

# ANNUAL REPORT

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## 2021

Scale Up To The Fullest  
开疆拓土

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## **Corporate Philosophy**

### **Mi TECHNOVATION**

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

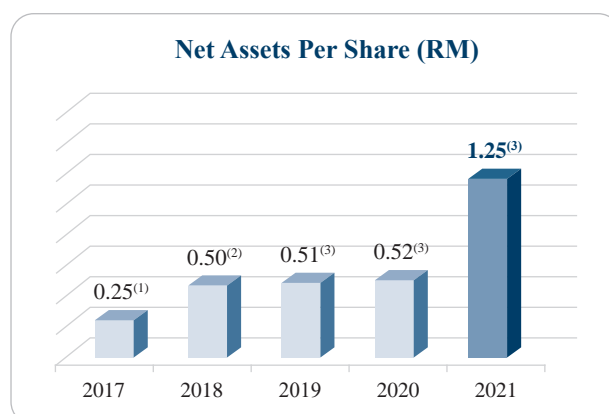
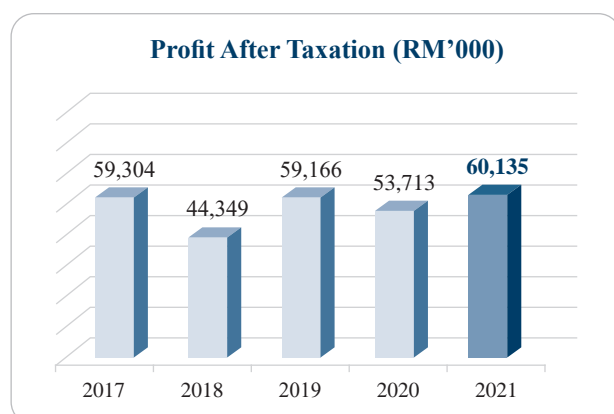
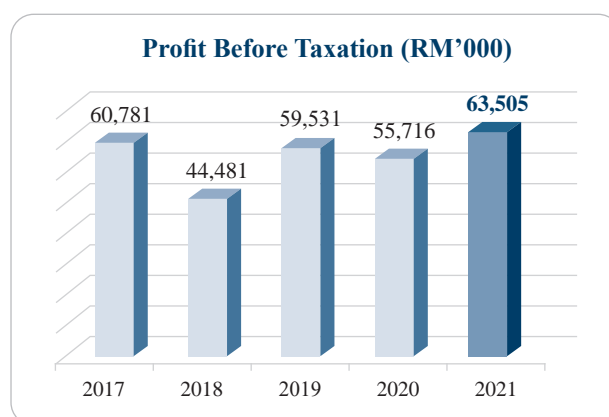
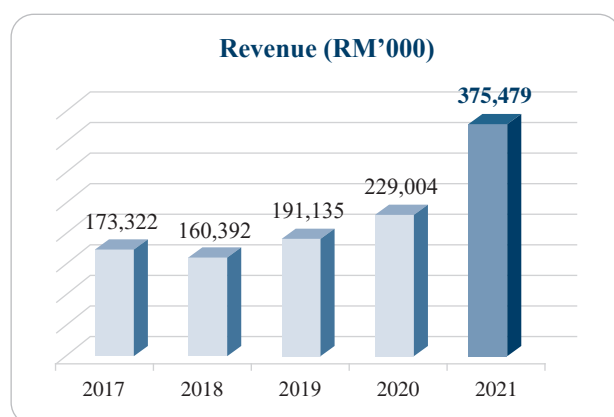
We aim to be global solutions provider of choice by inspiring technology through innovation and collaboration with our partners.

# FINANCIAL HIGHLIGHTS

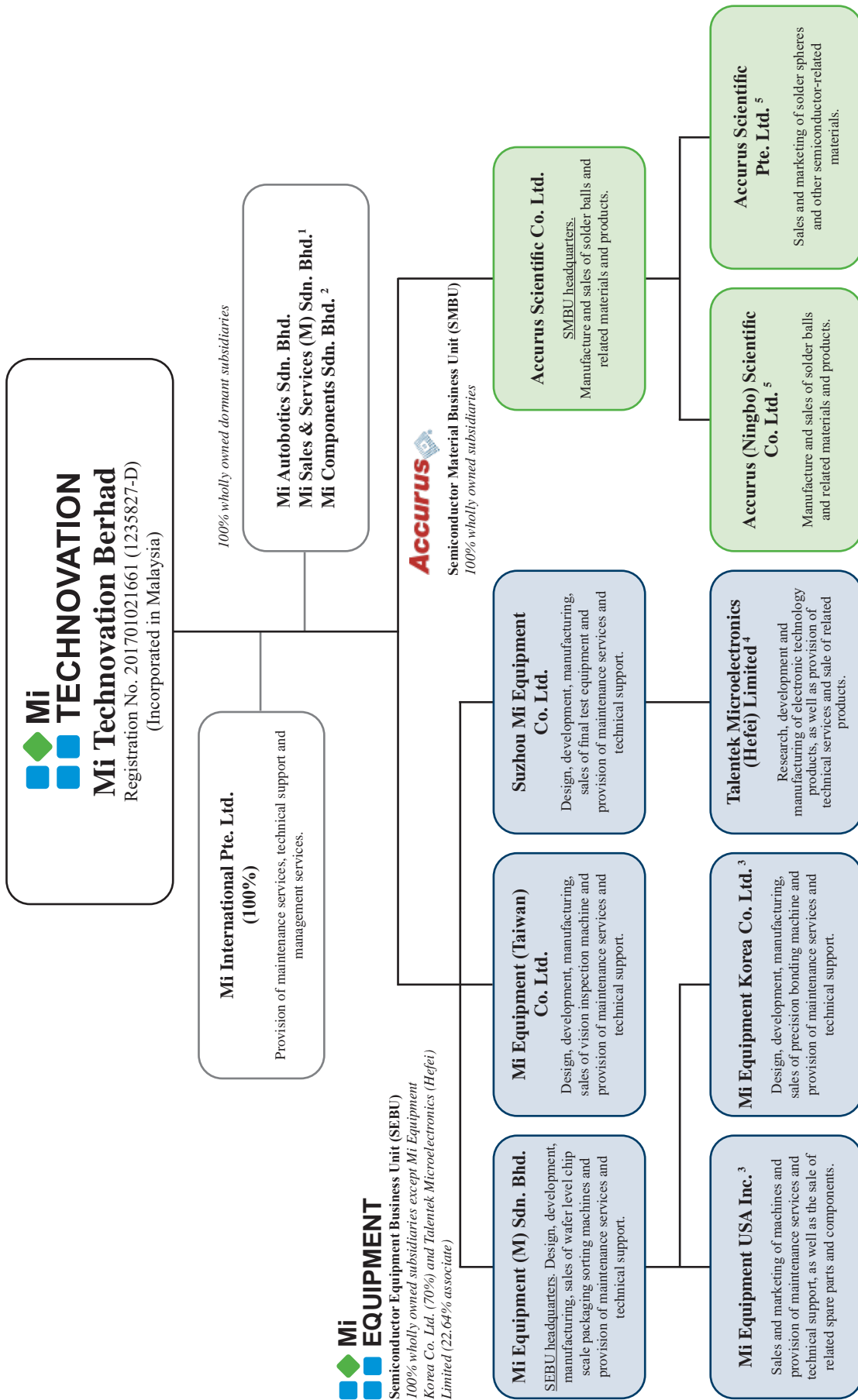
	FYE2017	FYE2018	FYE2019	FYE2020	FYE2021
<b>Profitability (RM'000)</b>					
Revenue	173,322	160,392	191,135	229,004	<b>375,479</b>
Profit Before Taxation	60,781	44,481	59,531	55,716	<b>63,505</b>
Profit After Taxation	59,304	44,349	59,166	53,713	<b>60,135</b>
Profit attributable to owners of the parent	59,304	44,349	59,166	54,008	<b>61,845</b>
<b>As at 31 December</b>					
<b>Financial Position (RM'000)</b>					
Total Assets	156,628	378,919	430,123	440,612	<b>1,213,039</b>
Shareholders Fund	124,755	330,849	379,767	388,327	<b>1,030,105</b>
Total Equity	124,755	330,849	379,767	388,277	<b>1,028,359</b>
Total Cash	52,634	203,405	151,424	83,372	<b>394,628</b>
Total Borrowings	-	6,753	4,078	5,097	<b>108,364</b>
<b>Share Information</b>					
EPS (sen)	11.86 <sup>(1)</sup>	6.77 <sup>(2)</sup>	7.91 <sup>(3)</sup>	7.24 <sup>(3)</sup>	<b>7.50<sup>(3)</sup></b>
Net Assets Per Share (RM)	0.25 <sup>(1)</sup>	0.50 <sup>(2)</sup>	0.51 <sup>(3)</sup>	0.52 <sup>(3)</sup>	<b>1.25<sup>(3)</sup></b>
Gross Gearing (times)	-	0.02	0.01	0.01	<b>0.11</b>
Net Gearing (times)	Net Cash	Net Cash	Net Cash	Net Cash	<b>Net Cash</b>
Number of shares outstanding ('000)	500,000	-	-	-	-
Weighted average number of ordinary shares in issue ('000)	-	655,532	748,068	746,000	<b>825,056</b>

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



- Note:
- Shareholding owned via Mi International Pte. Ltd. Struck off on 15 February 2022.
  - Company placed under members' voluntary winding-up procedures.
  - Shareholding owned via Mi Equipment (M) Sdn. Bhd.
  - Shareholding owned via Suzhou Mi Equipment Co. Ltd.
  - Shareholding owned via Accurus Scientific Co. Ltd.

# CORPORATE INFORMATION

## Board of Directors

### LEE BOON LENG

Independent Non-Executive Chairman

### TAN BOON HOE

Independent Non-Executive Director

### LIM SHIN LID

Independent Non-Executive Director

### OH KUANG ENG

Executive Director / Group CEO

### YONG SHIAO VOON

Executive Director / Group CFO

### PHOON YEE MIN

Independent Non-Executive Director  
(Appointed on 21 February 2022)

### Audit & Risk Management Committee

Tan Boon Hoe (Chairman)  
Lim Shin Lid  
Phoon Yee Min

### Nomination Committee

Lim Shin Lid (Chairman)  
Tan Boon Hoe  
Phoon Yee Min

### Remuneration Committee

Lim Shin Lid (Chairman)  
Tan Boon Hoe  
Phoon Yee Min

### Company Secretary

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

### **Auditor**

#### **BDO PLT**

#### **Chartered Accountants**

(LLP0018825-LCA & AF 0206)

51-21-F, Menara BHL

Jalan Sultan Ahmad Shah

10050 Pulau Pinang

Tel: 04-222 0288

Fax: 04-222 0299

### **Registered Office**

Suite 12-A, Level 12, Menara Northam

No.55 Jalan Sultan Ahmad Shah

10050 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/>

# PROFILE OF DIRECTORS



## LEE BOON LENG

Independent Non-Executive Chairman

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

Mr. Lee Boon Leng graduated with a Bachelor of Science in Electrical Engineering (Summa Cum Laude) and obtained a Master of Science in Electrical Engineering from University of Arkansas, USA. He has more than 25 years of vast experience and in-depth knowledge in the semiconductor equipment industry.

Mr. Lee started his career in 1992 with TECH Semiconductor Pte. Ltd. as Section Manager and then moved to Ellipsiz Ltd. as Business Manager in 1995. Two years later, he started MicroFab Technology Pte. Ltd. as General Manager and thereafter promoted as Vice President of Technology and Sales and Marketing in 2000. All his past employments were in the field of semiconductor industry.

In 2003, he founded Gemini Resource Pte. Ltd. providing mergers and acquisition consultancy and also co-founded Microdefine Pte. Ltd., a company that focused on designing and developing macro defect wafer inspection system. In 2007, both companies ceased operations and Mr. Lee joined SV Probe Pte. Ltd. as Vice President of Technology, responsible for developing the 300mm probe cards. After the R&D project was completed, he ended his employment in 2009.

He then co-founded Thinksmart Learning Partners Pte. Ltd., a company that rendered science enrichment programme and tutoring services to students. In 2011, he co-founded Pixtelz Pte. Ltd. and served as the CEO of the company, which involved in developing real-time video cut-out software until his retirement in year 2015.

## PROFILE OF DIRECTORS (Cont'd)



### **OH KUANG ENG**

Executive Director /  
Group Chief Executive Officer

Appointed to the Board on 19 June 2017  
52 | Malaysian | Male

Mr. Oh Kuang Eng graduated with a Bachelor of Engineering (Mechanical) from University of Malaya. He has more than 26 years of experience in the semiconductor industry with vast experience and in-depth knowledge of semiconductor automated equipment and process development.

Mr. Oh started his career in 1995 with Hewlett-Packard (M) Sdn. Bhd. as Equipment Technology & Automation Engineer and was transferred to Hewlett-Packard Singapore Pte. Ltd. in 1997 as Equipment Design Engineer. His last employment was with Polytool Industries Sdn. Bhd. as China Operation Manager before he quit to start his own business venture in 1999 involving industrial automation and semiconductor manufacturing technology and packaging trends.

In 2007, he co-founded DPE Integration (M) Sdn. Bhd. (“DPE”) and founded Mi Equipment (M) Sdn. Bhd. (“MiEMY”) in 2012. Since then, the business activities, assets and technical personnel were gradually transitioned from DPE to MiEMY and DPE discontinued operations in 2014. Within a 10-year timeframe, Mr. Oh helmed MiEMY in developing Wafer Level Chip Scale Packaging (“WLCSP”) die sorting machines and expanded its business footprint abroad. In June 2018, he successfully led the Company to IPO via Mi Technovation Berhad.

