

## Mi TECHNOVATION BERHAD (“Mi TECHNOVATION” OR “COMPANY”)

### PROPOSED ACQUISITION

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*Unless otherwise stated and wherever applicable, the closing exchange rate of New Taiwan Dollar (“NTD”) 100:Ringgit Malaysia (“RM”) 14.4297 as extracted from Bank Negara Malaysia’s (“BNM”) website as at 15 December 2020, being the latest practicable date prior to the date of this announcement (“LPD”) is used throughout this announcement for illustration purposes.*

#### 1. INTRODUCTION

We refer to the announcement dated 8 October 2020 in relation to the memorandum of understanding entered into between the Company (“**Purchaser**”), Accurus Scientific Co Ltd (“**Accurus Scientific**” or “**Target**”) and certain of its shareholders in relation to the proposed acquisition of all or part of the equity interest in Accurus Scientific.

On behalf of the board of directors of Mi Technovation (“**Board**”), Affin Hwang Investment Bank Berhad (“**Affin Hwang IB**”) wishes to announce that the Company had, on 18 December 2020, entered into a share exchange agreement (“**Agreement**”) with Accurus Scientific and the Vendors (as defined in Section 1 of Appendix I of this announcement) for the acquisition of 21,983,000 common shares in Accurus Scientific (“**Accurus Scientific Shares**”), representing approximately 99% equity interest in Accurus Scientific for a total purchase consideration of approximately NTD1,878,157,550 (equivalent to RM271,012,500) (“**Purchase Consideration**”) (“**Proposed Acquisition**”).

Further details of the Proposed Acquisition are set out in the ensuing sections.

#### 2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by Mi Technovation of 21,983,000 Accurus Scientific Shares, representing approximately 99% equity interest in Accurus Scientific from the Vendors (as set out in Appendix I of this announcement) for the Purchase Consideration, subject to the terms and conditions of the Agreement.

The Purchase Consideration shall be satisfied via the allotment and issuance of an aggregate of 74,250,000 new ordinary shares in Mi Technovation (“**Mi Technovation Share(s)**”) (“**Consideration Share(s)**”) to the Vendors at an issue price of RM3.65 per Consideration Share (“**Issue Price**”).

The information on the Vendors and the number of Consideration Shares to be issued to the respective Vendors are set out in Appendix I of this announcement.

The Accurus Scientific Shares to be acquired by Mi Technovation shall be free and clear from all liens, restrictions, claims, security interests and encumbrances of any kind.

Upon completion of the Proposed Acquisition, Accurus Scientific and its subsidiaries will become subsidiaries of Mi Technovation.

The salient terms of the Agreement are set out in Appendix II of this announcement.

##### 2.1 Background information on Accurus Scientific

Accurus Scientific was incorporated on 3 July 1998 as a company limited by shares under the laws of Republic of China (Taiwan) (“**Taiwan**”). Accurus Scientific commenced its business operations on 6 November 1999. Accurus Scientific has two (2) subsidiaries, namely Accurus (Ningbo) Scientific Co Ltd (“**Accurus Scientific Ningbo**”) and Accurus Scientific Pte Ltd (“**Accurus Scientific Singapore**”).

Accurus Scientific and its subsidiaries are principally involved in the manufacturing and sale of solder spheres (also known as solder balls), a semiconductor packaging material for the semiconductor industry.

Accurus Scientific and its subsidiaries are also involved in the design, development, manufacturing and sale of machinery such as four-axis dispensing systems, five-axis dispensing systems which are adhesive dispensers used during the manufacturing of electronic devices and electromigration testers which are reliability test equipment; as well as manufacturing and sale of solder ingots which are semi-finished materials for solder spheres and solder paste. Further, Accurus Scientific and its subsidiaries also sell solder paste and electrostatic dissipative (“ESD”) bottles as complementary products to customers. The principal markets of Accurus Scientific and its subsidiaries’ products are in Taiwan and China.

As at the LPD, the registered capital and total paid-in capital of Accurus Scientific are as follows:

	No. of Accurus Scientific Shares	Total	
		NTD	RM
Registered capital	50,000,000	500,000,000	72,148,500
Total paid-in capital	22,205,625	222,056,250	32,042,051

Further details on the background information on Accurus Scientific and its subsidiaries are set out in Appendix III of this announcement.

## 2.2 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration, amongst others, the following:

- (i) the audited consolidated profit after taxation (“**PAT**”) of Accurus Scientific for the financial year ended (“**FYE**”) 31 December 2019 of approximately NTD116.19 million (equivalent to approximately RM15.58 million based on the average rate of NTD100:RM13.4090 for the FYE 31 December 2019 as extracted from BNM’s website);
- (ii) the rationale and benefits of the Proposed Acquisition as set out in Section 3 of this announcement; and
- (iii) the prospects of Accurus Scientific and its subsidiaries and the enlarged Mi Technovation and its subsidiaries (“**Mi Technovation Group**” or “**Group**”) as set out in Section 4.6 of this announcement.

In addition, FHMH Corporate Advisory Sdn Bhd (“**FHCA**”), being the expert appointed by the Company to opine on the fairness of the Purchase Consideration, had used the following valuation methodologies in arriving at their opinion:

- (a) relative valuation analysis (“**RVA**”) by comparing the <sup>(i)</sup>implied price to earnings multiple (“**PE Multiple**”) and <sup>(ii)</sup>implied enterprise value (“**EV**”) to earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”) multiple (“**EV/EBITDA Multiple**”) of Accurus Scientific to companies listed on the stock exchanges of Asia with similar principal activities. The comparable companies are Shenmao Technology Inc (listed on Taiwan Stock Exchange), MK Electron Co Ltd (listed on Korean Securities Dealers Automated Quotations (“**KOSDAQ**”)) and Duksan Hi Metal Co Ltd (listed on KOSDAQ) (“**Comparable Companies**”).

RVA is selected as the primary valuation methodology as it is more likely to reflect the current sentiment of the market.

- (b) comparable transaction analysis (“**CTA**”) by comparing the <sup>(i)</sup>implied PE Multiple and <sup>(ii)</sup>implied EV/EBITDA Multiple of Accurus Scientific to the recent comparable transactions involving acquisition of companies in the similar industry as Accurus Scientific and its subsidiaries in East Asia for the past three (3) years.

CTA is used as the secondary valuation methodology as it reflects a reasonable estimate of multiples of comparable transactions in the similar industry in the past.

Notes:

- (i) Computed based on the Purchase Consideration divided by 99% of the audited consolidated PAT of Accurus Scientific for the FYE 31 December 2019.
- (ii) Computed based on EV of Accurus Scientific which is derived from the Purchase Consideration add 99% of total borrowings and less 99% of cash based on the audited consolidated financial statements of Accurus Scientific as at 31 December 2019; and divided by 99% of the audited consolidated EBITDA of Accurus Scientific for the FYE 31 December 2019.

The details of the PE Multiple and EV/EBITDA Multiple of Accurus Scientific are set out below:

	PE Multiple (times)	EV/EBITDA Multiple (times)
Accurus Scientific	16.33	12.33

The details of the PE Multiple and EV/EBITDA Multiple of Accurus Scientific’s Comparable Companies and recent comparable transactions are set out below:

	PE Multiple (times)	EV/EBITDA Multiple (times)
Comparable Companies under RVA		
- Range <sup>(i)</sup>	21.01 - 46.13	7.78 – 17.57
- Median <sup>(i)</sup>	29.42	17.41
Recent comparable transactions under CTA		
- Range	3.13 – 46.84	2.22 – 27.82
- Median	20.30	8.30

Note:

- (i) Computed based on the closing market price as at 14 December 2020, being the date of FHCA’s opinion, and the trailing twelve (12) months financial results.

Based on the above, the implied PE Multiple of Accurus Scientific is lower than the median and the range of the PE Multiple of the Comparable Companies under RVA. The implied PE Multiple of Accurus Scientific is also lower than the median and is within the range of the PE Multiple of the recent comparable transactions under CTA.

Further, the implied EV/EBITDA Multiple of Accurus Scientific is lower than the median of the EV/EBITDA Multiple of the Comparable Companies under RVA but higher than the median of the EV/EBITDA Multiple of the recent comparable transactions under CTA. The implied EV/EBITDA Multiple of Accurus Scientific is within the range of the EV/EBITDA Multiple of the Comparable Companies under RVA and recent comparable transactions under CTA.

Premised on the above, FHCA is of the opinion that the Purchase Consideration is fair.

Further details on FHCA’s fairness opinion on the Purchase Consideration will be set out in the circular to shareholders which will be despatched to shareholders of Mi Technovation in due course.

### 2.3 Basis and justification for the Issue Price

The Issue Price of RM3.65 per Consideration Share was determined on a willing-buyer willing-seller basis, after taking into consideration the historical trading prices of Mi Technovation Shares as well as the five (5)-day volume weighted average market price (“**VWAP**”) of Mi Technovation Shares up to and including 17 December 2020, being the last trading day (“**LTD**”) prior to the date of the Agreement of RM3.71.

The Issue Price represents a discount of RM0.06 or approximately 1.62% over the five (5)-day VWAP of Mi Technovation Shares up to and including the LTD of RM3.71.

For information purposes, the Issue Price represents a premium/ (discount) to the following price/ VWAPs as follows:

	Share price	Premium/(Discount)	
	RM	RM	%
Last transacted price as at the LTD	3.63	0.02	0.55
Five (5)-day VWAP of Mi Technovation Shares up to and including the LTD	3.71	(0.06)	(1.62)
One (1)-month VWAP of Mi Technovation Shares up to and including the LTD	3.89	(0.24)	(6.17)
Three (3)-month VWAP of Mi Technovation Shares up to and including the LTD	4.16	(0.51)	(12.26)
Six (6)-month VWAP of Mi Technovation Shares up to and including the LTD	3.76	(0.11)	(2.93)
Twelve (12)-month VWAP of Mi Technovation Shares up to and including the LTD	2.75	0.90	32.73

(Source: Bloomberg)

The Board is of the opinion that the basis and the justification for the Issue Price is reasonable after taking into consideration the historical closing prices of Mi Technovation Shares for the past twelve (12)-month up to the LTD ranging from RM1.38 to RM4.68, with a simple average closing price of RM3.02.

### 2.4 Ranking of the Consideration Shares

The Consideration Shares will, upon allotment and issuance, rank equally in all respects with the existing Mi Technovation Shares, save and except that the Consideration Shares will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which is before the date of allotment and issuance of the Consideration Shares.

### 2.5 Listing of and quotation for the Consideration Shares

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Acquisition.

## 2.6 Liabilities to be assumed by the Company

Save for the liabilities arising from the ordinary course of business of Accurus Scientific and its subsidiaries, there are no other liabilities, including contingent liabilities and guarantees to be assumed by the Company pursuant to the Proposed Acquisition.

## 2.7 Additional financial commitment

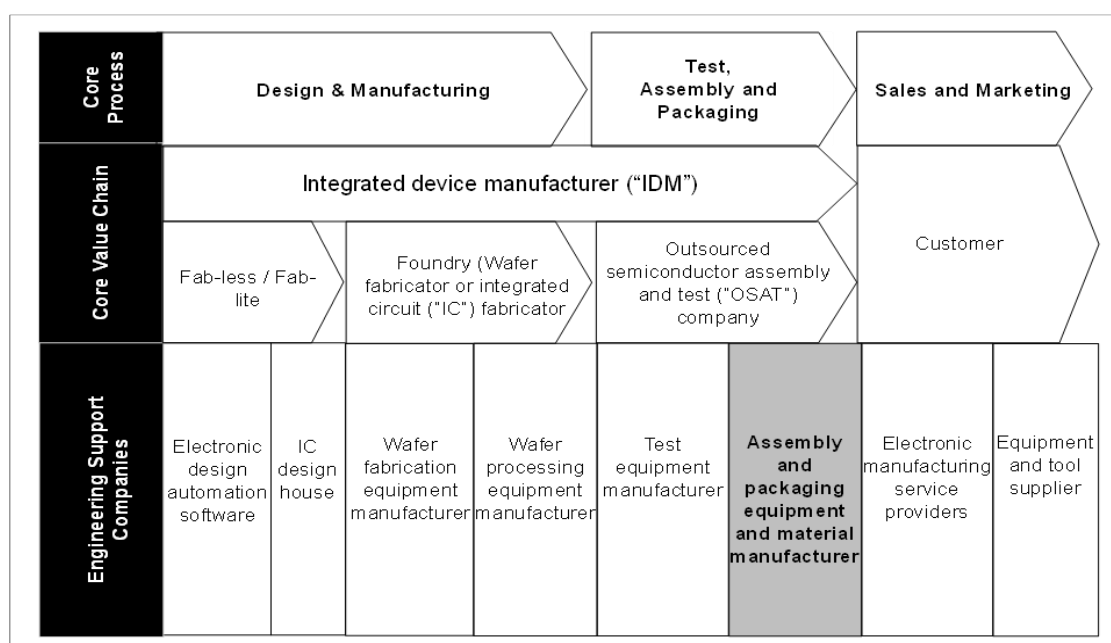
Upon completion of the Proposed Acquisition, there is no additional financial commitment to be incurred by Mi Technovation Group as Accurus Scientific and its subsidiaries are already in operations and are profit generating.

