

ANNUAL REPORT

2023

Poised for Action
蓄势待发

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Corporate Philosophy

Mi TECHNOVATION

was incepted to provide innovative and technologically advanced products to enhance the success of our clients.

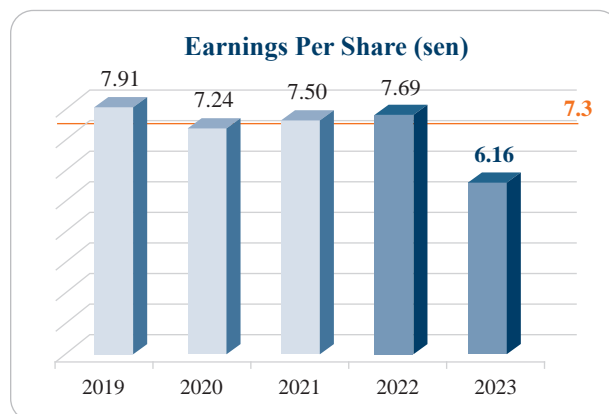
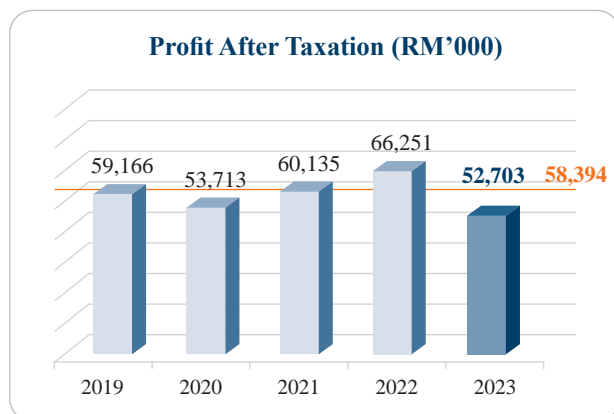
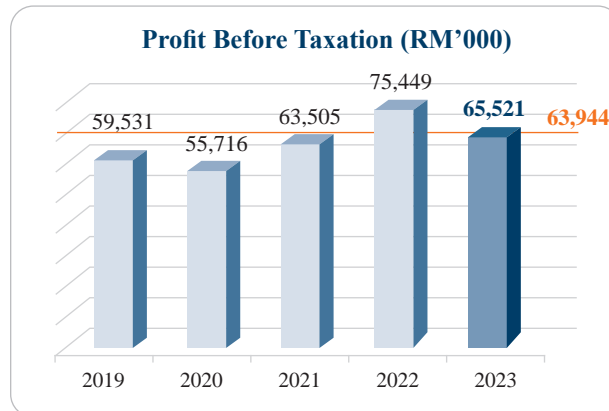
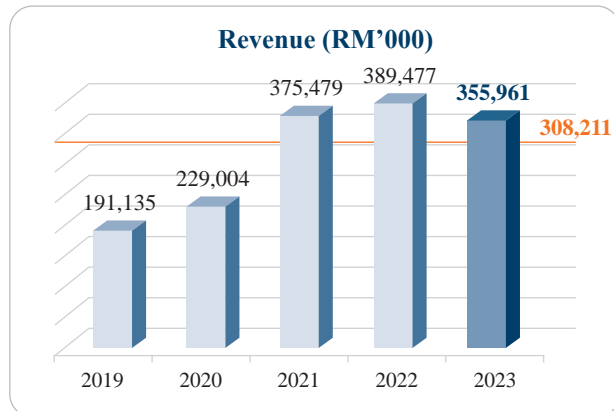
We aim to be global solutions provider of choice by inspiring technology through innovation and collaboration with our partners.

FINANCIAL HIGHLIGHTS

	FYE2019	FYE2020	FYE2021	FYE2022	FYE2023
Profitability (RM'000)					
Revenue	191,135	229,004	375,479	389,477	355,961
Profit Before Taxation	59,531	55,716	63,505	75,449	65,521
Profit After Taxation	59,166	53,713	60,135	66,251	52,703
Profit attributable to owners of the parent	59,166	54,008	61,845	68,862	55,109
As at 31 December					
Financial Position (RM'000)					
Total Assets	430,123	440,612	1,213,039	1,231,904	1,221,882
Shareholders Fund	379,767	388,327	1,030,105	1,053,109	1,075,022
Total Equity	379,767	388,277	1,028,359	1,048,675	1,074,697
Total Cash	151,424	83,372	394,628	418,526	422,728
Total Borrowings	4,078	5,097	108,364	82,518	36,348
Share Information					
Earnings Per Share (sen)	7.91 ⁽¹⁾	7.24 ⁽¹⁾	7.50 ⁽¹⁾	7.69 ⁽¹⁾	6.16⁽¹⁾
Net Assets Per Share (RM)	0.51 ⁽¹⁾	0.52 ⁽¹⁾	1.25 ⁽¹⁾	1.17 ⁽¹⁾	1.20⁽¹⁾
Gross Gearing (times)	0.01	0.01	0.11	0.08	0.03
Net Gearing (times)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Weighted average number of ordinary shares in issue ('000)	748,068	746,000	825,056	896,035	894,896

Notes:

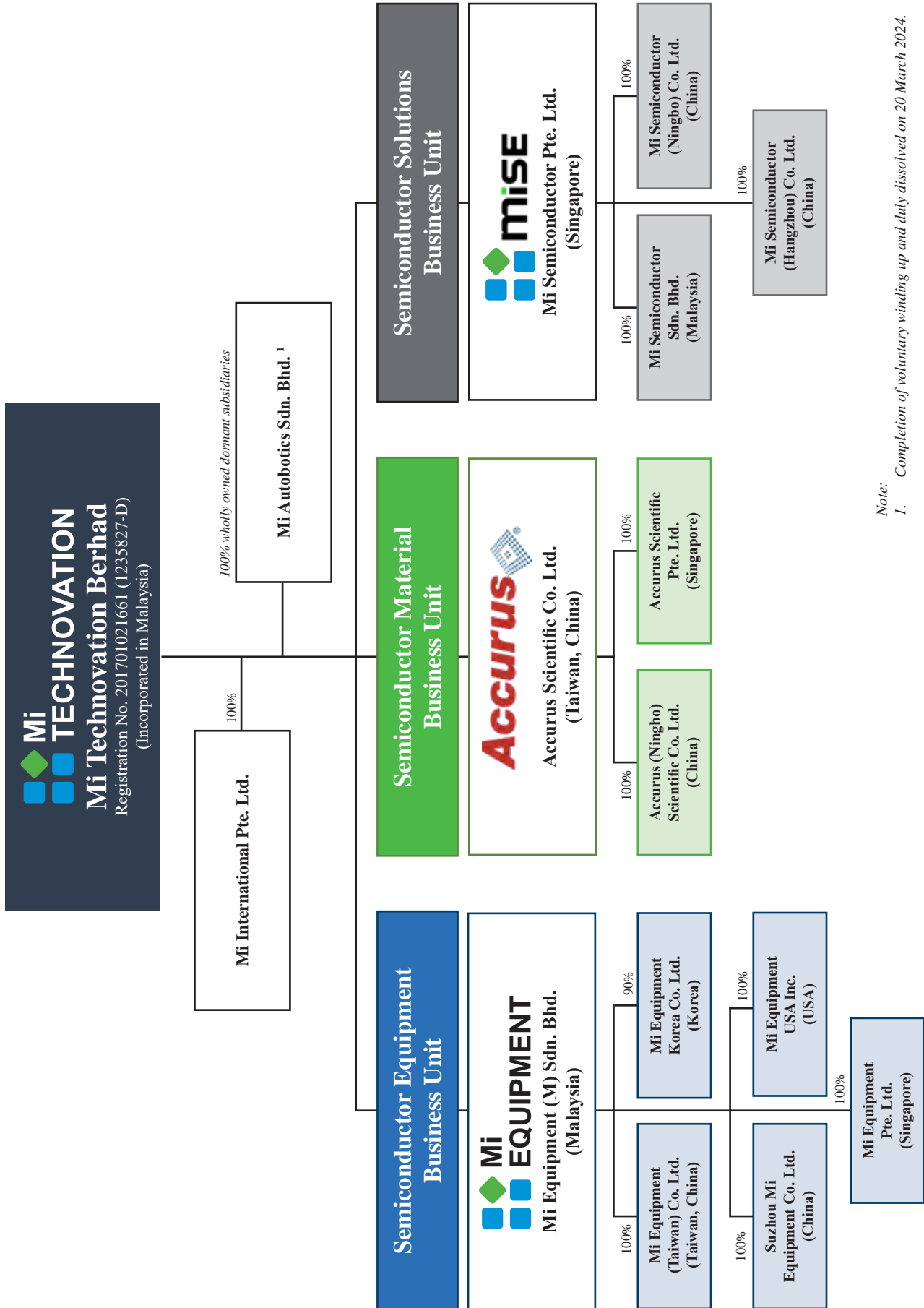
⁽¹⁾ Based on weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.



Notes:

1. The horizontal orange lines represent the five-year average data spanning from 2019 to 2023.

CORPORATE STRUCTURE



Note:
1. Completion of voluntary winding up and duly dissolved on 20 March 2024.

CORPORATE INFORMATION

Board of Directors

LEE BOON LENG

Independent Non-Executive Chairman

TAN BOON HOE

Independent Non-Executive Director

LIM SHIN LID

Independent Non-Executive Director

PHOON YEE MIN

Independent Non-Executive Director

OH KUANG ENG

Executive Director / Group CEO

YONG SHIAO VOON

Executive Director / Group CFO

TEO CHEE KHEONG

Executive Director / BU CEO, Semiconductor Equipment Business Unit

HENG KOK LIN

Executive Director / BU CEO, Semiconductor Material Business Unit

Audit & Risk Management Committee

Tan Boon Hoe
(Chairman)
Lim Shin Lid
Phoon Yee Min

Nomination Committee

Lim Shin Lid
(Chairman)
Tan Boon Hoe
Phoon Yee Min

Remuneration Committee

Lim Shin Lid
(Chairman)
Tan Boon Hoe
Phoon Yee Min

Board Sustainability Committee

Phoon Yee Min
(Chairman)
Tan Boon Hoe
Lim Shin Lid

Company Secretary

Ch'ng Lay Hoon
(SSM PC No. 201908000494)
(MAICSA 0818580)

Auditor

BDO PLT

Chartered Accountants

201906000013 (LLP0018825-LCA & AF 0206)
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-222 0288
Fax: 04-222 0299

Registered Office

Suite 12-A, Level 12, Menara Northam
No.55 Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-228 0511
Fax: 04-228 0518
Email: general@enetcorpsb.com

Head Office/Principal Place of Business

No.20, Medan Bayan Lepas Technoplex
MK 12, Taman Perindustrian Bayan Lepas
11900 Bayan Lepas, Pulau Pinang
Tel: 04-373 8688

Principal Banker

Hong Leong Bank Berhad

15-G-1, Bayan Point, Medan Kampung Relau
11900 Bayan Baru, Pulau Pinang
Tel: 04-642 8643
Fax: 04-642 8640

Share Registrar

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 9000
Fax: 03-2094 9940
Email: info@sshsb.com.my

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name: MI
Stock Code: 5286

Website

<https://mi-technovation.com/>

BOARD OF DIRECTORS



Seating, from left to right:

1. **PHOON YEE MIN**
Independent Non-Executive Director
2. **OH KUANG ENG**
Executive Director / Group CEO
3. **LEE BOON LENG**
Independent Non-Executive Chairman
4. **YONG SHIAO VOON**
Executive Director / Group CFO
5. **TEO CHEE KHEONG**
Executive Director / BU CEO,
Semiconductor Equipment Business Unit

Standing, from left to right:

6. **LIM SHIN LID**
Independent Non-Executive Director
7. **TAN BOON HOE**
Independent Non-Executive Director
8. **HENG KOK LIN**
Executive Director / BU CEO,
Semiconductor Material Business Unit

PROFILE OF DIRECTORS



LEE BOON LENG

Independent Non-Executive Chairman

Appointed to the Board on 29 August 2017
61 | Singaporean | Male

Qualification:

Master of Science in Electrical Engineering from University of Arkansas, U.S.A.

Working Experience:

Mr. Lee has more than 27 years of vast experience and in-depth knowledge in the semiconductor equipment industry. In 1992, he started his career with TECH Semiconductor Pte. Ltd. as Section Manager, responsible for the adoption and maintenance of the semiconductor photolithography process and then moved to Ellipsiz Ltd. as Business Manager in 1995. After that, he started MicroFab Technology Pte. Ltd. as General Manager and promoted as Vice President of Technology and Sales and Marketing in 2000. All his past employments were in the field of semiconductor industry.

In 2003, he incorporated Gemini Resource Pte. Ltd. and co-founded Microdefine Pte. Ltd., a company that focused on designing and developing macro defect wafer inspection system. In 2007, Mr. Lee joined SV Probe Pte. Ltd. as Vice President of Technology responsible for developing the 300mm probe cards.

He then co-founded Thinksmart Learning Partners Pte. Ltd. In 2011, he co-founded Pixtelz Pte. Ltd as the CEO of the company which involved in developing real-time video cut-out software until his retirement in year 2015.

PROFILE OF DIRECTORS (Cont'd)



OH KUANG ENG

Executive Director /
Group Chief Executive Officer

Appointed to the Board on 19 June 2017
54 | Malaysian | Male

Qualification:

Bachelor of Engineering (Mechanical) from University of Malaya.

Working Experience:

Mr. Oh has more than 28 years of extensive experience in the semiconductor industry with vast experience and in-depth knowledge of semiconductor automated equipment and process development. He began his career in 1995 with Hewlett-Packard (M) Sdn. Bhd. as Equipment Technology & Automation Engineer and was transferred to Hewlett-Packard Singapore Pte. Ltd. in 1997 as Equipment Design Engineer. Subsequently, he joined Polytool Industries Sdn. Bhd. as China Operation Manager in 1998. From 1999 onwards, Mr. Oh started his own business venture which involving industrial automation and semiconductor manufacturing technology and packaging trends.

In 2007, he co-founded DPE Integration (M) Sdn. Bhd. (“DPE”) and founded Mi Equipment (M) Sdn. Bhd. (“Mi Equipment Malaysia”) in 2012. Since then, the business activities, assets and technical personnel were gradually transitioned from DPE to Mi Equipment Malaysia and DPE discontinued operations in 2014. Within a 10-year timeframe, Mr. Oh helmed Mi Equipment Malaysia in developing Wafer Level Chip Scale Packaging (“WLCSP”) die sorting machines. In June 2018, he successfully led the Company to IPO via Mi Technovation Berhad.

In 2021, Mr. Oh achieved another milestone leading the Group to venture into semiconductor materials business via acquisition of Accurus Scientific Co. Ltd. which involved in the manufacturing of solder spheres, a key assembly and packaging material in the semiconductor industry. Under Mr. Oh’s exemplary leadership, the Group currently operates under three business units namely the Semiconductor Equipment Business Unit (“SEBU”), Semiconductor Material Business Unit (“SMBU”), and Semiconductor Solutions Business Unit (“SSBU”) which was newly setup in July 2022. To maintain business sustainability, Mr. Oh has successfully transitioned his management and executive roles in SEBU to the company’s senior and pioneer management team and currently leading a new management team in SSBU with his full involvement in the operation.

With an eye for bigger success tailored by a structured business roadmap, Mr. Oh continues leading the Group towards a diversified world-class renowned semiconductor solution provider through both organic and inorganic expansion programs. As the Group Chief Executive Officer, he is responsible for formulating corporate decisions on the Group’s business direction, as well as devising and implementing business strategies to propel the Group towards a greater height.

PROFILE OF DIRECTORS (Cont'd)



YONG SHIAO VOON

Executive Director /
Group Chief Financial Officer

Appointed to the Board on 30 September 2022
55 | Singaporean | Female

Qualification:

Bachelor of Accounting from University of Malaya.

Working Experience:

Madam Yong has over 27 years of experience in financial management, financial shared services, ERP system implementation, cost & budgetary control, human resource management in the manufacturing industries. She started her career in 1994 as Accountant in a foreign-owned company CGPC Fabrication (M) Sdn. Bhd. She was then promoted to Plant Accountant and assigned to base in Shanghai under Tamco Switchgear (Shanghai) Co. Ltd. until 2001. Thereafter, she worked as the Finance Manager for a Danish based manufacturer in Penang before her posting to Singapore in 2013.

In 2016, she joined Mi International Pte. Ltd. as the Financial Controller and promoted to General Manager in January 2019. She involved in the floatation process and successfully brought the Group from private to IPO in June 2018.

Madam Yong was then appointed as the Group Chief Financial Officer in March 2019 until June 2022. She is re-appointed as the Group CFO on 30 September 2022 where she is primarily responsible for the overall financial management and corporate affairs of the group. She is also responsible in the Environmental, Social and Governance (“ESG”) initiatives of the Group.



TEO CHEE KHEONG

Executive Director /
BU CEO, Semiconductor Equipment Business
Unit

Appointed to the Board on 30 September 2022
51 | Singaporean | Male

Qualification:

Bachelor of Engineering (Chemical) from National University of Singapore.

Working Experience:

Mr. Teo has more than 26 years of broad experience in electronics, semiconductor and engineering-related industries and involved in manufacturing operations, business development, sales and marketing as well as service support activities. He began his career in 1998 and advanced his career path holding various key positions in local and international organizations prior to joining Mi International Pte. Ltd. in 2016 as the Director of Sales & Services Support and he was promoted to General Manager in March 2019.

In January 2021, Mr Teo was appointed as the General Manager of Suzhou Mi Equipment Co. Ltd. responsible for the setup of engineering centre and manufacturing facilities in China.

He was then appointed as the Vice President of the Group’s Semiconductor Equipment Business Unit in January 2022. Effective 1st October 2023, he is promoted to the BU CEO of Semiconductor Equipment Business Unit to ensuring efficient business development, operations and technology development of its global Research & Development (“R&D”), Manufacturing Sites and Sales and Service centres.

PROFILE OF DIRECTORS (Cont'd)



HENG KOK LIN

Executive Director /
BU CEO, Semiconductor Material Business
Unit

Appointed to the Board on 30 September 2022
61 | Singaporean | Male

Qualification:

Master Degree in Strategic Marketing from University of Wollongong, Australia.

Working Experience:

Mr. Heng has over 31 years of extensive experience in the electronics and semiconductor industries with in-depth knowledge in Printed Circuit Board Assembly (“PCBA”) and semiconductor backend equipment and materials.

He was the Vice President of sales and marketing of Accurus Scientific Co. Ltd. since July 2010 and is responsible for its global sales and marketing activities. He was tasked to set-up Accurus Scientific Pte. Ltd. in 2016 and was appointed as the General Manager of Accurus Ningbo Scientific Co. Ltd. in 2019 to setup the manufacturing site in Ningbo, China.

Mr. Heng is promoted to the BU CEO of Semiconductor Material Business Unit effective 1st Jan 2024, hold full commitment to improving and ensuring the efficient operations and technology development and to steer SMBU forward to achieve greater heights.



TAN BOON HOE

Independent Non-Executive Director

Appointed to the Board on 29 August 2017
68 | Malaysian | Male

Qualification:

Professional degree from the Malaysian Institute of Certified Public Accountants (“MICPA”), member of MICPA and Malaysian Institute of Accountants (“MIA”).

Working Experience:

Mr. Tan is a certified public accountant with over 40 years of boundless experience in auditing, accounting, assurance and advisory engagements. In 1977, he started his career as an Audit Assistant with Deloitte Malaysia. Prior to appointment as Audit Partner in 1995, he held numerous positions with progressive promotions in the audit division of the firm. He was mainly involved in rendering assurance and advisory services to corporate clients, both public listed and privately held. He served Deloitte Malaysia for 36 years until his retirement in 2013.

In 2013, Mr. Tan set up Boonhoe & Loo Malaysia which rendered assurance and advisory services to corporate clients and served as a Partner of the firm until June 2022.

He is also the Chairman of Audit & Risk Management Committee and a member of Nomination Committee, Remuneration Committee, and Board Sustainability Committee of the Company.

PROFILE OF DIRECTORS (Cont'd)



LIM SHIN LID

Independent Non-Executive Director

Appointed to the Board on 01 July 2020
48 | Malaysian | Male

Qualification:

- Bachelor of Laws (Hons) from University of Sheffield.
- Master of Laws (Maritime Law) from King's College, University of London.
- Called to the Bar of England and Wales.
- Barrister-at-Law (Lincoln's Inn).
- Admitted as an Advocate and Solicitor of the High Court of Malaya.

Working Experience:

Mr. Lim started his career at Messrs Shearn Delamore & Co. before joining Messrs Khoo Keat Siew & Co. as a Partner. His area of practice includes civil and corporate litigation, property related acquisitions and dispositions as well as corporate advisory. He has a particular interest in maritime law and international trade, and advises and litigates on shipping-related matters. He served as a Committee Member in the Malaysian Bar's Shipping and Admiralty Law Committee.

He is also the Chairman of Nomination Committee and Remuneration Committee and a member of Audit & Risk Management Committee and Board Sustainability Committee of the Company.



PHOON YEE MIN

Independent Non-Executive Director

Appointed to the Board on 21 February 2022
43 | Malaysian | Female

Qualification:

- Bachelor of Accounting from Universiti Sains Malaysia.
- Certified Internal Auditor ("CIA")
- Member of Association of Chartered Certified Accountants ("ACCA"), Malaysian Institute of Accountants ("MIA") and Institute of Internal Auditors ("IIA").

Working Experience:

Ms. Phoon is a Chartered Accountant and Certified Internal Auditor with 20 years of extensive experience in internal audit, risk management, process improvements and advisory engagements. She started her career in 2004 as Audit Associate with KPMG PLT, Malaysia focusing on delivery of audit and assurance engagements from planning through to completion. She then joined KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") in 2006 as Internal Audit Associate. She left KPMG in 2012 to venture into commercial for 6 years.

With 3 years of experience each as the cost controller of a technical support unit at Dell Global Business Center Sdn. Bhd. and the in-house Chief Internal Auditor for GUH Holdings Berhad, a Malaysian public-listed company. She re-joined KPMG in 2018 as the Head of Department and Director of Internal Audit, Risk and Compliance Services, Penang branch prior to her leaving in 2021 to venture into her own consulting practice. Presently, Ms. Phoon is an Executive Director of YNC Business Consulting Sdn Bhd. a consulting firm which rendered advisory services such as Sustainability and Enterprise Risk Management to corporate clients.

She is the Chairman of the Board Sustainability Committee and also a member of the Audit & Risk Management Committee, Nomination Committee and Remuneration Committee of the Company.

PROFILE OF DIRECTORS (Cont'd)

Additional Information:

Directorship in other Listed Issuers/Public Companies:

None of the Directors hold any directorships in other public companies and/or listed issuers, except for:

1. Mr. Tan Boon Hoe, who is currently an Independent Non-Executive Director of Uchi Technologies Berhad and IQ Group Holdings Berhad.
2. Ms. Phoon Yee Min, who is currently an Independent Non-Executive Director of L&P Global Berhad, GUH Holdings Berhad and Coraza Integrated Technology Berhad.

Family Relationship:

None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, except for:

1. Mr. Oh Kuang Eng, who is the spouse of Executive Director / Group Chief Financial Officer and major shareholder, Madam Yong Shiao Voon.
2. Madam Yong Shiao Voon, who is the spouse of Executive Director / Group Chief Executive Officer and major shareholder, Mr. Oh Kuang Eng.

Conflict of interest:

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

Conviction for Offences:

None of the Directors has been convicted of any offence (other than traffic offences) within the past five (5) years.

Imposition of Public Sanction or Penalty:

None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023 ("FYE 2023").

Attendance of Board Meetings:

The attendance of the Directors at Board Meetings and Board Committee Meetings for the FYE 2023 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF KEY MANAGEMENT

NG WAI KHEAN



Vice President of Semiconductor Solutions Business Unit

50 | Malaysian | Male

Qualification:

Bachelor of Science (major in Microelectronics & Physics) from Campbell University, U.S.A.

Working Experience:

Mr. Ng has more than 24 years of in-depth experience in semiconductor industry. He started his career in 1998, involved in product and process engineering, and subcon quality improvement. He led the development and implementation of a systematic quality improvement program for subcontractors, aiming to establish and maintain a comprehensive quality control system. In year 2011, he ventured into backend equipment sourcing and procurement support, as well as global supplier quality management, implement systematic supplier management programs prior joining Mi.

On 1st July 2022, Mr. Ng joins the Group as Semiconductor Solutions Business Unit (“SSBU”) Vice President, Global Business Development; where he is responsible for developing SSBU’s business plan and growth strategy, leading new product development, commercialization, and contribution to the Group.

Additional Information:

None of the Key Management:

- i. Hold any directorship in other public companies and/or listed issuers.
- ii. Has any family relationship with any other Director and/or major shareholder of the Company;
- iii. Has any conflict of interests with the Company;
- iv. Has been convicted of any offence (other than traffic offences) within the past five (5) years; and
- v. Has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



不积跬步，无以至千里；不积小流，无以成江海。
积蓄能量，并在恰当的时间抓住机遇，才能水到渠成。

Success is never an easy journey. It requires hard work, determination, and most importantly, the ability to seize opportunities.

胡光荣

OH KUANG ENG

Executive Director / Group Chief Executive Officer

Since the listing of Mi Technovation Berhad (“Mi Technovation”) on Bursa Malaysia, we have been committed to carrying out our strategic plans, managing and monitoring our progress while establishing robust risk management systems to manage risks including sustainability risks of Mi Technovation and its subsidiaries (“Mi Group” or the “Group”).

Reviewing our progress against the Group’s 1st 5-year road map, we are pleased to see significant progress being made. We are evolving from a single WLCSP sorting process equipment vendor with single factory in Penang Malaysia, into a business group comprising various subsidiaries and business units with independent operations. As of 31st December 2023, we have expanded our presence with multiple established engineering centres and production facilities not only in Malaysia, but also in Taiwan, Korea and China. Following the successful acquisition of the 2nd Business Unit, namely Semiconductor Material Business Unit (“SMBU”) in FYE 2021, we commenced the operation of our 3rd Business Unit, namely the Semiconductor Solutions Business Unit (“SSBU”) in October 2023, to gradually build a comprehensive matrix and diversified business platform for the Group.

Embarking into the 2nd 5-Year Roadmap, the Group will focus on implementing efficient capital management to support the healthy development of our major business units and various companies by fostering the development of continual innovation. We foresee that our organizational transformation will be an unprecedented journey in the company history through a daring experiment for a large-scale organizational growth. We must evolve faster, be more agile and flexible as we face a new era of unknowns yet remain committed focusing on our long-term core strategy to create greater value for our stakeholders.

During the past 5 years, the Group shown remarkable performance. The Group doubled its Revenue in FYE 2022 as compared to FYE 2019, and the Compound Annual Growth Rate (“CAGR”) from FYE 2019 to FYE 2023 of the Annual Group Revenue is +16.8%. As of 31 December 2023, the Net Asset of the Group stood at RM1.20 per share, a 235% of RM0.51 per share as of 31 December 2019.

OVERVIEW

The financial year ended 31 December 2023 (“FYE 2023”) marked the last year of the Group’s 1st 5-year road map. While the current financial year poses challenges against an uncertain macro backdrop with softer demand in the global semiconductor market, the Group delivered a stable and rewarding year in FYE 2023.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

OVERVIEW (Cont'd)

The Group recorded a Revenue of RM356 million for the current financial year ended 31 December 2023 with the Semiconductor Equipment Business Unit (“SEBU”) and Semiconductor Material Business Unit (“SMBU”) contributed to the Group’s Revenue at 48.9% and 51.1% respectively.

Guided by its business strategies, the Group continued its path in diversification to grow and expand its market outreach across the value chain as well as its product offering.