In 2021, Mr. Oh achieved another milestone leading the Group to venture into semiconductor materials business via acquisition of Accurus Scientific Co. Ltd. which involved in the manufacturing of solder spheres, a key assembly and packaging material in the semiconductor industry. Under Mr. Oh’s exemplary leadership, the Group currently operates under two business units namely the Semiconductor Equipment Business Unit and Semiconductor Material Business Unit.

With an eye for bigger success tailored by a structured business roadmap, Mr. Oh continues leading the Group towards a diversified world-class renowned semiconductor solution provider through both organic and inorganic expansion programs. As the Group Chief Executive Officer, he is responsible for formulating corporate decisions on the Group’s business direction, as well as devising and implementing business strategies to propel the Group towards a greater height.

## PROFILE OF DIRECTORS (Cont'd)



### YONG SHIAO VOON

Executive Director /  
Group Chief Financial Officer

Appointed to the Board on 22 August 2019  
53 | Singaporean | Female

Madam Yong Shiao Voon graduated with a Bachelor of Accounting from University of Malaya. She has over 25 years of experience in financial management, financial shared services, ERP system implementation, cost & budgetary control, human resource management in the manufacturing industries.

Madam Yong started her career in 1994 as Accountant in CGPC Fabrication (M) Sdn. Bhd., a foreign-owned company. She was then promoted to Plant Accountant and assigned to base in Shanghai under Tamco Switchgear (Shanghai) Co. Ltd. until 2001. Thereafter, she joined Danisco Malaysia Sdn. Bhd. as Finance Manager and left in 2012 prior to joining Hitachi Asia Ltd. in Singapore as SAP Consultant.

In 2016, she joined Mi International Pte. Ltd. as the Financial Controller and promoted to General Manager in January 2019. She involved heavily in the floatation process and successfully brought the Group from private to IPO in June 2018.

Madam Yong was then appointed as the Group Chief Financial Officer in March 2019. She is primarily responsible for the overall financial management, corporate affairs, treasury, control functions and budgeting of the Group, as well as overseeing Corporate HR and Corporate IT & Security functions. She is also responsible for the overall strategic planning and implementation of Environmental, Social and Governance (“ESG”) initiatives for the Group. Further, she has contributed to the acquisition of Accurus Scientific Co. Ltd. in April 2021 and formation of Mi Group structure with two business units namely Semiconductor Equipment Business Unit and Semiconductor Material Business Unit thereafter.



### TAN BOON HOE

Independent Non-Executive Director

Appointed to the Board on 29 August 2017  
66 | Malaysian | Male

Mr. Tan Boon Hoe is a certified public accountant with over 40 years of extensive experience in auditing, accounting, assurance and advisory engagements. He is currently a member of Malaysian Institute of Certified Public Accountants (“MICPA”) and Malaysian Institute of Accountants (“MIA”).

He started his career as an Audit Assistant with Deloitte Malaysia (formerly known as Kassim Chan & Co.) in 1977. Prior to appointment as Audit Partner in 1995, he held various positions with progressive promotions in the audit division of the firm. He was mainly involved in rendering assurance and advisory services to corporate clients, both public listed and privately held. He served Deloitte Malaysia for 36 years until his retirement in 2013.

In 2013, Mr. Tan set up Boonhoe & Loo Malaysia and serves as a Partner of the firm since then, rendering assurance and advisory services to corporate clients.

He is also the Chairman of Audit & Risk Management Committee and a member of Remuneration Committee and Nomination Committee of the Company.



## PROFILE OF DIRECTORS (Cont'd)



### LIM SHIN LID

Independent Non-Executive Director

Appointed to the Board on 01 July 2020  
46 | Malaysian | Male

Mr. Lim Shin Lid 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 in the Honourable Society of Lincoln's Inn. In 2001, he was admitted to the High Court of Malaya as an Advocate and Solicitor.

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

He is also the Chairman of Nomination Committee and Remuneration Committee and a member of Audit & Risk Management Committee of the Company.



### PHOON YEE MIN

Independent Non-Executive Director

Appointed to the Board on 21 February 2022  
41 | Malaysian | Female

Ms. Phoon Yee Min graduated with a Bachelor of Accounting from Universiti Sains Malaysia in 2004. She is a certified public accountant with 18 years of extensive experience in internal audit, risk management, process improvements and advisory engagements. She is a member of Association of Chartered Certified Accountants ("ACCA") and Malaysian Institute of Accountants ("MIA"). She is also a certified internal auditor and a member of the Institute of Internal Auditors ("IIA").

Ms. Phoon started her career in 2004 as Audit Associate with KPMG PLT, Malaysia focusing on delivery of audit and assurance engagements from planning through to completion. She then joined KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") in 2006 as Internal Audit Associate. She was mainly involved in internal audit and risk consulting services to corporate clients covering various industries in Malaysia, China, Taiwan, Singapore, Indonesia, Philippines, and Cambodia. She left KPMG in 2012 to venture into commercial for 6 years, with 3 years of experience each as the cost controller of a technical support unit at Dell Global Business Center Sdn. Bhd. and the in-house Chief Internal Auditor for GUH Holdings Berhad, a Malaysian public-listed company.

She re-joined KPMG in 2018 as the Head of Department and Director of Internal Audit, Risk and Compliance Services, Penang branch prior to her leaving in 2021 to venture into her own consulting practice. In April 2021, Ms. Phoon set up MCM International Consultancy PLT and serves as a Partner of the firm since then, rendering services pertaining to internal audit, enterprise risk management, due diligence, business proposals, policies and procedures establishment, corporate governance and compliance.

She is also a member of the Nomination Committee, Remuneration Committee, and Audit & Risk Management Committee of the Company.

## PROFILE OF DIRECTORS (Cont'd)

### **Additional Information:**

#### **Directorship in other Listed Issuers/Public Companies:**

None of the Directors hold any directorships in other public companies and/or listed issuers, except for 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 and major shareholder, Madam Yong Shiao Voon.
2. Madam Yong Shiao Voon, who is the spouse of Executive Director / Group Chief Executive Officer and major shareholder, Mr. Oh Kuang Eng.

#### **Conflict of interest:**

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

#### **Conviction for Offences:**

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

#### **Imposition of Public Sanction or Penalty:**

None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021 ("FY2021").

#### **Attendance of Board Meetings:**

The attendance of the Directors at Board Meetings and Board Committee Meetings for the FY2021 is disclosed in the Corporate Governance Overview Statement.

# PROFILE OF KEY MANAGEMENT

## MONG WENG KHOON



SEBU President

52 | Malaysian | Male

Mr. Mong Weng Khoon holds a Bachelor of Engineering and a Master of Engineering (Mechanical/Artificial Intelligence), both from University of Malaya. He has more than 26 years of in-depth experience in semiconductor packaging, electronics and OSAT manufacturing with various technical and leadership roles from technology development, advanced automation, design for excellence, NPI program management and engineering labs.

Mr. Mong began his career with Intel Technology in 1995 and worked his way to be the Senior Engineering Manager. He then joined NEXPERIA Semiconductors China and ASE/USI SiP Operation in Shanghai in NPI and Process Engineering management roles. He was with Flextronics Manufacturing Ltd. which he led the Asia Regional advanced manufacturing engineering roles prior to joining Mi Equipment (M) Sdn. Bhd. in February 2021 as the General Manager.

In January 2022, Mr. Mong was appointed as the President of Semiconductor Equipment Business Unit (“SEBU”) with an expanded roles in overseeing the overall business operations of SEBU while driving further transformation of SEBU towards an equipment solution eco-system partner.

## TEO CHEE KHEONG



SEBU Vice President

49 | Singaporean | Male

Mr. Teo Chee Kheong holds a Bachelor of Engineering (Chemical) from National University of Singapore. He has more than 24 years of broad experience in electronics, semiconductor and engineering-related industries and involved in manufacturing operations, business development, sales and marketing as well as service support activities.

Mr. Teo began his career with Pentax-Schweizer Electronics Pte. Ltd. in 1998 and advanced his career path holding various key positions in local and international organizations prior to joining Mi International Pte. Ltd. in 2016 as the Director of Sales & Service Support. Thereafter, he was promoted to General Manager of the Company in March 2019.

In January 2021, Mr. Teo was appointed as the General Manager of Suzhou Mi Equipment Co. Ltd., responsible for the setup of engineering centre and manufacturing facilities in China. A year after, in January 2022, he was appointed as the SEBU Vice President, leading the sales, marketing and service support functions of SEBU towards its expansion target and game-changing journey.

# PROFILE OF KEY MANAGEMENT (Cont'd)

## HENRY WANG



SMBU President

70 | Taiwanese | Male

Mr. Henry Wang holds a Bachelor of Science Degree in Electronic Engineering from National Chiao-Tung University in Hsinchu, Taiwan, a Master of Science degree in Electrical Engineering and a Master of Business Administration degree, both from University of Southern California in Los Angeles, U.S.A. He has over 40 years of vast experience in the electronics and semiconductor industry.

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

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

## HENG KOK LIN



SMBU Vice President

59 | Singaporean | Male

Mr. Heng Kok Lin holds a Master Degree in Strategic Marketing from University of Wollongong, Australia. He has over 30 years of extensive experience in the electronics and semiconductor industries with in-depth knowledge in PCBAs assembly and semiconductor backend equipment and materials.

Mr. Heng began his career with Printonix AG in 1986 and advanced his career path holding key positions in various organizations. Prior to joining MiMTW, he was the Business Development Director of Henkel Singapore Pte. Ltd., responsible for the marketing of advanced packaging group of products namely solder ball, underfill, corner bond and pre-applied materials.

Since July 2010, Mr. Heng was the VP of Sales and Marketing responsible for global sales and marketing of MiMTW's products. He was also tasked to setup Accurus Scientific Pte. Ltd. in 2016 and was appointed as the General Manager of Accurus (Ningbo) Scientific Co. Ltd. in 2019, responsible for the setup of manufacturing site in Ningbo, China.

Upon conclusion of acquisition process and consolidated into Mi Technovation Group under the SMBU, Mr. Heng was appointed as the Vice President of SMBU in July 2021, leading the efforts toward its expansion target.

# PROFILE OF KEY MANAGEMENT (Cont'd)

## WONG MING NEE



Deputy Chief Financial Officer

47 | Malaysian | Female

Ms. Wong Ming Nee holds a Bachelor of Accounting from University of Malaya and 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 more than 22 years of vast experience in finance and accounting, corporate exercise, mergers and acquisitions, taxation, controlling and compliance.

Ms. Wong began her career with Ernst & Young Tax Consultants Sdn. Bhd. in 1999 and advanced her career path holding key positions in various organizations. In January 2017, she joined Mi Equipment (M) Sdn. Bhd. as Finance and Administration Senior Manager and worked her way to be the Senior Director of Corporate Finance and Investor Relations of Mi Technovation Berhad in April 2021. She was involved in the Group’s IPO exercise as well as the successful acquisition of MiMTW.

In January 2022, Ms. Wong was appointed as the Deputy CFO, responsible for the Group’s consolidation reporting, corporate governance and compliance. She is also assisting the Group CEO to implement the Group’s expansion plans as well as investor relations and shareholders engagement strategies.

### 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 2021.

# CHAIRMAN'S STATEMENT

集团不仅希望为其股东创造价值，也希望将其业务所创造的经济价值公平地分配给其他利益相关者，即客户、供应商和员工。

The Group aspires not only to create value for its shareholders but also to distribute fairly the economic values created from its businesses to its other stakeholders, namely the customers, suppliers, and employees.

**LEE BOON LENG**  
Independent Non-Executive Chairman



## Dear Shareholders,

The impact of COVID-19 has been long-lasting on the global economy and the technology that increasingly enables it to function more digitally. The pandemic has accelerated the need to digitize and automate as much of the economy as possible and this trend is set to continue. This is further proven by the growing significance of technology in consumers' daily lives since the pandemic breakout, through the use of digital tools and connected devices for remote working, online shopping, online study, healthcare, and others. All these augur well for the semiconductor industry that the Group is in, as increased reliance on digital technology has boosted demand for chips and their related equipment. New markets have also emerged as the levels of technology innovation rise.

## PERFORMANCE REVIEW

Like many industries, the Group's businesses were impacted and disrupted in the year under review due to the prolonged pandemic which brings with it challenges such as continuous restrictions, health concerns, and border controls. Despite these setbacks, for the year ended 31 December 2021, the Group achieved a remarkable revenue performance of RM375.5 million as compared to the previous year's performance of RM229.0 million, showing an increase of 64.0% year on year. Both the core business units of Semiconductor Equipment Business Unit ("SEBU") and Semiconductor Material Business Unit ("SMBU") performed admirably.

The Group's revenue for the year under review continues to be anchored by SEBU which contributed RM250.0 million or 66.6% of the Group's total revenue. As for SMBU which was acquired in April 2021, their contribution to the Group's revenue was also significantly strong, accounting for RM125.4 million or approximately 33.4% of the Group's total revenue.

In line with the strong revenue growth, the Group achieved a strong Profit Before Tax ("PBT") of RM63.5 million, a 14.0% growth over the previous year's PBT of RM55.7 million. PBT margin at 16.9% was, however, lower than the previous year's margin of 24.3%, mainly due to competitive pricing, lower margin nature from the newly acquired SMBU business, and increase in operational expenditure.

