



## **Mi TECHNOVATION BERHAD**

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

### **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income<sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31-Mar-2024	31-Mar-2023	31-Mar-2024	31-Mar-2023
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	107,125	76,846	107,125	76,846
Operating expenses	(84,829)	(66,021)	(84,829)	(66,021)
Depreciation and amortisation	(6,572)	(6,369)	(6,572)	(6,369)
Non-operating (expenses)/income	15,413	2,729	15,413	2,729
Finance costs	(365)	(505)	(365)	(505)
<b>Profit before tax</b>	<u>30,772</u>	<u>6,680</u>	<u>30,772</u>	<u>6,680</u>
Tax expense	(4,431)	(1,331)	(4,431)	(1,331)
<b>Net Profit for the financial period</b>	<u>26,341</u>	<u>5,349</u>	<u>26,341</u>	<u>5,349</u>
<b>Other comprehensive income/(loss), net of tax:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translations	(605)	4,468	(605)	4,468
<b>Total comprehensive income</b>	<u>25,736</u>	<u>9,817</u>	<u>25,736</u>	<u>9,817</u>
<b>Net Profit attributable to:</b>				
Owners of the parent	26,794	6,397	26,794	6,397
Non-controlling interests	(453)	(1,048)	(453)	(1,048)
	<u>26,341</u>	<u>5,349</u>	<u>26,341</u>	<u>5,349</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	26,180	10,721	26,180	10,721
Non-controlling interests	(444)	(904)	(444)	(904)
	<u>25,736</u>	<u>9,817</u>	<u>25,736</u>	<u>9,817</u>
<b>Earnings per share attributable to owners of the parent:</b>				
Basic (sen) <sup>(2)</sup>	<u>3.00</u>	<u>0.71</u>	<u>3.00</u>	<u>0.71</u>
Diluted (sen) <sup>(2)</sup>	<u>3.00</u>	<u>0.71</u>	<u>3.00</u>	<u>0.71</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Calculation of earnings per share are disclosed in explanatory note B11 attached to the interim financial report.

**Unaudited Condensed Consolidated Statement of Financial Position <sup>(1)</sup>**

	<b>Unaudited As at 31-Mar-2024 RM'000</b>	<b>Audited As at 31-Dec-2023 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	187,660	195,978
Right-of-use assets	33,070	34,044
Investment properties	44,545	34,324
Intangible assets	76,892	78,352
Investment in associate	59,100	40,938
Goodwill on consolidation	120,635	120,635
Deferred tax assets	10,229	10,357
Lease receivable	3,344	3,597
Defined benefit asset	2,843	2,771
<b>Total non-current assets</b>	538,318	520,996
<b>Current assets</b>		
Inventories	136,347	130,626
Trade and other receivables	154,554	144,923
Lease receivable	1,547	1,416
Current tax assets	1,583	1,193
Short term funds <sup>(2)</sup>	98,976	98,174
Cash and bank balances	322,097	324,554
<b>Total current assets</b>	715,104	700,886
<b>TOTAL ASSETS</b>	<b>1,253,422</b>	<b>1,221,882</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	855,459	855,459
Treasury shares	(9,561)	(9,561)
Reserves	237,618	229,124
	1,083,516	1,075,022
Non-controlling interests	(769)	(325)
<b>TOTAL EQUITY</b>	<b>1,082,747</b>	<b>1,074,697</b>

