

CHARTING a Path
to **GROWTH**

ANNUAL REPORT
2020

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Corporate Philosophy

Mi TECHNOVATION

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

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

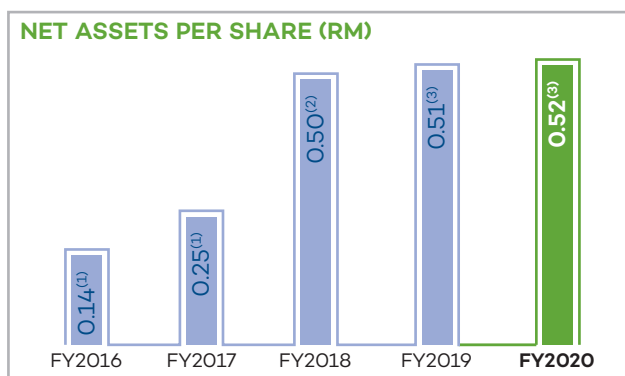
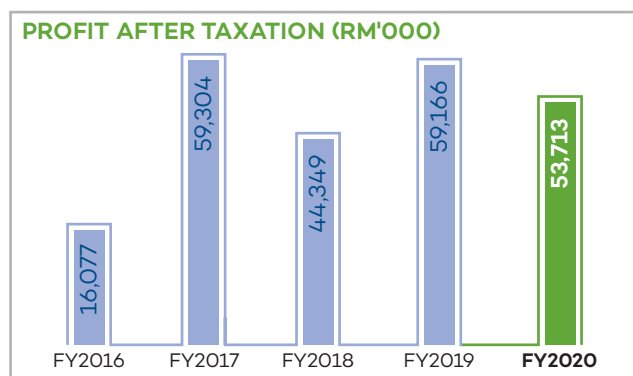
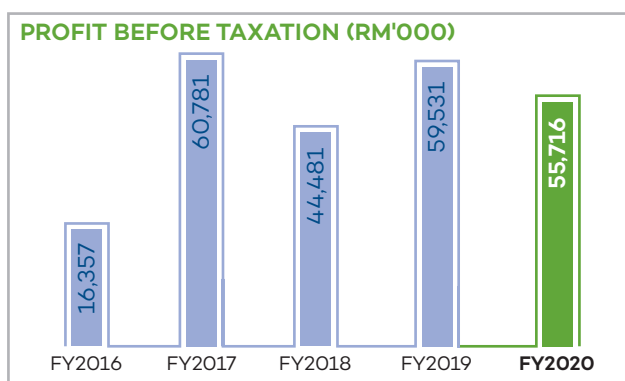
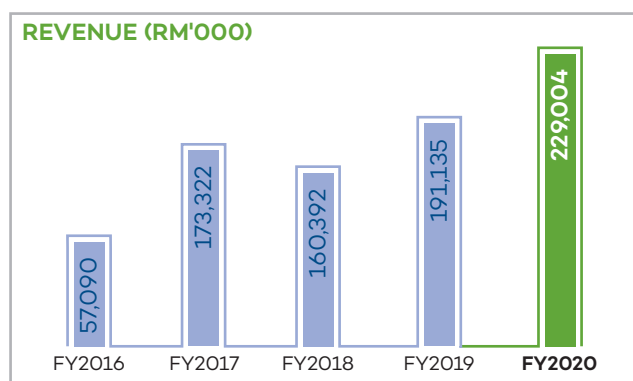


Financial Highlights

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Profitability (RM'000)					
Revenue	57,090	173,322	160,392	191,135	229,004
Profit Before Taxation	16,357	60,781	44,481	59,531	55,716
Profit After Taxation	16,077	59,304	44,349	59,166	53,713
Profit attributable to owners of the parent	16,077	59,304	44,349	59,166	54,008
As at 31 December					
Financial Position (RM'000)					
Total Assets	88,761	156,628	378,919	430,123	440,612
Shareholders Fund	69,036	124,755	330,849	379,767	388,327
Total Equity	69,036	124,755	330,849	379,767	388,277
Total Cash	46,438	52,634	203,405	151,424	83,372
Total Borrowings	-	-	6,753	4,078	5,097
Share Information					
EPS (sen)	3.22 ⁽¹⁾	11.86 ⁽¹⁾	6.77 ⁽²⁾	7.91 ⁽³⁾	7.24⁽³⁾
Net Assets Per Share (RM)	0.14 ⁽¹⁾	0.25 ⁽¹⁾	0.50 ⁽²⁾	0.51 ⁽³⁾	0.52⁽³⁾
Gross Gearing (times)	-	-	0.02	0.01	0.01
Net Gearing (times)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Number of shares outstanding ('000)	500,000	500,000	-	-	-
Weighted average number of ordinary shares in issue ('000)	-	-	655,532	748,068	746,000

Notes:

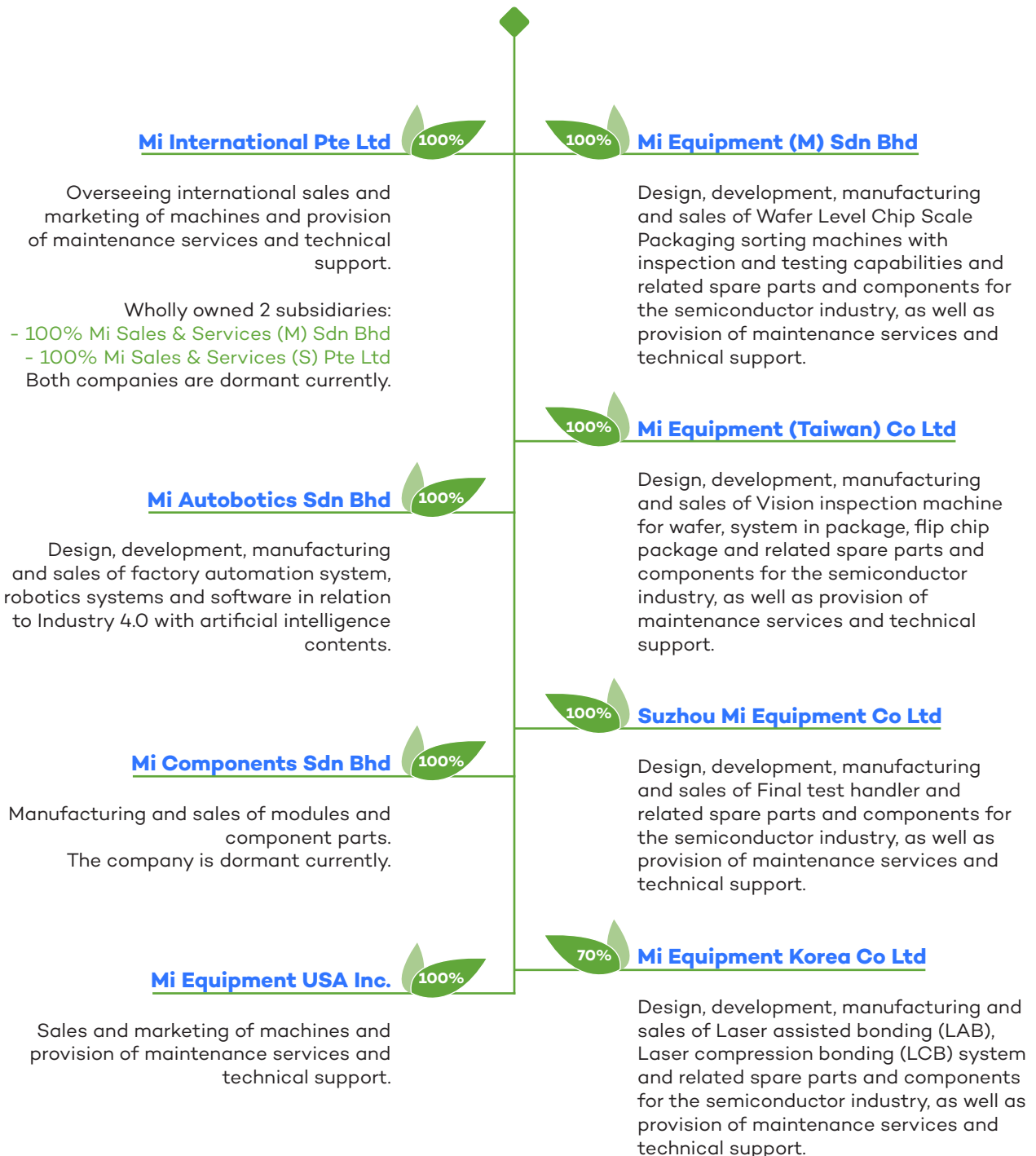
- (1) Based on enlarged number of shares in issue of 500,000,000 shares pursuant to the initial public offering and listing of Mi Technovation Berhad on Bursa Malaysia on 20 June 2018.
- (2) Based on weighted average number of ordinary shares outstanding which have been restated to reflect the increase number of shares arising from the bonus issue during year 2019.
- (3) Based on weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.



Corporate Structure



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





Corporate Information

BOARD OF DIRECTORS

Independent
Non-Executive
Chairman

LEE BOON LENG

Executive
Director/
Group CEO

OH KUANG ENG

Executive
Director/
Group CFO

YONG SHIAO VOON

Independent
Non-Executive
Director

TAN BOON HOE
LIM SHIN LID

AUDIT & RISK MANAGEMENT COMMITTEE

Tan Boon Hoe *Chairman*
Lee Boon Leng
Lim Shin Lid

NOMINATION COMMITTEE

Lim Shin Lid *Chairman*
Tan Boon Hoe
Lee Boon Leng

REMUNERATION COMMITTEE

Lee Boon Leng *Chairman*
Tan Boon Hoe
Lim Shin Lid

COMPANY SECRETARY

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

AUDITORS

BDO PLT
Chartered Accountants
(LLP0018825-LCA & AF 0206)

51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-222 0288
Fax: 04-222 0299

REGISTERED OFFICE

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

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

No.20, Medan Bayan Lepas Technoplex
MK 12, Taman Perindustrian Bayan Lepas
11900 Bayan Lepas, Pulau Pinang

Tel: 04-373 8688
Fax: 04-373 8788

PRINCIPAL BANKER

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

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 9000
Fax: 03-2094 9940

STOCK EXCHANGE LISTING

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

WEBSITE

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

Board Of Directors



From left to right :

- 1 Yong Shiao Voon**
Executive Director/Group CFO
- 2 Oh Kuang Eng**
Executive Director/Group CEO
- 3 Lee Boon Leng**
Independent Non-Executive Chairman
- 4 Tan Boon Hoe**
Independent Non-Executive Director
- 5 Lim Shin Lid**
Independent Non-Executive Director



Profile Of Directors



LEE BOON LENG

INDEPENDENT NON-EXECUTIVE CHAIRMAN

AGE	NATIONALITY	GENDER
58	SINGAPOREAN	MALE

Mr. Lee Boon Leng was appointed to the Board on 29 August 2017 and is presently the Independent Non-Executive Chairman of Mi Technovation Berhad. He is also the Chairman of Remuneration Committee and a member of Audit & Risk Management Committee and Nomination Committee of the Company.

He holds a Bachelor of Science in Electrical Engineering (Summa Cum Laude) and Master of Science in Electrical Engineering from University of Arkansas, USA. He has over 25 years of experience in the semiconductor industry with in-depth knowledge of semiconductor equipment.

In 1992, Mr. Lee Boon Leng started his career with TECH Semiconductor Pte Ltd as Section Manager, responsible for the adoption and maintenance of the semiconductor photolithography process. He then joined Excellent Scientific Instruments Pte Ltd as Business Manager in 1995, managing the sales and services of semiconductor equipment. In 1997, he moved to MicroFab Technology Pte Ltd as the General Manager and promoted to Vice President of Technology and Sales and Marketing in 2000, responsible for the global sales and R&D technology direction of the Company.

In 2003, he incorporated Gemini Resource Pte Ltd and co-founded Microdefine Pte Ltd, a company that focused on designing and developing macro defect inspection system. In 2007, both companies ceased operations and Mr. Lee joined SV Probe Pte Ltd as Vice President of Technology, responsible for the R&D of probe cards. He ended his employment in 2009 when the R&D project was completed.

In 2010, he co-founded Thinksmart Learning Partners Pte Ltd, a company that provided science enrichment programme and tutoring services to students. In 2011, he co-founded Pixtelz Pte Ltd and became the CEO of the company, which involved in developing real-time video cut-out software. He retired in year 2015.

Profile Of Directors (Cont'd)



OH KUANG ENG

EXECUTIVE DIRECTOR /
GROUP CHIEF EXECUTIVE OFFICER

AGE	NATIONALITY	GENDER
51	MALAYSIAN	MALE

Mr. Oh Kuang Eng was appointed to the Board on 19 June 2017. He is the Executive Director and Group Chief Executive Officer of Mi Technovation Berhad.

He graduated with a Bachelor of Engineering (Mechanical) from University of Malaya. He has over 25 years of experience in the semiconductor industry with in-depth knowledge of semiconductor automated equipment and process development.

In 1995, Mr. Oh Kuang Eng began his career with Hewlett-Packard (M) Sdn Bhd as an Equipment Technology & Automation Engineer responsible for the design of LED test handlers. He was transferred to Hewlett-Packard Singapore Pte Ltd in 1997 as Equipment Design Engineer, in-charge of process flow and technology improvement for flex circuit laser marking machines. In 1998, he joined Polytool Industries Sdn Bhd as China Operation Manager, responsible for setting up new office in Suzhou.

From 1999 onwards, Mr. Oh Kuang Eng founded a few companies which involved in industrial automation and research of semiconductor manufacturing technology and packaging trends. In 2007, he co-founded DPE Integration (M) Sdn Bhd ("DPE") and founded Mi Equipment (M) Sdn Bhd ("MiESB") in 2012. The business activities, assets and technical personnel were gradually transitioned from DPE to MiESB and DPE ceased operations in 2014. Since then, Mr. Oh Kuang Eng has successfully led MiESB in developing Wafer Level Chip Scale Packaging ("WLCSP") sorting machines and expanded its business footprint to overseas. He has also incorporated Mi International Pte Ltd and its overseas subsidiaries from 2011 to 2015 with the aim to promote sales and marketing of machines produced by MiESB and provide maintenance services and technical support.

Mr. Oh Kuang Eng natured MiESB from an initial paid-up capital of RM100,000 8 years ago and led the Company to a successful IPO in June 2018 via Mi Technovation Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad.

As the Group Chief Executive Officer, Mr. Oh Kuang Eng is responsible for formulating corporate decisions related to the business direction of the Group, as well as developing and implementing business strategies to bring the Group to a greater height.



Profile Of Directors (Cont'd)



YONG SHIAO VOON

EXECUTIVE DIRECTOR/
GROUP CHIEF FINANCIAL OFFICER

AGE	NATIONALITY	GENDER
52	SINGAPOREAN	FEMALE

Madam Yong Shiao Voon was appointed to the Board on 22 August 2019. She is the Executive Director and Group Chief Financial Officer of Mi Technovation Berhad.

She holds a Bachelor of Accounting from University of Malaya. She has more than 25 years of experience in financial management, financial shared services, ERP system implementation, cost & budgetary control, human resource management relating to manufacturing industries.

Madam Yong Shiao Voon started her career in 1994 as an Accountant in CGPC Fabrication (M) Sdn Bhd, a foreign-owned plastic fabrication manufacturer. She was then promoted to Plant Accountant of its overseas investment in Shanghai, Tamco Switchgear (Shanghai) Co. Ltd. She left the company in 2001 and joined Danisco Malaysia Sdn Bhd which is foreign-owned company in the food ingredients industry as the Finance Manager. In 2013, she joined Hitachi Asia Ltd in Singapore as the SAP Consultant, in charge of the SAP system implementation within the Financial Shared Service Centre for the subsidiary companies of the Hitachi Group in South East Asia.

In 2016, she joined Mi International Pte Ltd as the Financial Controller, overseeing the financial & administrative functions of the company & its subsidiaries. During this period, she involved heavily in the floatation process to bring the Group successfully listed on the main board of Bursa Malaysia in June 2018. Prior to joining the Group again in January 2019 as the General Manager of Mi International Pte Ltd, she went for 6 months' sabbatical leaves due to personal reason.

In March 2019, Madam Yong Shiao Voon was appointed as the Chief Financial Officer of the Group, leading the overall support function of the Company, including Corporate Finance & Legal, Corporate HR & Admin and Corporate IT & Security. She is also responsible for leading the Environmental, Social and Governance ("ESG") initiatives for the Group.



TAN BOON HOE

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE	NATIONALITY	GENDER
65	MALAYSIAN	MALE

Mr. Tan Boon Hoe was appointed to the Board on 29 August 2017. He is the Independent Non-Executive Director of Mi Technovation Berhad. He is also the Chairman of Audit & Risk Management Committee and a member of Remuneration Committee and Nomination Committee of the Company.

He is a member of Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA"). He is a certified public accountant with more than 40 years of experience in auditing, accounting, assurance and advisory engagements.

In 1977, he joined Deloitte Malaysia (formerly known as Kassim Chan & Co) as an Audit Assistant. He was in the audit division of the firm and was progressively promoted to various positions in the firm before he was made an Audit Partner in 1995. He was principally involved in providing assurance and advisory services to corporate clients, both public listed and privately held. He served Deloitte Malaysia for 36 years until his retirement in 2013.

In 2013, Mr. Tan Boon Hoe set up Boonhoe & Loo Malaysia and assumed his role as a Partner. Since then, he is responsible for providing auditing, due diligence, advisory and other accounting related services.

Profile Of Directors (Cont'd)



Mr. Lim Shin Lid was appointed to the Board on 01 July 2020. He is the Independent Non-Executive Director of Mi Technovation Berhad. He is also the Chairman of Nomination Committee and a member of Audit & Risk Management Committee and Remuneration Committee of the Company.

He graduated with a Bachelor of Laws (Hons.) from the University of Sheffield in 1998 and obtained Master of Laws (Maritime Law) from King's College, University of London in 1999. He was called to the Bar of England and Wales in 2000 and is a Barrister-at-Law at the Honourable Society of Lincoln's Inn. He was admitted as an Advocate & Solicitor of the High Court of Malaya in 2001.

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

LIM SHIN LID

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE	NATIONALITY	GENDER
45	MALAYSIAN	MALE

Additional Information:

Directorship in other Listed Issuers/Public Companies:

None of the Directors hold any directorships in other public companies and/or listed issuers, except for Mr. Tan Boon Hoe, who is currently an Independent Non-Executive Director of Uchi Technologies Berhad and IQ-group Holdings Berhad.

Family Relationship:

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

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

Conflict of interest:

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

Conviction for Offences:

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

Imposition of Public Sanction or Penalty:

None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020 ("FY2020").

Attendance of Board Meetings:

The attendance of the Directors at Board Meetings and Board Committee Meetings for the FY2020 is disclosed in the Corporate Governance Overview Statement.



Profile Of Key Management

MONG WENG KHOON
GENERAL MANAGER OF
MI EQUIPMENT (M) SDN BHD

AGE
50

NATIONALITY
MALAYSIAN

GENDER
MALE

Mr. Mong Weng Khoon graduated with a Bachelor of Engineering and obtained a Master of Engineering (Mechanical/Artificial Intelligence), both from University of Malaya.

He has over 26 years of experience in semiconductor, electronics and OSAT manufacturing, with wide technical and leadership roles from technology development, advanced automation, design excellence, NPI program management and engineering labs.

He began his career with Intel Technology in 1995 as a process NPI engineer and worked his way to be the Senior Engineering Manager before he left Intel to join NXP/NEXPERIA Semiconductors, China as Senior Manager in 2014. He then joined ASE/USI SiP Operation, Shanghai in 2017 as Director to lead NPI engineering process R&D, program management, DFM, supplier technical development and customers' roadmap collaboration. Prior to joining Mi Equipment (M) Sdn Bhd, he held the position of Senior Director (Asia Regional) in Advanced Manufacturing Engineering at Flextronics Manufacturing Ltd.

Mr. Mong Weng Khoon joined Mi Equipment (M) Sdn Bhd in February 2021 as the General Manager, responsible for overall Malaysia site operations and business strategic planning for the Company.

TEO CHEE KHEONG
GENERAL MANAGER OF
SUZHOU MI EQUIPMENT CO LTD

AGE
48

NATIONALITY
SINGAPOREAN

GENDER
MALE

Mr. Teo Chee Kheong graduated with a Bachelor of Engineering (Chemical) from National University of Singapore.

He has over 22 years of experience in electronics, semiconductor and engineering-related industries with vast experience in manufacturing operations, business development, sales and marketing as well as service support activities.

He started his career in 1998 as an engineer with Pentax-Schweizer Electronics Pte Ltd. and has since then growing his career and held key positions in various organizations both locally and internationally. Prior to joining Mi Group, he was the General Manager of TOT (Suzhou) Engineering Co Ltd and responsible for charting overall growth, market positioning, operations and profitability of the company.

Mr. Teo Chee Kheong joined Mi International Pte Ltd as Sales & Service Support Senior Director in 2016 and subsequently promoted as the General Manager of the company in 2019. He has been appointed as the General Manager of Suzhou Mi Equipment Co Ltd in January 2021, tasked to setup the engineering centre and manufacturing facilities in China.

Profile Of Key Management (Cont'd)



PARK JAE SHIN
GENERAL MANAGER OF
MI EQUIPMENT KOREA CO LTD

AGE
46

NATIONALITY
KOREAN

GENDER
MALE

Mr. Park Jae Shin graduated with a Bachelor of Mechanical Design from Chungnam National University, Korea.

He has over 21 years of experience in semiconductor, mechanical design engineering system and laser application technology development as well as business development, sales and management activities.

He began his career in 1997 at KC Tech Co Ltd as Mechanical Design Engineer and in 2000, he joined Win Tech Co Ltd as Mechanical Design Manager. In 2005, he joined Jeong Won Technical Co Ltd as General Manager focused in developing laser application system. Thereafter, he became the Chief Executive Officer of REX Tech Co Ltd in 2016, involving in the development of laser assisted bonder.

Mr. Park Jae Shin was appointed as the General Manager of Mi Equipment Korea Co Ltd in January 2020. He is tasked to setup the engineering centre in Korea, focused in the development of bonding system for semiconductor industry.

WONG MING NEE
SENIOR DIRECTOR,
CORPORATE FINANCE &
INVESTOR RELATIONS

AGE
46

NATIONALITY
MALAYSIAN

GENDER
FEMALE

Ms. Wong Ming Nee graduated with a Bachelor of Accounting from University of Malaya and obtained a Master of Business Administration from Universiti Utara Malaysia. She is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and Malaysian Institute of Accountants ("MIA").

She has over 21 years of experience in financial management with in-depth knowledge and track record of accomplishments in planning, organising, controlling, and monitoring financial resources with a view to achieve organizational goals and objectives.

She started her career as Tax Assistant in Ernst & Young Tax Consultants Sdn Bhd in 1999 and was an Assistant Manager before leaving Ernst & Young to join Globetronics Sdn Bhd as Senior Finance Officer in 2005. She then joined Ipsen Industrial Furnaces Sdn Bhd in 2010 as Finance Manager and left the company in 2013. Prior to joining Mi Group, she held the position of Head of Finance Operation and then promoted to Chief Financial Officer of AirAsia Global Shared Services Sdn Bhd.

Ms. Wong Ming Nee joined Mi Equipment (M) Sdn Bhd as Finance and Administration Senior Manager in 2017 and promoted as Finance Director thereafter. She involved in the floatation process which resulted in the successful listing of Mi Technovation Berhad on the Main Market of Bursa Malaysia. She has then been appointed as the Corporate Finance & Legal Director of Mi Technovation Berhad in January 2019 and was promoted to Senior Director in April 2021, in charge of corporate finance, corporate exercise and investor relations related matters of the Group.

Additional Information:

None of the Key Management:

- (i) hold any directorship in other public companies and/or listed issuers;
- (ii) has any family relationship with any other Director and/or major shareholder of the Company;
- (iii) has any conflict of interests with the Company;
- (iv) has been convicted of any offence (other than traffic offences) within the past five (5) years; and
- (v) has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2020.



Chairman's Statement

DEAR SHAREHOLDERS,

The world we live in is changing at a quicker pace than ever. That said, change is inevitable and societies need to adapt. Technology continues to play an increasingly crucial role as we adapt to the future. During 2020, the pandemic has accelerated the adoption of technology in our daily life and we have seen spikes in the use of virtual meetings for business and personal interactions, supply chains seeking for quicker and more effective ways to transfer goods and materials, and businesses are increasingly reliant on big data to make business decisions. Demand for advanced technology and development will continue to be the driving force for the semiconductor market and Industry 4.0 technologies such as 5G, AI, and automation.

Technology continues to play an increasingly crucial role as we adapt to the future. Being a technology company, anchored by proven business model and propelled by forward-focused strategy, we are set to boost our future prospects.



LEE BOON LENG

INDEPENDENT NON-EXECUTIVE CHAIRMAN



Performance Review

At Mi Technovation Group, we have progressed with great caution throughout 2020. Keeping ourselves on our toes throughout the year as new developments continue to take place across the region, I am pleased that we managed to deliver revenue growth of close to 20%, at RM229.0 million. The growth was mainly derived from our Semiconductor Equipment Business Unit ("SEBU"). The Automation & Robotics Business Unit ("ARBU") also delivered encouraging performance. The Group recorded a pre-tax profit of RM55.7 million and profit after tax of RM53.7 million, within the guided range at 24.3% and 23.5%, respectively.

Financial performance is not the only facet of Mi Technovation Group's value creation. In order to ensure sustained value generation over the short, medium, and long term, good governance culture and ethical work practices are fundamental to our business. Proper management of sustainability-related risks and opportunities surrounding our business is also key to delivering our value as a responsible corporate citizen. This is why we are committed to the continuous improvement of our group-wide governance framework pertaining to matters including culture, communication and reporting, sustainability, and risk management, amongst others.

We have paid a first single tier interim dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2020 on 23 November 2020 amounting to a total payout ratio of 41.7% which is in line with our dividend policy of at least 20% of our annual audited profit after tax.

The Year Ahead

Development gap created in 2020 is expected to fuel recovery in 2021 across various industries. That said, the extent and pace of the recovery remains to be clouded with uncertainties such as geopolitical tensions, new variants of the COVID-19 virus, and progress of vaccination programmes. On top of that, fundamental changes to our livelihood and business environment may arise due to the pandemic. Hence, it is vital that we exercise caution and diligence while we continue to pursue operational efficiency and deepen our market penetration. We are also pleased that the move into our own manufacturing facilities in Bayan Lepas and Batu Kawan prepares us with the capacity and infrastructure to capture further market demand as the opportunity arises.

Acknowledgements

On behalf of the Board and Management, I would like to extend my appreciation to the former Chairman, Mr. Foo Hee Chaik and former Executive Director, Mr. Koay Huck Khim both of whom retired from the Board on 1 July 2020. I would also like to extend a warm welcome to Mr. Lim Shin Lid who has joined us on 1 July 2020.

The Board would express our sincere gratitude to the Group's stakeholders – our valued customers, shareholders, business partners and associates for their continuous support and trust, and our employees and the Management team for their committed effort in driving the Group forward.

Lastly, I would like to personally thank my fellow Board members for their contributions and collective leadership to the Group.