On the Profit After Tax ("PAT"), the Group recorded RM60.1 million for the year ended 31 December 2021, an impressive 12.0% growth over the previous year's PAT of RM53.7 million.

# CHAIRMAN'S STATEMENT (Cont'd)

## CORPORATE DEVELOPMENTS

Two major corporate developments were completed during the year under review.

The first was the completion of the acquisition of Accurus Scientific Co. Ltd, a Taiwan-based company, which had since contributed significantly to the Group's revenue under the Semiconductor Material Business Unit ("SMBU").

Second, the Group completed the private placement exercise which raised a net proceed of RM291.0 million, the proceeds of which were used primarily for business expansion, working capital requirements, and repayment of bank borrowings.

## SUSTAINABILITY

The Group remains cognizant of the need to balanced stakeholders' interests as it pursues its business expansion. The Group aspires not only to create value for its shareholders but also to distribute fairly the economic values created from its businesses to its other stakeholders, namely the customers, suppliers, and employees. To this end, the Group strives to remain a customer-oriented company, an employer of choice, and a preferred business partner for its suppliers.

## PROSPECTS

The Board remains optimistic of the Group's business prospects given the abundant long-term opportunities in the semiconductor industry as a result of technological innovation. This is bolstered by the fact that the Group has also been able to establish itself as a total technological business solution provider despite its short history, with a growing customer base, product diversification, and a proven business model. Furthermore, the Group's forward-looking strategies that are in line with its long-term roadmap and include the continuing pursuit of organic growth, investment in research and development activities, focus on business processes optimization as well as the pursuit of growth through merger and acquisition, will put the Group in a position to capitalise on any market opportunities that arise in future, further enhancing its competitive edge and market positioning.

## DIVIDEND

The Board of Directors is pleased to advise on the dividend declaration amounting to a total payout ratio of 74.5% of the Group's annual audited profit after tax for the financial year ended 31 December 2021, as follows.

- a. A first single-tier interim dividend of 3.0 sen per ordinary share was declared on 29 October 2021 and paid on 30 November 2021.
- b. A second single-tier interim dividend of 2.0 sen per ordinary share was declared on 21 February 2022 and paid on 22 March 2022.

## ACKNOWLEDGEMENTS

On behalf of the Board, Management and staff, I would like to extend a warm welcome to our new Independent Non-Executive Director, Ms. Phoon Yee Min who joined the Board on 21 February 2022. Ms. Phoon has extensive experience in finance, advisory, internal audit, risk management, and process improvement. She was previously the Head of Department and Director of Internal Audit, Risk and Compliance Services with KPMG Management & Risk Consulting Sdn. Bhd.. We certainly believed that Ms. Phoon with her extensive experience will further add strength to the Board.

On behalf of the Board, I would also wish to take this opportunity to express our sincere appreciation to our valued customers, shareholders, business partners, financiers, government authorities, and statutory bodies for their continued support and confidence in the Group.

Finally, I take this opportunity to thank the management, employees, and my fellow directors for their hard work, loyalty, and dedication in making 2021 a successful year for the Group.

## LEE BOON LENG

Independent Non-Executive Chairman

# CEO'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

在一个赢者全拿的竞争环境中，想要完胜，只有让自己不断的壮大公司规模与多元化，提升产品使用者体验的满意度，这是我们既定也是必定要走的策略。

To stand out in a “Winner Takes All” environment, it is absolutely necessary that we, Mi Technovation Group, continue to grow and fortify our business, our range of products and services, as well as our market standing, and relentlessly pursue excellence and deliver the best customer experience through our products and services.

**OH KUANG ENG**

Executive Director / Group Chief Executive Officer



## OVERVIEW

The year 2021, just like 2020, had been another very challenging year for Malaysia and the global economy as a result of the protracted pandemic. While there was initial optimism that lives and businesses will return to some normalcy as vaccination rates rose and economies reopened, successive variants of virus created new waves of infections, dampening moods and disrupting businesses once more. Movement restrictions, health control standard operating procedures, and border controls, among other things, were reinstated not only in Malaysia but also globally. Businesses faced severe challenges throughout the year as they dealt with these issues.

Against this backdrop, our Group's operations and business, like those of many other industries, was equally affected during the year. While we saw strong growth rate registered by certain semiconductor industry players who produce legacy products to meet pandemic-induced strong demands on electronics needed for study and work from home, the growth of smartphones and related wearables, on which the semiconductor industry used to be highly reliant, was somewhat flat in 2021. During this time, advanced packaging, a key component in the semiconductor industry, and which uses, processes and techniques like redistribution layer (“RDL”), also had little growth.

However, our Group's perseverance in sticking to and following our long-term goals had yielded major positive business results, with a 64.0% increase in revenue performance in the year under review. Both core businesses of Semiconductor Equipment Business Unit and Semiconductor Material Business Unit, which are in the semiconductor backend process specialising in advanced packaging, in particular wafer level packaging (“WLP”), along the semiconductor value chain, performed well.

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

SEBU, with its established products in the market, registered substantial revenue growth fuelled by ongoing strong demand from customers, particularly from China, as a result of work lifestyle technology-influenced changes brought on by the pandemic and the development of 5G enabled mobile devices. China is developing its semiconductor ecosystem towards the target for greater self-sufficiency and technology parity in semiconductors as well as cushioning the sanction impacts arising from trade tensions with United States. With these aims, China is accelerating its investment and development in semiconductors which our Group is partially benefitting from this China's transformation. Our flagship product under SEBU, the Mi Series, contributed significantly to the Group's top-line growth. It is expected that SEBU will continue to be the Group's key revenue contributor in the coming years when all its new products and overseas subsidiaries take off.



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

## OVERVIEW (Cont'd)

### Semiconductor Material Business Unit ("SMBU")

SMBU's made significant contribution to the Group's revenue for the financial year under review following the completion of Accurus Scientific Co. Ltd.'s ("MiMTW") acquisition and the consolidation of their revenue into the Group's total revenue from April 2021 onward. SMBU benefited from increased customer demands in technology-related industries around the world, as well as the introduction of more consumer electronic devices into the global market as a result of rapid technology development in areas such as 5G, artificial intelligence, big data, IoT, cloud computing, and robotics, among others.

### REVIEW OF FINANCIAL PERFORMANCE AND POSITION

We achieved a spectacular revenue performance of RM375.5 million for the financial year ended 31 December 2021 ("FYE 2021"), representing a 64.0% increase over the previous year's revenue performance of RM229.0 million, thanks to a larger customer base and a more diverse product portfolio. SEBU and SMBU both generated strong financial results for the financial year under review.

SEBU provided RM250.0 million to the Group's total revenue in the current financial year, accounting for 66.6% of the Group's total revenue, up 10.3% from the previous year. SMBU's contribution for the current financial year was also significant, at RM125.4 million, or approximately 33.4% of the Group's total revenue, following the conclusion of MiMTW's acquisition and the consolidation of their revenue into the Group's total revenue.

	FYE 2021	FYE 2020	Changes (%)
	RM' 000	RM' 000	
<b>Revenue</b>	375,479	229,004	64.0 %
<b>Operating Profit</b>	64,330	56,092	14.7 %
<b>Profit Before Tax</b>	63,505	55,716	14.0 %
<b>PBT margin (%)</b>	16.9 %	24.3 %	
<b>Tax</b>	3,370	2,003	68.2 %
<b>Profit After Tax</b>	60,135	53,713	12.0 %
<b>PAT margin (%)</b>	16.0%	23.5%	

In line with revenue growth, we reported a good Profit Before Tax ("PBT") of RM63.5 million, up 14.0% from RM55.7 million the previous year. However, the PBT margin for the financial year under review was 16.9%, down from 24.3% in the prior year. The lower PBT margin is expected as the Group pursues a strategy of aggressive expansions and investment to increase market share and revenue, resulting in higher expenses primarily in human resources, research and development ("R&D"), materials, logistics, acquisition expenses, depreciation charges, and other operating expenses for new plants. At the same time, the Group has to deal with the new plants' gestation periods before they start generating profit. The lower margin for the financial year was also largely attributable to a shift in the Group's business unit contribution mix, with SMBU's contribution increasing in importance while its business nature tends to produce a lower margin.

The Group's effective tax rate for the financial year under review was 5.3%, up from 3.6% of the previous year, mainly owing to the temporary differences arising from qualifying building expenditures on plants in Malaysia, operation sites overseas, and also tax expenses incurred by SMBU, primarily MiMTW, which is subject to Taiwan's corporate tax rate of 20.0%. Because of tax incentives received by our subsidiary, Mi Equipment (M) Sdn. Bhd., our Group's effective tax rate remains well below the statutory rate of 24.0%.

The Group's Profit After Tax ("PAT") for the FYE 2021 was RM60.1 million, an increase of 12.0% over the previous year's PAT of RM53.7 million.

For the FYE 2021, basic earnings per share ("EPS") were computed at 7.50 sen, compared to 7.24 sen in the previous year.

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

## REVIEW OF FINANCIAL PERFORMANCE AND POSITION (Cont'd)

On 19 April 2021, the Company completed the acquisition of 99% equity interest in MiMTW, with the purchase consideration of RM311.85 million being settled through the issuance of 74,250,000 new ordinary shares calculated at a share price of RM4.20. On 31 May 2021, the remaining 1% was purchased for RM2.85 million in cash.

The Company had on 5 August 2021, via our wholly owned subsidiary, Suzhou Mi Equipment Co. Ltd., entered into a capital increase agreement with Talentek Microelectronics (Hefei) Limited ("Talentek"), Lansus Technologies Inc. and Wuhan Silicon Integrated Co. Ltd., to subscribe for the increase in capital of Talentek amounting to RMB45 million (equivalent to RM29.15 million or 22.64% equity interest in Talentek) via cash consideration. On 8 October 2021, the proposed subscription had been completed and Talentek is now an associate company of our Group.

On 24 August 2021, we completed a private placement exercise with the listing of and quotation for 75,750,000 Placement Shares, which represent 9.23% of the total number of issued shares of the Company (excluding treasury shares) on the Main Market of Bursa Malaysia Securities Berhad ("Bursa"). The exercise raised RM295.4 million gross proceeds for the Group which would be used for business expansion, working capital requirements, and repayment of bank borrowings.

Borrowings increased over the year, owing to the Group's expansion and capital expenditure. At a total borrowing of RM108.4 million, however, the debt-to-equity ratio of 0.11 remained low on the back of the enlarged total shareholders' equity.

Our Group's cash and bank balances at RM394.6 million at financial year-end remain very healthy, thanks to funds from the private placement exercise, the drawdown of further borrowings, and higher net cash from operating activities for the financial year under review. The quick ratio was recorded at a robust level of 5.1, an increase from the previous year's level of 4.7.

Our Group's net asset per share increased to RM1.25 per share from RM0.52 per share the previous year, thanks to increased shareholder equity as a result of enlarged share capital, acquisitions, operations, and expansions.

## BUSINESS & OPERATING ACTIVITIES OVERVIEW

Our Group operates mainly through two business units, namely SEBU and SMBU.

Business Units	Subsidiaries
SEBU	(i) Mi Equipment (M) Sdn. Bhd. ("Mi Equipment Malaysia") (ii) Mi Equipment (Taiwan) Co. Ltd. ("Mi Equipment Taiwan") (iii) Mi Equipment Korea Co. Ltd. ("Mi Equipment Korea") * (iv) Suzhou Mi Equipment Co. Ltd. ("Mi Equipment China") (v) Mi Equipment USA Inc. ("Mi Equipment USA") *
SMBU	(i) Accurus Scientific Co. Ltd. ("Accurus Scientific") (ii) Accurus (Ningbo) Scientific Co. Ltd. ("Accurus Ningbo") ^ (iii) Accurus Scientific Pte. Ltd. ("Accurus Singapore") ^

Note:

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

^ Shareholding owned via Accurus Scientific Co. Ltd.

### Semiconductor Equipment Business Unit ("SEBU")

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

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

## BUSINESS & OPERATING ACTIVITIES OVERVIEW (Cont'd)

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

SEBU designs and develops in-house brand series using its engineering and technical capabilities, spanning across Malaysia, Taiwan, Korea and China as follows:

Country	Products	Target Market Segment
Malaysia (Penang)	<b>Mi Series (Assembly and Packaging Equipment)</b> Advanced Packaging (WLP, WLCSP, FOWLP, Flip Chip) die sorting tape and reel machine with vision inspection	<ul style="list-style-type: none"> <li>Telecommunications industry (5G market) for smartphones, tablets, and wireless wearable devices</li> <li>IoT industry Bluetooth, near field sensing, sensor applications which require high functionality, mobility and low power consumption in small form factor</li> </ul>
Taiwan (Hsinchu)	<b>Vi Series (Vision Inspection Equipment)</b> Wafer and package inspection both in 2D and 3D mode	<ul style="list-style-type: none"> <li>Telecommunications industry (5G market) for smartphones, tablets, and wireless wearable devices</li> <li>IoT industry which requires high functionality, mobility and low power consumption in small form factor</li> </ul>
Korea (Gyeonggi)	<b>Ai Series (Die Bonding Equipment)</b> Precision bonding machine for extra fine pitch with thin die and substrate thickness	<ul style="list-style-type: none"> <li>Server in telecommunications industry</li> <li>GPU and CPU for high performance computing application in AI and Blockchain</li> <li>Image sensor and memory</li> </ul>
China (Suzhou)	<b>Si Series (Final Test Equipment)</b> Final test equipment for high power and fine pitch devices	<ul style="list-style-type: none"> <li>Automotive especially electric vehicles</li> <li>Telecommunications</li> </ul>

The Mi Series, Wafer Level Chip Scale Packaging ("WLCSP") die sorting machine, particularly the Mi40 model, continues to drive our Group's revenue for year 2021 and remains the Group's flagship product. WLCSP is one of the most advanced packaging technologies used in the semiconductor industry due to its strength in performance and cost advantages. It has been widely used in smartphones, tablets, and other applications that require high functionality, mobility and low power consumption in a small form factor. The Mi40 model, released in year 2019, remains well-liked by customers due to its high speed and characteristics. The increased processing efficiency enables it to meet the ever-increasing needs of the semiconductor manufacturing and packaging industry.

