

**Mi TECHNOVATION BERHAD (FORMERLY KNOWN AS Mi EQUIPMENT HOLDINGS BERHAD)
("Mi TECHNOVATION" OR "COMPANY")**

(I) PROPOSED BONUS ISSUE; AND

(II) PROPOSED SGS

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

1. INTRODUCTION

On behalf of the Board of Directors of Mi Technovation ("**Board**"), Affin Hwang Investment Bank Berhad ("**Affin Hwang IB**") wishes to announce that the Company proposes to undertake the following:

- (i) bonus issue of up to 250,000,000 new ordinary shares in Mi Technovation ("**Mi Technovation Share(s)**" or "**Share(s)**") ("**Bonus Share(s)**") on the basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares held on an entitlement date to be determined and announced later ("**Entitlement Date**") ("**Proposed Bonus Issue**"); and
- (ii) establishment of an employees' share grant scheme of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for the eligible executive Directors and employees of Mi Technovation and its subsidiary companies ("**Mi Technovation Group**" or "**Group**") (excluding subsidiary companies which are dormant, if any) ("**Proposed SGS**" or "**Scheme**")

Further details on the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail the issuance of up to 250,000,000 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares held by the shareholders of Mi Technovation whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date ("**Entitled Shareholders**"). The basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares was determined after taking into consideration, amongst others, the following:

- (i) the potential adjustments to the share price of Mi Technovation Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged number of Mi Technovation Shares after the Proposed Bonus Issue.

The Entitlement Date will be determined and announced at a later date after all the relevant approvals for the Proposed Bonus Issue have been obtained.

As at 30 September 2019, being the latest practicable date (“**LPD**”) prior to this announcement, the issued share capital of the Company is RM252,615,378 comprising 500,000,000 Mi Technovation Shares (inclusive of 2,000,000 treasury shares). Upon completion of the Proposed Bonus Issue, the issued share capital of the Company will remain at RM252,615,378 while the number of issued Shares will increase to up to 750,000,000.

Fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company.

The Proposed Bonus Issue will not be implemented on a staggered basis.

There will be an adjustment to the market price of Mi Technovation Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue. For illustrative purposes, based on the five (5)-day volume weighted average price (“**VWAP**”) of Mi Technovation Shares up to and including the LPD of RM2.10, the theoretical ex-bonus share price (“**TEBP**”) of Mi Technovation Shares is RM1.40.

Further, pursuant to Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), the share price adjusted for the Proposed Bonus Issue shall not be less than RM0.50 based on the daily VWAP of Mi Technovation Shares during the past three (3)-month period before the application date. For illustrative purposes, based on the lowest daily VWAP of Mi Technovation Shares for the past three (3) months up to and including the LPD of RM1.57, the TEBP of Mi Technovation Shares is RM1.05. Accordingly, the Board confirms that the Proposed Bonus Issue is and will be in compliance with Paragraph 6.30(1A) of the Listing Requirements.

2.1.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company’s reserves.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of Mi Technovation Shares but will not increase the value of the share capital of Mi Technovation.

2.1.3 Ranking of the Bonus Shares

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

2.1.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue.

Upon obtaining all the necessary approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than four (4) market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

2.2 Proposed SGS

The Proposed SGS entails the establishment of an employees' share grant scheme which involves the granting of Mi Technovation Shares ("**SGS Share(s)**") ("**Grant(s)**") to eligible executive Directors and employees of the Group (excluding subsidiary companies which are dormant, if any) who meet the eligibility criteria for participation in the Proposed SGS ("**Eligible Person(s)**") ("**Grantee(s)**"), in accordance with the by-laws governing the Proposed SGS ("**By-Laws**").

The Proposed SGS will be administered in accordance with the By-Laws by a committee to be appointed and authorised from time to time by the Board with the responsibility of, amongst others, implementing, allocating and administering the Proposed SGS ("**SGS Committee**").

The actual number of SGS Shares to be allocated to the Eligible Persons shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of Mi Technovation Group.

