26,891 (2021: RM17,289).

In the previous financial year, the Group wrote back RM4,335 in respect of inventories written down previously 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 2022

9. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|--------------------|-------------------|---------------|---------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Trade receivables | | | | |
| Third parties | 66,024,713 | 44,611,691 | 0 | 0 |
| Less: Impairment losses | (1,363,715) | (655,952) | 0 | 0 |
| Total trade receivables | 64,660,998 | 43,955,739 | 0 | 0 |
| Other receivables | | | | |
| Other receivables | 76,650 | 115,472 | 3,180 | 0 |
| Deposits | 457,014 | 1,784,703 | 1,000 | 1,000 |
| Total other receivables | 533,664 | 1,900,175 | 4,180 | 1,000 |
| Total receivables | 65,194,662 | 45,855,914 | 4,180 | 1,000 |
| Prepayments | 46,121,371 | 47,507,444 | 21,308 | 24,373 |
| Total trade and other receivables | 111,316,033 | 93,363,358 | 25,488 | 25,373 |

- (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 (2021: 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 | |
|------------------|--------------------|-------------------|---------------|---------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Ringgit Malaysia | 54,388,229 | 53,954,327 | 25,488 | 25,373 |
| US Dollar | 56,927,804 | 39,409,031 | 0 | 0 |
| | 111,316,033 | 93,363,358 | 25,488 | 25,373 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 US inflation rate) 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 2022 | | | |
| Current | 63,308,384 | (788,114) | 62,520,270 |
| 1 to 30 days past due | 987,532 | (92,974) | 894,558 |
| 31 to 60 days past due | 1,125,459 | (97,589) | 1,027,870 |
| 61 to 90 days past due | 209,064 | (55,728) | 153,336 |
| More than 90 days past due | 394,274 | (329,310) | 64,964 |
| Total | <u>66,024,713</u> | <u>(1,363,715)</u> | <u>64,660,998</u> |
| 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 | <u>44,611,691</u> | <u>(655,952)</u> | <u>43,955,739</u> |

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

9. TRADE AND OTHER RECEIVABLES (Cont'd)

- (f) Movements in the impairment losses for trade receivables are as follows:

| | Group | |
|-------------------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Balance as at 1 January | 655,952 | 526,671 |
| Reversal of impairment losses | (655,952) | (526,671) |
| Charge for the financial year | 1,363,715 | 655,952 |
| Balance as at 31 December | 1,363,715 | 655,952 |

- (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) In the previous financial year, included in prepayments is an amount of RM9,433,279, which relates to the prepayment made on acquisition of leasehold land of the Group. The acquisition was completed during the financial year.
- (i) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

10. CONTRACT ASSETS/(CONTRACT LIABILITIES)

| | Group | |
|-----------------------------|----------------------|--------------|
| | 2022 RM | 2021 RM |
| Contract assets | | |
| Construction contracts | 196,144,918 | 1,556,462 |
| Less: Impairment losses | (2,537,468) | (35,721) |
| | 193,607,450 | 1,520,741 |
| Contract liabilities | | |
| Construction contracts | (236,688,535) | (64,686,239) |
| Deferred revenue | (667,432) | (4,368,592) |
| | (237,355,967) | (69,054,831) |
| | (43,748,517) | (67,534,090) |

- (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.

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

| | Group | |
|----------------------------------|---------------------|---------------|
| | 2022 RM | 2021 RM |
| Aggregate costs incurred to date | 218,792,717 | 41,451,328 |
| Add: Attributable profits | 131,820,890 | 10,058,337 |
| Less: Impairment losses | (2,537,468) | (35,721) |
| | 348,076,139 | 51,473,944 |
| Less: Progress billings | (391,157,224) | (114,639,442) |
| | (43,081,085) | (63,165,498) |
| Represented by: | | |
| Contract assets | 193,607,450 | 1,520,741 |
| Contract liabilities | (236,688,535) | (64,686,239) |
| | (43,081,085) | (63,165,498) |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

10. CONTRACT ASSETS/(CONTRACT LIABILITIES) (Cont'd)

- (c) The amount of RM64,686,239 (2021: RM56,812,976) recognised in contract liabilities at the beginning of the respective financial years have been recognised as revenue for the financial years ended 31 December 2022 and 31 December 2021.
- (d) Contract assets have increased as the Group has provided more services ahead than the agreed billing schedules during the 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 | | | |
|------------------|-------------|-------------|-------------|-------------|
| | 2022 RM | 2023 RM | 2024 RM | Total RM |
| 31 December 2022 | 0 | 590,463,240 | 126,002,769 | 716,466,009 |
| 31 December 2021 | 210,757,436 | 0 | 0 | 210,757,436 |

- (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 2022 | | | |
| Current | 196,144,918 | (2,537,468) | 193,607,450 |
| 31 December 2021 | | | |
| Current | 1,556,462 | (35,721) | 1,520,741 |

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

| | Group | |
|-------------------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Balance as at 1 January | 35,721 | 332,085 |
| Reversal of impairment losses | (35,721) | (332,085) |
| Charge for the financial year | 2,537,468 | 35,721 |
| Balance as at 31 December | 2,537,468 | 35,721 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

11. DERIVATIVE ASSETS

| | Group 2021 | |
|--|---------------------|----------|
| | Contracts amount RM | Asset RM |

Financial asset at fair value through profit or loss

| | | |
|------------------------------------|-----------|-------|
| Forward foreign exchange contracts | 1,266,600 | 7,437 |
|------------------------------------|-----------|-------|

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

| | Group | |
|----------------------------------|---------|---------|
| | 2022 RM | 2021 RM |
| (Loss)/gain on derivative assets | (7,437) | 3,914 |

- (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 | |
|--|---------|---------|---------|---------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |

Financial asset at fair value through profit or loss

| | | | | |
|--|-------------|-------------|------------|------------|
| Short term funds in Malaysia (Note 13(b)) | 108,304,263 | 214,080,459 | 79,153,820 | 79,268,210 |
|--|-------------|-------------|------------|------------|

- (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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

12. SHORT TERM FUNDS (Cont'd)

(c) The currency exposure profile of short term funds are as follows:

| | Group | | Company | |
|------------------|--------------------|-------------|-------------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Ringgit Malaysia | 79,384,549 | 178,552,656 | 79,153,820 | 79,268,210 |
| US Dollar | 28,919,714 | 35,527,803 | 0 | 0 |
| | 108,304,263 | 214,080,459 | 79,153,820 | 79,268,210 |

(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.

13. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------------|--------------------|-------------|------------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Cash and bank balances | 198,354,559 | 89,774,776 | 3,943,008 | 3,069,456 |
| Deposits with licensed banks | 20,000,000 | 16,573,109 | 0 | 0 |
| | 218,354,559 | 106,347,885 | 3,943,008 | 3,069,456 |

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

| | Group | | Company | |
|------------------|--------------------|-------------|------------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Ringgit Malaysia | 39,086,961 | 34,949,533 | 2,999,993 | 3,069,456 |
| US Dollar | 177,041,585 | 60,997,375 | 0 | 0 |
| Japanese Yen | 122,479 | 4,174,569 | 0 | 0 |
| Euro | 1,196,824 | 4,990,597 | 943,015 | 0 |
| Chinese Renminbi | 75,160 | 80,489 | 0 | 0 |
| Philippine Peso | 821,116 | 902,620 | 0 | 0 |
| Singapore Dollar | 10,434 | 252,702 | 0 | 0 |
| | 218,354,559 | 106,347,885 | 3,943,008 | 3,069,456 |

Notes to The
Financial Statements (Cont'd)

31 DECEMBER 2022

13. CASH AND BANK BALANCES (Cont'd)

- (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 | |
|------------------------------|--------------------|-------------|-------------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Cash and bank balances | 198,354,559 | 89,774,776 | 3,943,008 | 3,069,456 |
| Deposits with licensed banks | 20,000,000 | 16,573,109 | 0 | 0 |
| Short term funds (Note 12) | 108,304,263 | 214,080,459 | 79,153,820 | 79,268,210 |
| | 326,658,822 | 320,428,344 | 83,096,828 | 82,337,666 |

- (c) No expected credit losses were recognised arising from the cash and bank balances and 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.

14. SHARE CAPITAL

| | Group and Company | | | |
|--|---------------------------------|--------------------|---------------------------------|-------------|
| | 2022 | | 2021 | |
| | Number of ordinary shares | RM | Number of ordinary shares | RM |
| Issued and fully paid-up ordinary shares with no par value: | | | | |
| Balance as at 1 January | 1,252,130,700 | 113,083,638 | 626,000,000 | 111,950,679 |
| Issuance of ordinary shares pursuant to: | | | | |
| - Bonus issue | 0 | 0 | 626,000,000 | 0 |
| - SGP vested | 702,100 | 3,463,068 | 0 | 0 |
| - SOP exercised | 4,450 | 38,574 | 130,700 | 1,132,959 |
| Balance as at 31 December | 1,252,837,250 | 116,585,280 | 1,252,130,700 | 113,083,638 |

- (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 1,252,130,700 ordinary shares to 1,252,837,250 ordinary shares by way of issuance of 706,550 new ordinary shares pursuant to the following:
- (i) 702,100 new ordinary shares under the SGP at weighted average share price of RM4.932; and
 - (ii) 4,450 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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

14. SHARE CAPITAL (Cont'd)

- (c) In the previous financial year, the issued and fully paid-up ordinary shares of the Company was increased from 626,000,000 ordinary shares to 1,252,130,700 ordinary shares by way of issuance of 626,130,700 new ordinary shares pursuant to the following:
- (i) 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
 - (ii) 130,700 options exercised under the SOP at exercise price of RM5.475 each for cash.

15. RESERVES

| | Group | | Company | |
|------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Non-distributable: | | | | |
| Exchange translation reserve | (401,878) | (69,545) | 0 | 0 |
| Reorganisation debit reserve | (39,500,000) | (39,500,000) | 0 | 0 |
| Revaluation reserve | 25,347,646 | 8,369,611 | 0 | 0 |
| Share options reserve | 1,137,649 | 1,481,099 | 1,137,649 | 1,481,099 |
| Share grant reserve | 3,450,276 | 0 | 3,450,276 | 0 |
| | (9,966,307) | (29,718,835) | 4,587,925 | 1,481,099 |
| Distributable: | | | | |
| Retained earnings | 480,146,058 | 347,673,530 | 10,836,318 | 10,184,504 |
| | <u>470,179,751</u> | <u>317,954,695</u> | <u>15,424,243</u> | <u>11,665,603</u> |

- (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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

15. RESERVES (Cont'd)

(c) Revaluation reserve (Cont'd)

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.

| | 2022 RM | Group 2021 RM |
|--|-------------------|---------------------|
| Balance as at 1 January | 8,369,611 | 8,604,166 |
| Gross revaluation increase of properties | 22,665,384 | 0 |
| Transfer to deferred tax liabilities (Note 17) | (5,432,010) | 0 |
| Realisation of revaluation surplus | (255,339) | (234,555) |
| Balance as at 31 December | <u>25,347,646</u> | <u>8,369,611</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.

- (e) The share grant reserve represents the value of equity-settles shares granted to employees under share grant scheme ('SGP'). The reserve is made up of the cumulative value of services received from employees recorded on grant of shares. The share grant plan will be vested from a period ranged from 3 years to 4 years from the grant date as disclosed in Note 27 to the financial statements.

16. BORROWINGS

| | 2022 RM | Group 2021 RM |
|-------------------|-------------------|---------------------|
| <u>Secured</u> | | |
| <i>Term loans</i> | | |
| Non-current | 13,916,658 | 15,016,662 |
| Current | 1,100,004 | 1,100,004 |
| | <u>15,016,662</u> | <u>16,116,666</u> |

- (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 statements respectively; and
- (ii) corporate guarantee by the Company.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

16. BORROWINGS (Cont'd)

- (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:

| | 2022 RM | Group 2021 RM |
|---|-------------|---------------------|
| Balance as at 1 January | 8,626,159 | 6,001,590 |
| Recognised in: | | |
| - profit or loss (Note 25) | (4,841,622) | 2,624,569 |
| - other comprehensive income (Note 15(c)) | 5,432,010 | 0 |
| Balance as at 31 December | 9,216,547 | 8,626,159 |
| Presented after appropriate offsetting: | | |
| Deferred tax assets | (6,566,064) | (124,300) |
| Deferred tax liabilities | 15,782,611 | 8,750,459 |
| | 9,216,547 | 8,626,159 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 2022 | 111,900 | 12,400 | 124,300 |
| Recognised in profit or loss | 6,308,547 | 133,217 | 6,441,764 |
| Balance as at 31 December 2022 | 6,420,447 | 145,617 | 6,566,064 |
| 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 | 111,900 | 12,400 | 124,300 |

Deferred tax liabilities

| | Property, plant and equipment RM | Revaluation surplus of revalued properties RM | Total RM |
|--------------------------------|---|---|-------------|
| Balance as at 1 January 2022 | 6,116,000 | 2,634,459 | 8,750,459 |
| Recognised in: | | | |
| - other comprehensive income | 0 | 5,432,010 | 5,432,010 |
| - profit or loss | 1,687,864 | (87,722) | 1,600,142 |
| Balance as at 31 December 2022 | 7,803,864 | 7,978,747 | 15,782,611 |
| 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 | 6,116,000 | 2,634,459 | 8,750,459 |

- (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 | |
|------------------------------|------------|------------|
| | 2022 RM | 2021 RM |
| Unabsorbed capital allowance | 712,600 | 364,000 |

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.