LEE BOON LENG

Independent Non-Executive Chairman



CEO's Statement And Management Discussion & Analysis



While managing the business sustainability and shaping our future, we are always committed to adopting a “Balanced Stakeholder Interest” approach for the betterment of our stakeholders and business success. We aim to fairly distribute the economic value that we create through our business to our stakeholders as a responsible business.

OH KUANG ENG
EXECUTIVE DIRECTOR /
GROUP CHIEF EXECUTIVE OFFICER

1. 2020 Overview

In 2020, the overall global economic and industry environment was filled with challenges particularly due to the COVID-19 pandemic. We managed to demonstrate resilience and adaptability through 19.8% growth in revenue and continuous strengthening of our financial capital, manufacturing capital, intellectual capital, and human capital, amongst others.

Semiconductor Equipment Business Unit (“SEBU”)

Our engineering centre in Korea has been completed and commenced operations. Our achievements in building and upgrading our manufacturing facilities in Bayan Lepas and setting up of overseas engineering centres in Taiwan and Korea in the past year had established the necessary infrastructure for the Group to pursue future growth while the engineering centre in China is underway.

Progress has also been made through the launching of our new vision inspection machine for wafer, system in package (“SiP”), and flip chip package, an infrared inspection system which is able to cater for a wide range of inspection needs and high throughput. New product development initiatives continued to be launched during the year as we seek to continue delivering new technological capabilities to the market.

CEO's Statement And Management Discussion & Analysis (Cont'd)



1. 2020 Overview (cont'd)

Semiconductor Material Business Unit

In the fourth quarter of 2020, we have kick-started the proposed acquisition of Accurus Scientific Co., Ltd., a Taiwan-based company producing solder balls which are widely used for advanced packaging in the semiconductor industry. This is our first move of penetrating into different product segment within the semiconductor industry which enables the Group to establish business integration and synergize the combined strengths for future growth.

Automation and Robotics Business Unit ("ARBU")

2020 has seen the completion of our facility in Batu Kawan (namely "Home 2") and the commencing of operations by our ARBU in Home 2. The ARBU is to explore a wider business scope beyond semiconductor industry and will serve as our incubator for transforming technological ideas into successful commercial product for subsequent mass production by other business units with manufacturing facilities within the Group.

2. Review of Financial Performance and Position

The Group has seen a growth of 19.8% to RM229.0 million during the financial year ended 31 December 2020 ("FY2020"), compared to RM191.1 million in FY2019. The revenue growth is supported by demand from our customers in the North East Asia region, particularly in Taiwan, China and Korea, which remained robust due to a recovery in global semiconductor demand amid the COVID-19 pandemic and other geopolitical tensions.

In FY2020, our revenue was derived mainly from 9 countries, led by Taiwan, China, and Korea. Malaysia and USA took the fourth and fifth position respectively. The Group has well-managed the customer concentration and market distribution where the top five countries in which the Group has physical presence contributing more than 90% of the total revenue for FY2020.

Our SEBU remained to be the largest contributor of the Group with RM221.4 million revenue. Performance of the business unit was led by our flagship Mi Series and new Vi Series which remains driven by regional investment in wafer level chip scale packaging ("WLCSP") manufacturing capacity.

ARBU, on the other hand, recorded a revenue of RM7.6 million, marking significant growth since commencing pre-operation in 2019. Growth of the ARBU was driven by the *OTO Series* and the *KOBOT Series* launched in 2019 and 2020 respectively.

Against a guided range for gross profit margin ("GPM") of between 40 – 50%, the Group recorded a GPM of 43.6% in FY2020 at RM99.7 million. This is lower than the 48.6% recorded in FY2019 mainly due to different product and geographical sales mix as well as long term supply chain strategy to form a Profitable Mi Eco System (PMES). Consignment of machineries to our subcon is one of the approaches to build local strength.

The Group recorded a profit before tax ("PBT") of RM55.7 million representing a PBT margin of 24.3% which is within our guided range between 20 – 30%. PBT decreased by RM3.8 million or 6.4% compared to the previous financial year due to aggressive expansion, increase in research and development investment, higher sales and marketing expenses for new products and business units as well as better employee welfare and benefits. Unrealised loss on foreign exchange amounted to RM0.6 million was recorded for FY2020.

The Group's effective tax rate for FY2020 was 3.6% which is higher than 0.6% in FY2019 due to temporary difference arising from qualifying building expenditures on the Bayan Lepas and Batu Kawan facilities. For FY2020, the Group reported a profit after tax ("PAT") of RM53.7 million, as compared to RM59.2 million in FY2019, after accounting for a tax expense of RM2.0 million. Basic Earnings Per Share ("EPS") is calculated at 7.24 sen for FY2020 compared to 7.91 sen in FY2019.



CEO's Statement And Management Discussion & Analysis (Cont'd)

2. Review of Financial Performance and Position (cont'd)

The net cash position of the Group remains healthy at RM58.5 million after accounting for RM44.8 million paid in dividend during the financial year under review. Quick ratio was recorded at 4.7 at the end of FY2020, down from 5.5 in the previous year mainly due to the dividend pay-out, our expansion plans in overseas as well as the increase in inventory by RM21.6 million to mitigate supply chain impacts during the financial year.

The Group's total borrowings amounted to RM5.1 million and gearing remained minimal at 0.01 times. Net asset ("NA") increased by 2.2% to RM388.3 million and NA per share was recorded at 52 sen as of 31 December 2020.

3. Business Overview and Review of Operating Activities

The Group's business is mainly categorised into two business units, as follows:

Business Unit	Subsidiary(ies)
Semiconductor Equipment Business Unit	(i) Mi Equipment (M) Sdn Bhd ("Mi Equipment Malaysia") (ii) Mi Equipment (Taiwan) Co Ltd ("Mi Equipment Taiwan") (iii) Mi Equipment Korea Co Ltd ("Mi Equipment Korea") (iv) Suzhou Mi Equipment Co Ltd ("Mi Equipment China")
Automation & Robotics Business Unit	Mi Autobotics Sdn Bhd ("Mi Autobotics")

Semiconductor Equipment Business Unit ("SEBU")

The SEBU represents our principal business as a leading manufacturer of equipment for the semiconductor industry, including equipment used during assembly and packaging, vision inspection, die bonding and final test processes.

Leveraging on our engineering and technical expertise, we design and develop our in-house brand series, as follows:

Assembly and Packaging Equipment	
Mi Series	Used for die sorting from wafer to carrier tape for bare die, bump/ flip chips, and WLCSP
Vision Inspection Equipment	
Vi Series	Semiconductor inspection system equipped with visible/ invisible light and laser inspection system designed for both external and internal defects inspection
Die Bonding Equipment	
Ai Series	Laser assisted bonding (LAB) and laser compression bonding (LCB) system for precision bonding on extra fine pitch package for high performance chip.
Final Test Equipment	
Si Series	Final test system for system level and fine pitch package as well as automotive chip testing under high current and voltage.

CEO's Statement And Management Discussion & Analysis (Cont'd)



3. Business Overview and Review of Operating Activities (cont'd)

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

Mi Series WLCSP die sorting machine is our flagship product. WLCSP is one of the most advanced packaging technology used in the semiconductor industry due to its strength in performance and cost advantages. This package has been widely used in smartphones, tablets, and other applications which require high functionality, mobility and low power consumption in small form factor. Revenue for FY2020 continued to be driven strongly by our *Mi Series*, especially the *Mi40* model WLCSP sorting machine. The *Mi40* model, which was launched in 2019, continued to be well received by our customers as it offers high speed and specification, allowing greater processing efficiency to meet the increasingly demanding requirements for complex semiconductor manufacturing and packaging.

We have also launched the new models for the *Vi Series* to capture opportunities from high-end flip chip as well as SiP and 2.5D packages on the silicon defects inspection process. The qualification process on the demonstration machines for this new model has been successful and the machines start selling during the year.

Guided by our strategic plan to boost capacity utilisation by 2023, we have implemented more aggressive sales and marketing strategies and focused on building stronger customer relationships, on top of continuous development and release of new products.

Automation & Robotics Business Unit ("ARBU")

The ARBU is involved in the manufacturing and sales of factory automation systems, robotics systems and software with artificial intelligence ("AI") contents used across a variety of industries adopting Industry 4.0 technology.

The establishment of the business unit is part of the Group's business strategy to diversify and expand the range of our products beyond the semiconductor industry while leveraging on similar business model and our technical and engineering skills.

Having established operations and commenced research and development in 2019, we managed to launch our *OTO Series* during the same year and *KOBOT Series* in the following year.

OTO Series	Factory automation systems and solutions
KOBOT Series	Stationary and mobile robots to replace human activities, mainly on transportation, handling of materials and data transmission.

Home 2 was officially completed in May 2020 and *Mi Autobotics* commenced operation in Home 2 since June 2020. During FY2020, the ARBU recorded a revenue of RM7.6 million. Our products, the *OTO Series* and *KOBOT Series*, were gaining momentum toward the end of the financial year as we continue to receive enquiries from customers contemplating automation solutions in pursuit of operational efficiency.

Engineering Centres and Research and Development

We have engineering centres locally and overseas to carry out research and development activities and other product development initiatives for the Group, particularly for the SEBU. Prior to the setup of overseas engineering centres, all research and development activities of the Group were undertaken in our Penang engineering centre. In the past two years, we embarked on a project to establish engineering centres in Taiwan, Korea, and China. These countries have leading technologies in the areas of semiconductor and setting up engineering centres in these countries gives us direct exposure to the evolving technology trends, top players, and a larger pool of talents.



CEO's Statement And Management Discussion & Analysis (Cont'd)

3. Business Overview and Review of Operating Activities (cont'd)

Engineering Centres and Research and Development (cont'd)

Our first overseas engineering centre was set up in Hsinchu, Taiwan in 2019, while the second in Suwon, Korea was established in early 2020 through Mi Equipment Korea. Transfer of product development activities from the Penang engineering centre to these overseas engineering centres had also been completed. Affected by the COVID-19 pandemic, the setting up of our third overseas engineering centre in Suzhou, China is currently underway, and is expected to be completed by second quarter of 2021.

Research and development plans are devised for each of our engineering centres to enable their focus attention on specific product segments. The Hsinchu Engineering Centre will focus on vision inspection equipment, the Suwon Engineering Centre on the die bonding equipment, while the Suzhou Engineering Centre on the final test equipment. The Penang Engineering Centre continues to focus on the research and development of the sorting and taping equipment with more advanced technology contents.

Considering the potential benefits from having closer proximity to customers and possible technical collaboration, we are also incorporating manufacturing capabilities in our overseas engineering centres.

The Group has quadrupled its research and development investments from RM992,000 in FY2019 to RM4.0 million in FY2020. As of 31 December 2020, we have successfully registered another patent bring our total number of patents to 5, with another 22 pending.

4. Business Sustainability

We manage our business and operations considering various factors including risks and opportunities relating to strategic, operational, financial, economic, environmental, and social aspects.

Overall, adoption of new technologies such as 5G, Internet of Things, and AI are expected to drive the semiconductor in the coming years. The ever-changing business technology and requirement for fast-paced adoption by players along the industry supply chain will remain to be a challenge for many. In order to keep ourselves in the forefront of the semiconductor manufacturing technology, SEBU adopt a two-pronged strategy by establishing our overseas engineering centre in locations closer to our customers and leading technology players, as well as technology collaboration with key IDMs and OSATs.

Besides aggressively involved in the semiconductor manufacturing equipment business, the Group has embarked on acquisition of Accurus Scientific Co. Ltd. ("Accurus Scientific") aiming to penetrate in the semiconductor material supply chain. With both Semiconductor equipment and material technology, the group will stand at a better position for future growth.

On top of our continued focus on research and development investments and efforts, we also remain active in keeping ourselves abreast of industrial and technological developments through active participation in industry events. We are regular participant of Semicon Taiwan and Semicon SEA. During FY2020, we only participated in Semicon Taiwan due to COVID-19 impact.

The Group's establishment of ARBU is to participate in the development of technologised future world such as Fintech, Green Tech and Industry 4.0. Besides developing the automation and robotics system complementary to SEBU products in the semiconductor industry, the ARBU also heavily invests in the development of AI technology both in software and hardware.

The impact of COVID-19 in 2020 has been unpredictable in many ways as the governments of different countries and states responded differently, affecting the businesses and operations across our supply chain and customers. Disruption in the global supply chain is one of the more significant impacts especially during first half of the year due to various movement restriction orders introduced by governments to curb the spread of COVID-19. Similarly, in Malaysia, various degrees of movement control orders ("MCOs") by the federal and state governments had affected operations causing production interruptions and deferment of shipments. We also ensured our operations comply with the applicable COVID-19 standard operating procedures prescribed by the government to safeguard the safety and health of our people.

CEO's Statement And Management Discussion & Analysis (Cont'd)



4. Business Sustainability (cont'd)

Through our Emergency Preparedness and Response Plan, we have reviewed our operations and value chain to incorporate measures to further enhance operational resilience, including, amongst others, increasing our inventory and incorporating physical distancing measures in our offices, facilities, and operations. These measures, together with the less restrictive MCOs towards the end of year, allowed us to pick up momentum during second half of the year.

As we move into FY2021, a few COVID-19 vaccines had already begun to reach the global population gradually. The effect of a global recovery from the COVID-19 pandemic may bring about a paradigm shift to semiconductor industry market behaviour and demand. We are constantly keeping ourselves abreast of latest trends and market behaviour to ensure our corporate strategy and plans remain relevant.

Management of Sustainability, Risk Management, and Governance Matters

Our management of sustainability risks and opportunities for the Group is guided by a materiality process which is in line with the sustainability disclosure requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Efforts and resources are prioritised for the management of matters which are material to the Group, and broadly categorised into two themes: Intellectual Property & Data Security and Quality Assurance. The process is further supported by our risk management and internal control systems which is built upon the Group's Enterprise Risk Management ("ERM") Framework. The performance of our management of material sustainability matters is discussed in our Sustainability Statement in this Annual Report.

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

5. Outlook and Prospects

While 2020 continued to be dominated by uncertainties and impact of COVID-19 and geopolitical and trade tensions, the global semiconductor equipment market has seen a continued expansion into 2021 with China, Taiwan, and Korea projected to lead regional capex investments.

With our overseas engineering centres in China, Taiwan, and Korea, we believe we are well positioned to capture growth and build our intellectual capital for future adaptation and relevance in the industry. Our proposed acquisition of Accurus Scientific Co Ltd which was announced on Bursa Malaysia on 18 December 2020 is intended to further augment the Group's value chain integration through enhanced access to supply chain players and customers.

6. Concluding Statement

2021 is expected to be a year of recovery for the global economy. Nevertheless, we have to be cautious due to possible paradigm shift in market and consumer behaviour causing fundamental changes to business environments across industries. In the face of such challenges, the Group is cautiously optimistic on its business prospects for the financial year ending 31 December 2021.

We remain committed to creating value for our customers, shareholder, employees, and other stakeholders by delivering quality products and services managed through ethical and profitable business operations, supported by strong business fundamentals and technological capability, supported by healthy financial positions.



2020 Event Highlights

Amid the pandemic, events carried out by the Company during FY2020 were mostly in-house activities for employees as well as the relocation of facilities, while social events involving community were limited. We are mindful of the COVID-19 prevention measures and protocols and always ensure strict compliance when organizing our in-house events.

Launching of Laundry Service: 6 January 2020 HOME 1, BAYAN LEPAS



Our “Drop-n-Go” laundry service commenced its operation on 6 January 2020 at Home 1, Bayan Lepas. This indeed has granted hassle-free services from washing, drying to ironing, to all employees. Our friendly laundry aunty takes good care of the hygiene & cleanliness of employees’ clothing and always ensure to complete all jobs within the committed delivery schedule.



Launching of in-house restaurant, Sky Oasis: 14 February 2020 HOME 1, BAYAN LEPAS

In conjunction with the Valentine’s Day celebration, we have also launched our in-house restaurant the Sky Oasis located at Level 4 of Home 1. All employees were overwhelming with the sweet atmosphere while enjoying the scrumptious breakfast for the 1st time at the new restaurant. We continue to provide free & nutritious breakfast, lunch and tea break daily for all the employees. The restaurant becomes an ideal place for our employees to brainstorm and get-together during lunch hour too.



Mi Autobotics Moving to New Plant: June 2020 HOME 2, BATU KAWAN



Mi Autobotics, our automation and robotics business unit, has successfully relocated from Bayan Lepas Technoplex to the new plant with larger facilities in Batu Kawan, namely Home 2. The new facility provides Mi Autobotics with much needed space to accommodate its future growth.



2020 Event Highlights (Cont'd)



2020 Semicon Taiwan: 23-25 Sep 2020 TAIPEI NANGANG EXHIBITION CENTER, TAIWAN



Our subsidiary, Mi Equipment (M) Sdn Bhd, participated as an exhibitor in SEMICON Taiwan 2020, the 2nd largest semiconductor trade show in the world together with other 550 world leading exhibitors. Despite the adverse impact from the COVID-19 pandemic, the event was able to attract more than 37,000 visitors from all over the world in various microelectronics industries. We showcased our latest technology in various packaging inspection equipment and automation equipment with higher-spec mode to potential customers and industry leaders.



Festive Celebrations with Employees

In year 2020, various festive celebrations were organized for and with the employees to get them engaged and motivated at the workplace, such as Lunar New Year, Hari Raya, Mid-Autumn, Hari Deepavali and Christmas. Our office was filled with glory, lively and cheerful air of festivity while employees were enjoying delicious feasts and gifts during the seasons of joy.



Giving Back to Community



As a giveback to the local community, we have participated in "Computer Equipment Donation to Needy Students" by donating 13 laptops and 2 desktops to the students in need thru Vaidurya Buddhist Lodge. We also organised a "Recycle For Life" program to collect and donate the recycled items with some cash contribution to Eden Handicap Service Center.





Sustainability Statement

ABOUT THIS STATEMENT

INTRODUCTION AND SCOPE

The Board of Directors (“Board”) of Mi Technovation Berhad (“Mi Technovation” or the “Company”) is pleased to present this Sustainability Statement (this “Statement”) for the financial year ended 31 December 2020 (“FY2020”) which discusses the business sustainability of Mi Technovation in various aspects including economic, environment and social.

Our Statement is prepared in accordance with the relevant sustainability disclosure requirements of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”) and has considered the Sustainability Reporting Guide 2nd Edition and its accompanying Toolkits published by Bursa.

The reporting scope of this Statement mainly focuses on the Group’s core business and operating activities, namely the Semiconductor Equipment Business Unit (“SEBU”) which is operated under the Group’s subsidiary Mi Equipment (M) Sdn. Bhd. (“Mi Equipment”).

HOW WE CREATE VALUE

OPERATING LANDSCAPE

The global demand for advanced technology and deeper integration of technology in people’s lives continues to take place as we speak. One of the key elements in such technologies is the use of semiconductors, also generally known as chips, which is used extensively in technological devices and equipment across a wide range of industries and consumer products. Global deployment and adoption of 5G are also expected to drive semiconductor demand. On top of that, automation, robotics in Industry 4.0 with big data processing and AI technologies are also seeing greater adoption by businesses and industries for their efficiency and precision.

In November 2020, World Semiconductor Trade Statistics (“WSTS”) estimated a 5.1% global sales growth in 2020 and projected 8.4% growth in 2021. The global semiconductor industry has demonstrated strong demand in 2020, which was mainly due to sudden surge in electronic devices for work and study from home as a consequence of the COVID-19 pandemic besides the deployment of 5G. Restructuring of supply chain ecosystem due to geopolitical tensions is also another positive factor for semiconductor supply chain. Adoption of Green Tech and electric vehicle (“EV”) had further boosted the semiconductor demand which led to global chip shortage today.

2020 has also presented a persuasive business case on Industry 4.0 as businesses across the world are seeing disruptions in supply chain, manpower, and even business continuity. Inaction in keeping up with technology is no longer merely a loss of opportunity but it may become a business continuity risk.



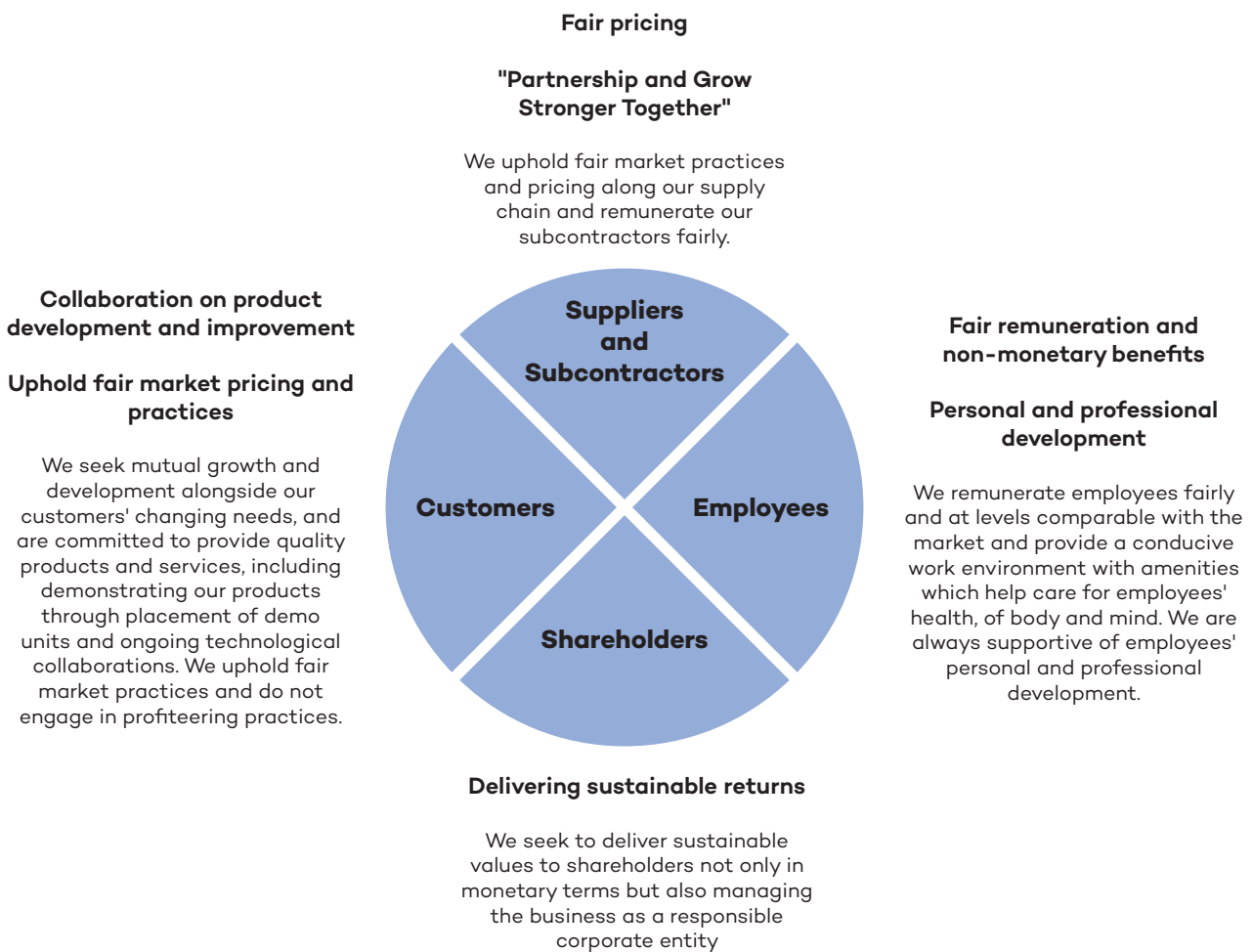
HOW WE CREATE VALUE (CONT'D)

MANAGING OUR BUSINESS WITH STAKEHOLDERS IN MIND

We aspire to create value not only for the Group's shareholders but also for other stakeholders who are equally important to us. Maintaining a balanced stakeholder relationship management for the Group also helps to create a better environment that supports business sustainability in the long run.

We carry out our business in alignment with the following strategic stakeholder focuses which incorporated our stakeholder assessment and prioritisation, as well as the objectives and interests of key stakeholders. Equal attention and efforts are given to each of these stakeholders' interest, as they are equally important to us.

We aim to fairly distribute the economic value that we create through our business model to our stakeholders as a responsible business.



Strategic Stakeholder Focuses



OUR SUSTAINABILITY INITIATIVES

GOVERNANCE IN SUSTAINABILITY MANAGEMENT

In effectively integrating sustainability considerations into Mi Technovation's business strategies, the Board sets the strategic direction for the Group's sustainability, ensuring the Group's business incorporates economic, environmental, and social considerations. Mi Technovation's Top Management, led by the Chief Executive Officer and assisted by the Chief Financial Officer, spearheads the implementation of sustainability strategies approved by the Board and reports the performance to the Board.

Top Management oversees the Group's sustainability management and progress through the Sustainability Working Group ("SWG") which comprises representatives of each key function and department. The implementation, targets, and performance of sustainability measures in the Group's day-to-day operations are the responsibilities of the SWG. The SWG also oversees the review, management, and engagement of stakeholders in the Group's operations. Top Management provides leadership to the SWG to ensure sustainability efforts across various functions and departments of the Group are aligned with the Group's sustainability strategies.

The governance structure for Mi Technovation Group's sustainability management is summarised as follows:





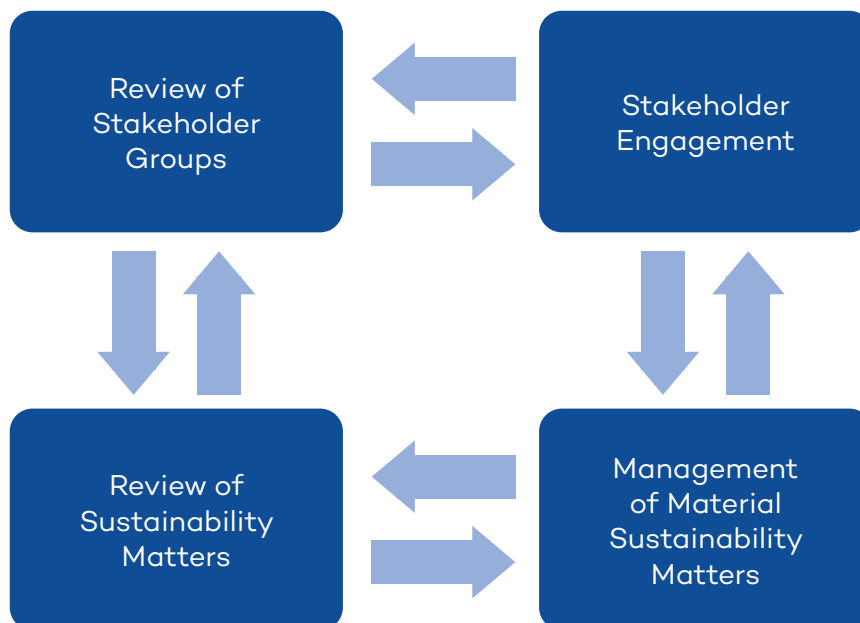
OUR SUSTAINABILITY INITIATIVES (CONT'D)

OUR SUSTAINABILITY MANAGEMENT APPROACH

Guided by the Listing Requirements and the Sustainability Reporting Guide 2nd Edition and its accompanying Toolkits, we have adopted a sustainability management approach which is based upon the concept of materiality – where the Group prioritises the management of sustainability matters which it deems to be material, i.e. matters which reflect the Group's significant economic, environmental, and social impacts and those which substantively influence the assessment and decisions of the Group's stakeholders.