Under the Proposed SGS, no monetary consideration is required to be paid by the Grantees for the acceptance of the Grants and the subsequent vesting of the SGS Shares comprised in the Grants. Once the Grants are accepted by the Grantees, the SGS Shares comprised in the Grants may be vested in tranches to the Grantees, subject to the fulfilment of the vesting conditions stipulated in the Grants. The reference price of the SGS Shares to be granted will be determined based on the fair value of the SGS Shares, which will take into account, amongst others, the market price of the Shares as at or prior to the Grant Date.

For avoidance of doubt, the Proposed SGS will not be extended to non-executive Directors of the Company.

The salient features of the Proposed SGS, details of which will be governed by the By-Laws, are set out in the ensuing sections.

2.2.1 Salient terms of the Proposed SGS

(i) **Maximum number of Mi Technovation Shares available under the Proposed SGS**

The maximum number of Mi Technovation Shares which may be made available under the Proposed SGS shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the Scheme ("**SGS Period**") ("**Maximum SGS Shares**").

Notwithstanding the above, in the event the aggregate number of Mi Technovation Shares granted under the Proposed SGS exceeds the Maximum SGS Shares at any point of time as a result of Mi Technovation purchasing or cancelling Mi Technovation Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of Mi Technovation's issued share capital, then such Grants granted prior to the adjustment of the issued share capital of Mi Technovation (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the By-Laws. However, in such situation, the SGS Committee shall not make any further Grants until such aggregate number of Mi Technovation Shares granted falls below the Maximum SGS Shares.

(ii) Basis of allocation and maximum allowable allotment

The aggregate maximum number of SGS Shares that may be allocated to any one (1) category/designation of the Eligible Persons shall be determined by the SGS Committee provided that the allocation to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person (as defined in the Listing Requirements), holds twenty percent (20%) or more of the total number of issued shares of Mi Technovation (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SGS Shares.

Subject to the above and any adjustment which may be made pursuant to any alteration in the share capital of the Company as provided under the By-Laws, the actual number of SGS Shares to be allocated to the Eligible Persons shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of Mi Technovation Group.

No Eligible Person shall participate in any deliberation or discussion on their respective Grant and/or any Grant to persons connected with the Eligible Person, if any, under the Proposed SGS.

The SGS Committee may make one (1) or more Grants to any Grantee as the SGS Committee may in its discretion select during the SGS Period.

(iii) Eligibility

Executive directors and employees of Mi Technovation Group who fulfil the following criteria as at the date of the Grant ("**Grant Date**") shall be eligible for consideration by the SGS Committee to participate in the Proposed SGS:

- (a) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) (i) has been employed by Mi Technovation Group on a full-time basis or serving in a specific designation under an employment contract with Mi Technovation Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of any corporation within Mi Technovation Group for a continuous period of at least two (2) years in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
(ii) is employed by a corporation which is acquired by the Group during the SGS Period and becomes a subsidiary of the Group upon such acquisition, he must have completed a continuous employment service for a period of at least two (2) years in the Group following the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;
- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is an executive Director of Mi Technovation Group, the specific Grant awarded by the Company to him/her in his/her capacity as an executive Director of the Company under the Proposed SGS has been approved by the shareholders of Mi Technovation at a general meeting; and

- (e) fulfils any other criteria and/or falls within such category as may be set by the SGS Committee from time to time.

The selection of any Eligible Person for participation in the Proposed SGS shall be determined at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above, for purposes of selecting an Eligible Person at any time and from time to time, in the SGS Committee's discretion.

Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Grants or the SGS Shares comprised in the Grants unless the Grants have been made in writing by the SGS Committee to the Eligible Person and the Eligible Person has accepted the Grants in accordance with the terms of the Grants and the By-Laws.

(iv) Vesting conditions and vesting of SGS Shares

The SGS Shares comprised in a Grant shall be vested to the Grantee on the dates after fulfilling the vesting conditions stipulated in the Grant in accordance with the terms of the Grant and the By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee.

(v) Alteration in share capital and adjustment

In the event of any alteration in the capital structure of the Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to:

- (a) the number of unvested SGS Shares comprised in a Grant; and /or
- (b) the method and/or manner in the vesting of the SGS Shares comprised in a Grant.