Notes to The
Financial Statements (Cont'd)

31 DECEMBER 2022

18. GOVERNMENT GRANT

| | Group | |
|--|------------|------------|
| | 2022 RM | 2021 RM |
| Balance as at 1 January | 526,151 | 658,743 |
| Amortisation during the financial year | (132,592) | (132,592) |
| Balance as at 31 December | 393,559 | 526,151 |
| Represented by: | | |
| Current liabilities | 132,592 | 132,592 |
| Non-current liabilities | 260,967 | 393,559 |
| | 393,559 | 526,151 |

19. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---------------------------------------|------------|------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Trade payables | | | | |
| Third parties | 52,583,502 | 15,695,971 | 0 | 0 |
| Other payables | | | | |
| Other payables | 9,981,876 | 13,639,971 | 86,836 | 0 |
| Accruals | 5,224,836 | 15,842,787 | 39,433 | 32,870 |
| Total other payables | 15,206,712 | 29,482,758 | 126,269 | 32,870 |
| Total trade and other payables | 67,790,214 | 45,178,729 | 126,269 | 32,870 |

- (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 (2021: 30 to 90 days).

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

19. TRADE AND OTHER PAYABLES (Cont'd)

- (c) The currency exposure profile of trade and other payables are as follows:

| | Group | | Company | |
|------------------|-------------------|------------|----------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Ringgit Malaysia | 55,956,889 | 40,537,193 | 126,269 | 32,870 |
| US Dollar | 11,151,499 | 4,426,490 | 0 | 0 |
| Singapore Dollar | 536,312 | 157,983 | 0 | 0 |
| Euro | 124,941 | 32,218 | 0 | 0 |
| Chinese Renminbi | 18,178 | 24,845 | 0 | 0 |
| Philippines Peso | 1,717 | 0 | 0 | 0 |
| Pound Sterling | 678 | 0 | 0 | 0 |
| | 67,790,214 | 45,178,729 | 126,269 | 32,870 |

- (d) 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.

- (e) 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.

- (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 | |
|--|---------------------|--------------|
| | 2022 RM | 2021 RM |
| Balance as at 1 January | 34,408,157 | 42,447,055 |
| Provision made during the financial year | 9,349,912 | 12,559,209 |
| Provision reversed during the financial year | (17,006,152) | (20,598,107) |
| Balance as at 31 December | 26,751,917 | 34,408,157 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

21. CAPITAL COMMITMENT

| | Group | |
|---|------------------|-------------------|
| | 2022 RM | 2021 RM |
| Capital expenditure in respect of purchase of property, plant and equipment and right-of-use assets | | |
| - contracted but not provided for | <u>4,279,409</u> | <u>74,505,561</u> |

22. REVENUE

| | Group | | Company | |
|---|--------------------|--------------------|------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Revenue from contracts with customers: | | | | |
| Construction contracts revenue | 509,089,647 | 381,047,384 | 0 | 0 |
| Sale of goods | 19,572,689 | 1,894,699 | 0 | 0 |
| Provision of parts and services | 17,552,149 | 19,274,683 | 0 | 0 |
| | <u>546,214,485</u> | <u>402,216,766</u> | <u>0</u> | <u>0</u> |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | Timing of revenue recognition | | Total RM |
|----------------------------|--------------------------------|---|-------------|
| | Transferred over time RM | Transferred at a point in time RM | |
| 31 December 2022 | | | |
| India | 195,813,600 | 0 | 195,813,600 |
| Ireland | 0 | 594,465 | 594,465 |
| Malaysia | 8,700,171 | 4,858,886 | 13,559,057 |
| People’s Republic of China | 0 | 5,828 | 5,828 |
| Singapore | 0 | 4,484,984 | 4,484,984 |
| United States of America | 303,579,930 | 24,445,309 | 328,025,239 |
| Vietnam | 995,946 | 2,735,366 | 3,731,312 |
| | 509,089,647 | 37,124,838 | 546,214,485 |
| 31 December 2021 | | | |
| 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 |

(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 2022

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 judgmental in the context of contract. The management also estimated total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the management relies on past experience of completed project and considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. A change in the estimates will directly affect the revenue to be recognised.

There is no significant financing component in the revenue arising from construction contracts as the contracts are on normal credit terms not exceeding twelve (12) months.

(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 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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

23. OTHER INCOME

| | Group | | Company | |
|---|-------------------|-------------------|------------------|------------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Interest income | 1,268,257 | 668,384 | 117,468 | 115,730 |
| Dividend income | 278,634 | 2,923,581 | 111,858 | 1,019,486 |
| Fair value gain on short term funds | 3,259,966 | 666,254 | 1,693,793 | 365,567 |
| Fair value gain on derivative financial instruments | 0 | 3,914 | 0 | 0 |
| Realised gain on foreign exchange | 9,703,505 | 13,130,836 | 0 | 0 |
| Lease concessions | 0 | 23,200 | 0 | 0 |
| Gain on lease modification | 0 | 44,218 | 0 | 0 |
| Amortisation of government grant | 132,592 | 132,592 | 0 | 0 |
| Unrealised gain on foreign exchange | 0 | 0 | 18,282 | 0 |
| Others | 2,861,522 | 930,992 | 0 | 0 |
| | 17,504,476 | 18,523,971 | 1,941,401 | 1,500,783 |

Interest income

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

24. FINANCE COST

| | Group | |
|-----------------------|----------------|----------------|
| | 2022 RM | 2021 RM |
| Interest expenses on: | | |
| - term loans | 492,172 | 584,348 |
| - lease liabilities | 65,251 | 84,451 |
| - bank overdraft | 5,736 | 0 |
| | 563,159 | 668,799 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

25. TAXATION

| | Group | | Company | |
|--|--------------------|-------------|----------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Current tax expense based on profit for the financial year | 408,336 | 146,200 | 17,336 | 14,000 |
| (Over)/Underprovision of income tax expense in prior years | (7,750) | 19,372 | (7,750) | 7,054 |
| | 400,586 | 165,572 | 9,586 | 21,054 |
| Deferred tax (Note 17): | | | | |
| - crystallisation of deferred tax liability on revaluation surplus | (87,722) | (83,431) | 0 | 0 |
| - relating to origination and reversal of temporary differences | (4,753,900) | 4,198,190 | 0 | 0 |
| - overprovision of deferred tax in prior year | 0 | (1,490,190) | 0 | 0 |
| | (4,841,622) | 2,624,569 | 0 | 0 |
| Withholding tax expense | 451,885 | 701,077 | 0 | 0 |
| Total taxation | (3,989,151) | 3,491,218 | 9,586 | 21,054 |