The Group has in place a structured materiality assessment process to identify the Group's material sustainability matters. Apart from business considerations, the materiality assessment process also considers the views and concerns of our key stakeholders obtained through the Group's ongoing stakeholder relationship management efforts. Led by Top Management, the SWG carries out the materiality assessment process, and its outcome is reviewed and endorsed by the Board.

Management efforts and measures are devised to address each material sustainability matter and the SWG is responsible for their implementation across the respective functions or departments of the Group. Ongoing management of sustainability matters and continuous engagement with stakeholders enable us to create and communicate shared value with our stakeholders. Views and comments arising from continuous stakeholder engagement are further considered in the Group's assessment of its business sustainability, risks, and opportunities.





Sustainability Statement (Cont'd)

OUR SUSTAINABILITY INITIATIVES (CONT'D)

MANAGING OUR STAKEHOLDER RELATIONSHIPS

We engage with our stakeholders appropriately through a range of platforms from face-to-face meetings to surveys. During FY2020, due to the various stages of Movement Control Orders (“MCOs”) imposed by the federal and state governments, we have reduced face-to-face engagements while leveraging on online platforms to continue carrying out engagement activities with our stakeholders.

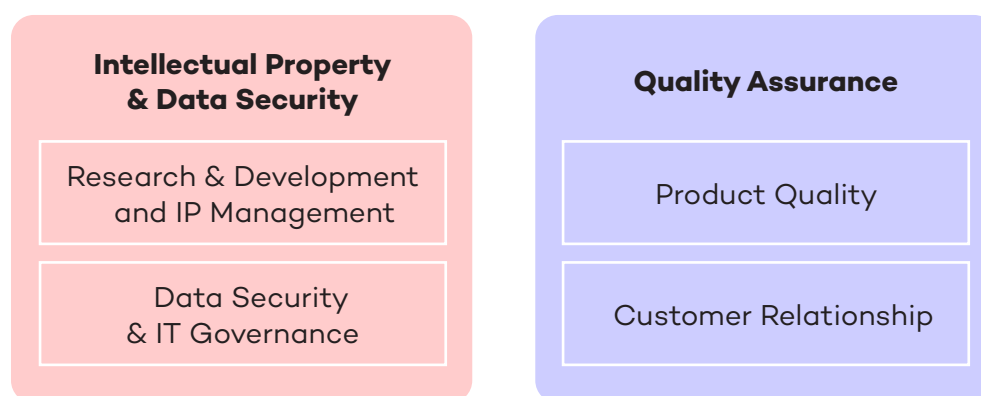
Our stakeholder engagement activities during FY2020 and the key stakeholder concerns are summarised in the following table.

Stakeholder Group	Engagement Channels	Sustainability Matters relevant to Stakeholders' Concerns						
		Research & Development and IP Management	Data Security & IT Governance	Product Quality	Customer Relationship	Fair Employment Practices & Talent Development	Supply Chain Management	Giving Back to Community
Directors	<ul style="list-style-type: none"> Quarterly Board meetings Strategy updates and reviews On-going business updates Company related events 	R	R	R	R	R	R	R
Management	<ul style="list-style-type: none"> On-going management updates Monthly Management meetings Company-related events 	R	R	R	R	R	R	R
Employees	<ul style="list-style-type: none"> Employee Manual Handbook Career Performance Review Learning and development programmes Company-related events 					R		
Shareholders/ Investors	<ul style="list-style-type: none"> Annual General Meetings Financial reports Investors' presentation and meetings 						R	
Customers	<ul style="list-style-type: none"> On-site visits Trade fairs and exhibitions Customer training and support Customer Satisfaction Survey 	R	R	R	R		R	
Government	<ul style="list-style-type: none"> Malaysia Employer Federation (“MEF”) membership 					R		
Suppliers and subcontractors	<ul style="list-style-type: none"> Supplier Code of Conduct Supplier assessment On-site visits 		R				R	
Communities/ Societies	<ul style="list-style-type: none"> Corporate website Community programmes Career Fairs 							R
Media	<ul style="list-style-type: none"> Corporate website Press release Press conferences 							R



MANAGING BUSINESS SUSTAINABILITY

Our material sustainability matters and their priorities in relation to managing our business sustainability are categorized under two overarching themes – **(i) Intellectual Property (“IP”) & Data Security** and **(ii) Quality Assurance** – representing a multi-faceted focus to achieve performance and value creation across the short-, medium-, and long-term, as follows.



Overview of FY2020 Performance

Our initiatives and FY2020 performance in relation to managing the Group’s business sustainability are summarised as follows:

Themes	Sustainability Matters	Initiatives	Our Outcomes
Intellectual Property & Data Security	Research & Development and IP Management	<ul style="list-style-type: none"> Patent applications Knowledge sharing platform such as internal technology sharing and engineering forum 	<ul style="list-style-type: none"> Increase in research and development investment 1 new registered patent 2 new patent applications
	Data Security & IT Governance	<ul style="list-style-type: none"> Data Security & IT policies and procedures IT infrastructures with security controls 	<ul style="list-style-type: none"> Zero Data Security & IT-related breaches
Quality Assurance	Product Quality	<ul style="list-style-type: none"> Certified with ISO9001:2015 Quality Management System Quality-related standard operating procedures Quality checks and inspections throughout the manufacturing process 	<ul style="list-style-type: none"> Increase in customer confidence towards our flagship product
	Customer Relationship	<ul style="list-style-type: none"> Demo machines and collaboration with customers on product improvement & development 	<ul style="list-style-type: none"> High customer satisfaction rate Continuing placement of demo units at customers’ sites



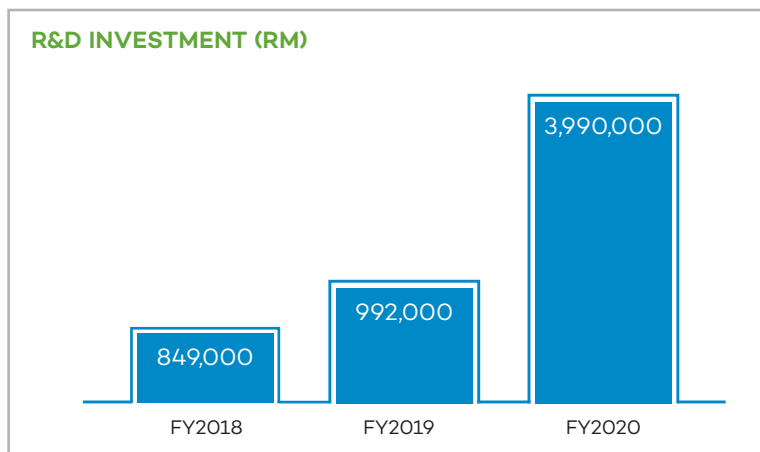
MANAGING BUSINESS SUSTAINABILITY (CONT'D)

THEME 1: INTELLECTUAL PROPERTY & DATA SECURITY

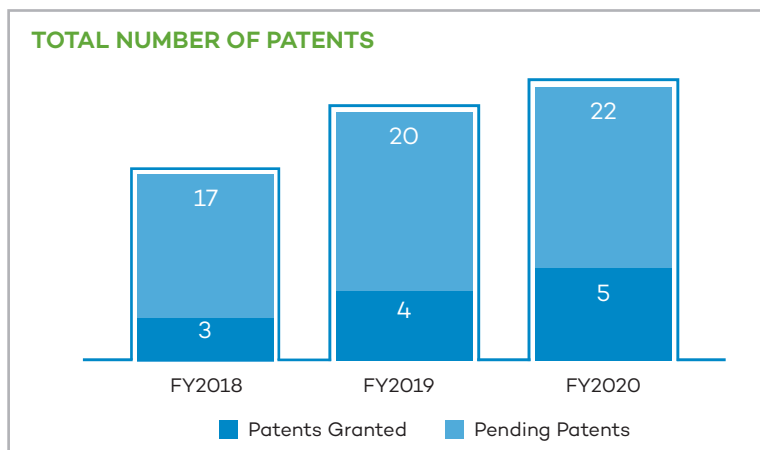
RESEARCH & DEVELOPMENT AND IP MANAGEMENT

As technological requirements and semiconductor capabilities become increasingly demanding, it is paramount for us to remain competitive and relevant in the market by strengthening our intellectual capital through relentless research and development (“R&D”) activities and protection of our intellectual properties.

The Group’s research & development efforts are spearheaded by our Group CEO who works with 99 development engineers who possess a diverse range of relevant expertise and experience through their ongoing engagements with key customers and industry players throughout the Group’s value chain. During FY2020, we have quadrupled our research & development investments in product development and New Product Introduction (“NPI”) to RM3.99 million from RM992,000 in the previous year.



Product designs, manufacturing technologies, and manufacturing processes are proprietary to the Group and shall be safeguarded. Key proprietary technologies are protected via patent registrations. During the financial year under review, we have expanded our portfolio of patents to 5, from 4 in FY2019. There were two (2) new applications, bringing our count of pending patents to 22 as of 31 December 2020. We have not noted any cases of intellectual property infringement in FY2020.





MANAGING BUSINESS SUSTAINABILITY (CONT'D)

THEME 1: INTELLECTUAL PROPERTY & DATA SECURITY (CONT'D)

DATA SECURITY & IT GOVERNANCE

Data security and IT governance have become increasingly important for businesses to safeguard critical information such as intellectual properties and customers' data.

Across our sites, we have established structured IT policies and procedures which govern the access, transfer, and handling of business information. Both preventive and corrective measures are developed, supported by policies and procedures such as IT User Management Procedures and IT Data Back Up and Recovery Policy. Our information and data usage practices are also in line with applicable personal data protection laws such as the Personal Data Protection Act 2010 ("PDPA"). We also ensure our IT infrastructure is equipped with the necessary security controls such as user access control, data encryption, firewall, antivirus, emergency power supply, and data and server backup, amongst others. In addition, our crisis management and disaster recovery plan is supported by High Availability servers, on-site incremental and full back-up, and off-site disaster recovery servers.

Apart from regular internal monitoring of the integrity of our IT infrastructure and systems, we conduct audit and testing of our network security to identify any control lapses and security issues once every two (2) years. The most recent audit was conducted during the financial year and corrective action plans were put in place to bridge any gaps or weaknesses in controls.

The management of the Group's IT management system is led by the Head of IT & Security Department who is also a member of the SWG. Any breaches or IT security issues are required to be reported to the Top Management immediately. We are pleased to report that there were no significant IT breaches for the past three (3) years.



MANAGING BUSINESS SUSTAINABILITY (CONT'D)

THEME 2: QUALITY ASSURANCE

PRODUCT QUALITY

With a vision to become a Solutions Provider of Choice, we strive to provide quality products and services to our customers. Quality management policies and procedures are established to ensure quality and consistency in the products we deliver to our customers. Unless otherwise is specified, disclosures for this material sustainability matter, including management measures and data, mainly cover Mi Equipment due to its materiality.

An overview of our key internal controls for ensuring product quality and safety are as follows:

Internal Controls	Description
In-Process Quality Control ("IPQC") and Quality Assurance ("QA") activities	Internal controls governing the manufacturing process from receiving raw materials to the completion of product manufacturing and delivery of final product. IPQC and QA activities aim to ensure quality consistency and prevent recurrence of issues affecting product quality.
Random Audit Inspection	Weekly inspections or random checks by QA team for objective quality assurance.
Scheduled Audit Inspections	Audit inspections carried out on a yearly basis in alignment with ISO 9001:2015 standards before the conduct of independent audit.
Orientation for New Subcontractors	Orientation programme to educate and familiarise new subcontractors with the Group's general disciplines, safety and health procedures and quality standards, as well as to maintain and uphold common working culture and values across the Group's operations.
3-Month Probation for New Subcontractors	A 3-month probation period whereby new subcontractors are monitored and assessed by supervisors to determine whether they meet the Group's expectations in relation to performance and adherence to Group policies and procedures.
Periodic Recalibration on Measurement Tools	A process to identify, maintain and control measuring and test equipment to optimise production quality, safety, and efficiency.
Two (2) Rounds of Machine Buy-off	Set-up and machine buy-off inspection procedures conducted by engineering team with customer representative before final delivery.
Annual Customer Satisfaction Survey	Formal ongoing engagement with customers to improve the Group's products and services.



MANAGING BUSINESS SUSTAINABILITY (CONT'D)

THEME 2: QUALITY ASSURANCE (CONT'D)

PRODUCT QUALITY (CONT'D)

In-Process Quality Control ("IPQC") and Quality Assurance ("QA") Activities

Our product quality control process begins with all incoming raw materials which are required to undergo quality checks by the Incoming Quality Control ("IQC") teams to ensure materials received match the required specification while defect materials and supplies will be rejected. These processes are governed by our Procurement Purchasing Procedures and Incoming Inspection and Management of Non-Conformity Procedures. Inventory access and movement are also monitored and controlled to safeguard material quality. In supporting a smooth production process, procurement activities are monitored against delivery schedules, inventory levels, and project delivery by production planning personnel and engineers.

The production process is carried out by qualified engineers and guided by policies and procedures designed to ensure quality and consistency. Quality checks and tests are carried out on completed products by the QA Buyoff Team through various stages of buy-off procedures. Quality checks performed include vision inspections, buy-off for electrical parts and components, and inspection of output quality, amongst others. On top of that, issuance of completed products must be supported by QA Certificate of Conformity. Apart from these activities, weekly inspections and random checks by the Quality Assurance Team are also conducted.

The overall manufacturing process is monitored by the Project Management Office ("PMO") which is responsible for overseeing the manufacturing progress including directing effective contingency plans and remedial actions in the event of delays. Since the setup of PMO in 2019, we were able to identify common hiccups and issues to further enhance our manufacturing process and efficiency as well as product quality. The PMO is also responsible for coordinating NPI projects.

All of the above-mentioned measures are formalised as documented procedures. The Manufacturing Director and QA Director play respective roles in managing projects delivery and ensuring the delivery of quality products to our customers.

Quality Management System and Other Certifications

Mi Equipment is certified with ISO9001:2015 and is in the process of obtaining the "Conformité Européenne" or "CE" certification and Semiconductor Equipment and Materials International ("SEMI") S2/S8 certification for future expansion into the European markets.

Certified with ISO9001:2015, Mi Equipment operations are required to be audited by independent auditors yearly. In order to ensure our operational policies and practices are aligned with the standard, we also conduct internal audit inspection and evaluation to prepare ourselves prior to the annual ISO audits.



MANAGING BUSINESS SUSTAINABILITY (CONT'D)

CUSTOMER RELATIONSHIP

We create customer value through providing quality services and support as well as quality products. Our service to customers begins early from the point of contact with potential customers through our trained professional sales personnel. Our sales personnel are equipped with in-depth knowledge of the Group's products to propose solutions to customers' needs. Upon receiving orders from customers, sales personnel updates customers from time to time on the manufacturing and delivery processes.

We have dedicated sales and service teams to serve our customers around the world and to provide after-sales and technical support. During FY2020, our international customers are served by the sales and service teams under Mi International Pte. Ltd. and its subsidiaries, while domestic support in Malaysia is provided by the customer service and support team under Mi Equipment. Our after-sales and technical support include, amongst others, 24-7 customer service, on-site technical support, 2-year warranty, and site visits as requested by customers. Our team of technical personnel maintains close engagement with customers during all stages of design and production, maintains regular contact with their engineers, and assists in the resolution of technical problems.

Our customer service and support personnel are well-trained to assist customers in addressing issues they faced with the Group's products including troubleshooting, advising on proper maintenance procedures, as well as escalating issues to the Customer Quality Engineering ("CQE") teams when on-site services are required. Key issues and common problems faced by customers are further recorded and deliberated by the Management team to seek solutions and to reduce or prevent future occurrence.

We seek feedback from our customers via Annual Customer Satisfaction Surveys and take their feedback seriously as we view both positive and negative feedback as driving forces to better ourselves and enhance value creation for both parties. The Annual Customer Satisfaction Surveys focus on aspects such as cost, lead time, machine performance, product quality, and timeliness of delivery. The survey results are analysed and deliberated at Management meetings where process enhancement initiatives are devised, implemented, and monitored.

During FY2020, we achieved 88% customer satisfaction rate and the summary of process enhancement initiatives are summarised as follows.

Annual Customer Satisfaction Survey Results	
FY2020	88%
	Summary of process enhancement initiatives: <ul style="list-style-type: none"> • Offer yearly or fixed discount rates to returning customers • Reduce lead time through higher production capacity and larger warehouse • Regular follow-up on machine performance by sales and service team • Perform final quality check on products before shipment • Monitor and track progress against committed shipment data and logistic arrangements

We are honoured to have received, once again, the Outstanding Supplier Award from Advanced Semiconductor Engineering Inc. ("ASE"), one of our key customers for the past few years. ASE is widely recognised as one of the top Outsourced Semiconductor Assembly and Test ("OSAT") globally. This award was conferred on us four (4) years in a row.



MANAGING BUSINESS SUSTAINABILITY (CONT'D)

OUR INDUSTRY PRESENCE AND COLLABORATION

Mi Technovation Group maintains a collaborative relationship with suppliers and market players in the industry it operates in. A healthy relationship with industry players helps us increase our market presence and visibility. One of the key platforms is international trade exhibitions and events which provide us with networking opportunities and exposure for our brand name.

Since inception, we are regular participants of the Semicon exhibition organised by the Semiconductor Equipment and Material International which brings together industry elites of the microelectronics industry to facilitate industry connections, collaborations, and knowledge sharing.

Due to the pandemic, we only participated in SEMICON Taiwan which was held in Nangang Exhibition Center, Taipei, Taiwan in September 2020. During the event, which was participated by 550 world leading exhibitors, we have showcased our latest technology in various packing inspection equipment and automation equipment with higher specification.

Year	Key Trade Exhibitions/ Events	Organiser	Location
2020	SEMICON Taiwan	Semiconductor Equipment and Material International	Taipei, Taiwan
2019	SEMICON SEA		Kuala Lumpur, Malaysia
	SEMICON Taiwan		Taipei, Taiwan
2018	SEMICON SEA		Kuala Lumpur, Malaysia
	SEMICON Taiwan		Taipei, Taiwan



ETHICAL OPERATIONS

Overview of FY2020 Performance

Our initiatives and FY2020 performance in relation to managing our operations ethically as summarised below:

Sustainability Matters	Initiatives	Our Outcomes
Fair Employment Practices & Talent Development	<ul style="list-style-type: none"> Ongoing employee engagement Training Needs Analysis and Career Performance Review Employee wellness and benefits 	<ul style="list-style-type: none"> Increase in employees' satisfaction Investment in technical skills training and career development programmes Provision of free laundry service and free meals for all employees
Supply Chain Management	<ul style="list-style-type: none"> Supply chain – related policies and Supplier Code of conduct Supplier and subcontractor evaluation Approved Vendor List Local procurement 	<ul style="list-style-type: none"> Performance evaluation of suppliers and subcontractors 64% local procurement Strong cohort of local supplier partnership – “Grow Stronger Together” through fair pricing & sharing of resources
Giving Back to Community	<ul style="list-style-type: none"> Corporate Social Responsibility activities Greenery at Home 1 	<ul style="list-style-type: none"> Computer Equipment Donation to Needy Students during MCO Recycle for Life 2020 Repainting road curbs along Bayan Lepas Technoplex

SUPPLY CHAIN MANAGEMENT

Suppliers, including other business parties such as subcontractors, are part of the key enablers of our value creation process. We seek to build sustainable and healthy business relationships with our suppliers to facilitate the delivery of long-term business value.

Supply Chain Governance

The Group has established a Supplier Code of Conduct. Amongst others, the Supplier Code of Conduct provides an acceptable level of demonstration of business responsibility by suppliers on environmental and social matters such as human rights, anti-corruption and bribery, safety and health, and environmental protection and preservation.



ETHICAL OPERATIONS (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

New Suppliers and Annual Evaluation of Supplier and Subcontractors

New suppliers are assessed via a set of established criteria including relevant ISO certification, delivery lead time, pricing, and credit terms. The assessment criteria are customised for different supplier categories based on operational needs and requirements. To ensure multi-faceted view is obtained, the assessment may need to consider the input of personnel from the Engineering, Supplier Quality Engineer ("SQE"), or Manufacturing functions, as applicable.

We have embarked on a Vendor Development Programme in 2019 which marked the establishment of our annual supplier evaluation that aims to assess our suppliers based on aspects such as technical capability, cost, quality, flexibility to support modification request, and on-time-delivery performance. The annual supplier evaluation is guided by a set of Supplier Performance Evaluation Procedures. The evaluation serves as a benchmarking tool for the Group to ensure its suppliers registered in the Approved Vendor List ("AVL") are up to the expected performance standards.

Similarly, our subcontractors, who provide wiring & assembly services are evaluated on a yearly basis by the production team. Criteria considered in the evaluation include safety, quality of work, technical capability, productivity, punctuality, and capability to support overtime requirements.

The outcome of evaluation is communicated with the respective suppliers and subcontractors and further improvement actions are devised, where required, through Supplier Corrective Action Reports ("SCAR"). These action plans are further monitored and followed up in accordance with our Correction Action Procedures.

Strengthening our Supply Chain Management

As part of our initiative to strengthen our supply chain, we conduct regular engagements with suppliers to identify mutually beneficial development programmes which commonly include knowledge sharing and capability training sessions.

During FY2020, we continue to carry out regular capability training with our standard parts vendors, as follows:

- Vendor Managed Inventory: A training programme on best practices for inventory management based on forecasted data; and
- Inventory Planning: A training programme on best practices for storing basic module items with a lead time of more than four (4) weeks.

In 2020, we have also kick-started the auditing program on our key material suppliers and established a dual-source supplier strategy for critical material supplies.



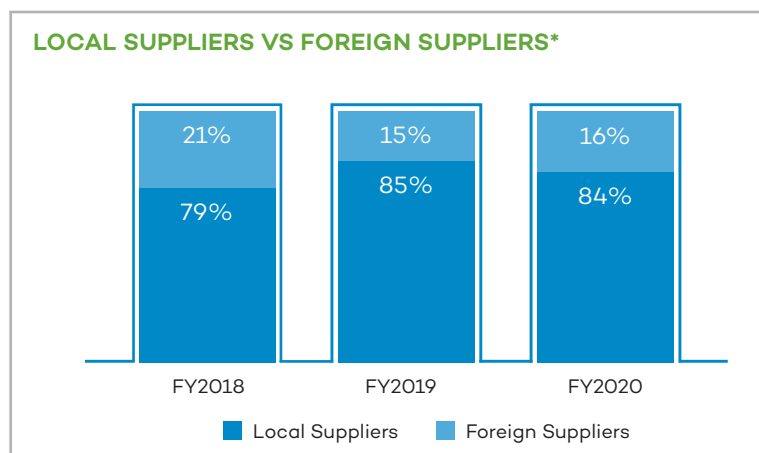
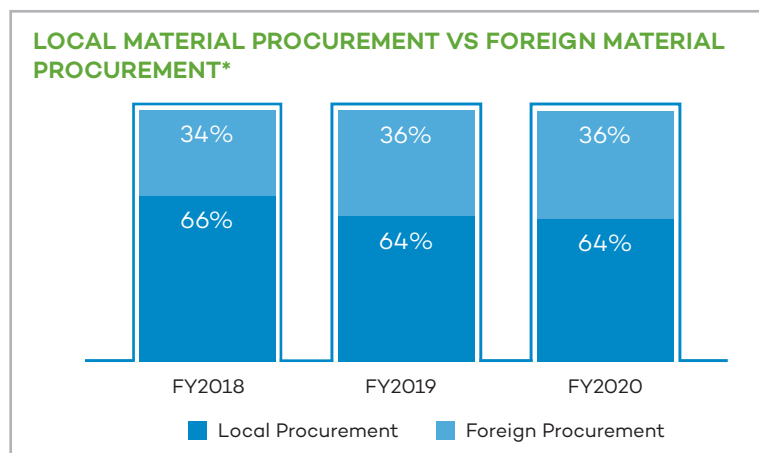
ETHICAL OPERATIONS (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

Local Procurement and Local Supplier Engagement

Material purchase represents a significant portion of our procurement activities. Where practical, we prefer sourcing our materials from local suppliers (i.e. from suppliers based in Malaysia) as we have been benefitting from sourcing locally, such as in the aspects of delivery time and cost, and it helps us manage our supply chain risks better. Some of the common materials and supplies procured include metals, cables and wires, computer components, etc. which can be obtained locally.

During FY2020, our local material procurement represents 64% of overall procurement across all operations of the Group and local suppliers represent around 84% of our suppliers, consistent with our average for the past three years.



Note: * Data reported covers the procurement of the entire Group (including all operations of the Group)



ETHICAL OPERATIONS (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

Building Long-term Relationship with Suppliers and Subcontractors

Through our regular engagement platforms, we endeavour to achieve a mutually beneficial long-term relationship with our suppliers. Since our inception in year 2012, the average years of relationship with our material suppliers and subcontractors is approximately 5-6 years, and we target to continue increasing this figure as we grow.

Over the years, we have established many mutually beneficial collaborative relationships with our suppliers and subcontractors. This includes machinery consignment for our suppliers in aiding them to expand their production capacity. Through the healthy collaborative relationship, we can gain dedicated services and being positioned as a priority customer by the supplier. In the long run, this will help us to produce high quality and cost-efficient products.

	Average years or relationship	2018	2019	2020
Material Suppliers and subcontractors	6	237	287	232

Note: Data reported covers the entire Group (including all operations of the Group)

Conducive Workspace, Basic Amenities and Facilities for Our Subcontractors

Our subcontractors providing the wiring and assembly services on-site at Home 1 are provided with conducive workspace, basic amenities, and facilities such as pantry and shaded carparks for their comfort in performing daily work operations in Home 1. The appropriate workplace amenities and facilities is essential for the basic welfare of our subcontractors in line with our balanced stakeholder focus on supply chain.