During the current financial year, the Semiconductor Solutions Business Unit (“SSBU”) has prepared itself for positive growth opportunities through an investment in a research, development, and manufacturing facility for power modules and devices in Xiaoshan, Hangzhou. The investment represents a strategic business collaboration between Mi Semiconductor Pte. Ltd. (“MiSE Singapore”) and some influential intellectual groups of Xi’an and Hangzhou Cities, and will enable SSBU to be involved in China’s domestic ecosystem, namely the semiconductor wide bandgap (“WBG”) renewable energy segment.

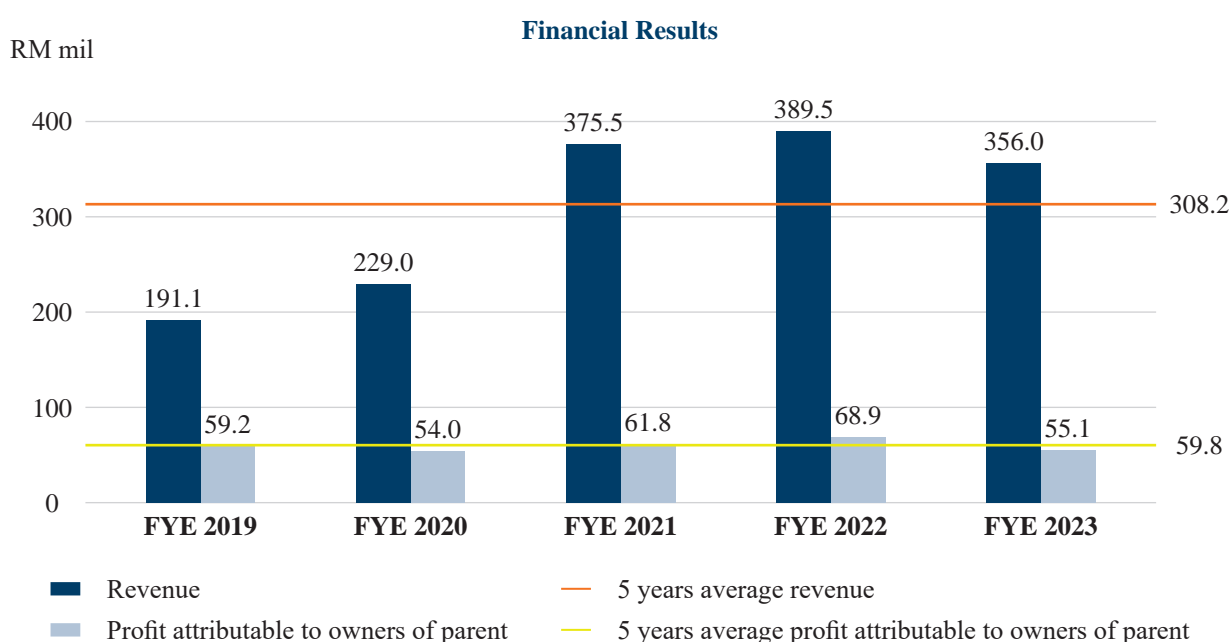
In addition, the Group also increased its equity stakes in its associate, Talentek Microelectronics (Hefei) Limited (“Talentek”) following the fruitful strategic collaboration. On the other hand, the increased equity stakes in its subsidiary, Mi Equipment Korea Co. Ltd. (“Mi Equipment Korea”) has further deepened the SEBU’s market presence.

FINANCIAL PERFORMANCE & POSITION

5-Year in review

Despite the recent macro-economic downturn, the positive financial performance reflected in the five-year average (FYE 2019 to FYE 2023) demonstrates the Group’s resilience and stability. The Group’s five-year average revenue stood at RM308.2 million demonstrates its stable and consistent growth. The average profit attributable to owners of the parent over the last five years at RM59.8 million indicates sustained profitability and operational efficiency which underscores the Group’s ability to generate income and manage expenses effectively. While the average Earning Per Share (“EPS”) of 7.30 sen over the past five years reflects the Group’s ability and commitment to generate returns for shareholders.

The promising levels of the Group’s five-year average revenue, profit before tax, and EPS indicate a strong foundation for future growth and profitability. Despite the lower than expectation financial performance during current financial year, the historical trends suggest resilience and potentials for improvement.



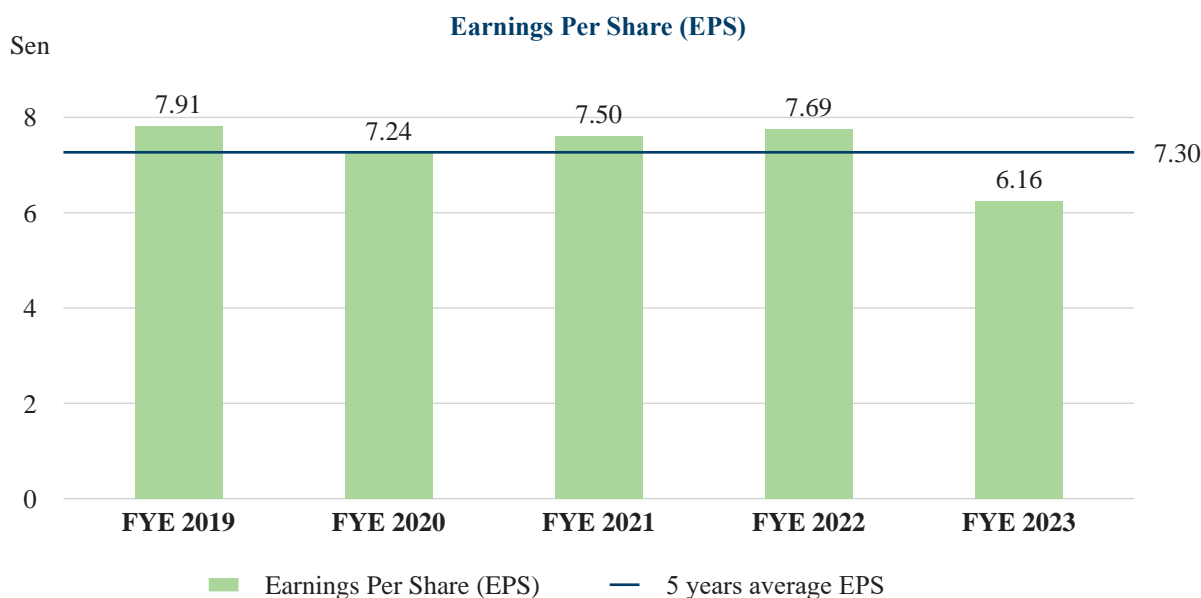
Notes:

1. FYE 2019 – FYE 2023 CAGR +16.8% of Annual Group Revenue.
2. Profit attributable to owners of the parent margin remains above 15%, with a 5-year average of 19.4%.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

FINANCIAL PERFORMANCE & POSITION (Cont'd)

5-Year in review (Cont'd)



Note:

1. The weighted average number of ordinary shares in issue (excluding treasury shares) from FYE 2019 -FYE 2023 amounted to 748mil, 746mil, 825mil, 896mil, 895mil respectively.

FYE 2023 in review

The Group achieved a revenue of RM356 million in FYE 2023, a 8.6% decrease compared to FYE 2022 mainly due to weaker demand in the global semiconductor market, especially from our key customers in Taiwan, as well as the impact of the on-going supply chain overstock adjustment. SEBU contributed RM174.2 million or 48.9% to the Group's revenue while SMBU contributed RM181.8 million or 51.1%. SEBU and SMBU remained the two main revenue-contributing business units of the Group in FYE 2023.

Operating profit ("OP") was recorded at RM67.3 million, a decrease of 13.0% compared to RM77.4 million in FYE 2022. The lower OP was a result of lower capacity utilisation against overhead operating expenses, in the midst of a weaker market.

The Group also recorded a lower profit before tax ("PBT") at RM65.5 million, 13.2% lower than the RM75.4 million recorded in FYE 2022. That said, PBT margin was recorded at 18.4% in FYE 2023, representing a decrease from the 19.4% recorded in FYE 2022.

The Group's effective tax rate for FYE 2023 was 19.6%, compared to 12.2% in the previous year. During the current financial year, the Group paid a RM3.58 million withholding tax in relation to the dividend received from its Taiwan subsidiary which represents a 12.5% withholding tax on the gross dividend received. Mi Equipment (M) Sdn. Bhd.'s was still subject to tax incentives under its pioneer status up to 17 January 2024. A new application for tax incentive as submitted is still under review by Malaysian Investment Development Authority ("MIDA").

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

FINANCIAL PERFORMANCE & POSITION (Cont'd)

FYE 2023 in review (Cont'd)

	FYE 2023	FYE 2022	Changes (%)
	RM'000	RM'000	
Revenue	355,961	389,477	-8.6%
Operating Profit	67,305	77,399	-13.0%
Profit Before Tax	65,521	75,449	-13.2%
PBT margin (%)	18.4%	19.4%	
Tax	12,818	9,198	39.4%
Profit After Tax	52,703	66,251	-20.4%
PAT margin (%)	14.8%	17.0%	

Overall, Mi Technovation's profit after tax ("PAT") was recorded at RM52.7 million, a 20.4% decrease against the RM66.3 million reported for FYE 2022. The PAT margin was at 14.8%. In FYE 2023, Mi Group recorded a basic earnings per share ("EPS") of 6.16 sen, compared to 7.69 sen in the previous year.

Mi Group's financial position remained strong, with total assets of RM1,222 million against total liabilities of RM147 million. Total assets as at 31 December 2023 decreased marginally by 0.8% while total liabilities reduced by 19.7% compared to the previous year.

As at 31 December 2023, total borrowings stood at RM36.4 million, a reduction of 55.9% from the RM82.5 million recorded in the previous year. Total equity increased by 2.5% to RM1,075 million, while debt-to-equity ratio was recorded at 0.03x, compared to 0.08x on 31 December 2022.

The Group had cash and cash equivalent amounting to RM422.7 million on 31 December 2023. The quick ratio remained healthy at 6.32. Mi Group's net asset further improved to RM1.20 per share as at 31 December 2023.

BUSINESS & OPERATING ACTIVITIES

Mi Group's major reportable segments are as follows.

Semiconductor Equipment Business Unit ("SEBU")

SEBU manufactures and sells semiconductor manufacturing equipment, such as equipment for assembly and packaging, visual inspection, die bonding, and final testing. This equipment can be coupled with integrated Artificial Intelligence ("AI") visual inspection technologies and smart factory automation solutions to enable smart manufacturing and meeting customers' requirements in enhancing factory efficiency and improving manufacturing process quality and delivery time expectations. SEBU also provides maintenance services and technical support for the machines and the sales of associated spare parts and components.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

BUSINESS & OPERATING ACTIVITIES (Cont'd)

Semiconductor Equipment Business Unit ("SEBU") (Cont'd)

With its strong engineering and technical capabilities, SEBU design and develop its in-house series in its engineering centres and production facilities across Malaysia, Korea, and China as follows:

Country	Products	Target Market Segment
Malaysia (Penang)	Mi Series (Assembly and Packaging Equipment) & Vi Series (Vision Inspection Equipment) Advanced Packaging (WLP, WLCSP, FOWLP, Flip chip, EMI, Display devices) die and package sorting machine with vision inspection, AI application and other process functions. Wafer and package inspection both in 2D and 3D mode.	Mobility and Wearable segment. <ul style="list-style-type: none"> • Telecommunications industry (5G market) for smartphones, tablets, and wireless wearable devices. • IoT industry Bluetooth, near field sensing, sensor applications which require high functionality, mobility, and low power consumption in small form factor.
Korea (Gyeonggi)	Ai Series (Laser Assisted Bonding Equipment) High precision bonding machine for extra fine pitch with thin die and substrate thickness.	High Performance Computing segment. <ul style="list-style-type: none"> • GPU and CPU for High Performance Computing application in AI and Blockchain. • High Bandwidth Memory ("HBM")
China (Suzhou)	Si Series (Power Test & Final Test Equipment) Final test equipment for Optical Sensors, High Power Devices, Automotive Chips, KGD ("Known Good Dies") and fine pitch devices.	Automotive and Renewable Energy segment. <ul style="list-style-type: none"> • Electric vehicles. • Power devices. • LiDAR sensors

FYE 2023 continued to see soft demand for semiconductor equipment, continuing the slowing trend that has manifested since FYE 2022. SEBU reported a revenue of RM174.2 million, which signifies a 4.8% contraction from the RM182.9 million in FYE 2022. As a result, SEBU recorded a PBT and PAT of RM29 million and RM28.6 million respectively. The PBT margin increased marginally from 16.6% last year to 16.7% while its PAT margin closed at 16.4% in FYE 2023.

SEBU's performance during the year was supported by increasing delivery of machines and spare parts, especially for EMI process equipment. The stronger USD has also contributed to the reported segmental revenue. During the year, SEBU has increased its ownership stake in Mi Equipment Korea, which is currently a 90%-owned subsidiary of Mi Group through Mi Equipment (M) Sdn. Bhd.'s shareholdings.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

BUSINESS & OPERATING ACTIVITIES (Cont'd)

Semiconductor Material Business Unit (“SMBU”)

SMBU is principally involved in the manufacturing and sale of solder spheres (“solder balls”), which are crucial components to create electrical interconnects between semiconductor die and package. It is widely used in advanced packaging such as ball grid array and wafer level packaging in the semiconductor industry.

SMBU’s business footprint is as follows:

Country	Products	Target Market Segment
Taiwan (Tainan)	Solder Spheres (solder balls) <ul style="list-style-type: none"> • Small Ball • Ultra Small Ball • Ultra low alpha (“ULA”) Solder Ball • Copper Core Solder Ball (“CCSB”) 	Mobility and Wearable segment, High Performance Computing segment & Automotive and Renewable Energy segment. <ul style="list-style-type: none"> • WLCSP, Flip-Chip, Flip-Chip BGA, FOWLP, AI, WLP, GPU and BGA
China (Ningbo)	Solder Spheres (solder balls) <ul style="list-style-type: none"> • Small Ball 	High Performance Computing segment & Automotive and Renewable Energy segment. <ul style="list-style-type: none"> • AI, WLP, Flip-Chip BGA, and BGA

Due to the soft global semiconductor market and the on-going supply chain overstock adjustment, SMBU experienced slower demand during FYE 2023. The segment recorded a revenue of RM181.8 million, which is 12.0% lower than the RM206.6 million reported in FYE 2022. In tandem with the revenue contraction, SMBU recorded a PBT and PAT of RM30.7 million and RM22.6 million respectively with a PBT margin of 16.9% while its PAT margin ended at 12.4% in FYE 2023.

During the year, the Ningbo, China factory has been undergoing procedures for a series of product qualifications. Upon completion of the large-scale product qualification process, the Accurus (Ningbo) Scientific Co. Ltd. (“Accurus Ningbo”) is confident to be one of the key solder balls suppliers in China domestic market.

Semiconductor Solution Business Unit (“SSBU”)

SSBU is the newly developed business unit targeted to position the Group in a wider scope of the semiconductor value chain through strategic business integration and technological development synergy.

Country	Products	Target Market Segment
China (Hangzhou)	High power modules and devices for wide bandgap applications	Automotive & Renewable Energy segment

In October 2023, Mi Semiconductor Pte Ltd (“MiSE Singapore”) has entered into an investment agreement of US\$30 million (approximately RM142.86 million) into a research, development and manufacturing facility for power modules and devices in Xiaoshan, Hangzhou City, China with the Xiaoshan Economic and Technological Development Zone Administration Committee. With this, we aim to tap into the opportunity on wide bandgap applications market in the Automotive & Renewable Energy segment.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

ENGINEERING & RESEARCH DEVELOPMENT CENTRES

The Group has multiple engineering centres in Malaysia, Taiwan, Korea and China. Each engineering centre concentrates on research and development programmes tailored to certain product areas. The engineering centres are strategically located near relevant customers to enhance opportunities and effectiveness in existing or prospective technical collaborations to remain competitive in relevant markets to meet the needs and requirements of a wide range of customers.

SEBU has three main engineering centres in Malaysia, Korea and China. The Penang, Malaysia Engineering Centre focuses on the research & development of new concept Artificial Intelligence (“AI”) enabled Wafer-Level Advanced Packaging and Die Sorting Machines, High-Quality Infrared Inspection and Automated Optical Inspection (“AOI”) equipment; the Gyeonggi, Korea Engineering Centre focuses on high precision and laser bonding equipment in the High-Performance Computing (“HPC”) segment, which is the next wave of capital expansion; and the Suzhou, China Engineering Centre focuses on power test and final test equipment, the fastest growing field related to silicon carbide Substrates (“SiC”) and Insulated-Gate Bipolar Transistor (“IGBT”) modules.

SMBU has its major engineering centre in Taiwan. With its strong innovation capability and leading technology in the world’s advanced micro solder balls, the Tainan, Taiwan Engineering Centre focuses on new alloy development in advanced applications for Mobility & Wearables, High-Performance Computing (“HPC”) & Memory, as well as in Automotive & Renewable Energy segments. This Engineering centre continue to play an important role in developing its in-house production equipment for ongoing manufacturing efficiency enhancement.

FYE 2023 has been a year of innovation and diversification for Mi Group. The Group adopt a balanced focus for the research & development activities, considering its diversified products and services as well as its strategic focus. In FYE 2023, the Group invested a total of RM3.8 million in research & development activities.

In SEBU, the successful implementation of numerous EMI (electromagnetic interference shielding process) Attach & Detach platform as well as the newly developed Artificial Intelligence (“AI”) empowered product lines into tangible sales revenue, underscored the effectiveness of its diversified approach. The adoption of advanced multiple bin sorting and laser bonding technologies for our Laser Assisted Bonder (“LAB”) and Laser Compression Bonder (“LCB”) continued to gain market recognition, propelled by the surge in demand within the High-Performance Computing (“HPC”) segment.

In SMBU, pioneering environmentally friendly and lower carbon emission solder balls marked a significant milestone in its commitment to sustainability. These efforts include the low-temperature alloy SLT series and the Ecolloy series that do not contain Silver which can directly reduce the environmental footprint. The innovation is an ongoing process and SMBU remains firmly focus on delivering research outcomes for solder balls with high current density, high Temperature Cycling (“TC”) performance and high electromigration (“EM”) performance for Artificial Intelligence (“AI”) enabled as well as wafer level chip scale packaging (“WLCSP”) products.

In SSBU, the new investment during the year in the Hangzhou factory will kick-start another new research & development centre within the Group.

As of 31 December 2023, the Group holds 83 granted patents and utility model; and 67 pending patents and utility models across all business units.

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

MANAGEMENT OF SUSTAINABILITY, RISK MANAGEMENT, AND GOVERNANCE MATTERS

As Mi Group continue to expand and deepen its presence in the market and strategically developed competitiveness across the business chain, it remains important for us to maintain a high standard of integrity and operate responsibly, driving the Group towards sustainable value creation in the short and long term.

Our strategic and business management is complemented by a structured framework for sustainability management, emphasising 3 core focuses – **Sustainable Business, Responsible Business Practices, and Impact Within & Beyond Business Operations.**

In support of our 2nd 5-Year Roadmap for FYE 2024 to FYE 2028, we have identified a set of key performance targets that would help us measure the performance of the Group's most material matters affecting its sustainability in the short and long term. Amongst others, our focus includes compliance, instilling a strong mindset of ethical business among our employees, and pursuing efficiency in our resource utilisation such as energy and materials.

Climate change is an ongoing concern that has increasing urgency, and more intense efforts to combat climate change globally are required to keep global warming to below 2 degrees Celsius compared to pre-industrialisation levels. Climate change is also an important issue to business sustainability as investors and regulators call for businesses to demonstrate readiness and resilience to address possible climate-related risks in the short, medium, and long term.

This year, Mi Group continued to expand its efforts on assessing the carbon footprint of the Group's business, as well as possible climate-related impacts on the Group. On the other hand, our SSBU's foray into the wide bandgap applications market in the renewable energy segment prepares us to take part in the global technological development front in fighting climate change, and to participate in the increasing global demand for electrification and growing concern regarding carbon emissions.

OUTLOOK & PROSPECTS

With the mix of capabilities and the products and solutions offered, Mi Group as a comprehensive solution provider is ready to seize any opportunities for business diversification and localisation. We remain aggressively optimistic about the Group's prospects for the FYE 2024 and beyond. We are confident that the gradual recovery seen in the worldwide semiconductor manufacturing sector will lay the groundwork and build the momentum for continual growth.

We shall continue to pursue our path in diversification for the SEBU where the newer state-of-the-art machines series are expected to bring heightened contributions to overall revenue. The SMBU, equipped with cutting-edge manufacturing technologies to produce micro-solder balls from our patented alloy, will continue to expand its market presence. In SSBU, our initiative aligns with our strategy will enable the Group to seize opportunities within the Automotive & Renewable Energy segment.

2023 EVENT HIGHLIGHTS

Nomura Investment Forum Asia (“NIFA”) 2023



Mi Technovation Berhad

Nomura has extended their invitation to Mr. Oh Kuang Eng, Group CEO of Mi Technovation Berhad to be one of the guest speakers of the 20th Nomura Investment Forum Asia: Asia's Time to Shine on 7 June. Being one of the panellists of the discussion topic: The Big Bright Spots in ASEAN, Mr. Oh shared insights, offered opinions, and responded to the questions curated by the moderator which captured an attendance of over 300+ investors in the audience. Followed with a private meeting with potential investors, he shared Mi Technovation Berhad's significant key operational updates and near-term business plans. It is an honour to be invited to the NIFA 2023, one of the Asia's must-attend conference, connecting global investors and Asia's leading companies across key sectors.



A Strategic Investment in Hangzhou City



Mi Semiconductor (Hangzhou) Co. Ltd.

On 19th Oct 2023, Mi Technovation Berhad's wholly owned subsidiary Mi Semiconductor Pte. Ltd. committed an investment of US\$30 million (RM142.86 million) into a research, development and manufacturing facility for power modules and devices in Xiaoshan, Hangzhou City, China. An Investment Agreement is signed with Xiaoshan Economic and Technological Development Zone Administration Committee (萧山经济技术开发区管理委员会) for the purpose of the investment. The collaboration will enable our Semiconductor Solution Business Unit to be involved in the China domestic ecosystem, namely the semiconductor wide bandgap renewable energy segment.



2023 EVENT HIGHLIGHTS (Cont'd)

Tradeshaw and Conference Sponsorship



Mi Equipment (M) Sdn. Bhd. & Accurus Scientific Pte. Ltd.

Mi Equipment (M) Sdn. Bhd. has sponsored to SEMICON Southeast Asia (“SEA”) 2023, the largest electronic manufacturing supply chain event. As a silver sponsored, we have taken part in Talent Development Booth for talent recruitment from 23rd to 25th May 2023. During December 2023, Accurus Scientific Pte. Ltd. has sponsored and attended the 25th Electronics Packaging Technology Conference (“EPTC”), a highly reputable international electronics packaging conference which aims to exchange of knowledge and provides opportunities to network and meet leading experts.



Awarded as Top 5 Semiconductor Manufacturing Solutions Providers in Malaysia 2023



Mi Equipment (M) Sdn. Bhd.

Mi Equipment (M) Sdn. Bhd. has been recognized to feature in Semiconductor Manufacturing Asia-Pacific (“APAC”) 2023 Special Issue under Semiconductor Review magazine and are honored to have been named one of the ‘Top 5 Semiconductor Manufacturing Solutions Providers in Malaysia 2023’. Kindly refer to Mi Equipment’s website to access the complete article featuring our company.



2023 EVENT HIGHLIGHTS (Cont'd)



Platinum Award Winner of IET Malaysia Industry Excellence Platinum Award 2023

Mi Equipment (M) Sdn. Bhd.

Mi Equipment (M) Sdn. Bhd. proudly received the prestigious Platinum Award at the IET Malaysia Industry Excellence Platinum Award 2023 recognizing our unwavering commitment to advancing science, engineering, and technology. This esteemed accolade acknowledges our company's profound impact on society, the environment, and human welfare through our innovative solutions. Held at the esteemed Eastin Hotel Penang on November 25th, 2023, the award ceremony celebrated our dedication to originality, engineering principles, and economic prowess, cementing our position as leaders in our field.



Malayan Tiger Conservation: Citizen Action for Tigers (“CAT”) Walk 2023



Mi Technovation Berhad

With the motto of saving Tigers together, three group of CAT Walkers with a total of 24 employees becoming a volunteer fighter for tigers to get involved in a 3 days 2 night antipoaching surveillance walks or CAT Walk on July and August 2023 at Merapoh, Pahang to protect Tiger and other wildlife. This CAT Walk is guided by MYCAT certified staff to guide Mi CAT Walk volunteers into jungle and look for signs of poaching, animal signs and encroachment, check camera trap and forestation.



SUSTAINABILITY STATEMENT & HIGHLIGHTS




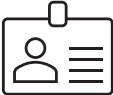



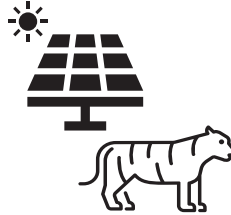

As a diligent corporation with numerous operations, we are steadfast to thrive and foster a sustainable future of the company which is guided by our proactive ESG strategy. Our sustainability journey is a collective effort which strives to contribute to a healthier, more sustainable world for generations to come. Moreover, we are also committed to sustaining our competitiveness and relevance in the market sector by strengthening intellectual capital through persistent research and development activities while striving to provide highest quality products and services to our customers.

Mi Technovation Berhad (“the Group” or “the Company”) actively pursue initiative toward greater environmental stewardship, social responsibility, and sound governance practices. We pledge to uphold good governance ethics across our operation, create long term value for our stakeholder, minimize our ecological footprint and undertake our responsibilities towards a sustainable environment and positively impact the communities we serve.

We are committed to continually encourage good sustainability practices, review and improve our sustainability strategy and engage openly with the Group’s stakeholders to meet their expectations. All the key focuses are outlined in our Sustainability Policy, which is available at our corporate website at <https://mi-technovation.com>.















Key Focuses:

We have 3 core focuses which guiding the overall sustainability direction of the Group as shown below:

<p style="text-align: center;">Sustainable Business</p> <p style="text-align: center;">We manage our business through a “Balanced Stakeholder Interest” approach.</p> <div style="text-align: center;">  <p>Shareholders</p>  <p>Customers</p>  <p>Subcontractors and Suppliers</p>  <p>Employees</p> </div>	<p style="text-align: center;">Responsible Business Practices</p> <p style="text-align: center;">We integrate good governance ethics into our operations and strategies.</p> <div style="text-align: center;">  <p>Good corporate governance practice</p>  <p>“Check-and-Balance” to mitigate risk and mistakes</p>  <p>Multiple communication channel for continuous dialogue</p> </div>	<p style="text-align: center;">Impact Within & Beyond Business Operation</p> <p style="text-align: center;">We protect and sponsor various environment and community initiatives.</p> <div style="text-align: center;">  <p>Environment and Biodiversity</p>  <p>Social and Community initiatives</p> </div>
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SUSTAINABILITY STATEMENT & HIGHLIGHTS

(Cont'd)

<h2>1. Sustainable Business</h2> 	<h2>2. Responsible Business Practices</h2> 	<h2>3. Impact Within & Beyond Business Operations</h2> 
<p>We adopt a “Balanced Stakeholder Interest” approach towards sustainable business success through a fair distribution of the economic value that we created.</p>	<p>We integrate good governance and ethics in our operations while we strongly promote integrity, transparency, accountability, and responsiveness in managing business.</p>	<p>We support community initiatives that strengthen and improve wellbeing, education, and healthcare. We will further extend our initiative to conserve biodiversity.</p>
<h3>Sustainable Financial Performance</h3> <p>+16.8% compound annual growth rate of the group revenue from 2019-2023</p> <p>+135% net asset per share since 2019</p> 	<h3>Corporate Governance Policies</h3> <ul style="list-style-type: none"> • Anti-Bribery & Corruption • Whistleblowing • Code of Conduct and Ethics 	<h3>Solar Energy</h3> <p>194MWh generated from photovoltaic system</p> 
<h3>Multiple Sites across 6 Countries</h3> <p>5 Manufacturing Site 4 Research & Development Centres >10 sales & services offices</p>	<h3>Anti-bribery and Corruption training</h3> <p>100% coverage</p> 	<h3>Recycled Wastes</h3> <p>22.60 tonnes wastes is collected and recycled</p> 
<h3>Group Intellectual Property Capital</h3> <p>83 Granted Patents & Utility Models 67 Pending Patents & Utility Models</p> 	<h3>Regulatory Compliance</h3> <ul style="list-style-type: none"> • Minimum wage according to local statutory requirement • Bursa listing requirements 	<p>Offset and avoided 1083.6 tonnes carbon</p> 
<h3>Quality Assurance</h3> <p>We are certified for</p> <ul style="list-style-type: none"> • ISO 9001:2015 • IATF 16949:2016 	<p>0 Incident on</p> <ul style="list-style-type: none"> • Bribery and Corruption • Whistleblowing • Discrimination & Harassment • Labor & Human Rights Disputes 	<h3>Community & Environmental Contribution</h3> <p>Group contributed RM 281,016.31</p> 

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“The Board”) of Mi Technovation Berhad (the “Group” or the “Company”) recognises the importance of practicing high standards of corporate governance which is essential in ensuring sustainability of the Group’s business and operation, embedding good governance ethics and business integrity in all aspects of the Group’s activities.