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

25. TAXATION (Cont'd)

- (b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---------------------|--------------|------------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Profit before tax | 127,898,799 | 145,242,059 | 661,400 | 505,270 |
| Tax at Malaysian statutory tax rate of 24% (2021: 24%) | 30,695,712 | 34,858,094 | 158,736 | 121,265 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | 4,784,637 | 4,749,409 | 296,344 | 137,412 |
| Non-taxable income | (4,331,737) | (1,348,913) | (437,744) | (244,677) |
| Tax exempt income under pioneer status | (35,577,776) | (33,980,900) | 0 | 0 |
| Annual crystallisation of deferred tax on revaluation surplus | (87,722) | (83,431) | 0 | 0 |
| Deferred tax asset not recognised during the year | 83,600 | 66,700 | 0 | 0 |
| Withholding tax expense | 451,885 | 701,077 | 0 | 0 |
| (Over)/underprovision of income tax expense in prior years | (7,750) | 19,372 | (7,750) | 7,054 |
| Overprovision of deferred tax in prior year | 0 | (1,490,190) | 0 | 0 |
| Taxation for the financial year | (3,989,151) | 3,491,218 | 9,586 | 21,054 |

- (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.

The Group has been granted approval-in-principle by Malaysian Investment Development Authority ("MIDA") under Income Tax Act 1967 on 27 June 2022 for its pioneer status incentive application for the robotic and factory automation system and related modules and components for electric vehicle and energy storage industries. The statutory income for this activity is exempted from tax for a period of ten (10) years from the manufacturing date.

The Group is required to submit the application of pioneer status certificate to MIDA within twenty-four (24) months from the approval date. As at the date of this report, the application has yet been submitted to MIDA.

Notes to The
Financial Statements (Cont'd)

31 DECEMBER 2022

25. TAXATION (Cont'd)

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

| | Before tax RM | Tax effect RM | After tax RM |
|---|-------------------|--------------------|-------------------|
| 2022 | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translations | <u>(332,333)</u> | <u>0</u> | <u>(332,333)</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>22,665,384</u> | <u>(5,432,010)</u> | <u>17,233,374</u> |
| 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> |

26. EMPLOYEE BENEFITS

| | Group | | Company | |
|--|-------------------|-------------------|----------------|----------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Wages, salaries, overtime and bonuses | 62,559,902 | 49,850,568 | 0 | 0 |
| Directors' fees | 360,000 | 336,774 | 360,000 | 336,774 |
| Contributions to defined contribution plan | 7,695,306 | 5,859,882 | 0 | 0 |
| Social security contributions | 1,871,540 | 1,217,608 | 0 | 0 |
| Other benefits | 305,508 | 192,584 | 27,000 | 18,000 |
| Share options vested under SOP | 0 | 1,898,476 | 0 | 0 |
| SGP expenses | 6,913,344 | 0 | 0 | 0 |
| | <u>79,705,600</u> | <u>59,355,892</u> | <u>387,000</u> | <u>354,774</u> |

- (a) Included in the employee benefits of the Group are Directors' remuneration amounting to RM1,832,946 (2021: RM2,139,755).
- (b) Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Group is RM45,400 (2021: RM44,725).

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

27. SHARE OPTION PLAN ('SOP') AND SHARE GRANT PLAN ('SGP')

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:
 - (i) 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
 - (ii) 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:
 - (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) 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;
 - (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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

27. SHARE OPTION PLAN ('SOP') AND SHARE GRANT PLAN ('SGP') (Cont'd)

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

| Date of offer | [----- Number of options over ordinary shares -----] | | | | | Exercisable as at 31.12.2022 |
|---------------|--|---------|-----------|------------|------------------------------|------------------------------|
| | Balance as at 1.1.2022 | Granted | Exercised | Forfeited* | Outstanding as at 31.12.2022 | |
| 10 March 2021 | 422,700 | 0 | (4,450) | (62,000) | 356,250 | 356,250 |

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

Exercise price (RM) of SOP 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 |

The following table illustrates the movement of shares under the SGP during the financial year:

| Date of grant | [----- Number of ordinary shares granted under SGP -----] | | | | |
|------------------|---|-----------|-----------|------------|------------------------------|
| | Balance as at 1.1.2022 | Granted | Vested | Forfeited* | Outstanding as at 31.12.2022 |
| 17 January 2022 | 0 | 2,000,000 | (344,400) | (253,800) | 1,401,800 |
| 26 January 2022 | 0 | 2,000,000 | (357,700) | (241,800) | 1,400,500 |
| 24 November 2022 | 0 | 2,500,000 | 0 | 0 | 2,500,000 |
| | 0 | 6,500,000 | (702,100) | (495,600) | 5,302,300 |

* Due to resignation.

During the financial year, the Company granted 6,500,000 ordinary shares under SGP to eligible employees of the Group. The outstanding grant will be vested a period ranged from 3 years to 4 years from the grant date provided that the vesting conditions as stipulated in the LTIP By-Laws are met.

The share grant vested during the financial year resulted in the issuance of 702,100 new ordinary shares as disclosed in Note 14 to the financial statements. The weighted average share price at the date of vesting for the financial year was RM4.932.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | |
|--|----------------------|---------------|
| | 2022 | 2021 |
| Profit for the financial year attributable to owners of the parent (RM) | 131,887,950 | 141,750,841 |
| Weighted average number of ordinary shares in issue | 1,252,130,700 | 1,252,000,000 |
| SOP exercised | 4,316 | 30,607 |
| SGP vested | 155,808 | 0 |
| Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share (unit) | 1,252,290,824 | 1,252,030,607 |
| Basic earnings per ordinary share (sen) | 10.53 | 11.32 |

(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 | |
|--|----------------------|---------------|
| | 2022 | 2021 |
| Profit for the financial year attributable to owners of the parent (RM) | 131,887,950 | 141,750,841 |
| Weighted average number of ordinary shares in issue | 1,252,290,824 | 1,252,030,607 |
| Effect of dilution due to: | | |
| - SOP | 0 | 65,778 |
| - SGP | 5,302,300 | 0 |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (unit) | 1,257,593,124 | 1,252,096,385 |
| Diluted earnings per ordinary share (sen) | 10.49 | 11.32 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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) The Company has not entered into transactions with related parties during the financial year.
- (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 | |
|--|------------------|------------|----------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Directors' fees | 360,000 | 336,774 | 360,000 | 336,774 |
| Short term employee benefits | 3,037,275 | 3,539,895 | 27,000 | 18,000 |
| Contributions to defined contribution plan | 354,684 | 421,929 | 0 | 0 |
| SGP expenses | 416,753 | 0 | 0 | 0 |
| | 4,168,712 | 4,298,598 | 387,000 | 354,774 |

Estimated monetary value of benefits-in-kind provided to the Executive Directors and key management personnel of the Group is RM228,864 (2021: RM79,992).