**Unaudited Condensed Consolidated Statement of Financial Position <sup>(1)</sup> (Cont'd)**

	<b>Unaudited As at 31-Mar-2024 RM'000</b>	<b>Audited As at 31-Dec-2023 RM'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	21,394	18,432
Government grants	3,558	3,549
Provisions	2,045	1,782
Lease liabilities	14,673	16,362
Deferred tax liabilities	16,592	16,809
<b>Total non-current liabilities</b>	<b>58,262</b>	<b>56,934</b>
<b>Current liabilities</b>		
Trade and other payables	73,755	50,125
Contract liabilities	5,621	6,846
Borrowings	12,771	17,916
Government grants	212	208
Provisions	2,881	2,732
Lease liabilities	3,966	2,679
Current tax liabilities	13,207	9,745
<b>Total current liabilities</b>	<b>112,413</b>	<b>90,251</b>
<b>TOTAL LIABILITIES</b>	<b>170,675</b>	<b>147,185</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,253,422</b>	<b>1,221,882</b>
Net asset per share (RM)	<b>1.21</b>	<b>1.20</b>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	<b>31-Mar-2024 RM'000</b>	<b>31-Dec-2023 RM'000</b>
<b>Short term funds</b>		
Money market funds	98,976	98,174
	<b>98,976</b>	<b>98,174</b>

**Unaudited Condensed Consolidated Statement of Changes in Equity <sup>(1)</sup>**

	←			Non-distributable			→		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Share grant reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Distributable Retained earnings RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2024	855,459	(9,561)	8,158	1,969	2,188	(63,558)	280,367	(325)	1,074,697
Profit for the financial period	-	-	-	-	-	-	26,794	(453)	26,341
Other comprehensive income, net of tax	-	-	-	-	(614)	-	-	9	(605)
Share grant scheme ("SGS") expenses	-	-	-	179	-	-	-	-	179
Transfer to legal reserve	-	-	2,292	-	-	-	(2,292)	-	-
Dividends paid	-	-	-	-	-	-	(17,865)	-	(17,865)
<b>Balance as at 31 March 2024</b>	<b>855,459</b>	<b>(9,561)</b>	<b>10,450</b>	<b>2,148</b>	<b>1,574</b>	<b>(63,558)</b>	<b>287,004</b>	<b>(769)</b>	<b>1,082,747</b>
Balance as at 1 January 2023	855,459	(4,700)	5,001	3,072	(9,840)	(63,558)	267,675	(4,434)	1,048,675
Profit for the financial period	-	-	-	-	-	-	6,397	(1,048)	5,349
Other comprehensive income, net of tax	-	-	-	-	4,324	-	-	144	4,468
Share grant scheme ("SGS") expenses	-	-	-	518	-	-	-	-	518
Transfer to legal reserve	-	-	3,157	-	-	-	(3,157)	-	-
Dividends paid	-	-	-	-	-	-	(17,900)	-	(17,900)
Purchase of treasury share	-	(2,182)	-	-	-	-	-	-	(2,182)
<b>Balance as at 31 March 2023</b>	<b>855,459</b>	<b>(6,882)</b>	<b>8,158</b>	<b>3,590</b>	<b>(5,516)</b>	<b>(63,558)</b>	<b>253,015</b>	<b>(5,338)</b>	<b>1,038,928</b>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

**Unaudited Condensed Consolidated Statement of Cash Flows <sup>(1)</sup>**

	<b>3 months ended 31-Mar-2024 RM '000</b>	<b>3 months ended 31-Mar-2023 RM '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	30,772	6,680
Adjustments for:		
Amortisation of intangible assets	1,567	1,675
Depreciation of property, plant and equipment	3,522	3,824
Depreciation of right-of-use assets	1,264	709
Depreciation of investment properties	219	161
Interest expense	365	501
Impairment loss on trade receivables	90	90
Defined benefit expenses	8	54
Interest income	(3,730)	(2,043)
Inventories written down	-	240
Gain on disposal of property, plant and equipment	-	(167)
Provision for warranty replacement costs	912	456
Reversal of inventories written down	(205)	(1,627)
Reversal of provision for warranty replacement costs	(294)	(402)
Share grant expenses	178	518
Share of result of an associate, net of tax	(35)	641
Unrealised gain on foreign exchange	(9,810)	(640)
Operating profit before changes in working capital	24,823	10,670
(Increase)/Decrease in inventories	(5,515)	10,209
(Increase)/Decrease in trade and other receivables	(5,416)	12,149
Increase/(Decrease) in trade and other payables	5,936	(19,914)
Decrease in contract liabilities	(1,225)	(543)
Cash generated from operations	18,603	12,571
Lease payment received	156	76
Defined benefit paid	(112)	(87)
Warranty paid	(164)	(51)
Tax paid	(1,569)	(475)
Net cash from operating activities	16,914	12,034