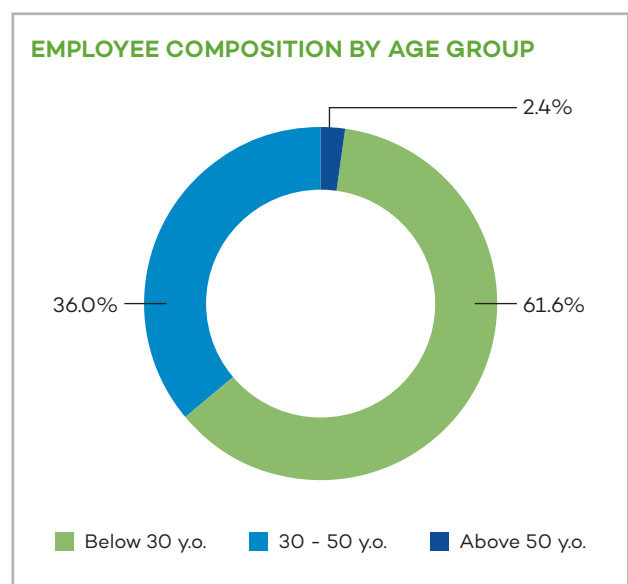
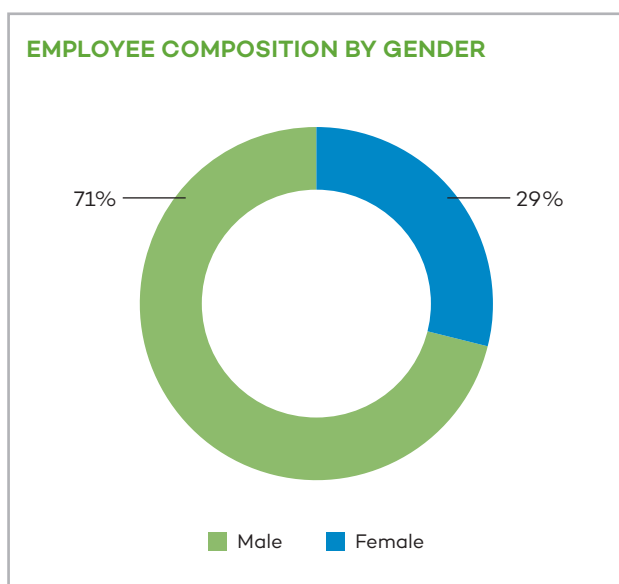
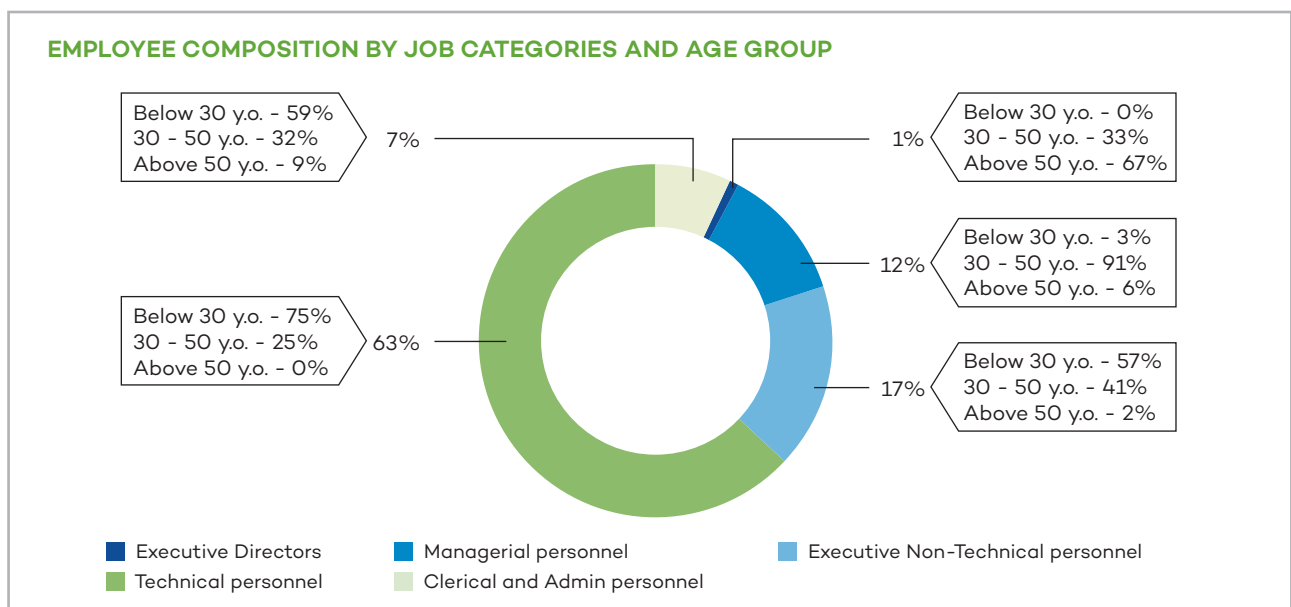


ETHICAL OPERATIONS (CONT'D)

FAIR EMPLOYMENT PRACTICES & TALENT DEVELOPMENT

In Mi Technovation Group, we are committed to creating a workplace that champions diversity and inclusiveness. The Human Resources Department spearheads the delivery of this commitment within the Group. Our people development and management processes are guided by the Group's Employee Handbook and policies and procedures on career development, recruitment, training and development, compensation and benefits, and performance management and disciplinary.

As at 31 December 2020, the Group has a total number of 292 employees across its operations in Malaysia. The Group's employee categories, age group, and gender percentage are as follows.





ETHICAL OPERATIONS (CONT'D)

FAIR EMPLOYMENT PRACTICES & TALENT DEVELOPMENT (CONT'D)

Diversity and Inclusion

Our workforce mainly comprises employees below 30 years old at 61.6% of total workforce followed by 36.0% aged between 30 to 50 years old and 2.4% aged above 50 years old. Our current workforce has a male to female employee ratio of 7:3. The diverse demographic we have in our workforce brings a balanced quality of energetic dynamic, experience and skills, and creativity and innovation in pursuing our Vision.

Ongoing Engagement with Employees

We engage with our employees through various channels. These include the Group's intranet which provides a portal to the materials of the Group including newly introduced policies and procedures, news updates, Group events, the Group's Display Board, HR newsfeed, access to Corporate HR Helpdesk, and others.

An overview of the Group's key employee engagement channels and platforms are as follows:

Employee Engagement Channels	
Employee Engagement Channels	Description
Code of Conduct for Management and Employees, Employee Handbook, and other Group documents	Sets out the expected performance and acceptable behaviour and conduct for all employees
Employee Induction Programme	A comprehensive programme for new joiners, covering topics such as company profile, fundamentals of Human Resources, Quality, Safety and IT-related modules
New Employee Confirmation Review	Sharing session between Human Resource and new recruits to understand concerns or issues faced with regard to job scope, working environment, and employee welfare
Career Performance Review	Career Performance Review conducted with team leader or superior to discuss appraisee's performance for the year and identify potential areas which may be improved upon by the Group and the appraisee
Exit Interview	1-on-1 interview session between Human Resource and employee to obtain feedback and discuss areas of improvement for the Group
HR Newsfeed	e-newsletter on the latest HR-related news such as announcements, past and future corporate events, and useful links to Group policies and procedures
Display Board	Announcements on latest corporate initiatives such as community service engagements, festival celebrations and other internally organised events
Corporate HR Helpdesk	A centralised platform to communicate with the HR personnel via phone call or Group HR email
Employee Gatherings	Corporate-organised initiatives such as festival celebrations, community service engagements and social gatherings Note: Due to COVID-19 preventive measures, gatherings and events were limited during FY2020



ETHICAL OPERATIONS (CONT'D)

FAIR EMPLOYMENT PRACTICES & TALENT DEVELOPMENT (CONT'D)

Local Recruitment

When recruiting, we prioritise local recruitment while placing emphasis on the required skills and competencies. Currently, approximately 99% of our workforce are local hires, i.e. recruitment of Malaysian citizens in our Malaysian operations.

We continue to source for talents to work with us and one of the initiatives is to partner with learning institutions and universities to offer internship programmes to local tertiary education students. For FY2020, we have active internship programmes with 9 interns who are given the opportunities to work and gain experience across various functions of the Group.

We also participate in career fairs organised by higher education institution to expose the Group to new graduates, opening up an opportunity for them as well as for ourselves.

Career Development and Progression

We support the career development and progression of employees to create better work satisfaction to retain talents, as well as ensuring a continuity of highly skilled and technical professionals who are crucial to our business. Our approach towards employees' career development is enabled through our various initiatives, summarised as follows:

Career Development Opportunities



Succession Planning

A process to groom high performing employees through taking the lead of various operations within the Group and active participation in discussions for decision making



Mentoring/Coaching

A programme where a junior member is mentored by a senior employee through on-the-job learning and training



Formal Induction Programme

A comprehensive programme for new joiners, covering topics such as company profile, fundamental of Human Resources, Quality, Safety and IT-related modules



Career Path Matrix

Available of structured career path matrix for potential employee's progression opportunity



Education Assistance Scheme ("EAS")

A programme to sponsor employees pursuing postgraduate studies/professional qualifications



Group Sponsored Training

In-house and external training programmes for employees to acquire relevant industry knowledge and technical skills



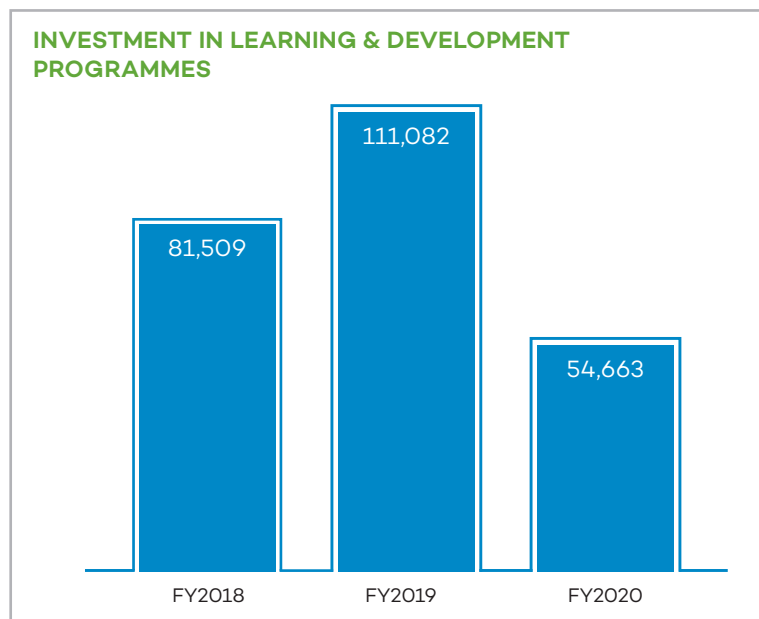
ETHICAL OPERATIONS (CONT'D)

FAIR EMPLOYMENT PRACTICES & TALENT DEVELOPMENT (CONT'D)

Learning and Development

Internal development and growth are equally important to the development of the Group's human capital. We encourage our workforce to continuously develop themselves, sharpen their skills, and upskill themselves. Annually, our Human Resources Department conducts a Training Needs Analysis ("TNA") to match the core competencies and skills present in our employees against those required for the Group to achieve its Vision and business strategies.

Our overall training provided for our employees in Malaysia during FY2020 has decreased to RM54,663 from RM111,082 in FY2019 due to lower training costs incurred for training courses conducted online amid the COVID-19 pandemic.





ETHICAL OPERATIONS (CONT'D)

FAIR EMPLOYMENT PRACTICES & TALENT DEVELOPMENT (CONT'D)

Learning and Development (Cont'd)

The training topics carried out in our FY2020 learning and development programmes are summarised as follows:

Training Topics	Description	Targeted Employee Category
Programming	Programming knowledge such as C# syntax, .Net structure, and data structures	Engineers
Technical software	Training on the use of technical software and how to leverage on software capabilities to assist in production	Mechanical Engineers
Technical hardware and equipment	Training on the use of hardware and equipment used in the manufacturing process, especially new equipment	Engineers and QC Technician
Calibration & Maintenance of Measuring & Test Equipment	Technical knowledge on specialised areas such as metrology, laboratory management system, calibration and traceability of measuring & test equipment	Engineers
Product training	Training and update on supplier products	Engineers
New technology	Knowledge update on new technologies and technological trends in the market and their application. For example, updates on new vision and lens products, the development and application of AI, and smart manufacturing processes.	Engineers (including Software, Vision, AI Engineers)
Data processing software	Provide essential skills in utilising spreadsheet software in a day-to-day business environment. For example, Microsoft Excel.	Employees
National Budget	Updates on 2021 national budget and stimulus package	HR, Finance, Admin
Financial management skills	Training on the skills and methodologies used in financial planning and management. For example, cash flow planning and management.	Finance
Industry 4.0	Understanding the digital structure change and how to implement consistent and reliable manufacturing network	Business Development
Customs-related rules and regulations	Overview of the latest amendments on the Royal Malaysian Customs Department ("RMCD") legislation, customs procedures, and classification of goods	Logistic
Auditing skills	Training on the skills and methodologies for performing audits	QMS
Project management skills	Training on project management skills and addressing common project management issues	PMO









ETHICAL OPERATIONS (CONT'D)

FAIR EMPLOYMENT PRACTICES & TALENT DEVELOPMENT (CONT'D)

Employee Health and Wellness

To encourage our employees to take good care of themselves and maintain a healthy lifestyle, we provide comprehensive health benefits to our employees.

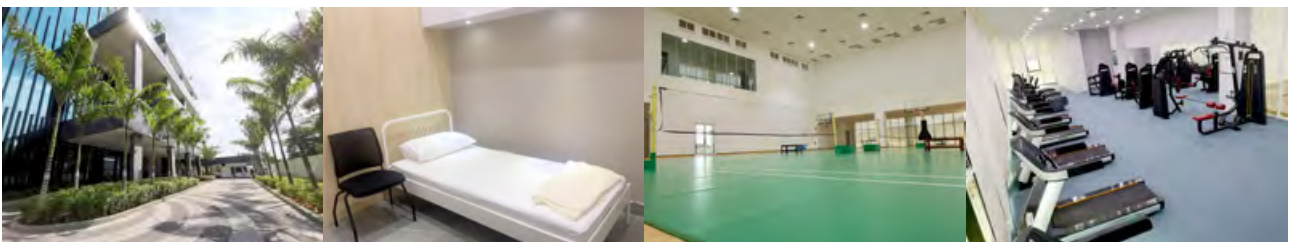
Health and Wellness Benefits Provided to Employees

	<p>Hospitalisation Coverage</p>		<p>Panel Clinic Coverage</p>
	<p>Medical Health Screening for Employees and Family Members</p>		<p>Group Personal Accident Plan</p>
	<p>Dental Treatment and Optical Care</p>		<p>Sports Complex, Laundry, and in-house Cafeteria</p>

We support and promote the maintenance of work-life balance amongst our employees. In our Home 1 which is designed to incorporate lush greenery, we have a vast sports complex, gym facilities, and a medical clinic. We also provide medical and lactation room for mothers and sick employees. During the financial year under review, we have commenced our free-of-charge “Drop-n-Go” laundry service and free breakfast, lunch, and tea at our in-house cafeteria.

During FY2020, the Group’s health and wellness initiatives focused on supporting our employees to live with the current living environment which is largely restricted by COVID-19 prevention measures such as the various degrees of MCOs imposed by the federal and state governments, limited outdoor activities, new hygiene practices such as mask-wearing and hand sanitising practices.

We provided talk sessions for employees on how to cope with MCOs physically and mentally, encouraging employees to remain physically active, and provided guidance on self-care and maintaining a healthy body. On top of that, we continued our Restriction of Overtime Work on Sunday programme which was launched in 2019.





ETHICAL OPERATIONS (CONT'D)

GIVING BACK TO COMMUNITY

As a responsible corporate citizen, we acknowledge the role we can play in contributing and giving back to the community. While having limitations due to MCOs, we still managed to carry out a few meaningful community activities during FY2020.

The Group's key CSR programmes and contribution during the financial year under review are summarised as follows.

CSR Programme	Description
Computer Equipment Donation to Needy Students	Mi Technovation Group supported a project called the "Computer Equipment Donation to Needy Students" by donated thirteen (13) laptops and two (2) desktops to Vaidurya Buddhist Lodge, aiming to support needy students for their home-based learning during MCO periods.
Recycle for Life 2020 in conjunction with contribution to Eden Handicap Service Center	<p>The "Recycle for Life" program aims to enhance awareness and practice of 3R activities, i.e. reduce, reuse, and recycle, among employees, in addition to helping the less fortunate. All fund and items were contributed to Eden Handicap Service Center, a non-profit organisation.</p> <p>The program includes a small scale, simple Christmas celebration with Eden Handicap Service Center and a RM20,000 contribution for the re-furnishing of the center's kitchen which is used for preparing meals for over 100 pax of community members of the center.</p>
Sponsorship for the Virtual Marketplace Portal	The portal is launched by the E&E Productivity Nexus ("EEPN") to promote Malaysian companies to the international market, especially in support of the E&E industry in the midst of recovery from the economic downturn. The Group contributed RM10,000 to the development of the portal.
Penang Science, Technology, Engineering and Mathematics ("STEM") Step Up Initiative	<p>A collaborative effort between the Penang STEM Sdn. Bhd. and Pejabat Pendidikan Daerah Timur Laut, ("PPDTL"). Step Up is a programme aiming to inspire lower secondary students in pursuing higher education and careers in science, technology, engineering and mathematics.</p> <p>Initiated in 2019, Mi Technovation Group continued to deliver its commitment to support the project until December 2020. The Group has made the contribution amounted to RM25,000, with the allocation of RM5,000 per quarter to fund the programme for a period of 15 months (October 2019 – December 2020).</p>



ETHICAL OPERATIONS (CONT'D)

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS (“SDGS”)

The SDGs are 17 development goals included in the United Nations (“UN”) 2030 Agenda for Sustainable Development, focusing on issues the global community needs to address in the implementation of the global shared blueprint for peace and prosperity for people and the planet, now, and into the future. One of the key factors determining the way a business organisation can contribute to the SDGs is the industry it operates in and the sustainability strategies it adopts.

In summary, Mi Technovation has identified and contributed to the following SDGs areas:

	<p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Some of Mi Technovation Group’s key initiatives relevant to this SDG include:</p> <ul style="list-style-type: none"> • incorporating ESG considerations in supply chain management; • majority of materials procured locally; • upholding fair market practices and pricing; • conducive and safe working environment for employees and subcontractors; • support and promote work-life balance; and • providing employees wellness & benefits through various initiatives.
	<p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p> <p>Some of Mi Technovation’s Group’s key initiatives relevant to this SDG include:</p> <ul style="list-style-type: none"> • incorporating ESG considerations in supply chain management; • involve in the business of semiconductor equipment and automation which contributes to the development of future technology; and • continuing collaboration with customers in product and technological improvement and development.
	<p>Goal 17: Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development</p> <p>Some of Mi Technovation Group’s key initiatives relevant to this SDG include:</p> <ul style="list-style-type: none"> • working together with suppliers to improve their performance; • continuing collaboration with customers in product and technological development; and • active participation in Semicon SEA and Semicon Taiwan.

CONCLUSION

Mi Technovation Group continues to be mindful of business sustainability risks and opportunities, including existing and emerging ones, and is committed to continue delivering value to its stakeholders. The Group will continue to uphold its corporate responsibility and manage the key economic, environmental, and social aspects of business sustainability to create sustained value in the long run.



Corporate Governance Overview Statement

The Board of Directors (“The Board”) of Mi Technovation Berhad (the “Group” or the “Company”) recognises the importance to conduct good corporate governance practice and is committed to ensure the sustainability of the Group’s business and operation by integrating good governance ethics and business integrity into the operations and strategies of the Group.

This Corporate Governance Overview Statement (“the Statement”) is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and guided by the principles of the Malaysian Code on Corporate Governance (“MCCG”) and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia.

The Statement provides an overview of the Company’s corporate governance practices throughout the financial year ended 31 December 2020 (“FYE 2020”) and it should be read together with the Corporate Governance Report which is accessible on the Company’s website at <https://mi-technovation.com> and via an announcement on Bursa Malaysia’s website.

Corporate Governance Approach

The Board firmly believes that dynamic corporate governance framework is crucial to provide a solid foundation and structure for effective and responsible decision-making of the Group.

The Group’s overall approach to corporate governance is to:

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

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

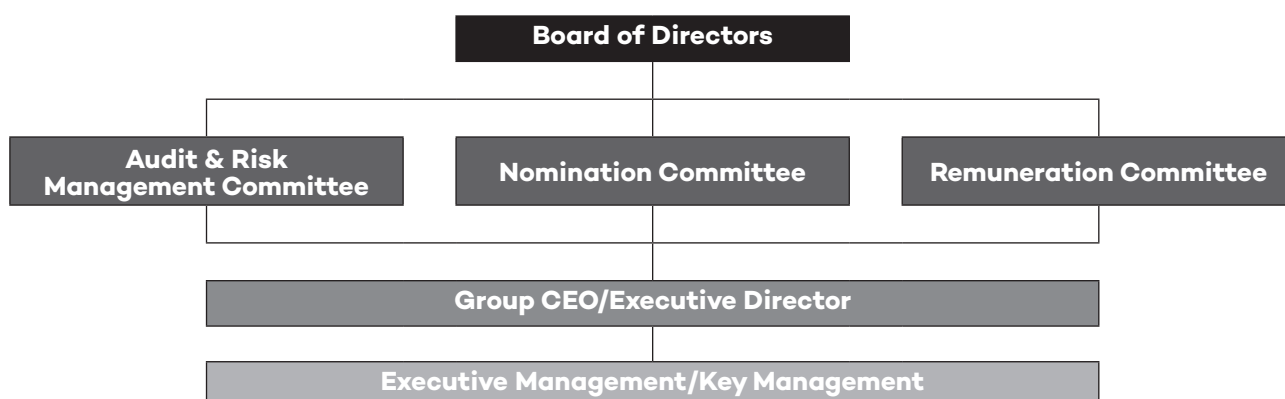
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

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

- ≈ Review and adopt strategic plans for the Group to ensure the strategies promote sustainability within the aspects of environment, social and economy;
- ≈ Oversee the conduct of the Group’s business and build sustainable value for the shareholders;
- ≈ Identify principal risks on a continuous basis and ensure implementation of appropriate internal controls, risk management framework and effective mitigation measures; and
- ≈ Direct and review the anti-corruption compliance programme and whistleblowing policy and procedure.

The governance structure of the Group is illustrated below:



Corporate Governance Overview Statement (Cont'd)



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

BOARD RESPONSIBILITIES (cont'd)

The Board is guided by a Board Charter, which set out the duties and responsibilities of the Board. The Board Charter further defines the respective roles of the Chairman of the Board, the Chief Executive Officer (“CEO”) and the Non-Executive Directors.

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

The Chairman leads the Board effectively on all aspects of its role and setting the overall Board agenda.

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

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

Board Committees

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

≈ Audit & Risk Management Committee (“ARMC”)

ARMC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices. The ARMC oversees the integrity of the financial statements in compliance with legal and regulatory requirements and applicable accounting records, and financial reporting practices of the Company and its subsidiaries. The ARMC also assists the Board, among others, to oversee the Group’s external and internal audit functions, review any related party transactions and the relevant procedures to ensure compliance with the Listing Requirements.

≈ Nomination Committee (“NC”)

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

≈ Remuneration Committee (“RC”)

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



Corporate Governance Overview Statement (Cont'd)

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

BOARD RESPONSIBILITIES (cont'd)

Board Committees (cont'd)

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

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

BOARD COMPOSITION

The Board consists of qualified individuals with a broad balance of skills, knowledge, experience, background, independence and diversity. The Board comprised five (5) members, i.e. the Independent Non-Executive Chairman, two (2) Executive Directors and two (2) Independent Non-Executive Directors. Based on the review of the Board composition in 2020, the Board agreed to maintain the right Board size at five (5).

The profiles of each Board member are set out on pages 6 to 9 of the Annual Report.

The present composition of the Board is in compliance with paragraph 15.02 of the MMLR which requires at least one third (1/3) of the Board members to be Independent Director, and in compliance with Practice 4.1 of the MCCG as the Board has a composition which comprises 60% Independent Directors. Appointment of Board member are based on objective criteria, merit and with due regard for diversity in skills, experience, age, nationality, cultural background and gender which comply with Practice 4.4 of MCCG.

Pursuant to Paragraph 7.26 of the MMLR, an election of Director shall take place each year and all Directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

During the FYE 2020, all Directors were provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant bodies. The directorships held by any Board member at any one time do not exceed five (5) in listed companies pursuant to paragraph 15.06(1) of the MMLR.

Board Meetings, Meeting Materials & Access to Information

To discharge the Board's duties and responsibilities, the Board met ten (10) times during FYE 2020. When urgent and important decisions need to be taken between the scheduled Board meetings, Board approvals will be sought via circular resolutions of the Directors.

Prior to the meetings of the Board and the Board Committees, agenda and Board papers are circulated to all the members for meeting preparation. The Board papers, among others, include the minutes of previous meetings, Group's quarterly financial statements, all relevant information on matters requiring its consideration, Directors' share-dealings, and regulatory compliance matters.

Corporate Governance Overview Statement (Cont'd)



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

BOARD COMPOSITION (cont'd)

Board Meetings, Meeting Materials & Access to Information (cont'd)

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

The attendance at Board Committee Meeting for the FYE 2020 are outlined below:

Directors	AGM/EGM	Board	ARMC	RC	NC
Executive Directors					
Mr. Oh Kuang Eng	1/1	10/10			
Mr. Koay Huck Khim (Retired on 1 July 2020)	1/1	3/3			
Ms Yong Shiao Voon	1/1	10/10			
Independent Non-Executive Directors					
Mr. Foo Hee Chaik (Retired on 1 July 2020)	1/1	3/3	3/3	1/1	2/2
Mr. Lee Boon Leng	1/1	10/10	5/5	2/2	3/3
Mr. Tan Boon Hoe	1/1	10/10	5/5	2/2	3/3
Mr. Lim Shin Lid ¹ (Appointed on 1 July 2020)		6/6	2/2	1/1	1/1

Note 1: Mr. Lim Shin Lid attended all Board Committee Meetings held subsequent to his appointment to the Board on 1 July 2020.

Annual Assessment

Annual assessment has been conducted by the NC on 19 February 2021 towards the effectiveness and independence of the Board and Board Committees. The evaluation involves individual Director completing separate evaluation questionnaires regarding the processes of the Board and its Board Committees, their effectiveness and improvement opportunities, where necessary. Further, a peer assessment is conducted where Directors assess the performance of their fellow Directors as a whole, and the contribution of each individual Director including his time commitment, skills, knowledge, character, experience, professionalism and integrity. These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then tabled at the Board Meeting held thereafter. All assessments and evaluations carried out by the NC are properly documented.

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



Corporate Governance Overview Statement (Cont'd)

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

BOARD COMPOSITION (cont'd)

Directors' Training

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

The following training programmes were attended by the Directors during the FYE 2020:

Directors	Details of Programme
Mr. Oh Kuang Eng	Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries SEMICON TAIWAN 2020
Ms Yong Shiao Voon	Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries
Mr. Tan Boon Hoe	Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries National Tax Budget 2020 Covid-19: Impact on Financial Instruments Technical Update on IFRS (MFRS) 2020
Mr. Lee Boon Leng	Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries
Mr. Lim Shin Lid (Appointed on 1 July 2020)	Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries Mandatory Accreditation Programme (MAP)

Remuneration

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

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

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

On 19 February 2021 and 20 April 2021, the RC undertook the review of Board Remuneration. The Board approved the recommendation by the RC in respect of the revisions to the Board Remuneration which include Directors' fees and meeting attendance allowance payable to Directors. The Board Remuneration will be put forth to the shareholders at the forthcoming Annual General Meeting for their approval.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) and categorized into appropriate components for the FYE 2020 were set out in the Corporate Governance Report 2020.

Corporate Governance Overview Statement (Cont'd)



PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Management Committee

The ARMC is established by the Board to provide a robust and comprehensive oversight on the financial matters and comprises three (3) members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR. The Chairman of ARMC, Mr. Tan Boon Hoe is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out in its Terms of Reference (“ToR”) approved by the Board and is available on the Company’s website. A review on the terms of office and performance of the ARMC for FYE 2020 had been conducted by the Board, through the Nomination Committee on 19 February 2021. The Board was satisfied that the ARMC had discharged its duties in accordance with the ToR.