This Corporate Governance Overview Statement (“the Statement”) is prepared pursuant to paragraph 15.25(1) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and guided by the principles of the Malaysian Code on Corporate Governance (“MCCG”) and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

The Statement provides an overview of the Company’s corporate governance (“CG”) practices throughout the financial year ended 31 December 2023 (“FYE 2023”) and it should be read together with the CG Report which is accessible on the Company’s website at <https://mi-technovation.com> and via an announcement on Bursa Malaysia’s website at <https://www.bursamalaysia.com/>

Corporate Governance Approach

In building a sustainable business and discharging its regulatory role, the Board is mindful of its accountability to the shareholders and various stakeholders. The Board firmly believes that dynamic corporate governance framework is crucial to provide a solid foundation and structure for effective and responsible decision-making of the Group.

Towards this, the Group’s overall approach to corporate governance is to:

- have the appropriate people, processes and structures driven by good CG practices to support the Group in achieving its long-term sustainability and profitability; and
- meet shareholders and relevant stakeholders’ expectation that comprehensive CG practices is in place to safeguard their interests.

In driving high standards of corporate governance, the Board regularly reviews the Group’s CG policies and procedures to ensure its relevance, effectiveness, and sustainability in conducting the business and addressing the needs and challenges of the Group.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Company acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders value. The Board assumes, amongst others, the following duties, and responsibilities:

- Review and adopt strategic plans for the Group to ensure the strategies promote sustainability within the aspects of environment, social, governance and economy;
- Address sustainability risks and opportunities to support the Group’s long-term strategy and success;
- Oversee the conduct of the Group’s business and build sustainable value for the shareholders;
- Identify principal risks on a continuous basis and ensure implementation of appropriate internal controls, risk management framework and effective mitigation measures;
- Review the performance of the Board and senior Management on addressing the company’s material sustainability risks and opportunities; and
- Direct and review the anti-corruption compliance programme and whistleblowing policy and procedure.

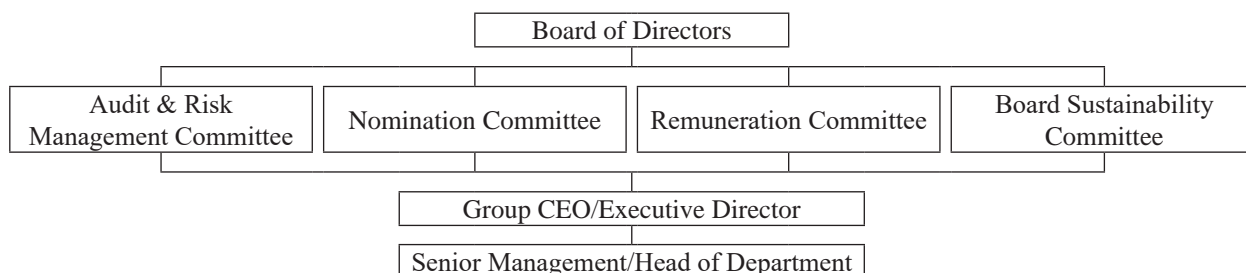
CORPORATE GOVERNANCE OVERVIEW

STATEMENT (Cont'd)

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

BOARD RESPONSIBILITIES (Cont'd)

The governance structure of the Group is illustrated below:



The Board is guided by a Board Charter, which sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good governance in the business conduct and dealings. The Board Charter further defines the respective roles of the Chairman of the Board, the Chief Executive Officer (“CEO”) and the Non-Executive Directors.

The Roles of Chairman, CEO and Non-Executive Directors

The Company recognises the importance of roles separation between the Independent Non-Executive Chairman, the CEO and Non-Executive Directors to promote accountability and ensure a balance of power and authority.

The Chairman leads the Board effectively on all aspects of its role and sets the overall Board agenda. The Board Chairman does not sit on any of the Board Committee, which complies with Practice 1.4 of MCCG 2021 Update, to provide better checks and balances and ensure objective review.

The CEO is responsible for the vision and strategic directions of the Group as well as initiating innovative ideas to create competitive edge and development of business and corporate strategies. The CEO has the executive responsibility for the day-to-day operation of the Company’s business and is assisted by Executive Directors and senior management in implementing the policies, strategies and decisions adopted by the Board.

The Independent Non-Executive Directors are not involved in the day-to-day business operation of the Group but they provide unbiased and independent judgement, experience and objectivity without being subordinated to operational considerations. This is to ensure that the interests of all shareholders, and not only the interests of a particular group, are indeed taken into account by the Board and that the relevant issues are subject to objective and impartial consideration by the Board.

Board Committees

In facilitating the Board to discharge its duties and responsibilities, the Board appoints the following Board Committees, all of whom are Independent Non-Executive Directors:

1. Audit and Risk Management Committee (“ARMC”)

ARMC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices. The ARMC oversees the integrity of the financial statements to ensure compliance with legal and regulatory requirements and applicable accounting records, and financial reporting practices of the Company and its subsidiaries. The ARMC also assists the Board, among others, to oversee the Group’s external and internal audit functions, review any related party transactions, review and report to the Board, any conflict of interest situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts, and the relevant procedures to ensure compliance with the Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (Cont'd)

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

BOARD RESPONSIBILITIES (Cont'd)

Board Committees (Cont'd)

2. Nomination Committee (“NC”)

NC is to ensure that the Directors of the Board bring characteristics to the Board, which provide a right mix of skills, knowledge, experience, and other attributes that are relevant and contribute to the effective functioning of the Board. The NC will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and establishing assessment procedures to evaluate the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member.

3. Remuneration Committee (“RC”)

RC is to establish formal and transparent remuneration policies and procedures. The RC is also entrusted with the role of determining and recommending the Board in respect of remuneration package, terms of employment, variable performance incentive and fringe benefits for Executive Directors, Chief Executives and other selected top management positions with the aim to attract, motivate and retain talent in a competitive environment.

4. Board Sustainability Committee (“BSC”)

The BSC was formed by the Board on 28 July 2022 to assist the Board in fulfilling its oversight responsibilities in relation to the Group’s sustainability strategies and initiatives covering Environmental, Social, and Governance (“ESG”) aspect as well as embedding sustainability practices into the businesses. The BSC is to ensure that proper processes and procedures are in place to comply with all relevant laws, regulations and rules which could have a significant impact on the implementation of the sustainability strategies and initiatives within the Group.

The Board Committees are authorised to act on behalf of the Board in accordance with their respective Terms of Reference (“ToR”). The Board reviews the functions and ToR of the Board Committees from time to time to ensure that they are relevant and updated in line with the MCCG and other related policies or regulatory requirements. The ToR of the Board Committee are available on our Company’s website. Notwithstanding this, the ultimate responsibility for decision making still lies with the Board.

Further, the Company has in place the Whistleblowing Policy, Code of Conduct for Company Directors, Code of Conduct and Ethics for Management and Employees, Directors’ Fit and Proper Policy, Anti-bribery and Corruption Policy to govern the integrity and ethical behaviour expected from Board of Directors to Management and employees as a whole. These documents are available on the Company’s website at <https://mi-technovation.com>. The Board conducts regular review of the policies to ensure it remains consistent with the Board’s objectives and in line with the applicable rules, laws, and regulations.

Managing Sustainability Risks and Opportunities

The BSC was formed by the Board to assist the Board in fulfilling its oversight responsibilities in relation to the Group’s sustainability strategies and initiatives. The Group’s sustainable business integrates economic, environmental, social, and governance considerations and is led by the Group Chief Executive Officer (“CEO”) and Group Chief Financial Officer (“CFO”) who are assisted by experienced senior management team, comprises Business Unit Vice Presidents, Head of Departments/Managers from various key business functions. The Chief Executives and senior management team are responsible for developing sustainability strategies as well as the effective implementation and performance of sustainability measures in the Group’s day-to-day activities. Progress towards the sustainability strategies will be reported to the Board on regular basis, where necessary.

The key business functions consider the sustainability matters of the Group’s business and operations and assess the materiality considerations, amongst others, the impact towards business operations and vice versa. The views and concerns from key stakeholders are collected through ongoing stakeholder relationship management efforts, such as customer satisfaction surveys, employee engagements and discussions with regulators, with appropriate actions taken to address the gaps where necessary. The balanced interest of stakeholders is considered alongside their influence and dependence on the Group.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (Cont'd)

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

BOARD COMPOSITION

The Board consists of qualified individuals with a broad balance of skills, knowledge, experience, background, independence, and diversity. The Board comprises eight (8) members, i.e. the Independent Non-Executive Chairman, four (4) Executive Directors and three (3) Independent Non-Executive Directors, out of which two (2) are women Directors. The Board views the current Board composition is at the right Board size, which complies with paragraph 15.02 of the MMLR which requires at least one third (1/3) of the Board members to be Independent Director.

The profiles of each Board member are set out on pages 6 to 10 of the Annual Report.

Pursuant to Paragraph 7.26 of the MMLR, an election of Director shall take place each year and all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. The directorships held by any Board member at any one time do not exceed five (5) in listed companies pursuant to paragraph 15.06(1) of the MMLR.

Board Diversity

The Board has adopted a Board Diversity Policy which sets out the approach to achieve boardroom diversity. This policy aims to achieve the mix and diversity of Board members from various aspects. Appointment of Board member are based on objective criteria, merit and with due regard for diversity in skills, experience, age, nationality, cultural background, and gender which comply with Practice 5.5 of MCCG.

The Board is mindful of Practice 5.9 of the MCCG which stated that the Board comprises at least 30% women Directors. There are two (2) female Directors on the Board, represents 25% of the total number of Board members. The Nomination Committee will endeavour to tap talent from suitable fields with the aim to have the right gender mix in its Board in future.

On the Management front, the gender diversity is reflected in the Group's employee gender profile as of 31 December 2023 which 16% of employees holding supervisory and managerial positions were female. It is common to see a gender gap in technology sector, which is still mostly under the male domain. Being a technology company, we are facing the same situation where a majority of the workforce, including senior management, are male. Notwithstanding this, the Board is mindful that any gender representation should be in the best interest of the Company. The hiring and appointment of senior management is based on the merit of capability and ability. The Board is also committed to provide fair and equal opportunities and nurturing diversity within the Group.

Board Meetings, Meeting Materials and Access to Information

To discharge the Board's duties and responsibilities, the Board met nine (9) times during FYE 2023. When urgent and important decisions need to be taken between the scheduled Board meetings, Board approvals will be sought via circular resolutions of the Directors.

Prior to the meetings of the Board and the Board Committees, agenda and Board papers are circulated to all the members for meeting preparation. The Board papers, among others, include the minutes of previous meetings, Group's quarterly financial statements, all relevant information on matters requiring its consideration, Directors' share-dealings, and regulatory compliance matters. During the FYE 2023, all Directors were provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant bodies.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Directors also have unrestricted access to senior management for information and updates regarding the Group and unhindered access to the advice and services of the Company Secretary. All proceedings from Board meetings are recorded and the minutes thereof signed by Chairman of the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

BOARD COMPOSITION (Cont'd)

Board Meetings, Meeting Materials and Access to Information (Cont'd)

The attendance at Board Committee Meeting for the FYE 2023 are outlined below:

Directors	AGM/EGM	Board	ARMC	RC	NC	BSC
Executive Directors						
Mr. Oh Kuang Eng	1/1	9/9	N/A	N/A	N/A	N/A
Ms. Yong Shiao Voon	1/1	9/9	N/A	N/A	N/A	N/A
Mr. Teo Chee Kheong	1/1	6/6	N/A	N/A	N/A	N/A
Mr. Heng Kok Lin	1/1	6/6	N/A	N/A	N/A	N/A
Independent Non-Executive Directors						
Mr. Lee Boon Leng	1/1	9/9	N/A	N/A	N/A	N/A
Mr. Tan Boon Hoe	1/1	9/9	5/5	1/1	1/1	1/1
Mr. Lim Shin Lid	1/1	9/9	5/5	1/1	1/1	1/1
Ms. Phoon Yee Min	1/1	7/7	5/5	1/1	1/1	1/1

Annual Assessment

Annual assessment has been conducted by the Nomination Committee (“NC”) on 13 March 2024 towards the effectiveness and independence of the Board and Board Committees. The evaluation involves individual Director completing separate evaluation questionnaires regarding the processes of the Board and its Board Committees, their effectiveness and improvement opportunities, where necessary. Further, a peer assessment is conducted where Directors assess the performance of their fellow Directors as a whole, and the contribution of each individual Director including his time commitment, skills, knowledge, character, experience, professionalism, and integrity. These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then tabled at the Board Meeting held thereafter. All assessments and evaluations carried out by the NC recorded satisfactory results and were properly documented.

The Board, through the NC, has assessed the independence of its Independent Non-Executive Directors on annual basis based on criteria set out in the MMLR. The present Independent Directors namely Lee Boon Leng, Tan Boon Hoe, Lim Shin Lid and Phoon Yee Min have fulfilled the criteria of “independence” as prescribed under Chapter 1 of the MMLR. None of them have served the Board for a term of more than nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

BOARD COMPOSITION (Cont'd)

Directors' Training

The Company has arranged training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company. In addition to the Mandatory Accreditation Programme ("MAP") as required by the Bursa Malaysia, Board members are also encouraged to attend training programs which are relevant to the Company's operations and business.

The following training programmes were attended by the Directors during the FYE 2023:

Directors	Details of Programme
Mr. Oh Kuang Eng	<ul style="list-style-type: none"> • Conflict of Interest and Anti-Bribery and Anti-Corruption
Ms. Yong Shiao Voon	<ul style="list-style-type: none"> • Conflict of Interest and Anti-Bribery and Anti-Corruption
Mr. Teo Chee Kheong	<ul style="list-style-type: none"> • Conflict of Interest and Anti-Bribery and Anti-Corruption
Mr. Heng Kok Lin	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact ("LIP")
Mr. Tan Boon Hoe	<ul style="list-style-type: none"> • Seminar Percukaian Kebangsaan 2022 • Mandatory Accreditation Programme Part II: Leading for Impact ("LIP") • Seminar Percukaian Kebangsaan 2023
Mr. Lee Boon Leng	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact ("LIP")
Mr. Lim Shin Lid	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact ("LIP")
Ms. Phoon Yee Min	<ul style="list-style-type: none"> • Public Listed Companies ("PLC") Transformation Programme: #digital4ESG Forum • PowerTalk Series: Advancing Cyber Resilience: Board's Top 3 Must-Knows • Mandatory Accreditation Programme Part II: Leading for Impact ("LIP") • MIA Webinar Series: Excel Modelling for Project Financing – Investing Module • Management of Cyber Risk • Cyber Security Workshop

Board Effectiveness Evaluation

The Board is dedicated to transparency in the selection of Board members and in evaluating the performance of Directors. Annual evaluations are conducted, encompassing the Board's performance, the performance of its committees, the Chairman, individual Directors, and the governance processes supporting the Board's activities. During FYE 2023, the Board appointed an external service provider (Boardroom Pte. Ltd.) to commence Board Effectiveness Evaluation assessment for year 2023; to aid collation, review and produce a report of the findings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

BOARD COMPOSITION (Cont'd)

Board Effectiveness Evaluation (Cont'd)

The evaluation process comprises questionnaire assessment, the scope of assessment and its assessment criteria as summarised as follows:

Evaluation	Assessment Criteria
Assessment of Board of Directors and Board Committees	<ul style="list-style-type: none"> • Board mix and composition • Quality of information and decision making • Boardroom activities • Board's relationship with the Management • Board Chairman's role and responsibilities. • Assessment on mix of skills and experience • Quality and composition • Skills and competencies • Meeting administration and conduct
Assessment of Individual Directors	<ul style="list-style-type: none"> • Fit and proper • Contribution and performance • Calibre and personality • Assessment of character, experience, integrity, competence, and time commitment • ESG and sustainability evaluation • Evaluation of level of independence

All assessments were completed in early 2024 and the overall findings were presented to the Nomination Committee and discussed on 13 March 2024.

The Board Evaluation highlighted the effective discharge of responsibilities by the Board and its committees, showcasing a strong Board structure and well-functioning operations. The evaluation outcome was satisfactory, and the Board was satisfied with the results.

Key areas for improvement were identified, and there is acknowledgment of opportunities to further strengthen the Board's overall effectiveness.

REMUNERATION

The Remuneration Committee ("RC") is responsible for reviewing and recommending to the Board the Remuneration Policy which is tailored to serve as the guiding document for the Board and RC to set an appropriate level of remuneration that allows the Group to attract, motivate, retain talents and align the well-qualified individuals, Directors and selected top management with the long-term business strategies of the Group.

The RC is empowered to make quantitative and qualitative assessment of performance in reaching its recommendations. Executive Directors ("EDs") do not form part of the composition of the RC. As such, EDs play no part in the deliberation or decision-making of their own remuneration matters. The RC is responsible for determining the level and make-up of EDs' (including the CEO) remuneration for approval by the Board.

The Board Chairman and Independent Non-Executive Directors are paid fixed annual Director fees as members of the Board and Board Committees. A meeting allowance is paid for attendance of Board meetings as well as general meetings. Apart from the abovementioned, no other benefits or bonus is paid. The Company has in force Directors and Officers Insurance Policy essentially covering the acts of Directors and Officers.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (Cont'd)

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

REMUNERATION (Cont'd)

On 13 March 2024 the RC undertook a review of the Board Remuneration. The Board approved the recommendation by the RC in respect of the revisions to the Board Remuneration which include Directors' fees and meeting attendance allowance payable to Directors. The Board Remuneration will be put forth to the shareholders at the forthcoming Annual General Meeting for their approval.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) and categorized into appropriate components for the FYE 2023 were set out in the Corporate Governance Report 2023.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") is established by the Board to provide a robust and comprehensive oversight on the financial matters and comprises three (3) members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR as well as Practice 9.4 of MCCG. The Chairman of ARMC, Mr. Tan Boon Hoe is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out in its Terms of Reference ("ToR") approved by the Board and is available on the Company's website. A review on the terms of office and performance of the ARMC for FYE 2023 had been conducted by the Board, through the Nomination Committee on 19 April 2024. The Board was satisfied that the ARMC had discharged its duties in accordance with the ToR.

The ARMC Report detailing its composition and a summary of activities during the FYE 2023 was set out on pages 36 to 39 of this Annual Report.

Assessment of External Auditors

The Board, through the ARMC, maintains a transparent and professional relationship with the external auditors. In respect of FYE 2023, the ARMC had held three (3) meetings with the external auditors on their audit plan and scope, key audit matters, the result of the audit findings, and the Auditors' Report. In addition, the ARMC held one private session with the external auditors without the presence of the Executive Directors and Management to enable exchange of views on issues requiring attention.

The ARMC conducted an annual assessment and evaluation of the external auditors including the integrity, capability, professionalism, work ethics, and determined whether to re-appoint the current external auditors. The ARMC also considered the appropriateness of audit fees and non-audit services rendered by the external auditors and its affiliates. Supported by the Transparency Report with assessment on independence, the external auditors assured their independence throughout the conduct of audit engagement in accordance with the relevant professional and regulatory requirements. With due consideration, the ARMC satisfied with the external auditors' performance and will continue recommending the Board to seek shareholders' approval at the forthcoming AGM, to ratify the re-appointment of BDO PLT as the external auditors for financial year 2024.

Further details of the activities of external audit function are set out on page 38 under the ARMC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (Cont'd)

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognizes its responsibility for maintaining and reviewing the adequacy and integrity of the risk management framework and internal control system to safeguard its stakeholders' interests. The ARMC assists the Board in discharging its statutory duties and responsibilities relating to management of principal risks and determines the adequacy and effectiveness of the control environment of the Group.

During the FYE 2023, the Group outsourced the internal audit function to KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") with the risk-based internal audit plan which has been approved by the ARMC. The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practices Framework ("IPPF") issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work. All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

A Statement on Risk Management and Internal Control of the Group detailing the activities and the state of Risk Management and Internal Control Framework during the FYE 2023 was set out on pages 40 to 45 of this Annual Report.

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

ENGAGEMENT WITH STAKEHOLDERS

The Group is committed to maintain a quality, timely, clear and accurate dissemination of relevant and material information on the Group's financial and non-financial performance, as well as the long-term strategies to the stakeholders and investment community. Various communication channels are available and accessible to ensure continuous dialogues with the stakeholders.

The Group has in place an investor relations function. All communications with analysts, investors and media briefings are channelled through the investor relations section with means of communication include quarterly results announcements, investor's briefing, relevant announcements and circulars, meeting with shareholders, and Annual Report.

In addition, stakeholders may through the Company's website gain easy and immediate access to the Company's corporate information such as the corporate profile, corporate structure, Board Charter, ToR of the Board Committees, Company Policies, financial information, Company announcements, etc. This is to enable the investing public and other stakeholders keep updated on the progress and latest development of the Group's business. This is further testimony to the Company's continued commitment on transparency.

Different stakeholders have different interests and priorities. Through these channels of communication, stakeholders will receive information that is relevant to their needs, build positive attitudes and promote clear understanding of the business and operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

CONDUCT OF GENERAL MEETINGS

The Company acknowledges that good corporate governance requires active participation of the shareholders at the Company's Annual General Meeting ("AGM"), in questioning and understanding the resolutions set out and thereafter to vote on them. The AGM is the principal forum for dialogue and communication between the shareholders and the Board where meaningful responses will be provided on questions posed.

The Notice of the upcoming AGM in 2024 together with the Form of Proxy have been provided to shareholders at least twenty-eight (28) days prior to the AGM, which enable shareholders to have sufficient time to make the necessary arrangements to attend the AGM or to appoint a proxy to attend and vote on their behalf.

An independent scrutineer is appointed to validate the votes cast and results of each resolution put to vote were announced at the meeting in accordance with the requirements of Para 8.29A of the MMLR of Bursa Malaysia. The minutes of general meeting detailing the meeting proceedings and outcome of the voting results is made available to the shareholders at the Company's website at <https://mi-technovation.com>

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved the Corporate Governance Overview Statement in line with the principles of the MCCG. The Board is satisfied that the Company has fulfilled its obligation under the Bursa Malaysia's Listing Requirements, MCCG, and all other applicable laws and regulations throughout the FYE 2023.

This Statement is made in accordance with a resolution of the Board of Directors passed on 19 April 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Mi Technovation Berhad (“the Group” or “the Company”) is pleased to present the Audit and Risk Management Committee Report which provides insights as to the manner the Audit and Risk Management Committee (“ARMC” or the “Committee”) discharged its functions for financial year ended 31 December 2023 (“FYE 2023”).

The ARMC was established by the Board of Directors (“the Board”) on 29 August 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Committee with its original name as Audit Committee assumed risk management portfolio effective 28 December 2020, hence, was renamed to ARMC since then. The ARMC adopts practices aim at maintaining appropriate standards of responsibility, integrity and accountability.

MEMBERS

The ARMC comprises the following three (3) members, all of whom satisfy the test of independence under MMLR. This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance (“MCCG”) and pursuant to Practice 1.4 of MCCG (new update as of 28 April 2021), the Chairman of the board should not be a member of the Audit Committee.

Tan Boon Hoe

Chairman

Independent Non-Executive Director

Lim Shin Lid

Member

Independent Non-Executive Director

Phoon Yee Min

Member

Independent Non-Executive Director

The ARMC Chairman, Mr. Tan Boon Hoe is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, while Ms. Phoon Yee Min is a member of the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants. The Group, therefore, complies with paragraph 15.09(1)(c)(i) of the MMLR which stipulates that at least one (1) member of the ARMC must be a qualified accountant.

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During FYE 2023, the ARMC convened five (5) meetings and the attendance record of its member is set out below:

ARMC Members	Position	Attendance
Tan Boon Hoe	Chairman	5/5
Lim Shin Lid	Member	5/5
Phoon Yee Min	Member	5/5

The Company Secretary acts as secretary to the ARMC. Notice of meetings and supporting documents were circulated to the ARMC members at least seven (7) days prior to the meeting, providing the ARMC with relevant and timely information for effective discussions during the meeting. The minutes of each meeting are kept and distributed electronically to the ARMC members and Board of Directors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

AUTHORITY

The ARMC is governed by its Terms of Reference (“ToR”) and is authorised by the Board:

- to investigate any matter within its ToR;
- to have the resources in order to perform its duties as set out in its ToR;
- to have full and unrestricted access to any information pertaining to the Company and the Group;
- to have direct communication channels to the internal and external auditors;
- to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary; and
- to meet with the external auditors, excluding the attendance of the Executive Directors and Management of the Company, whenever deemed necessary.

SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

The principal objective of the ARMC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries. In addition, the Committee shall:

- oversee and appraise the quality of the audit conducted by the internal and external auditors;
- oversee compliance with laws and regulations and observance of a proper code of conduct;
- determine the adequacy of the Group’s risk profile, risk management framework and risk management processes;
- determine the adequacy of the control environment of the Group; and
- review and report to the board, any conflict of interest (“COI”) situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts, as well as disclose them in the ARMC report.