**Unaudited Condensed Consolidated Statement of Cash Flows <sup>(1)</sup> (Cont'd)**

	<b>3 months ended 31-Mar-2024 RM '000</b>	<b>3 months ended 31-Mar-2023 RM '000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of interests in associate	-	(14,540)
Interest received	3,693	2,005
Proceeds from disposal of property, plant and equipment	-	635
Purchase of intangible asset	(71)	(45)
Purchase of property, plant and equipment	(4,801)	(2,558)
Net cash used in investing activities	<u>(1,179)</u>	<u>(14,503)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(17,865)	(17,900)
Interest paid	(365)	(455)
Drawdown of borrowings	3,107	22,473
Repayment of borrowings	(5,129)	(23,891)
Payment of lease liabilities	(780)	(914)
Repurchase of treasury shares	-	(2,182)
Withdrawn of deposits pledged to a licensed bank	-	131
Net cash used in financing activities	<u>(21,032)</u>	<u>(22,738)</u>
Net decrease in cash and cash equivalents	(5,297)	(25,207)
Effect on foreign exchange rates changes	3,642	3,175
<b>Cash and cash equivalents at beginning of financial period</b>	422,728	418,395
<b>Cash and cash equivalents at end of financial period</b>	<u>421,073</u>	<u>396,363</u>
<b>Cash and cash equivalents at end of financial period comprises:</b>		
Cash and bank balances	307,033	141,441
Money market funds	98,976	198,858
Deposits with a licensed bank	15,064	56,064
	<u>421,073</u>	<u>396,363</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

## **PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING**

### **A1. Basis of Preparation**

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“**MFRS**”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

### **A2. Significant Accounting Policies**

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRS Standards.

#### **a) New MFRSs adopted during the financial year**

The Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2024.

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

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



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (Cont'd)**

**A2. Significant Accounting Policies (Cont'd)**

**b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group.

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

The Group is 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.

**A3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2023.

**A4. Seasonal or Cyclical Factors**

The business operation of the Group, in general, is subject to the cyclical trend of the global semiconductor and electronics industry.

**A5. Material Unusual Items**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

**A6. Material Changes in Estimates**

There were no changes in estimates that have a material effect in the current quarter under review.

## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

### A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale, transfer of treasury shares, and equity securities during the current quarter under review.

### A8. Dividends Paid

Dividend paid during current quarter under review are as follows:

- a) A second single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.87 million in respect of the financial year ended 31 December 2023 was paid on 25 March 2024.

### A9. Segment Information

The Group reportable segments, aptly named Business Unit (“BU”) which comprised its major operating segments. These business units are involved in different industry segments and separately managed by the BU Presidents who report directly to the Group Chief Executive Officer.

The major reportable segments of the Group are as follows:

#### **(a) Semiconductor Equipment Business Unit (“SEBU”)**

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

No.	Entity	Product Portfolio
1	Mi Equipment (M) Sdn. Bhd. Penang, Malaysia	Mi Series (Assembly and Packaging Equipment) & Vi Series (Vision Inspection Equipment)
2	Mi Equipment Korea Co. Ltd. Gyeonggi, Korea	Ai Series (Bonding Equipment)
3	Suzhou Mi Equipment Co. Ltd. Suzhou, China	Si Series (Final Test Equipment)

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segment Information (cont'd)**

**(b) Semiconductor Material Business Unit (“SMBU”)**

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

No.	Entity	Product Portfolio
1	Accurus Scientific Co. Ltd. Tainan, Taiwan	Solder Spheres (solder balls)
2	Accurus (Ningbo) Scientific Co. Ltd Ningbo, China	Solder Spheres (solder balls)

