

ANNUAL REPORT

2022

Bide Our Time
韬光养晦

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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.

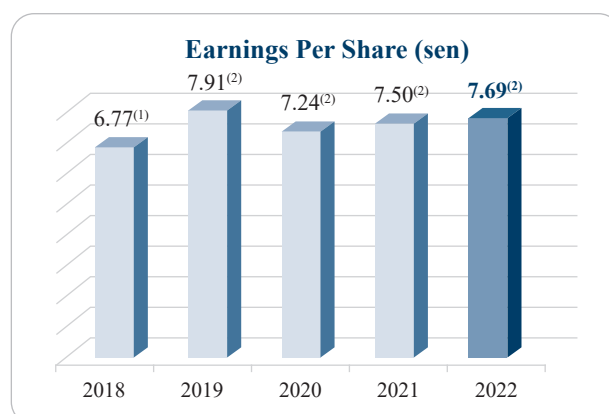
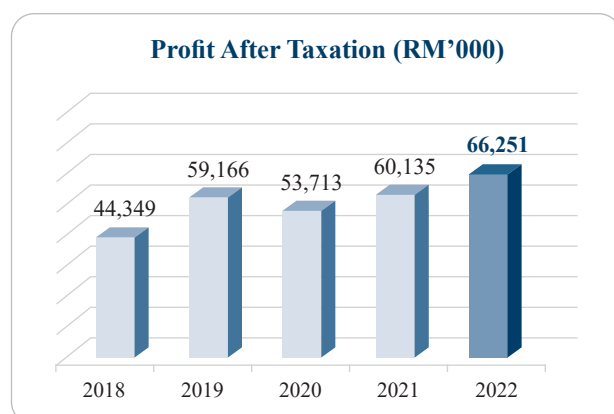
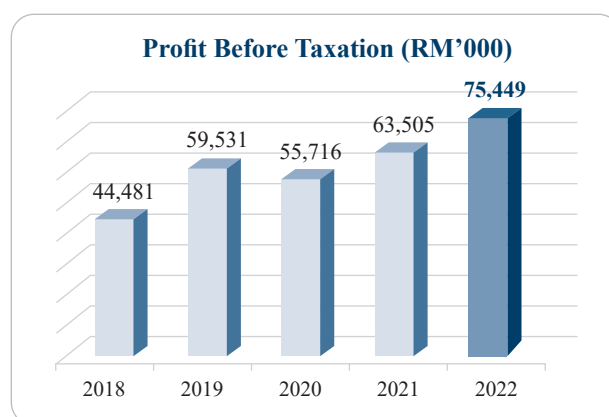
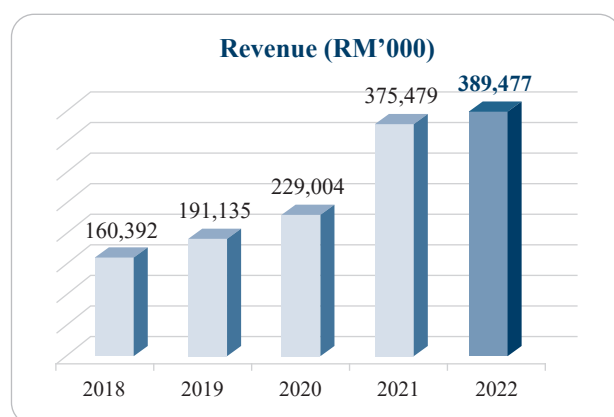
FINANCIAL HIGHLIGHTS

	FYE2018	FYE2019	FYE2020	FYE2021	FYE2022
Profitability (RM'000)					
Revenue	160,392	191,135	229,004	375,479	389,477
Profit Before Taxation	44,481	59,531	55,716	63,505	75,449
Profit After Taxation	44,349	59,166	53,713	60,135	66,251
Profit attributable to owners of the parent	44,349	59,166	54,008	61,845	68,862
As at 31 December					
Financial Position (RM'000)					
Total Assets	378,919	430,123	440,612	1,213,039	1,231,904
Shareholders Fund	330,849	379,767	388,327	1,030,105	1,053,109
Total Equity	330,849	379,767	388,277	1,028,359	1,048,675
Total Cash	203,405	151,424	83,372	394,628	418,526
Total Borrowings	6,753	4,078	5,097	108,364	82,518
Share Information					
Earnings Per Share (sen)	6.77 ⁽¹⁾	7.91 ⁽²⁾	7.24 ⁽²⁾	7.50 ⁽²⁾	7.69⁽²⁾
Net Assets Per Share (RM)	0.50 ⁽¹⁾	0.51 ⁽²⁾	0.52 ⁽²⁾	1.25 ⁽²⁾	1.17⁽²⁾
Gross Gearing (times)	0.02	0.01	0.01	0.11	0.08
Net Gearing (times)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Weighted average number of ordinary shares in issue ('000)	655,532	748,068	746,000	825,056	896,035

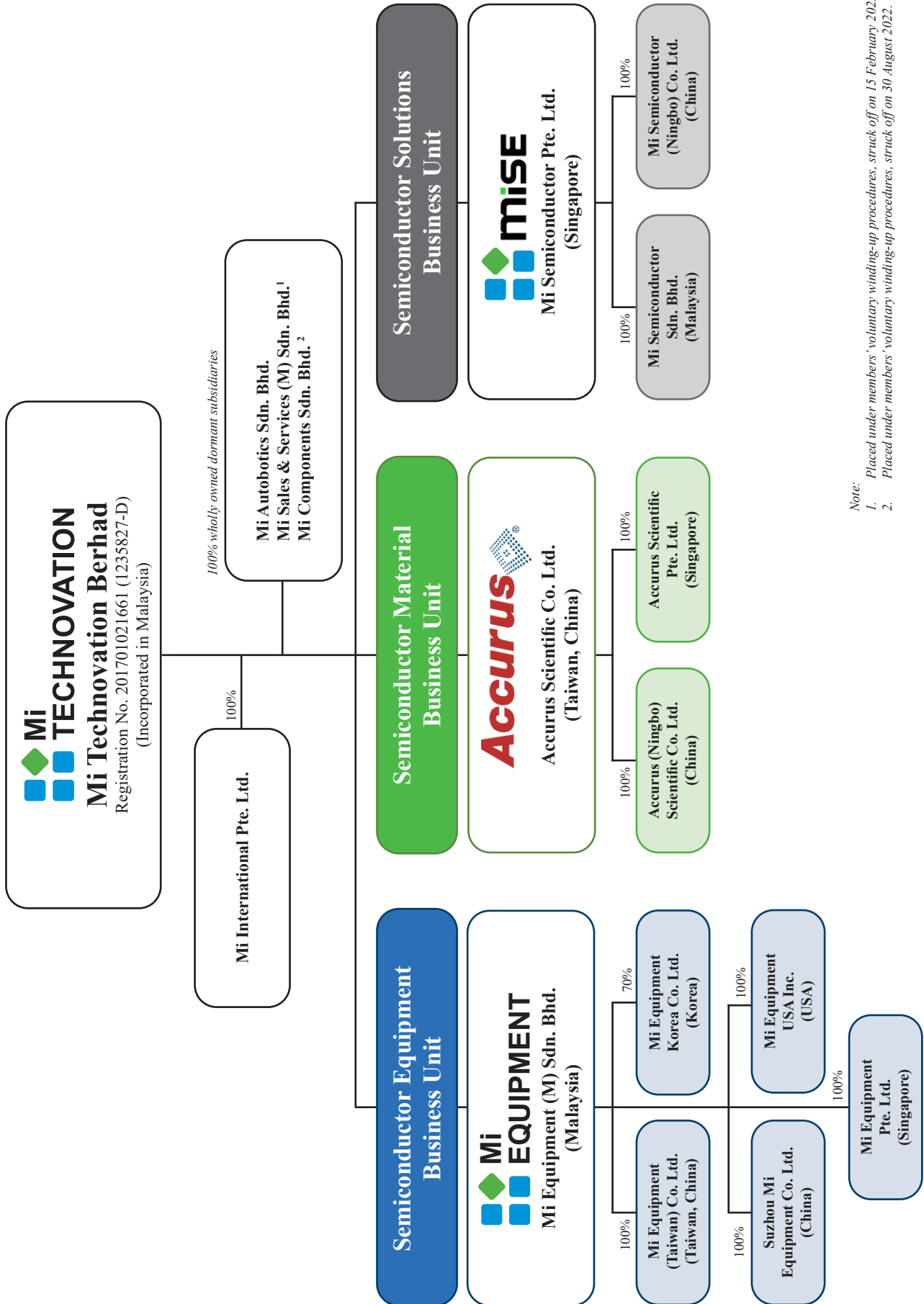
Notes:

(1) Based on weighted average number of ordinary shares outstanding which have been restated to reflect the increased number of shares arising from the bonus issue during year 2019.

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



CORPORATE STRUCTURE



Note:
1. Placed under members' voluntary winding-up procedures, struck off on 15 February 2022.
2. Placed under members' voluntary winding-up procedures, struck off on 30 August 2022.

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 KEONG

Executive Director / Vice President of Semiconductor Equipment Business Unit

HENG KOK LIN

Executive Director / Vice President of 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

Company Secretary

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

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

Auditor

BDO PLT

Chartered Accountants

(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

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

Fax: 04-373 8788

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

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 / Vice President of
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 / Vice President of
Semiconductor Material Business Unit

PROFILE OF DIRECTORS



LEE BOON LENG

Independent Non-Executive Chairman

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

Qualification:

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

Working Experience:

Mr. Lee has more than 26 years of vast experience and in-depth knowledge in the semiconductor equipment industry. He started his career in 1992 with TECH Semiconductor Pte. Ltd. as Section Manager and then moved to Ellipsiz Ltd. as Business Manager in 1995. Two years later, he started MicroFab Technology Pte. Ltd. as General Manager and thereafter 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 founded Gemini Resource Pte. Ltd. and also 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. and served 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
53 | Malaysian | Male

Qualification:

Bachelor of Engineering (Mechanical) from University of Malaya.

Working Experience:

Mr. Oh has more than 27 years of experience in the semiconductor industry with vast experience and in-depth knowledge of semiconductor automated equipment and process development. He started 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. His last employment was with Polytool Industries Sdn. Bhd. as China Operation Manager before he quit to start his own business venture in 1999 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, Semiconductor Material Business Unit, and Semiconductor Solutions Business Unit which was newly setup in July 2022.

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
54 | Singaporean | Female

Qualification:

Bachelor of Accounting from University of Malaya.

Working Experience:

Madam Yong has over 26 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 heavily 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.



TEO CHEE KHEONG

Executive Director /
Vice President of Semiconductor Equipment
Business Unit

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

Qualification:

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

Working Experience:

Mr. Teo has more than 25 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 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.

PROFILE OF DIRECTORS (Cont'd)



HENG KOK LIN

Executive Director /
Vice President of Semiconductor Material
Business Unit

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

Qualification:

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

Working Experience:

Mr. Heng has over 30 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 currently the Vice President of the Group’s Semiconductor Material Business Unit, leading the efforts towards its expansion target.



TAN BOON HOE

Independent Non-Executive Director

Appointed to the Board on 29 August 2017
67 | 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 extensive experience in auditing, accounting, assurance and advisory engagements. He started his career as an Audit Assistant with Deloitte Malaysia (formerly known as Kassim Chan & Co.) in 1977. Prior to appointment as Audit Partner in 1995, he held various 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 Remuneration Committee, Nomination 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
47 | Malaysian | Male

Qualification:

- Master of Laws (Maritime Law) from King's College, University of London.
- He was called to the Bar of England and Wales in 2000 and is a Barrister-at-Law in the Honourable Society of Lincoln's Inn.
- As an Advocate and Solicitor in High Court of Malaya.

Working Experience:

Mr. Lim started his career at Messrs Shearn Delamore & Co. in 2000 prior to joining Messrs Khoo Keat Siew & Co. as a Partner in 2004. His area of practice comprises of civil and corporate litigation, property related acquisitions and dispositions as well as corporate advisory. He consults and litigates on shipping-related topics, with a special interest in maritime law and international trade. 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
42 | Malaysian | Female

Qualification:

- Bachelor of Accounting from Universiti Sains Malaysia.
- 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 certified public accountant and internal auditor with 19 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. In April 2021, Ms. Phoon set up MCM International Consultancy PLT and serves as a Partner of the firm.

She is the Chairman of the Board Sustainability Committee and also a member of the Nomination Committee, Remuneration Committee, and Audit & Risk Management 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 2022 ("FYE 2022").

Attendance of Board Meetings:

The attendance of the Directors at Board Meetings and Board Committee Meetings for the FYE 2022 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF KEY MANAGEMENT

HENRY WANG



President of Semiconductor Material Business Unit

71 | Taiwanese | Male

Qualification:

Master of Electrical Engineering and Business Administration from University of Southern California, U.S.A.

Working Experience:

Mr. Henry has over 40 years of vast experience in the electronics and semiconductor industry. In 1998, He founded Accurus Scientific Co. Ltd. ("Accurus Scientific") and serves as the Chairman of the Company since then. He led the Company to embark on in-house development and production of BGA solder balls until it was acquired by Henkel Corporation in Dusseldorf, Germany in 2006. Subsequently, Mr. Henry and the original Accurus Scientific management team re-acquired the Company from Henkel in 2010. Thereafter, he led the R&D team to develop new solder materials for new IC packaging types (e.g. WLCSP) and patented solder sphere manufacturing technologies, driving the Company to be catapulted into market-leading status.

Upon conclusion of acquisition process and consolidated into Mi Technovation Group under the Semiconductor Material Business Unit ("SMBU"), Mr. Henry was appointed as the President of SMBU in July 2021, continues the driving force and commitment to innovation and product advancement in material solutions.

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 23 years of in-depth experience in semiconductor industry, involved in product and process engineering, backend equipment sourcing and procurement support, subcon quality improvement as well as global supplier quality management.

Mr. Ng joins the Group as Semiconductor Solutions Business Unit ("SSBU") Vice President, Global Business Development, on 1st July 2022. He will be 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 2022.

CHAIRMAN'S STATEMENT



本集团将继续专注于加强我们的业务模式，扩大我们的内部能力以减轻不利的市场影响，并为新机会做好准备。

The Group will continue to focus on strengthening our business model and expanding our internal capacity and capability to mitigate adverse market impacts, as well as preparing ourselves to capture emerging opportunities as they arise.

LEE BOON LENG

Independent Non-Executive Chairman

Dear Shareholders,

While the global markets and businesses focus their efforts on absorbing the impacts of the pandemic and adapting to the post-pandemic business environment, geopolitical tensions have surged since the first half of 2022 due to Russia's invasion of Ukraine, and which has led to further global issues including sanctions, geoeconomic instability, and disruptions to the global food and energy supply chain. These market conditions sent another wave of challenges to businesses around the world, as well as the livelihoods of many.

Following strong growth in the worldwide semiconductor industry in 2021, the industry experienced a more moderate growth in 2022, contributed by generally high inflation rates across the world and weaker demand for semiconductor market segments exposed to consumer spending, amongst others. Capital expansion in the industry slowed down during the year as expansion activities approached the end of the cycle. The increased production capacity in the market increased demand for production materials during the financial year under review.

During 2022, Mi Group relocated its corporate headquarters to Singapore as a more strategic location to manage the Group's various business units around the world. The relocation is in line with the growth and expansion of the Company internationally and is in the Company's best interest as it will improve the efficiency of the corporate top management to manage the various business units globally.

PERFORMANCE REVIEW

In the midst of a difficult and challenging business environment in FYE 2022, the Group sustained its performance at RM389.5 million with a 3.7% growth against our performance in FYE 2021, bringing the Group's compound annual growth rate for FYE 2018-FYE 2022 to 24.8%. FYE 2022 also demonstrated how the Group's diversification in various business segments in the semiconductor value chain helps to soften the cyclical impacts of specific semiconductor segments.

SEBU reported a revenue of RM182.9 million or 47% of the Group's revenue. SEBU experienced weaker performance compared to FYE 2021, generally due to slower capital expansion activities in the market. On the other hand, SMBU's showed a significant growth in its performance as it benefitted from greater production capacity in the market, coupled with our customers' ramped-up production activities to fill in the supply shortage in the market. SMBU contributed to 53% of the Group's revenue.

CHAIRMAN'S STATEMENT (Cont'd)

PERFORMANCE REVIEW (Cont'd)

The Group achieved a Profit Before Tax of RM75.5 million in FYE 2022, an increase of 18.8% compared to the previous financial year, in the midst of challenging cost management and control environment. Profit After Tax was recorded at RM66.3 million, 10.2% higher than in FYE 2021. The Group reported a basic Earnings per Share ("EPS") of 7.69 sen for FYE 2022.

SUSTAINABILITY

The Group remains committed to creating value for stakeholders by adopting a balanced stakeholder interest approach. In addition to creating value for stakeholders in alignment with the Group's obligations to stakeholders such as shareholders, employees, customers, and suppliers, we pledge to uphold our responsibility to the environment and society. Acknowledging the Group's corporate responsibilities towards combatting climate change, which is one of the most urgent global issues requiring the collective actions of countries and corporations, we obtained the Board endorsement on the Group's commitment to adopt carbon reduction strategies and promote good environmental practices to reduce climate change risks and its impact.

PROSPECTS

The overall semiconductor is expected to remain challenging in FYE 2023. Cost management and efficiency continue to be among the key focuses to remain competitive, in the midst of high inflation and supply chain uncertainties.

The Board reviewed the 10-year blueprint and 5-year roadmap of the Group to ensure they remain relevant to the current market trends and conditions. The Group will continue to focus on strengthening our business model and expanding our internal capacity and capability to mitigate adverse market impacts, as well as preparing ourselves to capture emerging opportunities as they arise.