The Mi Quantum die sorter machine, which is the next generation following the Mi40 series, was also recently unveiled by the Group in the SEMICON exhibition held in Taiwan during December 2021. It is regarded as one of the industry's quickest wafer-level die sorter machines.

The previous Automation and Robotic Business Unit ("ARBU"), which has been merged into Mi Equipment Malaysia forming the Smart Factory Automation ("SFA") department, has continued to assist and complement the equipment business, particularly the Mi Series. The factory automation and robotics systems, as well as the software with artificial intelligence ("AI") content, which are employed in a number of businesses that are adopting Industry 4.0 technology, were frequently paired as part of the Mi Series' equipment sale package for customers.

Aside from the Mi Series, the Group had also introduced new Vi Series models to capitalise on opportunities in the silicon defects inspection process from high-end flip chips, SiP, and 2.5D packages. Further, we materialized our maiden sale of laser-assisted bonding ("LAB") machine after the 2-year hard work in new product development which testify our success penetration in high performance chip segment, not to mention the pilot sale of test handler to our associated company, Talentek.

We will continue to develop and release new products under our SEBU and at the same time adopt aggressive sales and marketing strategies to sell and market these products, expand the market share and strengthen customer relationships.

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

## BUSINESS & OPERATING ACTIVITIES OVERVIEW (Cont'd)

### Semiconductor Material Business Unit ("SMBU")

With the acquisition of MiMTW in April 2021, we have established ourselves as the first and only semiconductor technology player in Malaysia with interests in both equipment and materials businesses. Our Group is now able to deliver to the customer one-stop solutions for both equipment and materials, which give the Group its differentiation and competitive edge.

In addition to being synergistic, SMBU aids the Group in mitigating the cyclical nature of the semiconductor equipment business. The product portfolio of both semiconductor equipment and material business units can also be cross-sell to key strategic customers of both, delivering entire solutions to customers for not just better cost structure, but also technology developments and innovations.

SMBU is principally involved in the manufacturing and sale of solder spheres ("solder balls"), which are crucial components to electrically interconnect flip chip semiconductors and widely used in advanced packaging such as ball grid array and wafer level packaging in the semiconductor industry. SMBU's business footprint is as follows:

Country	Products	Target Market Segment
Taiwan (Tainan)	Manufacturing and Sales Solder Spheres (solder balls)	<ul style="list-style-type: none"> <li>Advanced packaging such as WLP, WLCSP, FOWL, BGA, and Flip chip BGA</li> </ul>
China (Ningbo)	Manufacturing and Sales Solder Spheres (solder balls)	<ul style="list-style-type: none"> <li>Advanced packaging such as WLP, WLCSP, FOWL, BGA, and Flip chip BGA</li> </ul>
Singapore	Sales Solder Spheres (solder balls) Process Chemical	<ul style="list-style-type: none"> <li>Advanced packaging such as WLP, WLCSP, FOWL, BGA, and Flip chip BGA</li> <li>Wafer Bumping Process</li> </ul>

SMBU saw constant demand globally. Apart from its existing manufacturing site in Tainan, SMBU's Ningbo factory in China is targeted to start commercial operations in second half of 2022. With both manufacturing sites in operations, SMBU is expected to continue to grow at a rapid pace in the foreseeable future.

### Engineering and Research Development Centres

In semiconductor industry, continuous efforts and investment in research and development ("R&D") are vital for business sustainability. To that purpose, the Group has developed engineering centres both locally and internationally to conduct R&D and other product development projects for the Group, particularly for SEBU.

The Group's overseas engineering centers are in Taiwan, Korea and China. Each engineering centre concentrates on R&D programmes tailored to certain product areas. The vision inspection equipment is the focus of the Hsinchu Engineering Centre in Taiwan, the die bonding equipment is the focus of the original Suwon Engineering Centre in Korea (now relocated to Pyeongtaek City), and the final test equipment is the focus of the Suzhou Engineering Centre in China. The Penang Engineering Centre continues to focus on the R&D of high technology sorting and taping equipment. These engineering centres in their respective nations also carry out manufacturing activities to enjoy the benefits of being able to stay near to their customers and further explore prospective technical collaborations.

The Group's R&D expenses in year 2021 was RM4.5 million (FYE 2020: RM4.0 million). As of 31 December 2021, combining both SEBU and SMBU total number of patents, the Group have successfully registered 27 patents, bringing the Group's total number of registered patents to 39, with another 26 pending.

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

## BUSINESS & OPERATING ACTIVITIES OVERVIEW (Cont'd)

### Management of Sustainability, Risk Management, and Governance Matters

We recognise that changes in the global economy, outbreaks of war, trade disputes, unexpected global or regional political developments, acceleration of technological change, higher-than-expected inflation causing changes in consumer behaviour towards buying electronic and technological gadgets, currency and interest rate volatility, global inventory adjustments, regulatory changes in the countries in which it operates and uncertainties posed by pandemic, are all factors that will have an impact on the Group's business including the areas of supply chain and logistics.

Currently, we managed these risks through our agile business models, multi-national operations bases, proactive forecasting and planning, aggressive marketing and sales strategies, business additions plans, expanding product ranges, diversified customer base and markets, and continuous efforts in research and development. In terms of risk management for new business ventures, we had been cautious not to enter any new business without proper planning and extensive due diligence.

Furthermore, we believe that staying focus on accomplishing the goals in our 10-year master blueprint, including mid-term goals and targets, will help us better manage these risks and ensure long-term sustainability for the Group.

On top of the above, the management of sustainability risks and opportunities for our Group is further guided by a materiality process which is in line with the sustainability disclosure requirements of the Main Market Listing Requirements of Bursa. Efforts and resources are prioritised for the management of matters which are material to the Group, i.e. the material sustainability matters. This process is further supported by the Group's risk management and internal control systems which is built upon the Group's Enterprise Risk Management ("ERM") Framework. The performance of the Group's management of material sustainability matters is discussed under Sustainability Statement in this Annual Report as well as our inaugural Sustainability Report.

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

## OUTLOOK AND PROSPECTS

Though our Group is already one of the country's largest semiconductor industry players, particularly in the semiconductor manufacturing backend processes covering both equipment and material segments, we have remained committed to our goal of aspiring to be a multi-national diversified semiconductor solutions provider, rather than just another local Automated Test Equipment manufacturer.

To that aim, our Group is sticking to our 10-year master blueprint, which began in year 2019 to realise our goals and ensure our business sustainability. We have formulated our corporate strategies and plans for execution in every year, every 2.5 years, every 5 years, and every 10 years in our 10-year master blueprint, coupling with the business roadmaps for the respective business units.

The contribution of SEBU, which produces various types of equipment for important markets such as Taiwan, South Korea, and China, amongst others, is expected to expand, not only as demand in these markets grows, but also as new product releases are introduced into these markets. As for SMBU, it has its own patented technology and capability in designing unique metallurgy solutions enabling improved yield and reliability to customers as well as having in-house built equipment to produce solder spheres, which are widely utilised in advanced packaging in the semiconductor industry.

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

## OUTLOOK AND PROSPECTS (Cont'd)

While we now operate two main business units through the SEBU and SMBU, accomplishing our aim to build an integrated equipment and material supplier in semiconductor industry in our first 5-years roadmap, we plan to expand to become a semiconductor and commercial solutions provider in our second 5-years roadmap through the setting up of the third and fourth business units, to complete our journey set under the 10-years blueprint. This will enable the Group to provide end-to-end solutions and to be a market leader in semiconductor technology innovation.

For the upcoming third business unit, we will be looking at businesses related to high-tech advanced packaging and development, advanced solutions and services, as well as specific semiconductor manufacturing processes. We believe that with our expertise in the existing equipment and materials businesses, the Group should be able to develop new advanced packaging technology. Instead of being a market follower, the Group aims to introduce a game-changing product to the market through this third business unit.

On the potential fourth business unit, we will be looking at commercial electronic products for the mass market, albeit ones with high-technology content. We anticipate that the market for household items with additional technology features and aspects, such as microwave ovens, air conditioners, fans, kettles, and washing machines, will rise in the coming years. The Group aspires to be prepared for this shift in market dynamics.

The Group is also on the lookout for accretive acquisitions that will provide synergistic value to its existing business pillars. In the short term, however, as we continue to invest and expand aggressively in order to increase revenue and market share, a lower profit margin can be expected until the returns on investments materialise. We anticipate that with potential earnings-accretive acquisitions, new equipment release and expanded product portfolio as well as larger customer base will enable us to achieve long-term growth and business sustainability.

While the Group will be driven by our roadmap and master blueprint, we are bearing in mind that the prospects for the Group will also be influenced by the demands in the global semiconductor industry which is indicated by the level of capital spending in the sector. Higher level of capital spending is essential across the entire semiconductor value chain to meet the demand for semiconductors from all sectors of the economy.

In this regard, recent indications showed that, despite disruptions caused by geopolitical circumstances and the pandemic, capital spending has remained robust. The semiconductor industry is expected to expand rapidly in the near future, owing to the adoption of 5G and innovation of the metaverse which will drive smartphone demand, continued cloud infrastructure expansion, machine learning and other cutting-edge technologies development, and the impending growth of electric vehicles.

The bright prospects for the global semiconductor industry augurs well for our Group and businesses. In line with our master blueprint and roadmap, our strategy of being a complete, multinational, end-to-end semiconductor player, driven by continuous and intensive research and development, while always looking for acquisition opportunities, will position our Group well to capture opportunities and expand our market share. It is our commitment to all our stakeholders, to making a difference relentlessly and over the long-term.

# OUR RESPONSE TO COVID-19

In 2021, the pro-longed COVID-19 pandemic continuously caused major impact across the world and significantly affected the health, economic, environmental and social domains. We worked relentlessly to help prevent the spread of the virus, while safeguarding the health and safety of our employees, subcontractors, and suppliers during the pandemic.

## Technology Transformation: In-house Developed System

Company-wide health and safety practices are developed and implemented to curb COVID-19 infections within the workplace. Engeye Smart Gate System is our in-house developed system applying technology to control the spread of COVID-19 through screening, restraining and diminution. The first prototype invention started in February 2020 at Mi Equipment (M) Sdn. Bhd. (operating site in Penang, Malaysia), replacing human to carry out contactless temperature scanning for employees, visitors, and customers.



*Engeye Smart Gate System*

This has reduced the potential risk of contact by having administrative staff to conduct the daily temperature scanning. The smart gate system installed with Artificial Intelligence (“AI”) technology and facial recognition is able to identify our employees, thus contact tracing is made easy with logs of entry times and temperature readings. The Engeye Smart Gate System is also equipped with capability to detect if user is wearing the face masks properly and elevated body temperatures, prevent potentially compromised individual from entering the building.

## Keep Everyone Safe

Businesses and employers can play a key role in preventing and slowing down the spread of COVID-19 within the workplace. It is important for company to keep its people safe while maintaining the business running. Various prevention and control measures were implemented:



- Keep up to date with the latest development, information and the relevant directive of COVID-19 to ensure that employees would react and perform correctly and ensure strict compliance at the workplace.
- Provide personal protective equipment, such as face masks, face shields and gloves to employees.
- All visitors are required to register and obtain approval before entering to company.
- Disinfection stations were allocated in accessible way and within sight at each floor to ensure easy access by employees to keep their workstations clean and hygiene.
- Sanitization on high-touch surfaces.
- Encourage alternative communication platforms and meeting methods (such as virtual meetings, teleconferencing solutions) to reduce in-person interaction.
- Segregate sitting arrangement in meeting room, pantry and etc.
- Avoid unnecessary travel unless for urgent business purposes.
- Apply staggered work schedule and remote work where applicable.

