

**THE FREE INDUSTRIAL ZONE, PENANG, COMPANIES' ASSOCIATION
(F R E P E N C A)**

Reports and Accounts

For the financial year ended 31 December 2021

**THE FREE INDUSTRIAL ZONE, PENANG, COMPANIES' ASSOCIATION
(F R E P E N C A)**

NOTICE IS HEREBY GIVEN THAT the 44th Annual General Meeting of The Free Industrial Zone, Penang, Companies' Association (FREPENCA) will be held virtually via Zoom on Monday, 28 February 2022 at 4.00 p.m. for the following purposes:-

1. To receive the Committee's Report on the working of the Association for the year ended 31 December 2021.
2. To receive the Secretaries & Treasurers' Report and the audited accounts of the Association for the year ended 31 December 2021.
3. To approve the Roster of Member Companies.
4. To re-appoint Messrs. Ooi & Associates as Auditors for the ensuing year and to fix their remuneration.
5. To fix the rate of subscriptions for 2022.
6. To deal with such other matters as may be put before the meeting.

KENNEDY, BURKILL & COMPANY BERHAD
Secretaries & Treasurers

Penang, 14 February 2022

**THE FREE INDUSTRIAL ZONE, PENANG, COMPANIES' ASSOCIATION
(F R E P E N C A)**

**REPORT OF THE COMMITTEE FOR THE YEAR
ENDED 31 DECEMBER 2021**

COMMITTEE MEMBERS

PRESIDENT	:	Dr. David Lacey OSRAM Opto Semiconductors (Malaysia) Sdn. Bhd.
VICE-PRESIDENT	:	Mr. Allen Tan Nolato (Malaysia) Sdn. Bhd.
COMMITTEE MEMBERS	:	Dato' Heng Huck Lee Globetronics Technology Bhd. Mr. Ruben Nyul Flextronics Systems (Penang) Sdn. Bhd. Mr. Elmar Friesnegger B. Braun Medical Industries Sdn. Bhd Mr. Jeffrey Hwang QDOS Flexcircuits Sdn. Bhd. Mr. Solomon Lorthu (Appointed in December 2021) Motorola Solutions Malaysia Sdn. Bhd.

1. Your Committee is pleased to present its Report for the year ended 31 December 2021.
2. The Association's activities during the first half 2021 were set out in the Mid-Year Report dated 30 November 2021. The activities during the second half year are set out below.

COMMITTEE

3. The Committee had 3 formal meetings during 2021 and attendances were as follows:-

Dr. David Lacey	3/3
Mr. Allen Tan	2/2
Mr. Ruben Nyul	3/3
Dato' Heng Huck Lee	2/3
Mr. Jeffrey Hwang	3/3
Mr. Elmar Friesnegger	1/1
Mr. Solomon Lorthu	Not applicable

4. The Committee will have a virtual meeting before the virtual Annual General Meeting on 28 February 2022.

CIRCULARS

5. The following circulars were issued during the second half year:-

<u>Circular No.</u>	<u>Date</u>	<u>Subject</u>
7.2021	1.9.2021	Full Membership Application – Stratus Automation Sdn. Bhd.
8.2021	14.9.2021	Full Membership Application – Microchip Operations (Malaysia) Sdn. Bhd.
9.2021	21.9.2021	Customs/Private Sector Dialogue
10.2021	8.11.2021	Preliminary Notice of Virtual Mid-Year General Meeting
11.2021	30.11.2021	Virtual Mid-Year General Meeting

MEMBERSHIP

6. Membership statistics are as follows:-

(a)	Full Members as at 1.7.2021	72
	Add: New Members:-	
	Stratus Automation Sdn. Bhd.	
	Microchip Operations (Malaysia) Sdn. Bhd.	2

	Full Members as at 31.12.2021	74
		===
(b)	Associate Members as at 1.7.2021 and 31.12.2021	4
		===
(c)	Honorary Member as at 1.7.2021 and 31.12.2021	1
		===

FREPENCA CONVENORS

7. We express our appreciation to the following who are serving as Frepenca Convenors:-

(a)	<u>TNB/PBA/MBPP/MBSP/PDC</u>	
	FIZ I	Mr. C.W. Phoon Osram Opto Semiconductors (Malaysia) Sdn. Bhd.
	FIZ II	Mr. J.L. Lim Cypress Semiconductor (Malaysia) Sdn. Bhd.