DIVIDEND

In line with the Group's dividend policy of at least 20% of the audited annual profit after tax, the Board of Directors is pleased to advise on the dividend declaration for the financial year ended 31 December 2022.

- a. A first single-tier interim dividend of 1.0 sen per ordinary share was declared on 29 April 2022 and paid on 2 June 2022;
- b. A second single-tier interim dividend of 1.0 sen per ordinary share was declared on 28 July 2022 and paid on 26 August 2022;
- c. A third single-tier interim dividend of 2.0 sen per ordinary share was declared on 23 February 2023 and paid on 21 March 2023.

ACKNOWLEDGEMENTS

On behalf of the Board, Management and staff, I would like to extend a warm welcome to our new Executive Directors Mr. Heng Kok Lin and Mr. Teo Chee Kheong, both of whom were appointed to the Board on 30 September 2022. The Board believes that their experience will provide the necessary technical skills, experience, and expertise to the Board.

I would also wish to take this opportunity to express our sincere appreciation to our valued customers, shareholders, business partners, financiers, government authorities, and statutory bodies for their continued support and confidence in the Group. For our employees, the Management, and my fellow Directors, I wish to express my thanks and appreciation for your commitment, teamwork, and hard work towards the Group's success.

LEE BOON LENG

Independent Non-Executive Chairman

CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS



持續累積勢力，不大張旗鼓。但以冷靜思考，鎮密觀察的行為模式進而統攬全局，伺機待發。

Mi continues to focus on building its fundamental strength while adopting prudent and holistic assessment towards any emerging opportunities to drive the Group towards its long-term goals.

OH KUANG ENG

Executive Director / Group Chief Executive Officer

STRATEGY REVIEW

Since Mi Technovation's successful listing in 2018, we continued to face a series of challenges including many events impacting the global business environment. The global markets were shadowed by uncertainties created by the US-China trade war during the years from 2018 to 2019, which has affected the business equation for the semiconductor industry. During the first quarter of 2020, countries around the world began to impose various lockdown measures to fight the COVID-19 pandemic, resulting in stalling economies and livelihoods. As the world has just begun its recovery from the scars of the pandemic, the Ukraine-Russia war broke out and geopolitical tensions further caused disruptions to supply chains and global prices.

Despite these challenges, Mi Technovation Group demonstrated the resilience of its business strategies and business management. Through careful monitoring, planning, and relevant response in our business, the difficult business environment did not deter us from accomplishing our goals in accordance with our planned roadmap. In the past few years, we have experienced significant progress, growing and expanding as planned via the inclusion of Accurus Scientific in our Group, growing our business revenue, as well as establishing ourselves as a multi-site business across various countries. We recorded a compound annual growth rate of 24.8% for the period from FYE 2018 to FYE 2022.

As we concluded FYE 2022 and progressed into 2023, we have one more year to complete our first 5-year road map. We will carefully review our progress and lessons learnt throughout this period, holistically assess the macro and micro-environment of our business, and incorporate the necessary adaptation in our development of the next 5-year road map to achieve our objectives as envisaged in our 10-year master blueprint.

FYE 2022 OVERVIEW

2022 was largely characterised by supply chain challenges, heightened geopolitical tensions, rising interest rates, and high inflation, which continued to pose challenges to cost management efforts for businesses across various industries. Against this backdrop, SEBU recorded weaker performance due to a slowdown in capital investment activities in the market, especially in the consumer electronics segment. Nonetheless, SMBU, which was consolidated into the Group effective on 19 April 2021, began contributing full-year revenue to the Group with a revenue of RM206.6 million in FYE 2022 due to stronger demand for production materials in the market. The Group's performance in FYE 2022 also demonstrated resilience through our diversified business segments and product portfolio.

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

FYE 2022 OVERVIEW (Cont'd)

Committed to driving business growth and competitiveness guided by our long-term business strategies, we continued to focus on innovation and capacity building, amongst others. During the year, SEBU has launched a few new products from the Mi Series (assembly and packaging equipment), Si Series (final test equipment) and Ai (die bonding equipment) with technology and performance breakthroughs. These new products are well accepted by our customers. On the other hand, SMBU continued its innovation effort in new alloy development as well as the in-house developed production equipment for ongoing enhancement in manufacturing efficiency. Besides the matured business units, we have commenced the development of business strategies for the Group's third business unit in the year, which is meant to complement the Group's existing services to become a holistic solutions provider.

We continued to be backed by a strong financial position, with low borrowings and robust cash positions, enabling the Group to be prepared to take up any emerging opportunities to drive the business towards its long-term business goals.

REVIEW OF FINANCIAL PERFORMANCE AND POSITION

The Group recorded a revenue of RM389.5 million for FYE 2022, a marginal increase of 3.7% amounting to RM14.0 million from RM375.5 million reported for the previous financial year. Despite the market disruption from the Ukraine-Russia war, US sanctions on the Chinese semiconductor industry, and economic slowdown in China, the increase in our revenue has proven the resilience of our business model with a wider range of customer base and product diversification.

SEBU contributed RM182.9 million, or 47%, in revenue to the Group total while SMBU contributed RM206.6 million, or 53%. Despite the greater cost pressures including higher material and logistics costs, operating profit was incited in FYE 2022, with operating profit 20.3% higher than the previous year.

The Group posted a Profit Before Tax ("PBT") of RM75.4 million, an 18.8% increase from RM63.5 million in the previous year. The better PBT margin for FYE 2022 at 19.4% compared to 16.9% for the previous financial year was mainly contributed by the foreign exchange gain resulting from the strengthening of US Dollar and the increase in rental and interest income.

	FYE 2022	FYE 2021	Changes (%)
	RM' 000	RM' 000	
Revenue	389,477	375,479	3.7%
Operating Profit	77,399	64,330	20.3%
Profit Before Tax	75,449	63,505	18.8%
PBT margin (%)	19.4%	16.9%	
Tax	9,198	3,370	172.9%
Profit After Tax	66,251	60,135	10.2%
PAT margin (%)	17.0%	16.0%	

The Group's effective tax rate for the financial year under review increased to 12.2% from 5.3% of the previous year. The increase in taxes is attributable to Accurus Scientific Co. Ltd. being subject to a 20% corporate tax rate in Taiwan. On the other hand, our subsidiary, Mi Equipment (M) Sdn. Bhd. still enjoys a tax incentive up to 17 January 2024 under its pioneer status.

Overall, Mi Technovation reported a Profit After Tax ("PAT") of RM66.3 million for the financial year under review, a 10.2% increase compared to the previous financial year. Basic earnings per share ("EPS") also increased to 7.69 sen from 7.50 sen in FYE 2021.

The Group's operations and activities continued to be supported by strong financial positions. Total borrowings amounted to RM82.5 million, compared to RM108.4 million as at the end of the previous financial year. Total borrowings shrunk by 24% after short-term bank borrowings are repaid to reduce financing costs. Debt-to-equity ratio has been further reduced to 0.08x on the back of robust shareholders' equity.

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

REVIEW OF FINANCIAL PERFORMANCE AND POSITION (Cont'd)

Cash and cash equivalent amounted to RM418.5 million, an increase of 6% from RM394.6 million in the previous year, mainly derived from earnings retained from the Group's FYE 2021 profit. Quick ratio remained robust at 4.6x, while our Group's net asset stood at RM1.17 per share for FYE 2022.

BUSINESS & OPERATING ACTIVITIES OVERVIEW

The Group has two reportable segments operated through two main business units, namely SEBU and SMBU.

Business Units	Subsidiaries
SEBU	<ul style="list-style-type: none"> (i) Mi Equipment (M) Sdn. Bhd. ("Mi Equipment Malaysia") (ii) Mi Equipment (Taiwan) Co. Ltd. ("Mi Equipment Taiwan") * (iii) Mi Equipment Korea Co. Ltd. ("Mi Equipment Korea") * (iv) Suzhou Mi Equipment Co. Ltd. ("Mi Equipment China") * (v) Mi Equipment USA Inc. ("Mi Equipment USA") * (vi) Mi Equipment Pte. Ltd. ("Mi Equipment Singapore") *
SMBU	<ul style="list-style-type: none"> (i) Accurus Scientific Co. Ltd. ("Accurus Scientific") (ii) Accurus (Ningbo) Scientific Co. Ltd. ("Accurus Ningbo") ^ (iii) Accurus Scientific Pte. Ltd. ("Accurus Singapore") ^

Note:

* Shareholding via Mi Equipment (M) Sdn. Bhd.

^ Shareholding via Accurus Scientific Co. Ltd.

Semiconductor Equipment Business Unit ("SEBU")

SEBU manufactures and sells semiconductor manufacturing equipment, such as equipment for assembly and packaging, vision inspection, die bonding and final testing. Such equipment can be paired with smart factory automation solutions, aimed at powering smart manufacturing and meeting customers' requirements in enhancing factory efficiency and improving manufacturing process quality and delivery time demands. SEBU also provides maintenance services and technical support for the machines and the sales of associated spare parts and components.

SEBU designs and develops its in-house brand series using its engineering and technical capabilities, 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) die and package sorting machine with vision inspection and other applicable functions. Wafer and package inspection both in 2D and 3D mode.	<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 (Die Bonding Equipment) High precision bonding machine for extra fine pitch with thin die and substrate thickness.	<ul style="list-style-type: none"> • Server in telecommunications industry. • GPU and CPU for high performance computing application in AI and Blockchain. • Image sensor and memory.
China (Suzhou)	Si Series (Power Test & Final Test Equipment) Final test equipment for high power and fine pitch devices.	<ul style="list-style-type: none"> • Automotive especially electric vehicles. • Telecommunications.

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

BUSINESS & OPERATING ACTIVITIES OVERVIEW (Cont'd)

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

Generally, capital expenditure and investment activities have been slow for the semiconductor market in FYE 2022. The year began with slower demand observed in China as the high machine purchase cycle had already been completed in 2021. There was also a cautious capital expenditure spending sentiment amidst the prolonged macro uncertainties and weakening demand from end customers in the smartphones and mobile devices industry.

In FYE 2022, the SEBU segment reported RM182.9 million in revenue, which is 27% lower than in FYE 2021. During the year, SEBU also experienced deferment in order deliveries due to slower expansion by customers. The slower market and higher costs including material costs and logistics costs have also put pressure on segmental profit margin. The SEBU segment contributed RM32.8 million in PAT, or 49.5%, to the Group.

Nonetheless, SEBU remained steadfast in innovating and developing new products in FYE 2022. Two newly launched products under the Mi and Si Series are highly demanded in the WLCSP and Power segments respectively while the newly launched high precision and laser bonding machine under the Ai series are expected to capture the market during the next wave of capital expansion especially in High-Performance Computing ("HPC") segment.

Semiconductor Material Business Unit ("SMBU")

SMBU is principally involved in the manufacturing and sale of solder spheres ("solder balls"), which are crucial components to electrically interconnect flip chip semiconductors and are 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)	Manufacturing and Sales Solder Spheres (solder balls)	<ul style="list-style-type: none"> Advanced packaging such as WLP, WLCSP, FOWLP, BGA, and Flip chip BGA.
China (Ningbo)	Manufacturing and Sales Solder Spheres (solder balls)	<ul style="list-style-type: none"> Advanced packaging such as WLP, WLCSP, FOWLP, BGA, and Flip chip BGA.
Singapore	Sales Solder Spheres (solder balls) Process Chemical	<ul style="list-style-type: none"> Advanced packaging such as WLP, WLCSP, FOWLP, BGA, and Flip chip BGA. Wafer Bumping Process.

In FYE 2022, SMBU experienced strong demand for its solder spheres due to high production activities by its key customers, especially in Taiwan and China, following a wave of capital expansion cycle where their production activities are now supported by higher capacity. Global technological development continued to drive production demand for semiconductors for the 5G, IoT, HPC, and automotive segments. The global market environment and industry dynamics have also pushed the average selling price to a higher level compared to a year ago.

The SMBU reported full-year revenue of RM206.6 million in FYE 2022, compared to RM125.4 million reported for approximately 8.5 months for the previous financial year since its effective consolidation into the Group on 19 April 2021. PBT margin for the SMBU segment improved marginally in FYE 2022. SMBU posted a PAT of RM32.0 million, contributing to 48.3% of the Group's PAT.

SMBU's Ningbo plant in China which was originally planned to commence operations in the second quarter of 2021 was affected by China's rolling lockdowns to curb the spread of COVID-19. Nonetheless, we started to carry out production trial run at the Ningbo plant as planned to produce sample products for customers' qualifications.

With the Ningbo site commenced commercial operations in February 2022, it equips the Group with greater capacity to cater for global demand.

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

BUSINESS & OPERATING ACTIVITIES OVERVIEW (Cont'd)

Engineering and 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. During FYE 2022, the Group invested RM2.47 million in R&D, which has a balanced focus across the diversified products and services of the Group.

SEBU has three main engineering centres in Malaysia, Korea and China. The Penang (Malaysia) Engineering Centre focuses on the R&D of high-technology sorting, taping and AOI inspection equipment; the Gyeonggi (Korea) Engineering Centre focuses on high precision and laser bonding equipment; and the Suzhou (China) Engineering Centre focuses on power test and final test equipment.

FYE 2022 has seen the year of successful rollout of new products by SEBU. At the Penang Engineering Centre, we have launched new products from the Mi Series (assembly and packaging equipment) with breakthroughs in productivity performance coupled with integrated artificial intelligence ("AI") visual inspection technique and smart factory automation solutions. As for the Si Series (power test and final test equipment) under the Suzhou (China) Engineering Centre, two new products for power module and multiple test sites handling are launched during the year while the Gyeonggi (Korea) Engineering Centre has launched two new products under the Ai Series (die bonding equipment) which featured laser and Zforce compression for bonding solutions.

SMBU has its major engineering centre in Taiwan. The Tainan (Taiwan) Engineering Centre focuses on new alloy development besides playing an important role in developing our in-house production equipment for ongoing manufacturing efficiency enhancement.

The Tainan (Taiwan) Engineering Centre developed and introduced a few new alloys which are well-accepted by our customers and have been trademarked and patented to protect our intellectual property. Our Ecolloy series which is with 0% silver content is more environmentally friendly and causes lower carbon emissions while the SACQ series has improved temperature cycle test ("TCT") performance as compared to the traditional bench-mark alloys are well accepted by our customers.

As of 31 December 2022, the Group holds 43 patents across all business units, an additional 4 during the year.

Management of Sustainability, Risk Management, and Governance Matters

The industry and business that we operate in are exposed to various risks facing the industry, including outbreaks or war, geopolitical tensions, supply chain disruptions, as well as the acceleration of technological changes, amongst others, which are interconnected with and dependent on the global macro environment. Understanding these market dynamics, we endeavour to establish ourselves as an agile business through diversified business segments which enable us to serve a broad range of customers across segments. In addition, our business segments within the same value chain also provide us with the opportunity to cross-sell products and solutions to strategic customers. Our operations which are located across various countries and sites also help to diversify systemic risks associated with specific geographical locations, including risks pertaining to our access to suppliers and customers.

Internally, we carry out rigorous risk management processes to perform periodic risk assessments, ensuring we are aware of changes in the risk levels, especially those of the Group's key risks. Risk considerations are incorporated in our business management processes such as production, cost, and inventory planning, which are further guided by our business plans and 10-year roadmap.

In addition, we also place emphasis in building close relationships with our customers and deepening our market presence through our products and services. We also enhance our competitive edge through continuous efforts in research, development and innovation.

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

BUSINESS & OPERATING ACTIVITIES OVERVIEW (Cont'd)

Management of Sustainability, Risk Management, and Governance Matters (Cont'd)

On top of the above, we have a process to assess and ensure business management considers the Group's material sustainability matters. The process is developed in alignment with the underlying concepts of the sustainability disclosure requirements of the Main Market Listing Requirements of Bursa, and has also incorporated practices in Sustainability Reporting Guide – 3rd Edition issued by Bursa. Efforts and resources are prioritised for the management of matters which are material to the Group, i.e. the material sustainability matters. This process is further supported by the Group's risk management and internal control systems which are built upon the Group's Enterprise Risk Management ("ERM") Framework. The performance of the Group's management of material sustainability matters is discussed under Sustainability Statement in this Annual Report as well as our inaugural Sustainability Report.

Setting the foundation of a business environment with good corporate governance and ethics is as crucial as proper and diligent business management. We ensure compliance with applicable laws and regulations and create an ethical working environment through the Group's governance framework, the Code of Conduct for Directors, the Code of Conduct for Management and Employees, and the Supplier Code of Conduct which have incorporated, amongst others, the latest amendments to the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries.

OUTLOOK AND PROSPECTS

It is expected that 2023 will continue to be a challenging year, with global headwinds including uncertainties due to the volatile geo-political environment, downturn in the consumer electronics market, and the ongoing inflationary pressure.

The Group remains committed to its long-term business strategy to strengthen its position as a comprehensive solution provider to unlock a larger market share through new product deployment. We will place emphasis on the continuous enhancement of our business units towards excellence while taking cautious and prudent steps in the implementation of our business strategies.

Overall, the Group will be expecting more significant progress in our expansion plans for both business units especially in China, due to the re-opening of the economy and society with an adjusted policy against COVID-19. SEBU expects another prominent revenue stream from the high precision and Laser Bonding technology that focuses on the HPC segment, while SMBU will continue to focus on its core competencies which are closely related to the new alloy and process development through the joint-development with its key customers.

The Group will focus on our internal capacity and capability building to reach out to a wide customer base and product diversification along the value chain. It is our commitment to our stakeholders that we will continue to drive the Group's business which is robust and energized to seize the opportunities ahead of us for long-term sustainability.

2022 EVENT HIGHLIGHTS

Mi Series Machine Roadshow
Mi Equipment (M) Sdn. Bhd.