(vi) Ranking of Mi Technovation Shares pursuant to the Proposed SGS

The Mi Technovation Shares to be issued and/or transferred to the Grantees pursuant to the Proposed SGS will, rank *pari passu*, in all respects with the existing Mi Technovation Shares, except that the Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, where the entitlement date precedes the date of issuance and/or transfer of the abovementioned Mi Technovation Shares.

(vii) Modification, variation and/or amendment of the By-Laws

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within 5 market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Malaysia Depository Sdn Bhd.

The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:

- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in Section 2.2.1(i) of this announcement; or
- (c) prejudice any rights of the shareholders of the Company; or
- (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws unless allowed by the provisions of the Listing Requirements.

(viii) Duration of the Proposed SGS

The Proposed SGS shall take effect on the date on which the last of the approvals and/or conditions as set out in the By-Laws have been obtained and/or complied with (“**Effective Date**”) and shall continue to be in force for a period of five (5) years from the Effective Date and may be extended for such further period after the date of expiration of the original five (5) years period, at the absolute discretion of the Board upon the recommendation by the SGS Committee, provided always that the initial duration of the Scheme stipulated above and such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date (“**Date of Expiry**”).

Any extended Scheme shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant statutes, laws and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme. In the event the Scheme is extended, the Company shall serve appropriate notices on each Grantee within 30 days prior to the Date of Expiry.

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders provided that the Company makes an announcement immediately to Bursa Securities on the following:

- (i) the effective date of termination of the Scheme;
- (ii) the number of Grants or Shares vested; and
- (iii) the reasons and justification for termination of the Scheme.

Notwithstanding anything to the contrary, all unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the Date of Expiry or the date of the resolution of the termination of the Scheme.

(ix) Retention period

The SGS Shares to be issued and/or transferred to a Grantee pursuant to the vesting of SGS Shares comprised in any Grant to the Grantees under the Scheme may be subject to such retention period or restriction on transfer (if any) which the SGS Committee shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.

(x) Implementation of the Proposed SGS

In implementing the Proposed SGS, the SGS Committee may in its absolute discretion decide that the vesting of the SGS Shares comprised in the Grants be satisfied by any of the following methods:

- (i) issuance of new Mi Technovation Shares by the Company;
- (ii) acquisition of existing Mi Technovation Shares from the Main Market of Bursa Securities;
- (iii) transfer of the Company's treasury shares or any other method as may be permitted by the Companies Act 2016 ("**Act**"); or
- (iv) a combination of any of the above.

In considering the settlement mode of the Grants as referred to in (i) to (iv) above, the SGS Committee will take into consideration, amongst others, factors such as the potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements.

For the purpose of facilitating the implementation of the Scheme, the Company and/or the SGS Committee may (but shall not be obliged to) establish a trust to be administered by the trustee to be appointed by the Company from time to time ("**Trustee**") ("**Trust**") in accordance with the trust deed to be executed between the Trustee and the Company ("**Trust Deed**").

The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the central depository system accounts of the Grantees established by Bursa Malaysia Depository Sdn Bhd. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any companies within the Group. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

2.2.2 Listing of and quotation of the new Mi Technovation Shares

An application will be made to Bursa Securities for the listing of and quotation for up to ten percent (10%) of the total number of issued shares of Mi Technovation to be issued on the Main Market of Bursa Securities pursuant to the Proposed SGS.

2.2.3 Utilisation of proceeds

The Company will not raise any proceeds from the Proposed SGS given that the SGS Shares to be issued and/or transferred to the Grantees will not require any payment from the Grantees.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Bonus Issue

The Proposed Bonus Issue serves to reward the existing shareholders of the Company for their loyalty and continued support to Mi Technovation Group.

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for the Company to reward its shareholders as the Proposed Bonus Issue:

- (i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of Mi Technovation Shares held, whilst maintaining their percentage of equity interest; and
- (ii) is expected to enhance the marketability and trading liquidity of Mi Technovation Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from a broader range of investors.

3.2 Proposed SGS

The Proposed SGS primarily serves as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of Mi Technovation Group to create sustainable value enhancement for its shareholders.