The roles and responsibilities of the ARMC are clearly defined in the ToR, addressing the Listing Requirements imposed by Bursa Malaysia. The ToR of the ARMC is available for viewing under Corporate Governance section of the Company’s website at <https://mi-technovation.com>

SUMMARY OF WORK OF THE ARMC

Summary of work undertaken by the ARMC during the FYE 2023 are described below:

1. Financial Reporting

- The ARMC reviewed and recommended to the Board for approval and subsequent release of the Group’s unaudited quarterly financial results to Bursa Malaysia.
- The ARMC reviewed the Group’s audited financial statements and disclosures to ensure they presented a true and fair view of the Group’s financial performance in accordance with regulatory requirements and recommended the same to the Board for approval.
- For the purposes of the above, the ARMC focuses particularly on:
 - Changes in accounting policies and practices and the implementation of such changes;
 - Compliance with accounting standards and other legal and regulatory requirements;
 - Significant and unusual events;
 - Significant adjustments arising from the audit;
 - Going concern assumption, where applicable; and
 - Management judgements and estimations made on the recognition, measurement and presentation of financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF WORK OF THE ARMC (Cont'd)

2. External Audit

- The ARMC discussed and reviewed the External Auditors, BDO PLT (“BDO”)’s audit planning memorandum for the FYE 2023 outlining the auditors’ engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditors’ attention, engagement team, as well as reporting, deliverables and audit fees.
- Prior to the issuance of the Group’s audited financial statements, ARMC had reviewed the audit completion updates presented by BDO which covered the auditors’ responsibilities, audit status and significant changes to audit plans, findings on areas of significant auditor attention, summary of misstatements, key audit matters, going concern assumption and impairment arising from the audit during the year under review.
- The ARMC discussed and reviewed with BDO the audit findings and opinions, the Auditors’ Report and confirmed that full co-operation and unrestricted access to the Group’s records had been granted by the Management in the course of audit. The ARMC held a dialogue session with BDO, without the presence of Executive Directors and Management of the Group.
- Following the input from management and BDO’s comments, the ARMC was satisfied that the accounting treatments applied under the financial reporting standards, the significant judgements, key assumptions and conclusions reached were appropriate.
- The ARMC reviewed and discussed with BDO the effectiveness of the Company’s internal controls and their recommendations for improvement on deficiencies noted in the course of audit. There were no significant findings highlighted by BDO.
- The ARMC was satisfied that the level of fees paid/payable in respect of the services provided by BDO was appropriate. The amount of external audit fees and non-audit fees incurred for the FYE 2023 are set out on page 47 under the Additional Compliance Information of this Annual Report.
- The ARMC assessed and evaluated the integrity, capability, professionalism, independence and work ethics of the External Auditors and determined whether to re-appoint the current External Auditors. With due consideration, the ARMC was satisfied with BDO’s performance and therefore, would recommend to the Board for seeking shareholders’ approval at the forthcoming AGM, on the re-appointment of BDO as the External Auditors.

3. Risk Management and Internal Audit

- During FYE 2023, the internal audit function was outsourced to KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG”). This approach ensures a high level of independence and gives access to more skilled and specialised resources to conduct the internal audit function and ERM efficiently and effectively.
- KPMG assisted the ARMC in reviewing the effectiveness of the Company’s internal control and processes and ensuring that there is an appropriate balance of risk and control in achieving its business objectives.
- Based on the approved internal audit plan, KPMG conducted internal audit during FYE 2023 with focus areas on “sales order management” and “material management” for Suzhou Mi Equipment Co. Ltd. The internal audit findings and recommendations for improvement, including action plans agreed with operation level management, were reported to the ARMC.
- Further details of the activities of internal audit function are set out under the Statement on Risk Management and Internal Control of this Annual Report.
- The total costs incurred on the outsourced internal audit function for FYE 2023 amounted to RM70,000 (FYE 2022: RM60,000).

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF WORK OF THE ARMC (Cont'd)

3. Risk Management and Internal Audit (Cont'd)

- The ARMC reviewed and assessed Internal Auditors based on staff strength, resources, professional integrity, independence, familiarity with Group's operation as well as reputation and recommended to the Board to continue outsourcing the internal audit function to KPMG.
- The ARMC, with the assistance from KPMG, reviewed and assessed the adequacy and effectiveness of the Group's risk management and internal control system to ensure there is an on-going process for identification, evaluation, and management of risk, as well as regular reviews to ensure the risk management and internal control practices and processes are operating adequately and effectively, in all material aspects.

4. Employees' Share Grant Scheme ("SGS") Allocation

- The ARMC reviewed and verified the allocation of SGS shares pursuant to the Scheme for FYE 2023 and was satisfied that it is in compliance with the criteria for allocation as set out in the SGS By-Laws and provisions of the Scheme.

5. Corporate Governance

- The ARMC reviewed the impact of relevant regulatory changes and ensured compliance by the Group.
- The ARMC reviewed and recommended the Statement of Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report to the Board for approval.

6. Conflict of Interest Review ("COI") and Disclosure

- The ARMC has conducted a comprehensive review of potential conflicts of interest within the organization during FYE 2023.
- The COI review was conducted through a structured process, Board of Directors and key individuals were required to provide details of any COI situation that arose, persist or may arise via the bi-annual submission of Conflict of Interest Declaration Form.
- The COI declaration and review is an integral part of our ongoing efforts to safeguard the interests of our stakeholders and ensure the integrity of our decision-making processes.
- The ARMC is pleased to report that, following a diligent review, no significant conflicts of interest were identified that could compromise the integrity of our decision-making processes or impact the Group's financial well-being during FYE 2023.

ANNUAL PERFORMANCE ASSESSMENT

A review on the terms of office and performance of the ARMC for FYE 2023 had been conducted by the Board, through the Nomination Committee on 13 March 2024. The Board was satisfied that the ARMC had discharged its duties in accordance with the ToR.

This Statement is made in accordance with the resolution of the Board dated 19 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Principal B of the Malaysian Code on Corporate Governance (“MCCG”), with guidance on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”), the Board of Directors (the “Board”) of Mi Technovation Berhad (“the Group” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control (the “Statement” or “SORMIC”). The Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2023 (“FYE 2023”).

BOARD’S RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Group’s risk management and internal control system which covers governance, enterprise risk management, financial, strategy, organisational, operational, regulatory and compliance controls.

In view of the limitations inherent in any system of risk management and internal controls, these systems are designed to manage and control risks appropriately rather than eliminate the risk of failure to achieve the Group’s business and corporate objectives. The systems provide reasonable but not absolute assurance against material misstatements, frauds, financial losses and any unforeseen emerging risks.

The Board is assisted by the Audit and Risk Management Committee (“ARMC”) which comprises solely Independent and Non-Executive Directors to review the results of internal control and risk management process. The ARMC assesses the effectiveness of the risk management functions, processes, including risk mitigating measures taken by the Management to address key risks identified and reports on a regular basis. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Group.

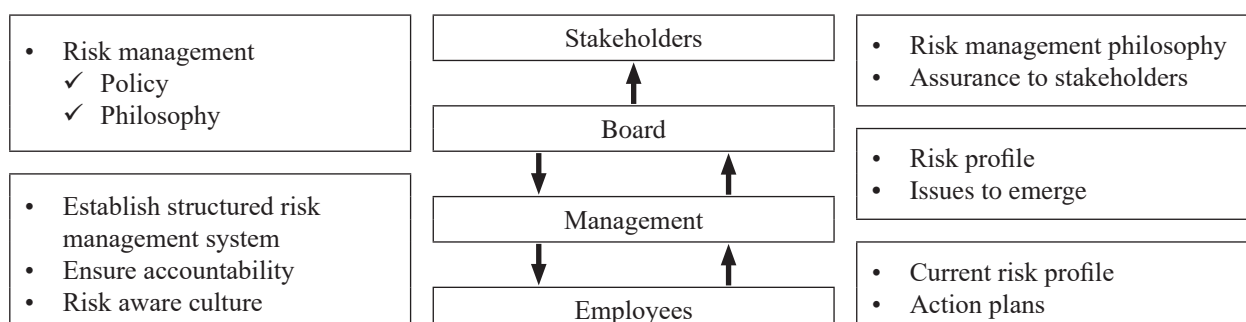
RISK MANAGEMENT

The Group has established and adopted an Enterprise Risk Management (“ERM”) framework, which includes an on-going risk management process in identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the financial year.

The objectives of the Group’s risk management are to:

- outline the Group’s risk context which comprises Group’s philosophies, strategies and policies, and operating system so as to better manage risks faced by the Group;
- provide guiding ERM principles to Heads of Department / Business Unit to govern the actions of their operating personnel pertaining to risks; and
- provide assurance to the Board that a sound risk management and effective internal control system is in place.

Risk management activity is not only concerning the Group but also to all related stakeholders of the Group. Each level of the Group contributes and cooperates with each other to monitor and manage risks. The roles and responsibilities of each level of the Group are illustrated in the diagram below:



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

RISK MANAGEMENT (Cont'd)

The Group's outsourced ERM Assessment is conducted to identify areas in the Group's operations which are exposed to higher risk every two years, with the understanding that the previous assessment remains valid for the interim year until the subsequent assessment is completed. Our 2022 ERM Assessment has identified the following risk categories:

Risk Category	Risk Description
Strategic Risks	Risks associated with or may significantly impact the overall focus and strategic direction of the Group.
IT and Security Risks	Risks associated with the use, operations, adoption and security of IT, including leakage of data.
Compliance Risks	Risks associated with the failure to monitor and/ or comply with key laws and regulations.
Financial Risks	Risks affecting the financial sustainability of the Group, access to capital/ liquidity to achieve strategic goals.
Operational Risks	Risks resulting from inadequate or failed internal processes, people, or systems that affect operations.
Environmental, Social and Governance ("ESG") Risks	Risks resulting from failure in sustaining the economic, environmental, and social aspects.

This ERM Update exercise encompasses:

- Conduct a Risk Management Awareness Workshop, involving the personnel identified by Senior Management.
- Assess and address the environmental, Social and Governance "ESG" risks.
- Strategic discussions with Executive Directors and Senior Management to understand the strategic concerns.
- Conduct interviews with Management to elicit the risk information, scrutinize and validate preliminary risks and current controls; and
- Reporting on the risk profile to the ARMC.

The result of ERM Update assessment together with the updated risk profile were presented to the Corporate Management and subsequently brought to the attention of ARMC for further deliberation. The Management action plan include continuously assess the controls deployed to mitigate the risks, especially the high and significant risks, to a level within the risk appetite of the Group, as well as to evaluate the need of implementing additional controls to reduce the risk's impact.

Based on the established ERM Framework which is responsive to changes in the business environment, the Board and Management have regularly reviewed the risk profiles and key processes for FYE 2023. They evaluate the possibility of emerging risks likely to happen in the future as well as their potential impact on financial and nonfinancial parameters. Throughout the process, underlying risks related to the key processes and controls thereof were reassessed and additional controls were deployed to mitigate or reduce the risk impact.

The Board believes that there is a sound system of risk management and internal control in place to support the delivery of the Group's strategy, managing the significant risks and taking necessary actions promptly to remedy any significant failings or weaknesses.

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

INTERNAL AUDIT FUNCTION

During the FYE 2023, the internal audit function was outsourced to KPMG. The internal audit plan was circulated to the ARMC for deliberation and approval prior to execution. The ARMC reviews the adequacy of the scope, function, competency and resources of the internal audit functions, and ensures that it has the necessary authority to carry out its work.

The internal audit focused on selected key processes and activities as approved by the ARMC. The scope of work was conducted based on KPMG Internal Audit Methodology, which is aligned with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

Testing and validation procedures were carried out on the key controls of identified processes implemented by the Management. The internal audit observations and improvement opportunities were highlighted to the Management and ARMC on a timely basis. The ARMC and Management work closely with KPMG to review the internal control issues and ensure that significant issues are brought to the attention of the Board.

During the financial year under review, internal audit was carried out on the below scope at a cost of RM70,000.

Internal Audit	Audited areas	Reporting Month	Audited Entities
Cycle 1, 2023	<ul style="list-style-type: none">• Sales order management• Material management	February 2024	Suzhou Mi Equipment Co. Ltd.

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

In addition to the risk management and internal audit function, the other key elements of the Group's internal control system are described below:

Integrity and Ethical Values

The Group is committed to upholding a strong culture of integrity and ethical values. The Group has established the Code of Conduct for Company Directors and Code of Conduct and Ethics for Management and Employees ("the Code") as well as Anti-Bribery and Corruption Policy, which reflect the underlying values and commitment to maintaining the standards of integrity, fairness, responsibility, commitment, diligence, and professionalism contributing towards the social and environmental growth of the surroundings in which the Group operates.

The Management develop and disseminate internal trainings and communications relevant to anti-corruption management system in proportion to their operations, such as the roll-out of E-Learning materials across the Group via emails and memo to promote good governance practices, posters and streamers on Anti-Bribery and Corruption Policy placed within the organization, and related video display communicating the organization's position on anti-corruption and bribery. The principle of Anti-Bribery and Corruption Policy is also communicated to the suppliers and vendors via the Supplier Code of Conduct.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (Cont'd)

Integrity and Ethical Values (Cont'd)

During FYE 2023, we have successfully completed the Anti-Bribery and Corruption refresher training. 100% of our employees actively participated in this crucial initiative, reaffirming our collective commitment to maintaining the highest standards of ethical conduct within the Group.

All employees are required to acknowledge that they have read and understood the Code and Policy upon commencement of employment. It is updated as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organization. Details of the Code and Anti-Bribery and Corruption Policy are available on the Group's website: <https://mi-technovation.com/>

Lines of Responsibility

The Group has a formal organisational structure which clearly define the framework for the line of reporting and hierarchy, as well as the accountabilities and responsibilities for all business units within the Group. In addition, the Board of Directors and its various Board Committees are all governed by clearly defined terms of reference.

Limits of Authority

The Group has established a clear authorisation limit at appropriate levels which defines the financial authority matrix to all business units for controlling and approving capital expenditure, operating expenditure and matters on financial, treasury and related party transactions with the aim to keep potential risk exposures under control. The limits of authority will be reviewed periodically and updated in line with changes in the organisation.

Policies and Procedures

Elements of internal control have been properly documented in the form of policies and operating procedures. The policies and procedures are made available to employees and subject to periodic review to ensure the effectiveness and timely updates in line with changes in the business environment. Accountability and responsibility for key processes have been established in the standard operating procedures.

Performance Review

Quarterly Board meetings are held to discuss and review the Group's overall financial performance, business development, operational and corporate issues. Additionally, progress update of key projects will also be communicated to the Board during the quarterly meetings.

Annual Operation Plan

Annual operation plan was prepared by the Group's business units prior to commencement of financial year. Resources and budget allocation were reviewed by the Group CEO prior to presentation to the Board for approval. Variances against budget and/or desired position are analyzed with explanations on significant deviations for monitoring and improvement purposes.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (Cont'd)

Investor Relations

The Group strives to maintain good relationship with the investors. Briefings are conducted regularly to fund managers, investment analysts, bankers and other investors on the Group's financial performance. Stakeholders or investors are given opportunities to seek further clarification from the Company through the investor relations function, which questions raised are replied via email accordingly.

Whistle Blowing Policy

The Group has established a Whistle Blowing Policy which allows, supports and encourages its employees and third parties to report and raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and/or unethical business conduct within the Group at the earliest opportunity and in an appropriate way. The Group also encourages each employee to speak up if there is any case of suspected corruption or bribery. The Group is committed to investigate any suspected misconduct or breach reported, the investigation of which will be led by the ARMC, as well as to protect those who come forward to report such activities.

REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors, BDO PLT, Chartered Accountants has reviewed this Statement for inclusion in this Annual Report of the Group for the FYE 2023.

The review of SORMIC by external auditors was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the scope set out in the Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the SORMIC included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group.

Based on the review by external auditors, they have reported to the Board that nothing has come to their attention that caused them to believe that the SORMIC intended to be included in the Annual Report of the Group, in all material aspects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers,
- b) nor it is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon.

The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

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

CONCLUSION

The Board is of the view that the system of risk management and internal control in place with the key elements listed above are adequate and effective to safeguard the Group's assets, as well as shareholders' investment, the interest of customers, regulators, employees and other stakeholders.

In line with the Guidelines, the Board has also received reasonable assurance from the Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control framework of the Group.

The Board has provided assurance that there is a continuous process for identifying, evaluating and managing significant risks in order to assess, take necessary measures to mitigate the risks and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

The Board is not aware of any material losses or fraud during the year under review as a result of weaknesses in internal control.

This Statement is made in accordance with the resolution of the Board dated 19 April 2024.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

Further, the Directors are required by the Companies Act 2016 to ensure that financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flow of the Group and of the Company for that financial year then ended.

The Directors consider that in preparing the financial statements:

- appropriate accounting policies have been adopted and applied consistently;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been adhered to; and
- the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy the financial positions of the Group and of the Company, and that the financial statements comply with all the relevant regulatory requirements.

The Directors have general responsibilities for taking such 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 dated 19 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

The information disclosed below is in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1. Status on Utilisation of Proceeds from Private Placement

On 24 August 2021, the Company completed a private placement exercise with the listing of and quotation for 75,750,000 placement shares at an issue price of RM3.90 per share, on the Main Market of Bursa Securities, raising gross proceeds of RM295.4 million (“Private Placement Proceeds”).

As of 31 December 2023, the status of utilisation of Private Placement Proceeds as follows:

No	Details of Utilisation	Estimated utilisation timeframe upon completion *	Amount (RM'000)	Actual utilisation (RM'000)	Utilized %
1	Expansion of the Group’s businesses	Within 30 months	215,728	215,728	100.0%
2	Repayment of bank borrowings	Within 6 months	15,000	15,000	100.0%
3	Working capital	Within 18 months	60,000	60,000	100.0%
4	Expenses in relation to the Private Placement	Within 1 month	4,697	4,697	100.0%
	TOTAL		295,425	295,425	100.0%

* Starting from listing date of 24 August 2021

The utilization of gross proceeds as disclosed above should be read in conjunction with the announcement of the Company dated 5 July 2021.

2. Audit and Non-Audit Services

During the financial year ended 31 December 2023 (“FYE 2023”), the audit fees and non-audit fees paid/payable to the Company’s external auditors or a firm or corporation affiliated to the auditors’ firm as follows: -

Type of Fees	The Company (RM)	The Group (RM)
Audit Fees	86,500	331,466
Non-Audit Fees	9,600	70,932

3. Material Contracts and Contracts Relating to Loans

There were no material contracts and/or contracts relating to loans entered into by the Company and its subsidiaries involving Directors’ and major shareholders’ interest during FYE 2023.

4. Recurrent Related Party Transactions

The Company and its subsidiaries did not have any recurrent related party transactions during FYE 2023.

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

5. Employee Share Grant Scheme (“SGS”)

During FYE 2023, the Company vested 1,036,395 ordinary shares to eligible employees of the Group.

Details of the SGS are disclosed in Note 30 to the audited financial statements for the financial year ended 31 December 2023 with additional information as follows:-

- (a) Save for 70,000 ordinary shares being vested to a Director of the Company (from options granted prior being appointed as a Director of the Company), no options granted to the directors and chief executive of the Group in respect of the financial year ended 31 December 2023.

A total of 140,000 ordinary shares were granted to the Director since commencement of the scheme, and as at 31 December 2023, 70,000 ordinary shares remain outstanding.

- (b) The aggregate maximum allocation applicable to Directors and Senior Management is 50%. No SGS being granted during the financial year and a total of 15% has been granted to Senior Management since commencement of the scheme.

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

Category	Number of ordinary shares granted under the SGS				Balance as at 31.12.2023
	Balance as at 1.1.2023	Granted	Lapsed	Vested	
Employee	2,020,005	0	(47,600)	(1,036,395)	936,010
Total	2,020,005	0	(47,600)	(1,036,395)	936,010

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly design, development, manufacturing and sales of semiconductor manufacturing equipment, provision of maintenance services and technical support, manufacturing and sales of solder spheres, research and development, manufacturing, sales and marketing of specific process and application in assembly and packaging solutions to customer. Further details of the subsidiaries are set out in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>52,703,333</u>	<u>43,645,624</u>
Attributable to:		
Owners of the parent	55,108,796	43,645,624
Non-controlling interests	<u>(2,405,463)</u>	<u>0</u>
	<u>52,703,333</u>	<u>43,645,624</u>

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 31 December 2022:	
Second single tier interim dividend of RM0.02 per ordinary share, paid on 21 March 2023	<u>17,900,000</u>
In respect of financial year ended 31 December 2023:	
First single tier interim dividend of RM0.02 per ordinary share, paid on 11 September 2023	<u>17,914,000</u>

On 23 February 2024, the Directors declared a second interim dividend of RM0.02 per ordinary share amounting to RM17,871,728 in respect of the financial year ended 31 December 2023, which is payable on 25 March 2024. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for as an appropriation of retained earnings for the financial year ending 31 December 2024.

The Directors do not recommend any payment of final dividend for the current financial year.

DIRECTORS' REPORT

(Cont'd)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

REPURCHASE OF SHARES

At the 6th Annual General Meeting held on 6 June 2023, shareholders of the Company approved the proposed renewal authority to buy back its own shares by the Company; not exceeding ten percent (10%) of its total number of issued shares at any point in time.

During the financial year, the Company repurchased 3,867,195 of its issued ordinary shares from the open market of Bursa Malaysia Securities at an average price of RM1.64 per share.

As at 31 December 2023, 6,413,605 (2022: 3,582,805) units of treasury shares at a total cost of RM9,561,101 (2022: RM4,699,711) are held by the Company. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and the Main Market Listing Requirements and applicable guideline of Bursa Malaysia Berhad.

The number of ordinary shares (net of treasury shares) as at 31 December 2023 is 893,586,395 (2022: 896,417,195).

SHARE GRANT SCHEME ('SGS')

The establishment of employees' SGS was approved by the shareholders at an Extraordinary General Meeting held on 20 November 2019. The SGS was implemented on 2 December 2019 and will continue to be in force for a period of five (5) years from the date of implementation.

The salient features and terms of the SGS are as follows:

- (i) The Board of Directors ('Board') shall appoint the SGS Committee to administer the SGS. The SGS Committee shall be vested with such powers and duties conferred upon it by the Board and the Board may determine all matters pertaining to the SGS Committee, including its duties, power and limitations.
- (ii) The total number of shares to be issued under the SGS shall not exceed, in aggregate, 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGS and out of which not more than 50% of the maximum shares available shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the maximum shares available under the SGS shall be allocated to any individual employee or Executive Director who, either individually or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.
- (iii) All new ordinary shares issued pursuant to the SGS will rank pari passu in all respects with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission or otherwise.

DIRECTORS' REPORT

(Cont'd)

SHARE GRANT SCHEME ('SGS') (Cont'd)

The salient features and terms of the SGS are as follows: (Cont'd)

- (iv) Unless otherwise determined by the SGS Committee in accordance with the SGS By-Laws, the shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGS, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
- Eligible employees and/or Executive Directors those who are confirmed employees of the Company and its subsidiaries and have attained the age of eighteen (18) years who are not undischarged bankrupt nor subject to any bankruptcy proceedings;
 - Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service prior to and up to the Grant date; and
 - Eligible employees and/or Executive Directors of the subsidiaries must remain in employment with the Group for a period of at least two (2) years and shall not have given notice of resignation or received notice of termination of service prior to and up to the Grant date.

Details of the SGS of the Company are as follows:

	Company			
	Number of ordinary shares granted under the SGS			
	Balance as at 1.1.2023	Lapsed	Vested	Balance as at 31.12.2023
2021 grant	1,372,000	0	(686,000)	686,000
2022 grant	648,005	(47,600)	(350,395)	250,010
	2,020,005	(47,600)	(1,036,395)	936,010

During the financial year, the Company vested 700,000 units and 336,395 units of ordinary shares under SGS in June 2023 and December 2023 respectively. The outstanding grant will be vested for over a period of 3 years to 4 years from the grant date provided that the vesting conditions as stipulated in the SGS By-Laws are met.

DIRECTORS

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

Mi Technovation Berhad

Oh Kuang Eng *
 Lee Boon Leng
 Tan Boon Hoe
 Lim Shin Lid
 Phoon Yee Min
 Yong Shiao Voon
 Teo Chee Kheong *
 Heng Kok Lin *

DIRECTORS' REPORT

(Cont'd)

DIRECTORS (Cont'd)

Subsidiaries of Mi Technovation Berhad

Park Jae Shin
 Wang Chung Chen
 Lin, Yu-Ting
 Koh Ching Soon
 Ong Tee Ni
 Tung Chun Kang
 Ng Wai Khean
 Chan Tirng Kaai (Appointed on 1 August 2023)

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and SGS over ordinary shares of the Company during the financial year ended 31 December 2023 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 1.1.2023	Bought	Sold	
Shares in the Company				
<u>Direct interests</u>				
Oh Kuang Eng	401,000,000	500,000	0	401,500,000
Yong Shiao Voon	101,000,000	0	0	101,000,000
Tan Boon Hoe	200,000	0	0	200,000
Lee Boon Leng	97,500	0	0	97,500
Phoon Yee Min	3,000	0	0	3,000
Teo Chee Kheong	300,150	0	0	300,150
Heng Kok Lin	2,816,936	* 70,000	0	2,886,936

* Shares vested under SGS

	Number of ordinary shares granted under the SGS			
	Balance as at 1.1.2023	Granted	Vested	
Shares in the Company				
<u>Direct interest</u>				
Heng Kok Lin	140,000	0	(70,000)	70,000

By virtue of their substantial interest in the shares of the Company, Mr. Oh Kuang Eng and Madam Yong Shiao Voon are deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

Benefits of the Directors who held office during the financial years ended 31 December 2023 and 31 December 2022 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	422,500	422,500	422,500	422,500
Short term employee benefits	5,763,217	5,735,210	0	208,392
Contributions to defined contribution plans	219,794	175,425	0	12,317
Share grant expenses	493,184	208,380	0	0
Other benefits	333,823	300,079	81,000	61,751
	7,232,518	6,841,594	503,500	704,960

The estimated money value of benefits-in-kind for the Director of a subsidiary is RM6,982.

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected liability insurance of the Directors and officers during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The total amount of indemnity coverage and insurance premium paid by the Company during the financial year ended 31 December 2023 were RM18,000,000 and RM27,600 respectively.

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 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 were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

DIRECTORS' REPORT

(Cont'd)

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

(I) AS AT END OF THE FINANCIAL YEAR (Cont'd)

- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of 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 would 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.

DIRECTORS' REPORT

(Cont'd)

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

- (a) On 19 October 2023, the Group via its wholly-owned subsidiary, Mi Semiconductor Pte. Ltd. ('MiSESG'), entered into an investment agreement with the Xiaoshan Economic and Technological Development Zone Administration Committee to invest in a research, development and manufacturing facility for power module and devices in Xiaoshan, Hangzhou City which amounting to USD30 million (approximately RM142 million).
- (b) On 15 March 2024, the Group via its wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd., additionally acquired equity interest in Talentek Microelectronics (Hefei) Limited ('Talentek'), representing approximately 5.21% equity interest in Talentek for a purchase consideration of CNY27 million (approximately RM17.6 million). Accordingly, the Group hold 30.75% of total equity interest in Talentek and Talentek remains an associated company of the Group.
- (c) On 25 March 2024, the Company increased its equity investment in MiSESG amounted to USD10 million (equivalent to RM47.5 million).

AUDITORS

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

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Statutory audit	569,130	86,500
Non-audit services	70,932	9,600
	<u>640,062</u>	<u>96,100</u>

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

Oh Kuang Eng
Director

Penang
19 April 2024

Yong Shiao Voon
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 63 to 135 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 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,

Oh Kuang Eng
Director

Yong Shiao Voon
Director

Penang
19 April 2024

STATUTORY DECLARATION

I, Yong Shiao Voon (Passport No.: K2476068N), being the Director primarily responsible for the financial management of Mi Technovation Berhad., do solemnly and sincerely declare that the financial statements set out on pages 63 to 135 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 19 April 2024.

Yong Shiao Voon

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mi Technovation Berhad, which comprise the statements of financial position as at 31 December 2023 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 material accounting policy information, as set out on pages 63 to 135.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), IFRS Accounting Standards 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) *Annual impairment assessment of the carrying amount of goodwill on consolidation*

Goodwill on consolidation of Group is allocated to cash-generating unit ("CGU") which is Semiconductor Material Business Unit ("SMBU") with a total carrying amount of RM120,635,197 as disclosed in Note 10 to the financial statements. In relation to this, management is required to perform impairment assessment on an annual basis.

We determined the impairment assessment of goodwill for SMBU's CGU to be a key audit matter because the determination of the recoverable amounts of goodwill for this CGU requires management to exercise significant judgement and estimates about the future results and the key assumptions applied to cash flow projections of SMBU, including projected growth rates, operational costs, appropriate pre-tax discount rates, as well as industry trends and past performances.