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 2022 and 31 December 2021.

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 | |
|---|----------------------|----------------------|---------------------|---------------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Borrowings | 15,016,662 | 16,116,666 | 0 | 0 |
| Lease liabilities | 3,561,264 | 3,653,282 | 0 | 0 |
| Provision for warranties | 26,751,917 | 34,408,157 | 0 | 0 |
| Less: | | | | |
| Short term funds | (108,304,263) | (214,080,459) | (79,153,820) | (79,268,210) |
| Cash and bank balances | (218,354,559) | (106,347,885) | (3,943,008) | (3,069,456) |
| Net cash | <u>(281,328,979)</u> | <u>(266,250,239)</u> | <u>(83,096,828)</u> | <u>(82,337,666)</u> |
| Total equity attributable to owners of the parent | <u>586,765,031</u> | <u>431,038,333</u> | <u>132,009,523</u> | <u>124,749,241</u> |
| Gearing ratio | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |

* 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 2022.

(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 2022

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 | | | |
|-------------------------------|-------------------|-------------|-------------------|-------------|
| | 2022 RM | % of total | 2021 RM | % of total |
| India | 207,900 | 0% | 0 | 0% |
| Malaysia | 3,474,702 | 5% | 4,341,061 | 10% |
| People's Republic of China | 3,106 | 0% | 0 | 0% |
| Singapore | 549,926 | 1% | 619,735 | 1% |
| United States of America | 59,839,784 | 93% | 20,949,500 | 48% |
| Vietnam | 585,580 | 1% | 18,045,443 | 41% |
| | 64,660,998 | 100% | 43,955,739 | 100% |

At the end of the reporting period, approximately eighty-four (84%) (2021: eighty-two (82%)) of the trade receivables of the Group were due from one (1) (2021: three (3)) major customers who are multi-industry conglomerates located in United States of America (2021: United States of America and Vietnam).

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | |
|-------------------------|--------------------|-------------|
| | 2022 RM | 2021 RM |
| Profit after tax | | |
| USD/RM | | |
| - Increase by 5% | 9,566,029 | 4,997,293 |
| - Decrease by 5% | (9,566,029) | (4,997,293) |

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 2022

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 2022 | | | | |
| Group | | | | |
| Lease liabilities | 575,758 | 2,103,808 | 1,109,264 | 3,788,830 |
| Trade and other payables | 67,790,214 | 0 | 0 | 67,790,214 |
| Borrowings | 1,504,885 | 5,712,670 | 10,676,407 | 17,893,962 |
| Total undiscounted liabilities | <u>69,870,857</u> | <u>7,816,478</u> | <u>11,785,671</u> | <u>89,473,006</u> |
| 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 2022 | | | | |
| Company | | | | |
| Trade and other payables | 126,269 | 0 | 0 | 126,269 |
| Total undiscounted liabilities | <u>126,269</u> | <u>0</u> | <u>0</u> | <u>126,269</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> |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | |
|-------------------------|------------------|------------|------------------|------------|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Profit after tax | | | | |
| - Increase by 0.5% | 354,493 | 815,240 | 300,785 | 301,219 |
| - Decrease by 0.5% | (354,493) | (815,240) | (300,785) | (301,219) |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates/incremental borrowing rates as at the end of the reporting period and the remaining maturities of the financial instruments and lease liabilities of the Group and of the Company that are exposed to interest rate risk:

| Group | Note | Interest rates/ Incremental borrowing rates* % | Within 1 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 2022 | | | | | | | | | |
| Fixed rates | | | | | | | | | |
| Deposits with licensed banks | 13 | 2.65 | 20,000,000 | 0 | 0 | 0 | 0 | 0 | 20,000,000 |
| Lease liabilities | 6 | 1.75 -3.89* | (515,663) | (518,251) | (471,509) | (479,827) | (488,291) | (1,087,723) | (3,561,264) |
| Floating rates | | | | | | | | | |
| Short term funds | 12 | 1.18 - 2.77 | 108,304,263 | 0 | 0 | 0 | 0 | 0 | 108,304,263 |
| Term loans | 16 | 2.79 | (1,100,004) | (1,100,004) | (1,100,004) | (1,100,004) | (1,100,004) | (9,516,642) | (15,016,662) |
| 31 December 2021 | | | | | | | | | |
| Fixed rates | | | | | | | | | |
| Deposits with licensed banks | 13 | 2.25 | 16,573,109 | 0 | 0 | 0 | 0 | 0 | 16,573,109 |
| Lease liabilities | 6 | 1.75-2.63* | (411,319) | (414,295) | (436,050) | (446,187) | (454,059) | (1,491,372) | (3,653,282) |
| Floating rates | | | | | | | | | |
| Short term funds | 12 | 1.18 - 2.87 | 214,080,459 | 0 | 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) | (10,616,646) | (16,116,666) |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | More than 5 years | Total |
|-------------------------|------|-----------------|---------------|-------------|-------------|-------------|-------------|-------------------|------------|
| | | | RM | RM | RM | RM | RM | RM | RM |
| 31 December 2022 | | | | | | | | | |
| Floating Rates | | | | | | | | | |
| Short term funds | 12 | 2.50 | 79,153,820 | 0 | 0 | 0 | 0 | 0 | 79,153,820 |
| 31 December 2021 | | | | | | | | | |
| Floating rates | | | | | | | | | |
| Short term funds | 12 | 2.52 | 79,268,210 | 0 | 0 | 0 | 0 | 0 | 79,268,210 |

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

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 RM80,200,000 (2021: RM31,000,000) of which RM15,016,662 (2021: RM16,116,666) 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 2022 to be insignificant.

32. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSs

32.1 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 MFRSs contained in the document entitled "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</i> - <i>Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i> | 1 January 2022 |

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.

Notes to The Financial Statements (Cont'd)

31 DECEMBER 2022

32. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSs (Cont'd)

32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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 |
|---|----------------|
| 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 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</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 16 <i>Lease Liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| 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 do not expect the adoption of the above Standards and Amendments to Standards to have a significant impact on the financial statements.