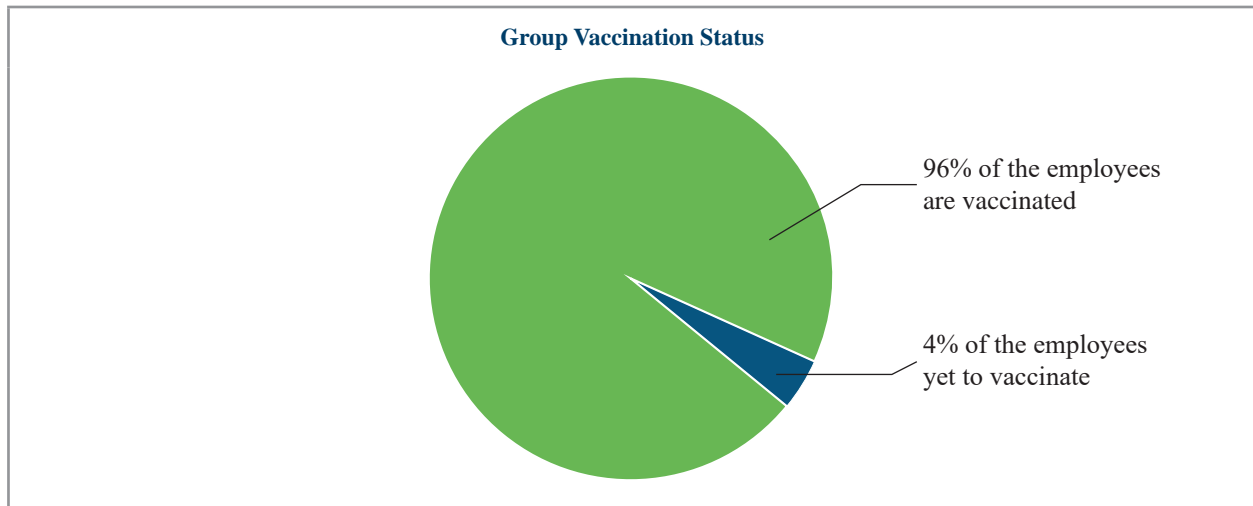
# OUR RESPONSE TO COVID-19 (Cont'd)

## COVID-19 Vaccination

We encourage our employees to be vaccinated although there are no regulations and mandatory vaccination schemes by the local authority for the general public. Majority of our employees registered for vaccination according to the guideline provided by the Ministry of Health. One of the Group's subsidiary, namely Mi Equipment (M) Sdn. Bhd., participated in the Public-Private Partnership COVID-19 Industry Immunization Program ("PIKAS") to accelerate immunization of our employees and subcontractors.

In line with the efforts to reduce the number of COVID-19 workplace clusters and to protect the well-being of employees, the Company encourage our employees to get the booster shot in order to strengthen the protection against infection with COVID-19.

Chart below depicted the vaccination rate of the employees within the Group as of 31 December 2021:



There is still a minority group of employees who have yet to vaccinate due to personal reasons. To clear their vaccine hesitancy, sharing of information on how vaccines work, and their safety profile is conducted regularly to encourage the minority to get vaccinated.

## Together We Care

With the number of COVID-19 cases growing exponentially, we are to play our role in combating the disease by adopting public health measures with strict compliance to protect our employees and the community. Continued vigilance is required – "Together We Care".



# 2021 EVENT HIGHLIGHT

Amid the pro-longed COVID-19 pandemic, company events carried out in 2021 were mostly in-house activities for employees with health precautions and strict compliance with covid prevention protocols, while social events involving community were limited.

## Festive Celebrations with Employees Throughout 2021

Sky Oasis, Mi Equipment (M) Sdn. Bhd. (“MiEMY”)



Various festive celebrations were organized in 2021 for and with the employees to get them engaged and motivated at the workplace, such as Lunar New Year, International Women’s Day, Mother’s Day, Father’s Day, Hari Raya, National Day, Malaysia Day, Hari Deepavali, Mid-Autumn festival, and Christmas. It was filled with glory, lively and cheerful air of festivity while employees were enjoying delicious feasts and gifts during the seasons of joy.



## Company Luncheon 27 December 2021

Accurus Scientific Co. Ltd. (“MiMTW”)

Company luncheon used to be organized quarterly as one of the employee’s engagement activities, with the purpose to foster and bond working relationship, as well as to provide an opportunity to communicate with employees on company updates. Due to epidemic restrictions and safety concern, only one company luncheon held during 2021 year end in accordance with safety regulations.



## 2021 EVENT HIGHLIGHT (Cont'd)

### Majestic Island Soft Launch 11 November 2021 Sky Oasis, Mi Equipment (M) Sdn. Bhd. (“MiEMY”)



On the day of 11.11, MiEMY proudly presented the launching of Majestic Island Café with warm Sky-Blue Theme decoration. Employees were overwhelmed with fragrance roasted coffee and scrumptious light refreshment on this special day. Getting to Majestic Island for a cup of coffee indulgence can boost employee productivity at workplace. A short coffee break can strike up conversations among colleagues and promote employee bonding.



### PIKAS Program Malaysia 25 June & 16 July 2021 Bukit Jawi Golf Resort Penang, Malaysia

Under the Public-Private Partnership COVID-19 Industry Immunization Program (“PIKAS”), MiEMY employees and subcontractors took their first and second dose of Sinovac vaccine on 25 June and 16 July 2021 respectively at Bukit Jawi Golf Resort. Kindly refer to “Our Response to COVID-19”, page 23 for further information about vaccination status.



## 2021 EVENT HIGHLIGHT (Cont'd)

### Employees Vaccination & Health Examination 21-23 December 2021 Medical Center & Accurus Scientific Co. Ltd. ("MiMTW")



As part of the company initiative to combat COVID-19, MiMTW actively disseminate epidemic prevention information and encourage employees to get vaccinated. On 21 to 23 December 2021, MiMTW have collaborated with Tainan Municipal Hospital to setup health examination booth for employees to conduct a physical checkup which complies with local health regulations.



### SEMICON Taiwan 2021 28 - 30 December 2021 Taipei Nangang Exhibition Center, Taiwan

SEBU and SMBU have participated as exhibitor in SEMICON Taiwan 2021, which is one of the largest semiconductor trade shows in the world together with other 550 world leading exhibitors. Despite the adverse impact from the COVID-19 pandemic, the event attracted more than 450,000 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 model to potential customers and industry leaders.



# SUSTAINABILITY STATEMENT




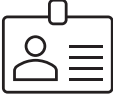



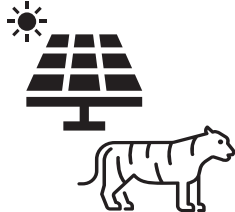

As a leading supplier in the semiconductor industry focusing on semiconductor equipment and materials segment, Mi Technovation Berhad (“the Group” or “the Company”) plays a vital role in shaping a sustainable future via creating an innovative and green business and society. We are committed to sustaining our competitiveness and relevance in the market sector by strengthening intellectual capital through persistent research and development activities while striving to provide highest quality products and services to our customers.

In our Group, the way we do business is guided by our Sustainability Policy which emphasizes the importance of managing the Group’s global business investments in a sustainable and responsible manner. As a responsible corporation with diverse business investments, the Group strives to ensure good governance practice across its operations, manages environmental impact including climate-related risks or opportunities on its businesses, provides a safe and healthy workplace, and contributes towards a sustainable social welfare and community.

Our sustainability is built on the premise that developing such strategies to foster company longevity and it is embedded in all aspects of our business operations. We are committed to continually review and improve our sustainability strategy and approach to meet the expectations of our stakeholders considering our corporate strategy and stakeholders’ changing needs. Our sustainability highlights for the financial year ended 31 December 2021 are set out below.






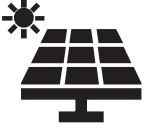









## Key Focuses

We have 3 key focuses included in our Sustainability Policy, guiding the overall sustainability direction of the Group, as depicted below.

<h3>Sustainable Business</h3> <p>We manage our business through a “Balance Stakeholder Interest” approach.</p>  <p>Shareholders</p>  <p>Customers</p>  <p>Subcontractors &amp; Suppliers</p>  <p>Employees</p>	<h3>Responsible Business Practices</h3> <p>We integrate good governance ethics into our operations and strategies.</p>  <p>Good corporate governance practice.</p>  <p>“Check-and-Balance” to mitigate risk and mistakes.</p>  <p>Multiple communication channels for continuous dialogue.</p>	<h3>Impact Within &amp; Beyond Business Operation</h3> <p>We support and sponsor various environment and community initiatives.</p>  <p>Environment &amp; Biodiversity</p>  <p>Social &amp; Community initiatives</p>
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# SUSTAINABILITY STATEMENT (Cont'd)

## Sustainability Highlights in 2021

<b>1. Sustainable Business</b> 	<b>2. Responsible Business Practices</b> 	<b>3. Impact Within &amp; Beyond Business Operations</b> 
<p>We adopt the “<b>Balanced Stakeholder Interest</b>” approach for the betterment of sustainable business success through a <b>fair distribution of the economic value</b> that we created.</p>	<p>We integrate good governance and ethic in our operations while we strongly <b>promote integrity, transparency, accountability, and responsiveness</b> in managing business.</p>	<p>We support community initiative that strengthen and <b>improve wellbeing, education, and healthcare</b>. We will further extend our initiative to conserve biodiversity.</p>
<p><b>Fair distribution to</b></p> <ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Customers</li> <li>• Suppliers</li> <li>• Employees</li> </ul> 	<p><b>Good Corporate Governance</b> policies</p> <ul style="list-style-type: none"> <li>• Anti-Bribery &amp; Corruption</li> <li>• Whistleblowing</li> <li>• Code of Conduct and Ethics</li> </ul> 	<p><b>Solar Energy</b> produced <b>183MWh</b></p> 
<p><b>Multiple sites</b> across six (6) countries</p> <p><b>Multiple Business Units</b></p> 	<p><b>0 case reported</b> on</p> <ul style="list-style-type: none"> <li>• Bribery and Corruption</li> <li>• Whistle Blowing</li> <li>• Discrimination &amp; Harassment</li> <li>• Labour &amp; human rights disputes</li> </ul> 	<p><b>Recycled wastes</b> <b>18,247.74KG</b></p> 
<p><b>Financial Growth</b></p> <p><b>64%</b> in Revenue</p> <p><b>14%</b> in Profit</p> 	<p><b>100%</b></p> <ul style="list-style-type: none"> <li>• Confirmation to Supplier Code of Conduct</li> <li>• Employees’ attendance to Corporate Governance E-Learning</li> </ul> 	<p><b>Contributions</b> <b>RM177,326</b></p> <ul style="list-style-type: none"> <li>• Education</li> <li>• Community</li> <li>• Healthcare</li> <li>• Wildlife</li> </ul> 
<p><b>IP Capital</b></p> <p><b>27</b> new patents granted</p> <p><b>26</b> pending patents</p> 	<p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>• Minimum wage according to local statutory requirement</li> <li>• Bursa listing requirements</li> </ul> 	<p><b>On-going efficient water and electricity saving initiatives</b></p> 

We will keep stakeholders informed of our progress and performance through our Sustainability Report, amongst other engagement channels. Details of our sustainability management approach and initiatives are disclosed in our inaugural 2021 Sustainability Report which is available at our corporate website: <https://mi-technovation.com>

This Sustainability Statement is made in accordance with a resolution of the Board dated 20 April 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“The Board”) of Mi Technovation Berhad (the “Group” or the “Company”) recognises the importance of practicing high standards of corporate governance which is essential in ensuring sustainability of the Group’s business and operation, embedding good governance ethics and business integrity in all aspects of the Group’s activities.

This Corporate Governance Overview Statement (“the Statement”) is prepared pursuant to paragraph 15.25(1) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and guided by the principles of the Malaysian Code on Corporate Governance (“MCCG”) and the Corporate Governance Guide (4<sup>th</sup> Edition) issued by Bursa Malaysia.

The Statement provides an overview of the Company’s corporate governance (CG) practices throughout the financial year ended 31 December 2021 (“FYE 2021”) and it should be read together with the CG Report which is accessible on the Company’s website at <https://mi-technovation.com> and via an announcement on Bursa Malaysia’s website at <https://www.bursamalaysia.com/>

## Corporate Governance Approach

In building a sustainable business and discharging its regulatory role, the Board is mindful of its accountability to the shareholders and various stakeholders. The Board firmly believes that dynamic corporate governance framework is crucial to provide a solid foundation and structure for effective and responsible decision-making of the Group.

Towards this, the Group’s overall approach to corporate governance is to:

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

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

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### BOARD RESPONSIBILITIES

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

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

# CORPORATE GOVERNANCE OVERVIEW

## STATEMENT (Cont'd)

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

#### BOARD RESPONSIBILITIES (Cont'd)

The governance structure of the Group is illustrated below:



The Board is guided by a Board Charter, which sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good governance in the business conduct and dealings. The Board Charter further defines the respective roles of the Chairman of the Board, the Chief Executive Officer (“CEO”) and the Non-Executive Directors.

#### **The Roles of Chairman, CEO and Non-Executive Directors**

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

The Chairman leads the Board effectively on all aspects of its role and sets the overall Board agenda. The Board Chairman does not sit on any of the Board Committee, which complies with Practice 1.4 of MCCG 2021 Update, to provide better checks and balances and ensure objective review.

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

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

#### **Board Committees**

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

##### 1. Audit & Risk Management Committee (“ARMC”)

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

# CORPORATE GOVERNANCE OVERVIEW

## STATEMENT (Cont'd)

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

#### **BOARD RESPONSIBILITIES (Cont'd)**

##### **Board Committees (Cont'd)**

#### 2. Nomination Committee (“NC”)

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

#### 3. Remuneration Committee (“RC”)

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

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 Committees 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.

#### **Managing Sustainability Risks and Opportunities**

The Group’s sustainable business integrates economic, environmental, social, and governance considerations and is led by the Group Chief Executive Officer (“CEO”) and Chief Financial Office (“CFO”) who are assisted by experienced senior management team, comprises Business Unit Presidents, Head of Departments/Managers from various key business functions. The Chief Executives and senior management team are responsible for developing sustainability strategies as well as the effective implementation and performance of sustainability measures in the Group’s day-to-day activities. Progress towards the sustainability strategies will be reported to the Board on regular basis, where necessary.