Audit response

Our audit procedures included the following:

- (i) Assessed the historical reliability of projections of the Group by comparing prior period projection to actual results for the financial year;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

Key Audit Matters (Cont'd)

(a) *Annual impairment assessment of the carrying amount of goodwill on consolidation (Cont'd)*

Audit response (Cont'd)

Our audit procedures included the following: (Cont'd)

- (ii) Evaluated the reasonableness of the key assumptions applied by management in the projections by the Group to available external industry sources of data and corroborated with the findings from other areas of the audit, where applicable; and
- (iii) Performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

(b) *Impairment of trade receivables*

As at 31 December 2023, the carrying amount of trade receivables of the Group amounted to RM133,461,588, which were net of impairment losses of RM933,996. The details of trade receivables have been disclosed in Note 12 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information to assess expected credit losses.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

(c) *Valuation of inventories*

As at 31 December 2023, the Group had inventories amounted to RM130,625,858. The details of inventories have been disclosed in the Note 15 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in identifying inventories with net realisable values that are lower than their costs and obsolescence, with reference to the condition of the inventories, as well as the ageing of inventories to ascertain the amount of inventories written down.

Audit response

Our audit procedures included the following:

- (i) Obtained an understanding of the procedures in relation to the assessment by the management on the identification and write down of slow moving and obsolete inventories;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

Key Audit Matters (Cont'd)

(c) *Valuation of inventories (Cont'd)*

Audit response (Cont'd)

Our audit procedures included the following: (Cont'd)

- (ii) Tested the reliability of the ageing report of inventories provided by management on sampling basis; and
- (iii) Tested samples of inventories items to ensure they were held at the lower of cost and net realisable value by testing the selling prices of inventories sold from sales invoices subsequent to the end of the reporting period.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRS Accounting Standards, and the requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

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

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:

- (a) 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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 communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 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

19 April 2024

Goh Chee Beng

03535/11/2024 J

Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	195,977,859	224,195,033	16,705	45,538
Right-of-use assets	5	34,044,381	18,368,940	0	208,230
Investment properties	6	34,324,409	34,966,854	0	0
Intangible assets	7	78,351,702	84,444,201	1,557,973	1,689,632
Investments in subsidiaries	8	0	0	638,542,012	498,194,394
Investment in an associate	9	40,937,579	25,475,864	0	0
Goodwill on consolidation	10	120,635,197	115,345,257	0	0
Deferred tax assets	11	10,356,546	7,466,442	0	0
Other receivable	12	0	0	0	60,345,945
Lease receivable	13	3,597,072	3,728,737	0	0
Net defined benefit asset	14	2,770,733	2,463,564	0	0
		520,995,478	516,454,892	640,116,690	560,483,739
Current assets					
Inventories	15	130,625,858	142,986,036	0	0
Trade and other receivables	12	144,923,148	152,493,397	60,441,405	51,788,444
Lease receivable	13	1,416,397	1,412,510	0	0
Current tax assets		1,193,470	31,010	82,699	0
Short term funds	16	98,173,939	241,964,153	97,528,139	237,980,578
Cash and bank balances	17	324,553,708	176,561,917	79,640,081	24,572,479
		700,886,520	715,449,023	237,692,324	314,341,501
TOTAL ASSETS		1,221,881,998	1,231,903,915	877,809,014	874,825,240
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	855,459,003	855,459,003	855,459,003	855,459,003
Treasury shares	18(b)	(9,561,101)	(4,699,711)	(9,561,101)	(4,699,711)
Reserves	19	229,123,936	202,349,482	30,558,216	22,246,491
		1,075,021,838	1,053,108,774	876,456,118	873,005,783
Non-controlling interests	8(e)	(324,876)	(4,434,046)	0	0
TOTAL EQUITY		1,074,696,962	1,048,674,728	876,456,118	873,005,783
LIABILITIES					
Non-current liabilities					
Borrowing	20	18,432,289	35,377,262	0	0
Government grants	21	3,549,525	3,660,317	0	0
Provisions	22	1,781,879	1,037,832	0	0
Lease liabilities	5	16,361,659	1,497,345	0	69,034
Deferred tax liabilities	11	16,809,258	17,157,071	0	0
		56,934,610	58,729,827	0	69,034

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
LIABILITIES (Cont'd)					
Current liabilities					
Trade and other payables	23	50,125,602	55,487,694	1,352,896	1,511,130
Contract liabilities	24	6,845,552	4,874,523	0	0
Borrowing	20	17,915,927	47,140,949	0	0
Government grants	21	207,914	203,351	0	0
Provisions	22	2,731,987	3,368,689	0	0
Lease liabilities	5	2,678,619	2,229,590	0	159,293
Current tax liabilities		9,744,825	11,194,564	0	80,000
		<u>90,250,426</u>	<u>124,499,360</u>	<u>1,352,896</u>	<u>1,750,423</u>
TOTAL LIABILITIES		<u>147,185,036</u>	<u>183,229,187</u>	<u>1,352,896</u>	<u>1,819,457</u>
TOTAL EQUITY AND LIABILITIES		<u>1,221,881,998</u>	<u>1,231,903,915</u>	<u>877,809,014</u>	<u>874,825,240</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	26	355,961,550	389,477,400	38,656,998	43,000,000
Other operating income		26,539,166	26,322,807	16,282,125	12,360,358
Change in inventories of finished goods and work-in-progress		(5,136,384)	23,836,722	0	0
Raw material and consumable used		(159,565,465)	(209,492,400)	0	0
Employee benefits expense	27	(80,925,426)	(80,618,581)	(566,951)	(1,604,422)
Depreciation and amortisation expenses		(25,185,185)	(25,174,194)	(155,926)	(307,325)
Impairment on trade and other receivables, net	12(f)	198,543	(164,605)	0	0
Share of results of an associate, net of tax	9(e)	311,950	(2,216,057)	0	0
Other operating expenses		(44,893,471)	(44,571,594)	(5,578,120)	(4,533,014)
Profit from operations		67,305,278	77,399,498	48,638,126	48,915,597
Finance costs	28	(1,784,114)	(1,950,307)	0	(17,333)
Profit before tax		65,521,164	75,449,191	48,638,126	48,898,264
Tax expense	29	(12,817,831)	(9,198,320)	(4,992,502)	(611,090)
Profit for the financial year		<u>52,703,333</u>	<u>66,250,871</u>	<u>43,645,624</u>	<u>48,287,174</u>
Profit for the financial year attributable to:					
Owners of the parent		55,108,796	68,862,332	43,645,624	48,287,174
Non-controlling interests	8(e)	(2,405,463)	(2,611,461)	0	0
		<u>52,703,333</u>	<u>66,250,871</u>	<u>43,645,624</u>	<u>48,287,174</u>
Profit for the financial year		52,703,333	66,250,871	43,645,624	48,287,174
Other comprehensive income/(loss), net of tax:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations, net of tax	29(d)	12,028,189	(14,040,585)	0	0
Item that will not be reclassified subsequently to profit or loss					
Re-measurements of defined benefit obligations	29(d)	(444,714)	329,287	0	0
Total comprehensive income for the financial year		<u>64,286,808</u>	<u>52,539,573</u>	<u>43,645,624</u>	<u>48,287,174</u>
Total comprehensive income attributable to:					
Owners of the parent		66,814,617	55,227,744	43,645,624	48,287,174
Non-controlling interests	8(e)	(2,527,809)	(2,688,171)	0	0
		<u>64,286,808</u>	<u>52,539,573</u>	<u>43,645,624</u>	<u>48,287,174</u>
Earnings per share attributable to owners of the parent:					
Basic (sen)	31(a)	<u>6.16</u>	<u>7.69</u>		
Diluted (sen)	31(b)	<u>6.15</u>	<u>7.67</u>		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital RM	Treasury shares RM	Share grant reserve RM	Legal reserve RM	Exchange translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2022		855,459,003	(5,246,963)	360,000	2,326,282	4,123,181	(63,557,909)	236,641,153	1,030,104,747	(1,745,875)	1,028,358,872
Profit for the financial year		0	0	0	0	0	0	68,862,332	68,862,332	(2,611,461)	66,250,871
Other comprehensive (loss)/income, net of tax		0	0	0	0	(13,963,875)	0	329,287	(13,634,588)	(76,710)	(13,711,298)
Total comprehensive income		0	0	0	0	(13,963,875)	0	69,191,619	55,227,744	(2,688,171)	52,539,573
Transfer to legal reserve		0	0	0	2,674,813	0	0	(2,674,813)	0	0	0
Transactions with owners:											
Share Grant Scheme ('SGS') expense	27	0	0	3,616,283	0	0	0	0	3,616,283	0	3,616,283
Share vested under SGS	18(b)	0	547,252	(904,066)	0	0	0	356,814	0	0	0
Dividends paid	32	0	0	0	0	0	0	(35,840,000)	(35,840,000)	0	(35,840,000)
Total transactions with owners		0	547,252	2,712,217	0	0	0	(35,483,186)	(32,223,717)	0	(32,223,717)
Balance as at 31 December 2022		855,459,003	(4,699,711)	3,072,217	5,001,095	(9,840,694)	(63,557,909)	267,674,773	1,053,108,774	(4,434,046)	1,048,674,728

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

Group	Note	Share capital	Treasury shares	Share grant reserve	Legal reserve	Exchange translation reserve	Reorganisation debit reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2023		855,459,003	(4,699,711)	3,072,217	5,001,095	(9,840,694)	(63,557,909)	267,674,773	1,053,108,774	(4,434,046)	1,048,674,728
Profit for the financial year		0	0	0	0	0	0	55,108,796	55,108,796	(2,405,463)	52,703,333
Other comprehensive income, net of tax		0	0	0	0	12,028,189	0	(322,368)	11,705,821	(122,346)	11,583,475
Total comprehensive income		0	0	0	0	12,028,189	0	54,786,428	66,814,617	(2,527,809)	64,286,808
Transfer to legal reserve		0	0	0	3,157,320	0	0	(3,157,320)	0	0	0
Transactions with owners:											
Acquisition of shares by non-controlling interests		0	0	0	0	0	0	0	0	1,930,715	1,930,715
Accretion of equity interest in a subsidiary		0	0	0	0	0	0	(4,706,264)	0	4,706,264	0
Share Grant Scheme ('SGS') expense	27	0	0	1,946,193	0	0	0	0	1,946,193	0	1,946,193
Share vested under SGS	18(b)	0	1,466,092	(3,048,942)	0	0	0	1,582,850	0	0	0
Purchase of treasury share	18(b)	0	(6,327,482)	0	0	0	0	0	(6,327,482)	0	(6,327,482)
Dividends paid	32	0	0	0	0	0	0	(35,814,000)	(35,814,000)	0	(35,814,000)
Total transactions with owners		0	(4,861,390)	(1,102,749)	0	0	0	(38,937,414)	(44,901,553)	6,636,979	(38,264,574)
Balance as at 31 December 2023		855,459,003	(9,561,101)	1,969,468	8,158,415	2,187,495	(63,557,909)	280,366,467	1,075,021,838	(324,876)	1,074,696,962

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

Company	Note	Share capital RM	Treasury shares RM	Share grant reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2022		855,459,003	(5,246,963)	360,000	6,370,286	856,942,326
Profit for the financial year		0	0	0	48,287,174	48,287,174
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	48,287,174	48,287,174
Transaction with owners:						
SGS expense	27	0	0	3,616,283	0	3,616,283
Share vested under SGS	18(b)	0	547,252	(904,066)	356,814	0
Dividends paid	32	0	0	0	(35,840,000)	(35,840,000)
Total transaction with owners		0	547,252	2,712,217	(35,483,186)	(32,223,717)
Balance as at 31 December 2022		855,459,003	(4,699,711)	3,072,217	19,174,274	873,005,783
Company						
Balance as at 1 January 2023		855,459,003	(4,699,711)	3,072,217	19,174,274	873,005,783
Profit for the financial year		0	0	0	43,645,624	43,645,624
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	43,645,624	43,645,624
Transactions with owners:						
SGS expense	27	0	0	1,946,193	0	1,946,193
Share vested under SGS	18(b)	0	1,466,092	(3,048,942)	1,582,850	0
Purchase of treasury share	18(b)	0	(6,327,482)	0	0	(6,327,482)
Dividends paid	32	0	0	0	(35,814,000)	(35,814,000)
Total transactions with owners		0	(4,861,390)	(1,102,749)	(34,231,150)	(40,195,289)
Balance as at 31 December 2023		855,459,003	(9,561,101)	1,969,468	28,588,748	876,456,118

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		65,521,164	75,449,191	48,638,126	48,898,264
Adjustments for:					
Amortisation of intangible assets	7	6,423,049	5,993,512	131,659	131,660
Depreciation of property, plant and equipment	4	14,838,251	16,509,177	24,267	28,680
Depreciation of right-of-use assets	5	3,281,440	2,029,060	0	146,985
Depreciation of investment properties	6	642,445	642,445	0	0
Dividend income	26	0	0	(38,656,998)	(43,000,000)
Interest expenses	28	1,784,114	1,950,307	0	17,333
Gain on lease termination	5(e)	(1,645)	0	(20,097)	0
Loss on fair value changes on bond funds		0	267,615	0	267,615
(Gain)/Loss on disposal of property, plant and equipment		(1,479,572)	1,028	0	0
Impairment loss on investments in subsidiaries	8	0	0	0	19,105
Impairment loss on trade receivables	12(f)	363,658	259,103	0	0
Defined benefit expenses	14	304,893	279,515	0	0
Interest income		(11,621,604)	(4,107,737)	(9,990,015)	(5,782,890)
Inventories written down	15(b)	1,617,624	2,999,498	0	0
Property, plant and equipment written off	4	1,332,719	399	0	0
Provision for warranty replacement costs	22(a)	2,138,396	2,645,541	0	0
Reversal of impairment loss on investment in a subsidiary	8	0	0	(10,638)	0
Reversal of impairment loss on trade receivables	12(f)	(562,201)	(94,498)	0	0
Reversal of inventories written down	15(b)	(2,243,875)	(458,014)	0	0
Reversal of provision for warranty replacement costs	22(a)	(1,557,708)	(1,215,121)	0	0
Share grant expense	27	1,946,193	3,616,283	0	0
Share of results of an associate, net of tax	9(e)	(311,950)	2,216,057	0	0
Unrealised gain on foreign exchange		(4,714,579)	(3,885,547)	(3,840,351)	(2,295,626)
Operating profit/(loss) before changes in working capital		77,700,812	105,097,814	(3,724,047)	(1,568,874)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Operating profit/(loss) before changes in working capital (Cont'd)		77,700,812	105,097,814	(3,724,047)	(1,568,874)
Working capital changes:					
Inventories		12,986,429	(35,114,364)	0	0
Trade and other receivables		10,348,234	3,282,241	64,088,241	20,264,710
Trade and other payables		(6,373,943)	14,403,730	(158,234)	(1,101,735)
Contract liabilities		1,941,041	4,874,523	0	0
Cash generated from operations		96,602,573	92,543,944	60,205,960	17,594,101
Lease payments received	13(d)	280,177	475,824	0	0
Defined benefits paid	14	(945,452)	(832,045)	0	0
Warranty paid	22(a)	(486,695)	(906,700)	0	0
Taxes paid		(18,040,352)	(9,842,454)	(5,155,201)	(531,090)
Net cash from operating activities		77,410,251	81,438,569	55,050,759	17,063,011
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interests in subsidiaries	8(c)	0	0	(143,711,980)	0
Incorporation of a subsidiary through shares	8(c)	0	0	0	(48,417,200)
Acquisition of shares by non-controlling interests	8(c)	1,930,715	0	0	0
Acquisition of additional interests in an associate	9(c)	(14,539,768)	0	0	0
Dividend received		0	0	28,656,998	33,000,000
Interest received		11,469,205	3,947,687	9,990,015	5,782,890
Proceeds from disposal of property, plant and equipment		26,413,574	57,063	6,884	4,082
Distribution from liquidation of a subsidiary		0	0	3,375,000	512,990
Proceeds from redemption of bond funds		0	15,280,193	0	15,280,193
Purchase of:					
- property, plant and equipment	4	(8,590,351)	(11,672,609)	(2,318)	(24,331)
- intangible assets	7	(265,828)	(353,401)	0	0
Net cash from /(used in) investing activities		16,417,547	7,258,933	(101,685,401)	6,138,624

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(35,814,000)	(35,840,000)	(35,814,000)	(35,840,000)
Interest paid		(1,534,461)	(1,857,082)	0	0
Drawdown of term loans		52,614,917	31,450,287	0	0
Repayment of term loans		(101,115,744)	(53,055,816)	0	0
Payments of lease liabilities	5	(3,842,547)	(1,735,274)	0	(168,000)
Repurchase of treasury shares		(6,327,482)	0	(6,327,482)	0
Net changes in deposit pledged to a licensed bank		131,283	0	0	0
Net cash used in financing activities		<u>(95,888,034)</u>	<u>(61,037,885)</u>	<u>(42,141,482)</u>	<u>(36,008,000)</u>
Net (decrease)/increase in cash and cash equivalents		(2,060,236)	27,659,617	(88,776,124)	(12,806,365)
Effect on foreign exchange rates changes		6,393,096	(3,805,102)	3,391,287	819,134
Cash and cash equivalents at beginning of financial year		418,394,787	394,540,272	262,553,057	274,540,288
Cash and cash equivalents at end of financial year	17(b)	<u>422,727,647</u>	<u>418,394,787</u>	<u>177,168,220</u>	<u>262,553,057</u>

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities (Note 5)		Term loan (Note 20)	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	3,726,935	2,514,641	82,518,211	108,363,935
Cash flows	(3,842,547)	(1,735,274)	(48,500,827)	(21,605,529)
Non-cash flows:				
- additions	18,875,132	2,922,212	0	0
- unwinding of interest	249,653	93,225	0	0
- termination	(125,348)	0	0	0
- effect of foreign exchange	156,453	(67,869)	2,330,832	(4,240,195)
At 31 December	19,040,278	3,726,935	36,348,216	82,518,211

Company	Lease liability (Note 5)	
	2023 RM	2022 RM
At 1 January	228,327	378,994
Cash flows	0	(168,000)
Non-cash flows:		
- termination	(228,327)	0
- unwinding of interest	0	17,333
At 31 December	0	228,327

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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 12-A, Level 12, Menara Northam, No. 55 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

The principal place of business of the Company is located at No. 20, Medan Bayan Lepas Technoplex, MK12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and the interests of the Group in an associate. 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 19 April 2024.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly design, development, manufacturing and sales of semiconductor manufacturing equipment, provision of maintenance services and technical support, manufacturing and sales of solder spheres, research and development, manufacturing, sales and marketing of specific process and application in assembly and packaging solutions to customer. Further details of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries 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'), IFRS Accounting Standards and the provisions 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 39(a) 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 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2023 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Reclassification RM	Currency translation differences RM	Balance as at 31.12.2023 RM
Carrying amount								
Freehold land	46,244,715	0	0	(7,684,422)	0	0	702,776	39,263,069
Buildings	143,982,976	140,222	0	(14,437,254)	(5,612,001)	0	2,857,385	126,931,328
Plant and machinery	13,697,456	697,676	0	(75,210)	(3,368,956)	4,208,801	361,912	15,521,679
Motor vehicles	929,748	1,357,202	0	(415,325)	(229,674)	0	46,570	1,688,521
Office and production equipment	9,223,552	1,609,265	(1,326,198)	(295,106)	(4,357,531)	1,155,129	82,800	6,091,911
Furniture and fittings	1,181,758	6,410	(6,521)	0	(556,045)	0	2,066	627,668
Renovation	5,040,369	551,143	0	(2,026,685)	(714,044)	0	129,715	2,980,498
Capital work-in-progress	3,894,459	4,228,433	0	0	0	(5,363,930)	114,223	2,873,185
	224,195,033	8,590,351	(1,332,719)	(24,934,002)	(14,838,251)	0	4,297,447	195,977,859
	-----As at 31.12.2023-----							
Group		Cost RM		Accumulated depreciation RM			Carrying amount RM	
Freehold land		39,263,069		0			39,263,069	
Buildings		154,166,591		(27,235,263)			126,931,328	
Plant and machinery		52,379,930		(36,858,251)			15,521,679	
Motor vehicles		2,810,779		(1,122,258)			1,688,521	
Office and production equipment		28,085,927		(21,994,016)			6,091,911	
Furniture and fittings		2,893,469		(2,265,801)			627,668	
Renovation		4,820,650		(1,840,152)			2,980,498	
Capital work-in-progress		2,873,185		0			2,873,185	
		287,293,600		(91,315,741)			195,977,859	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

Group	Balance as at 1.1.2022 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Reclassification RM	Currency translation differences RM	Balance as at 31.12.2022 RM	
									Cost RM
Carrying amount									
Freehold land	47,266,518	0	0	0	0	0	(1,021,803)	46,244,715	
Buildings	147,762,944	3,847,846	0	(17,583)	(5,571,845)	836,256	(2,874,642)	143,982,976	
Plant and machinery	13,967,429	1,792,027	0	0	(3,968,733)	2,464,828	(558,095)	13,697,456	
Motor vehicles	1,182,925	143,123	0	0	(366,148)	0	(30,152)	929,748	
Office and production equipment	12,850,571	1,800,044	(399)	(32,026)	(5,361,740)	102,188	(135,086)	9,223,552	
Furniture and fittings	1,736,172	25,380	0	(8,482)	(570,606)	0	(706)	1,181,758	
Renovation	5,590,095	299,850	0	0	(670,105)	0	(179,471)	5,040,369	
Capital work-in-progress	3,733,612	3,764,339	0	0	0	(3,403,272)	(200,220)	3,894,459	
	<u>234,090,266</u>	<u>11,672,609</u>	<u>(399)</u>	<u>(58,091)</u>	<u>(16,509,177)</u>	<u>0</u>	<u>(5,000,175)</u>	<u>224,195,033</u>	
	—————As at 31.12.2022—————								
Group	Cost RM	Accumulated depreciation RM	Carrying amount RM						
Freehold land	46,244,715	0	46,244,715						
Buildings	165,656,261	(21,673,285)	143,982,976						
Plant and machinery	45,930,796	(32,233,340)	13,697,456						
Motor vehicles	2,162,981	(1,233,233)	929,748						
Office and production equipment	27,826,748	(18,603,196)	9,223,552						
Furniture and fittings	3,284,593	(2,102,835)	1,181,758						
Renovation	6,448,009	(1,407,640)	5,040,369						
Capital work-in-progress	3,894,459	0	3,894,459						
	<u>301,448,562</u>	<u>(77,253,529)</u>	<u>224,195,033</u>						

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

	Balance as at 1.1.2023 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.12.2023 RM
Company					
Carrying amount					
Office equipment	45,538	2,318	(6,884)	(24,267)	16,705

	As at 31.12.2023		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment	87,764	(71,059)	16,705

	Balance as at 1.1.2022 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.12.2022 RM
Company					
Carrying amount					
Office equipment	53,969	24,331	(4,082)	(28,680)	45,538

	As at 31.12.2022		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment	109,367	(63,829)	45,538

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

(a) (Cont'd)

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

Buildings	10 to 50 years
Plant and machinery	10% to 50%
Motor vehicles	10% to 33%
Office and production equipment	5% to 50%
Furniture and fittings	20% to 33%
Renovation	5% to 33%

Capital work-in-progress represent plant and machinery under installation. Capital work-in-progress is not depreciated until such time when the asset is available for use.

- (b) Included in property, plant and equipment of the Group, certain freehold land and buildings with a carrying amount of RM149,611,670 (2022: RM151,151,172) are charged to a local bank as securities for bank facilities granted to the Group as disclosed in Note 20(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

	Balance as at 1.1.2023 RM	Additions RM	Terminations RM	Depreciation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2023 RM
Carrying amount						
Land	14,413,566	0	0	(354,936)	57,254	14,115,884
Buildings	3,943,866	18,553,886	(123,703)	(2,834,641)	148,962	19,688,370
Motor vehicle	11,508	41,150	0	(20,048)	(32)	32,578
Hostel	0	280,096	0	(71,815)	(732)	207,549
	<u>18,368,940</u>	<u>18,875,132</u>	<u>(123,703)</u>	<u>(3,281,440)</u>	<u>205,452</u>	<u>34,044,381</u>
Carrying amount						
Land	14,854,487	0	0	(355,720)	(85,201)	14,413,566
Buildings	2,716,733	2,922,212	2,922,212	(1,652,915)	(42,164)	3,943,866
Motor vehicle	32,949	32,949	0	(20,425)	(1,016)	11,508
	<u>17,604,169</u>	<u>2,922,212</u>	<u>2,922,212</u>	<u>(2,029,060)</u>	<u>(128,381)</u>	<u>18,368,940</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

The Group as lessee (Cont'd)

Lease liabilities

	Balance as at 1.1.2023 RM	Additions RM	Terminations RM	Lease payments RM	Interest expense RM	Currency translation differences RM	Balance as at 31.12.2023 RM
Carrying amount							
Buildings	3,715,272	18,553,886	(125,348)	(3,746,689)	244,066	156,766	18,797,953
Motor vehicle	11,663	41,150	0	(20,987)	334	547	32,707
Hostel	0	280,096	0	(74,871)	5,253	(860)	209,618
	<u>3,726,935</u>	<u>18,875,132</u>	<u>(125,348)</u>	<u>(3,842,547)</u>	<u>249,653</u>	<u>156,453</u>	<u>19,040,278</u>
		Balance as at 1.1.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Currency translation differences RM	Balance as at 31.12.2022 RM
Carrying amount							
Buildings		2,481,434	2,922,212	(1,715,207)	92,969	(66,136)	3,715,272
Motor vehicle		33,207	0	(20,067)	256	(1,733)	11,663
		<u>2,514,641</u>	<u>2,922,212</u>	<u>(1,735,274)</u>	<u>93,225</u>	<u>(67,869)</u>	<u>3,726,935</u>
						2023 RM	2022 RM
Represented by:							
Current liabilities						2,678,619	2,229,590
Non-current liabilities						16,361,659	1,497,345
						<u>19,040,278</u>	<u>3,726,935</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

The Company as lessee

Right-of-use assets

	Balance as at 1.1.2023 RM	Termination of lease RM	Balance as at 31.12.2023 RM
Carrying amount			
Building	208,230	(208,230)	0

	Balance as at 1.1.2022 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2022 RM
Carrying amount			
Building	355,215	(146,985)	208,230

Lease liability

	Balance as at 1.1.2023 RM	Termination of lease RM	Balance as at 31.12.2023 RM
Carrying amount			
Building	228,327	(228,327)	0

	Balance as at 1.1.2022 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2022 RM
Carrying amount				
Building	378,994	(168,000)	17,333	228,327

	2023 RM	2022 RM
Represented by:		
Current liabilities	0	159,293
Non-current liabilities	0	69,034
	0	228,327

- (a) The Group and the Company lease a number of properties based on business requirements. In some properties leases, the periodic rent is increased each year by inflation or and in others to be reset periodically to market rental rates. In some property leases, the periodic rent is fixed over the lease term.
- (b) The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

(b) (Cont'd)

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight line basis 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 depreciation periods of right-of-use assets are as follows:

Land	44 to 50 years
Offices	2 to 6 years
Hostel	2 years
Motor vehicle	3 years

(c) Included in right-of-use assets of the Group, certain land with a carrying amount of RM14,115,884 (2022: RM14,413,566) is charged to a local bank as securities for bank facilities granted to the Group as disclosed in Note 20(c) to the financial statements.