**(c) Semiconductor Solution Business Unit (“SSBU”)**

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

No.	Entity	Product Portfolio
1	Mi Semiconductor (Hangzhou) Co. Ltd Hangzhou, China	High power devices, modules, and systems

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions have been accounted for on a basis that is consistent with the Group’s accounting policies. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under “Others”.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segment Information (cont'd)**

Results for the financial period ended 31 March 2024<sup>(1)</sup>

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	61,322	45,799	4	-	-	107,125
Inter-segment revenue	-	-	-	1,004	(1,004)	-
<b>Total revenue</b>	<b>61,322</b>	<b>45,799</b>	<b>4</b>	<b>1,004</b>	<b>(1,004)</b>	<b>107,125</b>
Interest income	1,170	29	828	1,703	-	3,730
Interest expense	(647)	(198)	(96)	(25)	601	(365)
Net interest income/(expense)	523	(169)	732	1,678	601	3,365
Share of result of an associate						35
<b>Segment profit/(loss) before tax</b>	<b>16,111</b>	<b>12,273</b>	<b>(319)</b>	<b>3,659</b>	<b>(952)</b>	<b>30,772</b>
Tax expense						(4,431)
<b>Other material non-cash items:</b>						
- Depreciation of property, plant and equipment	(1,453)	(1,987)	(11)	(71)	-	(3,522)
- Depreciation of right-of-use assets	(586)	(18)	(412)	(248)	-	(1,264)
- Depreciation of investment properties	(161)	-	-	(58)	-	(219)
- Amortisation of intangible assets	(418)	(1,105)	-	(44)	-	(1,567)
- Reversal of inventories written down	-	205	-	-	-	205
- Unrealised gain/(loss) on foreign exchange	3,012	3,193	945	2,660	-	9,810
- Provision for warranty replacement costs	(912)	-	-	-	-	(912)
- Reversal of provision for warranty replacement costs	294	-	-	-	-	294

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segment Information (cont'd)**

Results for the financial period ended 31 March 2024<sup>(1)</sup> (cont'd)

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
<b>Assets</b>						
Segment assets	320,098	378,248	17,260	83,896	(40,908)	758,594
Investment in associate						59,100
Deferred tax assets						10,229
Defined benefit asset						2,843
Current tax assets						1,583
Short term funds						98,976
Cash and bank balances						322,097
						<u>1,253,422</u>
<b>Liabilities</b>						
Segment liabilities	118,106	59,801	8,283	3,754	(49,068)	140,876
Deferred tax liabilities						16,592
Current tax liabilities						13,207
						<u>170,675</u>

Notes:

(1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023, under Note 34 *Operating Segments*.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segment Information (cont'd)**

Results for the financial period ended 31 March 2023 <sup>(1)</sup>

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	39,121	37,725	-	-	-	76,846
Inter-segment revenue	-	-	-	739	(739)	-
<b>Total revenue</b>	<b>39,121</b>	<b>37,725</b>	<b>-</b>	<b>739</b>	<b>(739)</b>	<b>76,846</b>
Interest income	324	3	-	1,716	-	2,043
Interest expense	(994)	(374)	-	(35)	902	(501)
Net interest income/(expense)	(670)	(371)	-	1,681	902	1,542
Share of results of an associate						(641)
<b>Segment profit/(loss) before tax</b>	<b>1,278</b>	<b>4,645</b>	<b>-</b>	<b>1,820</b>	<b>(1,063)</b>	<b>6,680</b>
Tax expense						(1,331)
<b>Other material non-cash items:</b>						
- Depreciation of property, plant and equipment	(1,770)	(1,963)	-	(91)	-	(3,824)
- Depreciation of right-of-use assets	(447)	(30)	-	(232)	-	(709)
- Depreciation of investment properties	(161)	-	-	-	-	(161)
- Amortisation of intangible assets	(494)	(1,138)	-	(43)	-	(1,675)
- Inventories written down	(240)	-	-	-	-	(240)
- Unrealised gain on foreign exchange	399	208	-	33	-	640
- Provision for warranty replacement costs	(456)	-	-	-	-	(456)
- Reversal of provision for warranty replacement costs	402	-	-	-	-	402