The key business functions consider the sustainability matters of the Group’s business and operations and assess the materiality considerations, amongst others, the impact towards business operations and vice versa. The views and concerns from key stakeholders are collected through ongoing stakeholder relationship management efforts, such as customer satisfaction surveys, employee engagements and discussions with regulators, with appropriate actions taken to address the gaps where necessary. The balanced interest of stakeholders is considered alongside their influence and dependence on the Group.



# CORPORATE GOVERNANCE OVERVIEW

## STATEMENT (Cont'd)

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

#### **BOARD COMPOSITION**

The Board consists of qualified individuals with a broad balance of skills, knowledge, experience, background, independence, and diversity. The Board comprises six (6) members, i.e. the Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors, out of which two (2) are women directors. The Board views the current Board composition is at the right Board size, which complies with paragraph 15.02 of the MMLR which requires at least one-third (1/3) of the Board members to be Independent Director, and Practice 5.2 of MCCG as the Board comprises two-third (2/3) of Independent Directors.

The profiles of each Board member are set out on pages 5 to 9 of the Annual Report.

Pursuant to Paragraph 7.26 of the MMLR, an election of Director shall take place each year and all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. The directorships held by any Board member at any one time do not exceed five (5) in listed companies pursuant to paragraph 15.06(1) of the MMLR.

#### **Board Diversity**

The Board has adopted a Board Diversity Policy which sets out the approach to achieve boardroom diversity. This policy aims to achieve the mix and diversity of Board members from various aspects. Appointment of Board member are based on objective criteria, merit and with due regard for diversity in skills, experience, age, nationality, cultural background, and gender which comply with Practice 5.5 of MCCG.

Further, the Board composition fulfils the requirement of at least 30% women directors pursuant to Practice 5.9 of MCCG. On the Management front, the gender diversity is reflected in the Group's employee gender profile as at 31 December 2021 which 22% of employees holding supervisory and managerial positions were female. It is common to see a gender gap in technology sector, which is still mostly under the male domain. Being a technology company, we are facing the same situation where a majority of the workforce, including senior management, are male. Notwithstanding this, the Board is mindful that any gender representation should be in the best interest of the Company. The hiring and appointment of senior management is based on the merit of capability and ability. The Board is also committed to provide fair and equal opportunities and nurturing diversity within the Group.

#### **Board Meetings, Meeting Materials & Access to Information**

To discharge the Board's duties and responsibilities, the Board met seven (7) times during FYE 2021. When urgent and important decisions need to be taken between the scheduled Board meetings, Board approvals will be sought via circular resolutions of the Directors.

Prior to the meetings of the Board and the Board Committees, agenda and Board papers are circulated to all the members for meeting preparation. The Board papers, among others, include the minutes of previous meetings, Group's quarterly financial statements, all relevant information on matters requiring its consideration, Directors' share-dealings, and regulatory compliance matters. During the FYE 2021, all Directors were provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant bodies.

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

# CORPORATE GOVERNANCE OVERVIEW

## STATEMENT (Cont'd)

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

#### BOARD COMPOSITION (Cont'd)

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

The attendance at Board Committee Meeting for the FYE 2021 are outlined below:

Directors	AGM/EGM	Board	ARMC	RC	NC
Executive Directors					
Mr. Oh Kuang Eng	2/2	7/7	n/a	n/a	n/a
Ms. Yong Shiao Voon	2/2	7/7	n/a	n/a	n/a
Independent Non-Executive Directors					
Mr. Lee Boon Leng	2/2	7/7	5/5	2/2	1/1
Mr. Tan Boon Hoe	2/2	7/7	5/5	2/2	1/1
Mr. Lim Shin Lid	2/2	7/7	5/5	2/2	1/1

#### Annual Assessment

Annual assessment has been conducted by the Nomination Committee (“NC”) on 21 February 2022 towards the effectiveness and independence of the Board and Board Committees. The evaluation involved 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 was conducted where Directors assessed the performance of their fellow Directors as a whole, and the contribution of each individual Director including his time commitment, skills, knowledge, character, experience, professionalism, and integrity. These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then tabled at the Board Meeting held thereafter. All assessments and evaluations carried out by the NC recorded satisfactory results and were properly documented.

The Board, through the NC, has assessed the independence of its Independent Non-Executive Directors on annual basis based on criteria set out in the MMLR. The present Independent Directors namely Lee Boon Leng, Tan Boon Hoe 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.

#### 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.

With the onboarding of Ms. Phoon Yee Min on 21 February 2022 as the Independent Non-Executive Director, she will attend the MAP within 4 months from the date of appointment.

# CORPORATE GOVERNANCE OVERVIEW

## STATEMENT (Cont'd)

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

#### BOARD COMPOSITION (Cont'd)

#### Directors' Training (Cont'd)

The following training programmes were attended by the Directors during the FYE 2021:

DirectorS	Details of Programme
Mr. Oh Kuang Eng	<ul style="list-style-type: none"> <li>• Sustainability Management &amp; Highlights on MCCG 2021</li> </ul>
Ms. Yong Shiao Voon	<ul style="list-style-type: none"> <li>• Sustainability Management &amp; Highlights on MCCG 2021</li> </ul>
Mr. Tan Boon Hoe	<ul style="list-style-type: none"> <li>• Sustainability Management &amp; Highlights on MCCG 2021</li> <li>• How Technology Can Improve Business Valuation Process</li> <li>• Compare and Contrast Asset Accounting - PPE, IP, Inventories, Biological Assets and Financial Assets</li> <li>• ISQM 1 &amp; ISA 220 (Revised)</li> <li>• 2022 Malaysian Budget</li> </ul>
Mr. Lee Boon Leng	<ul style="list-style-type: none"> <li>• Sustainability Management &amp; Highlights on MCCG 2021</li> </ul>
Mr. Lim Shin Lid	<ul style="list-style-type: none"> <li>• Sustainability Management &amp; Highlights on MCCG 2021</li> </ul>

#### REMUNERATION

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

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 20 April 2021 and 28 December 2021, the RC undertook a review of the Board Remuneration. The Board approved the recommendation by the RC in respect of the revisions to the Board Remuneration which include Directors’ fees and meeting attendance allowance payable to Non-Executive 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 2021 were set out in the Corporate Governance Report 2021.

# CORPORATE GOVERNANCE OVERVIEW

## STATEMENT (Cont'd)

### **PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT**

#### **AUDIT & RISK MANAGEMENT COMMITTEE**

The Audit & Risk Management Committee (“ARMC”) is established by the Board to provide a robust and comprehensive oversight on the financial matters and comprises three (3) members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR as well as Practice 9.4 of MCCG. The Chairman of ARMC, Mr. Tan Boon Hoe is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out in its Terms of Reference (“ToR”) approved by the Board and is available on the Company’s website. A review on the terms of office and performance of the ARMC for FYE 2021 had been conducted by the Board, through the Nomination Committee on 21 February 2022. The Board was satisfied that the ARMC had discharged its duties in accordance with the ToR.

The ARMC Report detailing its composition and a summary of activities during the FYE 2021 was set out on pages 37 to 40 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 2021, the ARMC had held three (3) meetings with the external auditors on their audit plan and scope, key audit matters, the result of the audit, and the Auditors’ Report. In addition, the ARMC held one private session with the external auditors without the presence of the Executive Directors and Management to enable exchange of views on issues requiring attention.

The ARMC conducted an annual assessment and evaluation of the external auditors including the integrity, capability, professionalism, work ethics, and determined whether to re-appoint the current external auditors. The ARMC also considered the appropriateness of audit fees and non-audit services rendered by the external auditors and its affiliates. Supported by the Transparency Report with assessment on independence, the external auditors assured their independence throughout the conduct of audit engagement in accordance with the relevant professional and regulatory requirements. With due consideration, the ARMC satisfied with the external auditors’ performance and will continue recommending the Board to seek shareholders’ approval at the forthcoming AGM, to ratify the re-appointment of BDO PLT as the external auditors for financial year 2022.

Further details of the activities of external audit function are set out on page 39 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 2021, the Group outsourced the internal audit function to KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG”) with the risk-based internal audit plan which has been approved by the ARMC. The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practices Framework (“IPPF”) issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work. All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

A Statement on Risk Management and Internal Control of the Group detailing the activities and the state of Risk Management and Internal Control Framework during the FYE 2021 was set out on pages 41 to 45 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

### **ENGAGEMENT WITH STAKEHOLDERS**

The Group is committed to maintain a quality, timely, clear and accurate dissemination of relevant and material information on the Group's financial and non-financial performance, as well as the long-term strategies to the stakeholders and investment community. Various communication channels are available and accessible to ensure continuous dialogues with the stakeholders.

The Group has in place an investor relations function. All communications with analysts, investors and media briefings are channelled through the investor relations section with means of communication include quarterly results announcements, quarterly investor briefings, 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 corporate profile, corporate structure, Board Charter, ToR of the Board Committees, Company Policies, financial information, Company announcements, etc. This is to enable the investing public and other stakeholders keep updated on the progress and latest development of the Group's business. This is further testimony to the Company's continued commitment on transparency.

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

### **CONDUCT OF GENERAL MEETINGS**

The Company acknowledges that good corporate governance requires active participation of the shareholders at the Company's Annual General Meeting ("AGM"), in questioning and understanding the resolutions set out and thereafter to vote on them. The AGM is the principal forum for dialogue and communication between the shareholders and the Board where meaningful responses will be provided on questions posed.

The Notice of the upcoming AGM in 2022 together with the Proxy Form have been provided to shareholders at least twenty-eight (28) days prior to the AGM, which enable shareholders to have sufficient time to make the necessary arrangements to attend the AGM or to appoint a proxy to attend and vote on their behalf.

An independent scrutineer is appointed to validate the votes cast and results of each resolution put to vote are announced at the meeting in accordance with the requirements of Para 8.29A of the MMLR of Bursa Malaysia.

The minutes of general meeting detailing the meeting proceedings and outcome of the voting results is made available to the shareholders upon request. Questions raised by shareholders remained unanswered during the AGM were responded via email to the respective shareholders.

### **COMPLIANCE STATEMENT**

The Board has deliberated, reviewed and approved the Corporate Governance Overview Statement in line with the principles of the MCGG. The Board is satisfied that the Company has fulfilled its obligation under the Bursa Malaysia's Listing Requirements, MCGG, and all other applicable laws and regulations throughout the FYE 2021.

This Statement is made in accordance with a resolution of the Board of Directors passed on 20 April 2022.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Mi Technovation Berhad (“the Group” or “the Company”) is pleased to present the Audit and Risk Management Committee Report which provides insights as to the manner the Audit and Risk Management Committee (“ARMC” or the “Committee”) discharged its functions for financial year ended 31 December 2021 (“FYE 2021”).

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

## MEMBERS

The ARMC comprises the following three (3) members, all of whom satisfy the test of independence under MMLR. This meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance (“MCCG”):

### **Tan Boon Hoe**

*Chairman*

Independent Non-Executive Director

### **Lim Shin Lid**

*Member*

Independent Non-Executive Director

### **Phoon Yee Min**

*Member*

Independent Non-Executive Director

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

Pursuant to Practice 1.4 of MCCG (new update as of 28 April 2021), the Chairman of the Board should not be a member of the Audit Committee. Hence, Ms. Phoon Yee Min was appointed as the member of ARMC on 21 February 2022 to replace Mr. Lee Boon Leng who resigned on the same day.

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

## NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During FYE 2021, the ARMC convened five (5) meetings and the attendance record of its member is set out below:

ARMC Members	Position	Attendance
Tan Boon Hoe	Chairman	5/5
Lee Boon Leng (Resigned on 21 February 2022)	Member	5/5
Lim Shin Lid	Member	5/5

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

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

## AUTHORITY

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

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

## SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

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

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

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

## SUMMARY OF WORK OF THE ARMC

Summary of work undertaken by the ARMC during the FYE 2021 are described below:

### 1. Financial Reporting

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

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

## 2. External Audit

- The ARMC discussed and reviewed the External Auditors, BDO PLT (“BDO”)’s audit planning memorandum for the FYE 2021 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, the 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 arising from the audit during the year under review.
- The ARMC discussed and reviewed with BDO the audit findings and opinions, the Auditors’ Report and confirmed that full co-operation and unrestricted access to the Group’s records had been granted by the Management in the course of audit. The ARMC held a dialogue session with BDO, without the presence of Executive Directors and Management of the Group.
- Following the input from Management and BDO’s comments, the ARMC was satisfied that the accounting treatments applied under the financial reporting standards, the significant judgements, key assumptions and conclusions reached were appropriate.
- The ARMC reviewed and discussed with BDO the effectiveness of the Company’s internal controls and their recommendations for improvement on deficiencies noted in the course of audit. There were no significant findings highlighted by BDO.
- The ARMC was satisfied that the level of fees paid/payable in respect of the services provided by BDO was appropriate. The amount of external audit fees and non-audit fees incurred for the FYE 2021 are set out on page 48 under the Additional Compliance Information of this Annual Report.
- The ARMC assessed and evaluated the integrity, capability, professionalism, independence and work ethics of the External Auditors and determined whether to re-appoint the current External Auditors. With due consideration, the ARMC was satisfied with BDO’s performance and therefore, would recommend to the Board for seeking shareholders’ approval at the forthcoming AGM, on the re-appointment of BDO as the External Auditors.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

## 3. Risk Management and Internal Audit

- During FYE 2021, the internal audit function was 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 efficiently and effectively.
- KPMG assisted the ARMC in reviewing the effectiveness of the Company’s internal control and processes and ensuring that there is an appropriate balance of risk and control in achieving its business objectives.
- Based on the approved internal audit plan, KPMG conducted internal audit during FYE 2021 with focus areas on “Sales Order Confirmation”, “Production Planning and Scheduling” and “On-time Delivery Monitoring” for Mi Equipment (M) Sdn. Bhd.; as well as focus areas on “Compliance with Limit of Authority” and “Company Seal Safeguarding” for Mi Equipment (M) Sdn. Bhd., Mi Equipment (Taiwan) Co. Ltd., Suzhou Mi Equipment Co. Ltd., and Mi Equipment Korea Co. Ltd.. The internal audit findings and recommendations for improvement, including action plans agreed with operation level management, were reported to the ARMC.
- Further details of the activities of internal audit function are set out under the Statement on Risk Management and Internal Control of this Annual Report.
- The total costs incurred on the outsourced internal audit function for FYE 2021 amounted to RM60,000 (FYE 2020: RM86,000).
- The ARMC reviewed and assessed Internal Auditors based on staff strength, resources, professional integrity, independence, familiarity with Group’s operation as well as reputation and recommended to the Board to continue outsourcing the internal audit function to KPMG.
- The ARMC, with the assistance from KPMG, reviewed and assessed the adequacy and effectiveness of the Group’s risk management and internal control system to ensure there is an on-going process for identification, evaluation, and management of risk, as well as regular reviews to ensure the risk management and internal control practices and processes are operating adequately and effectively, in all material aspects.