The Proposed SGS is established to achieve the following objectives:

- (i) to continue recognising the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty;
- (iii) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- (iv) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum;
- (v) to reward Eligible Persons by allowing them to participate in the Company's growth and profitability and realise capital gains arising from the value of the Company's Shares; and
- (vi) to make the Group's remuneration scheme more attractive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth.

4. EFFECTS OF THE PROPOSALS

4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposals on the issued share capital of the Company as at the LPD, are as follows:

Minimum Scenario : Assuming none of the treasury shares have been resold in the open market of Bursa Securities prior to the implementation of the Proposals

Maximum Scenario : Assuming all of the 2,000,000 treasury shares have been resold in the open market of Bursa Securities with no gain or loss prior to the implementation of the Proposals

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	⁽ⁱ⁾ 500,000,000	252,615,378	⁽ⁱ⁾ 500,000,000	252,615,378
Shares to be issued pursuant to the Proposed Bonus Issue	250,000,000	-	250,000,000	-
After the Proposed Bonus Issue	⁽ⁱⁱ⁾750,000,000	252,615,378	⁽ⁱⁱ⁾750,000,000	252,615,378
Less: treasury shares	⁽ⁱⁱⁱ⁾ 3,000,000	-	-	-
	747,000,000	252,615,378	750,000,000	252,615,378
Shares to be issued pursuant to the Proposed SGS	^(iv) 74,700,000	^(v) 104,580,000	^(iv) 75,000,000	^(v) 105,000,000
Enlarged issued share capital	821,700,000	357,195,378	825,000,000	357,615,378

Notes:

- (i) Including 2,000,000 treasury shares held by the Company as at the LPD.
- (ii) Including 3,000,000 treasury shares held by the Company after the Proposed Bonus Issue.
- (iii) The 2,000,000 treasury shares held by the Company as at the LPD would be entitled to the Bonus Shares pursuant to the Proposed Bonus Issue as permitted under Section 127(11) of the Act. As such, 1,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be treated as treasury shares held by the Company upon completion of the Proposed Bonus Issue.
- (iv) Calculated based on ten percent (10%) of the total number of issued shares of the Company pursuant to the Proposed SGS, assuming that the Grants are satisfied entirely via new issuance of Shares only.
- (v) For illustrative purposes only, calculated based on the assumed grant price of RM1.40, being the TEBP of Mi Technovation Shares (computed based on the five (5)-day VWAP of Mi Technovation Shares up to and including the LPD of RM2.10) following the completion of the Proposed Bonus Issue. For avoidance of doubt, the Proposed Bonus Issue will be completed before the SGS Shares are granted.

The Proposed SGS will not have an immediate effect on the existing issued share capital of Mi Technovation until such time when the SGS Shares granted are vested. The issued share capital of the Company will increase progressively depending on the number of new Mi Technovation Shares which may be issued pursuant to the Proposed SGS during the SGS Period. However, should the SGS Shares comprised in the Grants be satisfied via acquisition of existing Mi Technovation Shares from the Main Market of Bursa Securities and/or transfer of the Company's treasury shares, then there will be no effect on the issued share capital of the Company.

4.2 Net Assets ("NA"), NA per Share and gearing

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the NA, NA per Share and gearing of Mi Technovation Group based on the latest audited consolidated statement of financial position of Mi Technovation as at 31 December 2018 are as follows:

	Audited as at 31 December 2018 RM	(I) Adjusted for subsequent events RM	(II) After (I) and the Proposed Bonus Issue RM
Group Level			
Share capital	252,615,378	252,615,378	252,615,378
Treasury shares	-	⁽ⁱ⁾ (3,487,714)	(3,487,714)
Legal reserve	41,896	41,896	41,896
Exchange translation reserve	224,166	224,166	224,166
Reorganisation debit reserve	(63,557,909)	(63,557,909)	(63,557,909)
Retained earnings	141,525,629	⁽ⁱⁱ⁾ 136,545,629	^(iv) 136,270,629
Shareholders' funds / NA	330,849,160	322,381,446	322,106,446
No. of Shares in issue (excluding treasury shares)	500,000,000	⁽ⁱⁱⁱ⁾ 498,000,000	^(v) 747,000,000
NA per Share (RM)	0.66	0.65	0.43
Total interest-bearing borrowings (RM)	6,752,681	6,752,681	6,752,681
Gearing ratio (times)	0.02	0.02	0.02