Additional Information

List of Properties

AS AT 31 DECEMBER 2022

| 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 2022 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 2022 | 4 years | 69,599/ 74,701 | 25,200 |
| Greatech Integration (M) Sdn Bhd | Plot 287B, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang | Industrial land with a double storey detached office block, an annexed single storey detached factory and a guard house /Used as office and storage | Leasehold (60 years expiring on 29 May 2051) | 5 November 2014 /31 December 2022 | 29 years | 33,044/ 20,064 | 6,350 |
| Greatech Integration (M) Sdn Bhd | Plot 287C, Lengkok Kampung Jawa Satu, Bayan Lepas Free Industrial Zone Phase 3, 11900 Bayan Lepas, Pulau Pinang | Industrial land with a double storey detached office block, an annexed double storey detached factory and a guard house /Used as office, assembly plant and storage | Leasehold (60 years expiring on 29 May 2051) | 6 February 2015 /31 December 2022 | 29 years | 30,053/ 24,283 | 7,100 |
| Greatech Integration (M) Sdn Bhd | Lot 72493, Mukim 12, Lengkok Kampung Jawa Satu, Daerah Barat Daya, Pulau Pinang ("Plot 287D") | Industrial land with tar road and sidewalk /Used as car park | Leasehold (30 years expiring on 6 March 2052) | 16 November 2021 /31 December 2022 | N/A | 10,764/ N/A | 1,035 |
| 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 2022 | 2 years | 183,244/ 126,694 | 33,800 |

Additional Information

List of Properties (Cont'd)

AS AT 31 DECEMBER 2022

| 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 2022 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 expiring on 14 October 2082) | 13 January 2021 /31 December 2022 | 1 year | 257,052/ 209,721 | 50,000 |
| Greatech Integration (M) Sdn Bhd | 807, Jalan Cassia Selatan 7/1, Taman Perindustrian Batu Kawan, MK 13 Seberang Perai Selatan, 14110 Bandar Cassia, Penang ("Batu Kawan III") | 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 (61 years expiring on 18 January 2083) | 10 September 2021 /31 December 2022 | 9 months (CPC ¹ on 5 April 2022) | 305,522/ 241,222 | 66,000 |
| 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 /31 December 2022 | N/A | 504,224/ N/A | 27,750 |

¹Certificate of Practical Completion

Analysis of Shareholdings

AS AT 3 MARCH 2023

Share Capital

Total Issued Shares : 1,252,837,250 Ordinary Shares
 Type of Shares : Ordinary Shares
 Voting Rights : One vote per Ordinary Share on a poll

Distribution Schedule of Shareholders

| No. of Holders | Size of Shareholdings | No. of Holdings | % |
|----------------|--|----------------------|---------------|
| 44 | 1 - 99 | 465 | 0.00* |
| 5,268 | 100 – 1,000 | 3,282,251 | 0.26 |
| 5,328 | 1,001 – 10,000 | 19,535,471 | 1.56 |
| 1,097 | 10,001 - 100,000 | 33,396,975 | 2.67 |
| 303 | 100,001 to less than 5% of issued shares | 428,732,788 | 34.22 |
| 1 | 5% and above of issued shares | 767,889,300 | 61.29 |
| 12,041 | Total | 1,252,837,250 | 100.00 |

* Negligible

30 Largest Securities Account Holders based on Record of Depositors

(without aggregating the securities from different securities accounts belonging to the same person)

| No. | Name | No. of Shares held | % |
|-----|--|--------------------|-------|
| 1 | GTECH HOLDINGS SDN BHD | 767,889,300 | 61.29 |
| 2 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD. | 44,088,700 | 3.52 |
| 3 | LEMBAGA TABUNG HAJI | 36,734,700 | 2.93 |
| 4 | LLH HOLDINGS SDN BHD | 29,738,700 | 2.37 |
| 5 | SMARTCAP VENTURE SDN BHD | 23,771,300 | 1.90 |
| 6 | PERMODALAN NASIONAL BERHAD | 18,027,800 | 1.44 |
| 7 | AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA | 17,317,100 | 1.38 |
| 8 | CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19) | 14,794,000 | 1.18 |
| 9 | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND | 10,715,900 | 0.86 |
| 10 | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01) | 9,275,400 | 0.74 |
| 11 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA) | 8,022,600 | 0.64 |
| 12 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC) | 6,126,200 | 0.49 |
| 13 | HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND | 5,370,700 | 0.43 |

Analysis of Shareholdings (Cont'd)

AS AT 3 MARCH 2023

30 Largest Securities Account Holders based on Record of Depositors (Cont'd)

(without aggregating the securities from different securities accounts belonging to the same person)

| No. | Name | No. of Shares held | % |
|-----|---|--------------------|------|
| 14 | HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 5,237,400 | 0.42 |
| 15 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN) | 4,864,000 | 0.39 |
| 16 | MALAYSIAN TECHNOLOGY DEVELOPMENT CORPORATION SDN BHD | 4,743,200 | 0.38 |
| 17 | CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND | 4,648,600 | 0.37 |
| 18 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN) | 4,637,300 | 0.37 |
| 19 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 - DIDIK | 4,428,200 | 0.35 |
| 20 | CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WESTCLT0067) | 4,143,714 | 0.33 |
| 21 | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01) | 3,962,200 | 0.32 |
| 22 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS) | 3,315,700 | 0.26 |
| 23 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD. | 3,006,600 | 0.24 |
| 24 | TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF) | 2,983,700 | 0.24 |
| 25 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3 | 2,857,500 | 0.23 |
| 26 | TAN ENG KEE | 2,836,300 | 0.23 |
| 27 | TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF) | 2,784,000 | 0.22 |
| 28 | HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC | 2,694,389 | 0.22 |
| 29 | CARTABAN NOMINEES (TEMPATAN) SDN BHD CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2 | 2,580,000 | 0.21 |
| 30 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ) | 2,514,000 | 0.20 |

Analysis of Shareholdings (Cont'd)

AS AT 3 MARCH 2023

Directors' Shareholdings based on Register of Director's Shareholdings

| Name of Directors | No. of Shares beneficially held | | | |
|--------------------------|---------------------------------|------|-------------|----------|
| | Direct | % | Indirect | % |
| DATO' TAN ENG KEE | 4,836,300 | 0.39 | 767,893,300 | ** 61.29 |
| KHOR LEAN HENG | 1,248,500 | 0.10 | - | - |
| OOI HOOI KIANG | 1,838,600 | 0.15 | - | - |
| MARIAMAH BINTI DAUD | 730,000 | 0.06 | 65,000 | # 0.01* |
| DATO' SERI WONG SIEW HAI | - | - | 1,062,700 | ^ 0.09 |
| MICHAEL DOMINIC KIRK | - | - | - | - |