## 4. Employees’ Share Grant Scheme (“SGS”) Allocation

- The ARMC reviewed and verified the allocation of SGS shares pursuant to the Scheme for FYE 2021 and was satisfied that it is in compliance with the criteria for allocation as set out in the SGS By-Laws and provisions of the Scheme.

## 5. Corporate Governance

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

## ANNUAL PERFORMANCE ASSESSMENT

A review on the terms of office and performance of the ARMC for FYE 2021 had been conducted by the Board, through the Nomination Committee on 21 February 2022. The Board was satisfied that the ARMC had discharged its duties in accordance with the ToR.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Principal B of the Malaysian Code on Corporate Governance (“MCCG”), with guidance on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”), the Board of Directors (the “Board”) of Mi Technovation Berhad (“the Group” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control (the “Statement” or “SORMIC”). The Statement outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2021 (“FYE 2021”).

## BOARD’S RESPONSIBILITY

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

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

The Board is assisted by the Audit and Risk Management Committee (“ARMC”) which comprises solely Independent 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 report on a regular basis. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Group.

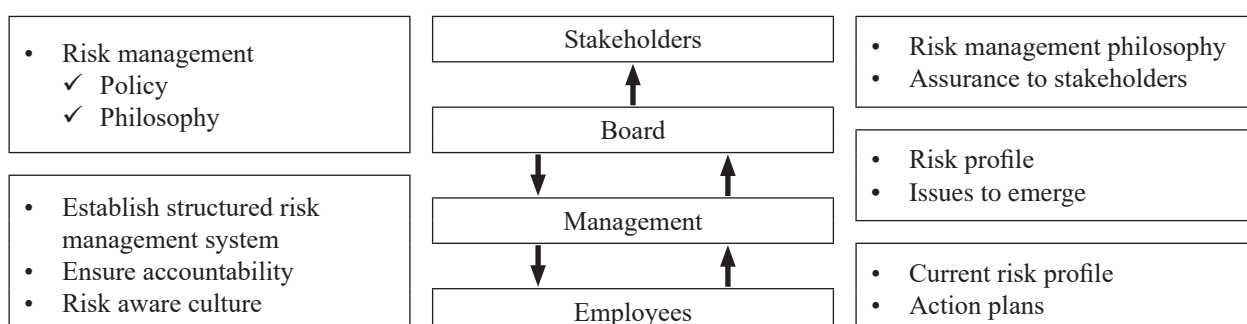
## RISK MANAGEMENT

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

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

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

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



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

## RISK MANAGEMENT (Cont'd)

Based on the established ERM Framework which is responsive to changes in the business environment, the Board and Management have regularly reviewed the risk profiles and key processes for FYE 2021. They evaluate the possibility of emerging risks likely to happen in the future as well as their potential impact on financial and non-financial parameters. Throughout the process, underlying risks related to the key processes and controls thereof were reassessed and additional controls were deployed to mitigate or reduce the risk impact.

The Board believes that there is a sound system of risk management and internal control in place to support the delivery of the Group's strategy, managing the significant risks and taking necessary actions promptly to remedy any significant failings or weaknesses.

## INTERNAL AUDIT FUNCTION

During the FYE 2021, the internal audit function was outsourced to KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG"). The internal audit plan was circulated to the ARMC for deliberation and approval prior to execution. The ARMC reviewed the adequacy of the scope, function, competency and resources of the internal audit functions, and ensured that it has the necessary authority to carry out its work.

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

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

During the financial year under review, internal audit was carried out on the below scope at a cost of RM60,000.

Internal Audit	Audited areas	Reporting Month	Audited Entities
Cycle 1, 2021	<ul style="list-style-type: none"> <li>▪ Sales Order Confirmation</li> <li>▪ Production Planning and Scheduling</li> <li>▪ On-time Delivery Monitoring</li> </ul>	February 2022	Mi Equipment (M) Sdn. Bhd.
	<ul style="list-style-type: none"> <li>▪ Compliance with Limit of Authority</li> <li>▪ Company Seal Safeguarding</li> </ul>		Mi Equipment (M) Sdn. Bhd. Mi Equipment (Taiwan) Co. Ltd. Suzhou Mi Equipment Co. Ltd. Mi Equipment Korea Co. Ltd.

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

## OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

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

### **Integrity and Ethical Values**

The Group is committed to upholding a strong culture of integrity and ethical values. The Group has established the Code of Conduct for Company Directors and Code of Conduct and Ethics for Management and Employees ("the Code") as well as Anti-Bribery and Corruption Policy, which reflect the underlying values and commitment to maintaining the standards of integrity, fairness, responsibility, commitment, diligence, and professionalism contributing towards the social and environmental growth of the surroundings in which the Group operates.

The Management develop and disseminate internal trainings and communications relevant to anti-corruption management system in proportion to their operations, such as the roll-out of E-Learning materials across the Group via emails and memo to promote good governance practices, posters and streamers on Anti-Bribery and Corruption Policy placed within the organization, and related video display communicating the organization's position on anti-corruption and bribery. The principle of Anti-Bribery and Corruption Policy is also communicated to the suppliers and vendors via the Supplier Code of Conduct.

All employees are required to acknowledge that they have read and understood the Code and Policy upon commencement of employment. It is updated as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organization. Details of the Code and Anti-Bribery and Corruption Policy are available on the Company's website: <https://mi-technovation.com/>

### **Lines of Responsibility**

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

### **Limits of Authority**

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

### **Policies and Procedures**

Elements of internal control have been properly documented in the form of policies and operating procedures. The policies and procedures are made available to employees and subject to periodic review to ensure the effectiveness and timely updates in line with changes in the business environment. Accountability and responsibility for key processes have been established in the standard operating procedures. The Group has undertaken preventive measures to take care of its 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.

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

## OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM (Cont'd)

### Annual Operation Plan

Annual operation plan was prepared by the Group's business units prior to commencement of financial year. Resources and budget allocation were reviewed by the Group CEO prior to presentation to the Board for approval. Variances against budget and/or desired position are analyzed with explanations on significant deviations for monitoring and improvement purposes.

### Investor Relations

The Group strives to maintain good relationship with the investors. Briefings are conducted regularly to fund managers, investment analysts, bankers and other investors on the Group's financial performance. Stakeholders or investors are given opportunities to seek further clarification from the Company through the investor relations function, which questions raised are replied via email accordingly.

### Whistle Blowing Policy

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

## REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors, BDO PLT, Chartered Accountants has reviewed this Statement for inclusion in this Annual Report of the Group for the FYE 2021.

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

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

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor
- 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 external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

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

## CONCLUSION

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

In line with the Guidelines, the Board has also received reasonable assurance from the Group 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 2022.

# **DIRECTORS' RESPONSIBILITY STATEMENT**

## **IN RELATION TO THE AUDITED FINANCIAL STATEMENTS**

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

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

The Directors consider that in preparing the financial statements:

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

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

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

This Statement of Directors' Responsibility in relation to the financial statements is made in accordance with a resolution of the Board dated 20 April 2022.

# ADDITIONAL COMPLIANCE INFORMATION

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

## 1. Status on Utilisation of IPO Proceeds

The Company was listed on the Main Market of Bursa Malaysia (“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 of 31 December 2021, the IPO Proceeds were fully utilised as follows:

No	Details of Utilisation	Estimated utilisation timeframe upon Listing	Amount (RM'000)	Actual utilisation (RM'000)	Utilized %
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	30,000	100%
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	36,788	100%
6	Listing expenses	Within 1 month	8,100	8,100	100%
	<b>TOTAL</b>		<b>190,888</b>	<b>190,888</b>	<b>100%</b>

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.



# ADDITIONAL COMPLIANCE INFORMATION

## (Cont'd)

### 2. Status on Utilisation of Proceeds from Private Placement

On 24 August 2021, the Company completed a private placement exercise with the listing of and quotation for 75,750,000 placement shares at an issue price of RM3.90 per share, on the Main Market of Bursa Malaysia, raising gross proceeds of RM295.4 million (“Private Placement Proceeds”).

As of 31 December 2021, the status of utilisation of Private Placement Proceeds as follows:

No	Details of Utilisation	Estimated utilisation timeframe upon completion *	Amount (RM'000)	Actual utilisation (RM'000)	Utilized %
1	Expansion of the Group's businesses	Within 30 months	215,728	29,948	13.9%
2	Repayment of bank borrowings	Within 6 months	15,000	-	0%
3	Working capital	Within 18 months	60,000	1,269	2.1%
4	Expenses in relation to the Private Placement	Within 1 month	4,697	4,697	100.0%
	<b>TOTAL</b>		<b>295,425</b>	<b>35,914</b>	<b>12.2%</b>

\* Starting from listing date of 24 August 2021

The utilization of gross proceeds as disclosed above should be read in conjunction with the announcement of the Company dated 5 July 2021.

### 3. Audit and Non-Audit Services

During the financial year ended 31 December 2021 (“FYE 2021”), the audit fees and non-audit fees paid/payable to the Company’s external auditors or a firm or corporation affiliated to the auditors’ firm as follows: -

Type of Fees	The Company (RM)	The Group (RM)
Audit Fees	65,000	149,512
Non-Audit Fees	49,900	72,522

### 4. 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 2021.

### 5. Recurrent Related Party Transactions

The Company and its subsidiaries did not have any recurrent related party transactions during FYE 2021.

# ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

## 6. Employee Share Grant Scheme (“SGS”)

During FYE 2021, the Company granted 1,400,000 ordinary shares under SGS to eligible employees of the Group of which none have been vested.

Details of the SGS are disclosed in Note 32 to the audited financial statements for the FYE 2021 with additional information as follows:-

- (a) No options granted, exercised and outstanding to the directors and chief executive of the Company in respect of the FYE 2021; and
- (b) The aggregate maximum allocation applicable to Directors and Senior Management is 50%. A total of 20% has been granted to Senior Management during the financial year and since commencement of the scheme.

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

Category	Number of ordinary shares granted under the SGS			
	Balance as at 1.1.2021	Granted	Vested	Balance as at 31.12.2021
Employee	0	1,400,000	0	1,400,000
<b>Total</b>	<b>0</b>	<b>1,400,000</b>	<b>0</b>	<b>1,400,000</b>

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## FINANCIAL STATEMENTS

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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 2021.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 8 to the financial statements.

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the financial year	<u>60,135,443</u>	<u>31,209,566</u>
Attributable to:		
Owners of the parent	61,845,495	31,209,566
Non-controlling interests	<u>(1,710,052)</u>	<u>0</u>
	<u>60,135,443</u>	<u>31,209,566</u>

## DIVIDENDS

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

	<b>RM</b>
In respect of financial year ended 31 December 2021:	
First single tier interim dividend of RM0.03 per ordinary share, paid on 30 November 2021	<u>26,880,000</u>

On 21 February 2022, the Directors declared a second interim dividend of RM0.02 per ordinary share amounting to RM17,920,000 in respect of the financial year ended 31 December 2021, which is payable on 22 March 2022. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for as an appropriation of retained earnings for the financial year ending 31 December 2022.

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

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity, Note 14, Note 20 and Note 23 to the financial statements.

# DIRECTORS' REPORT

(Cont'd)

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 750,000,000 ordinary shares to 900,000,000 ordinary shares by way of issuance of 150,000,000 new ordinary shares as disclosed in Note 19(a) to the financial statements.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

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

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## SHARE GRANT SCHEME ('SGS')

The establishment of employees' SGS was approved by the shareholders at an Extraordinary General Meeting held on 20 November 2019. The SGS was implemented on 2 December 2019 and will continue to be in force for a period of five (5) years from the date of implementation.

The salient features of the SGS are disclosed in Note 32 to the financial statements.

During the financial year, the Company granted 1,400,000 ordinary shares under SGS to eligible employees/Executive Directors of the Group. The outstanding SGS shares granted will be vested at the respective vesting dates provided that the vesting conditions as disclosed in Note 32 to the financial statements are met.