In conjunction with the SEMICON SEA during June in Penang, Mi Equipment Malaysia have invited our distinguished customers to our manufacturing site in Penang, Malaysia and showcase our innovative products such as Mi18, Mi40, Mi Quantum, Vi20R, Mi28 and MiND.X to them. During the roadshow, we demonstrated a comprehensive overview of our cutting-edge technology and on-going development.

Mi Series Machine Roadshow Invitation

Date	: 20 th – 24 th June 2022
Time	: 9am – 6pm
Host By	: Mi Equipment (M) Sdn. Bhd.
Venue	: No 20, Medan Bayan Lepas Technoplex, MK12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang, Malaysia.

Tradeshaw & Conference Sponsorship

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



Sponsorship to an event that aligns with our values and target audience is a form of marketing where we can provide financial support in exchange for publicity or recognition. This will increase brand awareness, credibility, and customer loyalty. We are the silver sponsors for below two events during 2022.



1. Mi Equipment (M) Sdn. Bhd. sponsored SEMICON SEA in June 2022.



2. Accurus Scientific Pte. Ltd. sponsored Electronics Packaging Technology Conference (“EPTC”) in December 2022.

Malayan Tiger Talk
Mi Technovation Berhad



On 21 December 2022, Mi Technovation Berhad organized a Malayan Tiger Talk by inviting Dr. Kae from Wildlife Society of Selangor (“WILD”) to share with our employees the civic awareness and the conservation works for Malayan Tigers and other endangered species. The talk was held physically at Home 1 and simultaneously broadcasted live for employees from our overseas sites. All participants enjoyed the lively talk and the exciting quiz during the event.



2022 EVENT HIGHLIGHTS (Cont'd)

Healthy Weight Loss Campaign Accurus Scientific Co. Ltd.



EHS team of Accurus Scientific Taiwan organised a 6-month healthy weight loss campaign for employees from 1 April until 31 October 2022. The objective of the campaign is to encourage employees to adopt healthy diet and share the importance of maintaining a healthy lifestyle. 21 employees participated in this weight loss campaign where they gained knowledge on healthy diet, simple workout, yoga, and body relaxation techniques.



Blood Donation & Health Screening Mi Equipment (M) Sdn. Bhd.



The EHS team of Mi Equipment Malaysia organised a blood donation and health screening in collaboration with an accredited private hospital on 5 July 2022. We setup 6 health screening stations on the event day for employees to have quick health check with immediate screening result. Counselling on healthy lifestyle and healthy diet habits were provided based on their screening results.



Badminton Tournament Mi Equipment (M) Sdn. Bhd.



Mi Badminton Tournament 2022 was held enthusiastically on 25 and 27 July 2022. The core objective is to enable healthy networking among co-workers. The matches were full of excitement and the participants presented extraordinary skills as well as strong team spirits in the competition. Throughout the matches, we could clearly see that all the participants perfectly demonstrated the spirit of “Friendship First, Competition Second”. The event ended successfully and remarkably.



2022 EVENT HIGHLIGHTS (Cont'd)

Annual Dinner 2022
Mi Equipment (M) Sdn. Bhd.
& Accurus Scientific Co. Ltd.



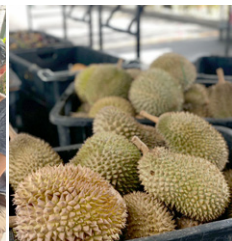
With delicious food, lively entertainment, and a festive atmosphere, the company annual dinner is an opportunity for all employees to unwind and have fun besides celebrating the year's achievements and milestones. The long-awaited post-Covid Annual Dinner 2022 were held respectively on 14 Jan 2023 and 19 Jan 2023 by Mi Equipment Malaysia and Accurus Scientific Taiwan in Penang and Tainan.



Tropical Fruits Fest
Mi Equipment (M) Sdn. Bhd.



On 1 July 2022, Mi Equipment Malaysia organized its very first in-house fruits party with wide variety of tropical fruits fresh from farms. Everyone wore a smile to attend the fruits party which had different kinds of fruits such as Durian, Coconut, Mangosteen, Rambutan as well as Cempedak King. A mouthwatering fruits party completed the Friday perfectly.



Festival Celebration & Company Luncheon
Mi Equipment (M) Sdn. Bhd.
& Accurus Scientific Co. Ltd.



Festival celebration and company luncheon can be a great way for employees to have quality time to socialize with each other and create positive work culture. In Mi Equipment Malaysia, we have various festival celebration such as Lunar New Year, Parent's Day, National Day and Malaysia Day, Mid-Autumn Festival, Hari Deepavali and Christmas. In Accurus Scientific Taiwan, we reward employees by having quarterly company-wide luncheon.



SUSTAINABILITY STATEMENT & HIGHLIGHTS








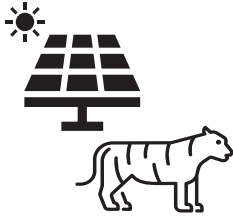

Mi Technovation Berhad (“the Group” or “the Company”) adhere to develop and shape a sustainable future of the company by adopting a proactive ESG strategy to actively drive the sustainability transformation that can provide a competitive advantage in the market sector and create value for our customers, stakeholders, and consumers. We are 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.

As a responsible corporation with multiple business investment, the Group strives to create a positive outcome for our stakeholders. The way we do business is guided by our Sustainability Policy which pledge to uphold good governance ethics across our operation, create long term value for our stakeholder, manage environmental impact and undertake our responsibilities towards a sustainable environment, social welfare and communities.

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 embraced a proactive approach to sustainability, 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 “Balance Stakeholder Interest” approach.</p> <div style="text-align: center;">  Shareholders </div> <div style="text-align: center;">  Customers </div> <div style="text-align: center;">  Subcontractors and Suppliers </div> <div style="text-align: center;">  Employees </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;">  Good corporate governance practice. </div> <div style="text-align: center;">  “Check-and-Balance” to mitigate risk and mistakes </div> <div style="text-align: center;">  Multiple communication channel for continuous dialogue </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;">  Environment and Biodiversity </div> <div style="text-align: center;">  Social and Community initiatives </div>
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SUSTAINABILITY STATEMENT & HIGHLIGHTS

(Cont'd)

1. Sustainable Business

We adopt the “**Balanced Stakeholder Interest**” approach towards sustainable business success through a **fair distribution of the economic value** that we created.


2. Responsible Business Practices

We integrate good governance and ethic in our operations while we strongly **promote integrity, transparency, accountability, and responsiveness** in managing business.

3. Impact Within & Beyond Business Operations


We support community initiative that strengthen and **improve wellbeing, education, and healthcare**. We will further extend our initiative to conserve biodiversity.

Sustainable Financial Growth
3.7% in Revenue
18.8% in Profit Before Tax




Corporate Governance Policies

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



Solar Energy
 Produced **198MWh** from photovoltaic system




Multiple Sites
 across six (6) countries

Multiple Business Units




Corporate Governance Awareness
 ALL employees received E-Learning materials
99% of the quiz participants answer **>80%** questions correctly



Recycled Wastes
19.77 Tonne wastes is collected and recycled




Intellectual Property Capital
43 Patents granted
**10.26% increased from 2021*
22 Pending patents




Regulatory Compliance

- Minimum wage according to local statutory requirement
- Bursa listing requirements




Carbon Offsetting ^[New]
Offset 222 t/co2e carbon emitted from Group business air travel




Quality Assurance
 We are certified for

- ISO 9001:2015
- IATF 16949:2016




0 Incident on

- Bribery and Corruption
- Whistleblowing
- Discrimination & Harassment
- Labour & Human Rights Disputes



Community & Environmental Contribution
RM 239,477



Icon: Sustainable, Dashboard, Social-network, Income, Law book, Solar energy, Brand awareness, Recycling bin, Certificate, Carbon footprint, Quality Assurance, Law, Climate made by Eucalyp from www.flaticon.com

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 2022 (“FYE 2022”) 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.

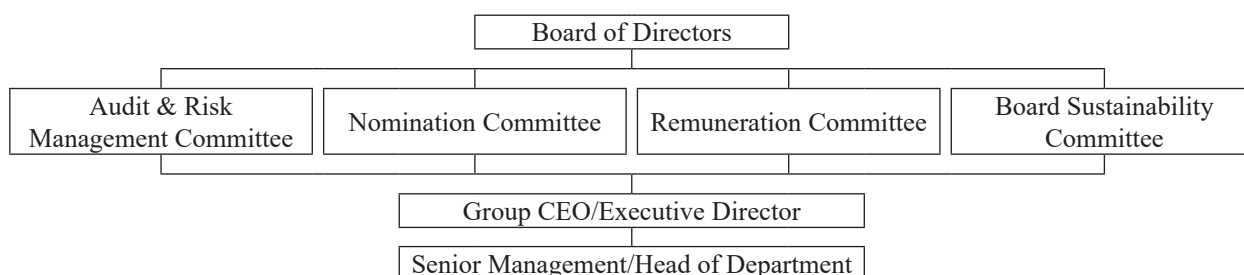
CORPORATE GOVERNANCE OVERVIEW

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 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 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 at 31 December 2022 which 20% 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 seven (7) times during FYE 2022. 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 2022, 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 2022 are outlined below:

Directors	AGM/EGM	Board	ARMC	RC	NC	BSC
Executive Directors						
Mr. Oh Kuang Eng	1/1	7/7	n/a	n/a	n/a	n/a
Ms. Yong Shiao Voon (Retired on 30 June 2022, and Re-appointed on 30 September 2022)	0/1	4/4	n/a	n/a	n/a	n/a
Ms. Wong Ming Nee (Appointed on 1 July 2022, and Resigned on 30 September 2022)	n/a	3/3	n/a	n/a	n/a	n/a
Mr. Teo Chee Kheong (Appointed on 30 September 2022)	n/a	1/1	n/a	n/a	n/a	n/a
Mr. Heng Kok Lin (Appointed on 30 September 2022)	n/a	1/1	n/a	n/a	n/a	n/a
Independent Non-Executive Directors						
Mr. Lee Boon Leng	1/1	7/7	1/1	1/1	1/1	n/a
Mr. Tan Boon Hoe	1/1	7/7	5/5	1/1	3/3	1/1
Mr. Lim Shin Lid	1/1	7/7	5/5	1/1	3/3	1/1
Ms. Phoon Yee Min (Appointed on 21 February 2022)	1/1	6/6	4/4	n/a	2/2	1/1

Annual Assessment

Annual assessment has been conducted by the Nomination Committee (“NC”) on 22 February 2023 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.

With the onboarding of Ms. Phoon Yee Min on 21 February 2022 as Independent Non-Executive Director; Mr. Teo Chee Kheong and Mr. Heng Kok Lin on 30 September 2022 as the Executive Directors, they have attended the MAP within 4 months from the date of appointment.

The following training programmes were attended by the Directors during the FYE 2022:

Directors	Details of Programme
Mr. Oh Kuang Eng	<ul style="list-style-type: none"> Starting and Managing Corporate Sustainability & ESG Strategy Workshop
Ms. Yong Shiao Voon	<ul style="list-style-type: none"> Starting and Managing Corporate Sustainability & ESG Strategy Workshop
Mr. Teo Chee Kheong	<ul style="list-style-type: none"> Mandatory Accreditation Programme (“MAP”)
Mr. Heng Kok Lin	<ul style="list-style-type: none"> Mandatory Accreditation Programme (“MAP”)
Mr. Tan Boon Hoe	<ul style="list-style-type: none"> The Economic Entity Model Under MFRS 3 and MFRS 10 Starting and Managing Corporate Sustainability & ESG Strategy Workshop
Mr. Lee Boon Leng	<ul style="list-style-type: none"> Starting and Managing Corporate Sustainability & ESG Strategy Workshop
Mr. Lim Shin Lid	<ul style="list-style-type: none"> Starting and Managing Corporate Sustainability & ESG Strategy Workshop
Ms. Phoon Yee Min	<ul style="list-style-type: none"> Mandatory Accredited Program (“MAP”) Starting and Managing Corporate Sustainability & ESG Strategy Workshop Supply Chain Sustainability: Advancing ESG Adoption Amongst Malaysian SMEs PowerTalk ESG Series #4 - ESG Disclosure At a Glance: Key Developments And Future Trends ICDM PowerTalk ESG Series #5 – Climate Change and Carbon: From the Financial Risk & Reporting Perspectives ACCA Evening Talk Series 2022: Young Professionals on Corporate Board is a Game Changer HRD Corporation Train the Trainer Green finance skills: costs and opportunities of your transition to net zero

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.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (Cont'd)

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

REMUNERATION (Cont'd)

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 above mentioned, 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.

On 22 February 2023, 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 2022 were set out in the Corporate Governance Report 2022.

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 2022 had been conducted by the Board, through the Nomination Committee on 22 February 2023. 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 2022 was set out on pages 35 to 38 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 2022, 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, 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 2023.

Further details of the activities of external audit function are set out on page 37 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 2022, 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 2022 was set out on pages 39 to 43 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, quarterly 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 2023 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 2022.

This Statement is made in accordance with a resolution of the Board of Directors passed on 20 April 2023.

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 2022 (“FYE 2022”).

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”):

Tan Boon Hoe

Chairman

Independent Non-Executive Director

Lim Shin Lid

Member

Independent Non-Executive Director

Phoon Yee Min

Member

Independent Non-Executive Director

(Appointed as the ARMC member on 21 February 2022, replacing Mr. Lee Boon Leng.)

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. Hence, Ms. Phoon Yee Min was appointed as the member of ARMC on 21 February 2022 to replace Mr. Lee Boon Leng who resigned on the same day.

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 2022, 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
Lee Boon Leng (Resigned on 21 February 2022)	Member	1/1
Lim Shin Lid	Member	5/5
Phoon Yee Min (Appointed on 21 February 2022)	Member	4/4

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

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.

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; and
- determine the adequacy of the control environment of the Group.

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 2022 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 2022 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 2022 are set out on page 45 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF WORK OF THE ARMC (Cont'd)

3. Risk Management and Internal Audit

- During FYE 2022, the internal audit function and Enterprise Risk Management (“ERM”) Update exercise were 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 2022 with focus areas on “Precious Metal Management” and “Borrowings and Covenants” for Accurus Scientific 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 2022 amounted to RM60,000 (FYE 2021: RM60,000), and ERM Update for FYE 2022 amounted to RM60,000 (FYE 2021: NIL).
- 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 2022 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.

ANNUAL PERFORMANCE ASSESSMENT

A review on the terms of office and performance of the ARMC for FYE 2022 had been conducted by the Board, through the Nomination Committee on 22 February 2023. 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 20 April 2023.

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 2022 (“FYE 2022”).

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.

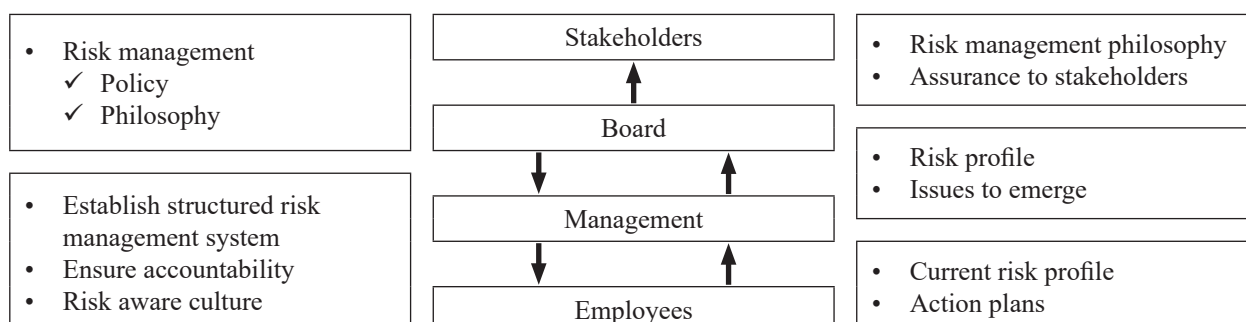
RISK MANAGEMENT

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)

During the FYE 2022, the Board outsourced to KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG”) to conduct Enterprise Risk Management (“ERM”) update to assist Management in review and update the key business risks of Accurus Scientific Co. Ltd..

This ERM Update exercise encompasses:

- Conduct a Risk Management Awareness Workshop, involves 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.

The Board believe 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.

The cost incurred for the ERM Update carried out in FYE 2022 was RM60,000.

INTERNAL AUDIT FUNCTION

During the FYE 2022, 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 RM60,000.

Internal Audit	Audited areas	Reporting Month	Audited Entities
Cycle 1, 2022	<ul style="list-style-type: none"> • Precious metals management (focusing on precious metals, i.e., tin, copper, silver) • Borrowings and covenants 	February 2023	Accurus Scientific Co. Ltd.

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

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.

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 2022.

The review of SORMIC by external auditors was performed in accordance with 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, or
- b) 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 Chief Executive Officer and 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 20 April 2023.

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 20 April 2023.

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 2022, 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	78,365	36.3%
2	Repayment of bank borrowings	Within 6 months	15,000	15,000	100%
3	Working capital	Within 18 months	60,000	46,700	77.8%
4	Expenses in relation to the Private Placement	Within 1 month	4,697	4,697	100.0%
	TOTAL		295,425	144,762	49.0%

* 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 2022 (“FYE 2022”), 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	81,500	309,031
Non-Audit Fees	8,600	62,245

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 2022.

4. Recurrent Related Party Transactions

The Company and its subsidiaries did not have any recurrent related party transactions during FYE 2022.

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

5. Employee Share Grant Scheme (“SGS”)

During FYE 2022, the Company granted 1,778,000 ordinary shares under SGS to eligible employees of the Group and 417,195 ordinary shares have been vested.