An ARMC Report detailing its composition and a summary of activities during the FYE 2020 was set out on pages 53 to 56 of this Annual Report.

Assessment of External Auditors

The Board, through the ARMC, maintains a transparent and professional relationship with the external auditors. In respect of FYE 2020, the ARMC had held three (3) meetings with the external auditors on their audit plan & scope, key audit matters, the result of the audit, and the Auditors’ Report. In addition, the ARMC held one private session with the external auditors without the presence of the Executive Directors and Management to enable exchange of views on issues requiring attention.

The ARMC conducted an annual assessment and evaluation of the External Auditors including the integrity, capability, professionalism, work ethics, and determined whether to re-appoint the current External Auditors. In support of the assessment on independence, the External Auditors assured their independence throughout the conduct of audit engagement in accordance with the relevant professional and regulatory requirements. With due consideration, the ARMC satisfied with the External Auditors’ performance and will continue recommending the Board to seek shareholders’ approval at the forthcoming AGM, to ratify the re-appointment of BDO PLT as the External Auditors for financial year 2021.

Further details of the activities of External Audit function are set out on page 55 under the ARMC Report of this Annual Report.

Risk Management and Internal Control Framework

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

During the FYE 2020, the Group outsourced the internal audit function to KPMG Management & Risk Consulting Sdn Bhd (“KPMG”) with the risk based internal audit plan which has been approved by ARMC. The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practices Framework (“IPPF”) issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work. All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

A Statement on Risk Management and Internal Control of the Group detailing the activities and the state of Risk Management and Internal Control Framework during the FYE 2020 was set out on pages 57 to 60 of this Annual Report.



Corporate Governance Overview Statement (Cont'd)

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

Communication with Stakeholders

The Group is committed to maintain a quality, timely, clear and accurate dissemination of relevant and material information on the Group's performance, financial position and development of the Group to the stakeholders and investment community.

The Group has in place an investor relations function. All communications with analysts, investors and media briefings are channelled through the investor relations section. Currently, the Group is making use of various communication channels which includes the quarterly results announcements, quarterly investor's briefing, relevant announcements and circulars, meeting with shareholders, and Annual Report.

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

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

Conduct of General Meetings

The Company acknowledges that good corporate governance requires active participation of the shareholders at the Company's AGM, in questioning and understanding the resolutions set out and thereafter to vote on them. The Company's AGM is the principal forum for dialogue and communication between the shareholders and the Board.

The Notice of the upcoming AGM in 2021 together with the Form of Proxy have been provided to shareholders twenty-eight (28) days prior to the AGM, which enable shareholders to have sufficient time to make the necessary arrangements to attend the AGM or to appoint a proxy to attend and vote on their behalf.

The summary of the minutes of general meeting (including the attendance of Directors, questions raised by shareholders and the respective responses and outcome of the voting results) is made available to the shareholders.

Compliance Statement

The Board has deliberated, reviewed and approved the Statement on Corporate Governance in line with the principles of the MCCG. The Board is satisfied that the Company has fulfilled its obligation under the Code, MCCG, Bursa Malaysia and all applicable laws and regulations throughout the FYE 2020.

This Statement is made in accordance with a resolution of the Board of Directors passed on 20 April 2021.

Audit & Risk Management Committee Report



AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Mi Technovation Berhad (“the Group” or “the Company”) is pleased to present the Audit & Risk Management Committee Report which provides insights as to the manner the Audit & Risk Management Committee (“ARMC” or the “Committee”) discharged its functions for financial year ended 31 December 2020 (“FYE 2020”).

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

MEMBERS

The ARMC comprises the following three (3) members, all of whom satisfy the test of independence under MMLR. This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR:

Tan Boon Hoe

Chairman

Independent Non-Executive Director

Lee Boon Leng

Member

Independent Non-Executive Chairman

Lim Shin Lid

Member

Independent Non-Executive Director

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

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During FYE 2020, the ARMC convened five (5) meetings and the attendance record of its member is set out below:

ARMC Members	Position	Attendance
Tan Boon Hoe	Chairman	5/5
Lee Boon Leng	Member	5/5
Lim Shin Lid (Appointed on 1 July 2020)	Member	2/2
Foo Hee Chaik (Retired on 1 July 2020)	Member	3/3

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



Audit & Risk Management Committee Report (Cont'd)

AUTHORITY

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

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

SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

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

- oversee and appraise the quality of the audit conducted by the internal and external auditors;
- oversee compliance with laws and regulations and observance of a proper code of conduct;
- determine the adequacy of the Group’s risk profile, risk management framework and risk management processes; and
- determine the adequacy of the control environment of the Group.

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

SUMMARY OF WORK OF THE ARMC

Summary of work undertaken by the ARMC during the FYE 2020 are described below:

1. Financial Reporting

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

Audit & Risk Management Committee Report (Cont'd)



SUMMARY OF WORK OF THE ARMC (cont'd)

Summary of work undertaken by the ARMC during the FYE 2020 are described below (cont'd):

2. External Audit

- The ARMC discussed and reviewed the External Auditors, BDO PLT (“BDO”)’s audit planning memorandum for the FYE 2020 outlining the auditors’ engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditors’ attention, engagement team, as well as reporting, deliverables and audit fees.
- Prior to the issuance of the Group’s audited financial statements, ARMC had reviewed the audit completion updates presented by BDO which covered the auditors responsibilities, audit status and significant changes to audit plans, findings on areas of significant auditor attention, summary of misstatements, key audit matters, going concern assumption and impairment arising from the audit during the year under review.
- The ARMC discussed and reviewed with BDO the audit findings and opinions, the Auditors’ Report and confirmed that full co-operation and unrestricted access to the Group’s records had been granted by the Management during the course of audit. The ARMC held a dialogue session with BDO, without the presence of Executive Directors and Management of the Group.
- Following the input from management and BDO’s comments, the ARMC was satisfied that the accounting treatments applied under the financial reporting standards, the significant judgements, key assumptions and conclusions reached were appropriate.
- The ARMC reviewed and discussed with BDO the effectiveness of the Company’s internal controls and their recommendations for improvement on deficiencies noted in the course of audit. There were no significant findings highlighted by BDO.
- The ARMC was satisfied that the level of fees paid/payable in respect of the services provided by BDO was appropriate. The amount of external audit fees and non-audit fees incurred for the FYE 2020 are set out on page 62 under the Additional Compliance Information of this Annual Report.
- The ARMC assessed and evaluated the integrity, capability, professionalism, independence and work ethics of the External Auditors and determined whether to re-appoint the current External Auditors. With due consideration, the ARMC was satisfied with BDO’s performance and therefore, recommended to the Board for seeking shareholders’ approval at the forthcoming AGM, on the re-appointment of BDO as the External Auditors.



Audit & Risk Management Committee Report (Cont'd)

SUMMARY OF WORK OF THE ARMC (cont'd)

Summary of work undertaken by the ARMC during the FYE 2020 are described below (cont'd):

3. Risk Management and Internal Audit

- During FYE2020, the internal audit function and Enterprise Risk Management (“ERM”) Update exercise were outsourced to KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG”). This approach ensures a high level of independence and gives access to more skilled and specialised resources to conduct the internal audit function and ERM efficiently and effectively.
- KPMG assisted the ARMC in reviewing the effectiveness of the Company’s internal control and processes and ensuring that there is an appropriate balance of risk and control in achieving its business objectives.
- Based on the approved internal audit plan, KPMG conducted two cycles of internal audit during FYE 2020 with focus areas on “Security Control System” and “Outgoing Quality Assurance”. The internal audit findings and recommendations for improvement, including action plans agreed with operation level management, were reported to the ARMC.
- Further details of the activities of internal audit function are set out under the Statement on Risk Management and Internal Control of this Annual Report.
- The total costs incurred on the outsourced internal audit function for FYE 2020 amounted to RM86,000 (FYE2019: RM72,000) and ERM Update for FYE 2020 amounted to RM22,000 (FYE2019: NIL).
- The ARMC reviewed and assessed Internal Auditors based on staff strength, resources, professional integrity, independence, familiarity with Group’s operation as well as reputation and recommended to the Board to continue outsourcing the internal audit function to KPMG.

4. Corporate Governance

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

Annual Performance Assessment

A review on the terms of office and performance of the ARMC for FYE 2020 had been conducted by the Board, through the Nomination Committee on 19 February 2021. The Board was satisfied that the ARMC had discharged its duties in accordance with the ToR.

Statement On Risk Management & Internal Control



INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Principal B of the Malaysian Code on Corporate Governance 2017, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”), the Board of Directors (the “Board”) of Mi Technovation Berhad (“the Group” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control (the “Statement” or “SORMIC”). The Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2020 (“FYE 2020”).

BOARD’S RESPONSIBILITY

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

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

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

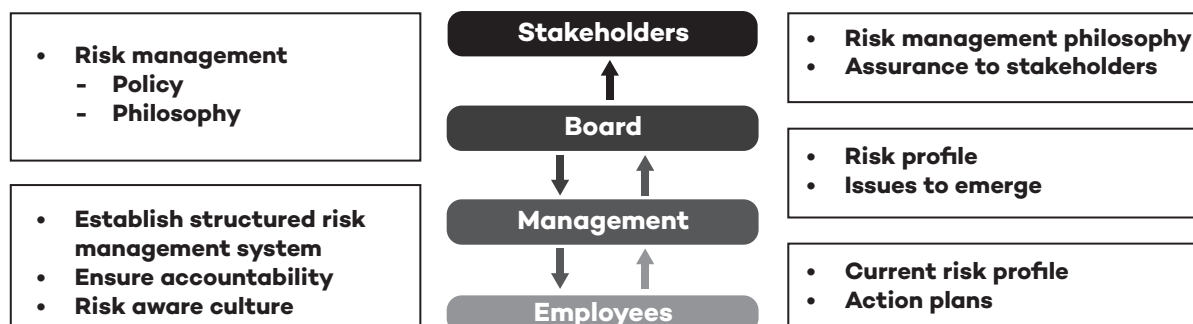
RISK MANAGEMENT

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

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

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

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





Statement On Risk Management & Internal Control (Cont'd)

RISK MANAGEMENT (cont'd)

During the FYE2020, the Board appointed KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG”) to conduct Enterprise Risk Management (“ERM”) Update to assist Management in review and update the key business risks following the findings of the ERM carried out in 2018.

This ERM Update exercise encompasses:-

- Update the Group’s strategic risk and key processes via discussions with Executive Directors and Senior Management;
- Reassess the underlying risks as they relate to the key processes and controls thereof; and
- Update the status of Management controls highlighted in the previous ERM update for high and significant risks.

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

The cost incurred for the ERM Update carried out in FYE 2020 was RM22,000.

INTERNAL AUDIT FUNCTION

During the FYE 2020, the internal audit function was outsourced to KPMG. The internal audit plan was circulated to the ARMC for deliberation and approval prior to execution. The ARMC reviews the adequacy of the scope, function, competency and resources of the internal audit functions, and ensures that it has the necessary authority to carry out its work.

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

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

During the financial year under review, two cycles of internal audit were carried out to assess the internal control systems:

Internal Audit	Audited areas	Reporting Month	Audited Entities
Cycle 1	Security control system & outgoing quality assurance	October 2020	Mi Technovation Berhad, Mi Equipment (M) Sdn Bhd
Cycle 2	Security control system & outgoing quality assurance	February 2021	Mi Technovation Berhad, Mi Equipment (M) Sdn Bhd Mi Autobotics Sdn Bhd

The Company views data security and quality assurance are of the utmost importance to the Group’s business sustainability, hence, internal audit functions carried out during FY2020 were focused on these two (2) areas.

The cost incurred for the internal audit function carried out in respect of FYE 2020 was RM86,000.

Statement On Risk Management & Internal Control (Cont'd)



OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

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

Integrity and Ethical Values

The Group is committed to upholding a strong culture of integrity and ethical values. The Group has established the Code of Conduct for Company Directors and Code of Conduct and Ethics for Management and Employees ("the Code") as well as Anti-Bribery and Corruption Policy, which reflect the underlying values and commitment to maintaining the standards of integrity, fairness, responsibility, commitment, diligence and professionalism contributing towards the social and environmental growth of the surroundings in which the Group operates. All employees are required to acknowledge that they have read and understood the Code and Policy upon commencement of employment. It is updated as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organisation.

Lines of Responsibility

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

Limits of Authority

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

Policies and Procedures

Elements of internal control have been properly documented in the form of policies and operating procedures. The policies and procedures are made available to employees and subjected to periodic review to ensure the effectiveness and timely updates in line with changes in the business environment. Accountability and responsibility for key processes have been established in the standard operating procedures. The Group has undertaken preventive measures to take care of our employees and visitors, as per the COVID-19 guidelines issued by the federal and state governments. COVID-19 protocols and procedures were established and regularly monitored for compliance.

Performance Review

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

Investor Relations

The Group strives to maintain good relationship with the investors. Briefings are conducted regularly to fund managers, investment analysts, bankers and other investors on the Group's financial performance. Briefing summaries are also available on the Company's website and investors are given opportunities to seek further clarification from the Company through the IR Consultant.

Whistle Blowing Policy

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



Statement On Risk Management & Internal Control (Cont'd)

REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors, BDO PLT, Chartered Accountants has reviewed this Statement for inclusion in this Annual Report of the Group for the FYE 2020.

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

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

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

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

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

CONCLUSION

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

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

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

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

This Statement is made in accordance with the resolution of the Board dated 20 April 2021.

Directors' Responsibility Statement

In Relation To The Audited Financial Statements



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

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

The Directors consider that in preparing the financial statements:

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

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

The Directors have general responsibility for taking reasonably available steps to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.



Additional Compliance Information

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

1. Status on Utilisation of Proceeds

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad (“Listing”) on 20 June 2018. In conjunction with the Listing, the Company undertook a public issue of 134,428,000 new ordinary shares at an issue price of RM1.42 per share, raising gross proceeds of RM190.9 million (“IPO proceeds”).

As at 31 December 2020, the status of the utilisation of the IPO Proceeds is as follows:

No	Details of Utilisation	Estimated utilisation timeframe upon Listing	Amount (RM'000)	Actual utilisation (RM'000)	Utilised %
1	Construction of new factory cum office in Bayan Lepas, Penang	Within 12 months	65,000	65,000	100%
2	Construction of new factory cum office in Batu Kawan, Penang	Within 30 months	30,000	26,615	89%
3	Set up of new engineering centres in Taiwan, China & Korea	Within 30 months	45,000	45,000	100%
4	R&D	Within 24 months	6,000	6,000	100%
5	Working capital	Within 36 months	36,788	31,036	84%
6	Listing expenses	Within 1 month	8,100	8,100	100%
	TOTAL		190,888	181,751	95%

The utilisation of gross proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 May 2018 as well as the announcement on Variation and Extension of Timeframe of the Utilisation of Proceeds from the Initial Public Offering dated 11 September 2019.

2. Audit and Non-Audit Services

During the financial year ended 31 December 2020 (“FYE 2020”), the audit fees and non-audit fees paid/payable to the external auditor or a firm or corporation affiliated to the auditor firm by the Company and the Group were as follows: -

Type of Fees	The Company (RM)	The Group (RM)
Audit Fees	32,000	149,462
Non-Audit Fees	20,500	58,630

3. Material Contracts and Contracts Relating to Loans

There were no material contracts and/or contracts relating to loans entered into by the Company and its subsidiaries involving Directors’ and major shareholders’ interest during FYE 2020.

4. Recurrent Related Party Transactions

The Company and its subsidiaries did not have any recurrent related party transactions during FYE 2020.

5. Employee Share Grant Scheme

There were no share grant offered to the eligible executive Directors and employees during FYE2020.



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Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>53,712,813</u>	<u>19,863,588</u>
Attributable to:		
Owners of the parent	54,007,730	19,863,588
Non-controlling interests	<u>(294,917)</u>	<u>0</u>
	<u>53,712,813</u>	<u>19,863,588</u>

DIVIDENDS

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

	RM
In respect of financial year ended 31 December 2019:	
Second single tier interim dividend of RM0.03 per ordinary share, paid on 20 March 2020	22,380,000
In respect of financial year ended 31 December 2020:	
First single tier interim dividend of RM0.03 per ordinary share, paid on 23 November 2020	<u>22,380,000</u>
	<u>44,760,000</u>

No final dividend has been recommended by the Directors for the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

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

Directors' Report (Cont'd)



ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Mi Technovation Berhad

Oh Kuang Eng	
Yong Shiao Voon	
Tan Boon Hoe	
Lee Boon Leng	
Lim Shin Lid	(Appointed on 1 July 2020)
Koay Huck Khim	(Resigned on 1 July 2020)
Foo Hee Chaik	(Resigned on 1 July 2020)

Subsidiaries of Mi Technovation Berhad

Oh Kuang Eng	
Yong Shiao Voon	
Teo Chee Kheong	
Park Jae Shin	(Appointed as Director of Mi Equipment Korea Co., Ltd on 9 January 2020)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2020
	Balance as at 1.1.2020	Bought	Sold	
Shares in the Company				
<u>Direct interests</u>				
Oh Kuang Eng	513,200,000	300,000	(12,500,000)	501,000,000
Tan Boon Hoe	280,000	0	(80,000)	200,000
Lee Boon Leng	97,500	0	0	97,500
<u>Indirect interests</u>				
Yong Shiao Voon*	513,200,000	300,000	(12,500,000)	501,000,000

* These are shares held in the name of spouse and being treated as interest of the Director.

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



Directors' Report (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries as disclosed in Note 29 to the financial statements.

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

DIRECTORS' REMUNERATION

Benefits of the Directors who held office during the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company:				
Fees	144,000	144,000	144,000	144,000
Salaries and bonuses	1,162,832	1,155,597	40,000	414,548
Contributions to defined contribution plans	120,683	123,787	5,955	52,512
Social security contributions	11,569	1,801	296	1,539
Other benefits	85,494	77,591	73,952	76,500
	<u>1,524,578</u>	<u>1,502,776</u>	<u>264,203</u>	<u>689,099</u>

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected liability insurance of the Directors and officers during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The total amount of indemnity coverage and insurance premium paid by the Company during the financial year ended 31 December 2020 were RM18,000,000 and RM27,295 respectively.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

Directors' Report (Cont'd)



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

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

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps: (cont'd)
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF REPORTING PERIOD

Significant events subsequent to the end of reporting period are disclosed in Note 34 to the financial statements.



Directors' Report (Cont'd)

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 25 to the financial statements.

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

Oh Kuang Eng
Director

Yong Shiao Voon
Director

Penang
20 April 2021

Statement By Directors



In the opinion of the Directors, the financial statements set out on pages 74 to 133 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Oh Kuang Eng
Director

Yong Shiao Voon
Director

Penang
20 April 2021

Statutory Declaration

I, Wong Ming Nee (I/C No.: 750107-07-5022) (CA 19897), being the officer primarily responsible for the financial management of Mi Technovation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 133 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Georgetown in
the State of Penang this 20 April 2021

Wong Ming Nee

Before me,

Commissioner for Oaths



Independent Auditors' Report To The Members Of Mi Technovation Berhad

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mi Technovation Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(a) Impairment of trade receivables

As at 31 December 2020, the carrying amount of trade receivables of the Group amounted to RM98,587,763, which were net of impairment losses of RM320,933. The details of trade receivables have been disclosed in Note 9 to the financial statements.

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

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

Independent Auditors' Report To The Members Of Mi Technovation Berhad

Registration No. 201701021661 (1235827-D)
(Incorporated In Malaysia) (Cont'd)



Key Audit Matters (cont'd)

(b) Valuation of inventories

As at 31 December 2020, the Group had inventories amounted to RM70,265,291. The details of inventories have been disclosed in the Note 11 to the financial statements.

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

Audit response

Our audit procedures included the following:

- (i) Obtained an understanding of the procedures in relation to the assessment by the management on the identification and write down of slow moving and obsolete inventories;
- (ii) Tested the reliability of the ageing report of inventories provided by management on sampling basis; and
- (iii) Tested samples of inventories items to ensure they were held at the lower of cost and net realisable value by testing the selling prices of inventories sold from sales invoices subsequent to the end of the reporting period.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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



Independent Auditors' Report To The Members Of Mi Technovation Berhad

Registration No. 201701021661 (1235827-D)
(Incorporated In Malaysia) (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report To The Members Of Mi Technovation Berhad

Registration No. 201701021661 (1235827-D)
(Incorporated In Malaysia) (Cont'd)



Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Koay Theam Hock
02141/04/2023 J
Chartered Accountant

Penang
20 April 2021



Statements Of Financial Position

As At 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	119,080,710	90,872,976	18,229	121,267
Right-of-use assets	5	27,035,483	24,069,817	502,200	649,185
Intangible assets	6	8,503,861	2,884,713	1,952,952	2,084,611
Investments in subsidiaries	7	0	0	191,004,629	145,761,551
Deferred tax assets	8	341,335	50,075	0	0
Other receivable	9	0	0	5,541,055	0
Lease receivable	10	2,123,307	0	0	0
		<u>157,084,696</u>	<u>117,877,581</u>	<u>199,019,065</u>	<u>148,616,614</u>
Current assets					
Inventories	11	70,265,291	48,661,010	0	0
Trade and other receivables	9	103,804,109	100,559,488	16,379,728	20,389,724
Lease receivable	10	546,381	0	0	0
Current tax assets		8,068	66,404	0	0
Derivative	12	6,427	0	0	0
Short term funds	13	52,870,834	92,981,286	32,679,082	92,981,286
Cash and bank balances	14	56,026,305	69,977,383	2,788,674	15,594,866
		<u>283,527,415</u>	<u>312,245,571</u>	<u>51,847,484</u>	<u>128,965,876</u>
TOTAL ASSETS		<u>440,612,111</u>	<u>430,123,152</u>	<u>250,866,549</u>	<u>277,582,490</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	252,615,378	252,615,378	252,615,378	252,615,378
Treasury shares	15(b)	(5,246,963)	(5,246,963)	(5,246,963)	(5,246,963)
Reserves	16	140,958,918	132,398,831	2,040,720	26,937,132
		<u>388,327,333</u>	<u>379,767,246</u>	<u>249,409,135</u>	<u>274,305,547</u>
Non-controlling interests	7	(50,691)	0	0	0
TOTAL EQUITY		<u>388,276,642</u>	<u>379,767,246</u>	<u>249,409,135</u>	<u>274,305,547</u>
LIABILITIES					
Non-current liabilities					
Borrowing	17	2,615,805	1,584,670	0	0
Provisions	18	626,308	522,998	0	0
Other payable	19	0	227,903	0	0
Lease liabilities	5	1,876,838	123,758	378,994	521,501
Deferred tax liabilities	8	1,810,600	0	0	0
		<u>6,929,551</u>	<u>2,459,329</u>	<u>378,994</u>	<u>521,501</u>
Current liabilities					
Trade and other payables	19	39,610,204	43,184,664	935,912	2,620,650
Contract liabilities	20	7,519	0	0	0
Borrowing	17	2,481,141	2,492,989	0	0
Provisions	18	1,552,963	1,785,254	0	0
Lease liabilities	5	1,659,894	202,398	142,508	134,792
Current tax liabilities		94,197	231,272	0	0
		<u>45,405,918</u>	<u>47,896,577</u>	<u>1,078,420</u>	<u>2,755,442</u>
TOTAL LIABILITIES		<u>52,335,469</u>	<u>50,355,906</u>	<u>1,457,414</u>	<u>3,276,943</u>
TOTAL EQUITY AND LIABILITIES		<u>440,612,111</u>	<u>430,123,152</u>	<u>250,866,549</u>	<u>277,582,490</u>

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2020



	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	22	229,004,086	191,134,590	23,945,000	30,897,000
Cost of sales		(129,268,636)	(98,209,800)	0	0
Gross profit		99,735,450	92,924,790	23,945,000	30,897,000
Other operating income		5,190,169	5,309,781	3,506,691	3,426,910
Sales and marketing expenses		(11,264,293)	(7,289,978)	0	0
General and administrative expenses		(37,569,031)	(31,177,217)	(7,554,894)	(5,955,563)
Profit from operations		56,092,295	59,767,376	19,896,797	28,368,347
Finance costs	23	(376,453)	(236,853)	(33,209)	(19,367)
Profit before tax	25	55,715,842	59,530,523	19,863,588	28,348,980
Tax expense	26	(2,003,029)	(364,175)	0	0
Profit for the financial year		<u>53,712,813</u>	<u>59,166,348</u>	<u>19,863,588</u>	<u>28,348,980</u>
Profit for the financial year attributable to:					
Owners of the parent		54,007,730	59,166,348	19,863,588	28,348,980
Non-controlling interests	7	(294,917)	0	0	0
		<u>53,712,813</u>	<u>59,166,348</u>	<u>19,863,588</u>	<u>28,348,980</u>
Profit for the financial year		53,712,813	59,166,348	19,863,588	28,348,980
Other comprehensive loss, net of tax:					
Item that may be subsequently reclassified to profit or loss					
Foreign currency translations, net of tax	26(d)	(680,708)	(21,299)	0	0
Total comprehensive income for the financial year		<u>53,032,105</u>	<u>59,145,049</u>	<u>19,863,588</u>	<u>28,348,980</u>
Total comprehensive income attributable to:					
Owners of the parent		53,320,087	59,145,049	19,863,588	28,348,980
Non-controlling interests	7	(287,982)	0	0	0
		<u>53,032,105</u>	<u>59,145,049</u>	<u>19,863,588</u>	<u>28,348,980</u>
Earnings per share attributable to owners of the parent:					
Basic and diluted (sen)	27	<u>7.24</u>	<u>7.91</u>		

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



Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2020

Group	Note	Share capital RM	Treasury shares RM	Legal reserve RM	Exchange translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2019		252,615,378	0	41,896	224,166	(63,557,909)	141,525,629	330,849,160
Profit for the financial year		0	0	0	0	0	59,166,348	59,166,348
Other comprehensive loss, net of tax		0	0	0	(21,299)	0	0	(21,299)
Total comprehensive income		0	0	0	(21,299)	0	59,166,348	59,145,049
Transactions with owners:								
Purchase of treasury shares	15(b)	0	(5,246,963)	0	0	0	0	(5,246,963)
Dividend paid	28	0	0	0	0	0	(4,980,000)	(4,980,000)
Total transactions with owners		0	(5,246,963)	0	0	0	(4,980,000)	(10,226,963)
Balance as at 31 December 2019		252,615,378	(5,246,963)	41,896	202,867	(63,557,909)	195,711,977	379,767,246

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2020 (Cont'd)



Group	Note	Share capital	Treasury shares	Legal reserve	Exchange translation reserve	Reorganisation debit reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2020		252,615,378	(5,246,963)	41,896	202,867	(63,557,909)	195,711,977	379,767,246	0	379,767,246
Profit for the financial year		0	0	0	0	0	54,007,730	54,007,730	(294,917)	53,712,813
Other comprehensive loss, net of tax		0	0	0	(687,643)	0	0	(687,643)	6,935	(680,708)
Total comprehensive income		0	0	0	(687,643)	0	54,007,730	53,320,087	(287,982)	53,032,105
Transfer to legal reserve		0	0	106,062	0	0	(106,062)	0	0	0
Transactions with owners:										
Incorporation of a subsidiary		0	0	0	0	0	0	0	237,291	237,291
Dividend paid	28	0	0	0	0	0	(44,760,000)	(44,760,000)	0	(44,760,000)
Total transactions with owners		0	0	0	0	0	(44,760,000)	(44,760,000)	237,291	(44,522,709)
Balance as at 31 December 2020		252,615,378	(5,246,963)	147,958	(484,776)	(63,557,909)	204,853,645	388,327,333	(50,691)	388,276,642