## 3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

Presently, Mi Technovation Group is principally involved in the following:

- design, development, manufacturing and sales of wafer level chip scale packaging sorting machines with inspection and testing capabilities for the semiconductor industry;
- manufacturing and sales of modules and component parts;
- research and development, engineering, manufacturing, and assembly of smart and highly mechatronic industry robots and advanced factory automation equipment and machineries, and sales of intelligent software solutions and systems;
- engineering centre carrying out research and development activities; and
- sales and marketing of machines and provision of maintenance services and technical support, as well as sales of related spare parts and components.

As shown in the diagram below, Mi Technovation Group and Accurus Scientific and its subsidiaries are principally involved in the same industry segment within the semiconductor industry value chain, where collectively, they operate as semiconductor packaging equipment and materials manufacturers.



Notes:

- (1) ■ denotes industry segment in which Mi Technovation Group and Accurus Scientific and its subsidiaries are principally involved.
- (2) Companies involved in the above value chain may have overlapping principal activities and thus, may have multiple roles in the semiconductor value chain.

(Source: Independent market research report dated 16 December 2020 prepared by Smith Zander International Sdn Bhd (“**Smith Zander**”) (“**IMR Report**”))

Both Mi Technovation Group and Accurus Scientific and its subsidiaries sell their respective products to the same group of customers comprising integrated device manufacturers (“**IDMs**”) and outsourced semiconductor assembly and test companies (“**OSATs**”) within the same distribution channel. IDMs and OSATs purchase sorting machines to sort, inspect and test dies, and also purchase solder spheres which are mounted on the packaged dies to facilitate electrical continuity and connection between electronic components.

As such, the Proposed Acquisition will provide an opportunity for Mi Technovation Group to establish business integration with Accurus Scientific and its subsidiaries in offering a wider product portfolio within the same distribution channel and value chain to further grow their business and market share in the semiconductor industry. This will also allow the combined business of both companies to capture a wider customer portfolio through product cross-selling. This is in line with Mi Technovation Group’s business plan to expand into business activities that are complementary to its existing business.

Further, the Proposed Acquisition will enable both companies to leverage on their combined strengths in relation to key management team experience, research and development (“**R&D**”) expertise and their respective business relationships with industry stakeholders. These combined strengths are expected to drive technology development initiatives, develop solutions required by customers and sustain continuous business growth of the enlarged Mi Technovation Group.

Upon completion of the Proposed Acquisition, Accurus Scientific and its subsidiaries will become subsidiaries of Mi Technovation, thereby enabling the Company to consolidate the financial results of Accurus Scientific and its subsidiaries. The Proposed Acquisition is expected to be earnings accretive, details of which are set out in Section 7.3 of this announcement. Premised on the foregoing and barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to Mi Technovation Group in the future, thus enhancing Mi Technovation’s shareholders’ value in the medium to long term.

Further, the Board is of the view that the issuance of the Consideration Shares to satisfy the Purchase Consideration will enable Mi Technovation Group to conserve its cash and channel it towards financing its day-to-day operations and/or pursue other business opportunities.

## **4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS**

### **4.1 Overview and outlook of the global economy**

With the COVID-19 pandemic continuing to threaten jobs, businesses and the health and well-being of millions amid exceptional uncertainty, building confidence will be crucial to ensure that economies recover and adapt.

After an unprecedented collapse in the first half of the year, economic output recovered swiftly following the easing of containment measures and the initial re-opening of businesses, but the pace of recovery has lost some momentum more recently. New restrictions being imposed in some countries to tackle the resurgence of the virus are likely to have slowed growth, the report says.

Uncertainty remains high and the strength of the recovery varies markedly between countries and between business sectors. Prospects for an inclusive, resilient and sustainable economic growth will depend on a range of factors including the likelihood of new outbreaks of the virus, how well individuals observe health measures and restrictions, consumer and business confidence, and the extent to which government support to maintain jobs and help businesses succeeds in boosting demand.

The Interim Economic Outlook projects global gross domestic product (“**GDP**”) to fall by 4.50% in 2020, before growing by 5.00% in 2021. The forecasts are less negative than those in Organisation for Economic Co-operation and Development’s June Economic Outlook, due primarily to better than expected outcomes for the People’s Republic of China (“**China**” or “**PRC**”) and the United States of America (“**USA**”) in the first half of 2020 and a response by governments on a massive scale. However, output in many countries at the end of 2021 will still be below the levels at the end of 2019, and well below what was projected prior to the pandemic.

If the threat from COVID-19 fades more quickly than expected, improved business and consumer confidence could boost global activity sharply in 2021. But a stronger resurgence of the virus, or more stringent lockdowns could cut 2%-3% from global growth in 2021, with even higher unemployment and a prolonged period of weak investment.

The report warns that many businesses in the service sectors most affected by shutdowns, such as transport, entertainment and leisure, could become insolvent if demand does not recover, triggering large-scale job losses. Rising unemployment is also likely to worsen the risk of poverty and deprivation for millions of informal workers, particularly in emerging-market economies.

*(Source: Organisation for Economic Co-operation and Development Interim Economic Outlook 2020)*

#### **4.2 Overview and outlook of the Taiwan economy**

Taiwan's economy currently faced a low economic growth due to lower demand from trade partners, as well as because of tensions took place between China and the USA. GDP grew at 2.70% in 2019, while Compagnie Française d'Assurance pour le Commerce Extérieur forecasts 2.00% in 2019. According to their analysis, the slowdown is due to trade tensions, massive relocations, lack of competitiveness in the service sector and a growing isolation from the global diplomatic scene. However, Taiwan enjoys a good financial position, is the 4th electronic producer in the world and support research and development. According to the updated International Monetary Fund (“**IMF**”) forecasts from 14 April 2020, due to the outbreak of the COVID-19, GDP growth is expected to fall to -4.00% in 2020 and pick up to 3.50% in 2021, subject to the post-pandemic global economic recovery.

According to IMF estimates, public debt closed at 33.60% of GDP in 2019 and is expected to reduce at 32.30% and 30.70% of GDP in 2020 and 2021. Respectively; the budget was in deficit at -1.3% in 2019 and is expected to decrease in the following years. Inflation remained low at 0.5% in 2019. It should remain stable in 2020 and increase to 1.5% in 2021. Taiwan industries are affected by the international trade tensions, which include electronics (40% of Taiwan's exports), machinery, and chemicals. Chinese restrictions on travel from mainland China to Taiwan have also affected this sector. Other economic challenges include massive relocations that weaken industrial employment, uncompetitive service sector, insufficient infrastructure, and diplomatic isolation. Nevertheless, growth will be aided by infrastructure spending in healthcare and energy. The Infrastructure Development Plan will also modernise the rail network and water distribution. While budget deficits are expected, taxes were increase on income and financial transactions. Most public debt is domestic and owed in New Taiwanese dollars.

The unemployment rate remained steady at 3.8% in 2019 and it is expected to increase slightly to 4.4% in 2020 and decrease to 4% in 2021, because of the outbreak of the COVID-19 pandemic. According to national statistics, unemployment rate reached 3.67% in December 2019. Labor force participation rate was equal to 59.22% during the same period. Social challenges include an ageing population, low birth rates, and a tense political agenda about elections in 2020, in which expected to focus on Taiwanese independence vs reunification with mainland China.

*(Source: International Monetary Fund – World Economic Outlook Database, October 2020)*

### 4.3 Overview and outlook of the China economy

The COVID-19 pandemic has taken a severe human toll, caused by the deepest global recession in eight (8) decades, and inflicted enormous damage on job and welfare worldwide. The World Bank forecasts a sharp slowdown of growth for China to 1.60% this year, which would mark the slowest expansion since 1976. While supply side constraints have eased and economic activity has started to rebound, domestic and external demand remain fragile and restrain the pace of recovery despite the swift measures taken to contain the economic fallout.

Even as economic activity rebounds, the shock is likely to leave the economy scarred. The pace of poverty reduction is expected to slow, reflecting labor dislocation and slower growth in household incomes. The projections show that without additional policy measures, 8-20 million fewer people are projected to escape poverty in 2020, compared to the pre-pandemic scenario. Self-employed workers and those in less secure, informal jobs, particularly migrant workers, are being especially hard hit.

However, the National Bureau of Statistics of China announced a 3.20% rise in the second quarter of 2020 from a year earlier, reversing a 6.80% decline in the first quarter of 2020 as lockdown measures ended and policymakers ramped up stimulus to combat the virus-led downturn. The IMF projected China to grow at 8.20% in 2021, which has already been revised downward compared to pre-crisis projections.

*(Source: World Bank Group: China Economic Update – July 2020, National Bureau of Statistics, IMF: Speech on the Global and Asia Economic Outlook)*

### 4.4 Overview and outlook of the global semiconductor industry

The global semiconductor industry has significant economic contribution to most regions around the world, with significant interlinkages to the global electronics industry.

An integrated circuit (“**IC**”) is an assembly and integration of more than one (1) semiconductor components on a single thin semiconductor material (i.e. “wafer”). At present, the applications of ICs are no longer limited to computers, industrial or scientific equipment, and military and aerospace hardware, but also extend to electronic products which form an integral part of the society today. ICs are technology enablers for electronic products used in the various industries. Hence, the semiconductor industry is highly correlated to the growth of the electronics industry as the demand for electronic products reflects the market for its key raw material, namely ICs.

Most IDMs ceased the manufacturing of equipment and tools used in their manufacturing processes when engineering support companies specialising in manufacturing such equipment began to emerge in the industry. Different equipment and tools are required at each stage of the value chain. At the design and development stage, design automation tools and equipment supplies are required by IDMs in the design of ICs. Both IDMs and OSATs require assembly and packaging equipment or machines in order to facilitate their assembly and packaging services, as well as equipment to undertake testing services.

Similarly, engineering support companies specialising in manufacturing semiconductor materials began to emerge to support the semiconductor industry. Various semiconductor materials are required at each stage of the value chain which include wafer fabrication materials and semiconductor packaging materials.

The global semiconductor industry is highly correlated to the demand for electronic products, and the growth of the electrical and electronic industry over the last two (2) decades has been primarily driven by continuous demand for personal computers and other consumer electronic products.

The global semiconductor industry is typically cyclical, characterised by periods of growth and decline caused by variations in supply and demand for semiconductors and economic cycles.



Overall, the global semiconductor industry, as represented by global semiconductor sales, registered a compound annual growth rate (“**CAGR**”) of 9.11% between 1990 and 2019, growing from United States Dollar (“**USD**”) 50.52 billion (RM136.58 billion) to USD412.31 billion (RM1.71 trillion), indicating the sustainability of the industry’s growth in the long term.

The global semiconductor industry grew slightly from USD412.22 billion (RM1.77 trillion) in 2017 to USD412.31 billion (RM1.71 trillion) in 2019 at a CAGR of 0.01%. Following record sale of USD468.78 billion (RM1.89 trillion) in 2018, global semiconductor sales decreased by 12.05% to USD412.31 billion (RM1.71 trillion) in 2019 due largely to the cyclical nature in the memory market.

The outbreak of the COVID-19 since early 2020 has impacted many countries around the world. On 30 January 2020, the WHO declared a public health emergency of international concern on COVID-19. Later, on 11 March 2020, the World Health Organisation made the assessment that COVID-19 can be characterised as a pandemic due to the alarming levels of spread and severity and levels of inaction.