Details of the SGS are disclosed in Note 31 to the audited financial statements for the financial year ended 31 December 2022 with additional information as follows:-

- (a) No options granted, exercised and outstanding to the directors and chief executive of the Group in respect of the financial year ended 31 December 2022; and
- (b) The aggregate maximum allocation applicable to Directors and Senior Management is 50%. A total of 15% has been granted to Senior Management during the financial year and 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 31.12.2022
	Balance as at 1.1.2022	Granted	Lapsed	Vested	
Employee	1,400,000	1,778,000	(740,800)	(417,195)	2,020,005
Total	1,400,000	1,778,000	(740,800)	(417,195)	2,020,005

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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 2022.

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. The details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>66,250,871</u>	<u>48,287,174</u>
Attributable to:		
Owners of the parent	68,862,332	48,287,174
Non-controlling interests	<u>(2,611,461)</u>	<u>0</u>
	<u>66,250,871</u>	<u>48,287,174</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 2021:	
Second single tier interim dividend of RM0.02 per ordinary share, paid on 22 March 2022	<u>17,920,000</u>
In respect of financial year ended 31 December 2022:	
First single tier interim dividend of RM0.01 per ordinary share, paid on 2 June 2022	<u>8,960,000</u>
Second single tier interim dividend of RM0.01 per ordinary share, paid on 26 August 2022	<u>8,960,000</u>

On 22 February 2023, the Directors declared a third interim dividend of RM0.02 per ordinary share amounting to RM17,900,000 in respect of the financial year ended 31 December 2022, which is payable on 21 March 2023. 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 2023.

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

DIRECTORS' REPORT

(Cont'd)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

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.

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.
- (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.

DIRECTORS' REPORT

(Cont'd)

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

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

Group and Company					
Number of ordinary shares granted under the SGS					
	Balance as at 1.1.2022	Granted	Lapsed	Vested	Balance as at 31.12.2022
2021 grant	1,400,000	0	(28,000)	0	1,372,000
2022 grant	0	1,778,000	(712,800)	(417,195)	648,005
	1,400,000	1,778,000	(740,800)	(417,195)	2,020,005

During the 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.

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

(Appointed on 21 February 2022)

Wong Ming Nee

(Appointed on 1 July 2022, Resigned on 30 September 2022)

Yong Shiao Voon

(Resigned on 30 June 2022, Appointed on 30 September 2022)

Teo Chee Kheong

(Appointed on 30 September 2022)

Heng Kok Lin

(Appointed on 30 September 2022)

Subsidiaries of Mi Technovation Berhad

Oh Kuang Eng

Yong Shiao Voon

Teo Chee Kheong

Park Jae Shin

Wang Chung Chen

Lin, Yu-Ting

Heng Kok Lin

Koh Ching Soon

Ong Tee Ni

(Appointed on 1 September 2022)

Tung Chun Kang

(Appointed on 1 September 2022)

Ng Wai Khean

(Appointed on 5 September 2022)

Mong Weng Khoon

(Resigned on 1 September 2022)

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2022	Bought	Sold	
Shares in the Company				
<u>Direct interests</u>				
Oh Kuang Eng	400,000,000	1,000,000	0	401,000,000
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	0	3,000	0	3,000
Teo Chee Kheong	*300,150	0	0	300,150
Heng Kok Lin	*2,816,936	0	0	2,816,936

	Number of ordinary shares granted under the SGS			
	Balance as at 1.1.2022	Granted	Vested	
Shares in the Company				
<u>Direct interests</u>				
Heng Kok Lin	*140,000	0	0	140,000

* As at date of appointment

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' 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 as disclosed in Note 34 to the financial statements.

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' REPORT

(Cont'd)

DIRECTORS' REMUNERATION

Benefits of the Directors who held office during the financial years ended 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	422,500	305,000	422,500	305,000
Salaries and bonuses	5,735,210	3,582,184	208,392	0
Contributions to defined contribution plans	175,425	193,659	12,317	0
Social security contributions	68,669	82,090	251	0
Share grant expenses	208,380	0	0	0
Other benefits	231,410	114,675	61,500	66,000
	6,841,594	4,277,608	704,960	371,000

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 2022 were RM18,000,000 and RM24,000 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of 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.

DIRECTORS' REPORT

(Cont'd)

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

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the writing off of bad debts and 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.

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

- (a) On 4 January 2022 and 22 February 2022, the Company granted 600,000 ordinary shares and 1,000,000 ordinary share respectively under SGS to eligible employees of the Group, which 367,195 units have been vested in December 2022. The grant will vest over a period of 3 years to 4 years.
- (b) On 25 January 2022, the Company incorporated a wholly-owned subsidiary private limited company in Singapore namely Mi Semiconductor Pte. Ltd. ('MiSESG') with an issued and paid-up capital of SGD1 (equivalent to RM3).

On 6 September 2022, MiSESG incorporated a wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN') in the People's Republic of China with a registered share capital of USD30,000,000 (equivalent to RM131,700,000).

Subsequently on 2 February 2023, MiSESG taken up the registered share capital in MiSECN for a total cash consideration of USD3,399,990 (equivalent to RM14,925,956).

DIRECTORS' REPORT

(Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (Cont'd)

- (c) On 28 July 2022, the Company granted 178,000 ordinary share respectively under SGS to eligible employees of the Group, which 50,000 units have been vested in August 2022. The grant will vest over a period of 3 years to 4 years.
- (d) On 8 November 2022, 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.
- (e) On 23 February 2023, a wholly-owned subsidiary of the Group, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN') acquired the equity interest in Talentek Micro electronics (Hefei) Limited ('Talentek'), representing approximately 7.5441% equity interest in Talentek for a purchase consideration of CNY22,632,240 (equivalent to RM14,645,323). Accordingly, the Group hold 25.5441% of total equity interest in Talentek.

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 2022 were as follows:

	Group RM	Company RM
Statutory audit	470,292	81,500
Non-audit services	62,245	8,600
	<u>532,537</u>	<u>90,100</u>

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

Oh Kuang Eng
Director

Yong Shiao Voon
Director

Penang
26 April 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 61 to 139 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Oh Kuang Eng

Director

Yong Shiao Voon

Director

Penang

26 April 2023

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 61 to 139 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 26 April 2023.

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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 139.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) *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 RM115,345,257 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.

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

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;
- (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 2022, the carrying amount of trade receivables of the Group amounted to RM143,740,218, which were net of impairment losses of RM1,131,909. 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 2022, the Group had inventories amounted to RM142,986,036. 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.

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

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;
- (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, IFRSs, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (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

Goh Chee Beng
03535/11/2024 J
Chartered Accountant

Penang
26 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	224,195,033	234,090,267	45,538	53,969
Right-of-use assets	5	18,368,940	17,604,169	208,230	355,215
Investment properties	6	34,966,854	35,609,299	0	0
Intangible assets	7	84,444,201	90,062,793	1,689,632	1,821,292
Investments in subsidiaries	8	0	0	498,194,394	507,898,941
Investment in an associate	9	25,475,864	28,613,843	0	0
Goodwill on consolidation	10	115,345,257	118,699,242	0	0
Deferred tax assets	11	7,466,442	5,057,446	0	0
Other receivable	12	0	0	60,345,945	28,169,136
Lease receivable	13	3,728,737	4,054,115	0	0
Net defined benefit asset	14	2,463,564	1,747,779	0	0
		<u>516,454,892</u>	<u>535,538,953</u>	<u>560,483,739</u>	<u>538,298,553</u>
Current assets					
Inventories	15	142,986,036	110,413,156	0	0
Trade and other receivables	12	152,493,397	155,379,381	51,788,444	31,517,509
Lease receivable	13	1,412,510	1,402,906	0	0
Current tax assets		31,010	129,364	0	0
Short term funds	16	241,964,153	289,479,818	237,980,578	271,579,262
Cash and bank balances	17	176,561,917	120,695,885	24,572,479	18,508,831
		<u>715,449,023</u>	<u>677,500,510</u>	<u>314,341,501</u>	<u>321,605,602</u>
TOTAL ASSETS		<u>1,231,903,915</u>	<u>1,213,039,463</u>	<u>874,825,240</u>	<u>859,904,155</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
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)	(4,699,711)	(5,246,963)	(4,699,711)	(5,246,963)
Reserves	19	202,349,482	179,892,707	22,246,491	6,730,286
		1,053,108,774	1,030,104,747	873,005,783	856,942,326
Non-controlling interests	8(h)	(4,434,046)	(1,745,875)	0	0
TOTAL EQUITY		1,048,674,728	1,028,358,872	873,005,783	856,942,326
LIABILITIES					
Non-current liabilities					
Borrowing	20	35,377,262	48,063,967	0	0
Government grants	21	3,660,317	4,015,622	0	0
Provisions	22	1,037,832	1,412,367	0	0
Lease liabilities	5	1,497,345	1,149,878	69,034	228,327
Deferred tax liabilities	11	17,157,071	18,003,582	0	0
Net defined benefit liability	14	0	166,034	0	0
		58,729,827	72,811,450	69,034	228,327
Current liabilities					
Trade and other payables	23	55,487,694	39,049,171	1,511,130	2,582,835
Contract liabilities	24	4,874,523	0	0	0
Borrowing	20	47,140,949	60,299,968	0	0
Government grants	21	203,351	211,349	0	0
Provisions	22	3,368,689	2,470,434	0	0
Lease liabilities	5	2,229,590	1,364,763	159,293	150,667
Current tax liabilities		11,194,564	8,473,456	80,000	0
		124,499,360	111,869,141	1,750,423	2,733,502
TOTAL LIABILITIES		183,229,187	184,680,591	1,819,457	2,961,829
TOTAL EQUITY AND LIABILITIES		1,231,903,915	1,213,039,463	874,825,240	859,904,155

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 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	27	389,477,400	375,479,257	43,000,000	45,000,000
Other operating income		26,322,807	6,543,011	12,360,358	3,722,239
Change in inventories of finished goods and work-in-progress		23,836,722	(2,177,996)	0	0
Raw material and consumable used		(209,492,400)	(176,374,904)	0	0
Employee benefits expense	28	(80,618,581)	(70,121,669)	(1,604,422)	(1,601,446)
Depreciation and amortisation expenses		(25,174,194)	(16,954,139)	(307,325)	(302,819)
Impairment on trade and other receivables, net	12(f)	(164,605)	(646,371)	0	0
Share of results of an associate, net of tax	9(e)	(2,216,057)	(854,194)	0	0
Other operating expenses		<u>(44,571,594)</u>	<u>(50,562,806)</u>	<u>(4,533,014)</u>	<u>(15,562,574)</u>
Profit from operations		77,399,498	64,330,189	48,915,597	31,255,400
Finance costs	29	<u>(1,950,307)</u>	<u>(824,987)</u>	<u>(17,333)</u>	<u>(45,834)</u>
Profit before tax		75,449,191	63,505,202	48,898,264	31,209,566
Tax expense	30	<u>(9,198,320)</u>	<u>(3,369,759)</u>	<u>(611,090)</u>	<u>0</u>
Profit for the financial year		<u>66,250,871</u>	<u>60,135,443</u>	<u>48,287,174</u>	<u>31,209,566</u>
Profit for the financial year attributable to:					
Owners of the parent		68,862,332	61,845,495	48,287,174	31,209,566
Non-controlling interests	8(h)	<u>(2,611,461)</u>	<u>(1,710,052)</u>	<u>0</u>	<u>0</u>
		<u>66,250,871</u>	<u>60,135,443</u>	<u>48,287,174</u>	<u>31,209,566</u>
Profit for the financial year		66,250,871	60,135,443	48,287,174	31,209,566
Other comprehensive income/(loss), net of tax:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations, net of tax	30(d)	(14,040,585)	4,633,140	0	0
Item that will not be reclassified subsequently to profit or loss					
Re-measurements of defined benefit obligations	30(d)	<u>329,287</u>	<u>(120,962)</u>	<u>0</u>	<u>0</u>
Total comprehensive income for the financial year		<u>52,539,573</u>	<u>64,647,621</u>	<u>48,287,174</u>	<u>31,209,566</u>
Total comprehensive income attributable to:					
Owners of the parent		55,227,744	66,332,490	48,287,174	31,209,566
Non-controlling interests	8(h)	<u>(2,688,171)</u>	<u>(1,684,869)</u>	<u>0</u>	<u>0</u>
		<u>52,539,573</u>	<u>64,647,621</u>	<u>48,287,174</u>	<u>31,209,566</u>
Earnings per share attributable to owners of the parent:					
Basic (sen)	32(a)	<u>7.69</u>	<u>7.50</u>		
Diluted (sen)	32(b)	<u>7.67</u>	<u>7.48</u>		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2021		252,615,378	(5,246,963)	0	147,958	(484,776)	(63,557,909)	204,853,645	388,327,333	(50,691)	388,276,642
Profit for the financial year		0	0	0	0	0	0	61,845,495	61,845,495	(1,710,052)	60,135,443
Other comprehensive income, net of tax		0	0	0	0	4,607,957	0	(120,962)	4,486,995	25,183	4,512,178
Total comprehensive income		0	0	0	0	4,607,957	0	61,724,533	66,332,490	(1,684,869)	64,647,621
Transfer to legal reserve		0	0	0	2,178,324	0	0	(2,178,324)	0	0	0
Transactions with owners:											
Acquisition of subsidiaries	8	0	0	0	0	0	0	0	0	1,956,066	1,956,066
Acquisition of shares from non-controlling interests	8	0	0	0	0	0	0	(878,701)	(878,701)	(1,966,381)	(2,845,082)
Issuance of ordinary shares	18	607,275,000	0	0	0	0	0	0	607,275,000	0	607,275,000
Share Grant Scheme ('SGS') expense	28	0	0	360,000	0	0	0	0	360,000	0	360,000
Shares issued expenses	18	(4,431,375)	0	0	0	0	0	0	(4,431,375)	0	(4,431,375)
Dividend paid	33	0	0	0	0	0	0	(26,880,000)	(26,880,000)	0	(26,880,000)
Total transactions with owners		602,843,625	0	360,000	0	0	0	(27,758,701)	575,444,924	(10,315)	575,434,609
Balance as at 31 December 2021		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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

Group	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 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	0	0	3,616,283	0	0	0	0	3,616,283	0	3,616,283
Share vested under SGS	0	547,252	(904,066)	0	0	0	356,814	0	0	0
Dividend paid	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 2022 (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 2021		252,615,378	(5,246,963)	0	2,040,720	249,409,135
Profit for the financial year		0	0	0	31,209,566	31,209,566
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	31,209,566	31,209,566
Transaction with owners:						
Issuance of ordinary shares	18	607,275,000	0	0	0	607,275,000
SGS expense	28	0	0	360,000	0	360,000
Share issued expenses	18	(4,431,375)	0	0	0	(4,431,375)
Dividends paid	33	0	0	0	(26,880,000)	(26,880,000)
Total transaction with owners		602,843,625	0	360,000	(26,880,000)	576,323,625
Balance as at 31 December 2021		855,459,003	(5,246,963)	360,000	6,370,286	856,942,326
Company						
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
Transactions with owners:						
SGS expense	28	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	33	0	0	0	(35,840,000)	(35,840,000)
Total transactions 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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		75,449,191	63,505,202	48,898,264	31,209,566
Adjustments for:					
Amortisation of intangible assets	7	5,993,512	4,091,379	131,660	131,660
Depreciation of property, plant and equipment	4	16,509,177	10,760,141	28,680	24,174
Depreciation of right-of-use assets	5	2,029,060	1,888,678	146,985	146,985
Depreciation of investment properties	6	642,445	213,941	0	0
Dividend income	27	0	0	(43,000,000)	(45,000,000)
Interest expenses	29	1,950,307	824,987	17,333	45,834
Gain on lease modification	5(e)	0	(1,971)	0	0
Loss on fair value changes on bond funds		267,615	699,200	267,615	699,200
Loss on fair value changes on derivative		0	6,427	0	0
Loss/(Gain) on disposal of property, plant and equipment		1,028	(123,387)	0	0
Impairment loss on investments in subsidiaries	8(g)	0	0	19,105	10,635,638
Impairment loss on trade receivables	12(f)	259,103	646,371	0	0
Intangible assets written off	7	0	1,593,925	0	0
Balance carried forward		103,101,438	84,104,893	6,509,642	(2,106,943)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Balance brought forward		103,101,438	84,104,893	6,509,642	(2,106,943)
Defined benefit expenses	28	279,515	254,295	0	0
Interest income		(4,107,737)	(2,922,300)	(5,782,890)	(2,579,400)
Inventories written down	15(b)	2,999,498	1,704,859	0	0
Inventories written off	15(b)	0	1,184,491	0	0
Property, plant and equipment written off	4	399	135,899	0	0
Provision for warranty replacement costs	22(a)	2,645,541	3,580,918	0	0
Reversal of impairment loss on trade receivables	12(f)	(94,498)	0	0	0
Reversal of inventories written down	15(b)	(458,014)	(971,998)	0	0
Reversal of provision for warranty replacement costs	22(a)	(1,215,121)	(713,826)	0	0
Share grant expense	28	3,616,283	360,000	0	0
Share of results of an associate, net of tax	9(e)	2,216,057	854,194	0	0
Unrealised (gain)/loss on foreign exchange		(3,885,547)	(1,303,844)	(2,295,626)	259,869
Operating profit/(loss) before changes in working capital		105,097,814	86,267,581	(1,568,874)	(4,426,474)
Working capital changes:					
Inventories		(35,114,364)	(9,529,601)	0	0
Trade and other receivables		3,282,241	(8,331,926)	20,264,710	(5,941,471)
Trade and other payables		14,403,730	(19,932,555)	(1,101,735)	1,684,700
Contract liabilities		4,874,523	(7,519)	0	0
Cash generated from/ (used in) operations		92,543,944	48,465,980	17,594,101	(8,683,245)
Lease payments received	13(d)	475,824	796,722	0	0
Defined benefits paid	14	(832,045)	(368,108)	0	0
Government grant received	22	0	2,998,619	0	0
Warranty paid	22(a)	(906,700)	(1,163,562)	0	0
Taxes paid		(9,842,454)	(774,613)	(531,090)	0
Net cash from/(used in) operating activities		81,438,569	49,955,038	17,063,011	(8,683,245)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Incorporation of a subsidiary through shares	8(d)				
- ordinary shares		0	0	(17,292,541)	0
- preferences shares		0	0	(31,124,659)	0
Acquisition of shares from non-controlling interests	8(e)	0	0	0	(2,845,082)
Acquisition of an associate	9(d)	0	(29,151,786)	0	0
Additional investment in subsidiaries	8(c)	0	0	0	(18,466,177)
Proceeds from redemption of redeemable preference shares by subsidiaries	8(c)	0	0	0	5,043,800
Dividend received		0	0	33,000,000	14,000,000
Interest received		3,947,687	2,806,082	5,782,890	2,579,400
Net cash inflow on acquisition of subsidiaries	8(e)	0	32,954,244	0	0
Proceeds from disposal of property, plant and equipment		57,063	2,760,177	4,082	2,721
Distribution from struck off of a subsidiary		0	0	512,990	0
Proceeds from redemption of bond funds		15,280,193	9,894,738	15,280,193	9,894,738
Purchase of:					
- property, plant and equipment	4	(11,672,609)	(47,271,036)	(24,331)	(62,635)
- intangible assets	7	(353,401)	(2,516,258)	0	0
- bond funds		0	(616,672)	0	(616,672)
Net cash from/(used in) investing activities		7,258,933	(31,140,511)	6,138,624	9,530,093