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



Statements Of Changes In Equity

For The Financial Year Ended 31 December 2020

Company	Note	Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2019		252,615,378	0	3,568,152	256,183,530
Profit for the financial year		0	0	28,348,980	28,348,980
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	28,348,980	28,348,980
Transactions with owners:					
Purchase of treasury shares	15(b)	0	(5,246,963)	0	(5,246,963)
Dividends paid	28	0	0	(4,980,000)	(4,980,000)
Total transactions with owners		0	(5,246,963)	(4,980,000)	(10,226,963)
Balance as at 31 December 2019		252,615,378	(5,246,963)	26,937,132	274,305,547
Balance as at 1 January 2020		252,615,378	(5,246,963)	26,937,132	274,305,547
Profit for the financial year		0	0	19,863,588	19,863,588
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	19,863,588	19,863,588
Transaction with owners:					
Dividend paid	28	0	0	(44,760,000)	(44,760,000)
Total transaction with owners		0	0	(44,760,000)	(44,760,000)
Balance as at 31 December 2020		252,615,378	(5,246,963)	2,040,720	249,409,135

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2020



	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		55,715,842	59,530,523	19,863,588	28,348,980
Adjustments for:					
Amortisation of intangible assets	6	216,404	12,744	131,659	0
Depreciation of property, plant and equipment	4	5,998,019	3,570,661	36,606	27,273
Depreciation of right-of-use assets	5	1,267,063	668,855	146,985	85,741
Dividend income		0	0	(23,000,000)	(30,000,000)
Finance costs	23	376,453	236,853	33,209	19,367
Gain on fair value changes on bond funds		(680,194)	(35,065)	(680,194)	(35,065)
Gain on fair value changes on derivative		(6,427)	0	0	0
Loss/(Gain) on disposal of property, plant and equipment		224,105	(119,844)	685	0
Lease concession	5	(6,461)	0	0	0
Impairment loss on investment in a subsidiary	7	0	0	1,467,906	0
Impairment loss on trade receivables	9(f)	320,933	141,900	0	0
Interest income		(3,552,324)	(4,258,432)	(2,843,117)	(3,293,040)
Inventories written down	11(c)	359,277	248,086	0	0
Inventories written off	11(c)	697,607	1,034,387	0	0
Property, plant and equipment written off	4	73,820	7,907	0	0
Provision for warranty replacement costs	18(a)	2,059,928	2,424,583	0	0
Reversal of impairment loss on trade receivables	9(f)	(141,900)	(150,106)	0	0
Reversal of inventories written down	11(c)	(668,188)	0	0	0
Reversal of provision for warranty replacement costs	18(a)	(512,707)	(5,358,583)	0	0
Reversal of provision for technical support services	18(b)	(460,952)	0	0	0
Unrealised loss on foreign exchange		583,315	2,158,880	486,079	223,589
Operating profit/(loss) before changes in working capital		61,863,613	60,113,349	(4,356,594)	(4,623,155)
Increase in inventories		(21,992,977)	(6,589,231)	0	0
Increase in trade and other receivables		(5,230,719)	(28,201,684)	(3,927,139)	(42,161,401)
Decrease in lease receivable		243,405	0	0	0
(Decrease)/Increase in trade and other payables		(3,004,378)	7,307,741	(1,685,320)	2,053,143
Increase in contract liabilities		7,519	0	0	0
Warranty paid	18(a)	(1,071,329)	(290,462)	0	0
Technical support related expenses paid	18(b)	(143,921)	0	0	0
Cash generated from/(used in) operations		30,671,213	32,339,713	(9,969,053)	(44,731,413)
Taxes paid		(560,728)	(175,340)	0	0
Net cash from/(used in) operating activities		30,110,485	32,164,373	(9,969,053)	(44,731,413)



Statements Of Cash Flows

For The Financial Year Ended 31 December 2020 (Cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Incorporation of a subsidiary	7(c)	0	0	(587,509)	0
Additional investment in subsidiaries		0	0	(49,123,475)	(6,783,398)
Proceeds from redemption of redeemable preference shares by a subsidiary	7(e)	0	0	3,000,000	0
Dividend received		0	0	25,000,000	29,000,000
Interest received		3,509,965	4,258,432	2,843,117	3,293,040
Net proceeds of shares from non-controlling interest		237,291	0	0	0
Proceeds from disposal of property, plant and equipment		2,339,905	308,131	80,211	3,006
Proceeds from redemption of bond funds		31,906,980	0	31,906,980	0
Purchase of:					
- intangible assets	6	(5,819,228)	(2,435,879)	0	(2,084,611)
- property, plant and equipment	4	(39,618,368)	(60,140,628)	(14,464)	(120,994)
- right-of-use assets	5	0	(1,104,975)	0	0
- bond funds		(45,216,792)	(11,500,000)	(45,216,792)	(11,500,000)
Net cash (used in)/from investing activities		<u>(52,660,247)</u>	<u>(70,614,919)</u>	<u>(32,111,932)</u>	<u>11,807,043</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	28	(44,760,000)	(4,980,000)	(44,760,000)	(4,980,000)
Interest paid		(332,735)	(222,501)	0	0
Purchase of treasury shares	15(b)	0	(5,246,963)	0	(5,246,963)
Drawdown of term loan		3,926,243	0	0	0
Repayment of term loan		(2,708,796)	(2,662,222)	0	0
Payments of lease liabilities	5	(1,050,914)	(229,205)	(168,000)	(98,000)
Placement of deposits pledged to a licensed bank		(6,730)	(12,814)	0	0
Net cash used in financing activities		<u>(44,932,932)</u>	<u>(13,353,705)</u>	<u>(44,928,000)</u>	<u>(10,324,963)</u>
Net decrease in cash and cash equivalents		(67,482,694)	(51,804,251)	(87,008,985)	(43,249,333)
Effect on foreign exchange rates changes		(536,403)	(167,956)	(89,417)	(220,380)
Cash and cash equivalents at beginning of financial year		149,330,705	201,302,912	97,041,087	140,510,800
Cash and cash equivalents at end of financial year	14(b)	<u>81,311,608</u>	<u>149,330,705</u>	<u>9,942,685</u>	<u>97,041,087</u>

Statements Of Cash Flows

For The Financial Year Ended 31 December 2020 (Cont'd)



RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 5)		Term loan (Note 17)	
	2020 RM	2019 RM	2020 RM	2019 RM
Group				
At 1 January	326,156	0	4,077,659	6,752,681
Effect of adoption of MFRS 16	0	296,443	0	0
Cash flows	(1,050,914)	(229,205)	1,217,447	(2,662,222)
Non-cash flows:				
- additions	4,088,594	243,443	0	0
- unwinding of interest	43,718	14,352	0	0
- lease modification to lease term	101,265	0	0	0
- lease concession	(6,461)	0	0	0
- effect of foreign exchange	34,374	1,123	(198,160)	(12,800)
At 31 December	<u>3,536,732</u>	<u>326,156</u>	<u>5,096,946</u>	<u>4,077,659</u>
			Lease liability (Note 5)	
			2020 RM	2019 RM
Company				
At 1 January			656,293	0
Cash flows			(168,000)	(98,000)
Non-cash flows:				
- additions			0	734,926
- unwinding of interest			33,209	19,367
At 31 December			<u>521,502</u>	<u>656,293</u>

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



Notes To The Financial Statements

31 December 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Suite 12-A, Level 12, Menara Northam, No. 55 Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

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

The consolidated financial statements for the financial year ended 31 December 2020 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 April 2021.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 35(a) to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in financial statements.

Notes To The Financial Statements

31 December 2020 (Cont'd)



4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2020 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Reclassification RM	Currency translation differences RM	Balance as at 31.12.2020 RM
Carrying amount								
Buildings	71,825,444	19,620,136	0	0	(1,912,115)	6,908,110	3,360	96,444,935
Plant and machinery	271,803	4,224,999	0	(3,051,716)	(193,771)	0	14,169	1,265,484
Motor vehicles	622,401	759,151	0	0	(294,891)	0	4,737	1,091,398
Office equipment	4,646,602	2,807,151	(5,487)	(330,855)	(2,046,060)	0	15,599	5,086,950
Production equipment	2,620,365	402,354	(3,020)	(2,032,335)	(281,596)	0	0	705,768
Clean room	58,838	0	(1)	0	(17,809)	0	0	41,028
Furniture and fittings	1,917,979	660,677	(65,311)	0	(573,607)	0	4,829	1,944,567
Sports equipment	158,002	0	(1)	0	(38,924)	0	0	119,077
Laboratory equipment	1,304,790	744,487	0	(19,838)	(429,363)	0	23,475	1,623,551
Renovation	264,782	2,313,187	0	0	(103,320)	0	6,970	2,481,619
Cafeteria and kitchen equipment	272,950	312,230	0	0	(106,563)	910	0	479,527
Capital work-in-progress	6,909,020	7,773,996	0	0	0	(6,909,020)	22,810	7,796,806
	<u>90,872,976</u>	<u>39,618,368</u>	<u>(73,820)</u>	<u>(5,434,744)</u>	<u>(5,998,019)</u>	<u>0</u>	<u>95,949</u>	<u>119,080,710</u>
							As at 31.12.2020	
Group							Accumulated depreciation amount RM	
Buildings							Cost RM	Carrying amount RM
Plant and machinery							99,320,070	96,444,935
Motor vehicles							1,744,318	1,265,484
Office equipment							2,176,695	1,091,398
Production equipment							9,185,964	5,086,950
Clean room							1,505,313	705,768
Furniture and fittings							89,046	41,028
Sports equipment							2,893,114	1,944,567
Laboratory equipment							204,673	119,077
Renovation							2,520,068	1,623,551
Cafeteria and kitchen equipment							2,728,578	2,481,619
Capital work-in-progress							622,140	479,527
							7,796,806	7,796,806
							<u>130,786,785</u>	<u>119,080,710</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

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

Group	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Written off RM	Disposals RM	Depreciation charge for the financial year RM	Reclassification RM	Currency translation differences RM	Balance as at 31.12.2019 RM	
Carrying amount										
Leasehold land	23,093,129	(23,093,129)	0	0	0	0	0	0	0	
Buildings	0	0	43,309,781	0	0	(963,353)	29,474,179	4,837	71,825,444	
Plant and machinery	397,163	0	0	0	0	(117,862)	0	(7,498)	271,803	
Motor vehicles	843,280	0	49,402	0	(1)	(267,785)	0	(2,495)	622,401	
Office equipment	1,249,647	0	4,698,100	(153)	(163,334)	(1,137,902)	0	244	4,646,602	
Production equipment	1,214,747	0	1,748,831	0	(127)	(343,086)	0	0	2,620,365	
Clean room	17,668	0	54,500	0	0	(13,330)	0	0	58,838	
Furniture and fittings	403,113	0	1,878,306	(7754)	(11,155)	(345,079)	0	548	1,917,979	
Sports equipment	41,113	0	141,820	0	0	(24,931)	0	0	158,002	
Laboratory equipment	779,633	0	789,537	0	(13,670)	(257,630)	0	6,920	1,304,790	
Renovation	77,081	0	252,331	0	0	(63,653)	0	(977)	264,782	
Cafeteria and kitchen equipment	0	0	309,000	0	0	(36,050)	0	0	272,950	
Capital work-in-progress	294,744,179	0	6,909,020	0	0	0	(29,474,179)	0	6,909,020	
	<u>57,590,753</u>	<u>(23,093,129)</u>	<u>60,140,628</u>	<u>(7,907)</u>	<u>(188,287)</u>	<u>(3,570,661)</u>	<u>0</u>	<u>1,579</u>	<u>90,872,976</u>	
			As at 31.12.2019							
			Cost RM	Accumulated depreciation RM	Carrying amount RM					
Buildings			72,788,862	(963,418)	71,825,444					
Plant and machinery			590,623	(318,820)	271,803					
Motor vehicles			1,400,629	(778,228)	622,401					
Office equipment			7,217,658	(2,571,056)	4,646,602					
Production equipment			3,381,625	(761,260)	2,620,365					
Clean room			147,380	(88,542)	58,838					
Furniture and fittings			2,353,278	(435,299)	1,917,979					
Sports equipment			206,198	(48,196)	158,002					
Laboratory equipment			1,770,295	(465,505)	1,304,790					
Renovation			402,750	(137,968)	264,782					
Cafeteria and kitchen equipment			309,000	(36,050)	272,950					
Capital work-in-progress			6,909,020	0	6,909,020					
			<u>97,477,318</u>	<u>(6,604,342)</u>	<u>90,872,976</u>					

Notes To The Financial Statements

31 December 2020 (Cont'd)



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

Company	Balance as at 1.1.2020 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount					
Office equipment	121,267	14,464	(80,896)	(36,606)	18,229

	As at 31.12.2020		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment	35,294	(17,065)	18,229

Company	Balance as at 1.1.2019 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount					
Office equipment	30,552	120,994	(3,006)	(27,273)	121,267

	As at 31.12.2019		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment	150,216	(28,949)	121,267

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

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

Buildings	44 to 57 years
Plant and machinery	10% to 20%
Motor vehicles	20% to 33%
Office equipment	20% to 50%
Production equipment	10% to 20%
Clean room	20%
Furniture and fittings	20% to 33%
Sports equipment	20%
Laboratory equipment	20% to 33%
Renovation	5% to 20%
Cafeteria and kitchen equipment	20%

Capital work-in-progress represent factory buildings under construction and is not depreciated until such time when the asset is available for use.



Notes To The Financial Statements

31 December 2020 (Cont'd)

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

(b) Included in property, plant and equipment of the Company, certain building with a carrying amount of RM61,071,486 (2019: RM61,959,621) is charged to a local bank as securities for bank facilities granted to the Company as disclosed in Note 17(c) to the financial statements.

5. LEASES

The Group as lessee

Right-of-use assets

	Balance as at 1.1.2020 RM	Additions RM	Modification to lease term RM	Depreciation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2020 RM
Carrying amount						
Land	23,726,857	0	0	(489,389)	0	23,237,468
Offices	252,814	4,088,594	1,166	(678,961)	42,846	3,706,459
Hostel	90,146	0	100,099	(98,713)	24	91,556
	<u>24,069,817</u>	<u>4,088,594</u>	<u>101,265</u>	<u>(1,267,063)</u>	<u>42,870</u>	<u>27,035,483</u>

	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions (Note 5(c)) RM	Depreciation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2019 RM
Carrying amount						
Land	0	23,093,129	1,104,975	(471,247)	0	23,726,857
Offices	0	107,952	243,443	(99,312)	731	252,814
Hostel	0	188,491	0	(98,296)	(49)	90,146
	<u>0</u>	<u>23,389,572</u>	<u>1,348,418</u>	<u>(668,855)</u>	<u>682</u>	<u>24,069,817</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



5. LEASES (cont'd)

The Group as lessee (cont'd)

Lease liabilities

	Balance as at 1.1.2020 RM	Additions RM	Modification to lease term RM	Lease payments RM	Lease concessions RM	Interest expense RM	Currency translation differences RM	Balance as at 31.12.2020 RM
Carrying amount								
Offices	234,150	4,088,594	1,166	(948,561)	(6,461)	41,783	34,347	3,445,018
Hostel	92,006	0	100,099	(102,353)	0	1,935	27	91,714
	326,156	4,088,594	101,265	(1,050,914)	(6,461)	43,718	34,374	3,536,732
	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Lease payments RM	Interest expense RM	Currency translation differences RM	Balance as at 31.12.2019 RM	
Carrying amount								
Offices	0	107,952	243,443	(127,155)	8,739	1,171	234,150	
Hostel	0	188,491	0	(102,050)	5,613	(48)	92,006	
	0	296,443	243,443	(229,205)	14,352	1,123	326,156	
Represented by:								
Current liabilities								
Non-current liabilities								
		2020 RM				2019 RM		
		1,659,894				202,398		
		1,876,838				123,758		
		3,536,732				326,156		



Notes To The Financial Statements

31 December 2020 (Cont'd)

5. LEASES (cont'd)

The Company as lessee

Right-of-use asset

	Balance as at 1.1.2020 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount			
Office	649,185	(146,985)	502,200

	Balance as at 1.1.2019 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount				
Office	0	734,926	(85,741)	649,185

Lease liability

	Balance as at 1.1.2020 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2020 RM
Carrying amount				
Office	656,293	(168,000)	33,209	521,502

	Balance as at 1.1.2019 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Carrying amount					
Office	0	734,926	(98,000)	19,367	656,293

	2020 RM	2019 RM
Represented by:		
Current liabilities	142,508	134,792
Non-current liabilities	378,994	521,501
	<u>521,502</u>	<u>656,293</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



5. LEASES (cont'd)

The Company as lessee (continued)

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

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

The right-of-use assets are depreciated on a straight line basis from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term. The depreciation periods of right-of-use assets are as follows:

Land	44 to 60 years
Offices	2 to 3 years
Hostel	2 years

- (c) Included in right-of-use assets of the Group, certain land with a carrying amount of RM12,420,748 (2019: RM12,715,894) is charged to a local bank as securities for bank facilities granted to the Group as disclosed in Note 17(c) to the financial statements.
- (d) In the previous financial year, the Group made a cash payment of RM1,104,975 to acquire an additional piece of land classified under right-of-use assets.
- (e) The Group has certain leases of building and hostel with lease term of twelve (12) months or less and low value leases of office equipment and kitchen equipment of RM20,000 and below. The Group applies the 'short-term lease' and 'lease of low-value assets' exemption for these leases.
- (f) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Depreciation charge of right-of-use assets				
- included in cost of sales	198,613	110,964	0	0
- included in general and administrative expenses	1,068,450	557,891	146,985	85,741
Interest expense on lease liabilities				
- included in finance costs	43,718	14,352	33,209	19,367
Expense relating to short-term leases				
- included in general and administrative expenses	967,925	1,649,256	0	0
Expense relating to leases of low-value assets				
- included in general and administrative expenses	36,670	30,016	0	0
Variable lease payments (included in cost of sales):				
- arising from COVID-19 related rent concessions	(6,461)	0	0	0
	<u>2,308,915</u>	<u>2,362,479</u>	<u>180,194</u>	<u>105,108</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

5. LEASES (cont'd)

The Company as lessee (cont'd)

- (g) Lease liabilities of the Group and of the Company are owing to non-financial institutions.
- (h) The Group leases a lease contract that includes extension option. This is used to maximise operational flexibility in terms of managing the asset used in the operations of the Group. The following are the undiscounted potential future rental payments that are not included in the lease term:

Group	Within five (5) years RM	Total RM
2020		
Extension options expected not to be exercised	0	0
2019		
Extension options expected not to be exercised	133,810	133,810

- (i) Information on financial risks of lease liabilities is disclosed in Note 32 to the financial statements.

6. INTANGIBLE ASSETS

Group	Balance as at 1.1.2020 RM	Additions RM	Amortisation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2020 RM
Carrying amount					
Intellectual property	2,084,611	0	(131,659)	0	1,952,952
Club membership	800,102	0	(38,346)	319	762,075
Development of prototypes	0	5,596,539	(46,399)	16,005	5,566,145
Development of intelligence software solution	0	222,689	0	0	222,689
	<u>2,884,713</u>	<u>5,819,228</u>	<u>(216,404)</u>	<u>16,324</u>	<u>8,503,861</u>

Group	As at 31.12.2020		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Intellectual property	2,084,611	(131,659)	1,952,952
Club membership	813,092	(51,017)	762,075
Development of prototypes	5,612,544	(46,399)	5,566,145
Development of intelligence software solution	222,689	0	222,689
	<u>8,732,936</u>	<u>(229,075)</u>	<u>8,503,861</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



6. INTANGIBLE ASSETS (cont'd)

Group	Balance as at 1.1.2019 RM	Additions RM	Amortisation charge for the financial year RM	Currency translation differences RM	Balance as at 31.12.2019 RM
Carrying amount					
Intellectual property	0	2,084,611	0	0	2,084,611
Club membership	0	807,074	(12,744)	5,772	800,102
	<u>0</u>	<u>2,891,685</u>	<u>(12,744)</u>	<u>5,772</u>	<u>2,884,713</u>

Group	As at 31.12.2019		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Intellectual property	2,084,611	0	2,084,611
Club membership	812,852	(12,750)	800,102
	<u>2,897,463</u>	<u>(12,750)</u>	<u>2,884,713</u>

Company	Balance as at 1.1.2020 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount			
Intellectual property	2,084,611	(131,659)	1,952,952

Company	As at 31.12.2020		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Intellectual property	2,084,611	(131,659)	1,952,952

Company	Balance as at 1.1.2019 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount				
Intellectual property	0	2,084,611	0	2,084,611



Notes To The Financial Statements

31 December 2020 (Cont'd)

6. INTANGIBLE ASSETS (cont'd)

Company	As at 31.12.2019		
	Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Intellectual property	2,084,611	0	2,084,611

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.
- (b) Intellectual property represents a patent in relation to a semiconductor bonding device. Intellectual property is amortised on a straight line basis over a period of fifteen (15) years commencing from the date of acquisition.
- (c) Club membership represents a corporate golf membership. Club membership is amortised on a straight line basis over a period of twenty one (21) years commencing from the date of acquisition.
- (d) Development cost represents a development of in-house brand of Wafer Level Chip Scale Package ('WLCSP') sorting machines, laser bonding machines and development of advanced automation and robotic solutions with artificial intelligence. Development of prototypes are amortised on a straight line basis over a period of three (3) years commencing from the date they are available for use.
- (e) Development of intelligence software solution represents software, which is not integral to hardware of the Group and can be separately identified.
- (f) The Group and the Company made the following cash payments to acquire intangible assets:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of intangible assets	5,819,228	2,891,685	0	2,084,611
Payable within next two (2) year	0	(455,806)	0	0
Cash payments on purchase of intangible assets	5,819,228	2,435,879	0	2,084,611

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost		
- ordinary shares	153,297,335	103,586,351
- redeemable preference shares ('RPS')	39,175,200	42,175,200
	192,472,535	145,761,551
Less: Impairment losses	(1,467,906)	0
	191,004,629	145,761,551

Notes To The Financial Statements

31 December 2020 (Cont'd)



7. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (a) An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any.

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

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

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective ownership interest		Principal activities
		2020 %	2019 %	
Mi Equipment (M) Sdn. Bhd.	Malaysia	100	100	Design, development, manufacture and sale of wafer level chip scale packaging sorting machines with inspection and testing capabilities for the semiconductor industry.
Mi International Pte. Ltd. ⁽¹⁾	Singapore	100	100	Overseeing all of the international sales, sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Mi Components Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of modules and component parts. During the financial year, Mi Components Sdn. Bhd. has become dormant.
Mi Autobotics Sdn. Bhd.	Malaysia	100	100	Research and development, engineering, manufacturing and assembly of smart and highly mechatronics industry robots and advanced factory automation equipment and machineries, and sales of intelligent software solutions and systems.
Mi Equipment Korea Co., Ltd. ⁽¹⁾	Republic of South Korea	70	0	Research, development and manufacturing of semiconductor equipment and related components.
Suzhou Mi Equipment Co., Ltd. ⁽²⁾	People's Republic of China	100	0	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Mi Equipment (Taiwan) Co., Ltd. ⁽²⁾	Taiwan (Republic of China)	94	0	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.



Notes To The Financial Statements

31 December 2020 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective ownership interest		Principal activities
		2020 %	2019 %	
Subsidiaries of Mi International Pte. Ltd.				
Mi Sales & Services (M) Sdn. Bhd.	Malaysia	100	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components. During the financial year, Mi Sales & Services (M) Sdn. Bhd. has become dormant.
Mi Equipment USA Inc. ⁽³⁾	United States of America	100	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Suzhou Mi Equipment Co., Ltd. ⁽²⁾	People's Republic of China	0	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Mi Equipment (Taiwan) Co., Ltd. ⁽²⁾	Taiwan (Republic of China)	– ⁽⁴⁾	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components.
Mi Sales & Services (S) Pte. Ltd. ⁽³⁾	Singapore	100	100	Sales and marketing of machines and provision of maintenance services and technical support, as well as the sale of related spare parts and components. Currently, Mi Sales & Services (S) Pte. Ltd. has not commenced operations.

⁽¹⁾ Subsidiary audited by BDO member firm.

⁽²⁾ Subsidiaries not audited by BDO Malaysia and BDO member firms.

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

⁽⁴⁾ Following the placement of 14,959,875 new ordinary shares by Mi Equipment (Taiwan) Co., Ltd. ('Mi-ETW') to the Company, the equity interest of Mi International Pte. Ltd. ('Mi International') in MiETW diluted from 100% to 6%. There are no changes to the percentage of shareholding of the Group in MiETW arising from the additional investment.

(c) On 9 January 2020, the Company incorporated a new private limited company in the Republic of South Korea namely Mi Equipment Korea Co., Ltd ('MiEKR') with a capital injection of USD139,903 (equivalent to RM587,509), which represents 70% of the equity interest in MiEKR.

(d) On 13 October 2020, the Company completed the acquisition of entire equity interest in Suzhou Mi Equipment Co., Ltd. ('MiESZ') for a total cash consideration of USD600,000 (equivalent to RM2,526,600). In the meanwhile, the Company increased its equity investment in MiESZ, by way of cash at USD3,500,000 (equivalent to RM14,770,000).

Notes To The Financial Statements

31 December 2020 (Cont'd)



7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(e) Additional investments in subsidiaries during the financial year

(i) MiETW

In November 2020, the Company increased its equity investment in MiETW, by way of cash at USD5,250,000 (equivalent to RM21,826,875).

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

In June 2020, MiCSB has fully redeemed 3,000,000 RPS at a redemption price of RM1 per RPS held out of capital of MiCSB.

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

In September and November 2020, the Company acquired additional 8,000,000 and 2,000,000 ordinary shares at RM1 each in MiASB, for a total cash consideration of RM8,000,000 and RM2,000,000 respectively.

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

(f) During the financial year, impairment loss of RM1,467,906 has been recognised in respect of a subsidiary due to declining business operations. The recoverable amounts of the cost of investment in the subsidiary is based on its fair value less cost to sell, which is categorised as Level 3 in the fair value hierarchy.

(g) In the previous financial year, a subsidiary of the Group, Mi International, incorporated a wholly-owned subsidiary, Mi Sales & Services (S) Pte. Ltd. in Singapore with an issued and paid-up share capital of SGD2 (equivalent to RM6).

(h) Additional investments in subsidiaries in previous financial year

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

In December 2019, the Company acquired additional 28,000,000 ordinary shares and 25,000,000 RPS at RM1 each in MiESB, by way of capitalisation of advances amounting to RM28,000,000 and RM25,000,000 respectively.

(ii) In February and December 2019, the Company acquired additional 900,000 and 1,000,000 ordinary shares at SGD1 each in Mi International, for a total cash consideration of SGD900,000 (equivalent to RM2,739,600) and SGD1,000,000 (equivalent to RM3,043,800) respectively.

In December 2019, the Company further acquired 4,000,000 RPS at SGD1 each in Mi International, by way of capitalisation of advances amounting to SGD4,000,000 (equivalent to RM12,175,200).