(d) The Group has certain leases of building, hostel and office equipment with lease term of twelve (12) months or less and low value leases of building, hostel, office equipment, kitchen equipment and motor vehicles of RM20,000 and below. The Group applies the 'short-term lease' and 'lease of low-value assets' exemption for these leases.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Represented by:				
Depreciation charge of right-of-use assets				
- included in depreciation and amortisation expenses	3,281,440	2,029,060	0	146,985
Interest expense on lease liabilities				
- included in finance costs	249,653	93,225	0	17,333
Expense relating to short-term leases				
- included in other operating expenses	1,501,291	1,066,119	0	175,678
Expense relating to leases of low-value assets				
- included in other operating expenses	88,701	66,750	0	0
Gain on lease termination				
- included in other operating income	(1,645)	0	(20,097)	0
	5,119,440	3,255,154	(20,097)	339,996

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

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

- (f) Lease liabilities of the Group and of the Company are owing to non-financial institutions.
- (g) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities:				
Payment relating to short-term leases and low value assets	1,589,992	1,132,869	0	175,678
Interest paid in relation to leases liabilities	249,653	93,225	0	17,333
Included in net cash from financing activities:				
Payment of lease liabilities	3,842,547	1,735,274	0	168,000
Total cash outflows for leases	5,682,192	2,961,368	0	361,011

- (h) The following table sets out the carrying amounts and the incremental borrowing rate ('IBR') as at the end of the reporting period and the remaining maturities of the lease liabilities of the Group and of the Company:

	IBR per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	More than five (5) years RM	Total RM
Group						
31 December 2023	1.91 - 5.25	(2,678,619)	(4,531,732)	(9,264,709)	(2,565,218)	(19,040,278)
31 December 2022	1.99 - 5.58	(2,229,590)	(1,497,345)	0	0	(3,726,935)
Company [2022 only]						
31 December 2022	5.58	(159,293)	(69,034)	0	0	(228,327)

- (i) Information on financial risks of lease liabilities is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

6. INVESTMENT PROPERTIES

Group	Leasehold land RM	Building RM	Total RM
31 December 2023			
At cost			
Balance as at 1.1.2023/31.12.2023	<u>11,029,835</u>	<u>26,138,489</u>	<u>37,168,324</u>
Accumulated depreciation			
Balance as at 1.1.2023	1,019,267	1,182,203	2,201,470
Current charges	<u>183,831</u>	<u>458,614</u>	<u>642,445</u>
Balance as at 31.12.2023	<u>1,203,098</u>	<u>1,640,817</u>	<u>2,843,915</u>
Carrying amount			
Balance as at 31.12.2023	<u>9,826,737</u>	<u>24,497,672</u>	<u>34,324,409</u>
31 December 2022			
At cost			
Balance as at 1.1.2022/31.12.2022	<u>11,029,835</u>	<u>26,138,489</u>	<u>37,168,324</u>
Accumulated depreciation			
Balance as at 1.1.2022	835,436	723,589	1,559,025
Current charges	<u>183,831</u>	<u>458,614</u>	<u>642,445</u>
Balance as at 31.12.2022	<u>1,019,267</u>	<u>1,182,203</u>	<u>2,201,470</u>
Carrying amount			
Balance as at 31.12.2022	<u>10,010,568</u>	<u>24,956,286</u>	<u>34,966,854</u>

(a) Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Leasehold land represents right-of-use asset arising from lease arrangement that meet the definition of investment property.

(b) Depreciation is calculated to write down the cost of investment property to its residual value on a straight-line basis over its estimated useful life. The depreciation periods of investment properties are as follows:

Leasehold land	60 years
Building	57 years

(c) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM2,856,000 (2022: RM2,856,000).

(d) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM75,498 (2022: RM94,600).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

6. INVESTMENT PROPERTIES (Cont'd)

- (e) The fair value of the investment property for disclosure purposes, which are at Level 3 fair value are estimated at approximately RM50,000,000 based on Directors' estimation by reference to market evidence of transaction prices of similar properties and recent experience in the location and category of the property being valued. The significant unobservable input into this valuation method is the market value information from the estate agent. The estimated fair value would increase if the market value information from the estate agent is more favourable and vice versa.
- (f) The Group has entered into non-cancellable lease agreement on its investment properties for terms of three (3) years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2023	2022
	RM	RM
Less than one (1) year	1,904,000	2,856,000
One (1) to two (2) years	0	1,904,000
	<u>1,904,000</u>	<u>4,760,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

7. INTANGIBLE ASSETS

Group	Balance as at 1.1.2023 RM	Additions RM	Amortisation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2023 RM
Carrying amount					
Intellectual property	2,103,186	265,828	(246,652)	7,703	2,130,065
Club membership	738,415	0	(42,752)	45,130	740,793
Customer relationship	77,596,855	0	(4,232,555)	0	73,364,300
Development of prototypes	4,005,745	0	(1,901,090)	11,889	2,116,544
	<u>84,444,201</u>	<u>265,828</u>	<u>(6,423,049)</u>	<u>64,722</u>	<u>78,351,702</u>
	As at 31.12.2023				
Group			Cost RM	Accumulated amortisation RM	Carrying amount RM
Intellectual property			3,143,715	(1,013,650)	2,130,065
Club membership			930,552	(189,759)	740,793
Customer relationship			84,651,115	(11,286,815)	73,364,300
Development of prototypes			6,601,235	(4,484,691)	2,116,544
			<u>95,326,617</u>	<u>(16,974,915)</u>	<u>78,351,702</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

7. INTANGIBLE ASSETS (Cont'd)

Group	Balance as at 1.1.2022 RM	Additions RM	Amortisation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2022 RM
Carrying amount					
Intellectual property	2,073,842	242,767	(205,799)	(7,624)	2,103,186
Club membership	734,696	0	(40,176)	43,895	738,415
Customer relationship	81,829,411	0	(4,232,556)	0	77,596,855
Development of prototypes	5,424,844	110,634	(1,514,981)	(14,752)	4,005,745
	<u>90,062,793</u>	<u>353,401</u>	<u>(5,993,512)</u>	<u>21,519</u>	<u>84,444,201</u>
	As at 31.12.2022				
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM		
Intellectual property	2,854,902	(751,716)	2,103,186		
Club membership	875,795	(137,380)	738,415		
Customer relationship	84,651,115	(7,054,260)	77,596,855		
Development of prototypes	6,577,790	(2,572,045)	4,005,745		
	<u>94,959,602</u>	<u>(10,515,401)</u>	<u>84,444,201</u>		

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

7. INTANGIBLE ASSETS (Cont'd)

	Balance as at 1.1.2023 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2023 RM
Company			
Carrying amount			
Intellectual property	1,689,632	(131,659)	1,557,973

	As at 31.12.2023		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Company			
Intellectual property	2,084,611	(526,638)	1,557,973

	Balance as at 1.1.2022 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2022 RM
Company			
Carrying amount			
Intellectual property	1,821,292	(131,660)	1,689,632

	As at 31.12.2022		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Company			
Intellectual property	2,084,611	(394,979)	1,689,632

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.
- (b) Intellectual property represents patents and licenses for operational use.
- (c) Club membership represents a corporate golf membership.
- (d) Customer relationship represent the relationship established with its customers through continuous contract which give rises to a contractual rights.
- (e) Development of prototypes represents an in-house brand development of Wafer Level Chip Scale Package ('WLCSP') sorting machines, laser bonding machines and development of advanced automation and robotic solutions with artificial intelligence.
- (f) Development of intelligence software solution represents software, which is not integral to hardware of the Group and can be separately identified.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

7. INTANGIBLE ASSETS (Cont'd)

- (g) Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal amortisation periods are as follows:

Intellectual property	7 to 20 years
Club membership	21 years
Customer relationship	20 years
Development of prototypes	3 to 4 years

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares at cost		
- ordinary shares	541,578,255	443,573,974
- redeemable preference shares ('RPS')	107,588,758	65,256,059
	649,167,013	508,830,033
Accumulated impairment loss		
At beginning of the year	(10,635,639)	(12,103,544)
Additions	0	(19,105)
Reversal	10,638	0
Written off	0	1,487,010
At end of the year	(10,625,001)	(10,635,639)
	638,542,012	498,194,394

- (a) Investment in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment loss.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Details of the subsidiaries

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2023 %	2022 %	
Mi Equipment (M) Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Design, development, manufacturing, sale of wafer level chip scale packaging sorting machines and provision of maintenance services and technical support.
Accurus Scientific Co., Ltd. ⁽¹⁾	Taiwan (Republic of China)	100	100	Manufacture and sale of solder balls and related materials and products.
Mi International Pte. Ltd. ⁽²⁾	Singapore	100	100	Provision of maintenance services, technical support and management services.
Mi Autobotics Sdn. Bhd. ⁽³⁾	Malaysia	100	100	Dormant. Wound up on 20 March 2024.
Mi Semiconductor Pte. Ltd. ⁽²⁾	Singapore	100	100	Manufacturing, assembly and testing of semiconductor devices.
Subsidiaries of Mi Equipment (M) Sdn. Bhd.				
Mi Equipment Korea Co., Ltd. ⁽²⁾	Republic of South Korea	90	70	Design, development, manufacturing, sales of precision bonding machine and provision of maintenance services and technical support.
Mi Equipment USA Inc. ⁽³⁾	United States of America	100	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Suzhou Mi Equipment Co., Ltd. ⁽²⁾	People's Republic of China	100	100	Design, development, manufacturing, sales of final test equipment and provision of maintenance services and technical support.
Mi Equipment (Taiwan) Co., Ltd. ⁽²⁾	Taiwan (Republic of China)	100	100	Design, development, manufacturing, sales of vision inspection machine and provision of maintenance services and technical support.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Details of the subsidiaries (Cont'd)

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2023 %	2022 %	
Subsidiaries of Mi Equipment (M) Sdn. Bhd. (Cont'd)				
Mi Equipment Pte. Ltd. ⁽²⁾	Singapore	100	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Subsidiaries of Accurus Scientific Co., Ltd.				
Accurus (Ningbo) Scientific Co., Ltd. ⁽¹⁾	People's Republic of China	100	100	Manufacture and sale of solder balls and related materials and products.
Accurus Scientific Pte. Ltd. ⁽²⁾	Singapore	100	100	Sales and marketing of solder spheres and other semiconductor-related materials.
Subsidiaries of Mi Semiconductor Pte. Ltd.				
Mi Semiconductor Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Research and development, manufacturing, sales and marketing of specific process and application in assembly and packaging solutions to customers.
Mi Semiconductor (Ningbo) Co. Ltd. ⁽²⁾	People's Republic of China	100	100	Manufacturing, sales and marketing of specific process and application in assembly and packaging solutions to customers.
Mi Semiconductor (Hangzhou) Co. Ltd. ⁽²⁾	People's Republic of China	100	0	Research and development, manufacturing, sales and marketing of specific process and application in assembly and packaging solutions to customers.

⁽¹⁾ Subsidiary audited by BDO PLT or BDO member firms.

⁽²⁾ Subsidiaries not audited by BDO PLT or BDO member firms.

⁽³⁾ Subsidiaries not required to be audited in the respective countries of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(c) Changes in shareholdings in subsidiaries

(i) Mi Equipment (M) Sdn. Bhd. ('MiEMY')

In May 2023, the Company acquired additional 20,000,000 ordinary shares and 25,000,000 preferences shares at RM1 each in MiEMY, for a total cash consideration of RM45,000,000.

(ii) Accurus Scientific Co., Ltd. ('MiMTW')

In September 2023, the Company acquired additional 2,700,000 ordinary shares at TWD10 each in MiMTW, for a total cash consideration of TWD27,000,000 (equivalent to RM46,713,882).

(iii) Mi Semiconductor Pte. Ltd. ('MiSESG')

In October 2023, the Company acquired additional 10,000,000 ordinary shares and 5,000,000 preferences shares at SGD1 each in MiSESG, for a total cash consideration of SGD15,000,000 (equivalent to RM51,998,098).

In the previous financial year, the Company acquired additional 4,999,999 ordinary shares and 9,000,000 RPS at SGD1 each in MiSESG, for a total cash consideration of USD3,613,000 (equivalent to RM17,292,538) and USD6,503,000 (equivalent to RM31,124,659) respectively.

(iv) Suzhou Mi Equipment Co., Ltd. ('MiECN')

In the previous financial year, the Group made an internal restructuring whereby, Mi Technovation Berhad ('MiTB') had transferred 100% of its equity interest in MiECN to MiEMY, representing 12,100,000 ordinary shares for a total consideration of USD8,100,000 (equivalent to RM34,425,000).

(v) Mi Equipment (Taiwan) Co., Ltd. ('MiETW')

In the previous financial year, the Group made an internal restructuring whereby, MiTB had transferred 100% of its equity interest in MiETW to MiEMY, representing 15,959,875 ordinary shares for a total consideration of TWD159,598,750 (equivalent to RM23,164,652).

(vi) Mi Equipment Korea Co., Ltd. ('MiEKR')

On 1 August 2023, a wholly-owned subsidiary of the Company, MiEMY and the non-controlling shareholders of the Group additionally acquired equity interest in MiEKR for cash consideration of RM20,312,464 and RM1,930,715 respectively.

After completion of the acquisition, the effective shareholdings of the Group in MiEKR increased from 70% to 90%.

(vii) Mi Semiconductor (Hangzhou) Co. Ltd. ('MiSEHZ')

On 26 September 2023, a wholly-owned subsidiary of the Company, MiSESG incorporated a wholly-owned subsidiary, Mi Semiconductor (Hangzhou) Co. Ltd. ('MiSEHZ') in the People's Republic of China with a registered share capital of USD30,000,000 (approximately RM142,000,000).

(d) In the previous financial year, the impairment loss had been recognised in respect of subsidiaries due to declining business operations. The recoverable amounts of the cost of investments in subsidiaries are based on their fair value less cost to sell, which are categorised as Level 3 in the fair value hierarchy.

In the previous financial year, the impairment loss of RM1,487,010 had been written off upon voluntary winding-up of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(e) The subsidiary of the Group that has NCI is as follows:

	MiEKR	
	2023	2022
NCI percentage of ownership interest and voting interest (%)	10%	30%
Carrying amount of NCI (RM)	(324,876)	(4,434,046)
Loss allocated to NCI (RM)	(2,405,463)	(2,611,461)
Other comprehensive loss allocated to NCI (RM)	(122,346)	(76,710)
Total comprehensive loss allocated to NCI (RM)	(2,527,809)	(2,688,171)

The summarised financial information before intra-group elimination of the subsidiary are not disclosed as they are not material to the Group.

9. INVESTMENT IN AN ASSOCIATE

	Group	
	2023 RM	2022 RM
Unquoted shares, at cost	43,691,554	29,151,786
Share of post acquisition reserve	(2,758,301)	(3,070,251)
	40,933,253	26,081,535
Exchange differences	4,326	(605,671)
	40,937,579	25,475,864

(a) Investment in an associate is measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

(b) The details of the associate are as follows:

Name of associate	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2023 %	2022 %	
Talentek Microelectronics (Hefei) Limited ('Talentek') ⁽¹⁾	People's Republic of China	25.54	19.32	Research, development and manufacturing of electronic technology products, as well as provision of technical services and sale of related products.

⁽¹⁾ Associate not audited by BDO PLT or BDO member firms.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

9. INVESTMENT IN AN ASSOCIATE (Cont'd)

(c) On 23 February 2023, the Company via its wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN'), acquired additional equity interest in Talentek, representing approximately 7.5441% of equity interest; for a purchase consideration of CNY22,632,240 (equivalent to RM14,539,768). Accordingly, the Group equity interest in Talentek had increased from 19.32% to 25.54%. The Group considers that there is no changes in the significant influences in Talentek as one of the Director of the Company is appointed as representative in the Board of Directors of the associate and Talentek remains an associated company of the Group.

(d) The summarised financial information of the associate is as follows:

	2023	2022
	RM	RM
Assets and liabilities		
Non-current assets	42,958,402	29,689,305
Current assets	38,447,832	25,437,259
Non-current liabilities	(735,553)	0
Current liabilities	(19,621,016)	(10,465,090)
Net assets	61,049,665	44,661,474
Results		
Revenue	58,449,897	25,545,142
Profit/(Loss) for the financial year	384,208	(11,468,850)
Total comprehensive income/(loss)	384,208	(11,468,850)
Cash flows from operating activities	8,766,685	(10,119,880)
Cash flows from investing activities	(21,664,565)	(16,730,306)
Cash flows from financing activities	14,195,474	2,606,350
Net changes in cash and cash equivalents	1,297,594	(24,243,836)

(e) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows:

	2023	2022
	RM	RM
As at 31 December		
Share of net assets of the Group	15,594,575	8,629,669
Goodwill	26,260,441	16,127,813
Effects arising from changes in shareholdings	(917,437)	718,382
Carrying amount in the statements of financial position	40,937,579	25,475,864
Share of results of the Group for the financial year ended 31 December		
Share of profit/(loss) of the Group/Share of total comprehensive income/(loss) of the Group	311,950	(2,216,057)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

10. GOODWILL ON CONSOLIDATION

	2023	2022
	RM	RM
Balance as at 1 January	115,345,257	118,699,242
Exchange differences	5,289,940	(3,353,985)
Balance as at 31 December	120,635,197	115,345,257

- (a) Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.
- (b) Goodwill and fair value adjustments arising on acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policies for foreign currencies.
- (c) Impairment tests for goodwill with indefinite useful live

For the purpose of impairment testing, goodwill has been allocated to the Groups' cash-generating unit ("CGU"), i.e. Semiconductor Material Business Unit ("SMBU") which constitutes a separately reportable segment in Note 34 to the financial statements.

Goodwill is tested for impairment by comparing the carrying amounts with the recoverable amounts of the CGUs. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering a period of five (5) years. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions used in the value in use calculations are as follows:

- (i) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used is 11.3% (2022: 14.2%);
- (ii) the growth rate of the revenue are determined based on the industry trends and past performances of the CGU; and
- (iii) the exchange rate used to translate foreign currencies transactions into the Group's functional currency is based on the exchange rates obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of goodwill assessed as at 31 December 2023 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

11. DEFERRED TAX

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

	Group	
	2023 RM	2022 RM
Balance as at 1 January	9,690,629	12,946,136
Recognised in profit or loss (Note 29)		
- relating to origination and reversal of temporary differences	(2,084,750)	(3,694,884)
- overprovision in prior year	(525,573)	(11,027)
Exchange differences	(627,594)	450,404
Balance as at 31 December	6,452,712	9,690,629
Presented after appropriate offsetting:		
Deferred tax assets, net	(10,356,546)	(7,466,442)
Deferred tax liabilities, net	16,809,258	17,157,071
	6,452,712	9,690,629

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment and intangible assets RM	Off-setting RM	Total RM
	Balance as at 1 January 2023	18,737,527	(1,580,456)
Recognised in profit or loss	(1,035,828)	0	(1,035,828)
Exchange differences	688,015	0	688,015
Balance as at 31 December 2023	18,389,714	(1,580,456)	16,809,258
Balance as at 1 January 2022	19,584,038	(1,580,456)	18,003,582
Recognised in profit or loss	(846,511)	0	(846,511)
Balance as at 31 December 2022	18,737,527	(1,580,456)	17,157,071

Deferred tax assets of the Group

	Unused tax losses RM	Others RM	Off-setting RM	Total RM
	Balance as at			
1 January 2023	(7,731,667)	(1,315,231)	1,580,456	(7,466,442)
Recognised in profit or loss	(1,224,134)	(350,361)	0	(1,574,495)
Exchange differences	(1,352,506)	36,897	0	(1,315,609)
Balance as at				
31 December 2023	(10,308,307)	(1,628,695)	1,580,456	(10,356,546)
Balance as at				
1 January 2022	(5,145,851)	(1,492,051)	1,580,456	(5,057,446)
Recognised in profit or loss	(3,021,706)	162,306	0	(2,859,400)
Exchange differences	435,890	14,514	0	450,404
Balance as at				
31 December 2022	(7,731,667)	(1,315,231)	1,580,456	(7,466,442)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

11. DEFERRED TAX (Cont'd)

- (c) The amount of temporary differences for which no deferred tax asset has been recognised in the statements of financial position are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses				
- no expiry date	1,586,746	0	0	0
- expires by				
31 December 2024	414,622	414,622	0	0
31 December 2025	943,378	943,378	0	0
31 December 2026	0	0	0	0
31 December 2027	8,038,565	8,038,565	0	0
31 December 2028	13,035,152	0	0	0
31 December 2029 onwards	21,079,462	10,243,115	0	0
Unabsorbed capital allowances	389,924	37,642	50,108	37,642
	<u>45,487,849</u>	<u>19,677,322</u>	<u>50,108</u>	<u>37,642</u>

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities. Unutilised tax losses of the holding company and subsidiaries incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Non-current assets</u>				
Other receivable				
Subsidiaries	0	0	0	60,345,945
<u>Current assets</u>				
Trade receivables				
Third parties	119,196,509	137,951,907	0	0
Dividend receivable from a subsidiary	0	0	10,000,000	25,000,000
Associate	15,199,075	6,920,220	0	0
	<u>134,395,584</u>	<u>144,872,127</u>	<u>10,000,000</u>	<u>25,000,000</u>
Less: Impairment losses	(933,996)	(1,131,909)	0	0
Total trade receivables	<u>133,461,588</u>	<u>143,740,218</u>	<u>10,000,000</u>	<u>25,000,000</u>
Other receivables				
Third parties	3,384,246	817,673	207,343	0
Subsidiaries	0	0	50,219,184	26,760,303
Deposits	1,672,102	1,392,715	4,500	4,500
Total other receivables	<u>5,056,348</u>	<u>2,210,388</u>	<u>50,431,027</u>	<u>26,764,803</u>
Total current receivables	138,517,936	145,950,606	60,431,027	51,764,803
Prepayments	6,405,212	6,542,791	10,378	23,641
	<u>144,923,148</u>	<u>152,493,397</u>	<u>60,441,405</u>	<u>51,788,444</u>
Total trade and other receivables	<u>144,923,148</u>	<u>152,493,397</u>	<u>60,441,405</u>	<u>112,134,389</u>

- (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 range from 30 to 180 days (2022: 30 to 180 days). Nevertheless, the management of the Group may give longer credit terms by discretion. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amounts owing by subsidiaries represent advances which are unsecured, interest-bearing at a rate as disclosed in Note 36(d) to the financial statements, except for an amount of RM5,928,184 (2022: RM22,097,303) which are unsecured, interest-free and payable within the next one (1) year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

12. TRADE AND OTHER RECEIVABLES (Cont'd)

(d) The currency exposure profile of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	39,350,827	1,590,506	39,368,863	81,451,998
United States Dollar	57,163,451	104,556,263	21,062,164	30,658,750
Chinese Yuan	25,480,030	19,389,889	0	0
Taiwan Dollar	8,902,681	15,354,210	0	0
Korean Won	7,218,768	3,684,066	0	0
Singapore Dollar	402,179	1,375,672	0	0
	<u>138,517,936</u>	<u>145,950,606</u>	<u>60,431,027</u>	<u>112,110,748</u>

(e) 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.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by geographical segment of the Group to estimate the amount of expected impairment loss. The methodology (roll rate method) and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information such as gross domestic product (GDP), inflation rate, consumer price index and United State Dollar foreign exchange rate for the financial years ended 31 December 2023 and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss 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 amount of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

12. TRADE AND OTHER RECEIVABLES (Cont'd)

(e) (Cont'd)

Lifetime expected loss provision for trade receivables of the Group are as follows:

31 December 2023	Current	1 - 60 days past due	61 - 120 days past due	121 - 180 days past due	More than 180 days past due	Total
Gross carrying amount (RM)	116,592,348	11,060,536	6,147,736	44,164	550,800	134,395,584
Impairment (RM)	197,768	124,567	303,656	9,078	298,927	933,996
31 December 2022						
Gross carrying amount (RM)	100,922,346	31,938,323	4,389,731	2,749,956	4,871,771	144,872,127
Impairment (RM)	116,332	100,652	72,268	66,509	776,148	1,131,909

The Group did not renegotiate the terms of any trade receivables for the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

12. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group Lifetime ECL	
	2023 RM	2022 RM
As at 1 January	1,131,909	967,304
Reversal of impairment loss	(562,201)	(94,498)
Charge for the financial year	363,658	259,103
Exchange differences	630	0
As at 31 December	933,996	1,131,909

- (g) For other receivables, non-trade portion of amounts owing by subsidiaries and lease receivable, the Group and the Company apply general approach to measure expected credit losses, which include a three (3)-stage impairment model based on changes in credit quality since initial recognition. The Group and the Company assess whether credit risk has increased significantly since initial recognition by comparing the risk of a default as at the end of the financial year with the risk of a default as at the date of such receivables are initially recognised. In determining whether credit risk on a receivable has increased significantly since initial recognition, the Group and the Company observe the latest financial position and default of payments by the receivables.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes in contractual terms, payment trends and past due information. The Group considers trade receivables to be in default when there is no reasonable expectation of recovery.

The Group considers other receivables to be in default when the receivables are past due more than twelve (12) months.

The Group and the Company assess impairment loss on other receivables and non-trade portion of amounts owing by subsidiaries based on twelve (12)-month expected credit loss approach and lifetime expected credit loss approach respectively. No expected credit loss is recognised as it is negligible.

- (h) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

13. LEASE RECEIVABLE

	Group	
	2023	2022
	RM	RM
Future minimum lease receivable:		
- not later than one (1) year	1,547,431	1,547,430
- one (1) to two (2) years	3,646,515	1,547,430
- two (2) to three (3) years	0	2,302,726
Total future minimum lease receivables	5,193,946	5,397,586
Less: Unearned finance lease interest	(180,477)	(256,339)
Present value of finance lease receivables	5,013,469	5,141,247
Analysis of present value of finance lease receivables:		
Non-current	3,597,072	3,728,737
Current	1,416,397	1,412,510
	5,013,469	5,141,247

- (a) Lease receivable is classified as financial assets measured at amortised cost.
- (b) The Group has a contract for leasing of production machines. This contract is classified as finance lease as the arrangement transfers substantially all the risks and rewards incident to ownership of the production machines to the lessee.
- (c) Lease receivable is denominated in Ringgit Malaysia.
- (d) Movement in lease receivable is as follows:

	Group	
	2023	2022
	RM	RM
Balance as at 1 January	5,141,247	5,457,021
Interest income	152,399	160,050
Lease payments received	(280,177)	(475,824)
Balance as at 31 December	5,013,469	5,141,247

- (e) No expected credit loss is recognised arising from lease receivable as it is negligible.
- (f) Information on financial risks of lease receivable is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

14. DEFINED BENEFIT PLANS

	Defined benefit obligation RM	Group Fair value of plan assets RM	Net defined benefit plans RM
Balance as at 1 January 2023	(3,166,656)	5,630,220	2,463,564
Current service cost (Note 27)	(350,840)	0	(350,840)
Interest (cost)/income (Note 27)	(63,874)	109,821	45,947
Included in profit or loss	(414,714)	109,821	(304,893)
Remeasurements:			
(a) Actuarial losses from:			
- financial assumptions	(106,380)	0	(106,380)
- experience adjustments	(337,310)	(1,024)	(338,334)
(b) exchange differences	(132,540)	243,864	111,324
Included in other comprehensive income	(576,230)	242,840	(333,390)
Contributions paid to the plans by the Group	0	857,780	857,780
Benefits paid	221,814	(134,142)	87,672
	221,814	723,638	945,452
Balance as at 31 December 2023	<u>(3,935,786)</u>	<u>6,706,519</u>	<u>2,770,733</u>
Balance as at 1 January 2022	(3,446,463)	5,028,210	1,581,747
Current service cost (Note 27)	(289,225)	0	(289,225)
Interest (cost)/income (Note 27)	(30,230)	39,940	9,710
Included in profit or loss	(319,455)	39,940	(279,515)
Remeasurements:			
(a) Actuarial losses from:			
- financial assumptions	210,762	834	211,596
- demographic assumptions	(10,579)	0	(10,579)
- experience adjustments	(141,419)	355,131	213,712
(b) exchange differences	156,559	(242,001)	(85,442)
Included in other comprehensive income	215,323	113,964	329,287
Contributions paid to the plans by the Group	0	817,434	817,434
Benefits paid	383,939	(369,328)	14,611
	383,939	448,106	832,045
Balance as at 31 December 2022	<u>(3,166,656)</u>	<u>5,630,220</u>	<u>2,463,564</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

14. DEFINED BENEFIT PLANS (Cont'd)

Presented by:

	Group	
	2023	2022
	RM	RM
Net defined benefit asset	2,770,733	2,463,564

- (a) The Group operates funded defined benefit plans for its eligible employees of which the assets are held in separately administered trusts. Under this plan, the entitlement of eligible employees are based on the units of service years and the average salaries in the last month of the service year.