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A9. Segment Information (cont'd)**

Results for the financial period ended 31 March 2023 <sup>(1)</sup> (cont'd)

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
<b>Assets</b>						
Segment assets	329,966	382,183	-	145,730	(102,811)	755,068
Investment in an associate						39,790
Deferred tax assets						7,577
Defined benefit asset						2,530
Current tax assets						365
Short term funds						198,858
Cash and bank balances						197,505
						<u>1,201,693</u>
<b>Liabilities</b>						
Segment liabilities	141,818	115,372	-	5,136	(129,213)	133,113
Deferred tax liabilities						16,954
Current tax liabilities						12,698
						<u>162,765</u>

Notes:

(1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023, under Note 34 *Operating Segments*.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A10. Material Events Subsequent to the end of the Quarter**

There were no material events subsequent to the end of current quarter that have not been reflected in the interim financial report.

**A11. Changes in the Composition of the Group**

Investment in an associated company

The Group had on 19 March 2024, via its wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd., acquired the equity interest in Talentek Microelectronics (Hefei) Limited ('Talentek'), representing approximately 5.21% equity interest in Talentek for a purchase consideration of CNY27.0 million (equivalent to RM17.8 million). Accordingly, the Group hold 30.75% of total equity interest in Talentek and Talentek remains an associated company of the Group. The settlement for the purchase consideration was completed on 16 April 2024.

Voluntary liquidation of dormant subsidiary

The Company's wholly-owned subsidiary which is dormant, namely Mi Autobotics Sdn Bhd ('MiASB') has been placed under members' voluntary winding-up procedures. On 20 March 2024, MiASB had wound up and duly dissolved.

The financial result of the abovementioned subsidiaries and associated company is insignificant and will not have any material impact on the earnings and net assets of the Group for the financial period ended 31 March 2024.

Save for the above, there were no other changes in the composition of the Group that have not been reflected in the interim financial report.

**A12. Contingent Liabilities and Contingent Assets**

Saved as disclosed under B9 Material Litigation, there were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

**A13. Material Capital Commitment**

Save as disclosed below, as of 31 March 2024, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of purchase of property, plant and equipment:	
- Approved but not contracted for	8,444
- Contracted but not provided for	5,199
	13,643



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)**

**A14. Significant Related Party Transactions**

There were no significant related party transactions during the current quarter under review.

**A15. Fair Value of Financial Liabilities**

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter under review.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**

**B1. Review of Performance**

**Individual Quarter:**

**Comparison with corresponding quarter in previous financial year (Q1 2024 vs Q1 2023)**

	INDIVIDUAL/CUMULATIVE QUARTER			
	3 months ended			
	31-Mar-2024	31-Mar-2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	107,125	76,846	30,279	39.4%
Profit before tax	30,772	6,680	24,092	360.7%
PBT Margin	28.7%	8.7%		
Net profit attributable to owners of the parent	26,794	6,397	20,397	318.9%
Net profit margin	25.0%	8.3%		
Diluted earnings per share (sen)	3.00	0.71	2.28	320.3%

The Group recorded a revenue of RM107.1 million for the current quarter, an increase of 39.4% year-on-year, driven by a rise in customer demand. **SEBU** contributed RM61.3 million representing 57.2% of total revenue while **SMBU** contributed RM45.8 million representing 42.8% of total revenue.