FIZ III	Ms. Dorothy Chai Test Tooling Solutions (M) Sdn. Bhd.
FIZ IV	To be appointed
TECHNOPLEX	Encik Neil Ramdzie bin Zakaria Motorola Solutions Malaysia Sdn. Bhd.
BKIP	To be appointed
(b) <u>Environment, Health & Safety</u> Encik Basri Umar	Globetronics Technology Bhd.
(c) <u>Customs</u> Mr. Cheah Hup Lim	Keysight Technologies Malaysia Sdn. Bhd. (Resigned on 31.12.2021)
(d) <u>Security</u> Mr. James Mohan	TF AMD Microelectronics (Penang) Sdn. Bhd.
(e) <u>Human Resources</u> Encik Mohamed Anwar	Motorola Solutions Malaysia Sdn. Bhd.
(f) <u>IT</u> Mr. Teoh Chee Hoe	Motorola Solutions Malaysia Sdn. Bhd.
(g) <u>Mainland Companies</u> Mr. Allen Tan	Nolato (Malaysia) Sdn. Bhd.

WEBSITE

8. Emanon Sdn. Bhd. was appointed to maintain our website at www.frepenca.com.

VIRTUAL MID-YEAR GENERAL MEETING AND VIRTUAL DIALOGUE WITH THE CHIEF MINISTER

9. Frepenca's Mid-Year General Meeting and Dialogue with the Chief Minister were both held virtually on 14 December 2021. Some of the issues raised at the Dialogue with the Chief Minister were as follows:-
 - (a) Talent pool availability;
 - (b) Lifting the freeze on intake of foreign workers for the export-oriented industries;
 - (c) Extension of vaccinated travel lane approach for travel between Singapore and Penang International Airport;
 - (d) Reopening of Malaysia's borders;
 - (e) Reduction in or removal of quarantine time requirement for short business trips;
 - (f) Illegal parking of factory buses and employees' vehicles at Prai FIZ;
 - (g) Proposed direct bus routes to Bayan Lepas FIZ and Non-FIZ by Rapid Penang;

- (h) A large crowd of people from outstation expected to flock to Penang during the coming weekends and year end school holiday;
- (i) Idea of establishing sister city relationship with San Jose, California;
- (j) Designated areas for foreign workers' dormitories;
- (k) Covid-19 booster shot needed to maintain fully vaccinated status for those aged 18 and above;
- (l) Road safety issue arising from the reckless factory workers who ride bicycles to and from work on the wrong direction of road and wear dark colour uniforms, resulting in poor visibility during the night and rainy weather;
- (m) Shortage of industrial land in Penang; and
- (n) Update on Penang Transport Master Plan.

CUSTOMS

10. The Customs Convenor continued to attend meetings convened by the Customs Department and any new Customs procedures and regulations are then communicated to members.

SECURITY

11. The Security Sub-Committee continues to hold regular meetings to discuss security issues affecting companies in the FIZ.

PENANG MANUFACTURING INDUSTRY ADVISORY COUNCIL ("PMIAC")

12. During the second half year, the President and Vice-President represented Frepenca (a member of PMIAC) to join the Industry Dialogue with the Chief Minister virtually on 24 July 2021. The Dialogue session aimed to provide a platform for the Penang State Government to share its multi-pronged approaches in accelerating the State's recovery and to stay informed on the industry's concerns and feedbacks in the current environment. The President and a member company's representative also joined PMIAC Meeting No. 3 held virtually on 25 August 2021. Subsequent to the PMIAC Meeting No. 3, the Joint Press Statement of PMIAC's Members stating that addressing vaccines and SOP issues are key for industrial sustainability was issued on 27 August 2021.

CEO NETWORKING DINNER

13. Your Committee hosted a Networking Dinner for CEOs at G Hotel Gurney, Penang on 14 December 2021 subsequent to the virtual Mid-Year General Meeting with the objective of bringing together CEOs.