Notes:

- (i) *After adjusting for a total of 2,000,000 Mi Technovation Shares which were repurchased by the Company for a total cash consideration of approximately RM3,487,714 from 1 January 2019 up to the LPD.*
- (ii) *The first single tier interim dividend of 1.0 sen per Mi Technovation Share which was declared on 23 May 2019 for the financial year ending (“FYE”) 31 December 2019 and paid on 12 July 2019, amounting to RM4.98 million based on 498,000,000 Mi Technovation Shares (excluding treasury shares).*
- (iii) *Excluding 2,000,000 treasury shares held by the Company as at the LPD.*
- (iv) *After deducting the estimated expenses in relation to the Proposals of approximately RM275,000.*
- (v) *After issuance of 250,000,000 Mi Technovation Shares pursuant to the Proposed Bonus Issue and excluding 1,000,000 Bonus Shares attributable to the treasury shares stated in Note (iii) above.*

Pursuant to the Proposed SGS, save for the potential impact of Malaysian Financial Reporting Standards 2, on “Share-Based Payment” (“**MFRS 2**”) issued by the Malaysian Accounting Standards Board, as elaborated in Section 4.3 of this announcement, the Proposed SGS is not expected to have any immediate effect on the NA, NA per Share and gearing of the Group until such time when the Shares are issued and/or transferred pursuant to the vesting of the SGS Shares granted.

Any potential effect on the NA, NA per Share and gearing of Mi Technovation Group in the future would depend on factors such as the mode of settlement of the Grants, actual number of Shares to be issued and/or transferred pursuant to the vesting of the SGS Shares granted as well as the grant price at the relevant point in time. The NA per Share of the Group is expected to be diluted if the issue/ acquisition/ transfer price of the Shares to satisfy the Grants is higher than the NA per Share of the Group at the time of satisfaction.

4.3 Earnings and earnings per Share (“EPS”)

The Proposed Bonus Issue is not expected to have any effect on the earnings of Mi Technovation Group for the FYE 31 December 2019. However, there will be a corresponding dilution in the EPS of Mi Technovation Group for the FYE 31 December 2019 as a result of the increase in the number of Mi Technovation Shares in issue arising from the Proposed Bonus Issue.

The Proposed SGS is not expected to have a material effect on the earnings of Mi Technovation Group for the FYE 31 December 2019. However, the EPS of the Group for the FYE 31 December 2019 may be diluted, depending on the number of Shares issued and/or transferred and the grant price pursuant to the vesting of the SGS Shares granted. The Proposed SGS is expected to be implemented in the 4th quarter of 2019.

In accordance with MFRS 2, the potential cost arising from the granting of the SGS Shares, which is measured by the fair value of the SGS Shares after taking into consideration, *inter alia*, the actual number of SGS Shares granted and vested and the grant price of the SGS Shares, will need to be measured at the Grant Date and be recognised as an expense in the consolidated statements of comprehensive income of the Company over the vesting period of the SGS Shares comprised in such Grants, and may therefore reduce the future earnings of Mi Technovation Group, the quantum of which can only be determined at the Grant Date.

The potential effects of the Proposed SGS on the earnings and EPS of Mi Technovation Group in the future, as a consequence of the recognition of the expense at each Grant Date, cannot be determined at this juncture as it would depend on the fair value of the SGS Shares granted under the Proposed SGS at the Grant Date. It should be noted that such potential cost of granting the SGS Shares does not represent a cash outflow but only an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on Mi Technovation Group's earnings and will take into consideration such impact in the granting and vesting of the SGS Shares under the Proposed SGS.