In tandem with the revenue growth, the Group's profit before tax ("PBT") increased significantly by 360.7% year-on-year from RM6.7 million to RM30.8 million in the current quarter. The PBT Margin increased 20.0 percentage points and closed at 28.7% during this quarter. This was mainly due to higher revenue and forex gain resulted from the strengthening US Dollars.

The Group's **Diluted EPS** is 3.0 sen, up by 320.3% from 0.71 sen a year ago.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B2. Comparison with Immediate Preceding Quarter (Q1 2024 vs Q4 2023)**

	INDIVIDUAL QUARTER 3 months ended		Changes	
	31-Mar-2024 RM'000	31-Dec-2023 RM'000	RM'000	%
Revenue	107,125	96,615	10,510	10.9%
Profit before tax	30,772	14,203	16,569	116.7%
PBT Margin	28.7%	14.7%		
Net profit attributable to owners of the parent	26,794	11,820	14,974	126.7%
Net profit margin	25.0%	12.2%		
Diluted earnings per share (sen)	3.00	1.32	1.68	127.2%

The Group recorded higher revenue of RM107.1 million as compared to RM96.6 million the previous quarter, an increase of 10.9%. **SEBU** posted a 43.8% increase in revenue mainly due to higher volume of machine deliveries. **SMBU** posted a 15.1% decrease in revenue due to deliveries slowed down after a strong 4<sup>th</sup> quarter last year.

In tandem with the revenue growth, the Group's profit before tax ("PBT") increased by 116.7% quarter-on-quarter to RM30.8 million, while the PBT margin increased by 14.0 percentage points. The growth in both the PBT and PBT margin was mainly due to higher revenue and foreign exchange gain resulted from the strengthening US Dollars.

The Group's **Diluted EPS** is 3.0 sen, up by 127.2% from 1.32 sen in the previous quarter.

**B3. Prospects for the Financial Year Ending 31 December 2024**

Despite the macro challenges and uncertainties, Mi Group will continue to diversify and expand our business scale in 2024. We remained focus to develop and deliver differentiated products to our customers through continual innovation.

Barring any unforeseen circumstances, the Management is cautiously conservative about the Group's prospects in 2024. Considering the short-term risk & challenges, the long-awaited full recovery of the semiconductor industry in 2H'2024 may just be a wishful thinking.

**B4. Profit Forecast**

The Group did not provide any revenue or profit forecast in any public document.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B5. Taxation**

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31-Mar-2024	31-Mar-2023	31-Mar-2024	31-Mar-2023
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	4,528	1,422	4,528	1,422
Deferred Tax (RM'000)	(212)	(212)	(212)	(212)
Withholding Tax (RM'000)	115	121	115	121
<b>Total (RM'000)</b>	<b>4,431</b>	<b>1,331</b>	<b>4,431</b>	<b>1,331</b>
Effective Tax Rate (%)	14.4	19.9	14.4	19.9
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate for the current quarter under review remains below the statutory tax rate of 24%. This is mainly due to the relatively lower statutory tax rate of overseas subsidiaries, primarily Accurus Scientific Co. Ltd. The current provision of income tax includes the tax expenses in relation to certain non-business income and non-tax-exempted income.

Mi Equipment (M) Sdn. Bhd. was granted pioneer status for its promoted principal activities, the statutory income of which is 100% tax-exempted for a total period of 10 years. The extended 5-year pioneer period expired on 17 January 2024. A new application for tax incentive as submitted by Mi Equipment (M) Sdn. Bhd. is still under review by Malaysian Investment Development Authority ("MIDA") as at the date of this interim financial report.

**B6. Status of Corporate Proposals**

There were no corporate proposals announced and not completed as at the date of this interim financial report.