ANNUAL SURVEY

14. Frepenca conducts surveys annually on its member companies in order to obtain data on business trends, headcount of employees, environment, power and water interruptions, traffic congestion affecting members and business impact of Covid-19. Members are encouraged to support these surveys so that more accurate data can be obtained.

SUBSCRIPTIONS

15. At the Annual General Meeting on 28 February 2022, your Committee will propose that subscriptions for 2022 be fixed at RM2,000 for the year.

For and on behalf of the Committee

DR. DAVID LACEY
President

Penang, 14 February 2022

**THE FREE INDUSTRIAL ZONE, PENANG, COMPANIES' ASSOCIATION
(F R E P E N C A)**

SECRETARIES & TREASURERS' REPORT

1. The Secretaries and Treasurers are pleased to present their report for the year ended 31 December 2021.

OPERATIONS

2. The Association recorded a surplus of RM40,443 (2020: RM33,176) during the year.

FIXED DEPOSITS

3. The fixed deposits of RM240,000 are lodged with Public Bank Bhd, Bishop Street, Penang, on tenures between 1 to 6 months.

KENNEDY, BURKILL & COMPANY BERHAD
Secretaries & Treasurers

Penang, 14 February 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE FREE INDUSTRIAL ZONE, PENANG,
COMPANIES' ASSOCIATION (FREPENCA)

Report on the Audit of the Financial Statements

Opinion

We have audited the accounts of The Free Industrial Zone, Penang, Companies' Association (FREPENCA) ("the Association"), which comprise the statement of financial position as at 31 December 2021 and the income and expenditure account for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 14.

In our opinion:-

- (a) The expenditure have been adequately authorised and supported by relevant documents, the expenditure are reasonable and in accordance with the rules and conditions for the use of subscriber funds by the Association for the period from 1 January 2021 to 31 December 2021;
- (b) The financial statement represent fairly, in all material aspects, the income and expenditure accounts of the Association;
- (c) The funds were deposited in a bank account in the name of The Free Industrial Zone, Penang, Companies' Association (FREPENCA);
- (d) No material weaknesses in financial and accounting systems and internal controls were discovered during the course of the audit;
- (e) Receipts and use of the subscriber funds have been properly accounted for; and
- (f) The funds have been used exclusively to cover the Association expenditures.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing [ISAs, including ISA800 (Revised) and 805 (Revised)]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statement in Malaysia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of Committee and Those Charged with Governance for the Financial Statement

The Committee of the Association are responsible for preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting, this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as the Committee determine is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the Committee are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Committee either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 this financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 the Association's internal control.
- Conclude on the appropriateness of the Committee's 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the Committee.

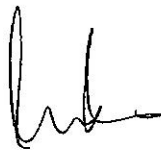
Report on the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Other matters

The income and expenditure accounts are prepared to provide information to the Association. As a result, the statement may not be suitable for another purpose. We do not assume responsibilities to any other person for the content of this report.



OOI & ASSOCIATES
AF - 0770
Chartered Accountants



OOI WAN ENG
No.: 01436/03/2022 J
Chartered Accountant

Penang
Dated: 28 January 2022

THE FREE INDUSTRIAL ZONE, PENANG,
COMPANIES' ASSOCIATION (FREPENCA)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
ASSETS			
Current Assets			
Subscription fees receivable		4,000	6,000
Interest receivable		599	450
Fixed deposits with a licensed bank		240,000	200,000
Cash at bank		11,320	6,365
Total current assets		<u>255,919</u>	<u>212,815</u>
TOTAL ASSETS		<u>255,919</u>	<u>212,815</u>
FUNDS AND LIABILITIES			
Accumulated Fund			
Balance as at 1 January		198,031	164,855
Surplus for the year		<u>40,443</u>	<u>33,176</u>
Balance as at 31 December		238,474	198,031
Other Funds	4	<u>6,867</u>	<u>6,867</u>
Total funds		<u>245,341</u>	<u>204,898</u>
LIABILITIES			
Current Liabilities			
Accruals		2,500	2,500
Advanced subscription fees		4,078	5,417
Sundry creditors		4,000	-
Total current liabilities		<u>10,578</u>	<u>7,917</u>
Total liabilities		<u>10,578</u>	<u>7,917</u>
TOTAL FUNDS AND LIABILITIES		<u>255,919</u>	<u>212,815</u>