To curb the spread of COVID-19, many countries have closed their country borders, imposed nationwide lockdowns and/or implemented travel and/or movement restrictions among citizens and foreign travellers, and have also affected economic activities.

In view of that, the IMF has revised the world GDP forecast for 2020, initially targeted at 3.30% to -4.40%, indicating potential adverse economic conditions for the year which may affect businesses, employment and consumer purchasing power. As consumers become more cautious with spending, the demand for consumer electricals and electronics may be affected. As semiconductors are an integral component of electrical and electronic products, demand for semiconductors may be affected. However, the importance of semiconductors in electrical and electronic products is more evident as these electrical and electronic products are used in pandemic responses and also as an enabler for IT infrastructure in facilitating essential services such as working or studying from home during the current period of COVID-19 pandemic.

Nevertheless, the IMF has also projected the world GDP forecast to grow at 5.20% in 2021 signifying an expected recovery in the global economy. As such, it is also expected for businesses, employment and consumer purchasing power to recover and the demand for consumer electricals and electronics is also expected to normalise to pre-COVID-19 levels in 2021, subsequently driving the growth of the semiconductor industry.

As such, in view of the short-term uncertainties arising from the COVID-19 pandemic, in the WSTS Semiconductor Market Forecast report released in June 2020, WSTS forecasts the global semiconductor industry to grow slightly at 3.32% to USD426.00 billion (RM1.76 trillion) in 2020 from USD412.31 billion (RM1.71 trillion) in 2019, and further to USD452.00 billion (RM1.87 trillion) in 2021.

*(Source: IMR Report)*

#### **4.5 Overview and outlook of the global semiconductor materials industry**

Semiconductor materials can be segmented into semiconductor packaging materials and wafer fabrication materials. Semiconductor packaging materials are semiconductor materials used for semiconductor packaging such as solder spheres (also known as solder balls), substrates, leadframes, bonding wire, encapsulant materials, underfill materials, plating chemicals, wafer level dielectrics and die attach materials. Wafer fabrication materials are semiconductor materials used for wafer fabrication such as silicon, photomasks, photoresist, photoresist ancillaries, gases and chemicals.

Since the invention of the first semiconductor package in 1965, semiconductor packaging technology has grown and several thousands of different semiconductor package types have been produced.

Towards the 2010s, the trend in miniaturisation led to the development of advanced semiconductor packaging. This trend was driven by mobile devices such as laptops and smartphones which require near die size type of packages in order to increase efficiency in terms of package cost and space. This gave rise to the wafer-level chip scale package, which is currently the smallest size package that is equivalent to die size. The die is the smallest form factor from a wafer.

Solder spheres are balls of solder made from metal alloys (i.e. combination of metals) used to provide contact between the IC and the printed circuit board ("**PCB**"), as well as between stacked packages in advanced semiconductor packaging modules such as wafer-level, 2.5D and 3D packages. Solder spheres play a key role in facilitating electric continuity and connection through the contact point provided between electronic components.

As such, solder spheres require advanced solder sphere smelting alloy and advanced solder spheres forming technologies as well as expertise in metallurgy (i.e. science of making metals and alloys in different shapes and forms) to yield consistent sizing and sphericity for functional durability and reliability of the solder spheres during application. In addition, solder spheres manufacturers are required to have expertise in solder sphere packing as solder spheres can oxidize and are required to be immediately packaged and sealed in nitrogen thus the quantity of solder spheres per bottle is crucial as once the bottle is opened, the nitrogen will diffuse into the air and oxidation of solder spheres will begin. Solder spheres manufacturers are required to have close communication with customers in relation to the appropriate number of solder spheres to be packed into a container to ensure that the solder spheres will be fully utilised before they fully oxidise.

Over the years, there has been continuous technological advancements in solder spheres in terms of sizing as well as functional durability and reliability as well as alloys used to support the evolution of semiconductor packaging. This is made possible through the continuous research and development activities carried out by solder spheres manufacturers in developing more advanced specialised solder sphere smelting and forming machinery and developing solder spheres in various alloys through continuous research in metallurgy.

For instance, solder spheres have evolved from using lead to being lead-free as a response to the situation in which electrical and electronic devices ending up in landfills which are then exposed to rainwater which has caused the lead in the solder spheres to contaminate groundwater. More recently, as a response to anticipated demand for stacked packages such as the 2.5D and 3D packages, a type of solder sphere with a different alloy (i.e. copper core solder spheres) is developed to provide a more stable structure and better electrical conductivity to the stacked packages.

As such, the solder sphere market is also experiencing continuous development as a response to the continuous evolution of semiconductor packaging.

The global semiconductor materials market, as represented by global semiconductor materials sales, was USD52.12 billion (RM215.92 billion) in 2019.

In 2019, Taiwan was the largest consumer of semiconductor materials, accounting for 21.76% or USD11.34 billion (RM46.98 billion) of the global semiconductor materials market of USD52.12 billion (RM215.92 billion). This was followed by South Korea accounting for 16.94% or USD8.83 billion (RM36.58 billion) and China accounting for 16.67% or USD8.69 billion (RM36.00 billion).

Taiwan has been consistently the largest consumer of semiconductor materials due to the high concentration of large foundries such as Taiwan Semiconductor Manufacturing Company, United Microelectronics Corporation and Vanguard International Semiconductor and OSATs such as ASE Semiconductor Engineering, Siliconware Precision Industries and Powertech Technology Inc which are the main consumers of semiconductor materials, being based in Taiwan.

South Korea, China and Japan were the second, third and fourth largest consumers of semiconductor packaging materials globally, at 16.94% or USD8.83 billion (RM36.58 billion), 16.67% or USD8.69 billion (RM36.00 billion) and 14.77% or USD7.70 billion (RM31.90 billion) respectively in 2019. South Korea, China and Japan also have a high concentration of large foundries and OSATs such as Samsung Electronics and Nepes Corporation which are based in South Korea; Semiconductor Manufacturing International Corporation and Tongfu Microelectronics which are based in China and Fujitsu Semiconductor and ROHM Semiconductor in Japan.

The global semiconductor packaging materials market, in which Accurus Scientific and its subsidiaries operate, is a sub-segment of the global semiconductor materials market.

Global semiconductor packaging materials market grew slightly from USD19.10 billion (RM82.15 billion) in 2017 to USD19.20 billion (RM79.54 billion) in 2019 at a CAGR of 0.26%.

The global semiconductor packaging materials industry grows in tandem with the global semiconductor industry as it is an engineering support industry to the global semiconductor industry. Global semiconductor sales recorded a slight growth from USD412.22 billion (RM1.77 trillion) in 2017 to USD412.31 billion (RM1.71 trillion) in 2019 at a CAGR of 0.01%.

Smith Zander forecasts the global semiconductor packaging materials market to maintain at USD19.20 billion (RM79.54 billion) in 2020, and to grow to USD20.33 billion (RM84.22 billion) in 2021, driven by:

- Rapid technological advancements of electrical and electronic products drive demand for advanced packaging including wafer-level packaging, 2.5D and 3D packaging as advanced packaging has technological advantage over conventional packaging, driving demand for solder spheres as one of the vital components for electrical connectivity and continuity;
- Global demand for electrical and electronic products supports the demand for semiconductors which subsequently drives the demand for semiconductor packaging materials including solder spheres; and
- Demand for mobile electronics drives sales of semiconductor materials including solder spheres.

*(Source: IMR Report)*

#### **4.6 Prospects of Accurus Scientific and its subsidiaries and the enlarged Mi Technovation Group**

Accurus Scientific and its subsidiaries have been involved in the manufacturing and sale of solder spheres for the semiconductor industry for approximately 22 years, and its customers include global IDMs, semiconductor foundries and OSATs from Taiwan, China, Malaysia, European Union, Singapore, USA, Japan, Korea and Philippines.

The Proposed Acquisition represents a strategy for Mi Technovation Group to expand its geographical and customer coverage footprint to include new areas such as the European Union and Japan and also to expand deeper into the countries the Group is already serving and this bodes well with the Group's business plan to expand into business activities that complement its existing business as well as to capture the growth opportunities in the manufacturing and sale of solder spheres, a semiconductor packaging material for the semiconductor industry.

To strengthen its presence in the solder sphere sector of the semiconductor industry and to maintain its competitive strengths, Accurus Scientific and its subsidiaries intend to undertake the following future plans and business strategies:

- (i) Expanding its production capacity by commencing the operations of its new manufacturing facility in Ningbo, China

Accurus Scientific plans to expand its production capacity to cater for the demand for solder spheres in the global semiconductor industry. To facilitate this expansion, Accurus Scientific began the construction of its manufacturing facility in Ningbo, China in first (1<sup>st</sup>) quarter of 2019. The manufacturing facility is at the final stage of construction and is targeted to be completed in the fourth (4<sup>th</sup>) quarter of 2020. The manufacturing facility is expected to commence operations in the first (1<sup>st</sup>) quarter of 2021 upon obtaining the relevant regulatory approvals and licences. The construction of the manufacturing facility was funded via internally generated funds and bank borrowings.

With the additional production capacity, Accurus Scientific and its subsidiaries will be better positioned to meet the growing needs of its customers in a timely manner, which will in turn allow Accurus Scientific and its subsidiaries to generate higher revenue and grow their business further.

- (ii) Venturing into the manufacturing and sale of copper core solder spheres

Accurus Scientific plans to also expand its range of solder spheres by venturing into the manufacturing and sale of copper core solder spheres which is in line with the demand for copper core solder spheres in the semiconductor industry.

Accurus Scientific had purchased two (2) copper core solder sphere production lines for their Taiwan manufacturing facility. However due to the COVID-19 pandemic, the shipping of the production lines has been delayed. The production lines are expected to arrive in the Taiwan manufacturing facility by the first (1<sup>st</sup>) half of 2021. Upon installation and testing, the manufacturing of copper core solder spheres is expected to commence by the second (2<sup>nd</sup>) half of 2021. The purchase of the copper core solder sphere production lines is being funded via internally generated funds.

- (iii) Venturing into the manufacturing of ESD bottles

Currently, the ESD bottles used by Accurus Scientific and its subsidiaries to package solder spheres are purchased from a third-party supplier. Accurus Scientific and its subsidiaries also sell ESD bottles purchased from the third-party supplier upon customers' request. To enhance the quality control of the ESD bottles as well as to reduce the risk on being dependent on third-party suppliers, Accurus Scientific and its subsidiaries plan to venture into the manufacturing of ESD bottles. This will enable Accurus Scientific and its subsidiaries to control the cost and quality of the manufactured ESD bottles and mitigate that risk arising from third-party suppliers.

Accurus Scientific and its subsidiaries have commenced R&D on materials, moulds and injection machines to manufacture ESD bottles. Subsequent to the completion of R&D, which is expected to be by the second (2<sup>nd</sup>) quarter of 2022, Accurus Scientific and its subsidiaries plan to purchase and install the required production lines and commence the manufacturing of ESD bottles. Accurus Scientific and its subsidiaries plan to fund the ESD bottle production lines via internally generated funds.

*(Source: Management of Accurus Scientific and its subsidiaries)*

Premised on the overview and outlook of the global semiconductor industry and the global semiconductor materials industry as set out in Sections 4.4 and 4.5 of this announcement respectively, as well as the future plans and business strategies of Accurus Scientific and its subsidiaries as disclosed above, the Board is of the view that Accurus Scientific and its subsidiaries' prospects are expected to be favourable for the enlarged Mi Technovation Group and the Proposed Acquisition is expected to be earnings accretive and thus enhance Mi Technovation shareholders' value in the medium to long term.

## 5. POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS

### 5.1 Taiwan

The summary of the policies in relation to foreign investments and repatriation of profits of Taiwan is as follows:

#### (i) Foreign Investments

##### Overview:

Foreign investments in Taiwan are governed by the Statute for Investment by Foreign Nationals (last amended on November 19, 1997). The competent authority is the Ministry of Economic Affairs, Taiwan (“**MOEA**”). Except for those who have invested in Taiwan listing company without exceeding ten percent (10%) of the outstanding shares of such listing company and registered their investments with the Taiwan Stock Exchange/Taipei Exchange, any foreign investors who wish to make a direct investment in a Taiwan company are required to apply for a foreign investment approval with the Investment Commission of the MOEA or other relevant authorities in accordance with the Statute for Investment by Foreign Nationals. Foreign investors may invest by holding shares issued by a Taiwan company, contributing to its registered capital, establishing a branch office, a proprietary business or a partnership in Taiwan, or providing loans to the invested business for a period exceeding one (1) year.