* Negligible

** Dato' Tan Eng Kee is deemed interested through GTECH Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016 ("Act") and through his child pursuant to Section 59(11)(c) of the 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 | 767,889,300 | 61.29 | - | - |
| DATO' TAN ENG KEE | 4,836,300 | 0.39 | 767,893,300 | ** 61.29 |

** Dato' Tan Eng Kee is deemed interested through GTECH Holdings Sdn Bhd pursuant to Section 8(4) of the Act and through his child pursuant to Section 8(4) of the Act.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting ("**5th AGM**") of Greatech Technology Berhad ("**GTB**" or the "**Company**") will be held at **Macalister Ballroom, Eastern & Oriental Hotel, 10, Lebuh Farquhar, 10200 George Town, Pulau Pinang** on **Friday, 12 May 2023** at **10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect the following Directors who retire pursuant to Clause 170 of the Company's Constitution and being eligible, have offered themselves for re-election:
 - (a) Ms. Ooi Hooi Kiang; and Resolution 1
 - (b) Mr. Khor Lean Heng Resolution 2
3. To re-elect Dr. Michael Dominic Kirk who retires pursuant to Clause 161 of the Company's Constitution and being eligible, has offered himself for re-election. Resolution 3
4. To approve the payment of Directors' fees of RM72,000 to Dr. Michael Dominic Kirk for the period from 14 May 2022 to 12 May 2023. Resolution 4
5. To approve the payment of Directors' fees of RM8,000 per month for each of the following Directors for the period from 13 May 2023 until the next Annual General Meeting ("**AGM**") of the Company to be held in year 2024:
 - (a) Ms. Ooi Hooi Kiang; Resolution 5
 - (b) Dato' Tan Eng Kee; Resolution 6
 - (c) Mr. Khor Lean Heng; Resolution 7
 - (d) Puan Mariamah binti Daud; Resolution 8
 - (e) Dato' Seri Wong Siew Hai; and Resolution 9
 - (f) Dr. Michael Dominic Kirk Resolution 10
6. To approve the payment of Directors' benefits (excluding Directors' fees) to the Directors up to an amount of RM100,000 for the period from 13 May 2023 until the next AGM of the Company to be held in year 2024. Resolution 11
7. 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 12
8. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act 2016 (the "**Act**") and the Company's Constitution.

Notice of Annual General Meeting (Cont'd)

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:

9. ORDINARY RESOLUTION NO. 1

AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS

Resolution 13

"THAT subject always to the Act, the Constitution of the Company, and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any relevant governmental/regulatory authority, the Directors of the Company 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 issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

THAT pursuant to Section 85 of the Act to be read together with Clause 32 of the Constitution of the Company, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.

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 AGM of the Company."

10. ORDINARY RESOLUTION NO. 2

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Resolution 14

"THAT subject to the Act, the Constitution of Company, 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 ("**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 per centum (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 financial year ended 31 December 2022 of RM10,836,318;

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;

Notice of Annual General Meeting (Cont'd)

AS SPECIAL BUSINESS (Cont'd)

10. ORDINARY RESOLUTION NO. 2

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (Cont'd)

THAT such authority shall commence immediately upon the passing of this resolution until:

- (i) the conclusion of the next AGM 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 AGM of the Company 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."

11. ORDINARY RESOLUTION NO. 3

WAIVER OF PRE-EMPTIVE RIGHTS FOR THE ALLOTMENT OF NEW ORDINARY SHARES ("SHARES") UNDER LONG TERM INCENTIVE PLAN ("LTIP")

Resolution 15

"**THAT** further to the approval obtained from the shareholders via the Extraordinary General Meeting held on 27 November 2020 for the establishment of the LTIP and pursuant to Section 85(1) of the Act read together with Clause 32 of the Company's Constitution, the shareholders hereby waive their pre-emptive rights over all options and/or grants offered or to be offered pursuant to the LTIP and/or any new Shares to be issued pursuant to the exercise of such options by and/or the vesting of such grants by eligible employees and executive directors of the Company and its subsidiary companies (excluding subsidiary companies which are dormant), when issued, shall rank pari passu with the existing Shares."

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
 13 April 2023

(A) NOTES:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 May 2023 (General Meeting Record of Depositors) shall be eligible to participate in the 5th AGM.
2. Every member including authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) 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 5th 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 5th AGM.

Notice of Annual General Meeting (Cont'd)

(A) NOTES:- (Cont'd)

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. 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.
5. 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.
6. Pursuant to Paragraph 8.29A of Bursa Securities MMLR, all resolutions set out in the Notice of the 5th AGM will be put to vote on a poll.
7. 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 5th AGM or any adjournments thereof:
 - (i) In Hardcopy Form
The proxy form shall be deposited at the Company's Registered Office at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang, Malaysia.
 - (ii) By Electronic Means
The proxy form shall be electronically lodged by fax to +604-262 8544 or by email to eservices@sshb.com.my.
8. The members or their proxies or their corporate representatives may submit questions to the Company at enquiry@greatch-group.com prior to the 5th AGM not later than **10 May 2023 at 10.00 a.m.** The questions and/or remarks submitted by the members or their proxies or their corporate representatives will be presented and responded by the Chairman/Board/Management during the 5th AGM.

(B) EXPLANATORY NOTES:-

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022 ("FY2022")

The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.
2. Resolutions 1,2 and 3: Re-election of Directors

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 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.

Clause 161 of the Company's Constitution states that a person who appointed as an additional Director automatically retires at the first AGM after their appointment and shall be eligible for re-election.

Ms. Ooi Hooi Kiang and Mr. Khor Lean Heng who retire in accordance with Clause 170 of the Company's Constitution and being eligible, have offered themselves for re-election.

Notice of Annual General Meeting (Cont'd)

(B) EXPLANATORY NOTES:- (Cont'd)

2. Resolutions 1,2 and 3: Re-election of Directors (Cont'd)

Dr. Michael Dominic Kirk was appointed as an Independent Non-Executive Director ("INED") of the Company with effect from 14 May 2022 is subject to the retirement in accordance with Clause 161 of the Company's Constitution and being eligible, has offered himself for re-election.

The profiles of the Directors who are standing for re-election are stated on pages 08 to 15 of the Company's Annual Report 2022.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 5th AGM, the Nominating Committee ("NC") has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board for the FY2022.

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) INED only, the level of independence demonstrated by the INED; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board endorsed the NC's recommendation for the retiring Directors pursuant to Clause 170 and Clause 161 of the Constitution of the Company.

All the retiring Directors have consented to their re-election and have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NC and Board meetings.

The retiring Directors who are also shareholder of the Company will abstain from voting on the resolution of his/her re-election at the 5th AGM.