THE FREE INDUSTRIAL ZONE, PENANG,
COMPANIES' ASSOCIATION (FREPENCA)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
Income			
Subscriptions		151,922	144,583
Entrance fees		1,000	1,000
Interest on fixed deposits		3,577	4,462
Refund of bank charges		15	-
		<u>156,514</u>	<u>150,045</u>
Expenditure			
Audit fee		2,500	2,500
Bad debts		-	2,000
Bank charges		10	28
CEO networking lunches		5,000	3,116
FREPENCA website		3,503	3,366
Postage and telephone		1,950	2,000
Printing and stationery		1,000	1,136
Secretaries' and treasurers' fees		96,000	96,000
Service tax		6,088	6,110
Sundry expenses		20	603
		<u>116,071</u>	<u>116,859</u>
Surplus before taxation		<u>40,443</u>	<u>33,186</u>
Taxation	5	-	(10)
Surplus for the year		<u><u>40,443</u></u>	<u><u>33,176</u></u>

THE FREE INDUSTRIAL ZONE, PENANG,
COMPANIES' ASSOCIATION (FREPENCA)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION

The accounts are prepared solely for the information of the members of The Free Industrial Zone, Penang, Companies' Association (FREPENCA) ("the Association") and in accordance with FREPENCA's accounting policies stated below.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement Basis

The accounts are prepared using the historical cost basis unless indicated otherwise in other significant accounting policies.

(b) Receivables

Receivables are carried at the amount expected to be recovered. Known bad debts are written off and specific allowance is made for any debt considered to be doubtful of collection.

(c) Fixed Deposits and Cash At Bank

Fixed deposits and cash at bank are recognised and carried at cost.

(d) Payables and Accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid for goods and services.

(e) Revenue Recognition

(i) Income from subscriptions is recognised on accrual basis.

(ii) Entrance fees are recognised on receipt basis.

(iii) Interest on fixed deposit is on accrual basis using the effective interest method.

3. OBJECTIVES OF THE ASSOCIATION

The principal objectives of the Association are to maintain and improve communications and relationships and disseminate information amongst its members in matters of mutual interest as well as with the government and its agencies.

4. OTHER FUNDS

	2021 RM	2020 RM
EHS Fund		
- Balance brought forward and carried forward	<u>1,342</u>	<u>1,342</u>
Mainland Committee Fund		
- Balance brought forward and carried forward	<u>366</u>	<u>366</u>
FREPENCA Corporate Golf Fund		
- Balance brought forward and carried forward	<u>5,159</u>	<u>5,159</u>
Total other funds	<u><u>6,867</u></u>	<u><u>6,867</u></u>

5. TAXATION

The Association is categorised as “trade association” by the Inland Revenue Board under Section 53(3) Income Tax Act, 1967. As such, the Association is subject to the progressive tax rate on the chargeable income.

Subject to agreement with the Inland Revenue Board, the Association has unabsorbed tax losses carried forward of RM41,296 (2020: RM41,296).