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(35,840,000)	(26,880,000)	(35,840,000)	(26,880,000)
Proceeds from issuance of ordinary shares	18(a)	0	290,993,625	0	290,993,625
Interest paid		(1,857,082)	(696,011)	0	(20,342)
Drawdown of term loans		31,450,287	42,438,975	0	0
Repayment of term loans		(53,055,816)	(11,203,694)	0	0
Payments of lease liabilities	5	(1,735,274)	(1,551,298)	(168,000)	(168,000)
Placement of deposits pledged to a licensed bank		0	(87,626)	0	0
Withdrawn of deposit pledged to a licensed bank		0	2,060,460	0	0
Net cash from/(used in) financing activities		<u>(61,037,885)</u>	<u>295,074,431</u>	<u>(36,008,000)</u>	<u>263,925,283</u>
Net increase/(decrease) in cash and cash equivalents		27,659,617	313,888,958	(12,806,365)	264,772,131
Effect on foreign exchange rates changes		(3,805,102)	(660,294)	819,134	(174,528)
Cash and cash equivalents at beginning of financial year		<u>394,540,272</u>	<u>81,311,608</u>	<u>274,540,288</u>	<u>9,942,685</u>
Cash and cash equivalents at end of financial year	17(b)	<u>418,394,787</u>	<u>394,540,272</u>	<u>262,553,057</u>	<u>274,540,288</u>

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 5)		Term loan (Note 20)	
	2022	2021	2022	2021
	RM	RM	RM	RM
Group				
At 1 January	2,514,641	3,536,732	108,363,935	5,096,946
Cash flows	(1,735,274)	(1,551,298)	(21,605,529)	31,235,281
Non-cash flows:				
- additions	2,922,212	905,854	0	0
- acquisition of subsidiaries (Note 8(e))	0	0	0	72,435,332
- unwinding of interest	93,225	128,976	0	0
- lease modification to lease term	0	(683,096)	0	0
- effect of foreign exchange	(67,869)	177,473	(4,240,195)	(403,624)
At 31 December	3,726,935	2,514,641	82,518,211	108,363,935
			Lease liabilities (Note 5)	
			2022	2021
			RM	RM
Company				
At 1 January			378,994	521,502
Cash flows			(168,000)	(168,000)
Non-cash flows:				
- unwinding of interest			17,333	25,492
At 31 December			228,327	378,994

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Suite 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 2022 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 26 April 2023.

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. The details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the 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 2022 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2022	Additions	Written off	Disposals	Depreciation charge for the financial year	Reclassification	Currency translation differences	Balance as at 31.12.2022
	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount								
Freehold land	47,266,518	0	0	0	0	0	(1,021,803)	46,244,715
Buildings	141,664,300	3,847,846	0	(17,583)	(5,571,845)	836,256	(2,558,183)	138,200,791
Plant and machinery	20,066,074	1,792,027	0	0	(3,968,733)	2,464,828	(874,555)	19,479,641
Motor vehicles	1,182,925	143,123	0	0	(366,148)	0	(30,152)	929,748
Office equipment	5,801,063	876,144	0	(29,729)	(3,004,607)	0	(77,560)	3,565,311
Production equipment	936,662	592,630	(399)	0	(476,901)	0	14,718	1,066,710
Clean room	27,251	0	0	0	(10,901)	0	0	16,350
Furniture and fittings	1,736,172	25,380	0	(8,482)	(570,606)	0	(706)	1,181,758
Sports equipment	80,153	0	0	0	(37,452)	0	0	42,701
Laboratory equipment	5,647,303	331,270	0	(2,297)	(1,706,675)	102,188	(72,244)	4,299,545
Renovation	5,590,095	299,850	0	0	(670,105)	0	(179,471)	5,040,369
Cafeteria and kitchen equipment	358,139	0	0	0	(125,204)	0	0	232,935
Capital work-in-progress	3,733,612	3,764,339	0	0	0	(3,403,272)	(200,220)	3,894,459
	234,090,267	11,672,609	(399)	(58,091)	(16,509,177)	0	(5,000,176)	224,195,033
							As at 31.12.2022	
Group							Accumulated depreciation	Carrying amount
							RM	RM
Freehold land		46,244,715					0	46,244,715
Buildings		159,874,076					(21,673,285)	138,200,791
Plant and machinery		51,712,981					(32,233,340)	19,479,641
Motor vehicles		2,162,981					(1,233,233)	929,748
Office equipment		12,914,369					(9,349,058)	3,565,311
Production equipment		2,610,018					(1,543,308)	1,066,710
Clean room		89,046					(72,696)	16,350
Furniture and fittings		3,284,593					(2,102,835)	1,181,758
Sports equipment		204,673					(161,972)	42,701
Laboratory equipment		11,382,620					(7,083,075)	4,299,545
Renovation		6,448,009					(1,407,640)	5,040,369
Cafeteria and kitchen equipment		626,022					(393,087)	232,935
Capital work-in-progress		3,894,459					0	3,894,459
		301,448,562					(77,253,529)	224,195,033

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

Group	Balance as at 1.1.2021	Additions	Written off	Disposals	Depreciation charge for the financial year	Transfer to investment properties (Note 6)	Transfer from/(to) inventories	Acquisition of subsidiaries (Note 8)	Reclassification	Currency translation differences	Balance as at 31.12.2021
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount											
Freehold land	0	11,000,006	0	0	0	0	0	35,898,568	0	367,944	47,266,518
Buildings	96,444,935	14,145,020	0	0	(2,877,291)	(25,567,564)	0	5,177,035	52,934,560	1,407,605	141,664,300
Plant and machinery	1,265,484	1,338,237	0	0	(1,790,814)	0	(502,875)	5,046,033	14,325,125	384,884	20,066,074
Motor vehicles	1,091,398	457,992	0	(41,159)	(351,790)	0	0	0	0	26,484	1,182,925
Office equipment	5,086,950	3,571,874	(17)	(1,290,321)	(2,694,103)	0	423,292	208,846	462,186	32,356	5,801,063
Production equipment	705,768	1,267,514	(135,882)	(555,216)	(340,074)	0	0	0	0	(5,448)	936,662
Clean room	41,028	0	0	0	(13,777)	0	0	0	0	0	27,251
Furniture and fittings	1,944,567	284,090	0	(15,001)	(593,897)	0	0	0	125,315	(8,902)	1,736,172
Sports equipment	119,077	0	0	0	(38,924)	0	0	0	0	0	80,153
Laboratory equipment	1,623,551	5,406,431	0	(735,093)	(1,442,814)	0	(706,042)	35,917	1,439,059	26,294	5,647,303
Renovation	2,481,619	3,465,549	0	0	(491,388)	0	0	0	0	134,315	5,590,095
Cafeteria and kitchen equipment	479,527	3,881	0	0	(125,269)	0	0	0	0	0	358,139
Capital work-in-progress	7,796,806	6,330,442	0	0	0	0	0	57,970,361	(69,286,245)	922,248	3,733,612
	119,080,710	47,271,036	(135,899)	(2,636,790)	(10,760,141)	(25,567,564)	(785,625)	104,336,760	0	3,287,780	234,090,267
									As at 31.12.2021		
Group								Cost RM	Accumulated depreciation RM		Carrying amount RM
Freehold land								47,266,518	0	0	47,266,518
Buildings								158,530,015	(16,865,715)	(16,865,715)	141,664,300
Plant and machinery								49,963,286	(29,897,212)	(29,897,212)	20,066,074
Motor vehicles								2,080,377	(897,452)	(897,452)	1,182,925
Office equipment								13,773,434	(7,972,371)	(7,972,371)	5,801,063
Production equipment								1,999,373	(1,062,711)	(1,062,711)	936,662
Clean room								89,046	(61,795)	(61,795)	27,251
Furniture and fittings								3,270,992	(1,534,820)	(1,534,820)	1,736,172
Sports equipment								204,673	(124,520)	(124,520)	80,153
Laboratory equipment								11,248,572	(5,601,269)	(5,601,269)	5,647,303
Renovation								6,352,524	(762,429)	(762,429)	5,590,095
Cafeteria and kitchen equipment								626,021	(267,882)	(267,882)	358,139
Capital work-in-progress								3,733,612	0	0	3,733,612
								299,138,443	(65,048,176)	(65,048,176)	234,090,267

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

	Balance as at 1.1.2022	Additions	Disposals	Depreciation charge for the financial year	Balance as at 31.12.2022
Company	RM	RM	RM	RM	RM
Carrying amount					
Office equipment	53,969	24,331	(4,082)	(28,680)	45,538
				As at 31.12.2022	
			Cost	Accumulated	Carrying
			RM	depreciation	amount
				RM	RM
Office equipment			109,367	(63,829)	45,538
				Depreciation	
				charge for	
				the financial	
				year	
				RM	
					Balance as at
					31.12.2021
					RM
Carrying amount					
Office equipment	18,229	62,635	(2,721)	(24,174)	53,969
				As at 31.12.2021	
			Cost	Accumulated	Carrying
			RM	depreciation	amount
				RM	RM
Office equipment			92,761	(38,792)	53,969

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

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

Freehold land has unlimited useful life and is not depreciated.

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	20% to 33%
Office equipment	7% to 50%
Production equipment	10% to 33%
Clean room	20%
Furniture and fittings	20% to 33%
Sports equipment	20%
Laboratory equipment	7% to 33%
Renovation	5% to 33%
Cafeteria and kitchen equipment	20%

Capital work-in-progress represent factory buildings under construction and 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 RM134,541,532 (2021: RM156,943,395) 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 2022 (Cont'd)

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

The Group as lessee (Cont'd)

Lease liabilities

	Balance as at 1.1.2022 RM	Additions RM	Lease payments RM	Interest expense RM	Currency translation differences RM	Balance as at 31.12.2022 RM
Carrying amount						
Offices	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>

	Balance as at 1.1.2021 RM	Additions RM	Modification to lease term RM	Lease payments RM	Interest expense RM	Currency translation differences RM	Balance as at 31.12.2021 RM
Carrying amount							
Offices	3,445,018	854,461	(603,733)	(1,517,681)	127,767	175,602	2,481,434
Hostel	91,714	0	(79,363)	(14,504)	772	1,381	0
Motor vehicle	0	51,393	0	(19,113)	437	490	33,207
	<u>3,536,732</u>	<u>905,854</u>	<u>(683,096)</u>	<u>(1,551,298)</u>	<u>128,976</u>	<u>177,473</u>	<u>2,514,641</u>

Represented by:
Current liabilities
Non-current liabilities

	2022 RM	2021 RM
	2,229,590	1,364,763
	1,497,345	1,149,878
	<u>3,726,935</u>	<u>2,514,641</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

The Company as lessee

Right-of-use asset

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

	Balance as at 1.1.2021 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2021 RM
Carrying amount			
Office	502,200	(146,985)	355,215

Lease liability

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

	Balance as at 1.1.2021 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2021 RM
Carrying amount				
Office	521,502	(168,000)	25,492	378,994

	2022 RM	2021 RM
Represented by:		
Current liabilities	159,293	150,667
Non-current liabilities	69,034	228,327
	<u>228,327</u>	<u>378,994</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

- (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.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement 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 5 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 RM14,413,566 (2021: RM14,854,487) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Represented by:				
Depreciation charge of right-of-use assets				
- included in depreciation and amortisation expenses	2,029,060	1,888,678	146,985	146,985
Interest expense on lease liabilities				
- included in finance costs	93,225	128,976	17,333	25,492
Expense relating to short-term leases				
- included in other operating expenses	1,066,119	465,690	175,678	0
Expense relating to leases of low-value assets				
- included in other operating expenses	66,750	421,983	0	0
Gain on lease modification				
- included in other operating income	0	(1,971)	0	0
	<u>3,255,154</u>	<u>2,903,356</u>	<u>339,996</u>	<u>172,477</u>

(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	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash from operating activities:				
Payment relating to short-term leases and low value assets	1,132,869	887,673	175,678	0
Interest paid in relation to leases liabilities	93,225	128,976	17,333	25,492
Included in net cash from financing activities:				
Payment of lease liabilities	1,735,274	1,551,298	168,000	168,000
Total cash outflows for leases	<u>2,961,368</u>	<u>2,567,947</u>	<u>361,011</u>	<u>193,492</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

(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	Total RM
Group					
31 December 2022	1.99 - 5.58	(2,229,590)	(1,497,345)	0	(3,726,935)
31 December 2021	1.09 - 4.75	<u>(1,364,763)</u>	<u>(1,149,878)</u>	<u>0</u>	<u>(2,514,641)</u>
Company					
31 December 2022	5.58	(159,293)	(69,034)	0	(228,327)
31 December 2021	5.58	<u>(150,667)</u>	<u>(159,293)</u>	<u>(69,034)</u>	<u>(378,994)</u>

(i) Information on financial risks of lease liabilities is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

6. INVESTMENT PROPERTIES

Group	Leasehold	Building	Total
	land		
	RM	RM	RM
31 December 2022			
At cost			
Balance as at 1.1.2022/31.12.2022	11,029,835	26,138,489	37,168,324
Accumulated depreciation			
Balance as at 1.1.2022	835,436	723,589	1,559,025
Current charges	183,831	458,614	642,445
Balance as at 31.12.2022	1,019,267	1,182,203	2,201,470
Carrying amount			
Balance as at 31.12.2022	10,010,568	24,956,286	34,966,854
31 December 2021			
At cost			
Balance as at 1.1.2021	0	0	0
Transferred from property, plant and equipment (Note 4)	0	26,138,489	26,138,489
Transferred from right-of-use asset (Note 5)	11,029,835	0	11,029,835
Balance as at 31.12.2021	11,029,835	26,138,489	37,168,324
Accumulated depreciation			
Balance as at 1.1.2021	0	0	0
Transferred from property, plant and equipment (Note 4)	0	570,925	570,925
Transferred from right-of-use asset (Note 5)	774,159	0	774,159
Current charges	61,277	152,664	213,941
Balance as at 31.12.2021	835,436	723,589	1,559,025
Carrying amount			
Balance as at 31.12.2021	10,194,399	25,414,900	35,609,299

- (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 (2021: RM238,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

6. INVESTMENT PROPERTIES (Cont'd)

- (d) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM94,600 (2021: RM93,262).
- (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:

	2022	2021
	RM	RM
Less than one (1) year	2,856,000	2,856,000
One (1) to two (2) years	1,904,000	2,856,000
Two (2) to three (3) years	0	1,904,000
	4,760,000	7,616,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

7. INTANGIBLE ASSETS

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	
			Cost	Accumulated	Carrying
Group			RM	amortisation	amount
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 2022 (Cont'd)

7. INTANGIBLE ASSETS (Cont'd)

Group	Balance as at 1.1.2021	Additions	Written off	Amortisation charge for the financial year	Acquisition of subsidiaries (Note 8)	Currency translation differences	Balance as at 31.12.2021
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Intellectual property	1,952,952	216,595	0	(182,024)	84,057	2,262	2,073,842
Club membership	762,075	0	0	(38,821)	0	11,442	734,696
Customer relationship	0	0	0	(2,821,704)	84,651,115	0	81,829,411
Development of prototypes	5,566,145	2,251,866	(1,323,439)	(1,048,830)	0	(20,898)	5,424,844
Development of intelligence software solution	222,689	47,797	(270,486)	0	0	0	0
	<u>8,503,861</u>	<u>2,516,258</u>	<u>(1,593,925)</u>	<u>(4,091,379)</u>	<u>84,735,172</u>	<u>(7,194)</u>	<u>90,062,793</u>
						As at 31.12.2021	
Group					Cost	Accumulated amortisation	Carrying amount
					RM	RM	RM
Intellectual property					2,635,708	(561,866)	2,073,842
Club membership					825,318	(90,622)	734,696
Customer relationship					84,651,115	(2,821,704)	81,829,411
Development of prototypes					6,473,855	(1,049,011)	5,424,844
Development of intelligence software solution					0	0	0
					<u>94,585,996</u>	<u>(4,523,203)</u>	<u>90,062,793</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

7. INTANGIBLE ASSETS (Cont'd)

Company	Balance as at 1.1.2022 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2022 RM
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
	----- As at 31.12.2021 -----		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Company			
Intellectual property	1,952,952	(131,660)	1,821,292
	----- As at 31.12.2021 -----		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Company			
Intellectual property	2,084,611	(263,319)	1,821,292

- (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 2022 (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	10 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	
	2022	2021
	RM	RM
Unquoted shares, at cost		
- ordinary shares	443,573,974	485,871,085
- redeemable preference shares ('RPS')	65,256,059	34,131,400
	508,830,033	520,002,485
Less: Impairment losses	(10,635,639)	(12,103,544)
	498,194,394	507,898,941

- (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.