**B7. Utilization of Proceeds from the Private Placement**

There were no proceeds from new Private Placement during the current quarter under review.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B8. Group Borrowings and Debt Securities**

The detail of the Group's borrowings are as follows:

	Unaudited As at 31-Mar-2024 RM '000	Unaudited As at 31-Mar-2023 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	12,771	34,841
Long term portion	21,394	47,324
Total	34,165	82,165

The Group's borrowings comprise the following:

- (a) Revolving credit and term loan denominated in New Taiwan Dollar ("NTD"), which were drawn down by Accurus Scientific Co. Ltd. to finance the operating expenses and capex spending.
- (b) Term loan denominated in Chinese Yuan ("CNY"), which was drawn down by Accurus (Ningbo) Scientific Co. Ltd. to partly finance the construction of factory building in Ningbo, China.
- (c) Term loan denominated in Chinese Yuan ("CNY"), which was drawn down by Suzhou Mi Equipment Co. Ltd. to partly finance the operating expenses.

**B9. Material Litigation**

As at the date of this interim financial report, the Group is engaged in the following litigation or arbitration proceedings as plaintiff. However, the Directors are not aware of any such proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

- (a) Mi Technovation Berhad has on 14 May 2023 filed a writ in the Penang High Court against Mr. Chin Yong Keong, the former Chief Operation Officer cum General Manager of the Company, primarily for breach of employment contract, abuse of legal process and the false or misleading statements contained in Mr. Chin Yong Keong's profile stated in the prospectus dated 9 May 2023 published by Edelteq Holdings Berhad pertaining to his employment history in the Company ("Writ"). The Company has on 16 May 2023 received the sealed Writ from the Penang High Court and effected service of the Writ on Mr. Chin Yong Keong on 18 May 2023. On 28 July 2023, the Company's solicitors were served with the defence and counterclaim of Mr. Chin Yong Keong in response to the writ filed by the Company in the Penang High Court on 14 May 2023. The Company has sought legal advice on the counterclaim and the Company's solicitors are of the view that the Company has a strong defence to the counterclaim. The Company filed and served reply to defence and defence to counterclaim on 11 August 2023. On 9 October 2023, the Company's solicitors were served with reply to defence to counterclaim of Mr. Chin Yong Keong. The Company filed and served the rejoinder on 10 November 2023. The matter is fixed for trial on 19 to 23 August 2024 and 9 September 2024.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B9. Material Litigation (cont'd)**

(b) Mi Technovation Berhad and its wholly owned subsidiary, Mi Equipment (M) Sdn. Bhd. (“the Companies”) has on 19 July 2023 filed a writ in the Penang High Court against 9 defendants, namely:

- Chin Yong Keong (former employee of Mi Technovation Berhad),
- Lee Kim Loon (former employee of Mi Equipment (M) Sdn. Bhd.),
- Edelteq Holdings Berhad (Co. No. 201901033362(1342692-X)),
- Edelteq Technologies Sdn. Bhd. (Co. No. 201901010509(1319837-U)),
- Edel Technology (M) Sdn. Bhd. (Co. No.200401018737(657240-T)),
- Edelteq Ventures Sdn. Bhd. (Co. No.201901012483(1321811-T)),
- Camyang Enterprise Sdn. Bhd. (Co. No.200601005398(725147-T)),
- Dysteq Technique Sdn. Bhd. (Co. No.201901013390(1322718-W)),
- Tan Joo Hung (former employee of Mi Technovation Berhad),

inter-alia for Breach of Confidential Information, Copyright Infringement, Patent Infringement, Conspiracy to Injure and Unlawful Interference with Trade. The relief sought for in the writ includes general damages and injunction orders. The trial dates of this action are yet to be fixed.

We refer to the earlier disclosures in the previous Interim Financial Reports in relation to the litigation and furnish further information as below.