The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, MiMTW and MiEKR, in accordance with the legislations established in Taiwan (Republic of China) and Republic of South Korea.

- (b) Amounts recognised in the statements of financial position are determined as follows:

	Group	
	2023	2022
	RM	RM
Present value of funded defined benefit obligations	(3,935,786)	(3,166,656)
Fair value of plan assets	6,706,519	5,630,220
	2,770,733	2,463,564
Analysed as follows:		
Current liabilities:		
- not later than one (1) year	(2,111,069)	(1,026,680)
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	(1,124,854)	(1,592,266)
- later than five (5) years	(699,863)	(547,710)
	(1,824,717)	(2,139,976)
	(3,935,786)	(3,166,656)

- (c) During the financial year, the plan assets consist of equity securities in financial institutions amounted to RM941,242 (2022: RM566,288). Disaggregation of the fair value of the remaining balance of plan assets is not disclosed as the Group does not participate in the operation and management of the pension fund.

- (d) The principal actuarial assumptions used are as follows:

	Group	
	2023	2022
	%	%
Discount rate	1.23 - 4.47	1.39 - 5.30
Expected rate of salary increase	1.00 - 3.50	1.00 - 3.50

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

14. DEFINED BENEFIT PLANS (Cont'd)

(e) Sensitivity analysis

Reasonably possible changes at the end of reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the retirement benefit obligation by the amount shown below:

	Group	
	Effect on profit after tax	
	Increase/(Decrease)	
	2023	2022
	RM	RM
Discount rate		
- if increase by 0.5% to 1%	(1,011,178)	(634,408)
- if decrease by 0.5% to 1%	<u>1,191,301</u>	<u>732,648</u>
Expected rate of salary		
- if increase by 0.5% to 1%	1,190,906	732,648
- if decrease by 0.5% to 1%	<u>(1,010,806)</u>	<u>(634,674)</u>

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

15. INVENTORIES

	Group	
	2023	2022
	RM	RM
At cost		
Raw materials	45,594,194	56,401,608
Work-in-progress	40,021,954	48,132,096
Finished goods	<u>36,092,176</u>	<u>33,118,418</u>
	121,708,324	137,652,122
At net realisable value		
Raw materials	<u>8,917,534</u>	<u>5,333,914</u>
Total	<u>130,625,858</u>	<u>142,986,036</u>

(a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials and other direct costs.

(b) During the financial year, the Group had written down inventories amounted to RM1,617,624 (2022: RM2,999,498) which was recognised in statements of profit or loss and reversed inventories written down of RM2,243,875 (2022: RM458,014) upon usage of such inventories.

It requires management to exercise significant judgement in identifying inventories with net realisable values that are lower than their costs and obsolescence, with reference to the condition of the inventories, as well as the ageing of inventories to ascertain the amount of inventories written down.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

16. SHORT TERM FUNDS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets at fair value through profit or loss				
Money market funds	98,173,939	241,964,153	97,528,139	237,980,578

- (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) Money market funds of the Group and of the Company are highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) The currency exposure profile of short term funds are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	97,528,139	241,331,953	97,528,139	237,980,578
Chinese Yuan	645,800	632,200	0	0
	<u>98,173,939</u>	<u>241,964,153</u>	<u>97,528,139</u>	<u>237,980,578</u>

- (d) Short term funds of the Group and of the Company are measured at 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 36 to the financial statements.

17. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	277,328,747	126,743,882	79,640,081	24,572,479
Deposits with licensed banks	47,224,961	49,818,035	0	0
	<u>324,553,708</u>	<u>176,561,917</u>	<u>79,640,081</u>	<u>24,572,479</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

17. CASH AND BANK BALANCES (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	12,580,869	40,692,636	8,901,179	24,529,975
United States Dollar	250,467,654	97,432,613	68,211,285	42,504
Taiwan Dollar	40,741,052	24,760,323	0	0
Chinese Yuan	11,569,426	11,649,635	0	0
Korean Won	2,793,411	1,187,944	0	0
Singapore Dollar	6,313,871	522,033	2,527,617	0
Euro	87,425	9,339	0	0
Others	0	307,394	0	0
	<u>324,553,708</u>	<u>176,561,917</u>	<u>79,640,081</u>	<u>24,572,479</u>

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	277,328,747	126,743,882	79,640,081	24,572,479
Deposits with licensed banks	47,224,961	49,818,035	0	0
Money market funds (Note 16)	98,173,939	241,964,153	97,528,139	237,980,578
	<u>422,727,647</u>	<u>418,526,070</u>	<u>177,168,220</u>	<u>262,553,057</u>
Less:				
Deposit pledged to a licensed bank	0	(131,283)	0	0
	<u>422,727,647</u>	<u>418,394,787</u>	<u>177,168,220</u>	<u>262,553,057</u>

(c) Deposits pledged to a licensed bank are for term loans granted to the Group as disclosed in Note 20(c) to the financial statements.

(d) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

(e) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

18. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Issued and fully paid with no par value				
Balance as at 1 January/31 December	<u>900,000,000</u>	<u>855,459,003</u>	<u>900,000,000</u>	<u>855,459,003</u>

(a) Share capital

The owners of the parent (except treasury shares) 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) Treasury shares

	Group and Company			
	2023		2022	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Balance as at 1 January	3,582,805	4,699,711	4,000,000	5,246,963
Share transferred under Share Grant Scheme	(1,036,395)	(1,466,092)	(417,195)	(547,252)
Purchase of treasury share	3,867,195	6,327,482	0	0
Balance as at 31 December	<u>6,413,605</u>	<u>9,561,101</u>	<u>3,582,805</u>	<u>4,699,711</u>

(i) During the financial year, the Company transferred 1,036,395 units of treasury shares amounted to RM1,466,092 to eligible employees upon vesting of shares under Share Grant Scheme as disclosed in Note 30 to the financial statements.

(ii) During the financial year, the Company repurchased its issued ordinary shares from the open market as summarised below:

Month	Number of shares	Market price			Consideration paid RM
		Lowest RM	Highest RM	Average RM	
February 2023	1,417,195	1.51	1.60	1.57	2,190,364
August 2023	250,000	1.57	1.58	1.57	395,393
September 2023	1,000,000	1.59	1.76	1.69	1,684,978
October 2023	1,200,000	1.67	1.74	1.70	2,056,747
	<u>3,867,195</u>				<u>6,327,482</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

18. SHARE CAPITAL (Cont'd)

(b) Treasury shares (cont'd)

- (iii) When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

- (iv) A total of 6,413,605 (2022: 3,582,805) treasury shares at a total cost of RM9,561,101 (2022: RM4,699,711) are held by the Company as at financial year end. Shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and listing requirements and applicable guideline of Bursa Malaysia Securities Berhad.

The number of ordinary shares net of treasury shares is 893,586,395 (2022: 896,417,195).

- (v) None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participate in other distribution.

19. RESERVES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-distributable:				
Legal reserve	8,158,415	5,001,095	0	0
Exchange translation reserve	2,187,495	(9,840,694)	0	0
Reorganisation debit reserve	(63,557,909)	(63,557,909)	0	0
Share grant reserve	1,969,468	3,072,217	1,969,468	3,072,217
Distributable:				
Retained earnings	280,366,467	267,674,773	28,588,748	19,174,274
	<u>229,123,936</u>	<u>202,349,482</u>	<u>30,558,216</u>	<u>22,246,491</u>

(a) Legal reserve

Pursuant to Company Act in Taiwan, a company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent (10%) of the said profits as legal reserve. Where such legal reserve amounts to the total authorised capital, this provision shall not apply.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

19. RESERVES (Cont'd)

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency 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.

(c) Reorganisation debit reserve

The reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and capital reserves of Mi Equipment (M) Sdn. Bhd. and Mi International Pte. Ltd. and its subsidiaries pursuant to business combinations under common control.

(d) Share grant reserve

The share grant reserve represents the value of equity-settled shares granted to employees under share grant scheme ('SGS'). 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 for a period ranged from 3 years to 4 years from the grant date as disclosed in Note 30 to the financial statements.

20. BORROWING

	Group	
	2023	2022
	RM	RM
<i>Term loans</i>		
Non-current	18,432,289	35,377,262
Current	17,915,927	47,140,949
	36,348,216	82,518,211

(a) Borrowing is classified as financial liabilities measured at amortised cost.

(b) The currency exposure profile of borrowings are as follows:

	Group	
	2023	2022
	RM	RM
Taiwan Dollar	27,307,336	65,825,601
Chinese Yuan	9,040,880	16,692,610
	36,348,216	82,518,211

(c) The term loans are secured by the following:

- (i) deposits with a licensed bank as disclosed in Note 17(c) to the financial statements;
- (ii) legal charge over certain land and building of the Group as disclosed in Notes 4(b) and 5(c) to the financial statements;

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

20. BORROWING (Cont'd)

- (c) The term loans are secured by the following: (Cont'd)
- (iii) joint and several guarantee by:
- Director of a subsidiary; and
 - Subsidiary of the Company.
- (d) Fair value of the borrowing of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year. The carrying amount of borrowing is reasonable approximation of fair value due to they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.
- (e) Information on financial risks of borrowing is disclosed in Note 36 to the financial statements.

21. GOVERNMENT GRANTS

	Group	
	2023	2022
	RM	RM
Balance as at 1 January	3,863,668	4,226,971
Charged to profit and loss	(207,914)	(211,168)
Exchange differences	101,685	(152,135)
Balance as at 31 December	<u>3,757,439</u>	<u>3,863,668</u>
Represented by:		
Current liabilities	207,914	203,351
Non-current liabilities	3,549,525	3,660,317
	<u>3,757,439</u>	<u>3,863,668</u>

Government grants related to an asset are recognised as income and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

22. PROVISIONS

	Group	
	2023	2022
	RM	RM
Provision for warranty replacement costs		
- Non-current	1,781,879	1,037,832
- Current	2,731,987	3,368,689
	<u>4,513,866</u>	<u>4,406,521</u>

- (a) Provision for warranty replacement costs

The Group provides a two (2)-year (2022: two (2)-year) warranty on certain electronic components and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

22. PROVISIONS (Cont'd)

- (a) Provision for warranty replacement costs (Cont'd)

Movements during the financial year in the amount recognised in the statements of financial position in respect of the provision for warranty replacement costs are as follows:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	4,406,521	3,882,801
Provision made during the financial year	2,138,396	2,645,541
Amount used during the financial year	(486,695)	(906,700)
Provision reversed during the financial year	(1,557,708)	(1,215,121)
Exchange differences	13,352	0
Balance as at 31 December	4,513,866	4,406,521

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	25,980,424	24,884,235	0	0
Other payables				
Third parties	9,541,424	13,824,011	103,313	35,583
Subsidiaries	0	0	843,749	904,745
Accrued liabilities	13,651,754	15,827,448	405,834	570,802
Deposits received	952,000	952,000	0	0
Total other payables	24,145,178	30,603,459	1,352,896	1,511,130
Total trade and other payables	50,125,602	55,487,694	1,352,896	1,511,130

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).
- (c) Non-trade portion of amounts owing to subsidiaries represents advances which were unsecured, interest-free and payable within one (1) year in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

23. TRADE AND OTHER PAYABLES (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	13,181,040	12,131,527	462,436	620,670
Taiwan Dollar	11,092,592	13,020,794	0	0
Chinese Yuan	7,007,438	7,156,260	0	0
United States Dollar	2,143,097	16,847,452	25,731	19,418
Korean Won	11,772,826	3,021,788	0	0
Singapore Dollar	2,190,811	1,687,904	864,729	871,042
Swiss Franc	1,897,247	808,512	0	0
Euro	840,551	813,457	0	0
	<u>50,125,602</u>	<u>55,487,694</u>	<u>1,352,896</u>	<u>1,511,130</u>

(e) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

24. CONTRACT LIABILITIES

	Group	
	2023 RM	2022 RM
Advances received from customers	<u>6,845,552</u>	<u>4,874,523</u>

(a) Contract liabilities include advances received from customers and deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers. The contract liabilities will be recognised as revenue when the performance obligation are satisfied. These performance obligations are part of contracts that have original expected duration of one (1) year or less.

(b) Movement in contract liabilities are as follows:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	4,874,523	0
Advances received during the financial year	7,940,015	15,114,952
Revenue recognised during the financial year	(5,998,974)	(10,240,429)
Exchange differences	29,988	0
Balance as at 31 December	<u>6,845,552</u>	<u>4,874,523</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

24. CONTRACT LIABILITIES (Cont'd)

- (c) Revenue expected to be recognised on the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	2023	2022
	RM	RM
Group		
31 December 2024	6,845,552	0
31 December 2023	0	4,874,523

- (d) Contract liabilities are denominated in Ringgit Malaysia.

25. CAPITAL COMMITMENTS

	Group	
	2023	2022
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	7,135,671	14,428,587
Contracted but not provided for	4,597,154	839,871
	11,732,825	15,268,458

26. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<i>Revenue from contracts with customers:</i>				
Recognised at point in time:				
- sale of goods	353,973,324	388,725,193	0	0
- services rendered	1,988,226	752,207	0	0
	355,961,550	389,477,400	0	0
<i>Other revenue:</i>				
- dividend income	0	0	38,656,998	43,000,000
	355,961,550	389,477,400	38,656,998	43,000,000

- (a) Sale of goods and services rendered

Revenue from sale of goods and services rendered is recognised at a point in time when the goods have been transferred or the services have been rendered to the customer and coincides with the delivery of goods and services and acceptance by customers.

There is no right of return provided to the customers on the sale of goods and services rendered.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

26. REVENUE (Cont'd)

(a) Sale of goods and services rendered (Cont'd)

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

(b) Dividend income

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

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
By countries:				
Malaysia	34,175,524	44,175,964	0	0
Taiwan	127,765,911	161,947,192	0	0
China	155,673,216	120,558,157	0	0
Singapore	10,670,337	29,255,196	0	0
Korea	15,550,106	21,155,059	0	0
United States of America	4,073,942	6,825,296	0	0
Other countries	8,052,514	5,560,536	0	0
	<u>355,961,550</u>	<u>389,477,400</u>	<u>0</u>	<u>0</u>

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages, salaries and bonuses	67,265,009	67,681,762	511,777	1,384,511
Defined contribution plans	4,465,685	5,053,167	1,030	81,590
Defined benefit plans (Note 14)	304,893	279,515	0	0
Share grant expense	1,946,193	3,616,283	0	0
Other benefits	6,943,646	3,987,854	54,144	138,321
	<u>80,925,426</u>	<u>80,618,581</u>	<u>566,951</u>	<u>1,604,422</u>

Included in the employee benefits expense of the Group and the Company are Directors' remuneration amounting to RM7,232,518 (2022: RM6,841,594) and RM503,500 (2022: RM704,960) respectively.

The estimated money value of benefits-in-kind for the Director of a subsidiary is RM6,982 (2022: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

28. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
- term loans	1,534,461	1,857,082	0	0
- lease liabilities	249,653	93,225	0	17,333
	<u>1,784,114</u>	<u>1,950,307</u>	<u>0</u>	<u>17,333</u>

29. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year	10,683,602	12,671,338	1,386,371	400,896
Under/(Over)provision of tax expense in prior years	197,676	(9,422)	(315,062)	0
	<u>10,881,278</u>	<u>12,661,916</u>	<u>1,071,309</u>	<u>400,896</u>
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(2,084,750)	(3,694,884)	0	0
Overprovision in prior years	(525,573)	(11,027)	0	0
	<u>(2,610,323)</u>	<u>(3,705,911)</u>	<u>0</u>	<u>0</u>
Withholding tax expenses	4,073,072	242,315	3,921,193	210,194
Real property gain tax	473,804	0	0	0
	<u>12,817,831</u>	<u>9,198,320</u>	<u>4,992,502</u>	<u>611,090</u>

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

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

29. TAX EXPENSE (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	65,521,164	75,449,191	48,638,126	48,898,264
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	15,725,079	18,107,806	11,673,150	11,735,583
Tax effects in respect of:				
- Non-allowable expenses	3,751,716	3,654,629	105,640	90,717
- Non-taxable income	(6,174,980)	(3,910,266)	(10,395,411)	(10,754,022)
- Tax incentives and allowances	(9,264,418)	(9,972,336)	0	0
- Different tax rates in foreign jurisdictions	(1,633,071)	366,047	0	0
Deferred tax assets not recognised	6,194,526	2,079,923	2,992	0
Utilisation of deferred tax assets not recognised in prior year	0	(1,349,349)	0	(671,382)
Withholding tax expense	4,073,072	242,315	3,921,193	210,194
Under/(Over)provision of tax expense in prior years	197,676	(9,422)	(315,062)	0
Overprovision of deferred tax in prior year	(525,573)	(11,027)	0	0
Real property gain tax	473,804	0	0	0
	<u>12,817,831</u>	<u>9,198,320</u>	<u>4,992,502</u>	<u>611,090</u>

- (c) A subsidiary of the Company has been granted pioneer status for its promoted principal activities which exempt 100% of its statutory income for a period of 5 years beginning on 18 January 2014 and expired on 17 January 2019.

The tax incentive period granted for the said pioneer status is for a period of 10 years with an initial period of 5 years commencing from 18 January 2014 and expired on 17 January 2019 and subsequently extended for another period of five (5) years beginning on 18 January 2019 to 17 January 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

29. TAX EXPENSE (Cont'd)

(d) Tax on component of other comprehensive income/(loss) is as follows:

	Before tax RM	Group Tax effect RM	After tax RM
2023			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>12,028,189</u>	<u>0</u>	<u>12,028,189</u>
Item that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit obligations	<u>(444,714)</u>	<u>0</u>	<u>(444,714)</u>
2022			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>(14,040,585)</u>	<u>0</u>	<u>(14,040,585)</u>
Item that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit obligations	<u>329,287</u>	<u>0</u>	<u>329,287</u>

30. SHARE GRANT SCHEME ('SGS')

The establishment of employees' SGS was approved by the shareholders at an Extraordinary General Meeting held on 20 November 2019. The SGS was implemented on 2 December 2019 and will continue to be in force for a period of five (5) years from the date of implementation.

The salient features and terms of the SGS are as follows:

- (i) The Board of Directors ('Board') shall appoint the SGS Committee to administer the SGS. The SGS Committee shall be vested with such powers and duties conferred upon it by the Board and the Board may determine all matters pertaining to the SGS Committee, including its duties, power and limitations.
- (ii) The total number of shares to be issued under the SGS shall not exceed, in aggregate, 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGS and out of which not more than 50% of the maximum shares available shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the maximum shares available under the SGS shall be allocated to any individual employee or Executive Director who, either individually or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.
- (iii) All new ordinary shares issued pursuant to the SGS will rank pari passu in all respects with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission or otherwise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

30. SHARE GRANT SCHEME ('SGS') (Cont'd)

The salient features and terms of the SGS are as follows: (Cont'd)

- (iv) Unless otherwise determined by the SGS Committee in accordance with the SGS By-Laws, the shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGS, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
- Eligible employees and/or Executive Directors those who are confirmed employees of the Company and its subsidiaries and have attained the age of eighteen (18) years who are not undischarged bankrupt nor subject to any bankruptcy proceedings;
 - Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service prior to and up to the Grant date; and
 - Eligible employees and/or Executive Directors of the subsidiaries must remain in employment with the Group for a period of at least two (2) years and shall not have given notice of resignation or received notice of termination of service prior to and up to the Grant date.

Details of the SGS of the Company are as follows:

	Company				
	Number of ordinary shares granted under the SGS				
	Balance as at 1.1.2023	Lapsed	Vested	Balance as at 31.12.2023	
31 December 2023					
2021 grant	1,372,000	0	(686,000)	686,000	
2022 grant	648,005	(47,600)	(350,395)	250,010	
	<u>2,020,005</u>	<u>(47,600)</u>	<u>(1,036,395)</u>	<u>936,010</u>	
	Balance as at 1.1.2022	Granted	Lapsed	Vested	Balance as at 31.12.2022
31 December 2022					
2021 grant	1,400,000	0	(28,000)	0	1,372,000
2022 grant	0	1,778,000	(712,800)	(417,195)	648,005
	<u>1,400,000</u>	<u>1,778,000</u>	<u>(740,800)</u>	<u>(417,195)</u>	<u>2,020,005</u>

During the financial year, the Company vested 700,000 units and 336,395 units of ordinary shares under SGS in June 2023 and December 2023 respectively.

In the previous financial year, the Company granted 1,778,000 ordinary shares under SGS to eligible employees of the Group, which 50,000 units and 367,195 units have been vested in August 2022 and December 2022 respectively. The outstanding grant will be vested for over a period of 3 years to 4 years from the grant date provided that the vesting conditions as stipulated in the SGS By-Laws are met.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

31. EARNINGS PER SHARE

(a) Basic

Basic earnings per 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 after deducting for treasury shares.

	Group	
	2023	2022
Profit for the financial year attributable to owners of the parent (RM)	55,108,796	68,862,332
Weighted average number of ordinary shares in issue (unit)	894,896,239	896,034,589
Basic earnings per share (sen)	6.16	7.69

(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	
	2023	2022
Profit for the financial year attributable to owners of the parent (RM)	55,108,796	68,862,332
Weighted average number of ordinary shares in issue (unit)	894,896,239	896,034,589
Effect of dilution due to SGS (unit)	936,010	2,020,005
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	895,832,249	898,054,594
Diluted earnings per share (sen)	6.15	7.67

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

32. DIVIDENDS

	Group and Company Dividend per share RM	Amount of dividend RM
2023		
In respect of financial year ended 31 December 2022:		
Third single tier interim dividend	0.02	17,900,000
In respect of financial year ended 31 December 2023:		
First single tier interim dividend	0.02	17,914,000
		<u>35,814,000</u>
2022		
In respect of financial year ended 31 December 2021:		
Second single tier interim dividend	0.02	17,920,000
In respect of financial year ended 31 December 2022:		
First single tier interim dividend	0.01	8,960,000
Second single tier interim dividend	0.01	8,960,000
		<u>35,840,000</u>

On 23 February 2024, the Directors declared a second interim dividend of RM0.02 per ordinary share amounting to RM17,871,728 in respect of the financial year ended 31 December 2023, which is payable on 25 March 2024. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for as an appropriation of retained earnings for the financial year ending 31 December 2024.

33. 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 may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Group	
	2023 RM	2022 RM
Associate:		
Sales of goods	<u>13,152,888</u>	<u>6,602,332</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

33. RELATED PARTY DISCLOSURES (Cont'd)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year: (Cont'd)

	Company	
	2023 RM	2022 RM
Subsidiaries:		
Dividend income	38,656,998	43,000,000
Interest income	3,553,140	2,544,452
Lease payments	0	168,000
Service and support fees	132,000	0
Management fee expense	<u>3,312,958</u>	<u>440,830</u>

Balances with related parties at the end of the financial year are disclosed in Note 12 and Note 23 to the financial statements.

The above transactions were carried out on terms and rates as agreed between the Company and the related parties.

- (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 entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	422,500	422,500	422,500	422,500
Short term employee benefits	5,763,217	6,402,885	0	373,392
Defined contribution plans	219,794	224,524	0	32,117
Share grant expenses	493,184	208,380	0	0
Other benefits	<u>333,823</u>	<u>300,863</u>	<u>81,000</u>	<u>62,213</u>
	<u>7,232,518</u>	<u>7,559,152</u>	<u>503,500</u>	<u>890,222</u>

Included in the total remuneration of Directors and other key management personnel are:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees	422,500	422,500	422,500	422,500
Directors' remuneration:				
Short term employee benefits	5,763,217	5,735,210	0	208,392
Defined contribution plans	219,794	175,425	0	12,317
Share grant expenses	493,184	208,380	0	0
Other benefits	<u>333,823</u>	<u>300,079</u>	<u>81,000</u>	<u>61,751</u>
	<u>7,232,518</u>	<u>6,841,594</u>	<u>503,500</u>	<u>704,960</u>

The estimated money value of benefits-in-kind for the Director of a subsidiary is RM6,982 (2022: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

34. OPERATING SEGMENTS

The Group has three reportable segments as described below, which made up by its principal activities. These business units are involved in different industry segments and separately managed by the Business Unit President who report directly to the Group Chief Executive Officer.

The reportable segments of the Group are as follows:

(a) Semiconductor Equipment Business Unit ('SEBU')

Involved in the manufacturing and sales of the semiconductor manufacturing equipment, paired with smart factory automation solutions for Industrial 4.0, together with the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

(b) Semiconductor Material Business Unit ('SMBU')

Involved in the manufacturing and sale of solder spheres (also known as solder balls), a key assembly and packaging material in semiconductor industry.

(c) Semiconductor Solutions Business Unit ('SSBU')

Involved in the research and development, manufacturing, sales and marketing of specific process and application in assembly and packaging solutions to customers.