##### Restriction:

Generally, there is no limitation to the ultimate foreign ownership in a Taiwan company, except that certain business categories listed in the Negative Listings (a list promulgated by MOEA which states certain industries are not allowed to be invested by foreign entities and certain industries will be subject to certain restrictions on foreign investment, the “**Negative Listings**”) are not allowed to be invested by foreign investors and certain other businesses such as wireless and fixed line telecommunications, cable television broadcasting services, and satellite television broadcasting services are subject to investment restrictions. In addition, such Negative Listings promulgated by the MOEA may change from time to time.

#### (ii) Repatriation of profits

According to Article 12 of the Statute for Investment by Foreign Nationals, foreign investor may apply for exchange settlement against the interests accrued or the profit surplus distributed from his/her investment in Taiwan. Therefore, generally a Taiwan company may repatriate profits to its foreign shareholders, unless such right has been terminated by the competent authority due to violations of the relevant regulations such as, amongst others, failing to obtain a prior approval for the foreign investment from the competent authority, investing in prohibited industries, or failing to comply with any obligation mandated by the competent authority.

In Taiwan, foreign exchange control is mainly governed by the Foreign Exchange Regulation Act 2009 of Taiwan and regulated by the Ministry of Finance and the Central Bank of Taiwan (the “**Central Bank of Taiwan**”).

Generally, a Taiwan entity shall declare its foreign exchange receipts, disbursements or transactions as required according to the remittance brackets and the natures of relevant transactions according to the Foreign Exchange Regulation Act and the Regulations. It is exempt from declaration for foreign exchange receipts, disbursements or transactions involving less than NTD500,000 or its equivalent in foreign currency.

In addition, certain types of foreign exchange settlement may not be processed until the bank has confirmed that its foreign exchange declaration document is consistent with relevant contracts and requisite documents, including but not limited to a single remittance by a company with an amount over USD1 million, and certain types of foreign exchange settlement require a prior approval by the Central Bank of Taiwan, including but not limited to essential remittances by the company whose annual aggregate settlement amount of foreign exchange purchased or sold has exceeded USD50 million.

## 5.2 China

The summary of the policies in relation to foreign investments and repatriation of profits of China is as follows:

- (i) Foreign Investments
  - (a) Prior to 2020, there were three major foreign invested entit(ies) (“**FIE(s)**”) laws corresponding to three types of organisational forms of FIEs, i.e. Law on Wholly Foreign Owned Enterprises (“**WFOE Law**”), Law on Sino-Foreign Equity Joint Ventures (“**EJV Law**”), and Law on Sino-Foreign Contractual Joint Ventures (“**CJV Law**”). Investments from Taiwan, Hong Kong and Macau are deemed cross border investments, subject to the administration of PRC’s foreign investment regime, though they may enjoy certain preferential treatment than other foreign investors. PRC also promulgated a Law on the Protection of Investment by Taiwanese Compatriots (“**Taiwanese Investment Law**”) to encourage and attract investment from Taiwan. As of 1 January 2020, the three FIE laws, i.e., WFOE Law, EJV Law and CJV Law, were replaced by a consolidated Foreign Investment Law while Taiwanese Investment Law is still effective in parallel.
  - (b) Organisational forms of FIEs incorporated prior to 2020 will have a five (5)-year transition period to keep their present forms while they may also do it earlier to restructure their entity forms pursuant to either the PRC Company Law or the PRC Partnership Enterprise Law.
  - (c) Coping with implementing FIE laws and Foreign Investment Law, PRC had promulgated respective catalogue of segments for encouragement of foreign investment, and catalogue of segments restricted and prohibited from foreign investment, and been amending them from time to time. The *Catalogue of Segments Restricted and Prohibited from Foreign Investments* has been replaced by the Special Administrative Measures for Foreign Investment (“**Negative List**”), which is regularly amended, and the scope and content of Negative List has been considerably narrowed down in 2020 edition. In general, FIEs, including Taiwanese compatriots invested entities, are prohibited from carrying out businesses such as internet content providers, compulsory education institutions, news and press organisations, radio/television station, publication, film production and distribution, etc., amongst others. Most restrictions in manufacturing industry had been removed in the Negative List, and restrictions remain in printing of publications (majority stakeholders must be Mainland Chinese), automobile vehicles production (except for special purpose vehicles, new energy vehicles and commercial vehicles, foreign shareholders may not take more than fifty percent (50%) equity interest), production of confidential prescription products of proprietary Chinese medicines, satellite television broadcasting ground receiving facilities and key components production, etc.

- (d) According to the Foreign Investment Law, foreign investors and their investments shall enjoy national treatment, and the treatment shall be no less favorable than that granting to domestic investors and their investments, unless falling into the scope of the Negative List. After October 2016, incorporation of FIEs no longer requires an approval certificate (*Approval Certificate for FIEs, or Approval Certificate for Enterprise Invested by Taiwan, Hong Kong, Macau or Overseas Chinese Investors, respectively; in Chinese, 外商投资企业批准证书 or 台港澳侨投资企业批准证书*) from the Ministry of Commerce (“**MOFCOM**”) or its local counterparts before such FIE applies for business license at local company registry (local Administration for Industry and Commerce, “**AIC**”; now merged into Administration for Market Regulation, “**AMR**”) if the FIE is not engaged in business falling under the Negative List. Taiwanese compatriots invested entities which are not engaged in business under the Negative List shall follow the same procedure at AMR as other FIEs.

(ii) Repatriation of profits

According to Foreign Investment Law, Taiwanese Investment Law, Company Law of PRC and Corporate Income Tax Law, FIEs are allowed to repatriate incomes out of sales of goods or services, income from royalties, dividends and/or profits attributable to its shareholders outside of PRC by satisfying the following procedures:

- (a) for sales of goods or services, and royalties, ten percent (10%) withholding tax has been deducted from the amount of payable.
- (b) for distribution of dividends to shareholders outside of PRC,
- (aa) the FIE has made up for losses in previous years, if any, until the losses of previous years have been fully made up;
- (bb) the FIE contributed ten percent (10%) of the profits into their statutory surplus reserve before distributing their post-tax profits of the current year, unless the aggregate sum of the statutory surplus reserve is more than fifty percent (50%) of its registered capital (where the balance of the statutory surplus reserve of a company is insufficient to make good its losses in the previous year, the company shall make good such losses using its profits of the current year before making contribution to the statutory surplus reserve);
- (cc) the FIE has paid applicable corporate income tax (usually collected by local tax authority), and the applicable tax rate is twenty-five percent (25%) (if not being recognised as high and new technology enterprise);
- (dd) the FIE has duly adopted board of directors’ resolution to distribute profits and dividends pursuant to audited financial statements by certified accountants; and
- (ee) the FIE has duly deducted withholding (at the rate of ten percent (10%)) for overseas shareholders of FIEs from such dividends or profits to be repatriated.

PRC exerts foreign exchange (“**forex**”) control measures over capital account, and repatriation of income and profits shall go through a forex clearance process primarily dealing with the bank which maintains forex account for the FIE. The forex clearance process is irrelevant to the threshold of amount of the repatriated profits. In practice, the timeframe of forex clearance may differ from place to place, subject to the FIE’s scale, amount of profits and deposit, and frequency of repatriation, etc., all of which factors may be taken into account by the forex administration when examining the repatriated profits.

### 5.3 Singapore

The summary of the policies in relation to foreign investments and repatriation of profits of Singapore are as follows:

(i) Foreign Investments

There are no restrictions under Singapore laws against foreign investment in the industries in which Accurus Scientific Singapore operates its businesses.

Under Singapore law, the Constitution of a Singapore company may include shareholding limits that restrict ownership by foreigner. However, based on the Constitution of Accurus Scientific Singapore, there are no restrictions or limitations on foreign ownership in Accurus Scientific Singapore.

(ii) Repatriation of profits

There are no foreign exchange control restrictions imposed under Singapore laws and there are no exchange control formalities or approvals required for all forms of payments or capital transfers into or out of Singapore, so long as there is no breach of any rule for international monitoring for countering money-laundering and terrorism and subject to payment of withholding tax (if applicable).

Pursuant to Section 403 of the Companies Act (Chapter 50 of Singapore), no dividend shall be payable to shareholders of a Singapore company except out of profits. Subject to this and the payment of corporate income tax on the profits by the Singapore company, there are, however, no restrictions on the payment of dividends by a Singapore company to a foreign shareholder.

A Singapore company is subject to restrictions on the modes and methods of returning capital to its shareholders. A Singapore company may buy back its own ordinary shares subject to the limits prescribed under the Companies Act of Singapore and may only be undertaken if the company is expressly permitted to so by its constitution. Payment for such buybacks may be made out of distributable profits or capital so long as the company is solvent. A Singapore company can otherwise without any buyback of its own ordinary shares return capital to its shareholders if it carries out a valid capital reduction exercise in accordance with the Companies Act of Singapore unless its constitution excludes or restricts such power to reduce its share capital.

## 6. RISK FACTORS

The Proposed Acquisition will not materially change the risk profile of Mi Technovation Group as Mi Technovation Group operates in the same industry segment as Accurus Scientific and its subsidiaries. As such, the enlarged Mi Technovation Group will be exposed to similar risks inherent in the industry upon the completion of the Proposed Acquisition. These risks include, but are not limited to, competition, introduction of new technology and products, political and economic conditions as well as operational risks.

In addition to the industry risks above, there are certain risks specifically associated with the Proposed Acquisition and certain risks relating to the business of Accurus Scientific and its subsidiaries, as follows:

### 6.1 Risks relating to the Proposed Acquisition

(i) **Non-completion risk**

The completion of the Proposed Acquisition is conditional upon fulfilment of the conditions to Closing (as defined in Section 4.1 of Appendix II) of the Agreement, being fulfilled or waived, save for those mandatory requirements by law. The Closing shall take place no later than 30 September 2021 or such other date mutually agreed in writing by the parties.



However, there is no assurance that the conditions to Closing (as set out in Section 5 of Appendix II) that is a mandatory requirement by law, especially in Taiwan, will be obtained prior to the Closing, such as obtaining the approval from the board of directors of Accurus Scientific, obtaining the approval from the Investment Commission, MOEA or the approval from any other necessary governmental or regulatory authority for the Proposed Acquisition. The aforesaid approvals to be obtained is beyond the control of the Company and are conditions to Closing that are mandatory requirements by law which cannot be waived by the Company. In the event the aforesaid approvals required in Taiwan are not obtained at least seven (7) calendar days prior to the Closing, the Company will not be able to complete the Proposed Acquisition.

Pursuant to the Agreement, there are 102 Vendors and each of the Vendors is required to deliver to the Company their duly executed share certificate in their name as well as the certificate executed by them ("**Closing Documents**") as of the Closing Date (as defined in Section 4.1 of Appendix II) certifying that all relevant conditions set out in the Agreement have been satisfied or waived. If any of the Vendors fail to deliver their Closing Documents as of the Closing Date, the Company will not be able to complete the acquisition of Accurus Scientific Shares held by such Vendor(s) in accordance with the terms and conditions of the Agreement.

Pursuant to the terms and conditions of the Agreement, the acquisition of Accurus Scientific Shares from each Vendor shall be independent from each other and non-completion of one acquisition shall not affect the rest of the acquisitions, provided that the Accurus Scientific Shares acquired by Mi Technovation shall be at least 67% of the issued shares of Accurus Scientific as at the Closing Date.

Based on the above, there can be no assurance that the conditions to Closing will be fulfilled or waived and the Company is able to receive the Closing Documents in order to complete the Proposed Acquisition in accordance with the terms and conditions of the Agreement.

**(ii) Acquisition risk**

The Proposed Acquisition is expected to contribute positively to the future earnings and earnings per Mi Technovation Share ("**EPS**") of Mi Technovation Group upon the completion of the Proposed Acquisition. However, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that Mi Technovation Group will be able to generate sufficient revenue and earnings therefrom to offset the associated costs incurred for the Proposed Acquisition. There is also no assurance that the existing Mi Technovation Group is able to maintain or improve the quality of products and/or services currently offered by Accurus Scientific and its subsidiaries.