- (b) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2022	2021	
		%	%	
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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2022 %	2021 %	
Accurus Scientific Co., Ltd. ⁽¹⁾	Taiwan (Republic of China)	100	100	Manufacture and sale of solder balls and related materials and products.
Suzhou Mi Equipment Co., Ltd. ⁽²⁾	People's Republic of China	0	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)	0	100	Design, development, manufacturing, sales of vision inspection machine and provision of maintenance services and technical support.
Mi International Pte. Ltd. ⁽²⁾	Singapore	100	100	Provision of maintenance services, technical support and management services.
Mi Autobotics Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant.
Mi Components Sdn. Bhd.	Malaysia	0	100	Dormant. Struck off on 30 August 2022.
Mi Semiconductor Pte. Ltd. ⁽²⁾	Singapore	100	0	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2022 %	2021 %	
Subsidiaries of Mi Equipment (M) Sdn. Bhd.				
Mi Equipment Korea Co., Ltd ⁽²⁾	Republic of South Korea	70	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	0	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	0	Design, development, manufacturing, sales of vision inspection machine and provision of maintenance services and technical support.
Mi Equipment Pte. Ltd. ⁽³⁾	Singapore	100	0	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2022 %	2021 %	
Subsidiaries of Mi International Pte. Ltd.				
Mi Sales & Services (M) Sdn. Bhd.	Malaysia	0	100	Dormant. Struck off on 15 February 2022.
Subsidiaries of Accurus Scientific Co., Ltd.				
Accurus (Ningbo) Scientific Co., Ltd. ⁽¹⁾	People's Republic of China	100	100	Manufacture and sales 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.	Malaysia	100	0	Dormant.
Mi Semiconductor (Ningbo) Co. Ltd. ⁽³⁾	People's Republic of China	100	0	Dormant.

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

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

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

(c) Changes in investments in subsidiaries during the financial year are as follows:

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

In May 2022, the Group made an internal restructuring whereby, Mi Technovation Berhad ('MiTB') had transferred 100% of its equity interest in MiECN to Mi Equipment (M) Sdn. Bhd. ('MiEMY'), representing 12,100,000 ordinary shares for a total consideration of USD8,100,000 (equivalent to RM34,425,000).

In the previous financial year, the Company increased its equity investment in MiECN by way of cash amounted to USD4,000,000 (equivalent to RM17,128,400).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(c) Changes in investments in subsidiaries during the financial year are as follows: (Cont'd)

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

In May 2022, 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).

In the previous financial year, MiINT had transferred its 6% equity interest in MiETW to the Company by way of cash amounted to TWD9,598,750 (equivalent to RM1,337,777).

(iii) Mi International Pte. Ltd. ('MiINT')

In the previous financial year, MiINT redeemed 1,000,000 RPS at a redemption price of SGD1 per RPS held out of capital of MiINT, amounting to SGD1,000,000 (equivalent to RM3,043,800).

In the previous financial year, the Group made an internal restructuring whereby, MiINT had transferred 100% of its equity interest in Mi Equipment USA Ltd. ('MiEUS') to Mi Equipment (M) Sdn. Bhd. ('MiEMY'), representing 100,000 ordinary shares and 100,000 preference shares at USD1 each respectively for a total consideration of USD200,000 (equivalent to RM838,860).

(iv) Mi Autobotics Sdn. Bhd. ('MiASB')

In the previous financial year, MiASB has fully redeemed 2,000,000 RPS at a redemption price of RM1 per RPS held out of capital of MiASB, amounting to RM2,000,000.

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

In the previous financial year, the Group made an internal restructuring whereby, the Company had transferred its 70% equity interest in MiEKR to MiEMY for a total consideration of USD139,903 (equivalent to RM587,509).

There are no changes to the percentage of shareholding of the Group on all subsidiaries arising from these changes in investments.

(d) Newly incorporated subsidiaries during the financial year are as follows:

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

On 25 January 2022, MiTB incorporated a wholly-owned subsidiary private limited company in Singapore namely Mi Semiconductor Pte. Ltd. ('MiSESG') with an issued and paid-up capital of SGD 1 (equivalent to RM3).

On 8 November 2022, MiTB 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.

There are no changes to the percentage of shareholding of the Group on the subsidiary arising from these additional investments.

(ii) Mi Semiconductor Sdn. Bhd. ('MiSEMY')

On 18 July 2022, a subsidiary of the Group, MiSESG, incorporated a whollyowned subsidiary, Mi Semiconductor Sdn. Bhd. in Malaysia with an issued and paid-up share capital of SGD0.62 (equivalent to RM2).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) Newly incorporated subsidiaries during the financial year are as follows: (Cont'd)

(iii) Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN')

On 6 September 2022, a subsidiary of the Group, MiSESG, incorporated a whollyowned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd. in the People's Republic of China with a registered share capital of USD30,000,000 (equivalent to RM131,700,000).

There are no changes to the percentage of shareholding of the Group on all subsidiaries arising from these additional investments.

(e) Acquisition of subsidiaries

(i) In the previous financial year, the Company had completed the acquisition of 21,983,000 ordinary shares in Accurus Scientific Co., Ltd. ('MiMTW'), representing approximately 99% equity interest in MiMTW for a purchase consideration of RM311,850,000 ('Acquisition') by way of issuance of 74,250,000 new ordinary shares of the Company at an issue price of RM3.65 per ordinary share. For the purpose of accounting, the fair value of RM4.20 per ordinary share as at the date of completion of the acquisition was recorded.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	Pre-acquisition carrying amount RM	Fair value adjustments RM	Recognised value on acquisition RM
Property, plant and equipment	78,213,881	26,122,879	104,336,760
Right-of-use assets	2,272,002	0	2,272,002
Intangible assets	84,057	84,651,115	84,735,172
Defined benefit plans	1,583,153	0	1,583,153
Inventories	31,749,991	0	31,749,991
Trade and other receivables	41,316,595	0	41,316,595
Cash and bank balances	32,954,244	0	32,954,244
Deferred tax assets/(liabilities)	1,939,519	(16,639,826)	(14,700,307)
Borrowings	(72,435,332)	0	(72,435,332)
Government grants	(1,233,526)	0	(1,233,526)
Trade and other payables	(12,896,055)	0	(12,896,055)
Current tax liabilities	(2,575,873)	0	(2,575,873)
Total identifiable net assets	<u>100,972,656</u>	<u>94,134,168</u>	<u>195,106,824</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(e) Acquisition of subsidiaries (Cont'd)

(i) (Cont'd)

	2021 RM
Purchase consideration settled by way of issuance of shares (Note 18(a))	311,850,000
Non-controlling interests	1,956,066
Fair value of identifiable net assets	<u>(195,106,824)</u>
Goodwill on consolidation (Note 10)	<u>118,699,242</u>
Purchase consideration settled in cash and cash equivalents	0
Cash and cash equivalents of subsidiaries acquired	<u>32,954,244</u>
Net cash inflow on acquisition	<u>32,954,244</u>

On 31 May 2021, the Company had completed the acquisition of remaining 1% equity interest in MiMTW for a total consideration of RM2,845,082 by cash. Accordingly, MiMTW is now a wholly-owned subsidiary of the Company.

The effect of the above equity transactions with non-controlling interests was summarised below:

	2021 RM
Consideration paid	2,845,082
Less: Net assets acquired from non-controlling interests	<u>(1,966,381)</u>
Net effect on changes in shareholdings in MiMTW	<u>878,701</u>

In the 8.5 months to 31 December 2021, MiMTW contributed revenue of RM125,588,739 and profit of RM19,170,421. If the acquisition had occurred on 1 January 2021, management estimated that Group consolidated revenue would have been RM418,154,872 and consolidated profit for the financial year ended 31 December 2021 would have been RM67,827,074.

(f) Subsidiaries struck off during the financial year are as follows:

(i) Mi Sales & Services (M) Sdn. Bhd. ('MiSMY')

On 15 February 2022, MiSMY, a wholly-owned subsidiary of MiINT had been struck off and ceased to be a wholly-owned subsidiary of the Group. The financial results of the subsidiary being deregistered is insignificant to the Group.

(ii) Mi Component Sdn. Bhd. ('MiCSB')

On 30 August 2022, MiCSB, a wholly-owned subsidiary of the Company had been struck off and ceased to be a wholly-owned subsidiary of the Group resulting in written off of cost of investment of RM2,000,000 and impairment loss of RM1,487,010. The financial results of the subsidiary being deregistered is insignificant to the Group.

(g) During the financial year, impairment losses of RM19,105 (2021: RM10,635,638) have 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(h) The subsidiary of the Group that has non-controlling interests ('NCI') is as follows:

	MiEKR	
	2022	2021
NCI percentage of ownership interest and voting interest (%)	30%	30%
Carrying amount of NCI (RM)	(4,434,046)	(1,745,875)
Loss allocated to NCI (RM)	(2,611,461)	(1,710,052)
Other comprehensive (loss)/income allocated to NCI (RM)	(76,710)	25,183
Total comprehensive loss allocated to NCI (RM)	(2,688,171)	(1,684,869)

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	
	2022 RM	2021 RM
Unquoted shares, at cost	29,151,786	29,151,786
Share of post acquisition reserve	(3,070,251)	(854,194)
	26,081,535	28,297,592
Exchange differences	(605,671)	316,251
	25,475,864	28,613,843

(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
		2022 %	2021 %	
Talentek Microelectronics (Hefei) Limited ('Talentek')	People's Republic of China	19.32	22.64	Research, development and manufacturing of electronic technology products, as well as provision of technical services and sale of related products.

(c) During the financial year, the Company's equity interest in Talentek had decreased from 22.64% to 19.32%. However, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

9. INVESTMENT IN AN ASSOCIATE (Cont'd)

- (d) In the previous financial year, a wholly owned subsidiary of the Company, MiECN acquired the equity interest in Talentek, representing approximately 22.64% equity interest in Talentek for a purchase consideration of CNY45,000,000 (equivalent to RM29,151,786). Accordingly, Talentek is now an associate to the Group.

The summarised financial information of the associate is as follows:

	2022	2021
	RM	RM
Assets and liabilities		
Non-current assets	29,689,305	22,895,972
Current assets	25,437,259	41,716,086
Current liabilities	(10,465,090)	(9,452,802)
Net assets	44,661,474	55,159,256
Results		
Revenue	25,545,142	5,294,393
Loss for the financial year	(11,468,850)	(3,773,551)
Total comprehensive loss	(11,468,850)	(3,773,551)
Cash flows from operating activities	(10,119,880)	1,267,689
Cash flows from investing activities	(16,730,306)	(14,139,910)
Cash flows from financing activities	2,606,350	39,714,762
Net changes in cash and cash equivalents	(24,243,836)	26,842,541

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

	2022	2021
	RM	RM
As at 31 December		
Share of net assets of the Group	8,629,669	12,486,030
Goodwill	16,127,813	16,127,813
Effects arising from changes in shareholdings	718,382	0
Carrying amount in the statements of financial position	25,475,864	28,613,843
Share of results of the Group for the financial year ended 31 December		
Share of loss of the Group/Share of total comprehensive loss of the Group	(2,216,057)	(854,194)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

10. GOODWILL ON CONSOLIDATION

	2022 RM	2021 RM
Balance as at 1 January	118,699,242	0
Acquisition through business combination (Note 8(e))	0	118,699,242
	118,699,242	118,699,242
Exchange differences	(3,353,985)	0
Balance as at 31 December	115,345,257	118,699,242

- (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 35 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 14.2% (2021: 13.0%);
- (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 2022 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 2022 (Cont'd)

11. DEFERRED TAX

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

	Group	
	2022 RM	2021 RM
Balance as at 1 January	12,946,136	1,469,265
Acquisition of subsidiaries (Note 8(e))	0	14,700,307
Recognised in profit or loss (Note 30)		
- relating to origination and reversal of temporary differences	(3,694,884)	(3,419,469)
- (over)/underprovision in prior year	(11,027)	332,525
Exchange differences	450,404	(136,492)
Balance as at 31 December	9,690,629	12,946,136
Presented after appropriate offsetting:		
Deferred tax assets, net	(7,466,442)	(5,057,446)
Deferred tax liabilities, net	17,157,071	18,003,582
	9,690,629	12,946,136

(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 RM	Off-setting RM	Total RM
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
Balance as at 1 January 2021	2,768,100	(957,500)	1,810,600
Recognised in profit or loss	(451,963)	(285,278)	(737,241)
Acquisition of subsidiaries	17,226,279	(296,056)	16,930,223
Exchange differences	41,622	(41,622)	0
Balance as at 31 December 2021	19,584,038	(1,580,456)	18,003,582

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

11. DEFERRED TAX (Cont'd)

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

Deferred tax assets of the Group

	Unused tax losses RM	Others RM	Off-setting RM	Total RM
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	<u>(7,731,667)</u>	<u>(1,315,231)</u>	<u>1,580,456</u>	<u>(7,466,442)</u>
Balance as at 1 January 2021	(341,335)	(957,500)	957,500	(341,335)
Recognised in profit or loss	(2,097,887)	(537,094)	285,278	(2,349,703)
Acquisition of subsidiaries	(2,525,972)	0	296,056	(2,229,916)
Exchange differences	(180,657)	2,543	41,622	(136,492)
Balance as at 31 December 2021	<u>(5,145,851)</u>	<u>(1,492,051)</u>	<u>1,580,456</u>	<u>(5,057,446)</u>

- (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unused tax losses				
- no expiry date	15,760,438	7,327,018	0	0
- expires by				
31 December 2029	534,039	4,330,046	0	1,345,098
31 December 2030	1,760,715	2,636,706	0	1,410,096
31 December 2031	1,539,341	1,539,341	0	0
Unabsorbed capital allowances	1,834,277	2,551,640	0	42,229
	<u>21,428,810</u>	<u>18,384,751</u>	<u>0</u>	<u>2,797,423</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 2022 (Cont'd)

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Non-current assets</u>				
Other receivable				
Subsidiaries	0	0	60,345,945	28,169,136
<u>Current assets</u>				
Trade receivables				
Third parties	137,951,907	144,223,542	0	0
Dividend receivable from a subsidiary	0	0	25,000,000	31,000,000
Associate	6,920,220	1,298,368	0	0
	<u>144,872,127</u>	<u>145,521,910</u>	<u>25,000,000</u>	<u>31,000,000</u>
Less: Impairment losses	(1,131,909)	(967,304)	0	0
Total trade receivables	<u>143,740,218</u>	<u>144,554,606</u>	<u>25,000,000</u>	<u>31,000,000</u>
Other receivables				
Third parties	817,673	5,498,185	0	0
Subsidiaries	0	0	26,760,303	486,985
Deposits	1,392,715	1,191,904	4,500	4,500
Total other receivables	<u>2,210,388</u>	<u>6,690,089</u>	<u>26,764,803</u>	<u>491,485</u>
Total current receivables	145,950,606	151,244,695	51,764,803	31,491,485
Prepayments	6,542,791	4,134,686	23,641	26,024
	<u>152,493,397</u>	<u>155,379,381</u>	<u>51,788,444</u>	<u>31,517,509</u>
Total trade and other receivables	<u>152,493,397</u>	<u>155,379,381</u>	<u>112,134,389</u>	<u>59,686,645</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 (2021: 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 37(d) to the financial statements, except for an amount of RM22,097,303 (2021: RM486,985) which are unsecured, interest-free and payable within the next one (1) year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	1,590,506	1,903,767	81,451,998	31,406,703
United States Dollar	104,556,263	117,379,582	30,658,750	28,253,918
Chinese Yuan	19,389,889	18,398,340	0	0
Taiwan Dollar	15,354,210	12,913,209	0	0
Korea Won	3,684,066	476,345	0	0
Singapore Dollar	1,375,672	149,569	0	0
Others	0	23,883	0	0
	<u>145,950,606</u>	<u>151,244,695</u>	<u>112,110,748</u>	<u>59,660,621</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 2022 and 31 December 2021 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 2022 (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:

	Current RM	1 - 60 days past due RM	61 - 120 days past due RM	121 - 180 days past due RM	More than 180 days past due RM	Total RM
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
31 December 2021						
Gross carrying amount (RM)	104,058,837	24,086,997	5,098,553	8,525,217	3,752,306	145,521,910
Impairment (RM)	118,652	140,716	42,081	77,276	588,579	967,304

The Group did not renegotiate the terms of any trade receivables for the financial years ended 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

12. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group	
	Lifetime ECL	
	2022	2021
	RM	RM
As at 1 January	967,304	320,933
Reversal of impairment loss	(94,498)	0
Charge for the financial year	259,103	646,371
As at 31 December	1,131,909	967,304

- (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 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

13. LEASE RECEIVABLE

	Group	
	2022	2021
	RM	RM
Future minimum lease receivable:		
- not later than one (1) year	1,547,430	1,547,430
- one (1) to two (2) years	1,547,430	1,547,430
- two (2) to three (3) years	2,302,726	1,547,430
- three (3) to four (4) years	0	1,132,751
Total future minimum lease receivables	5,397,586	5,775,041
Less: Unearned finance lease interest	(256,339)	(318,020)
Present value of finance lease receivables	5,141,247	5,457,021
Analysis of present value of finance lease receivables:		
Non-current	3,728,737	4,054,115
Current	1,412,510	1,402,906
	5,141,247	5,457,021