(iii) MiCSB

In December 2019, the Company acquired additional 1,000,000 ordinary shares and 4,000,000 RPS at RM1 each in MiCSB, by way of capitalisation of advances amounting to RM1,000,000 and RM4,000,000 respectively. MiCSB redeemed 1,000,000 RPS at a redemption price of RM1 per RPS held out of the proceeds of a fresh issue of shares on 31 December 2019.



Notes To The Financial Statements

31 December 2020 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

(h) Additional investments in subsidiaries in previous financial year (cont'd)

(iv) MiASB

In April 2019, the Company acquired additional 999,998 ordinary shares at RM1 each in MiASB, for a total cash consideration of RM999,998.

In December 2019, the Company acquired additional 1,000,000 ordinary shares and 3,000,000 RPS at RM1 each in MiASB, by way of capitalisation of advances amounting to RM1,000,000 and RM3,000,000 respectively. MiASB redeemed 1,000,000 RPS at a redemption price of RM1 per RPS held out of the proceeds of a fresh issue of shares on 31 December 2019.

(v) MiESZ

In April and December 2019, Mi International increased its equity investment in MiESZ, by way of cash at USD240,000 (equivalent to RM991,320) and USD300,000 (equivalent to RM1,253,850) respectively.

(vi) MiETW

In April 2019, Mi International increased its equity investment in MiETW, by way of cash at TWD8,000,000 (equivalent to RM1,060,168).

(vii) Mi Equipment USA Inc. ('MiEUS')

In December 2019, Mi International acquired additional 50,000 ordinary shares in MiEUS, by way of capitalisation of advances amounted to USD50,000 (equivalent to RM208,975).

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

	MiEKR 2020
NCI percentage of ownership interest and voting interest	30%
Carrying amount of NCI (RM)	<u>(50,691)</u>
Loss allocated to NCI (RM)	<u>(294,917)</u>
Total comprehensive loss allocated to NCI (RM)	<u>(287,982)</u>

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

Notes To The Financial Statements

31 December 2020 (Cont'd)



8. DEFERRED TAX

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

	Group	
	2020 RM	2019 RM
Balance as at 1 January	(50,075)	(3,838)
Recognised in profit or loss (Note 26)		
- relating to origination and reversal of temporary differences	491,587	(47,116)
- underprovision in prior year	1,029,453	0
Exchange differences	(1,700)	879
Balance as at 31 December	<u>1,469,265</u>	<u>(50,075)</u>
Presented after appropriate offsetting:		
Deferred tax assets, net	(341,335)	(50,075)
Deferred tax liabilities, net	<u>1,810,600</u>	<u>0</u>
	<u>1,469,265</u>	<u>(50,075)</u>

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

Deferred tax liabilities of the Group

	Property plant and equipment RM	Off-setting RM	Total RM
Balance as at 1 January 2020	0	0	0
Recognised in profit or loss	2,768,100	(957,500)	1,810,600
Exchange differences	0	0	0
Balance as at 31 December 2020	<u>2,768,100</u>	<u>(957,500)</u>	<u>1,810,600</u>
Balance as at 1 January 2019	0	0	0
Recognised in profit or loss	0	0	0
Exchange differences	0	0	0
Balance as at 31 December 2019	<u>0</u>	<u>0</u>	<u>0</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

8. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group

	Unused tax losses	Provisions	Off-setting	Total
	RM	RM	RM	RM
Balance as at 1 January 2020	(50,075)	0	0	(50,075)
Recognised in profit or loss	(289,560)	(957,500)	957,500	(289,560)
Exchange differences	(1,700)	0	0	(1,700)
Balance as at 31 December 2020	<u>(341,335)</u>	<u>(957,500)</u>	<u>957,500</u>	<u>(341,335)</u>
Balance as at 1 January 2019	(3,838)	0	0	(3,838)
Recognised in profit or loss	(47,116)	0	0	(47,116)
Exchange differences	879	0	0	879
Balance as at 31 December 2019	<u>(50,075)</u>	<u>0</u>	<u>0</u>	<u>(50,075)</u>

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses				
- no expiry date	2,759,534	3,463,507	0	0
- expires by 31 December 2025	189,006	189,006	0	0
- expires by 31 December 2026	4,110,040	4,110,040	1,555,029	1,555,029
- expires by 31 December 2027	2,120,716	0	66,189	0
Unabsorbed capital allowances	792,027	463,650	42,957	36,214
	<u>9,971,323</u>	<u>8,226,203</u>	<u>1,664,175</u>	<u>1,591,243</u>

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

Notes To The Financial Statements

31 December 2020 (Cont'd)



9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Non-current assets</u>				
Other receivable				
Subsidiary	0	0	5,541,055	0
<u>Current assets</u>				
Trade receivables				
Third parties	98,908,696	96,268,449	0	0
Dividend receivable from a subsidiary	0	0	13,000,000	15,000,000
Subsidiaries	0	0	322,000	897,000
	<u>98,908,696</u>	<u>96,268,449</u>	<u>13,322,000</u>	<u>15,897,000</u>
Less: Impairment losses	(320,933)	(141,900)	0	0
Total trade receivables	<u>98,587,763</u>	<u>96,126,549</u>	<u>13,322,000</u>	<u>15,897,000</u>
Other receivables				
Third parties	2,350,493	1,982,598	0	350
Subsidiaries	0	0	3,017,708	3,845,536
Deposits	1,017,308	225,905	4,500	0
Total other receivables	<u>3,367,801</u>	<u>2,208,503</u>	<u>3,022,208</u>	<u>3,845,886</u>
Total current receivables	101,955,564	98,335,052	16,344,208	19,742,886
Prepayments	1,848,545	2,224,436	35,520	646,838
	<u>103,804,109</u>	<u>100,559,488</u>	<u>16,379,728</u>	<u>20,389,724</u>
Total trade and other receivables	<u>103,804,109</u>	<u>100,559,488</u>	<u>21,920,783</u>	<u>20,389,724</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 180 days (2019: 15 to 180 days). Nevertheless, the management of the Group may give longer credit terms by discretion. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable within the next one (1) year in cash and cash equivalents, except for an amount of RM5,541,055 as at 31 December 2020 which were not payable within the next one (1) year.



Notes To The Financial Statements

31 December 2020 (Cont'd)

9. TRADE AND OTHER RECEIVABLES (cont'd)

(d) The currency exposure profile of total receivables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	1,340,499	5,346,482	15,631,524	19,469,884
United States Dollar	97,287,301	91,637,039	6,253,739	273,002
Taiwan Dollar	726,672	371,274	0	0
Singapore Dollar	127,176	61,349	0	0
Chinese Yuan	2,187,917	262,539	0	0
Korea Won	281,283	0	0	0
Others	4,716	656,369	0	0
	<u>101,955,564</u>	<u>98,335,052</u>	<u>21,885,263</u>	<u>19,742,886</u>

(e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (gross domestic product (GDP), inflation rate, consumer price index and United State Dollar foreign exchange rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

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

Credit impaired refers to individually determined receivables who is in significant financial difficulties and has defaulted on payments to be impaired as at the end of the reporting period.

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

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

	Current	1 - 90 days past due	91 - 180 days past due	More than 180 days past due	Total
31 December 2020					
Expected loss rate	0.12%	0.18%	0.79%	41.24%	
Gross carrying amount (RM)	90,388,544	7,453,295	593,448	473,409	98,908,696
Impairment (RM)	107,921	13,087	4,677	195,248	320,933
31 December 2019					
Expected loss rate	0.14%	0.29%	0.30%	0.44%	
Gross carrying amount (RM)	91,888,792	3,764,461	411,916	203,280	96,268,449
Impairment (RM)	128,897	10,879	1,228	896	141,900

The Group did not renegotiate the terms of any trade receivables for the financial years ended 31 December 2020 and 31 December 2019.

Notes To The Financial Statements

31 December 2020 (Cont'd)



9. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group	
	2020 RM	2019 RM
As at 1 January	141,900	150,106
Reversal of impairment loss	(141,900)	(150,106)
Charge for the financial year	320,933	141,900
As at 31 December	<u>320,933</u>	<u>141,900</u>

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

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

(h) Information on financial risks of trade and other receivables is disclosed in Note 32 to the financial statements.

10. LEASE RECEIVABLE

	Group 2020 RM
Future minimum lease receivable:	
- not later than one (1) year	619,000
- one (1) to two (2) years	619,000
- two (2) to three (3) years	619,000
- three (3) to four (4) years	619,000
- four (4) to five (5) years	375,595
Total future minimum lease receivables	<u>2,851,595</u>
Less: Unearned finance lease receivables	<u>(181,907)</u>
Present value of finance lease receivables	<u>2,669,688</u>
Analysis of present value of finance lease receivables:	
Non-current	2,123,307
Current	546,381
	<u>2,669,688</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

10. LEASE RECEIVABLE (cont'd)

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

	2020 RM
Balance as at 1 January	0
Additions	2,870,734
Interest income	42,359
Lease payments received	(243,405)
Balance as at 31 December	<u>2,669,688</u>

- (e) No expected credit loss is recognised arising from lease receivable as it is negligible.
- (f) Information on financial risks of lease receivable is disclosed in Note 32 to the financial statements.

11. INVENTORIES

	Group	
	2020 RM	2019 RM
At cost		
Raw materials	10,362,433	6,585,524
Work-in-progress	43,678,566	22,730,299
Finished goods	15,882,601	17,019,159
Trading goods	30,621	57,308
Goods-in-transit	0	1,276,422
	<u>69,954,221</u>	<u>47,668,712</u>
At net realisable value		
Raw materials	311,070	992,298
Total	<u>70,265,291</u>	<u>48,661,010</u>

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of raw materials comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials and other direct costs.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM107,008,627 (2019: RM82,071,095).

Notes To The Financial Statements

31 December 2020 (Cont'd)



11. INVENTORIES (cont'd)

- (c) During the financial year, the Group had written off obsolete inventories, which amounted to RM697,607 (2019: RM1,034,387) which was recognised as cost of sales.

During the financial year, the Group had written down inventories amounted to RM359,277 (2019: RM248,086) which was recognised as cost of sales and reversed inventories written down of RM668,188 in previous financial year upon usage of such inventories.

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

12. DERIVATIVE

	Group 2020	
	Contract amount RM	Assets RM
Non-hedging derivative		
Forward foreign currency exchange contract	164,811	6,427

- (a) Derivative assets are classified as financial assets at fair value through profit or loss.
- (b) Derivative is denominated in United States Dollar.
- (c) The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the receivables of the Group denominated in United States Dollar for which firm commitments existed as at 31 December 2020.

- (d) The fair value changes are attributable to changes in foreign exchange spot and forward rates. Derivative asset of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

13. SHORT TERM FUNDS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at fair value through profit or loss				
Money market funds	27,345,763	81,446,221	7,154,011	81,446,221
Bond funds	25,525,071	11,535,065	25,525,071	11,535,065
	<u>52,870,834</u>	<u>92,981,286</u>	<u>32,679,082</u>	<u>92,981,286</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

13. SHORT TERM FUNDS (cont'd)

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Money market funds of the Group and of the Company are highly liquid investments, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.
- (c) The currency exposure profile of short term funds are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	36,871,805	92,981,286	26,856,053	92,981,286
United States Dollar	15,999,029	0	5,823,029	0
	<u>52,870,834</u>	<u>92,981,286</u>	<u>32,679,082</u>	<u>92,981,286</u>

- (d) Short term funds of the Group and of the Company are measured at Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (e) Information on financial risks of short term funds is disclosed in Note 32 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	35,267,133	67,884,484	2,788,674	15,594,866
Deposits with licensed banks	20,759,172	2,092,899	0	0
	<u>56,026,305</u>	<u>69,977,383</u>	<u>2,788,674</u>	<u>15,594,866</u>

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	10,304,520	8,380,968	1,382,399	1,118,163
United States Dollar	33,084,736	57,771,129	1,406,275	14,476,703
Taiwan Dollar	11,205,513	959,770	0	0
Singapore Dollar	232,382	1,980,660	0	0
Chinese Yuan	199,296	33,790	0	0
Korea Won	993,351	0	0	0
Euro	4,824	849,410	0	0
Others	1,683	1,656	0	0
	<u>56,026,305</u>	<u>69,977,383</u>	<u>2,788,674</u>	<u>15,594,866</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



14. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	35,267,133	67,884,484	2,788,674	15,594,866
Deposits with licensed banks	20,759,172	2,092,899	0	0
Money market funds (Note 13)	27,345,763	81,446,221	7,154,011	81,446,221
	<u>83,372,068</u>	<u>151,423,604</u>	<u>9,942,685</u>	<u>97,041,087</u>
Less:				
Deposit pledged to a licensed bank	(2,060,460)	(2,092,899)	0	0
	<u>81,311,608</u>	<u>149,330,705</u>	<u>9,942,685</u>	<u>97,041,087</u>

(c) Deposits pledged to a licensed bank are for term loan granted to the Group as disclosed in Note 17(c) to the financial statements.

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

(e) Information on financial risks of cash and bank balances is disclosed in Note 32 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Issued and fully paid-up				
Balance as at 1 January	750,000,000	252,615,378	500,000,000	252,615,378
Bonus issue	0	0	250,000,000	0
Balance as at 31 December	<u>750,000,000</u>	<u>252,615,378</u>	<u>750,000,000</u>	<u>252,615,378</u>

(a) Share capital

(i) In the previous financial year, the Company has completed a bonus issue of 250,000,000 ordinary shares in the Company on the basis of one (1) bonus share for every two (2) existing shares following the listing of and quotation for the bonus shares on the Main Market of Bursa Malaysia Securities Berhad. The newly issued ordinary shares rank pari passu in all respect with the existing ordinary shares of the Company.

(ii) The owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.



Notes To The Financial Statements

31 December 2020 (Cont'd)

15. SHARE CAPITAL (cont'd)

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 11 June 2019, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2020		2019	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Balance as at 1 January	(4,000,000)	(5,246,963)	0	0
Purchase of treasury shares	0	0	(3,000,000)	(5,246,963)
Bonus issue	0	0	(1,000,000)	0
Balance as at 31 December	<u>(4,000,000)</u>	<u>(5,246,963)</u>	<u>(4,000,000)</u>	<u>(5,246,963)</u>

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

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

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

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

- (ii) In the previous financial year, the Company repurchased 3,000,000 of its issued ordinary shares from the open market at an average price of RM1.75 per share. The total consideration paid, net of transaction costs, for the repurchased shares was RM5,246,963. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 31 December 2019, 4,000,000 (included 1,000,000 new ordinary shares from bonus issue) out of the total 750,000,000 issued and fully paid-up ordinary shares are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 746,000,000.

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

Notes To The Financial Statements

31 December 2020 (Cont'd)



16. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Legal reserve	147,958	41,896	0	0
Exchange translation reserve	(484,776)	202,867	0	0
Reorganisation debit reserve	(63,557,909)	(63,557,909)	0	0
Distributable:				
Retained earnings	204,853,645	195,711,977	2,040,720	26,937,132
	<u>140,958,918</u>	<u>132,398,831</u>	<u>2,040,720</u>	<u>26,937,132</u>

(a) Legal reserve

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

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Reorganisation debit reserve

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

17. BORROWING

	Group	
	2020 RM	2019 RM
<i>Term loan</i>		
Non-current	2,615,805	1,584,670
Current	2,481,141	2,492,989
	<u>5,096,946</u>	<u>4,077,659</u>

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

(b) Borrowing is denominated in United States Dollar.



Notes To The Financial Statements

31 December 2020 (Cont'd)

17. BORROWING (cont'd)

(c) The term loan is secured by the following:

- (i) deposits with a licensed bank as disclosed in Note 14(c) to the financial statements;
- (ii) legal charge over certain land and building of the Group as disclosed in Notes 4(b) and 5(c) to the financial statements; and
- (iii) corporate guarantee by the Company.

(d) Information on financial risks of borrowing is disclosed in Note 32 to the financial statements.

18. PROVISIONS

	Group	
	2020 RM	2019 RM
Non-current		
Provision for warranty replacement costs	626,308	522,998
Current		
Provision for warranty replacement costs	1,552,963	1,180,381
Provision for technical support services	0	604,873
	<u>1,552,963</u>	<u>1,785,254</u>
Total provisions		
Provision for warranty replacement costs	2,179,271	1,703,379
Provision for technical support services	0	604,873
	<u>2,179,271</u>	<u>2,308,252</u>

(a) Provision for warranty replacement costs

The Group provides a two (2)-year (2019: two (2)-year) warranty on certain electronic components and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs.

In the previous financial year, the expected warranty claims were reduced to reflect a more accurate estimation of provision for warranty replacement costs following management's review of the actual level of repairs and returns of past years.

As a result of the change in accounting estimates, the Group reversed provision for warranty replacement costs to the profit or loss and other comprehensive income amounted to RM3,040,641 during the financial year 2019. In view of the revision in estimates, the reversals of provision for warranty replacement costs in the financial years ended/ending 31 December 2020, 2021 and 2022 are expected to decrease by RM1,763,010, RM970,974 and RM306,657 respectively.

Notes To The Financial Statements

31 December 2020 (Cont'd)



18. PROVISIONS (cont'd)

(a) Provision for warranty replacement costs (cont'd)

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

	Group	
	2020 RM	2019 RM
Balance as at 1 January	1,703,379	4,927,841
Provision made during the financial year	2,059,928	2,424,583
Amount used during the financial year	(1,071,329)	(290,462)
Provision reversed during the financial year	(512,707)	(5,358,583)
Balance as at 31 December	<u>2,179,271</u>	<u>1,703,379</u>

(b) Provision for technical support services

The Group provides technical support services in respect of trainings on operations and maintenance of machines to new customers for an average period of three (3) years. A provision has been recognised at the end of the reporting period for expected technical support services provided based on past experience of the level of such services.

Movements during the financial year in the amount recognised in the statements of financial position in respect of the provision for technical support services are as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 January	604,873	604,873
Amount used during the financial year	(143,921)	0
Provision reversed during the financial year	(460,952)	0
Balance as at 31 December	<u>0</u>	<u>604,873</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Non-current liability</u>				
Other payable	0	227,903	0	0
<u>Current liabilities</u>				
Trade payables				
Third parties	25,436,748	25,781,784	0	0
Other payables				
Third parties	4,032,605	1,759,930	69,302	151,606
Subsidiaries	0	0	101,954	159,031
Accrued liabilities	10,140,851	15,642,950	764,656	2,310,013
Total other payables	14,173,456	17,402,880	935,912	2,620,650
Total current payables	39,610,204	3,184,664	935,912	2,620,650
Total trade and other payables	39,610,204	43,412,567	935,912	2,620,650

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2019: 30 to 90 days).
- (c) Non-trade portion of amounts owing to subsidiaries represents advances which were unsecured, interest-free and payable within one (1) year in cash and cash equivalents.
- (d) In the previous financial year, non-current other payable and an amount of RM227,903 included in current portion of other payables relate to the consideration payable in instalments for the club membership as disclosed in Note 6 to the financial statements. These payables are unsecured, interest-free and repayable in September 2020 and September 2021.
- (e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	25,836,784	33,447,133	926,718	2,515,511
United States Dollar	5,295,418	4,210,260	9,194	105,139
Singapore Dollar	1,292,270	1,999,935	0	0
Taiwan Dollar	1,459,621	1,575,903	0	0
Swiss Franc	405,706	0	0	0
Euro	4,106,295	1,684,171	0	0
Chinese Yuan	783,799	495,165	0	0
Korea Won	430,311	0	0	0
	39,610,204	43,412,567	935,912	2,620,650

- (f) Information on financial risks of trade and other payables is disclosed in Note 32 to the financial statements.

Notes To The Financial Statements

31 December 2020 (Cont'd)



20. CONTRACT LIABILITIES

	Group 2020 RM
Advances received from customers	7,500
Deferred income	19
	<u>7,519</u>

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

(b) Movement in contract liabilities are as follows:

	Group 2020 RM
Balance as at 1 January	0
Advances received during the financial year	7,522
Revenue recognised during the financial year	(3)
Balance as at 31 December	<u>7,519</u>

(c) Contract liabilities are denominated in Ringgit Malaysia.

21. CAPITAL COMMITMENTS

	Group	
	2020 RM	2019 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	4,202,401	8,668,417
Contracted but not provided for	16,317,672	14,652,609
	<u>20,520,073</u>	<u>23,321,026</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

22. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<i>Revenue from contracts with customers:</i>				
- sale of goods	228,431,286	190,882,910	0	0
- services rendered	572,800	251,680	0	0
- management fee	0	0	945,000	897,000
<i>Other revenue:</i>				
- dividend income	0	0	23,000,000	30,000,000
	<u>229,004,086</u>	<u>191,134,590</u>	<u>23,945,000</u>	<u>30,897,000</u>

(a) Sale of goods and services rendered

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

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

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

(b) Management fee

Management fee is recognised over time when the customers simultaneously receive and consume the benefits.

(c) Dividend income

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

Disaggregation of revenue from contracts with customers

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<i>By countries:</i>				
Taiwan	86,543,698	118,348,721	0	0
China	66,082,786	29,163,430	0	0
Korea	31,067,930	9,224,549	0	0
Malaysia	14,607,174	17,334,739	23,945,000	30,897,000
United States of America	10,629,066	3,513,455	0	0
Other countries	20,073,432	13,549,696	0	0
	<u>229,004,086</u>	<u>191,134,590</u>	<u>23,945,000</u>	<u>30,897,000</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



23. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense on:				
- term loan	130,313	222,501	0	0
- revolving credit	202,422	0	0	0
- lease liabilities	43,718	14,352	33,209	19,367
	<u>376,453</u>	<u>236,853</u>	<u>33,209</u>	<u>19,367</u>

24. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries and bonuses	31,597,770	28,864,181	2,157,402	2,734,916
Contributions to defined contribution plans	2,335,416	1,890,844	254,603	273,217
Social security contributions	816,447	795,813	26,273	21,409
Other benefits	1,190,554	798,180	311,814	204,470
	<u>35,940,187</u>	<u>32,349,018</u>	<u>2,750,092</u>	<u>3,234,012</u>

Included in the employee benefits of the Group and the Company are Directors' remuneration amounting to RM1,524,578 (2019: RM1,502,776) and RM264,203 (2019: RM689,099) respectively.

25. PROFIT BEFORE TAX

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax is arrived at after charging:				
Amortisation of intangible assets	216,404	12,744	131,659	0
Auditors' remuneration:				
- statutory audit	202,750	165,171	32,000	32,000
- other services	24,456	13,618	16,500	3,000
Depreciation of:				
- property, plant and equipment	5,998,019	3,570,661	36,606	27,273
- right-of-use assets	1,267,063	668,855	146,985	85,741
Directors' remuneration:				
- fees	144,000	144,000	144,000	144,000
- other emoluments	1,380,578	1,358,776	120,203	545,099



Notes To The Financial Statements

31 December 2020 (Cont'd)

25. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax is arrived at after charging: (cont'd)				
Foreign exchange losses:				
- realised	588,697	0	284,054	12,681
- unrealised	583,315	2,158,880	486,079	223,589
Impairment loss on investment in a subsidiary	0	0	1,467,906	0
Impairment loss on trade receivables	320,933	141,900	0	0
Inventories written down	359,277	248,086	0	0
Inventories written off	697,607	1,034,387	0	0
Losses on:				
- disposal of property, plant and equipment	224,105	0	685	0
- fair value changes on money market funds	211	0	16,621	0
- redemption of money market funds	0	0	0	22,682
Property, plant and equipment written off	73,820	7,907	0	0
Provision for warranty replacement costs	2,059,928	2,424,583	0	0
Rental expense	1,004,595	1,679,272	0	0
and crediting:				
Foreign exchange gains:				
- realised	0	443,953	0	0
Gains on:				
- fair value change on derivative	6,427	0	0	0
- disposal of property, plant and equipment	0	119,844	0	0
- fair value changes on money market funds	0	98,806	0	98,806
- fair value changes on bond fund	680,194	35,065	680,194	35,065
- redemption of money market funds	11,892	291,901	0	0
Government grant	345,110	16,368	0	0
Interest income				
- deposits with licensed banks	417,179	1,019,186	57,368	53,794
- bond funds	2,256,752	0	2,256,752	0
- money market funds	836,034	3,239,246	495,138	3,239,246
- advances to subsidiaries	0	0	33,859	0
- lease receivable	42,359	0	0	0
Rent concession granted	6,461	0	0	0
Reversals of:				
- impairment loss on trade receivables	141,900	150,106	0	0
- inventories written down	668,188	0	0	0
- provision for technical support services	460,952	0	0	0
- provision for warranty replacement costs	512,707	5,358,583	0	0

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

Notes To The Financial Statements

31 December 2020 (Cont'd)



26. TAX EXPENSE

	Group	
	2020 RM	2019 RM
Current tax expense based on profit for the financial year	405,982	304,402
Underprovision of tax expense in prior years	23,653	58,275
	429,635	362,677
Deferred tax (Note 8):		
Relating to origination and reversal of temporary differences	491,587	(47,116)
Underprovision in prior year	1,029,453	0
	1,521,040	(47,116)
Withholding tax expenses	52,354	48,614
	2,003,029	364,175

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

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	55,715,842	59,530,523	19,863,588	28,348,980
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	13,371,802	14,287,326	4,767,261	6,803,755
Tax effects in respect of:				
Non-allowable expenses	2,645,392	760,518	894,493	454,186
Non-taxable income	(229,516)	(1,534,641)	(5,679,258)	(7,232,129)
Tax incentives and allowances	(15,272,634)	(13,879,789)	0	0
Different tax rates in foreign jurisdictions	(26,599)	(87,756)	0	0
Deferred tax assets not recognised	695,919	743,421	17,504	0
Utilisation of deferred tax assets not recognised in prior year	(286,795)	(31,793)	0	(25,812)
Withholding tax expenses	52,354	48,614	0	0
Underprovision of tax expense in prior years	23,653	58,275	0	0
Underprovision of deferred tax in prior year	1,029,453	0	0	0
	2,003,029	364,175	0	0



Notes To The Financial Statements

31 December 2020 (Cont'd)

26. TAX EXPENSE (cont'd)

- (c) On 9 March 2015, a subsidiary of the Group, Mi Equipment (M) Sdn. Bhd. ('MiESB') was granted pioneer status by Ministry of International Trade and Industry of Malaysia ('MITI') for the 'design, development and manufacturing of vision inspection and taping equipment and related components for semiconductor and solar industries' effective from 18 January 2014. Under the pioneer status granted by MITI, the profit derived from these activities is exempted from tax for a total relief period of five (5) years from the manufacturing date, i.e. from 18 January 2014 to 17 January 2019, subject to further renewal of another five (5) years.

On 31 January 2020, MiESB has obtained approval from Malaysian Investment Development Authority ('MIDA') for another five (5)-year pioneer period, i.e. from 18 January 2019 to 17 January 2024.