In mitigating such risks, Mi Technovation Group intends to maintain Accurus Scientific and its subsidiaries' existing business model, key management personnel and be involved in the decision making of strategic matters of Accurus Scientific and its subsidiaries.

**(iii) Dependence on the experience and capability of certain key management personnel of Accurus Scientific and its subsidiaries who are also the Vendors**

The business growth and success of Accurus Scientific and its subsidiaries are largely attributed to the contributions and expertise of certain of the key management personnel, namely Wang Chung-Chen, Lin Yu-Ting, Heng Kok Lin, Chang Chung-Hua, Shih Chang-Ku and Wang Ching-Jui. All key management personnel have over twenty (20) years of relevant working experience across a broad spectrum of business activities. The key management personnel are crucial to Accurus Scientific and its subsidiaries as they are involved in sales and marketing as well as operational processes or act in supporting functions to the business of Accurus Scientific and its subsidiaries. Their knowledge and experience have materially contributed to the success of Accurus Scientific and its subsidiaries.

The continued success and growth of Accurus Scientific and its subsidiaries in the future will depend on the ability of Mi Technovation Group to retain the key management personnel. Hence, Mi Technovation Group will adopt appropriate approaches to retain such key management personnel including, amongst others, as disclosed in Section 6 of Appendix II of this announcement, to enter into separate employment agreements with certain key management personnel of Accurus Scientific for a period of four (4) years from the Closing Date (as defined in Section 4.1 of Appendix II of this announcement), as well as offering competitive remuneration packages.

In addition, as certain key management personnel are also the Vendors, the issuance of the Consideration Shares is intended to encourage them to continue contributing to the future growth of the company and maintaining their participation in Accurus Scientific via his/her direct shareholding in Mi Technovation. The Group will also use its best endeavours to reduce dependency on any particular key management personnel by attracting qualified and experienced personnel and addressing succession planning by grooming capable employees to complement the management team as well as to ensure continuity and competency of the management team in Accurus Scientific and its subsidiaries.

**(iv) Foreign exchange risk**

The financial results of Accurus Scientific and its subsidiaries are denominated in NTD. As the financial results of Accurus Scientific and its subsidiaries will be consolidated with the financial results of Mi Technovation Group which is reported in RM upon completion of the Proposed Acquisition, any adverse fluctuation of NTD against the RM may have a material impact on the Mi Technovation Group's financial performance.

Notwithstanding the above, the exchange translation on consolidation is only an accounting entry for the purpose of consolidating the enlarged Mi Technovation Group's financial results as at a particular date.

**(v) Regulations on foreign investment**

The Proposed Acquisition will be subject to the foreign investment policies of the Government of Taiwan. In addition, the ability of Accurus Scientific to repatriate its profits post-acquisition will depend largely on the relevant legislation relating to the repatriation of profits prevailing at the point of repatriation. In the event of any changes in the foreign investment policies or legislations in Taiwan which may cause foreign investments in Taiwan to experience any restrictions whatsoever, there may be a material or adverse impact on Mi Technovation Group.

Notwithstanding the above, there is currently no legislative framework restricting or prohibiting foreign investment in Taiwan incorporated companies or restrictions on the ability of Accurus Scientific to repatriate profits to Mi Technovation.

**6.2 Risks relating to the business of Accurus Scientific and its subsidiaries**

**(i) Exposed to volatility in raw material prices**

The raw materials (i.e. tin, silver, copper, ultra-low alpha alloy ingots) used by Accurus Scientific and its subsidiaries are commodities which are exposed to price volatility as a result of market demand and supply conditions. For the FYEs 31 December 2017 to 2019, the prices of tin purchased by Accurus Scientific and its subsidiaries fluctuated between USD15,700 per tonne and USD22,100 per tonne; the prices of silver purchased by Accurus Scientific and its subsidiaries fluctuated between USD14.125 per troy ounce and USD19.305 per troy ounce, and the prices of copper purchased by Accurus Scientific and its subsidiaries fluctuated between USD5,466 per tonne and USD7,245 per tonne. The ultra-low alpha alloy ingots are also subject to price volatility as they contain compositions of tin, copper and silver.

The volatility in the price of raw materials has not materially impacted Accurus Scientific and its subsidiaries in the past as the selling prices to customers were determined after taking into account the prevailing market prices of raw materials purchased. However, if Accurus Scientific and its subsidiaries are unable to pass on the increase in raw material prices to their customers, their financial performance may be impacted.

**(ii) The business and operations of Accurus Scientific and its subsidiaries may be impacted if the COVID-19 pandemic worsens**

The COVID-19 pandemic started since early 2020 and has impacted many countries around the world where governments closed country borders and restricted travel movements or imposed lockdowns. This has led to disruption of business operations globally.

Notwithstanding the above, Taiwan has not experienced any lockdowns, as the infection rate from the COVID-19 in the country has been low and the outbreak has been under control. As such, the operations of Accurus Scientific and its subsidiaries in Tainan City, Taiwan has not faced any disruptions due to the COVID-19 pandemic, up to the LPD. However, there can be no assurance that Taiwan will not impose any lockdowns if the infection rate rises in the future. If any lockdowns are imposed, the operations of Accurus Scientific and its subsidiaries may be impacted, which may materially and adversely affect their financial performance.

Further, as Accurus Scientific and its subsidiaries have overseas customers and the source of raw materials (i.e. tin, silver, copper and ultra-low alpha alloy ingots) are from overseas, Accurus Scientific and its subsidiaries are dependent on uninterrupted logistic services to deliver their products to customers and to source raw materials. Due to the COVID-19 pandemic, the delivery lead time, both to customers and from suppliers of Accurus Scientific and its subsidiaries has increased due to the temporary disruptions of logistic services worldwide as a result of closure of airports and other logistic hubs as well as more stringent clearance procedures for imports and exports.

Nevertheless, as at the LPD, Accurus Scientific and its subsidiaries do not have a backlog of orders as a result of the temporary disruption of logistic services. However, if the COVID-19 pandemic worsens in the countries where their customers and suppliers are located, the supply chain of solder spheres may be temporarily disrupted, which may materially impact the operations and financial performance of Accurus Scientific and its subsidiaries.

## 7. EFFECTS OF THE PROPOSED ACQUISITION

### 7.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Acquisition on the issued share capital of Mi Technovation are set out as follows:

	<b>No. of Mi Technovation Shares</b>	<b>RM</b>
Issued share capital as at the LPD <sup>(i)</sup>	746,000,000	252,615,378
Consideration Shares to be issued	74,250,000	<sup>(ii)</sup> 271,012,500
Less: Estimated expenses directly attributable to the issuance of the Consideration Shares	-	(56,000)
<b>Total enlarged issued share capital</b>	<b>820,250,000</b>	<b>523,571,878</b>

Notes:

(i) Excluding 4,000,000 Mi Technovation Shares held as treasury shares.

(ii) Based on the issuance of 74,250,000 Consideration Shares at the Issue Price.

## 7.2 Net Assets (“NA”), NA per Mi Technovation Share and gearing

Based on the latest audited consolidated statements of financial position of Mi Technovation as at 31 December 2019, the pro forma effects of the Proposed Acquisition on the consolidated NA, NA per Mi Technovation Share and gearing of the Mi Technovation Group are set out as follows:

	Audited as at 31 December 2019 RM	(I) After adjusting for Dividends RM	(II) After (I) and the Proposed Acquisition RM
Share capital	252,615,378	252,615,378	523,571,878
Treasury shares	(5,246,963)	(5,246,963)	(5,246,963)
Legal reserve	41,896	41,896	41,896
Exchange translation reserve	202,867	202,867	202,867
Reorganisation debit reserve	(63,557,909)	(63,557,909)	(63,557,909)
Retained earnings	195,711,977	<sup>(ii)</sup> 150,951,977	<sup>(iii)</sup> 148,857,977
<b>Total equity</b>	<b>379,767,246</b>	<b>335,007,246</b>	<b>603,869,746</b>
Number of Mi Technovation Shares in issue (excluding treasury shares) <sup>(i)</sup>	746,000,000	746,000,000	<sup>(iv)</sup> 820,250,000
NA per Mi Technovation Share (RM)	0.51	0.45	0.74
Total borrowings (RM)	4,077,659	4,077,659	<sup>(v)</sup> 41,301,666
Gearing (times)	0.01	0.01	0.07

Notes:

- (i) Excluding 4,000,000 Mi Technovation Shares held as treasury shares.
- (ii) After adjusting for the following dividends paid (“**Dividends**”):
  - (a) second single-tier interim dividend of 3.0 sen per Mi Technovation Share amounting to RM22.38 million in respect of the FYE 31 December 2019 which was declared on 20 February 2020 and paid on 20 March 2020; and
  - (b) first interim dividend of 3.0 sen per Mi Technovation Share amounting to RM22.38 million in respect of the FYE 31 December 2020 which was declared on 23 October 2020 and paid on 23 November 2020.
- (iii) After deducting the estimated expenses of approximately RM2.094 million for the Proposed Acquisition.
- (iv) After the issuance of 74,250,000 Consideration Shares at the Issue Price.
- (v) After consolidating the total borrowings of Accurus Scientific and its subsidiaries of approximately NTD271.99 million (equivalent to approximately RM37.22 million based on the closing rate of NTD100:RM13.6858 as at 31 December 2019 as extracted from BNM’s website).

## 7.3 Earnings and EPS

The Proposed Acquisition is not expected to have any material effect on the earnings of the Group for financial year ending 31 December 2020 as the Proposed Acquisition is only expected to be completed by the fourth (4<sup>th</sup>) quarter of 2021. Notwithstanding this, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Mi Technovation Group.

For illustrative purposes, based on the latest audited consolidated statement of profit or loss and other comprehensive income of Mi Technovation for the FYE 31 December 2019 and the latest audited consolidated statements of comprehensive income of Accurus Scientific for the FYE 31 December 2019 and assuming that the Proposed Acquisition had been effected on 1 January 2019, the pro forma effects of the Proposed Acquisition on the earnings and EPS of the Mi Technovation Group are set out as follows:

	Audited as at 31 December 2019 RM	After the Proposed Acquisition RM
PAT attributable to owners of the parent	59,166,348	59,166,348
Add: PAT of Accurus Scientific and its subsidiaries	-	<sup>(ii)</sup> 15,424,495
Less: Estimated expenses	-	(2,094,000)
<b>Enlarged PAT</b>	<b>59,166,348</b>	<b>72,496,843</b>
Number of Mi Technovation Shares in issue (excluding treasury shares) <sup>(i)</sup>	746,000,000	820,250,000
EPS (sen)	7.93	8.84

Notes:

- (i) Excluding 4,000,000 Mi Technovation Shares held as treasury shares.
- (ii) Computed based on 99% of the audited consolidated PAT of Accurus Scientific for the FYE 31 December 2019 amounting to approximately NTD115.03 million (equivalent to approximately RM15.42 million based on the average rate of NTD100:RM13.4090 for the FYE 31 December 2019 as extracted from BNM's website).

#### 7.4 Substantial shareholders' shareholdings

For illustrative purposes, the pro forma effects of the Proposed Acquisition on the substantial shareholders' shareholdings of Mi Technovation based on the Company's Register of Substantial Shareholders as at the LPD are set out as follows:

	As at the LPD				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Mi Technovation Shares	% <sup>(i)</sup>	No. of Mi Technovation Shares	% <sup>(i)</sup>	No. of Mi Technovation Shares	% <sup>(ii)</sup>	No. of Mi Technovation Share	% <sup>(ii)</sup>
Oh Kuang Eng	501,000,000	67.16	-	-	501,000,000	61.08	-	-

Notes:

- (i) Computed based on 746,000,000 Mi Technovation Shares in issue (excluding 4,000,000 treasury shares).
- (ii) Computed based on 820,250,000 Mi Technovation Shares in issue (excluding 4,000,000 treasury shares).

#### 7.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

## **8. APPROVALS REQUIRED**

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) Bursa Securities, for the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Acquisition;
- (ii) the shareholders of Mi Technovation at an extraordinary general meeting (“**EGM**”) to be convened;
- (iii) Investment Commission, MOEA; and
- (iv) any other relevant authorities and/or parties, if required.

The Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

## **9. PERCENTAGE RATIO**

Pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities, the highest percentage ratio applicable to the Proposed Acquisition based on the latest audited consolidated financial statements of Mi Technovation for the FYE 31 December 2019 is approximately 71.36%.

## **10. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition.

## **11. DIRECTORS’ STATEMENT**

The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to the basis and justifications for the Purchase Consideration and the Issue Price, rationale and benefits of the Proposed Acquisition, effects of the Proposed Acquisition as well as the prospects of Accurus Scientific and its subsidiaries and the risks involved, is of the opinion that the Proposed Acquisition is in the best interests of the Company.

## **12. ESTIMATED TIMEFRAME FOR APPLICATION TO THE AUTHORITIES AND COMPLETION**

The application to the relevant authorities in relation to the Proposed Acquisition will be made within two (2) month from the date of this announcement.

The application to Investment Commission, MOEA will be made after approval being obtained from the shareholders of Mi Technovation at an EGM to be convened.

Barring any unforeseen circumstances and subject to all required approvals being obtained from the relevant authorities and/or parties, the Proposed Acquisition is expected to be completed by the fourth (4<sup>th</sup>) quarter of 2021.

**13. ADVISER**

Affin Hwang IB has been appointed as Principal Adviser to the Company for the Proposed Acquisition.

**14. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Agreement is available for inspection at the registered office of Mi Technovation at Suite 12-A, Level 12, Menara Northam No. 55 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang during business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 18 December 2020.

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**INFORMATION ON THE VENDORS**


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**1. PURCHASE CONSIDERATION AND MODE OF SATISFACTION**

Pursuant to the terms and conditions of the Agreement, the Purchase Consideration shall be satisfied via the allotment and issuance of the Consideration Shares to the following vendors (collectively referred to as the “Vendors”) at the Issue Price:

No	Name of Vendors	No. of Accurus Scientific Shares to be acquired by Mi Technovation	Equity interest in Accurus Scientific	Purchase Consideration		
				No. of Consideration Shares	NTD	RM
1	Forte Investments Corp (“Forte”)	6,707,000	30.20%	22,653,627	573,024,657	82,685,739
2	Opulus Investments Corp (“Opulus”)	6,493,000	29.24%	21,930,822	554,741,263	80,047,500
3	Heng, Kok Lin	1,508,000	6.79%	5,093,436	128,838,728	18,591,042
4	Chang, Chung-Hua	400,000	1.80%	1,351,044	34,174,730	4,931,311
5	Huang, Fu-Yu	381,000	1.72%	1,286,870	32,551,446	4,697,076
6	Lin, Yu-Ting	357,000	1.61%	1,205,807	30,500,953	4,401,196
7	Shih, Chang-Ku	322,000	1.45%	1,087,591	27,510,669	3,969,707
8	Liu, Ya-Hui	290,000	1.31%	979,507	24,776,683	3,575,201
9	Chang, Hung-Jen	170,000	0.77%	574,194	14,524,266	2,095,808
10	Lin, Tai-Ching	130,000	0.59%	439,089	11,106,780	1,602,675
11	Tsai, Shin-Ling	118,000	0.53%	398,558	10,081,547	1,454,737
12	Wang, Ting-Chun	115,000	0.52%	388,425	9,825,228	1,417,751
13	Wan, Shu-Fang	110,000	0.49%	371,537	9,398,047	1,356,110
14	Chou, Liang-Yu	105,000	0.47%	354,649	8,970,866	1,294,469
15	Shiu, Hai-Tau	100,000	0.45%	337,761	8,543,684	1,232,828
16	Hsieh, Yao-Chun	100,000	0.45%	337,761	8,543,684	1,232,828
17	Tsai, Hsing-Ju	100,000	0.45%	337,761	8,543,684	1,232,828
18	Lin, Hwei-Hsia	100,000	0.45%	337,761	8,543,684	1,232,828
19	Chuang, Chun-Li	100,000	0.45%	337,761	8,543,684	1,232,828
20	Lin, Chia-Lu	100,000	0.45%	337,761	8,543,684	1,232,828
21	Lin, Chia-Chi	100,000	0.45%	337,761	8,543,684	1,232,828
22	Lin, Tsung-Hsien	100,000	0.45%	337,761	8,543,684	1,232,828
23	Hsu, Yi-Fang	100,000	0.45%	337,761	8,543,684	1,232,828
24	Hung, Yu-Man	100,000	0.45%	337,761	8,543,684	1,232,828
25	Tsai, Meng-Hua	100,000	0.45%	337,761	8,543,684	1,232,828
26	Wang, Cheng-Nan	100,000	0.45%	337,761	8,543,684	1,232,828
27	Wang, Chuen-Min	100,000	0.45%	337,761	8,543,684	1,232,828



## INFORMATION ON THE VENDORS (CONT'D)

No	Name of Vendors	No. of Accurus Scientific Shares to be acquired by Mi Technovation	Equity interest in Accurus Scientific	Purchase Consideration		
				No. of Consideration Shares	NTD	RM
28	Wu, Hsin-Ying	100,000	0.45%	337,761	8,543,684	1,232,828
29	Chu, Shu-Cheng	99,000	0.45%	334,383	8,458,235	1,220,498
30	Chu, Li-Shun	97,000	0.44%	327,628	8,287,366	1,195,842
31	Chu, Tsai Yu Hsuan	97,000	0.44%	327,628	8,287,366	1,195,842
32	Lu, Te-Mu	89,000	0.40%	300,607	7,603,872	1,097,216
33	You, Chao-Kuei	80,000	0.36%	270,209	6,834,951	986,263
34	Wang, Jen-Shun	77,000	0.35%	260,076	6,578,633	949,277
35	Tsai, Ho-Lung	75,000	0.34%	253,321	6,407,770	924,622
36	Chang, Huan	75,000	0.34%	253,321	6,407,770	924,622
37	Chang, Heng	75,000	0.34%	253,321	6,407,770	924,622
38	Wu, Tsung-Huan	73,000	0.32%	246,566	6,236,900	899,966
39	Chang, Wen-Chuan	70,000	0.32%	236,433	5,980,582	862,980
40	Wang, Tsung-Yi	70,000	0.32%	236,433	5,980,582	862,980
41	Kuo, Chih-Feng	70,000	0.32%	236,433	5,980,582	862,980
42	Lee, Shih-Chi	70,000	0.32%	236,433	5,980,582	862,980
43	Hsieh, Yu-Shan	70,000	0.32%	236,433	5,980,582	862,980
44	Hsieh, Chiang-Chuan	70,000	0.32%	236,433	5,980,582	862,980
45	Shih, Sung-Hsiung	70,000	0.32%	236,433	5,980,582	862,980
46	Li, Jen-Fu	70,000	0.32%	236,433	5,980,582	862,980
47	Wan, Hsien-Hsueh	70,000	0.32%	236,433	5,980,582	862,980
48	Wang, Ching-Jui	64,000	0.29%	216,167	5,467,958	789,010
49	Su, Ching-Yuan	64,000	0.29%	216,167	5,467,958	789,010
50	Chen, Tien-Ting	61,000	0.27%	206,034	5,211,640	752,024
51	Wang, Li-Ching	60,000	0.27%	202,657	5,126,219	739,698
52	Su, Ya-Hui	60,000	0.27%	202,657	5,126,219	739,698
53	Liu, Yu-Ning	60,000	0.27%	202,657	5,126,219	739,698
54	Chen, Shu-Yun	59,000	0.27%	199,279	5,040,770	727,368
55	Chang, Jung-Wen	54,000	0.24%	182,391	4,613,589	665,727
56	Wu, Chin-Chi	54,000	0.24%	182,391	4,613,589	665,727
57	Chen, Wei-Sheng	54,000	0.24%	182,391	4,613,589	665,727
58	Lin, Shih-Yuan	54,000	0.24%	182,391	4,613,589	665,727
59	Tseng, Chien-Che	54,000	0.24%	182,391	4,613,589	665,727
60	Kuo, Yi-Chih	54,000	0.24%	182,391	4,613,589	665,727

## INFORMATION ON THE VENDORS (CONT'D)

No	Name of Vendors	No. of Accurus Scientific Shares to be acquired by Mi Technovation	Equity interest in Accurus Scientific	Purchase Consideration		
				No. of Consideration Shares	NTD	RM
61	Sung, Yuan-Ta	50,000	0.22%	168,880	4,271,828	616,412
62	Chen, Ying-Jui	50,000	0.22%	168,880	4,271,828	616,412
63	Tsai, Ching-Fang	50,000	0.22%	168,880	4,271,828	616,412
64	Tsai, Meng-Chao	50,000	0.22%	168,880	4,271,828	616,412
65	Shih, Ying-Yu	45,000	0.20%	151,993	3,844,668	554,774
66	Yen, Chia-Hui	45,000	0.20%	151,993	3,844,668	554,774
67	Shih, Sen	45,000	0.20%	151,993	3,844,668	554,774
68	Lin, Huei-Lien	42,000	0.19%	141,860	3,588,356	517,789
69	Shih, Ling-Hui	40,000	0.18%	135,105	3,417,486	493,133
70	Hsu, Ting-Chen	40,000	0.18%	135,105	3,417,486	493,133
71	Kao, Hung-Hsiang	40,000	0.18%	135,105	3,417,486	493,133
72	Tseng, Yu-O	36,000	0.16%	121,594	3,075,726	443,818
73	Yao, Lung-Sheng	35,000	0.16%	118,216	2,990,277	431,488
74	Lin, Chien-Wen	35,000	0.16%	118,216	2,990,277	431,488
75	Chou, Wan-Hsin	35,000	0.16%	118,216	2,990,277	431,488
76	Cheng, Ming-Feng	35,000	0.16%	118,216	2,990,277	431,488
77	Wang, Hsin-Hsiung	35,000	0.16%	118,216	2,990,277	431,488
78	Wang, Yu-Pei	35,000	0.16%	118,216	2,990,277	431,488
79	Wu, Ching-Chiu	31,000	0.14%	104,706	2,648,544	382,177
80	Lin, Yu-Ting	30,000	0.13%	101,328	2,563,095	369,847
81	Cho, Shu-Mei	30,000	0.13%	101,328	2,563,095	369,847
82	Chen, Guan-Ming	25,000	0.11%	84,440	2,135,914	308,206
83	Huang, Ken-Hsiao	25,000	0.11%	84,440	2,135,914	308,206
84	Liao, Yung-Kuan	25,000	0.11%	84,440	2,135,914	308,206
85	Wang, Mei-Wen	25,000	0.11%	84,440	2,135,914	308,206
86	Chu, I-Hua	20,000	0.09%	67,552	1,708,733	246,565
87	Hsueh, Hui-Yi	20,000	0.09%	67,552	1,708,733	246,565
88	Chen, Shih-Che	20,000	0.09%	67,552	1,708,733	246,565
89	Chen, Chien-Ming	20,000	0.09%	67,552	1,708,733	246,565
90	Wu, Fang-Chi	20,000	0.09%	67,552	1,708,733	246,565
91	Liu, Jiun-Hung	20,000	0.09%	67,552	1,708,733	246,565
92	Kuo, Chih-Cheng	20,000	0.09%	67,552	1,708,733	246,565
93	Chen, Chang-Yi	18,000	0.08%	60,797	1,537,863	221,909

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**INFORMATION ON THE VENDORS (CONT'D)**


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No	Name of Vendors	No. of Accurus Scientific Shares to be acquired by Mi Technovation	Equity interest in Accurus Scientific	Purchase Consideration		
				No. of Consideration Shares	NTD	RM
94	Hsieh, Su-Ling	15,000	0.07%	50,664	1,281,551	184,924
95	Huang, Chuan-Cheng	15,000	0.07%	50,664	1,281,551	184,924
96	Chang, Ching-Chi	10,000	0.05%	33,776	854,363	123,282
97	Liu, Pi-Jung	9,000	0.04%	30,398	768,921	110,953
98	Wu, Chun-Yi	5,000	0.02%	16,888	427,181	61,641
99	Hsieh, Shu-Hua	4,000	0.02%	13,511	341,760	49,315
100	Lo, Yung-Chan	3,000	0.01%	10,133	256,312	36,985
101	Lee, Shu-Ying	3,000	0.01%	10,133	256,312	36,985
102	Chen, Tzu-Jung	2,000	0.01%	6,755	170,870	24,656
	<b>Total</b>	<b>21,983,000</b>	<b>99.00%</b>	<b>74,250,000</b>	<b>1,878,157,550</b>	<b>271,012,500</b>

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**INFORMATION ON THE VENDORS (CONT'D)**


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**2. BACKGROUND INFORMATION ON THE VENDORS****2.1 Background information on Forte**

Forte was incorporated on 15 May 2012 under the laws of Samoa. Forte is principally an investment holding company.