- (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	
	2022	2021
	RM	RM
Balance as at 1 January	5,457,021	2,669,688
Additions	0	3,467,837
Interest income	160,050	116,218
Lease payments received	(475,824)	(796,722)
Balance as at 31 December	5,141,247	5,457,021

- (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 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (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 2022	(3,446,463)	5,028,210	1,581,747
Current service cost (Note 28)	(289,225)	0	(289,225)
Interest (cost)/income (Note 28)	(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>
Balance as at 1 January 2021	0	0	0
Acquisition of subsidiaries (Note 8(e))	(3,227,848)	4,811,001	1,583,153
Current service cost (Note 28)	(259,443)	0	(259,443)
Interest (cost)/income (Note 28)	(15,452)	20,600	5,148
Included in profit or loss	(274,895)	20,600	(254,295)
Remeasurements:			
(a) Actuarial losses from:			
- financial assumptions	50,390	41	50,431
- demographic assumptions	(26,118)	0	(26,118)
- experience adjustments	(197,420)	52,145	(145,275)
(b) exchange differences	(121,370)	127,113	5,743
Included in other comprehensive income	(294,518)	179,299	(115,219)
Contributions paid to the plans by the Group	0	368,108	368,108
Benefits paid	350,798	(350,798)	0
	350,798	17,310	368,108
Balance as at 31 December 2021	<u>(3,446,463)</u>	<u>5,028,210</u>	<u>1,581,747</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

14. DEFINED BENEFIT PLANS (Cont'd)

Presented by:

	Group	
	2022 RM	2021 RM
Net defined benefit asset	2,463,564	1,747,779
Net defined benefit liability	0	(166,034)
	2,463,564	1,581,745

- (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	
	2022 RM	2021 RM
Present value of funded defined benefit obligations	(3,166,656)	(3,446,463)
Fair value of plan assets	5,630,220	5,028,210
	2,463,564	1,581,747
Analysed as follows:		
Current liabilities:		
- not later than one (1) year	(1,026,680)	(1,049,512)
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	(1,592,266)	(1,610,144)
- later than five (5) years	(547,710)	(786,807)
	(2,139,976)	(2,396,951)
	(3,166,656)	(3,446,463)

- (c) During the financial year, the plan assets consist of equity securities in financial institutions amounted to RM566,288 (2021: RM148,296). 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

14. DEFINED BENEFIT PLANS (Cont'd)

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

	Group	
	2022	2021
	%	%
Discount rate	1.39 - 5.30	0.71 - 2.88
Expected rate of salary increase	1.00 - 3.50	1.00 - 3.50

(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)	
	2022	2021
	RM	RM
Discount rate		
- if increase by 0.5% to 1%	(634,408)	(466,220)
- if decrease by 0.5% to 1%	732,648	552,755
Expected rate of salary		
- if increase by 0.5% to 1%	732,648	550,464
- if decrease by 0.5% to 1%	(634,674)	(466,414)

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	
	2022	2021
	RM	RM
At cost		
Raw materials	56,401,608	49,558,456
Work-in-progress	48,132,096	34,326,556
Finished goods	33,118,418	23,064,710
Trading goods	0	22,526
	137,652,122	106,972,248
At net realisable value		
Raw materials	5,333,914	3,440,908
Total	142,986,036	110,413,156

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

15. INVENTORIES (Cont'd)

- (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 off obsolete inventories, which amounted to RM Nil (2021: RM1,184,491).

During the financial year, the Group had written down inventories amounted to RM2,999,498 (2021: RM1,704,859) which was recognised in statements of profit or loss and reversed inventories written down of RM458,014 (2021: RM971,998) 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.

16. SHORT TERM FUNDS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Money market funds	241,964,153	273,932,013	237,980,578	256,031,457
Bond funds	0	15,547,805	0	15,547,805
	<u>241,964,153</u>	<u>289,479,818</u>	<u>237,980,578</u>	<u>271,579,262</u>

- (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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	241,331,953	284,650,947	237,980,578	271,579,262
United States Dollar	0	4,174,171	0	0
Chinese Yuan	632,200	654,700	0	0
	<u>241,964,153</u>	<u>289,479,818</u>	<u>237,980,578</u>	<u>271,579,262</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

16. SHORT TERM FUNDS (Cont'd)

- (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 37 to the financial statements.

17. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	126,743,882	120,608,259	24,572,479	18,508,831
Deposits with licensed banks	49,818,035	87,626	0	0
	176,561,917	120,695,885	24,572,479	18,508,831

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	40,692,636	5,293,073	24,529,975	1,206,370
United States Dollar	97,432,613	96,101,544	42,504	17,302,461
Taiwan Dollar	24,760,323	14,445,637	0	0
Chinese Yuan	11,649,635	4,206,133	0	0
Korea Won	1,187,944	226,352	0	0
Singapore Dollar	522,033	412,486	0	0
Euro	9,339	10,660	0	0
Others	307,394	0	0	0
	176,561,917	120,695,885	24,572,479	18,508,831

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

17. CASH AND BANK BALANCES (Cont'd)

- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	126,743,882	120,608,259	24,572,479	18,508,831
Deposits with licensed banks	49,818,035	87,626	0	0
Money market funds (Note 16)	241,964,153	273,932,013	237,980,578	256,031,457
	<u>418,526,070</u>	<u>394,627,898</u>	<u>262,553,057</u>	<u>274,540,288</u>
Less:				
Deposit pledged to a licensed bank	(131,283)	(87,626)	0	0
	<u>418,394,787</u>	<u>394,540,272</u>	<u>262,553,057</u>	<u>274,540,288</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 37 to the financial statements.

18. SHARE CAPITAL

	Group and Company			
	2022		2021	
	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	900,000,000	855,459,003	750,000,000	252,615,378
Issuance of ordinary share	0	0	150,000,000	607,275,000
Shares issued expenses	0	0	0	(4,431,375)
Balance as at 31 December	<u>900,000,000</u>	<u>855,459,003</u>	<u>900,000,000</u>	<u>855,459,003</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

18. SHARE CAPITAL (Cont'd)

(a) Share capital

In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 750,000,000 ordinary shares to 900,000,000 ordinary shares by way of issuance of 150,000,000 new ordinary shares pursuant to the following:

- (i) Issuance of 74,250,000 new ordinary shares of RM4.20 each pursuant to Acquisition of MiMTW as disclosed in Note 8(e) to the financial statements; and
- (ii) Private placement of 75,750,000 new ordinary shares of RM3.90 each for net cash amounted to RM290,993,625 after offset against the expenses directly attributable to the issuance of shares.

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

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			
	2022		2021	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Balance as at 1 January	4,000,000	5,246,963	4,000,000	5,246,963
Share transferred under Share Grant Scheme	(417,195)	(547,252)	0	0
Balance as at 31 December	3,582,805	4,699,711	4,000,000	5,246,963

- (i) During the financial year, the Company transferred 417,195 units of treasury shares amounted to RM547,252 to eligible employees upon vesting of shares under Share Grant Scheme as disclosed in Note 31 to the financial statements.
- (ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

18. SHARE CAPITAL (Cont'd)

(b) Treasury shares (Cont'd)

- (iii) A total of 3,582,805 (2021: 4,000,000) treasury shares at a total cost of RM4,699,711 (2021: RM5,246,963) 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 896,417,195 (2021: 896,000,000).

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-distributable:				
Legal reserve	5,001,095	2,326,282	0	0
Exchange translation reserve	(9,840,694)	4,123,181	0	0
Reorganisation debit reserve	(63,557,909)	(63,557,909)	0	0
Share grant reserve	3,072,217	360,000	3,072,217	360,000
Distributable:				
Retained earnings	267,674,773	236,641,153	19,174,274	6,370,286
	<u>202,349,482</u>	<u>179,892,707</u>	<u>22,246,491</u>	<u>6,730,286</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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

19. RESERVES (Cont'd)

- (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 31 to the financial statements.

20. BORROWING

	Group	
	2022	2021
	RM	RM
<i>Term loans</i>		
Non-current	35,377,262	48,063,967
Current	47,140,949	60,299,968
	82,518,211	108,363,935

- (a) Borrowing is classified as financial liabilities measured at amortised cost.
- (b) The currency exposure profile of borrowings are as follows:

	Group	
	2022	2021
	RM	RM
United States Dollar	0	2,633,368
Taiwan Dollar	65,825,601	73,215,407
Chinese Yuan	16,692,610	32,515,160
	82,518,211	108,363,935

- (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;
 - (iii) corporate guarantee by the Company; and
 - (iv) 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 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

21. GOVERNMENT GRANTS

	Group	
	2022 RM	2021 RM
Balance as at 1 January	4,226,971	0
Acquisition of subsidiaries (Note 8(e))	0	1,233,526
Received during the year	0	2,998,619
Charged to profit and loss	(211,168)	0
Exchange differences	(152,135)	(5,174)
Balance as at 31 December	3,863,668	4,226,971
Represented by:		
Current liabilities	203,351	211,349
Non-current liabilities	3,660,317	4,015,622
	3,863,668	4,226,971

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	
	2022 RM	2021 RM
Provision for warranty replacement costs		
- Non-current	1,037,832	1,412,367
- Current	3,368,689	2,470,434
	4,406,521	3,882,801

(a) Provision for warranty replacement costs

The Group provides a two (2)-year (2021: 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 2022 (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	
	2022 RM	2021 RM
Balance as at 1 January	3,882,801	2,179,271
Provision made during the financial year	2,645,541	3,580,918
Amount used during the financial year	(906,700)	(1,163,562)
Provision reversed during the financial year	(1,215,121)	(713,826)
Balance as at 31 December	4,406,521	3,882,801

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	24,884,235	12,601,609	0	0
Other payables				
Third parties	13,824,011	9,735,927	35,583	566,383
Subsidiaries	0	0	904,745	1,560,102
Accrued liabilities	15,827,448	15,759,635	570,802	456,350
Deposits received	952,000	952,000	0	0
Total other payables	30,603,459	26,447,562	1,511,130	2,582,835
	55,487,694	39,049,171	1,511,130	2,582,835

Total trade and other payables

- (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 (2021: 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 2022 (Cont'd)

23. TRADE AND OTHER PAYABLES (Cont'd)

Total trade and other payables (Cont'd)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	12,131,527	16,018,803	620,670	1,041,571
Taiwan Dollar	13,020,794	13,766,156	0	2,563
Chinese Yuan	7,156,260	4,162,650	0	0
United States Dollar	16,847,452	1,896,877	19,418	1,538,701
Korea Won	3,021,788	1,731,812	0	0
Singapore Dollar	1,687,904	1,012,952	871,041	0
Swiss Franc	808,512	312,792	0	0
Euro	813,457	147,129	0	0
	<u>55,487,694</u>	<u>39,049,171</u>	<u>1,511,129</u>	<u>2,582,835</u>

(e) Information on financial risks of trade and other payables is disclosed in Note 37 to the financial statements.

24. CONTRACT LIABILITIES

	Group	
	2022 RM	2021 RM
Advances received from customers	<u>4,874,523</u>	<u>0</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	
	2022 RM	2021 RM
Balance as at 1 January	0	7,519
Advances received during the financial year	15,114,952	18
Revenue recognised during the financial year	(10,240,429)	(7,537)
Balance as at 31 December	<u>4,874,523</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (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:

	2022
	RM
Group	
31 December 2023	4,874,523

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

25. CAPITAL COMMITMENTS

	Group	
	2022	2021
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	14,428,587	9,224,050
Contracted but not provided for	839,871	1,333,654
	15,268,458	10,557,704

26. CONTINGENT LIABILITIES

- (a) The Group designates corporate guarantees given to financial institutions for credit facilities granted to a subsidiary as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (b) In the previous financial year, the Company had given corporate guarantees to financial institutions for credit facilities granted to its subsidiary for a limit of up to USD3,000,000 (equivalent to RM12,495,000) of which RM2,634,096 was utilised at the end of previous reporting period.

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are unlikely. Accordingly, the fair values of the above corporate guarantees are negligible.

During the financial year, the said corporate guarantees has been withdrawn.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

27. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<i>Revenue from contracts with customers:</i>				
Recognised at point in time:				
- sale of goods	388,725,193	374,999,239	0	0
- services rendered	752,207	480,018	0	0
	389,477,400	375,479,257	0	0
<i>Other revenue:</i>				
- dividend income	0	0	43,000,000	45,000,000
	389,477,400	375,479,257	43,000,000	45,000,000

(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.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
By countries:				
Malaysia	44,175,964	18,006,640	0	0
Taiwan	161,947,192	158,152,624	0	0
China	120,558,157	145,989,502	0	0
Singapore	29,255,196	17,336,884	0	0
Korea	21,155,059	15,339,734	0	0
United States of America	6,825,296	13,588,561	0	0
Other countries	5,560,536	7,065,312	0	0
	389,477,400	375,479,257	0	0

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

28. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages, salaries and bonuses	67,681,762	60,434,591	1,384,511	1,368,243
Contributions to defined contribution plans	5,053,167	3,711,472	81,590	101,889
Defined benefit plans (Note 14)	279,515	254,295	0	0
Social security contributions	1,796,768	2,934,531	5,833	7,975
Share grant expense	3,616,283	360,000	0	0
Other benefits	2,191,086	2,426,780	132,488	123,339
	<u>80,618,581</u>	<u>70,121,669</u>	<u>1,604,422</u>	<u>1,601,446</u>

Included in the employee benefits expense of the Group and the Company are Directors' remuneration amounting to RM6,841,594 (2021: RM4,277,608) and RM704,960 (2021: RM371,000) respectively.

29. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on:				
- term loans	1,857,082	675,669	0	0
- revolving credit	0	20,342	0	20,342
- lease liabilities	93,225	128,976	17,333	25,492
	<u>1,950,307</u>	<u>824,987</u>	<u>17,333</u>	<u>45,834</u>

30. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense based on profit for the financial year	12,671,338	6,437,149	400,896	0
Overprovision of tax expense in prior years	(9,422)	(12,569)	0	0
	<u>12,661,916</u>	<u>6,424,580</u>	<u>400,896</u>	<u>0</u>
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(3,694,884)	(3,419,469)	0	0
(Over)/Underprovision in prior years	(11,027)	332,525	0	0
	<u>(3,705,911)</u>	<u>(3,086,944)</u>	<u>0</u>	<u>0</u>
Withholding tax expenses	242,315	32,123	210,194	0
	<u>9,198,320</u>	<u>3,369,759</u>	<u>611,090</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

30. TAX EXPENSE (Cont'd)

- (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.

- (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	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	75,449,191	63,505,202	48,898,264	31,209,566
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	18,107,806	15,241,248	11,735,583	7,490,296
Tax effects in respect of:				
- Non-allowable expenses	3,643,600	6,780,167	90,717	3,359,168
- Non-taxable income	(3,910,266)	(2,151,090)	(10,754,022)	(10,811,805)
- Tax incentives and allowances	(9,972,336)	(15,522,320)	0	0
- Different tax rates in foreign jurisdictions	366,047	(2,547,452)	0	0
Deferred tax assets not recognised	2,079,923	1,409,858	0	0
Utilisation of deferred tax assets not recognised in prior year	(1,349,349)	(192,731)	(671,382)	(37,659)
Withholding tax expense	242,315	32,123	210,194	0
Overprovision of tax expense in prior years	(9,422)	(12,569)	0	0
(Over)/Underprovision of deferred tax in prior year	(11,027)	332,525	0	0
	<u>9,198,320</u>	<u>3,369,759</u>	<u>611,090</u>	<u>0</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 2022 (Cont'd)

30. TAX EXPENSE (Cont'd)

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

	Before tax RM	Group Tax effect RM	After tax RM
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>
2021			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	<u>4,633,140</u>	<u>0</u>	<u>4,633,140</u>
Item that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit obligations	<u>(120,962)</u>	<u>0</u>	<u>(120,962)</u>

31. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

- (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.
- (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.

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

	Group and Company				
	Number of ordinary shares granted under the SGS				
	Balance as at				Balance as at
	1.1.2022	Granted	Lapsed	Vested	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>
31 December 2021					
2021 grant	<u>0</u>	<u>1,400,000</u>	<u>0</u>	<u>0</u>	<u>1,400,000</u>

During the 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.

In the previous financial year, the Company granted 1,400,000 ordinary shares under SGS to eligible employees of the Group, of which none have been vested. The outstanding grant will be vested for a period ranged from 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 2022 (Cont'd)

32. 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	
	2022	2021
Profit for the financial year attributable to owners of the parent (RM)	<u>68,862,332</u>	<u>61,845,495</u>
Weighted average number of ordinary shares in issue (unit)	<u>896,034,589</u>	<u>825,056,164</u>
Basic earnings per share (sen)	<u>7.69</u>	<u>7.50</u>

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2022	2021
Profit for the financial year attributable to owners of the parent (RM)	<u>68,862,332</u>	<u>61,845,495</u>
Weighted average number of ordinary shares in issue (unit)	896,034,589	825,056,164
Effect of dilution due to SGS (unit)	<u>2,020,005</u>	<u>1,400,000</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	<u>898,054,594</u>	<u>826,456,164</u>
Diluted earnings per share (sen)	<u>7.67</u>	<u>7.48</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

33. DIVIDENDS

	Dividend per share RM	Group and Company Amount of dividend RM
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
		35,840,000
2021		
In respect of financial year ended 31 December 2021:		
First single tier interim dividend	0.03	26,880,000

On 22 February 2023, the Directors declared a third interim dividend of RM0.02 per ordinary share amounting to RM17,900,000 in respect of the financial year ended 31 December 2022, which is payable on 21 March 2023. 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 2023.

34. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

34. 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:

	Group	
	2022 RM	2021 RM
Associate:		
Sales of goods	6,602,332	1,148,999
	Company	
	2022 RM	2021 RM
Subsidiaries:		
Dividend income	43,000,000	45,000,000
Interest income	2,544,452	241,003
Lease payments	168,000	168,000
Management fee expense	440,830	1,575,977
Service and support fees	0	238,621
Transfer of property, plant and equipment from	0	24,489
Transfer of property, plant and equipment to	0	2,721

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Short term employee benefits	7,334,628	5,237,555	858,105	671,718
Post-employment benefits				
- contribution to defined contribution plans	224,524	282,986	32,117	35,847
	7,559,152	5,520,541	890,222	707,565

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

34. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of key management personnel (Cont'd)

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors' remuneration	6,841,594	4,277,608	704,960	371,000

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

(c) 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 2022 (Cont'd)

35. 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	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	(2,609,028)	(1,842,703)	(30,156)	2,531,580	(1,950,307)
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>
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					<u>176,561,917</u>
					<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					<u>11,194,564</u>
					<u>183,229,187</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

35. OPERATING SEGMENTS (Cont'd)

	SEBU RM	SMBU RM	Others RM	Elimination and adjustments RM	Consolidated RM
2021					
Revenue from external customers	249,976,446	125,397,098	105,713	0	375,479,257
Inter-segment revenue	92,664	191,641	53,266,024	(53,550,329)	0
Total revenue	<u>250,069,110</u>	<u>125,588,739</u>	<u>53,371,737</u>	<u>(53,550,329)</u>	<u>375,479,257</u>
Interest income	492,471	41,157	2,388,672	0	2,922,300
Finance costs	(656,771)	(388,223)	(24,704)	244,711	(824,987)
Net finance income	<u>(164,300)</u>	<u>(347,066)</u>	<u>2,363,968</u>	<u>244,711</u>	<u>2,097,313</u>
Share of results of an associate	(854,194)	0	0	0	(854,194)
Segment profit before tax	49,613,778	24,057,085	26,799,239	(36,964,900)	63,505,202
Tax expense					(3,369,759)
Other material non-cash items:					
- depreciation of property, plant and equipment	(7,851,733)	(2,411,548)	(580,721)	83,861	(10,760,141)
- depreciation of right-of-use assets	(1,766,659)	(37,640)	(332,356)	247,977	(1,888,678)
- depreciation of investment properties	(213,941)	0	0	0	(213,941)
- amortisation of intangible assets	(1,040,368)	(2,851,725)	(199,286)	0	(4,091,379)
- inventories written down	(1,358,013)	(346,846)	0	0	(1,704,859)
- unrealised gain/(loss) on foreign exchange	2,088,730	(637,026)	(147,860)	0	1,303,844
- provision for warranty replacement costs	(3,533,087)	0	(47,831)	0	(3,580,918)
- reversal of provision for warranty replacement costs	607,412	0	106,414	0	713,826
Assets					
Segment assets	336,151,792	419,286,258	76,491,526	(64,614,248)	767,315,328
Investment in an associate					28,613,843
Deferred tax assets					5,057,446
Net defined benefit asset					1,747,779
Current tax assets					129,364
Short term funds					289,479,818
Cash and bank balances					<u>120,695,885</u>
					<u>1,213,039,463</u>
Additions to non-current assets other than financial instruments	39,242,566	10,483,985	966,597	0	50,693,148
Liabilities					
Segment liabilities	109,460,729	108,800,530	3,398,618	(63,622,358)	158,037,519
Deferred tax liabilities					18,003,582
Net defined benefit liability					166,034
Current tax liabilities					<u>8,473,456</u>
					<u>184,680,591</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

35. OPERATING SEGMENTS (Cont'd)

(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	
	2022	2021
	RM	RM
Revenue from external customers		
Southeast Asia	75,157,686	40,019,443
Northeast Asia	303,660,409	319,481,859
North Atlantic	10,659,305	15,977,955
	<u>389,477,400</u>	<u>375,479,257</u>
Non-current assets		
Southeast Asia	130,690,344	134,499,370
Northeast Asia	372,079,159	390,138,994
North Atlantic	26,646	41,249
	<u>502,796,149</u>	<u>524,679,613</u>

(b) Major customers

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

	Group	
	2022	2021
	RM	RM
Customer A	*	37,759,888
Customer B	*	*
Customer C	*	*
	<u>*</u>	<u>37,759,888</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

36. 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 2022 and 31 December 2021.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Provisions	4,406,521	3,882,801	0	0
Borrowing	82,518,211	108,363,935	0	0
Lease liabilities	3,726,935	2,514,641	228,327	378,994
Trade and other payables	55,487,694	39,049,171	1,511,130	2,582,835
Total liabilities	<u>146,139,361</u>	<u>153,810,548</u>	<u>1,739,457</u>	<u>2,961,829</u>
Less:				
Short term funds	(241,964,153)	(289,479,818)	(237,980,578)	(271,579,262)
Cash and bank balances	(176,561,917)	(120,695,885)	(24,572,479)	(18,508,831)
Net cash	<u>(272,386,709)</u>	<u>(256,365,155)</u>	<u>(260,813,600)</u>	<u>(287,126,264)</u>
Total capital	1,053,108,774	1,030,104,747	873,005,783	856,942,326
Net cash	<u>(272,386,709)</u>	<u>(256,365,155)</u>	<u>(260,813,600)</u>	<u>(287,126,264)</u>
	<u>780,722,065</u>	<u>773,739,592</u>	<u>612,192,183</u>	<u>569,816,062</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 and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2022 and 31 December 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

37. 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, interest rate risk and market 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.

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	2022		2021	
	RM	% of total	RM	% of total
By geographical location				
Southeast Asia	51,893,817	36%	20,359,055	14%
Northeast Asia	88,976,562	62%	123,277,628	85%
North America	2,869,839	2%	917,923	1%
	<u>143,740,218</u>	<u>100%</u>	<u>144,554,606</u>	<u>100%</u>

At the end of each reporting period, approximately 45% (2021: 44%) of the trade receivables of the Group were due from five (5) (2021: eight (8)) major customers.

Company

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

(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.

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 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>
As at 31 December 2021				
Financial liabilities				
Trade and other payables	39,049,171	0	0	39,049,171
Borrowing	61,839,049	38,009,953	14,680,651	114,529,653
Lease liabilities	1,373,479	1,434,469	0	2,807,948
Total undiscounted financial liabilities	<u>102,261,699</u>	<u>39,444,422</u>	<u>14,680,651</u>	<u>156,386,772</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

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

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
Company				
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	1,679,130	70,000	0	1,749,130
As at 31 December 2021				
Financial liabilities				
Trade and other payables	2,582,835	0	0	2,582,835
Lease liabilities	168,000	238,000	0	406,000
Total undiscounted financial liabilities	2,750,835	238,000	0	2,988,835

(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.

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').

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

(c) Foreign currency risk (Cont'd)

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)	
	2022	2021	2022	2021
	RM	RM	RM	RM
<u>Strengthened by 10%</u>				
USD/RM	14,070,748	16,197,594	2,331,820	3,345,344
USD/TWD	4,849,532	5,210,138	0	0
TWD/RM	(2,943,622)	(4,531,326)	0	0
CNY/RM	594,537	(1,019,816)	0	0
<hr/>				
<u>Weakened by 10%</u>				
USD/RM	(14,070,748)	(16,197,594)	(2,331,820)	(3,345,344)
USD/TWD	(4,849,532)	(5,210,138)	0	0
TWD/RM	2,943,622	4,531,326	0	0
CNY/RM	(594,537)	1,019,816	0	0
<hr/>				

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

(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 2022 (Cont'd)

37. 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) to		Two (2) to		More than		Total
			one (1) year	RM	two (2) years	RM	five (5) years	RM	five (5) years	RM	
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)
2021											
Fixed rates											
Lease receivable	13	3.00	1,402,906		1,445,576		2,608,539		0		5,457,021
Deposits with licensed banks	17	1.85	87,626		0		0		0		87,626
Floating rates											
Short term funds	16	1.72	289,479,818		0		0		0		289,479,818
Borrowing	20	1.03 - 4.65	(60,299,968)		(28,349,681)		(7,418,564)		(12,295,722)		(108,363,935)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

37. 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(Cont'd):

Company	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
2022							
Floating rate							
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
2021							
Fixed rate							
Amounts owing by subsidiaries	12	1.25	0	0	28,169,136	0	28,169,136
Floating rate							
Short term funds	16	0.80	271,579,262	0	0	0	271,579,262

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

37. 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)	
	2022	2021	2022	2021
	RM	RM	RM	RM
Floating rates				
<u>Increase by 0.5%</u>				
Short term funds	1,823,790	1,100,023	904,326	1,032,001
Borrowing	<u>(306,625)</u>	<u>(411,786)</u>	<u>0</u>	<u>0</u>
<u>Decrease by 0.5%</u>				
Short term funds	(1,823,790)	(1,100,023)	(904,326)	(1,032,001)
Borrowing	<u>306,625</u>	<u>411,786</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.

(e) Market risk

Market 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 quoted prices (other than interest or exchange rates).

The Group and the Company are exposed to market risk primarily arising from placements in bond funds held by the Group and by the Company as at the end of reporting period. They were held mainly to manage free cash flows and optimise working capital rather than for trading purposes. These instruments are classified as financial assets designated at fair value through profit or loss.

To manage its price risk arising from placements in bond funds, the Group and the Company diversify its portfolios in accordance with the limits set by the Group.

The following table demonstrates the sensitivity analysis of the profit after tax of the Group and of the Company if the Net Asset Value ('NAV') had been one percent (1%) higher or lower arising as a result of higher or lower fair value gains on bond funds designated at fair value through profit or loss, with all other variables held constant:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit after tax				
- increase by 1%	0	118,163	0	118,163
- decrease by 1%	<u>0</u>	<u>(118,163)</u>	<u>0</u>	<u>(118,163)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (Cont'd)

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

(a) On 4 January 2022 and 22 February 2022, the Company granted 600,000 ordinary shares and 1,000,000 ordinary share respectively under SGS to eligible employees of the Group, which 367,195 units have been vested in December 2022. The grant will vest over a period of 3 years to 4 years.

(b) On 25 January 2022, the Company incorporated a wholly-owned subsidiary private limited company in Singapore namely Mi Semiconductor Pte. Ltd. ('MiSESG') with an issued and paid-up capital of SGD1 (equivalent to RM3).

On 6 September 2022, MiSESG incorporated a wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN') in the People's Republic of China with a registered share capital of USD30,000,000 (equivalent to RM131,700,000).

Subsequently on 2 February 2023, MiSESG taken up the registered share capital in MiSECN for a total cash consideration of USD3,399,990 (equivalent to RM14,925,956).

(c) On 28 July 2022, the Company granted 178,000 ordinary share respectively under SGS to eligible employees of the Group, which 50,000 units have been vested in August 2022. The grant will vest over a period of 3 years to 4 years.

(d) On 8 November 2022, 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.

(e) On 23 February 2023, a wholly owned subsidiary of the Group, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN') acquired the equity interest in Talentek Microelectronics (Hefei) Limited ('Talentek'), representing approximately 7.5441% equity interest in Talentek for a purchase consideration of CNY22,632,240 (equivalent to RM14,645,323). Accordingly, the Group hold 25.5441% of total equity interest in Talentek.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendment to MFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contract - Cost of Fulfilling a Contract</i>	1 January 2022
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 2022

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2 <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
Amendment to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company 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 2022 (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)	70,764	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)	34,967	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	9,983	14.06.2019
4.	<u>Mi Equipment (Taiwan) Co. Ltd.</u> No. 20-1, Taiyuan St. Zhubei City, Hsinchu County 302082, Taiwan	Land and building of 1-storey factory	1,233	Freehold	24,859	21.01.2021
5.	<u>Mi Equipment (Taiwan) Co. Ltd.</u> No. 6, Ln. 291, Defeng St., Nanzi Dist., Kaohsiung City 811735, Taiwan	Building of 5-storey hostel	121	Freehold	1,930	21.12.2021
6.	<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	39,921	Building blocks: (i) 30.09.1998 (ii) 01.12.2003 (16.04.2004) (iii) 01.12.2003 (26.08.2005)
7.	<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)	51,402	30.10.2017 (31.12.2021)

ANALYSIS OF SHAREHOLDINGS

AS AT 5 APRIL 2023

Total Number of Issued Shares : 900,000,000 (inclusive of 5,000,000 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	%
213	less than 100 shares	9,063	0.00
3,236	100 to 1,000 shares	2,303,396	0.26
7,672	1,001 to 10,000 shares	33,390,285	3.73
2,448	10,001 to 100,000 shares	71,010,776	7.93
350	100,001 to less than 5% of issued shares	286,286,480	31.99
3	5% and above of issued shares	502,000,000	56.09
13,922		895,000,000	100.00

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	Indirect	%
Lee Boon Leng	97,500	0.01	-	-
Oh Kuang Eng	401,000,000	44.80	-	-
Yong Shiao Voon	101,000,000	11.28	-	-
Heng Kok Lin	2,816,936	0.31	-	-
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	401,000,000	44.80	-	-
Yong Shiao Voon	101,000,000	11.28	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 5 APRIL 2022 (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	22.46
2. CIMB Group Nominees (Tempatan) Sdn. Bhd. Exempt An For DBS Bank Ltd. (SFS-PB)	200,000,000	22.35
3. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd. (SFS-PB)	101,000,000	11.28
4. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank New York (Norges Bank 22)	26,580,000	2.97
5. Forte Investments Corp.	22,653,627	2.53
6. Opulus Investments Corp.	21,930,822	2.45
7. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB For Lim Ka Kian (PB)	21,635,750	2.42
8. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS AG Singapore (Foreign)	12,500,000	1.40
9. Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	9,908,982	1.11
10. Wang Chung Chen	6,771,450	0.76
11. Permodalan Nasional Berhad	5,809,800	0.65
12. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM Inv)	5,278,100	0.59
13. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank New York (Norges Bank 19)	5,253,000	0.59
14. Amanahraya Trustees Berhad ASN Umbrella For ASN Equity 3	4,526,500	0.51
15. Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	3,400,000	0.38
16. Amanahraya Trustees Berhad Amanah Saham Nasional	3,300,000	0.37
17. Citigroup Nominees (Tempatan) Sdn. Bhd. Universal Trustee (Malaysia) Berhad For Principal Dali Equity Fund	3,236,300	0.36
18. Lim Ka Kian	3,182,200	0.36
19. Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan)(Principal Eqjts)	3,062,300	0.34
20. Heng Kok Lin	2,816,936	0.31
21. Amanahraya Trustees Berhad ASN Equity 2	2,800,000	0.31
22. Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	2,500,000	0.28
23. CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	2,438,200	0.27
24. Amanahraya Trustees Berhad AC Principal Dali Asia Pacific Equity Growth Fund	2,282,000	0.25
25. HSBC Nominees (Asing) Sdn. Bhd. BNPP LUX/2S For AZ Fund 1-AZ Equity-Asean Countries	2,214,000	0.25
26. Amanahraya Trustees Berhad ASN Equity 5	2,170,000	0.24
27. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (RHBIslamic)	2,168,000	0.24
28. Ong Tee Ni	2,116,500	0.24
29. Lembaga Tabung Angkatan Tentera	2,035,800	0.23
30. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wanjun Engineering Sdn. Bhd. (E-BBB)	1,985,200	0.22

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 6th 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, **6 June 2023**, 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 2022 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. Lee Boon Leng, the Independent Non-Executive Chairman 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. Lim Shin Lid, 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. Yong Shiao Voon, the Group Chief Financial Officer of the Company who retired in accordance with Article 156 of the Constitution of the Company, and being eligible has offered herself for re-election. (Resolution 3)
5. To re-elect Mr. Heng Kok Lin, the Executive Director of the Company who retired in accordance with Article 156 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 4)
6. To re-elect Mr. Teo Chee Kheong (Zhang Zhiqiang), the Executive Director of the Company who retired in accordance with Article 156 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 5)
7. To approve payment of the Directors’ Fees of up to RM422,500 in respect of the financial year ending 31 December 2023. (Resolution 6)
8. To approve payment of benefits payable to Non-Executive Directors up to an amount of RM79,500 for the period from 7 June 2023 until the Company’s next AGM which will be held in 2024. (Resolution 7)
9. 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 8)

SPECIAL BUSINESS

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

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

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."

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

"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."

12. 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 6th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 26 May 2023. Only a depositor whose name appears on the Record of Depositors as at 26 May 2023 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

28 April 2023

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 9)

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 10)

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 10 are set out in Statement dated 28 April 2023.

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 6th AGM.
- 2) The proposed Ordinary Resolution 9 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 3 June 2022.

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) of _____

_____ (Full address)
And/or failing him _____

_____ (Full name in capital letters) of _____

_____ (Full address 1)

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 6th 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, **6 June 2023**, 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. Lee Boon Leng as Director		
2.	Re-election of Mr. Lim Shin Lid as Director		
3.	Re-election of Ms. Yong Shiao Voon as Director		
4.	Re-election of Mr. Heng Kok Lin as Director		
5.	Re-election of Mr. Teo Chee Kheong (Zhang Zhiqiang) as Director		
6.	Payment of Directors' fees for the financial year ending 31 December 2023		
7.	Payment of benefits payables to Non-Executive Directors		
8.	Re-appointment of Auditors		
9.	Approval to issue and allot shares pursuant to Section 75 of the Companies Act 2016		
10.	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 _____ 2023.

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 26 May 2023. Only a depositor whose name appears on the Record of Depositors as at 26 May 2023 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.

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.

TEL: (604) 373 8688 | FAX: (604) 373 8788 | EMAIL: corporate.ir@mi-technovation.com

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