(d) Others

Included investment holding and other activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The accounting policies of operating segments are the same as those described in the notes to the financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

34. OPERATING SEGMENTS (Cont'd)

Segment assets exclude investment in an associate, tax assets, derivative, net defined benefit asset, short term funds and cash and bank balances. Segment liabilities exclude tax liabilities and net defined benefit liability. Even though borrowing arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

	SEBU RM	SMBU RM	SSBU RM	Others RM	Elimination and adjustments RM	Consolidated RM
2023						
Revenue from external customers	174,188,092	181,773,458	0	0	0	355,961,550
Inter-segment revenue	0	0	0	41,966,235	(41,966,235)	0
Total revenue	<u>174,188,092</u>	<u>181,773,458</u>	<u>0</u>	<u>41,966,235</u>	<u>(41,966,235)</u>	<u>355,961,550</u>
Interest income	2,788,751	432,129	1,820,055	10,133,809	(3,553,140)	11,621,604
Finance costs	<u>(3,880,637)</u>	<u>(1,227,828)</u>	<u>(70,106)</u>	<u>(124,692)</u>	<u>3,519,149</u>	<u>(1,784,114)</u>
Net finance income	<u>(1,091,886)</u>	<u>(795,699)</u>	<u>1,749,949</u>	<u>10,009,117</u>	<u>(33,991)</u>	<u>9,837,490</u>
Share of results of an associate	0	0	0	0	0	(311,950)
Segment profit before tax	29,071,013	30,686,253	(1,495,875)	49,005,741	(41,745,968)	65,521,164
Tax expense						(12,817,831)
Other material non-cash items:						
- depreciation of property, plant and equipment	(6,807,855)	(7,629,400)	(6,127)	(394,779)	0	(14,838,251)
- depreciation of right-of-use assets	(1,971,042)	(82,626)	(271,938)	(955,834)	0	(3,281,440)
- depreciation of investment properties	(642,445)	0	0	0	0	(642,445)
- amortisation of intangible assets	(1,972,792)	(4,275,848)	0	(174,409)	0	(6,423,049)
- inventories written down	(1,617,624)	0	0	0	0	(1,617,624)
- reversal of inventories written down	0	2,243,875	0	0	0	2,243,875
- unrealised gain/(loss) on foreign exchange	3,410,124	(740,899)	(1,790,237)	3,835,591	0	4,714,579
- provision for warranty replacement costs	(2,138,396)	0	0	0	0	(2,138,396)
- reversal of provision for warranty replacement costs	<u>1,557,708</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,557,708</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

34. OPERATING SEGMENTS (Cont'd)

	SEBU RM	SMBU RM	SSBU RM	Others RM	Elimination and adjustments RM	Consolidated RM
2023 (Cont'd)						
Assets						
Segment assets	297,537,790	416,399,448	13,274,494	77,843,079	(61,158,788)	743,896,023
Investment in an associate						40,937,579
Deferred tax assets						10,356,546
Net defined benefit asset						2,770,733
Current tax assets						1,193,470
Short term funds						98,173,939
Cash and bank balances						<u>324,553,708</u>
						<u>1,221,881,998</u>
Additions to non-current assets other than financial instruments	12,210,825	3,260,153	10,888,919	1,371,414	0	27,731,311
Liabilities						
Segment liabilities	114,241,493	55,595,452	8,088,227	3,433,812	(60,728,031)	120,630,953
Deferred tax liabilities						16,809,258
Current tax liabilities						<u>9,744,825</u>
						<u>147,185,036</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

34. OPERATING SEGMENTS (Cont'd)

	SEBU RM	SMBU RM	Others RM	Elimination and adjustments RM	Consolidated RM
2022					
Revenue from					
external customers	182,896,315	206,560,002	21,083	0	389,477,400
Inter-segment revenue	3,693	321,119	44,087,176	(44,411,988)	0
Total revenue	<u>182,900,008</u>	<u>206,881,121</u>	<u>44,108,259</u>	<u>(44,411,988)</u>	<u>389,477,400</u>
Interest income	708,247	98,977	5,844,965	(2,544,452)	4,107,737
Finance costs	<u>(2,609,028)</u>	<u>(1,842,703)</u>	<u>(30,156)</u>	<u>2,531,580</u>	<u>(1,950,307)</u>
Net finance income	<u>(1,900,781)</u>	<u>(1,743,726)</u>	<u>5,814,809</u>	<u>(12,872)</u>	<u>2,157,430</u>
Share of results of an associate	(2,216,057)	0	0	0	(2,216,057)
Segment profit before tax	30,362,742	43,823,601	48,012,573	(46,749,725)	75,449,191
Tax expense					(9,198,320)
Other material non-cash items:					
- depreciation of property, plant and equipment	(8,394,002)	(7,917,809)	(315,241)	117,875	(16,509,177)
- depreciation of right-of-use assets	(1,931,076)	(97,984)	(146,985)	146,985	(2,029,060)
- depreciation of investment properties	(642,445)	0	0	0	(642,445)
- amortisation of intangible assets	(1,269,611)	(4,552,065)	(171,836)	0	(5,993,512)
- inventories written down	(1,884,108)	(1,115,390)	0	0	(2,999,498)
- unrealised gain on foreign exchange	1,434,632	1,458,250	992,665	0	3,885,547
- provision for warranty replacement costs	(2,645,541)	0	0	0	(2,645,541)
- reversal of provision for warranty replacement costs	<u>1,215,121</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,215,121</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

34. OPERATING SEGMENTS (Cont'd)

	SEBU RM	SMBU RM	Others RM	Elimination and adjustments RM	Consolidated RM
2022 (Cont'd)					
Assets					
Segment assets	340,617,262	396,177,703	129,561,764	(88,415,764)	777,940,965
Investment in an associate					25,475,864
Deferred tax assets					7,466,442
Net defined benefit asset					2,463,564
Current tax assets					31,010
Short term funds					241,964,153
Cash and bank balances					176,561,917
					<u>1,231,903,915</u>
Additions to non- current assets other than financial instruments	1,991,904	9,867,650	3,088,668	0	14,948,222
Liabilities					
Segment liabilities	163,850,490	100,130,810	4,791,700	(113,895,448)	154,877,552
Deferred tax liabilities					17,157,071
Current tax liabilities					11,194,564
					<u>183,229,187</u>

(a) Geographical information

Segment revenue is based on geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets, lease receivable and net defined benefit asset.

	Group	
	2023 RM	2022 RM
Revenue from external customers		
Southeast Asia	49,245,956	75,157,686
Northeast Asia	298,989,232	303,660,409
North Atlantic	7,726,362	10,659,305
	<u>355,961,550</u>	<u>389,477,400</u>
Non-current assets		
Southeast Asia	124,575,550	130,690,344
Northeast Asia	379,685,055	372,079,159
North Atlantic	10,522	26,646
	<u>504,271,127</u>	<u>502,796,149</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

34. OPERATING SEGMENTS (Cont'd)

(b) Major customers

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

	Group	
	2023	2022
	RM	RM
Customer A	41,228,252	*

* Customer with revenue less than ten percent (10%) is not disclosed.

35. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

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 shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio of ten percent (10%) to fifty percent (50%) determined as the proportion of net debt to equity. The Group includes within net debt, provisions, borrowing, lease liabilities, trade and other payables, less short term funds and cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Provisions	4,513,866	4,406,521	0	0
Borrowing	36,348,216	82,518,211	0	0
Lease liabilities	19,040,278	3,726,935	0	228,327
Trade and other payables	50,125,602	55,487,694	1,352,896	1,511,130
Total liabilities	110,027,962	146,139,361	1,352,896	1,739,457
Less:				
Short term funds	(98,173,939)	(241,964,153)	(97,528,139)	(237,980,578)
Cash and bank balances	(324,553,708)	(176,561,917)	(79,640,081)	(24,572,479)
Net cash	(312,699,685)	(272,386,709)	(175,815,324)	(260,813,600)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

35. CAPITAL MANAGEMENT (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total capital	1,075,021,838	1,053,108,774	876,456,118	873,005,783
Net cash	<u>(312,699,685)</u>	<u>(272,386,709)</u>	<u>(175,815,324)</u>	<u>(260,813,600)</u>
	<u>762,322,153</u>	<u>780,722,065</u>	<u>700,640,794</u>	<u>612,192,183</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 more than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) 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 2023 and 31 December 2022.

The Group is not subject to any other externally imposed capital requirements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms, short term funds and deposits with licensed banks, which requires the loss to be recognised if a counter party fails to perform as contracted. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the geographical location profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group and the Company at the end of the reporting period are as follows:

Group	2023		2022	
	RM	% of total	RM	% of total
By geographical location				
Southeast Asia	58,155,335	43%	51,893,817	36%
Northeast Asia	73,276,203	55%	88,976,562	62%
North America	2,030,050	2%	2,869,839	2%
	<u>133,461,588</u>	<u>100%</u>	<u>143,740,218</u>	<u>100%</u>

At the end of each reporting period, approximately 49% (2022: 45%) of the trade receivables of the Group were due from five (5) (2022: five (5)) major customers.

Company

At the end of the reporting period, trade receivables of the Company are solely from its subsidiaries.

(b) Liquidity and cash flow risk

The exposure of the Group to liquidity and cash flow risk arises primarily from the mismatch of the maturities of financial assets and liabilities. The Group actively manages its debt maturity profile, operating cash flows and 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 practises 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

31 DECEMBER 2023 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity and cash flow risk (Cont'd)

The table below summarises 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 (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
Group				
As at 31 December 2023				
Financial liabilities				
Trade and other payables	50,125,602	0	0	50,125,602
Borrowing	19,298,117	16,594,089	1,623,921	37,516,127
Lease liabilities	4,575,811	14,233,182	2,281,619	21,090,612
Total undiscounted financial liabilities	<u>73,999,530</u>	<u>30,827,271</u>	<u>3,905,540</u>	<u>108,732,341</u>
As at 31 December 2022				
Financial liabilities				
Trade and other payables	55,487,694	0	0	55,487,694
Borrowing	47,903,797	64,566,364	10,702,337	123,172,498
Lease liabilities	2,237,355	1,789,580	0	4,026,935
Total undiscounted financial liabilities	<u>105,628,846</u>	<u>66,355,944</u>	<u>10,702,337</u>	<u>182,687,127</u>
Company				
As at 31 December 2023				
Financial liabilities				
Trade and other payables	1,352,896	0	0	1,352,896
Total undiscounted financial liabilities	<u>1,352,896</u>	<u>0</u>	<u>0</u>	<u>1,352,896</u>
As at 31 December 2022				
Financial liabilities				
Trade and other payables	1,511,130	0	0	1,511,130
Lease liabilities	168,000	70,000	0	238,000
Total undiscounted financial liabilities	<u>1,679,130</u>	<u>70,000</u>	<u>0</u>	<u>1,749,130</u>

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Foreign currency risk (Cont'd)

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of entities within the Group and the Company. The currency giving rise to this risk is primarily in United States Dollar ('USD'), Taiwan Dollar ('TWD') and Chinese Yuan ('CNY').

The following table demonstrates the sensitivity analysis of the profit after tax of the Group and of the Company to a reasonably possible changes in the USD, TWD and CNY exchange rates against the functional currency of the Group and of the Company, with all other variables held constant:

	Group		Company	
	Effect on profit after tax		Effect on profit after tax	
	Increase/(Decrease)		Increase/(Decrease)	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Strengthened by 10%</u>				
USD/RM	23,217,089	14,070,748	6,782,827	2,331,820
USD/TWD	5,958,444	4,849,532	0	0
TWD/RM	854,529	(2,943,622)	0	0
CNY/RM	1,645,167	594,537	0	0
<u>Weakened by 10%</u>				
USD/RM	(23,217,089)	(14,070,748)	(6,782,827)	(2,331,820)
USD/TWD	(5,958,444)	(4,849,532)	0	0
TWD/RM	(854,529)	2,943,622	0	0
CNY/RM	(1,645,167)	(594,537)	0	0

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group and the Company.

There is no impact to the equity as a result of changes of foreign exchanges rates as at the end of reporting period.

(d) 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 would fluctuate because of changes in market interest rates. The exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the short term funds and borrowing of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following table sets out the carrying amounts and the weighted average effective interest rates ('WAEIR') as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	WAEIR per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	More than five (5) years RM	Total RM
2023							
Fixed rates							
Lease receivable	13	3.00	1,416,397	3,597,072	0	0	5,013,469
Deposits with licensed banks	17	2.00	47,224,961	0	0	0	47,224,961
Floating rates							
Short term funds	16	2.60	98,173,939	0	0	0	98,173,939
Borrowing	20	1.79 - 3.60	(17,915,927)	(8,161,027)	(8,703,590)	(1,567,672)	(36,348,216)
2022							
Fixed rates							
Lease receivable	13	3.00	1,412,510	1,455,473	2,273,264	0	5,141,247
Deposits with licensed banks	17	2.00	49,818,035	0	0	0	49,818,035
Floating rates							
Short term funds	16	1.98	241,964,153	0	0	0	241,964,153
Borrowing	20	1.88 - 4.02	(47,140,949)	(23,383,883)	(8,567,259)	(3,426,120)	(82,518,211)
Company							
2023							
Floating rates							
Amounts owing by subsidiaries	12	5.48	44,291,000	0	0	0	44,291,000
Short term funds	16	3.00 - 3.50	97,528,139	0	0	0	97,528,139
2022							
Floating rates							
Amounts owing by subsidiaries	12	5.43	4,663,000	11,518,000	48,827,945	0	65,008,945
Short term funds	16	2.92	237,980,578	0	0	0	237,980,578

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk (Cont'd)

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		Company	
	Effect on profit after tax		Effect on profit after tax	
	Increase/(Decrease)		Increase/(Decrease)	
	2023	2022	2023	2022
	RM	RM	RM	RM
Floating rates				
<u>Increase by 0.5%</u>				
Amounts owing by subsidiaries	0	0	168,306	247,034
Short term funds	373,061	919,464	370,607	904,326
Borrowing	<u>(138,123)</u>	<u>(313,569)</u>	<u>0</u>	<u>0</u>
<u>Decrease by 0.5%</u>				
Amounts owing by subsidiaries	0	0	(168,306)	(247,034)
Short term funds	(373,061)	(919,464)	(370,607)	(904,326)
Borrowing	<u>138,123</u>	<u>313,569</u>	<u>0</u>	<u>0</u>

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

There is no impact to the equity as a result of changes of interest rate for floating rate instruments as at the end of the reporting period.

37. MATERIAL LITIGATION

(a) Mi Technovation Berhad (“Plaintiff”) –v- Chin Yong Keong (“Defendant”)

On 14 May 2023, the Plaintiff filed a writ in the Penang High Court against Chin Yong Keong, the former Chief Operation Officer cum General Manager of the Company, primarily for breach of employment contract, abuse of legal process, and the false or misleading statements contained in Chin Yong Keong’s profile stated in the prospectus dated 9 May 2023 published by Edeltec Holdings Berhad pertaining to his employment history in the Plaintiff.

On 28 July 2023, Chin Yong Keong counterclaimed for defamation against the Plaintiff for its announcement to Bursa Malaysia Securities Berhad on 17 May 2023 (“Announcement”) and the summary write-up prepared by the plaintiff’s solicitors attached to the Announcement. Chin Yong Keong also counterclaimed that the writ filed by the Plaintiff was an abuse of process.

The matter is fixed for trial on 19 to 23 August 2024 and 9 September 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

37. MATERIAL LITIGATION (Cont'd)

- (b) **Mi Technovation Berhad and Mi Equipment (M) Sdn. Bhd. (“Plaintiffs”) –v- Chin Yong Keong, Lee Kim Loon, Edeltec Holdings Berhad, Edeltec Technologies Sdn. Bhd., Edel Technology (M) Sdn. Bhd., Edeltec Ventures Sdn. Bhd., Camyang Enterprise Sdn. Bhd., Dystec Technique Sdn. Bhd. and Tan Joo Hung (“Defendants”)**

On 19 July 2023, the Plaintiffs filed a writ in the Penang High Court against Defendants, primarily for breach of confidential information, copyright infringement, patent infringement, tort of conspiracy to injure and unlawful interference with trade.

On 20 October 2023, the Defendants counterclaimed against the Plaintiffs for primarily, a declaration that Malaysian Patent No. MY-194779-A (“Patent 779”) (owned by MiEMY) is invalid and null and void in Malaysia. The Plaintiffs have filed and served their reply to defence on the counterclaim on 5 January 2024.

The trial dates of this action are yet to be fixed.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

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

- (a) On 19 October 2023, the Group via its wholly-owned subsidiary, Mi Semiconductor Pte. Ltd. (‘MiSESG’), entered into an investment agreement with the Xiaoshan Economic and Technological Development Zone Administration Committee to invest in a research, development and manufacturing facility for power module and devices in Xiaoshan, Hangzhou City which amounting to USD30 million (approximately RM142 million).
- (b) On 15 March 2024, the Group via its wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd., additionally acquired equity interest in Talentek Microelectronics (Hefei) Limited (‘Talentek’), representing approximately 5.21% equity interest in Talentek for a purchase consideration of CNY27 million (approximately RM17.6 million). Accordingly, the Group hold 30.75% of total equity interest in Talentek and Talentek remains an associated company of the Group.
- (c) On 25 March 2024, the Company increased its equity investment in MiSESG amounted to USD10 million (equivalent to RM47.5 million).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

39. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

(a) New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>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 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
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 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

LIST OF PROPERTIES

No.	Name of registered owner / Location	Description	Land area (Sq.M)	Tenure	Carrying amount as of 31 December 2023 (RM'000)	Date of acquisition (factory construction completion date)
1.	<u>Mi Equipment (M) Sdn. Bhd.</u> No. 20, Medan Bayan Lepas Technoplex, MK12 Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.	Land and building of 5-storey factory	8,576	Leasehold (60 years expiring on 30 January 2063)	69,058	11.07.2017 (08.04.2019)
2.	<u>Mi Equipment (M) Sdn. Bhd.</u> PMT 764, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang.	Land and building of 2-storey factory (Investment property)	24,702	Leasehold (60 years expiring on 26 February 2078)	34,324	05.10.2016 (26.02.2020)
3.	<u>Mi International Pte. Ltd.</u> Robinson Road, Robinson Square, #06-02 Singapore 068908	Building of 1 unit office lot	110	Freehold	10,379	14.06.2019
4.	<u>Mi Equipment (Taiwan) Co. Ltd.</u> No. 6, Ln. 291, Defeng St., Nanzi Dist., Kaohsiung City 811735 , Taiwan	Land and building of 5-storey hostel	121	Freehold	5,206	21.12.2021
5.	<u>Accurus Scientific Co. Ltd.</u> No.508-51, Section 1, Wen-Sien Road, Rende District, Tainan City 717015, Taiwan.	Land and building blocks: (i) 4-storey factory (ii) 5-storey factory (iii) 3-storey factory	7,562	Freehold	45,612	Building blocks: (i) 30.09.1998 (ii) 01.12.2003 (16.04.2004) (iii) 01.12.2003 (26.08.2005)
6.	<u>Accurus (Ningbo) Scientific Co. Ltd.</u> No.98, Qingshan Road, Beilun District, Ningbo City 315807, Zhejiang Province, China	Land and building of 4-storey factory	12,275	Leasehold (50 years expiring on 19 November 2067)	50,056	30.10.2017 (31.12.2021)

ANALYSIS OF SHAREHOLDINGS

AS AT 5 APRIL 2024

Total Number of Issued Shares : 900,000,000 (inclusive of 6,413,605 Treasury shares held)

Class of Share : Ordinary shares

Voting Rights : One vote for every ordinary share held

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
217	less than 100 shares	9,267	0.00
2,919	100 to 1,000 shares	2,046,921	0.23
6,973	1,001 to 10,000 shares	30,600,105	3.42
2,401	10,001 to 100,000 shares	71,168,451	7.97
354	100,001 to less than 5% of issued shares	287,761,651	32.20
3	5% and above of issued shares	502,000,000	56.18
12,867		893,586,395	100.00

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	Indirect	%
Lee Boon Leng	97,500	0.01	-	-
Oh Kuang Eng	401,500,000	44.93	-	-
Yong Shiao Voon	101,000,000	11.30	-	-
Heng Kok Lin	2,886,936	0.32	-	-
Teo Chee Kheong (Zhang Zhiqiang)	300,150	0.03	-	-
Tan Boon Hoe	200,000	0.02	-	-
Lim Shin Lid	-	-	-	-
Phoon Yee Min	3,000	0.00	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct	%	Indirect	%
Oh Kuang Eng	401,500,000	44.93	-	-
Yong Shiao Voon	101,000,000	11.30	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 5 APRIL 2024 (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NAMES	NO. OF SHARES HELD	%
1. Citigroup Nominees (Tempatan) Sdn. Bhd. UBS AG Singapore For Oh Kuang Eng	201,000,000	22.49
2. CIMB Group Nominees (Tempatan) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS-PB)	200,000,000	22.38
3. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd. (SFS-PB)	101,000,000	11.30
4. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank New York (Norges Bank 22)	26,580,000	2.97
5. Opulus Investments Corp.	21,930,822	2.45
6. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB For Lim Ka Kian (PB)	21,635,750	2.42
7. Forte Investments Corp.	13,440,527	1.50
8. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS AG Singapore (Foreign)	12,500,000	1.40
9. Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	10,250,400	1.15
10. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM Inv)	6,740,000	0.75
11. RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ooi Keng Thye	6,295,400	0.70
12. Permodalan Nasional Berhad	5,809,800	0.65
13. Wang Chung Chen	5,358,150	0.60
14. Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	4,882,600	0.55
15. Amanahraya Trustees Berhad ASN Umbrella For ASN Equity 3	4,526,500	0.51
16. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHBIslamic)	3,307,800	0.37
17. Amanahraya Trustees Berhad Amanah Saham Nasional	3,300,000	0.37
18. HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd. For Principal Dali Equity Fund	3,236,300	0.36
19. Maybank Nominees (Tempatan) Sdn. Bhd. National Trust Fund (IFM KAF) (446190)	3,200,000	0.36
20. Lim Ka Kian	3,182,200	0.36
21. Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Principal Eqits)	3,062,300	0.34
22. Heng Kok Lin	2,886,936	0.32
23. Amanahraya Trustees Berhad ASN Equity 2	2,800,000	0.31
24. Universal Trustees (Malaysia) Berhad KAF Core Income Fund	2,684,500	0.30
25. Ong Tee Ni	2,127,000	0.24
26. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wanjun Engineering Sdn. Bhd. (E-BBB)	2,118,100	0.24
27. Tan Seow Hoe	2,110,000	0.24
28. Amanahraya Trustees Berhad ASN Sara (Mixed Asset Conservative) 2	1,897,500	0.21
29. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An For UOB Kay Hian Pte. Ltd. (A/C Clients)	1,824,700	0.20
30. HSBC Nominees (Tempatan) Sdn. Bhd. HSBC Trustee Bhd. For Principal Dali Asia Pacific Equity Growth Fund	1,800,000	0.20

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting (“AGM”) of the Company will be held at Auditorium of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Tuesday, **11 June 2024**, at 10.00 a.m. for the following purposes: -

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. Oh Kuang Eng, the Group Chief Executive Officer of the Company, who retired in accordance with Article 165 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 1)
3. To re-elect Mr. Tan Boon Hoe, the Independent Non-Executive Director of the Company who retired in accordance with Article 165 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 2)
4. To re-elect Ms. Phoon Yee Min, the Independent Non-Executive Director of the Company who retired in accordance with Article 165 of the Constitution of the Company, and being eligible has offered herself for re-election. (Resolution 3)
5. To approve payment of benefits payable to the Executive Directors of the Company totaling RM24,000 from 7 June 2023 to 11 June 2024. (Resolution 4)
6. To approve payment of the Directors’ Fees of up to RM479,000 in respect of the financial year ending 31 December 2024. (Resolution 5)
7. To approve payment of benefits payable to Directors of the Company up to an amount of RM84,000 for the period from 12 June 2024 until the Company’s next AGM which will be held in 2025. (Resolution 6)
8. To re-appoint Messrs BDO PLT as Auditors to hold office until the conclusion of the next AGM and to authorise the Board to fix their remuneration. (Resolution 7)

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions : -

9. **Authority to issue shares and allot share pursuant to Section 75 of the Companies Act 2016 (“Act”)** (Resolution 8)

“**THAT**, subject always to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Constitution of the Company and approvals of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby empowered pursuant to Section 75 of the Act, to issue and allot shares in the capital of the Company, at any time upon such terms and conditions and for such purposes and to such person(s) whomsoever as the Board of Directors of the Company (“Board”) may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed ten (10) per centum of the total issued share capital of the Company for the time being and **THAT** the Board be and is also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and **THAT** such authority shall continue in force until the conclusion of the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

THAT pursuant to Section 85 of the Act read together with Article 29 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate AND THAT such new Shares when allotted shall rank pari passu in all respects with the existing class of ordinary shares;

AND FURTHER THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate.”

10. **Proposed Renewal authority to buy back its own shares by the Company (“Proposed Share Buy-Back Renewal”)** (Resolution 9)

“**THAT** subject to the Act, provisions of the Company's Constitution, Main Market Listing Requirements of Bursa Securities and any prevailing laws, guidelines, rules and regulations issued by the relevant authorities, the Board be authorised to purchase its own shares through Bursa Securities, subject to the following:

- (a) the aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of its total number of issued Shares at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained earnings of the Company;
- (c) the authority conferred by this resolution would be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed at which time the said authority shall 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 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 a general meeting,

whichever occurs first and, in any event, in accordance with the provisions of the Listing Requirement of Bursa Securities or any other relevant authorities;

AND THAT the Board be and is hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient to implement, finalise, complete and/or give effect to the purchase of the Company's shares.”

11. To transact any other ordinary business for which due notice has been given.

Further notice is also hereby given that for purpose of determining a member who shall be entitled to attend this 7th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 4 June 2024. Only a depositor whose name appears on the Record of Depositors as at 4 June 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

Ch'ng Lay Hoon
SSM PC No.: 201908000494
MAICSA 0818580
Company Secretary

Penang

30 April 2024

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:

Proxy:-

- (a) *A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- (b) *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
- (c) *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
- (d) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournments thereof.*

Explanatory Note On Special Business

i) Authority to Issue Shares (Resolution 8)

The proposed resolution is in relation to authority to allot shares pursuant to Section 75 of the Act, and if passed, will give a renewed mandate to the Board, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company (“General Mandate”). This General Mandate, unless revoked or varied at a general meeting of the Company, will expire at the conclusion of the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier.

At this juncture, there is no decision to issue new shares. However, should the need arise to issue new shares the General Mandate would avoid any delay and costs in convening a general meeting of the Company to specifically approve such issue of share. If there should be a decision to issue new shares after the General Mandate is obtained, the Company would make an announcement in respect of the purpose and utilization of the proceeds arising from such issue.

ii) Proposed Renewal of Share Buy-Back (Resolution 9)

The proposed resolution, if passed, will provide the mandate for the Company to buy back its own shares up to a limit 10% of the total issued and paid-up share capital of the Company. The explanatory notes on Resolution 9 are set out in Statement dated 30 April 2024.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad

- 1) Save for re-election of the retiring Directors, there were no directors standing for election at the 7th AGM.

The retiring Directors have confirmed that they do not have any conflict of interest or potential conflict of interest that arise, or might arise, where they have interest, whether direct or indirect financial interest as well as non-financial interest or competing loyalties or interests which are in conflict with the Company or its subsidiaries.

- 2) The proposed Ordinary Resolution 8 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 6 June 2023.

Mi TECHNOVATION BERHAD

Registration No. 201701021661 (1235827-D)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We, _____

(Full name of in capital letters as per Identity Card ("MYKAD")/Passport/Certificate of Incorporation)

MYKAD/PassportNo./CompanyNo. _____ of _____

(Full address)

telephone no. _____, being a member of **Mi TECHNOVATION BERHAD** ("the Company")

hereby appoint _____

(Full name in capital letter)

MYKAD/Passport No. _____ of _____

(Full address)

And/or failing him _____

(Full name in capital letters)

MYKAD/Passport No. _____ of _____

(Full address)

or failing the abovenamed proxies, the Chairman of the Meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the 7th Annual General Meeting of the Company, to be held at Auditorium of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Tuesday, **11 June 2024**, at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	For	Against
1.	Re-election of Mr. Oh Kuang Eng as Director		
2.	Re-election of Mr. Tan Boon Hoe as Director		
3.	Re-election of Ms. Phoon Yee Min as Director		
4.	Payment of benefits payables to Executive Directors from 7 June 2023 to 11 June 2024		
5.	Payment of Directors' Fees for the financial year ending 31 December 2024		
6.	Payment of benefits payables to Directors of the Company		
7.	Re-appointment of Auditors		
8.	Approval to issue and allot shares pursuant to Section 75 of the Companies Act 2016		
9.	Approval on the renewal on share buy-back by the Company		

*Strike out whichever is inapplicable

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this _____ day of _____ 2024.

The proportions of my/our holding to be represented by my/our proxies are as follows: -

	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		100%

Signature(s)/Common Seal of Member(s)

NOTES:

- For the purpose of determining a member of the Company who shall be entitled to attend and vote at this AGM, the Company shall be requesting the Record of Depositors as at 4 June 2024. Only a depositor whose name appears on the Record of Depositors as at 4 June 2024 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- Proxy:-
 - A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
 - Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
 - The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
 - The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournments thereof.

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 Annual General Meeting of the Company and any adjournment thereof.

Fold this flag sealing

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Stamp

The Company Secretary
Mi TECHNOVATION BERHAD
201701021661 (1235827-D)

SUITE 12-A, LEVEL 12, MENARA NORTHAM
NO. 55 JALAN SULTAN AHMAD SHAH
10050 GEORGE TOWN
PENANG

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Mi TECHNOVATION BERHAD

Company No. 201701021661 (1235827-D)

NO.20, MEDAN BAYAN LEPAS TECHNOPLEX,
MK12 TAMAN PERINDUSTRIAN BAYAN LEPAS,
11900 BAYAN LEPAS, PULAU PINANG,
MALAYSIA.

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