As at the LPD, Forte has an issued share capital of USD3,000,000 comprising 3,000,000 ordinary shares of USD1.00 each.

As at the LPD, the director of Forte and her shareholdings in Forte is as follows:

Name of Director	Direct		Indirect	
	No. of shares	%	No. of shares	%
Wang Shih, Yau-Ling	2,700,000	90.00	-	-

As at the LPD, the substantial shareholders of Forte and their respective shareholdings in Forte are as follows:

Name of shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
Wang Shih, Yau-Ling	2,700,000	90.00	-	-
Wang, Chung-Chen	300,000	10.00	-	-

**2.2 Background information on Opulus**

Opulus was incorporated on 20 April 2012 under the laws of Samoa. Opulus is principally an investment holding company.

As at the LPD, Opulus has an issued share capital of USD5,000,000 comprising 5,000,000 ordinary shares of USD1.00 each.

As at the LPD, the director of Opulus and her shareholdings in Opulus are as follows:

Name of Director	Direct		Indirect	
	No. of shares	%	No. of shares	%
Wang Shih, Yau-Ling	-	-	-	-

As at the LPD, the substantial shareholder of Opulus and his shareholdings in Opulus is as follows:

Name of shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
Wang, Chung-Chen	5,000,000	100.00	-	-

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**INFORMATION ON THE VENDORS (CONT'D)**


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**2.3 Background information on other Vendors**

No	Name of Vendors	Country of Incorporation/Nationality
1	Heng Kok Lin <sup>(i)(ii)(iii)</sup>	Singaporean
2	Chang, Chung-Hua <sup>(iii)</sup>	Taiwanese
3	Huang, Fu-Yu	Taiwanese
4	Lin, Yu-Ting <sup>(ii)(iii)</sup>	Taiwanese
5	Shih, Chang-Ku <sup>(iii)</sup>	Taiwanese
6	Liu, Ya-Hui	Taiwanese
7	Chang, Hung-Jen	Taiwanese
8	Lin, Tai-Ching	Taiwanese
9	Tsai, Shin-Ling	Taiwanese
10	Wang, Ting-Chun	Taiwanese
11	Wan, Shu-Fang	Taiwanese
12	Chou, Liang-Yu	Taiwanese
13	Shiu, Hai-Tau	Taiwanese
14	Hsieh, Yao-Chun <sup>(iii)</sup>	Taiwanese
15	Tsai, Hsing-Ju	Taiwanese
16	Lin, Hwei-Hsia	Taiwanese
17	Chuang, Chun-Li	Taiwanese
18	Lin, Chia-Lu	Taiwanese
19	Lin, Chia-Chi	Taiwanese
20	Lin, Tsung-Hsien	Taiwanese
21	Hsu, Yi-Fang	Taiwanese
22	Hung, Yu-Man	Taiwanese
23	Tsai, Meng-Hua	Taiwanese
24	Wang, Cheng-Nan	Taiwanese
25	Wang, Chuen-Min	Taiwanese
26	Wu, Hsin-Ying	Taiwanese
27	Chu, Shu-Cheng	Taiwanese
28	Chu, Li-Shun	Taiwanese
29	Chu, Tsai Yu Hsuan	Taiwanese
30	Lu, Te-Mu	Taiwanese
31	You, Chao-Kuei <sup>(iii)</sup>	Taiwanese
32	Wang, Jen-Shun	Taiwanese
33	Tsai, Ho-Lung <sup>(iii)</sup>	Taiwanese
34	Chang, Huan	Taiwanese

## INFORMATION ON THE VENDORS (CONT'D)

No	Name of Vendors	Country of Incorporation/Nationality
35	Chang, Heng	Taiwanese
36	Wu, Tsung-Huan	Taiwanese
37	Chang, Wen-Chuan <sup>(iii)</sup>	Taiwanese
38	Wang, Tsung-Yi <sup>(iii)</sup>	Taiwanese
39	Kuo, Chih-Feng <sup>(iii)</sup>	Taiwanese
40	Lee, Shih-Chi <sup>(iii)</sup>	Taiwanese
41	Hsieh, Yu-Shan	Taiwanese
42	Hsieh, Chiang-Chuan	Taiwanese
43	Shih, Sung-Hsiung	Taiwanese
44	Li, Jen-Fu	Taiwanese
45	Wan, Hsien-Hsueh	Taiwanese
46	Wang, Ching-Jui <sup>(iii)</sup>	Taiwanese
47	Su, Ching-Yuan	Taiwanese
48	Chen, Tien-Ting <sup>(iii)</sup>	Taiwanese
49	Wang, Li-Ching <sup>(iii)</sup>	Taiwanese
50	Su, Ya-Hui	Taiwanese
51	Liu, Yu-Ning	Taiwanese
52	Chen, Shu-Yun	Taiwanese
53	Chang, Jung-Wen <sup>(iii)</sup>	Taiwanese
54	Wu, Chin-Chi	Taiwanese
55	Chen, Wei-Sheng <sup>(iii)</sup>	Taiwanese
56	Lin, Shih-Yuan <sup>(iii)</sup>	Taiwanese
57	Tseng, Chien-Che <sup>(iii)</sup>	Taiwanese
58	Kuo, Yi-Chih <sup>(iii)</sup>	Taiwanese
59	Sung, Yuan-Ta <sup>(iii)</sup>	Taiwanese
60	Chen, Ying-Jui <sup>(iii)</sup>	Taiwanese
61	Tsai, Ching-Fang	Taiwanese
62	Tsai, Meng-Chao	Taiwanese
63	Shih, Ying-Yu <sup>(iii)</sup>	Taiwanese
64	Yen, Chia-Hui	Taiwanese
65	Shih, Sen	Taiwanese
66	Lin, Huei-Lien	Taiwanese
67	Shih, Ling-Hui <sup>(iii)</sup>	Taiwanese
68	Hsu, Ting-Chen <sup>(iii)</sup>	Taiwanese
69	Kao, Hung-Hsiang <sup>(iii)</sup>	Taiwanese

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**INFORMATION ON THE VENDORS (CONT'D)**


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No	Name of Vendors	Country of Incorporation/Nationality
70	Tseng, Yu-O	Taiwanese
71	Yao, Lung-Sheng <sup>(iii)</sup>	Taiwanese
72	Lin, Chien-Wen <sup>(iii)</sup>	Taiwanese
73	Chou, Wan-Hsin <sup>(iii)</sup>	Taiwanese
74	Cheng, Ming-Feng	Taiwanese
75	Wang, Hsin-Hsiung <sup>(iii)</sup>	Taiwanese
76	Wang, Yu-Pei	Taiwanese
77	Wu, Ching-Chiu <sup>(iii)</sup>	Taiwanese
78	Lin, Yu-Ting <sup>(iii)</sup>	Taiwanese
79	Cho, Shu-Mei	Taiwanese
80	Chen, Guan-Ming	Taiwanese
81	Huang, Ken-Hsiao <sup>(iii)</sup>	Taiwanese
82	Liao, Yung-Kuan <sup>(iii)</sup>	Taiwanese
83	Wang, Mei-Wen	Taiwanese
84	Chu, I-Hua	Taiwanese
85	Hsueh, Hui-Yi	Taiwanese
86	Chen, Shih-Che <sup>(iii)</sup>	Taiwanese
87	Chen, Chien-Ming <sup>(iii)</sup>	Taiwanese
88	Wu, Fang-Chi <sup>(iii)</sup>	Taiwanese
89	Liu, Jiun-Hung <sup>(iii)</sup>	Taiwanese
90	Kuo, Chih-Cheng	Taiwanese
91	Chen, Chang-Yi <sup>(iii)</sup>	Taiwanese
92	Hsieh, Su-Ling <sup>(iii)</sup>	Taiwanese
93	Huang, Chuan-Cheng <sup>(iii)</sup>	Taiwanese
94	Chang, Ching-Chi	Taiwanese
95	Liu, Pi-Jung <sup>(iii)</sup>	Taiwanese
96	Wu, Chun-Yi <sup>(iii)</sup>	Taiwanese
97	Hsieh, Shu-Hua <sup>(iii)</sup>	Taiwanese
98	Lo, Yung-Chan <sup>(iii)</sup>	Taiwanese
99	Lee, Shu-Ying <sup>(iii)</sup>	Taiwanese
100	Chen, Tzu-Jung	Taiwanese

**Notes:**

- (i) Substantial shareholder of Accurus Scientific as at the LPD.
- (ii) Directors of Accurus Scientific as at the LPD.
- (iii) Employees of Accurus Scientific as at the LPD.

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## SALIENT TERMS OF THE AGREEMENT

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The salient terms of the Agreement, amongst others, in relation to the Proposed Acquisition are set out as follows:

### 1. Exchange of shares

Subject to the terms and conditions of the Agreement, at the Closing (as defined below), each Vendor shall exchange and the Purchaser shall acquire from the Vendors, such number of Accurus Scientific Shares held by each Vendor as set out in Section 1 of Appendix I of this announcement, free and clear of all encumbrances.

For the avoidance of doubt, the Vendors are obliged to exchange all Accurus Scientific Shares and not only part of the Accurus Scientific Shares unless otherwise agreed by the Purchaser in writing.

The acquisition of the Accurus Scientific Shares from each Vendor shall be independent from each other and non-completion of one acquisition shall not affect the rest of the acquisitions provided that the total issued shares of Accurus Scientific acquired by the Purchaser shall be at least 67% of the same.

### 2. Payment of Purchase Consideration

The Purchaser shall settle the Purchase Consideration, subject to Section 3 below and upon satisfaction or waiver of all Closing conditions directly relating to such respective Vendor, the Purchaser shall issue to each Vendor the number of Consideration Shares as set out in the Section 1 of Appendix I of this announcement.

### 3. Delivery of the Consideration Shares

3.1 Within twelve (12) business days from the Closing Date (as defined below), the Purchaser shall deliver to each Vendor a copy certified by the share registrar of the Purchaser or a director of the Purchaser of the allotment and issuance verification details under Central Depository System (“**CDS**”) record representing the Consideration Shares received by such Vendor as set out in Section 1 of Appendix I of this announcement.

3.2 The Vendors acknowledge and agree that prior to the delivery of the Consideration Shares, the Vendors will be required to open CDS accounts and will be required to submit and/or certify evidence of identity, evidence of residential address, and an application for shares, in each case to the satisfaction of the Purchaser’s securities agent in Malaysia to allow for allotment and issuance of Consideration Shares and the listing of those shares on Main Market of Bursa Securities.

3.3 For the avoidance of doubt, the date of listing of the Consideration Shares shall be the completion date of the Agreement.

### 4. Closing

4.1 Subject to the parties’ confirmation of the satisfaction (or waiver by the relevant parties) of each condition to the Closing as set out in Section 5 below, the completion of each transfer of title to the Accurus Scientific Shares from each Vendor to the Purchaser (“**Transfer Title**”) and delivery of the closing documents required to complete the Transfer Title (“**Closing**”) shall take place at LCS & Partners located at 5F, No. 8, Sec. 5, Sinyi Road, Taipei, Taiwan no later than 30 September 2021 or such other date as may be mutually agreed upon in writing by the parties (“**Closing Date**”), or at such other place as the parties mutually agreed upon in writing.



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**SALIENT TERMS OF THE AGREEMENT (CONT'D)**

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- 4.2 At the Closing, each Vendor shall deliver to the Purchaser:
- (i) a share certificate in the name of such Vendor duly executed by such Vendor in order to transfer and register the Purchaser as the holder of the Accurus Scientific Shares on the Target's shareholder register; and
  - (ii) a certificate executed by such Vendor and dated as of the Closing Date certifying that all of the conditions set out in Section 5.1 below have been satisfied or waived.
- 4.3 On the Closing Date, each Vendor shall allow LCS & Partners, counsel to the Purchaser, reasonable opportunity to review and confirm the completeness of all closing documents set forth in the Agreement prior to issuance of the Consideration Shares.
- 4.4 If, for any reason, the Closing is not completed by 30 September 2021, the Purchaser may terminate the Agreement without prejudice to any other rights or remedies to which it may be entitled to under the Agreement or under any applicable laws.