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

	Group		
	Before tax RM	Tax effect RM	After tax RM
2020			
Item that may be subsequently reclassified to profit or loss			
Foreign currency translations	(680,708)	0	(680,708)
2019			
Item that may be subsequently reclassified to profit or loss			
Foreign currency translations	(21,299)	0	(21,299)

27. EARNINGS PER SHARE

- (a) Basic

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

	Group	
	2020	2019
Profit for the financial year attributable to owners of the parent (RM)	54,007,730	59,166,348
Weighted average number of ordinary shares in issue (unit)	746,000,000	748,068,108
Basic earnings per share (sen)	7.24	7.91

- (b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

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28. DIVIDENDS

	Group and Company	
	Dividend per share	Amount of dividend
	RM	RM
2020		
In respect of financial year ended 31 December 2019:		
Second single tier interim dividend	0.03	22,380,000
In respect of financial year ended 31 December 2020:	0.03	22,380,000
First single tier interim dividend		<u>44,760,000</u>
2019		
In respect of financial year ended 31 December 2019:		
First single tier interim dividend	0.01	<u>4,980,000</u>

29. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

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

	Company	
	2020	2019
	RM	RM
Subsidiaries:		
Dividend income	23,000,000	30,000,000
Management fee	945,000	897,000
Transfer of property, plant and equipment from	2,394	0
Transfer of property, plant and equipment to	<u>80,212</u>	<u>0</u>

Balances with subsidiaries at the end of the financial year are disclosed in Notes 9 and 19 to the financial statements.

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



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31 December 2020 (Cont'd)

29. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term employee benefits	3,099,586	4,273,944	501,507	1,081,922
Post-employment benefits				
- contribution to defined contribution plans	326,798	393,916	35,111	105,567
	<u>3,426,384</u>	<u>4,667,860</u>	<u>536,618</u>	<u>1,187,489</u>

Included in the total remuneration of key management personnel are:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors' remuneration	<u>1,524,578</u>	<u>1,502,776</u>	<u>264,203</u>	<u>689,099</u>

30. OPERATING SEGMENTS

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

The reportable segments of the Group are as follows:

(a) Semiconductor equipment business unit

Involved in manufacturing and sales of wafer level chip scale packaging ('WLCSP') sorting machines with inspection and testing capabilities for the semiconductor industry, together with the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

Involved in manufacturing and sales of advanced packaging inspection machines for the semiconductor industry, together with the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

(b) Automation and robotics business unit

Involved in manufacturing and sales of factory automation systems, robotics systems and related modules in relation to Industry 4.0 with artificial intelligence contents.

Notes To The Financial Statements

31 December 2020 (Cont'd)



30. OPERATING SEGMENTS (cont'd)

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

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

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

Segment assets exclude tax assets, derivative, short term funds and cash and bank balances. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

2020	Semiconductor equipment RM	Automation and robotics RM	Eliminations RM	Consolidated RM
Revenue from external customers	221,411,994	7,592,092	0	229,004,086
Inter-segment revenue	36,544,041	5,438,942	(41,982,983)	0
Total revenue	<u>257,956,035</u>	<u>13,031,034</u>	<u>(41,982,983)</u>	<u>229,004,086</u>
Interest income	3,534,013	18,311	0	3,552,324
Finance costs	(376,453)	0	0	(376,453)
Net finance income	<u>3,157,560</u>	<u>18,311</u>	<u>0</u>	<u>3,175,871</u>
Segment profit/(loss) before tax	57,183,462	(1,467,620)	0	55,715,842
Tax expense				(2,003,029)
Other material non-cash items:				
- depreciation of property, plant and equipment	(5,634,402)	(363,617)	0	(5,998,019)
- depreciation of right-of-use assets	(1,267,063)	0	0	(1,267,063)
- amortisation of intangible assets	(202,001)	(14,403)	0	(216,404)
- provision for warranty replacement costs	(1,990,672)	(69,256)	0	(2,059,928)
- reversal of provision for warranty replacement costs	501,150	11,557	0	512,707



Notes To The Financial Statements

31 December 2020 (Cont'd)

30. OPERATING SEGMENTS (cont'd)

2020 (cont'd)	Semiconductor equipment RM	Automation and robotics RM	Eliminations RM	Consolidated RM
Additions to non-current assets other than financial instruments	47,227,224	2,298,966	0	49,526,190
Assets				
Segment assets	325,829,435	5,529,707	0	331,359,142
Deferred tax assets				341,335
Current tax assets				8,068
Derivative				6,427
Short term funds				52,870,834
Cash and bank balances				56,026,305
				<u>440,612,111</u>
Liabilities				
Segment liabilities	48,541,085	1,889,587	0	50,430,672
Deferred tax liabilities				1,810,600
Current tax liabilities				94,197
				<u>52,335,469</u>
2019				
Revenue from external customers	190,914,340	220,250	0	191,134,590
Inter-segment revenue	33,945,169	0	(33,945,169)	0
Total revenue	<u>224,859,509</u>	<u>220,250</u>	<u>(33,945,169)</u>	<u>191,134,590</u>
Interest income	4,256,875	1,557	0	4,258,432
Finance costs	(236,853)	0	0	(236,853)
Net finance income	<u>4,020,022</u>	<u>1,557</u>	<u>0</u>	<u>4,021,579</u>
Segment profit/(loss) before tax	62,178,458	(2,647,935)	0	59,530,523
Tax expense				(364,175)

Notes To The Financial Statements

31 December 2020 (Cont'd)



30. OPERATING SEGMENTS (cont'd)

2019 (cont'd)	Semiconductor equipment RM	Automation and robotics RM	Eliminations RM	Consolidated RM
Other material non-cash items:				
- depreciation of property, plant and equipment	(3,467,704)	(102,957)	0	(3,570,661)
- depreciation of right-of-use assets	(668,855)	0	0	(668,855)
- amortisation of intangible assets	(12,744)	0	0	(12,744)
- provision for warranty replacement costs	(2,422,381)	(2,202)	0	(2,424,583)
- reversal of provision for warranty replacement costs	5,358,491	92	0	5,358,583
	<u>63,436,053</u>	<u>944,678</u>	<u>0</u>	<u>64,380,731</u>
Additions to non-current assets other than financial instruments				
	63,436,053	944,678	0	64,380,731
Assets				
Segment assets	265,817,069	1,230,935	0	267,048,004
Deferred tax assets				50,075
Current tax assets				66,404
Short term funds				92,981,286
Cash and bank balances				69,977,383
				<u>430,123,152</u>
Liabilities				
Segment liabilities	49,355,738	768,896	0	50,124,634
Current tax liabilities				231,272
				<u>50,355,906</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

30. OPERATING SEGMENTS (cont'd)

(a) Geographical information

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

Segment assets are based on the geographical location of the assets of the Group.

	Group	
	2020 RM	2019 RM
Revenue from external customers		
Southeast Asia	28,156,836	26,340,177
Northeast Asia	183,694,414	156,736,700
North Atlantic	17,152,836	8,057,713
	<u>229,004,086</u>	<u>191,134,590</u>
Non-current assets		
Southeast Asia	139,169,483	116,594,200
Northeast Asia	17,876,201	1,237,831
North Atlantic	39,012	45,550
	<u>157,084,696</u>	<u>117,877,581</u>

(b) Major customers

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

	Group	
	2020 RM	2019 RM
Customer A	32,922,725	37,244,974
Customer B	31,065,990	0
Customer C	26,421,956	0
Customer D	0	50,129,375
	<u>90,410,671</u>	<u>87,374,349</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



31. FINANCIAL INSTRUMENTS

(a) Capital management

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Provisions	2,179,271	2,308,252	0	0
Borrowing	5,096,946	4,077,659	0	0
Lease liabilities	3,536,732	326,156	521,502	656,293
Trade and other payables	39,610,204	43,412,567	935,912	2,620,650
Total liabilities	50,423,153	50,124,634	1,457,414	3,276,943
Less:				
Short term funds	(52,870,834)	(92,981,286)	(32,679,082)	(92,981,286)
Cash and bank balances	(56,026,305)	(69,977,383)	(2,788,674)	(15,594,866)
Net cash	<u>(58,473,986)</u>	<u>(112,834,035)</u>	<u>(34,010,342)</u>	<u>(105,299,209)</u>
Total capital	388,276,642	379,767,246	249,409,135	274,305,547
Net cash	<u>(58,473,986)</u>	<u>(112,834,035)</u>	<u>(34,010,342)</u>	<u>(105,299,209)</u>
	<u>329,802,656</u>	<u>266,933,211</u>	<u>215,398,793</u>	<u>169,006,338</u>
Gearing ratio	*	*	*	*

* No gearing ratio is presented as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2020.

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



Notes To The Financial Statements

31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets				
Amortised cost				
Trade and other receivables (excluding prepayments)	101,955,564	98,335,052	21,885,263	19,742,886
Lease receivable	2,669,688	0	0	0
Cash and bank balances	56,026,305	69,977,383	2,788,674	15,594,866
	<u>160,651,557</u>	<u>168,312,435</u>	<u>24,673,937</u>	<u>35,337,752</u>
Fair value through profit or loss				
Derivative asset	6,427	0	0	0
Short term funds	52,870,834	92,981,286	32,679,082	92,981,286
	<u>52,877,261</u>	<u>92,981,286</u>	<u>32,679,082</u>	<u>92,981,286</u>
	<u>213,528,818</u>	<u>261,293,721</u>	<u>57,353,019</u>	<u>128,319,038</u>
Financial liabilities				
Amortised cost				
Trade and other payables	39,610,204	43,412,567	935,912	2,620,650
Borrowing	5,096,946	4,077,659	0	0
	<u>44,707,150</u>	<u>47,490,226</u>	<u>935,912</u>	<u>2,620,650</u>

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, borrowing and trade and other payables are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

- (ii) Short term funds

The fair values of short term funds are calculated using quoted prices at the end of the reporting period.

- (iii) Derivative

The fair value of a forward foreign exchange contract is the amount that would be receivables upon termination of the outstanding position arising and is determined by reference to the difference between the spot rate and market rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

Notes To The Financial Statements

31 December 2020 (Cont'd)



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Note 9 to the financial statements.

Credit risk concentration profile

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

Group

	2020		2019	
	RM	% of total	RM	% of total
By geographical location				
Southeast Asia	20,483,797	20%	8,781,639	9%
Northeast Asia	73,528,521	75%	86,974,107	90%
North America	4,575,445	5%	370,803	1%
	<u>98,587,763</u>	<u>100%</u>	<u>96,126,549</u>	<u>100%</u>

At the end of each reporting period, approximately 49% (2019: 65%) of the trade receivables of the Group were due from six (6) (2019: four (4)) major customers.

Company

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



Notes To The Financial Statements

31 December 2020 (Cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity and cash flow risk

The exposure of the Group to liquidity and cash flow risk arises primarily from the mismatch of the maturities of financial assets and liabilities. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
Group			
As at 31 December 2020			
Financial liabilities			
Trade and other payables	39,610,204	0	39,610,204
Borrowing	2,556,451	2,643,698	5,200,149
Lease liabilities	1,994,084	1,932,106	3,926,190
Total undiscounted financial liabilities	<u>44,160,739</u>	<u>4,575,804</u>	<u>48,736,543</u>
As at 31 December 2019			
Financial liabilities			
Trade and other payables	43,184,664	227,903	43,412,567
Borrowing	2,604,818	1,605,621	4,210,439
Lease liabilities	226,630	140,014	366,644
Total undiscounted financial liabilities	<u>46,016,112</u>	<u>1,973,538</u>	<u>47,989,650</u>

Notes To The Financial Statements

31 December 2020 (Cont'd)



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations (cont'd).

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
Company			
As at 31 December 2020			
Financial liabilities			
Trade and other payables	935,912	0	935,912
Lease liability	168,000	406,000	574,000
Total undiscounted financial liabilities	<u>1,103,912</u>	<u>406,000</u>	<u>1,509,912</u>
As at 31 December 2019			
Financial liabilities			
Trade and other payables	2,620,650	0	2,620,650
Lease liability	168,000	574,000	742,000
Total undiscounted financial liability	<u>2,788,650</u>	<u>574,000</u>	<u>3,362,650</u>

(c) Foreign currency risk

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

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



Notes To The Financial Statements

31 December 2020 (Cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Foreign currency risk (cont'd)

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

		Effect on profit after tax	
		Increase/(Decrease)	
		2020	2019
		RM	RM
Group			
USD/RM	- strengthen by 10% (2019: 10%)	10,334,870	10,725,139
	- weaken by 10% (2019: 10%)	<u>(10,334,870)</u>	<u>(10,725,139)</u>
TWD/RM	- strengthen by 10% (2019: 10%)	795,915	(18,609)
	- weaken by 10% (2019: 10%)	<u>(795,915)</u>	<u>18,609</u>
EURO/RM	- strengthen by 10% (2019: 10%)	(311,541)	(63,442)
	- weaken by 10% (2019: 10%)	<u>311,541</u>	<u>63,442</u>
Company			
USD/RM	- strengthen by 10% (2019: 10%)	1,024,013	1,112,987
	- weaken by 10% (2019: 10%)	<u>(1,024,013)</u>	<u>(1,112,987)</u>

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

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates. The exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the borrowing, leases and deposits placed with licensed banks of the Group and of the Company.

Notes To The Financial Statements

31 December 2020 (Cont'd)



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

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

	Note	WAEIR/ IBR* per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
Group						
2020						
Fixed rates						
Lease receivable	10	3.00	546,381	563,000	1,560,307	2,669,688
Deposits with licensed banks	14	0.37	20,759,172	0	0	20,759,172
Lease liabilities	5	1.09 - 4.75	<u>(1,659,894)</u>	<u>(875,972)</u>	<u>(1,000,866)</u>	<u>(3,536,732)</u>
Floating rates						
Short term funds	13	1.27	52,870,834	0	0	52,870,834
Borrowing	17	1.90	<u>(2,481,141)</u>	<u>(2,528,696)</u>	<u>(87,109)</u>	<u>(5,096,946)</u>
2019						
Fixed rates						
Deposits with licensed banks	14	0.60	2,092,899	0	0	2,092,899
Lease liabilities	5	4.13 - 6.00	<u>(202,398)</u>	<u>(72,937)</u>	<u>(50,821)</u>	<u>(326,156)</u>
Floating rates						
Short term funds	13	3.19	92,981,286	0	0	92,981,286
Borrowing	17	3.80	<u>(2,492,989)</u>	<u>(1,584,670)</u>	<u>0</u>	<u>(4,077,659)</u>



Notes To The Financial Statements

31 December 2020 (Cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

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

	Note	WAEIR/ IBR* per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
Company						
2020						
Fixed rate						
Lease liabilities	5	5.58	(142,508)	(150,667)	(228,327)	(521,502)
Floating rate						
Short term funds	13	1.12	32,679,082	0	0	32,679,082
2019						
Fixed rate						
Lease liabilities	5	5.58	(134,792)	(293,175)	(228,326)	(656,293)
Floating rate						
Short term funds	13	3.19	92,981,286	0	0	92,981,286

* IBR applicable to lease liabilities only.

(e) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in quoted prices (other than interest or exchange rates).

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

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

Notes To The Financial Statements

31 December 2020 (Cont'd)



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) Market risk (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit after tax				
- increase by 1%	193,991	87,666	193,991	87,666
- decrease by 1%	(193,991)	(87,666)	(193,991)	(87,666)

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO until 28 April 2021.

The Group was able to continue its operations during the various phase of MCO imposed as the semiconductor industry is considered as essential sector. During the MCO period, the Group managed to demonstrate resilience and adaptability through growth in revenue. Furthermore, the revenue growth is supported by demand from customers in the North East Asia region, particularly in China and Taiwan, which remained robust due to recovery in global semiconductor demand amid the pandemic. The Group remained optimistic on the long term prospect of the semiconductor industry, which is the core profit contribution to the Group.

Based on the assessment and information available at the date of authorisation, of the financial statement, the Group and the Company have sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting periods. The Group and the Company does not anticipate significantly supply and disruptions and would continuing monitor its fund and operational needs.

- (b) On 8 July 2020, the Company entered into a shares sale agreement with its subsidiary, Mi International Pte. Ltd. to purchase its investment in subsidiary, Mi Equipment (Taiwan) Co., Ltd. at a cash consideration TWD10,000,000 (equivalent to RM1,429,940). The acquisition was completed on 8 February 2021.
- (c) On 8 October 2020, the Company has entered into a Memorandum Of Understanding ('MOU') with Accurus Scientific Co. Ltd. ('Accurus'), a private limited company incorporated in Taiwan (Republic of China), with the intention to acquire all or part of the equity interests in Accurus.

On 18 December 2020, the Company entered into a share exchange agreement with Accurus for the acquisition of 21,983,000 common shares in Accurus representing approximately 99% equity interest for a total purchase consideration of approximately TWD1,878,157,550 (equivalent to RM271,012,500).

The listing application in relation to the Proposed Acquisition has been submitted to Bursa Securities on 23 December 2020. Bursa Securities had vide its letter dated 14 January 2021, resolved to approve the listing of and quotation for 74,250,000 Consideration Shares to be issued pursuant to the Proposed Acquisition. The Company has on 2 February 2021 held an Extraordinary General Meeting to seek shareholder's approval for the proposed acquisition in which resolution was duly passed by way of poll.



Notes To The Financial Statements

31 December 2020 (Cont'd)

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

(c) (cont'd)

On 5 February 2021, application for cross-border share exchange transaction had been filed with Investment Commission, Ministry of Economic Affairs ('MOEA') Taiwan. The Investment Commission, MOEA has approved the said application, vide its letter dated 30 March 2021.

On 19 April 2021, 74,250,000 Consideration Shares at issue price of RM3.65 each had been allotted to the shareholders of Accurus.

(d) During the financial year, Mi Equipment (Taiwan) Co., Ltd. ('MiETW'), a subsidiary of the Company has acquired a parcel of land and building with Winsome Development Co., Ltd. ('WDCL') at the purchase price of TWD161,342,000 (equivalent RM25,145,026).

On 21 December 2020, MiETW had paid deposit of TWD48,402,600 (equivalent RM6,921,281) to WDCL.

The acquisition of land and building were completed on 19 January 2021.

34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF REPORTING PERIOD

(a) On 1 February 2021, the Company entered into a shares sale agreement with its subsidiary, Mi International Pte. Ltd. to purchase its investment in subsidiary, Mi Equipment USA Inc. at a cash consideration USD200,000 (equivalent to RM809,200). The acquisition was completed on 1 February 2021.

(b) On 19 April 2021, the issued and fully paid-up ordinary share capital of the Company has been increased from 750,000,000 to 824,250,000 by way of issuance of 74,250,000 new ordinary shares of RM3.65 each pursuant to the acquisition of Accurus Scientific Co. Ltd.

35. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

(a) New MFRSs adopted during the financial year

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

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 16 COVID-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
<i>Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

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

Notes To The Financial Statements

31 December 2020 (Cont'd)



35. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Covid-19 Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contract - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Disclosure of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

36. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group and the Company have implemented the requirements of this final agenda decision during the financial year ended 31 December 2020.



LIST OF PROPERTIES

No.	Name of registered owner / Address	Description	Land area (Sq.M)	Tenure	Carrying amount as at 31 December 2020 (RM'000)	Date of acquisition
1.	<u>Mi Equipment (M) Sdn Bhd</u> No. 20, Medan Bayan Lepas Technoplex, MK12 Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.	5-storey detached factory	8,576	Leasehold for 60 years and will expire on 30 January 2063	73,930	11.07.2017
2.	<u>Mi Equipment (M) Sdn Bhd</u> PMT 764, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang.	2-storey detached factory (The construction had commenced on 28 May 2019 and completed on 26 February 2020)	24,702	Leasehold for 60 years and will expire on 26 February 2078	36,083	05.10.2016
3.	<u>Mi International Pte Ltd</u> Robinson Road, Robinson Square, #06-02 Singapore 068908	1 unit office lot	110	Freehold building	9,669	14.06.2019

Analysis Of Shareholdings

As At 8 April 2021



Total Number of Issued Shares : 750,000,000 (inclusive of 4,000,000 Treasury shares held)
Class of Share : Ordinary shares
Voting Rights : One vote for every ordinary share held

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
222	less than 100 shares	9,696	0.00
2,898	100 to 1,000 shares	1,969,889	0.26
4,109	1,001 to 10,000 shares	16,174,432	2.17
968	10,001 to 100,000 shares	27,791,933	3.73
208	100,001 to less than 5% of issued shares	199,054,050	26.68
3	5% and above of issued shares	501,000,000	67.16
8,408		746,000,000	100.00

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	Indirect	%
Lee Boon Leng	97,500	0.01	-	-
Oh Kuang Eng	501,000,000	67.16	-	-
Yong Shiao Voon	-	-	-	-
Tan Boon Hoe	200,000	0.03	-	-
Lim Shin Lid	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct	%	Indirect	%
Oh Kuang Eng	501,000,000	67.16	-	-



Analysis Of Shareholdings

As At 8 April 2021 (Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAMES	NO. OF SHARES HELD	%
1.	Oh Kuang Eng	201,000,000	26.94
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. UBS AG Singapore For Oh Kuang Eng	200,000,000	26.81
3.	Oh Kuang Eng	100,000,000	13.41
4.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB For Lim Ka Kian (PB)	21,635,750	2.90
5.	Sim Ah Yoong	14,266,100	1.91
6.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS AG Singapore (Foreign)	12,500,000	1.68
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An For AIA Bhd.	10,019,900	1.34
8.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Value Fund	9,900,000	1.33
9.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Namal (L) Ltd.	9,600,000	1.29
10.	Wang Chung Chen	6,602,450	0.89
11.	Lim Ka Kian	3,032,200	0.41
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund	2,859,900	0.38
13.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,825,500	0.38
14.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - DIDIK Permodalan Nasional Berhad	2,500,000	0.34
15.	Amanahraya Trustees Berhad Amanah Saham Nasional Permodalan Nasional Berhad	2,467,100	0.33
16.	Amanahraya Trustees Berhad PB Growth Fund	2,422,900	0.32
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	2,405,000	0.32
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lau How Siong	2,402,100	0.32
19.	Maybank Securities Nominees (Asing) Sdn. Bhd. Pledged Securities Account For Fabry Continuation LLC	2,400,000	0.32
20.	Amanahraya Trustees Berhad PMB Syariah Growth Fund	2,274,300	0.30
21.	Ong Tee Ni	2,151,000	0.29
22.	Tokio Marine Life Insurance Malaysia Bhd. As Beneficial Owner (PF)	2,063,400	0.28
23.	Amanahraya Trustees Berhad ASN Equity 5	2,008,000	0.27
24.	Tung Chun Kang	1,850,000	0.25
25.	Citigroup Nominees (Tempatan) Sdn. Bhd. Universal Trustee (Malaysia) Berhad For Principal Islamic Lifetime Balanced Fund	1,801,200	0.24
26.	Ooi Hoe Leng	1,800,000	0.24
27.	Amanahraya Trustees Berhad ASN Equity 2	1,747,600	0.23
28.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Exempt An For Philip Capital Management Sdn. Bhd. (EPF)	1,645,700	0.22
29.	HSBC Nominees (Asing) Sdn. Bhd. BPSS Lux For AZ Fund 1-AZ Equity - Asean Countries	1,625,000	0.22
30.	Teh Ban Chuan	1,586,250	0.21

Notice Of Annual General Meeting



NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting (“AGM”) of Mi Technovation Berhad (“Mi Technovation” or “Company”) will be held as a fully virtual general meeting at broadcast venue at the Boardroom of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Friday, **4 June 2021**, at 10.00 a.m. for the following purposes: -

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. Lee Boon Leng, the Independent Non-Executive Chairman of the Company, who retired in accordance with Article 165 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 1)
3. To re-elect Mr. Lim Shin Lid, the Independent Non-Executive Director of the Company who retired in accordance with Article 156 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 2)
4. To approve payment of the Directors’ Fees of up to RM305,000 in respect of the financial year ending 31 December 2021. (Resolution 3)
5. To approve payment of benefits payable to Non-Executive Directors up to an amount of RM45,000 for the period from 5 June 2021 until the Company’s next AGM which will be held in 2022. (Resolution 4)
6. To re-appoint Messrs BDO PLT as Auditors to hold office until the conclusion of the next AGM and to authorise the Board to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS

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

7. **Authority to issue shares and allot share pursuant to Section 75 of the Companies Act 2016 (“the Act”)** (Resolution 6)

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



Notice Of Annual General Meeting (Cont'd)

8. **Proposed Renewal authority to buy back its own shares by the Company (“Proposed Share Buy-Back Renewal”)** (Resolution 7)

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

- (a) the aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed five percent (5%) of its total number of issued Shares at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained earnings of the Company;
- (c) the authority conferred by this resolution would be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

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

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

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

Further notice is also hereby given that for purpose of determining a member who shall be entitled to attend this 4th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 27 May 2021. Only a depositor whose name appears on the Record of Depositors as at 27 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

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

Penang

30 April 2021

Notice Of Annual General Meeting (Cont'd)



Notes:

Proxy:-

- (a) A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (b) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (c) The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- (d) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournments thereof.
- (e) Members'/proxies' login to the virtual meeting will commence at 9.30 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the meeting.

Explanatory Note On Special Business

i) Authority to Issue Shares (Resolution 6)

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

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

ii) Proposed Renewal of Share Buy-Back (Resolution 7)

The proposed resolution, if passed, will provide the mandate for the Company to buy back its own shares up to a limit 5% of the total issued and paid-up share capital of the Company. The explanatory notes on Resolution 7 are set out in Statement dated 30 April 2021.



Statement Accompanying Notice Of Annual General Meeting

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

- 1) Save for re-election of the retiring Directors, there were no directors standing for election at the 4th AGM.
- 2) The proposed Ordinary Resolution 6 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 1 July 2020.

CDS ACCOUNT NO.	NO. OF SHARES HELD

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

MYKAD/PassportNo./CompanyNo. _____ of _____

(Full address)

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

(Full name in capital letters)

MYKAD/PassportNo. _____ of _____

(Full address)

And/or failing him _____

(Full name in capital letters)

MYKAD/PassportNo. _____ of _____

(Full address)

or failing the abovenamed proxies, the Chairman of the Meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the 4th Annual General Meeting of the Company, to be held as a fully virtual general meeting at broadcast venue at the Boardroom of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Friday, **4 June 2021**, at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

	Resolution	For	Against
1.	Re-election of Mr. Lee Boon Leng as Director		
2.	Re-election of Mr. Lim Shin Lid as Director		
3.	Payment of Directors' fees for the financial year ending 31 December 2021		
4.	Payment of benefits payables to Non-Executive Directors		
5.	Re-appointment of Auditors		
6.	Approval to issue and allot shares pursuant to Section 75 of the Companies Act 2016		

*Strike out whichever is inapplicable

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

Dated this _____ day of _____ 2021

The proportions of my/our holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		100%

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

NOTES:

- For the purpose of determining a member of the Company who shall be entitled to attend and vote at this AGM, the Company shall be requesting the Record of Depositors as at 27 May 2021. Only a depositor whose name appears on the Record of Depositors as at 27 May 2021 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- Proxy:-
 - A member of the Company (Except an Exempt Authorised Nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
 - Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
 - The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
 - The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournments thereof.
 - Members'/proxies' login to the virtual meeting will commence at 9.30 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the meeting.

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

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

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Mi TECHNOVATION BERHAD

Company No. 201701021661 (1235827-D)

NO. 20, MEDAN BAYAN LEPAS TECHNOPLEX, MK 12, TAMAN PERINDUSTRIAN BAYAN LEPAS,
11900 BAYAN LEPAS, PULAU PINANG, MALAYSIA.

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