On 12 September 2023, the Companies took out an ex-parte application for leave to commit:- (1) Edelteq Venture Sdn. Bhd.; (2) Chin Yong Keong; (3) Khong Chee Seong; and (4) Ang Shi Jie, for disobeying the Anton Piller Order dated 27 July 2023 granted by the High Court (“APO”) and/or interfering with or obstructing the due administration of justice. On 25 October 2023, the leave order was granted by the High Court (the “Leave Order”). On 1 November 2023, the Companies then took out the inter-parte application to commit Edelteq Venture Sdn. Bhd., Chin Yong Keong, Khong Chee Seong and Ang Shi Jie (“the Application”). The Application arose from two (2) incidents which occurred during the execution of the APO as below:

- a. Digital files stored in a laptop belonging to Edelteq Venture Sdn. Bhd. (the “Said Laptop”), which was under the control and possession of Ang Shi Jie at all material times, were deleted. This occurred on 31 July 2023, after the Search Party (as defined in the APO) arrived at the premises of Edelteq Venture Sdn. Bhd, but before the Search Party commenced the execution process.
- b. After the execution of the APO was adjourned in the evening of 31 July 2023 and prior to the continuance of the same on the next day, further digital files stored in the Said Laptop were deleted.

In response to the Application, the four (4) parties filed three separate applications to set aside the order the High Court granting the Leave Order. These applications were also called up for hearing on 25 April 2024. After considering the written submissions and oral submissions of counsel for the parties, the High Court dismissed the three (3) applications filed by the four (4) parties to set aside the Leave Order, as well as the Companies’ application for committal, both with no orders as to costs.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B9. Material Litigation (cont'd)**

(b) (cont'd)

Notwithstanding the dismissal of the Companies' application for contempt, the High Court ordered Ang Shi Jie to affirm an affidavit within fourteen (14) days from 25 April 2024 disclosing to the best of his abilities, the particulars and details of the digital files which he had deleted. The High Court also set down the matter for further Case Management before the Deputy Registrar on 3 June 2024, for parties to update the Court on the status of the forensic exercise being carried out in relation to the recovery of the deleted items found in the devices cloned during the execution of the APO.

Following the decision of the High Court given on 25 April 2024, the Companies sought legal advice from the solicitors with regard to (i) an appeal against the decision of the High Court in dismissing the Companies' application for a committal order; and (ii) a new suit against ASJ (former employee of Mi Equipment (M) Sdn Bhd) based on the admission in his affidavit of unlawful retention of the confidential information and/or data belonging to Mi Equipment (M) Sdn Bhd.

**B10. Dividend Declared**

No dividend was declared in the current quarter under review in respect of financial year ending 31 December 2024.

**B11. Earnings Per Share ("EPS")**

The basic and diluted EPS for the current quarter is computed as below:

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31-Mar-2024	31-Mar-2023	31-Mar-2024	31-Mar-2023
Net profit attributable to owners of the parent (RM'000)	26,794	6,397	26,794	6,397
Weighted average number of ordinary shares in issue ('000)	893,586	895,630	893,586	895,630
Adjusted weighted average no. of ordinary shares in issue ('000)	894,522	897,650	894,522	897,650
Basic EPS (sen) <sup>(1)</sup>	3.00	0.71	3.00	0.71
Diluted EPS (sen) <sup>(2)</sup>	3.00	0.71	3.00	0.71

Notes:

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period under review, after deducting for treasury shares.
- (2) Diluted EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period after deducting for treasury shares and adjusted for the effects of dilutive potential ordinary shares due to share grant scheme.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**

**B12. Profit Before Tax**

Profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31-Mar-2024 RM '000	31-Mar-2023 RM '000	31-Mar-2024 RM '000	31-Mar-2023 RM '000
Interest income	(3,730)	(2,043)	(3,730)	(2,043)
Interest expense	365	501	365	501
Amortisation of intangible asset	1,567	1,675	1,567	1,675
Depreciation of property, plant and equipment	3,522	3,824	3,522	3,824
Depreciation of right-of-use asset	1,264	709	1,264	709
Depreciation of investment properties	219	161	219	161
Realised (gain)/loss on foreign exchange	(710)	498	(710)	498
Unrealised gain on foreign exchange	(9,810)	(640)	(9,810)	(640)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

**BY ORDER OF THE BOARD**  
**10 May 2024**