**5. Conditions to Closing**

- 5.1 The obligation of the Purchaser to issue the Vendors the Consideration Shares as set out in Section 1 of Appendix I of this announcement is subject to the fulfilment, on or before the Closing Date of the following conditions, unless otherwise waived by the Purchaser, save for those mandatory requirements by laws:
- (i) The representations and warranties of each Vendor and the Target contained in the Agreement shall be true and correct in all material respects as of the date of the Agreement and at the Closing;
  - (ii) Each Vendor and the Target shall have performed and complied with all material covenants, agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by each such party on or before the Closing;
  - (iii) Each Vendor shall have delivered to the Purchaser each of the items set forth in Section 4.2 above;
  - (iv) The Target shall have received any and all necessary corporate approvals and authorisations required to proceed with the Closing under the laws or regulations applicable to the Target including without limitation, the board's approval at least seven (7) calendar days prior to the Closing;
  - (v) The Target shall have received any and all necessary governmental approval required to proceed with the Closing under the laws or regulations applicable to the Target including without limitation, the approval from the Investment Commission, MOEA at least seven (7) calendar days prior to the Closing;
  - (vi) The Purchaser shall have completed relevant due diligence on the Target to its satisfaction;
  - (vii) The Purchaser shall have received approval from Bursa Securities for the listing of and quotation for the Consideration Shares of the Purchaser to be issued on the Main Market of Bursa Securities;
  - (viii) The Purchaser shall have received shareholders' approval at an EGM held to proceed with the Closing under the laws or regulations applicable to the Purchaser;

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**SALIENT TERMS OF THE AGREEMENT (CONT'D)**

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- (ix) The Target shall have received other government, public or regulatory authorities or parties whose approvals or notification are considered necessary or expedient by the Purchaser in relation to the Proposed Acquisition on terms and conditions (if any) acceptable to the Purchaser at least seven (7) calendar days prior to the Closing; and
  - (x) Since the date of the Agreement, there shall not have occurred and be continuing a Material Adverse Effect. The "Material Adverse Effect" means any change, event, condition, occurrence, fact, circumstance, effect, action or omission that, individually or in the aggregate, does or is reasonably expected to result in a material adverse effect on the assets, liabilities, business, properties, financial condition, results of operations or prospects of the Target.
- 5.2 The obligations of the Vendors to complete the Closing are subject to the fulfilment, on or before the Closing Date, of each of the following conditions, unless otherwise waived by the Vendors:
- (i) The representations and warranties of the Purchaser contained in the Agreement shall be true and correct in all material respects as of the date of the Agreement and at the Closing; and
  - (ii) The Purchaser shall have performed and complied with all material covenants, agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by the Purchaser on or before the Closing.

**6. Retention of Key Management**

From the Closing Date, the parties intend for certain key management as set forth in the Agreement ("**Key Management**") to remain employed by the Target for a period of four (4) years subject to the terms and conditions of their respective mandate agreements, including early termination conditions and relevant performance milestones, to be entered into between the Target and each Key Management. The Target shall cooperate with the Purchaser to secure the execution of the aforementioned mandate agreements from each Key Management. The Target also undertakes to promptly notify the Purchaser if the Target receives written notice that any of the Key Management intends to leave the Target up to the end of the four (4) years period from the Closing Date. In addition, the Target must also notify the Purchase of the same as above for the period up to the Closing Date.

**7. Exclusivity**

- 7.1 Until Closing, or unless and until the Agreement is terminated in accordance with the terms and conditions of the Agreement, the Vendor shall not, and shall make commercially reasonable efforts to cause the Target not to:
- (i) submit, solicit, initiate, encourage or discuss any proposal or offer from any person (other than the Purchaser) with respect to the acquisition, business combination, or purchase of any assets or of any direct or indirect equity interest in the Target; or
  - (ii) furnish any information with respect to, assist or participate in or facilitate in any other manner any effort or attempt by any person (other than the Purchaser) to do or seek to do any of the foregoing.
- 7.2 Each Vendor agrees to notify the Purchaser immediately if such Vendor becomes aware of any person making any proposal, offer, inquiry or contact with respect to such a transaction.

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**SALIENT TERMS OF THE AGREEMENT (CONT'D)**

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7.3 If any of the provisions of this Section are breached, the Purchaser may terminate the Agreement immediately by written notice to the Vendors, and the breaching Vendors shall, severally (on a pro rata proceeds basis and not jointly), promptly reimburse the Purchaser for all out-of-pocket fees and expenses incurred before or after the date of the Agreement by the Purchaser related to the Proposed Acquisition, including fees and expenses of legal counsel, accountants and other consultants and advisors retained by the Purchaser in connection with the Proposed Acquisition.

**8. Moratorium**

8.1 Forte and Opulus separately undertake to the Purchaser that they will not sell, transfer, assign or otherwise dispose, whether directly or indirectly, any part of 22,653,627 Mi Technovation Shares and 21,930,822 Mi Technovation Shares respectively received by them as the Purchase Consideration for a period of six (6) months from the allotment and issuance date, without obtaining the prior written consent from the Purchaser.

**9. Governing Law**

The Agreement shall be governed by and construed in accordance with the laws of Taiwan. In the event any dispute arises out of or in connection with the Agreement, the parties agree to take reasonable steps to mutually discuss and amicably resolve such dispute prior to taking any specific legal actions under the Agreement. The parties hereby agree to be subject to the non-exclusive jurisdiction of Taiwan Taipei District Court as the court of first instance.

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**BACKGROUND INFORMATION ON ACCURUS SCIENTIFIC AND ITS SUBSIDIARIES**


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**1. DIRECTORS**

As at the LPD, the directors of Accurus Scientific and their respective shareholdings in Accurus Scientific are as follows:

Name of Director	Direct		Indirect	
	No. of Accurus Scientific Shares	%	No. of Accurus Scientific Shares	%
Wang, Chung-Chen	-	-	<sup>(i)</sup> 6,493,000	29.24
Lin, Yu-Ting	357,000	1.61	-	-
Heng, Kok-Lin	1,508,000	6.79	-	-

Note:

(i) Deemed interest through shares held in Opulus.

**2. SUBSTANTIAL SHAREHOLDERS**

As at the LPD, the substantial shareholders of Accurus Scientific and their respective shareholdings in Accurus Scientific are as follows:

Name of shareholder	Direct		Indirect	
	No. of Accurus Scientific Shares	%	No. of Accurus Scientific Shares	%
Forte	6,929,625	31.21	-	-
Opulus	6,493,000	29.24	-	-
Heng, Kok-Lin	1,508,000	6.79	-	-
Wang Shih, Yau-Ling	-	-	<sup>(i)</sup> 6,929,625	31.21
Wang, Chung-Chen	-	-	<sup>(ii)</sup> 6,493,000	29.24

Notes:

(i) Deemed interest through shares held in Forte.

(ii) Deemed interest through shares held in Opulus.

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**BACKGROUND INFORMATION ON ACCURUS SCIENTIFIC AND SUBSIDIARIES (CONT'D)**
**3. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the LPD, the details of the subsidiaries of Accurus Scientific are as follows:

Name of company	Date and place of incorporation	Issued share capital	Effective equity interest	Principal activities
Accurus Scientific Ningbo	8 June 2017/ China	USD 24,492,497.53	100.00%	<ul style="list-style-type: none"> <li>Manufacture and sale of materials and equipment for electronics and semiconductor integrated circuits</li> <li>Provision of related technical consultation service and after sales service</li> </ul>
Accurus Scientific Singapore	2 February 2016/ Singapore	Singapore Dollar ("SGD") 488,880 comprising 488,880 shares	80.00%	Wholesale trade of a variety of goods without a dominant product (distributing of semiconductor equipment/materials and household electrical appliances)

As at the LPD, Accurus Scientific does not have any associated company.

**4. HISTORICAL FINANCIAL INFORMATION**

The summary of the financial information of Accurus Scientific based on its audited consolidated financial statements for the FYEs 31 December 2017, 31 December 2018 and 31 December 2019 is as follows:

	Audited					
	FYE 31 December 2017		FYE 31 December 2018		FYE 31 December 2019	
	NTD'000	RM'000*	NTD'000	RM'000*	NTD'000	RM'000*
Revenue	695,950	98,349	658,059	88,067	733,929	98,413
Profit before taxation ("PBT")	61,402	8,677	63,339	8,477	146,334	19,622
PAT	46,875	6,624	54,090	7,239	116,193	15,580
Paid-in capital	222,056	30,286	222,056	30,109	222,056	30,390
No. of Accurus Scientific Shares in issue ('000)	22,205	22,205	22,205	22,205	22,205	22,205
Shareholders' funds/NA	416,477	56,803	411,221	55,758	512,095	70,084
Borrowings	318,960	43,503	266,300	36,108	271,990	37,224
EPS	2.11	0.30	2.44	0.33	5.23	0.70
NA per Accurus Scientific Share	18.76	2.56	18.52	2.51	23.06	3.16
Current ratio (times)	1.87	1.87	2.32	2.32	1.68	1.68
Gearing ratio (times)	0.77	0.77	0.65	0.65	0.53	0.53

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**BACKGROUND INFORMATION ON ACCURUS SCIENTIFIC AND SUBSIDIARIES (CONT'D)**


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Notes:

\* Converted based on the following exchange rates as extracted from BNM's website:

(i) income and expenses using the average rate for the financial years under review:

<b>FYE</b>	<b>Exchange rate (NTD100/RM)</b>
31 December 2017	14.1316
31 December 2018	13.3828
31 December 2019	13.4090

(ii) asset and liabilities using the closing rate for the financial years under review:

<b>FYE</b>	<b>Exchange rate (NTD100/RM)</b>
31 December 2017	13.6390
31 December 2018	13.5591
31 December 2019	13.6858

**Commentaries on financial performance:**

**FYE 31 December 2018 vs FYE 31 December 2017**

Accurus Scientific and its subsidiaries' revenue decreased by approximately NTD37.89 million or 5.44% from approximately NTD695.95 million in the FYE 31 December 2017 to approximately NTD658.06 million in the FYE 31 December 2018. This was mainly due to decrease in sales of solder spheres from Accurus Scientific and its subsidiaries' customers in Taiwan, China and Malaysia.

Despite the drop in the revenue, Accurus Scientific and its subsidiaries' PBT increased by approximately NTD1.94 million or 3.15% from approximately NTD61.40 million in the FYE 31 December 2017 to approximately NTD63.34 million in the FYE 31 December 2018. This was mainly due to foreign exchange gains of approximately NTD7.05 million recorded in the FYE 31 December 2018 as opposed to foreign exchange losses of approximately NTD7.32 million recorded in the FYE 31 December 2017.

The gearing ratio decreased from 0.77 in the FYE 31 December 2017 to 0.65 in the FYE 31 December 2018, mainly due to lower borrowings in the FYE 31 December 2018. The total borrowings of Accurus Scientific and its subsidiaries decreased by approximately NTD52.66 million or 16.51% in the FYE 31 December 2018 as compared to FYE 31 December 2017.

**FYE 31 December 2019 vs FYE 31 December 2018**

Accurus Scientific and its subsidiaries' revenue increased by approximately NTD75.87 million or 11.53% from approximately NTD 658.06 million in the FYE 31 December 2018 to approximately NTD733.93 million in the FYE 31 December 2019 mainly due to increase in sales of solder spheres from Accurus Scientific and its subsidiaries' customers in Taiwan and China.

Accurus Scientific and its subsidiaries' PBT increased by approximately NTD83.00 million or 131.03% from approximately NTD63.34 million in the FYE 31 December 2018 to approximately NTD146.33 million in the FYE 31 December 2019. This is in tandem with the increase in revenue of Accurus Scientific and its subsidiaries.

The gearing ratio decreased from 0.65 in the FYE 31 December 2018 to 0.53 in the FYE 31 December 2019, mainly due to the increase in shareholders' fund resulting from higher PAT generated by Accurus Scientific and its subsidiaries in the FYE 31 December 2019.