**THE FREE INDUSTRIAL ZONE, PENANG, COMPANIES' ASSOCIATION
(F R E E P E N C A)**

PROFORMA ROSTER OF MEMBER COMPANIES 2021

1.	Agilent Technologies LDA Malaysia Sdn. Bhd.	
2.	Ambu Sdn. Bhd.	
3.	ASE Electronics (M) Sdn. Bhd.	
4.	Avago Technologies (Malaysia) Sdn. Bhd.	
5.	Benchmark Electronics (M) Sdn. Bhd.	
6.	Boston Scientific Medical Device (Malaysia) Sdn. Bhd.	
7.	Brady Technology Sdn. Bhd.	
8.	Continental Automotive Components Malaysia Sdn. Bhd.	
9.	Cypress Semiconductor (M) Sdn. Bhd.	
10.	DHL Express (Malaysia) Sdn. Bhd.	
11.	Eng Hardware Engineering Sdn. Bhd.	
12.	Escatec Electronics Sdn. Bhd.	
13.	Federal Express Services (M) Sdn. Bhd.	
14.	Flextronics Technology (Penang) Sdn. Bhd.	
15.	GUH Circuit Industry (Pg) Sdn. Bhd.	
16.	Haemonetics Malaysia Sdn. Bhd.	
17.	Honeywell Aerospace Avionics Malaysia Sdn. Bhd.	
18.	HP Malaysia Manufacturing Sdn. Bhd.	
19.	Inari Technology Sdn. Bhd.	
20.	ITW Meritex Sdn. Bhd.	
21.	IQ Group Sdn. Bhd.	
22.	Ivy Technology Global Services Malaysia Sdn. Bhd.	
23.	JA Solar Malaysia Sdn. Bhd.	
24.	Jabil Circuit Sdn. Bhd.	
25.	KESP Sdn. Bhd.	
26.	Knowles Electronics (M) Sdn. Bhd.	
27.	Kobe Precision Technology Sdn. Bhd.	
28.	Lam Research International Sdn. Bhd.	
29.	Lumileds Malaysia Sdn. Bhd.	
30.	Mattel Malaysia Sdn. Bhd.	
31.	Micro Modular System Sdn. Bhd.	
32.	Microchip Operations (M) Sdn. Bhd.	
33.	MIMOS Semiconductor (M) Sdn. Bhd.	
34.	Mini-Circuits Technologies (Malaysia) Sdn. Bhd.	
35.	Optics Balzers Malaysia Sdn. Bhd.	
36.	Paramit Malaysia Sdn. Bhd.	
37.	Pentamaster Corporation Bhd.	
38.	Plexus Manufacturing Sdn. Bhd.	
39.	Premium Sound Solutions Sdn. Bhd.	
40.	Priority Cargo Sdn. Bhd.	
41.	Robert Bosch Power Tools Sdn. Bhd.	
42.	SAM Engineering & Equipment (M) Bhd.	
43.	Sandisk Storage Malaysia Sdn. Bhd.	
44.	Sanmina-SCI Systems (M) Sdn. Bhd.	
45.	Schenker Logistics (M) Sdn. Bhd.	
46.	Smart Modular Technologies Sdn. Bhd.	
47.	St. Jude Medical Operations (M) Sdn. Bhd.	
48.	Stratus Automation Sdn. Bhd.	
49.	Tanaka Electronics (M) Sdn. Bhd.	
50.	Teleplan Technology Services Sdn. Bhd.	
51.	Test Tooling Solutions (M) Sdn. Bhd.	
52.	VAT Manufacturing Malaysia Sdn. Bhd.	
53.	ViTrox Technologies Sdn. Bhd.	
54.	Nolato Malaysia Sdn. Bhd.	*
55.	Texchem-Pack (PP) Sdn. Bhd.	*
56.	WD Media (Malaysia) Sdn. Bhd.	*
57.	Clarion (M) Sdn. Bhd.	**
58.	Penfabric Sdn. Bhd.	**
59.	AVX Manufacturing (Malaysia) Sdn. Bhd.	*****
60.	Keysight Technologies Malaysia Sdn. Bhd.	*****
61.	Robert Bosch (M) Sdn. Bhd.	*****
62.	Malaysian Automotive Lighting Sdn. Bhd.	*****

63.	Flextronics Systems (Penang) Sdn. Bhd.	*****
64.	QDOS Flexcircuits Sdn. Bhd.	*****
65.	Venture Electronics Services (Malaysia) Sdn. Bhd.	*****
66.	NI Malaysia Sdn. Bhd.	*****
67.	Renesas Electronics (Penang) Sdn. Bhd.	*****
68.	Analog Devices Sdn. Bhd.	*****
69.	Globetronics Technology Bhd.	*****
70.	B Braun Medical Industries Sdn. Bhd.	*****
71.	Intel Technology Sdn. Bhd.	*****
72.	Motorola Solutions Malaysia Sdn. Bhd.	*****
73.	TF AMD Microelectronics (Penang) Sdn. Bhd.	*****
74.	OSRAM Opto Semiconductors (Malaysia) Sdn. Bhd.	*****

* Denotes service on the Committee