4.4 Substantial shareholder's shareholdings

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholder of Mi Technovation as the Bonus Shares will be allotted on a pro-rata basis to the shareholder of the Company. However, the number of Mi Technovation Shares held by the substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

The Proposed SGS is not expected to have any immediate effect on the shareholdings of the substantial shareholder of the Company until such time when the SGS Shares are vested and issued and/or transferred pursuant to the Proposed SGS. Any potential effect on the substantial shareholder's shareholdings of Mi Technovation will depend on the actual number of SGS Shares to be issued and/or transferred pursuant to the Proposed SGS.

4.5 Convertible securities

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

5. APPROVALS REQUIRED

The Proposals are subject to the approvals being obtained from the following:

- (i) Bursa Securities for the following:
 - (a) listing of and quotation for up to 250,000,000 Bonus Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue; and
 - (b) listing of and quotation for up to ten percent (10%) of the total number of issued shares of Mi Technovation to be issued on the Main Market of Bursa Securities pursuant to the Proposed SGS;
- (ii) the shareholders of Mi Technovation at an extraordinary general meeting of the Company to be convened; and
- (iii) any other relevant authorities/parties, if required.

The Proposals are not inter-conditional upon each other and the Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH THEM

6.1 Proposed Bonus Issue

None of the Directors, major shareholder of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements to the Bonus Shares as shareholders of Mi Technovation, to which all other shareholders of Mi Technovation are similarly entitled to on a pro-rata basis.

6.2 Proposed SGS

All the executive Directors of Mi Technovation Group are entitled to participate in the Proposed SGS and are therefore deemed interested in the Proposed SGS to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed SGS (“**Interested Directors**”).

Accordingly, the Interested Directors and persons connected with them have abstained and will continue to abstain from deliberating and voting, in respect of their direct and/or indirect shareholdings in Mi Technovation, if any, on the resolutions pertaining to the Interested Directors’ respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed SGS at the relevant Board meetings and general meetings.

Oh Kuang Eng who is the major shareholder of Mi Technovation (“**Interested Major Shareholder**”), is also the Executive Director/Group Chief Executive Officer of Mi Technovation, and is entitled to participate in the Proposed SGS. Accordingly, the Interested Major Shareholder will abstain from voting, in respect of his direct and/or indirect shareholdings in Mi Technovation, if any, on the resolution pertaining to his allocation, if any, as well as the allocations to the persons connected with him, if any, under the Proposed SGS at the general meetings.

Yong Shiao Voon who is the spouse of Oh Kuang Eng, is the Executive Director/Chief Financial Officer of Mi Technovation, and is entitled to participate in the Proposed SGS. Accordingly, she will abstain from voting, in respect of her direct and/or indirect shareholdings in Mi Technovation, if any, on the resolutions pertaining to her allocation, if any, as well as the allocations to Oh Kuang Eng, if any, under the Proposed SGS at the general meetings. Oh Kuang Eng will also abstain from voting, in respect of his direct and/or indirect shareholdings in Mi Technovation, if any, on the resolution pertaining to the allocation to Yong Shiao Voon, if any, under the Proposed SGS at the general meetings.

The Interested Directors and Interested Major Shareholder will ensure that persons connected with them shall abstain from voting, in respect of their direct and/or indirect shareholdings in Mi Technovation, if any, on the resolutions pertaining to the Interested Directors’ and Interested Major Shareholder’s respective allocations, if any, as well as the allocations to the persons connected with them, if any, under the Proposed SGS at the general meetings.

The shareholdings of the Interested Directors and Interested Major Shareholder as at the LPD are as follows:

	As at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Yong Shiao Voon	-	-	-	-
Koay Huck Khim	580,000	0.12	-	-
<u>Interested Director and Major Shareholder</u>				
Oh Kuang Eng	342,100,000	68.69	-	-

7. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

However, in view that the executive Directors are deemed interested in the Proposed SGS to the extent of their respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed SGS, they have abstained and will continue to abstain from expressing an opinion and making any recommendation on their respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed SGS.

8. ADVISER

Affin Hwang IB has been appointed as the Principal Adviser for the Proposals.

9. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the Proposals is expected to be submitted within two (2) months from the date of this announcement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue and Proposed SGS are expected to be completed and implemented, respectively, in the 4th quarter of 2019.

This announcement is dated 8 October 2019.