3. Resolutions 4 to 11: Directors' fees 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 4 to 10) and benefits payable to Directors (Resolution 11).

The proposed payment of the Directors' fees of RM72,000 to Dr. Michael Dominic Kirk is payable for his tenure in office from 14 May 2022 to 12 May 2023.

The proposed Directors' fees of RM8,000 per month for each of the Directors is derived based on the assumption that all Directors of the Company will remain in office until the next AGM of the Company to be held in the year 2024.

The payment of Directors' fees and benefits to the Directors has been reviewed by the Remuneration Committee and the Board of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period from 13 May 2023 up to the conclusion of the next AGM. The benefits comprise Directors and Officers Liabilities Insurance and the meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors.

The Directors who are also shareholders of the Company will abstain from voting on the resolutions in respect of the fees and benefits payable to him/her at the 5th AGM.

Notice of Annual General Meeting (Cont'd)

(B) EXPLANATORY NOTES:- (Cont'd)

4. Resolution 12: 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 Bursa Securities MMLR.

The Board endorsed 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.

5. Resolution 13: Authority to issue shares pursuant to the Companies Act 2016 and Waiver of Pre-emptive Rights

The proposed Resolution 13 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**").

The Company had been granted a general mandate by its shareholders at the last AGM held on 13 May 2022 of which will lapse at the conclusion of the 5th AGM (hereinafter referred to as the "**Previous Mandate**").

The Previous Mandate granted by the shareholders had not been utilised and therefore, no proceed been raised therefrom.

The General Mandate, upon renewal, will provide flexibility to the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The Waiver of Pre-emptive Rights will allow the Directors of the Company to issue new Ordinary Shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

6. Resolution 14: Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 14, 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 13 April 2023 which is despatched together with the Company's Annual Report 2022 for further information.

Notice of Annual General Meeting (Cont'd)

(B) EXPLANATORY NOTES:- (Cont'd)

7. Resolution 15: Waiver of Pre-emptive Rights for the allotment of new Ordinary Shares ("Shares") under Long Term Incentive Plan ("LTIP")

Following the shareholders' approval being obtained at the Extraordinary General Meeting held on 27 November 2020, the Company now seeks for the waiver of pre-emptive rights from the shareholders pursuant to Section 85(1) of the Act and Clause 32 of the Company's Constitution.

The proposed Resolution 15, if passed, will exclude the shareholders' pre-emptive rights over all new Shares, options or grant of new Shares or any other convertible securities in the Company and/or any new Shares to be issued.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 5th 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 5th 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 the 5th 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 5th AGM.

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**GREATECH TECHNOLOGY BERHAD**

(Registration No.: 201801008633 (1270647-H))

(Incorporated in Malaysia)

| | |
|-----------------------------|--|
| CDS Account No | |
| No. of ordinary 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 Fifth Annual General Meeting ("5th AGM") of the Company to be held at **Macalister Ballroom, Eastern & Oriental Hotel, 10, Lebuhraya Farquhar, 10200 George Town, Pulau Pinang** on **Friday, 12 May 2023 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 2022 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 Ms. Ooi Hooi Kiang as a Director of the Company. | | | | |
| Resolution 2 | To re-elect Mr. Khor Lean Heng as a Director of the Company. | | | | |
| Resolution 3 | To re-elect Dr. Michael Dominic Kirk as a Director of the Company. | | | | |
| Resolution 4 | To approve the payment of Directors' Fee for the period from 14 May 2022 to 12 May 2023 to Dr. Michael Dominic Kirk | | | | |
| Resolution 5 | To approve the payment of Directors' Fee to Ms. Ooi Hooi Kiang. | | | | |
| Resolution 6 | To approve the payment of Directors' Fee to Dato' Tan Eng Kee. | | | | |
| Resolution 7 | To approve the payment of Directors' Fee to Mr. Khor Lean Heng. | | | | |
| Resolution 8 | To approve the payment of Directors' Fee to Puan Mariamah binti Daud. | | | | |
| Resolution 9 | To approve the payment of Directors' Fee to Dato' Seri Wong Siew Hai. | | | | |
| Resolution 10 | To approve the payment of Directors' Fee to Dr. Michael Dominic Kirk. | | | | |
| Resolution 11 | To approve the payment of Directors' benefits (excluding Directors' fees). | | | | |
| Resolution 12 | To re-appoint Messrs. BDO PLT as Auditors of the Company. | | | | |
| Special Business | | | | | |
| Resolution 13 | Authority to issue shares pursuant to the Companies Act 2016 and Waiver of Pre-emptive Rights | | | | |
| Resolution 14 | Proposed Renewal of Share Buy-Back Authority. | | | | |
| Resolution 15 | Waiver of Pre-emptive Rights for the allotment of new ordinary shares under Long Term Incentive Plan | | | | |

(Please indicate with an 'X' in the space provided against each resolution of how you wish your vote to be casted. In the absence of specific directions, your proxy(ies) or Chairman of the Meeting will vote or abstain as he/she thinks fit.

Note: Please note that the short description given above on the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. Shareholders are encouraged to refer to the Notice of 5th AGM for the full purpose and intent of the Resolutions to be passed.

Signed this _____ day of _____, 2023.

* Strike out whichever not applicable.

*Signature /Common Seal of Member

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 May 2023 (General Meeting Record of Depositors) shall be eligible to participate in the 5th AGM.
2. Every member including authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) 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 5th 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 5th AGM.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. 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.
5. 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.
6. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 5th AGM will be put to vote on a poll.
7. 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 5th AGM or any adjournments thereof:
 - (i) In Hardcopy Form
The proxy form shall be deposited at the Company's Registered Office at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang, Malaysia.
 - (ii) By Electronic Means
The proxy form shall be electronically lodged by fax to +604-262 8544 or by email to eservices@sshshb.com.my.
8. The members or their proxies or their corporate representatives may submit questions to the Company at enquiry@greatech-group.com prior to the 5th AGM not later than **10 May 2023 at 10.00 a.m.** The questions and/or remarks submitted by the members or their proxies or their corporate representatives will be presented and responded by the Chairman/Board/Management during the Meeting.
9. 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 5th AGM of the Company and any adjournment thereof.

Please fold across the lines and close

Affix
Stamp

The Company Secretaries
GREATECH TECHNOLOGY BERHAD
201801008633 (1270647-H)
Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 George Town
Pulau Pinang
Malaysia

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GREATECH TECHNOLOGY BERHAD

201801008633 (1270647-H)

Plot 287(A)
Lengkok Kampung Jawa Satu
Bayan Lepas Free Industrial Zone Phase 3
11900 Bayan Lepas
Pulau Pinang, Malaysia

Tel : (604) 646 3260

Fax : (604) 646 3261

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