## DIRECTORS

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

### Mi Technovation Berhad

Oh Kuang Eng

Yong Shiao Voon

Lee Boon Leng

Tan Boon Hoe

Lim Shin Lid

Phoon Yee Min (Appointed on 21 February 2022)

### Subsidiaries of Mi Technovation Berhad

Oh Kuang Eng

Yong Shiao Voon

Mong Weng Khoon (Appointed as Director of Mi Equipment (M) Sdn. Bhd. on 8 June 2021)

Teo Chee Kheong

Park Jae Shin

Wang Chung Chen

Lin, Yu-Ting

Heng Kok Lin

Koh Ching Soon

# DIRECTORS' REPORT

(Cont'd)

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2021	Bought	Sold	
<b>Shares in the Company</b>				
<u>Direct interests</u>				
Oh Kuang Eng	501,000,000	0	(101,000,000)	400,000,000
Yong Shiao Voon	0	101,000,000	0	101,000,000
Tan Boon Hoe	200,000	0	0	200,000
Lee Boon Leng	97,500	0	0	97,500

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

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries as disclosed in Note 35 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' REPORT

## (Cont'd)

### DIRECTORS' REMUNERATION

Benefits of the Directors who held office during the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees	305,000	144,000	305,000	144,000
Salaries and bonuses	3,582,184	1,162,832	0	40,000
Contributions to defined contribution plans	193,659	120,683	0	5,955
Social security contributions	82,090	11,569	0	296
Other benefits	114,675	85,494	66,000	73,952
	<u>4,277,608</u>	<u>1,524,578</u>	<u>371,000</u>	<u>264,203</u>

### INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected liability insurance of the Directors and officers during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The total amount of indemnity coverage and insurance premium paid by the Company during the financial year ended 31 December 2021 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
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.



# **DIRECTORS' REPORT**

## **(Cont'd)**

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

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

- (c) The Directors are not aware of any circumstances:
  - (i) which would 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 39 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 40 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.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 amounted to RM65,000 and RM466,254 respectively.

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

**Oh Kuang Eng**

Director

Penang

20 April 2022

**Yong Shiao Voon**

Director

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 64 to 143 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 2021 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 2022

# STATUTORY DECLARATION

I, Wong Ming Nee (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 64 to 143 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 2022

**Wong Ming Nee**

Before me,

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Mi Technovation Berhad, which comprise the statements of financial position as at 31 December 2021 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 64 to 143.

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 2021, 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) *Determination of fair value of identifiable assets acquired and liabilities assumed on the acquisition of Accurus Scientific Co., Ltd. ("MiMTW")***

As disclosed in Note 8 to the financial statements, the Group acquired MiMTW in April 2021 for a purchase consideration of RM311,850,000. As part of the purchase price allocation performed by management, this amount has been allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of total goodwill amounting to RM118,699,242.

We determined the fair value of the identifiable assets acquired and liabilities assumed, including the intangible assets identified, on the business combination to be a key audit matter as the purchase price allocation requires significant judgement, estimations and assumptions applied by management. Changes in these assumptions may have a material impact on the fair values.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

## Key Audit Matters (cont'd)

(a) *Determination of fair value of identifiable assets acquired and liabilities assumed on the acquisition of Accurus Scientific Co., Ltd. ("MiMTW") (cont'd)*

*Audit response*

Our audit procedures included the following:

- (i) Assessed the methodology and the appropriateness of the key assumptions applied by management on the goodwill recognised as disclosed in Note 10 to the financial statements;
- (ii) Considered whether the relevant disclosures were appropriate in the financial statements; and
- (iii) Verified the calculation of the purchase price allocation and goodwill on consolidation arising from the acquisition, being the difference between the total net consideration paid and the fair value of the net assets acquired.

(b) *Impairment of trade receivables*

As at 31 December 2021, the carrying amount of trade receivables of the Group amounted to RM144,554,606, which were net of impairment losses of RM967,304. The details of trade receivables have been disclosed in Note 12 to the financial statements.

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

*Audit response*

Our audit procedures included the following:

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

(c) *Valuation of inventories*

As at 31 December 2021, the Group had inventories amounted to RM110,413,156. The details of inventories have been disclosed in the Note 15 to the financial statements.

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

## Key Audit Matters (cont'd)

### (c) *Valuation of inventories (cont'd)*

#### *Audit response*

Our audit procedures included the following:

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

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

## **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

## **Responsibilities of the Directors for the Financial Statements**

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MI TECHNOVATION BERHAD

(Cont'd)

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

## Other Matters

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

### **BDO PLT**

LLP0018825-LCA & AF 0206

Chartered Accountants

Penang

20 April 2022

### **Goh Chee Beng**

03535/11/2022 J

Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	234,090,267	119,080,710	53,969	18,229
Right-of-use assets	5	17,604,169	27,035,483	355,215	502,200
Investment properties	6	35,609,299	0	0	0
Intangible assets	7	90,062,793	8,503,861	1,821,292	1,952,952
Investments in subsidiaries	8	0	0	507,898,941	191,004,629
Investment in an associate	9	28,613,843	0	0	0
Goodwill on consolidation	10	118,699,242	0	0	0
Deferred tax assets	11	5,057,446	341,335	0	0
Other receivable	12	0	0	28,169,136	5,541,055
Lease receivable	13	4,054,115	2,123,307	0	0
Net defined benefit asset	14	1,747,779	0	0	0
		<u>535,538,953</u>	<u>157,084,696</u>	<u>538,298,553</u>	<u>199,019,065</u>
<b>Current assets</b>					
Inventories	15	110,413,156	70,265,291	0	0
Trade and other receivables	12	155,379,381	103,804,109	31,517,509	16,379,728
Lease receivable	13	1,402,906	546,381	0	0
Current tax assets		129,364	8,068	0	0
Derivative	16	0	6,427	0	0
Short term funds	17	289,479,818	52,870,834	271,579,262	32,679,082
Cash and bank balances	18	120,695,885	56,026,305	18,508,831	2,788,674
		<u>677,500,510</u>	<u>283,527,415</u>	<u>321,605,602</u>	<u>51,847,484</u>
<b>TOTAL ASSETS</b>		<u>1,213,039,463</u>	<u>440,612,111</u>	<u>859,904,155</u>	<u>250,866,549</u>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	19	855,459,003	252,615,378	855,459,003	252,615,378
Treasury shares	19(b)	(5,246,963)	(5,246,963)	(5,246,963)	(5,246,963)
Reserves	20	179,892,707	140,958,918	6,730,286	2,040,720
		1,030,104,747	388,327,333	856,942,326	249,409,135
Non-controlling interests	8(g)	(1,745,875)	(50,691)	0	0
<b>TOTAL EQUITY</b>		<b>1,028,358,872</b>	<b>388,276,642</b>	<b>856,942,326</b>	<b>249,409,135</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowing	21	48,063,967	2,615,805	0	0
Government grants	22	4,015,622	0	0	0
Provisions	23	1,412,367	626,308	0	0
Lease liabilities	5	1,149,878	1,876,838	228,327	378,994
Deferred tax liabilities	11	18,003,582	1,810,600	0	0
Net defined benefit liability	14	166,034	0	0	0
		72,811,450	6,929,551	228,327	378,994
<b>Current liabilities</b>					
Trade and other payables	24	39,049,171	39,610,204	2,582,835	935,912
Contract liabilities	25	0	7,519	0	0
Borrowing	21	60,299,968	2,481,141	0	0
Government grants	22	211,349	0	0	0
Provisions	23	2,470,434	1,552,963	0	0
Lease liabilities	5	1,364,763	1,659,894	150,667	142,508
Current tax liabilities		8,473,456	94,197	0	0
		111,869,141	45,405,918	2,733,502	1,078,420
<b>TOTAL LIABILITIES</b>		<b>184,680,591</b>	<b>52,335,469</b>	<b>2,961,829</b>	<b>1,457,414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,213,039,463</b>	<b>440,612,111</b>	<b>859,904,155</b>	<b>250,866,549</b>

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	28	375,479,257	229,004,086	45,000,000	23,945,000
Other operating income		6,543,011	5,190,169	3,722,239	3,506,691
Change in inventories of finished goods and work-in-progress		(2,177,996)	18,508,600	0	0
Raw material and consumable used		(176,374,904)	(122,160,022)	0	0
Employee benefits expense	29	(70,121,669)	(35,940,187)	(1,601,446)	(2,750,092)
Depreciation and amortisation expenses		(16,954,139)	(7,481,486)	(302,819)	(315,250)
Impairment on trade and other receivables, net		(646,371)	(179,033)	0	0
Share of results of an associate, net of tax	9(e)	(854,194)	0	0	0
Other operating expenses		(50,562,806)	(30,849,832)	(15,562,574)	(4,489,552)
Profit from operations		64,330,189	56,092,295	31,255,400	19,896,797
Finance costs	30	(824,987)	(376,453)	(45,834)	(33,209)
Profit before tax		63,505,202	55,715,842	31,209,566	19,863,588
Tax expense	31	(3,369,759)	(2,003,029)	0	0
Profit for the financial year		<u>60,135,443</u>	<u>53,712,813</u>	<u>31,209,566</u>	<u>19,863,588</u>
Profit for the financial year attributable to:					
Owners of the parent		61,845,495	54,007,730	31,209,566	19,863,588
Non-controlling interests	8(g)	(1,710,052)	(294,917)	0	0
		<u>60,135,443</u>	<u>53,712,813</u>	<u>31,209,566</u>	<u>19,863,588</u>
<b>Profit for the financial year</b>		60,135,443	53,712,813	31,209,566	19,863,588
<b>Other comprehensive income/(loss), net of tax:</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations, net of tax	31(d)	4,633,140	(680,708)	0	0
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Re-measurements of defined benefit obligations	31(d)	(120,962)	0	0	0
Total comprehensive income for the financial year		<u>64,647,621</u>	<u>53,032,105</u>	<u>31,209,566</u>	<u>19,863,588</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		66,332,490	53,320,087	31,209,566	19,863,588
Non-controlling interests	8(g)	(1,684,869)	(287,982)	0	0
		<u>64,647,621</u>	<u>53,032,105</u>	<u>31,209,566</u>	<u>19,863,588</u>
Earnings per share attributable to owners of the parent:					
Basic (sen)	33(a)	<u>7.50</u>	<u>7.24</u>		
Diluted (sen)	33(b)	<u>7.48</u>	<u>7.24</u>		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share capital RM	Treasury shares RM	Legal reserve RM	Exchange translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 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
<b>Transactions with owners:</b>										
Incorporation of a subsidiary		0	0	0	0	0	0	0	237,291	237,291
Dividends paid	34	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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

Group	Note	Share capital RM	Treasury shares RM	Share grant reserve RM	Legal reserve RM	Exchange translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2021		252,615,378	(5,246,963)	0	147,958	(484,776)	(63,557,909)	204,853,645	388,327,333	(50,691)	388,276,642
Profit for the financial year		0	0	0	0	0	0	61,845,495	61,845,495	(1,710,052)	60,135,443
Other comprehensive income, net of tax		0	0	0	0	4,607,957	0	(120,962)	4,486,995	25,183	4,512,178
Total comprehensive income		0	0	0	0	4,607,957	0	61,724,533	66,332,490	(1,684,869)	64,647,621
Transfer to legal reserve		0	0	0	2,178,324	0	0	(2,178,324)	0	0	0
Transactions with owners:											
Acquisition of subsidiaries	8	0	0	0	0	0	0	0	0	1,956,066	1,956,066
Acquisition of shares from non-controlling interests	8	0	0	0	0	0	0	(878,701)	(878,701)	(1,966,381)	(2,845,082)
Issuance of ordinary shares	19	607,275,000	0	0	0	0	0	0	607,275,000	0	607,275,000
Share Grant Scheme ('SGS') expense	29	0	0	360,000	0	0	0	0	360,000	0	360,000
Shares issued expenses	19	(4,431,375)	0	0	0	0	0	0	(4,431,375)	0	(4,431,375)
Dividend paid	34	0	0	0	0	0	0	(26,880,000)	(26,880,000)	0	(26,880,000)
Total transactions with owners		602,843,625	0	360,000	0	0	0	(27,758,701)	575,444,924	(10,315)	575,434,609
Balance as at 31 December 2021		855,459,003	(5,246,963)	360,000	2,326,282	4,123,181	(63,557,909)	236,641,153	1,030,104,747	(1,745,875)	1,028,358,872

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

Company	Note	Share capital RM	Treasury shares RM	Share grant reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2020		252,615,378	(5,246,963)	0	26,937,132	274,305,547
Profit for the financial year		0	0	0	19,863,588	19,863,588
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	19,863,588	19,863,588
<b>Transaction with owners:</b>						
Dividends paid	34	0	0	0	(44,760,000)	(44,760,000)
Total transaction with owners		0	0	0	(44,760,000)	(44,760,000)
Balance as at 31 December 2020		252,615,378	(5,246,963)	0	2,040,720	249,409,135
<b>Company</b>						
Balance as at 1 January 2021		252,615,378	(5,246,963)	0	2,040,720	249,409,135
Profit for the financial year		0	0	0	31,209,566	31,209,566
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	31,209,566	31,209,566
<b>Transactions with owners:</b>						
Issuance of ordinary shares	19	607,275,000	0	0	0	607,275,000
SGS expense	29	0	0	360,000	0	360,000
Shares issued expenses	19	(4,431,375)	0	0	0	(4,431,375)
Dividends paid	34	0	0	0	(26,880,000)	(26,880,000)
Total transactions with owners		602,843,625	0	360,000	(26,880,000)	576,323,625
Balance as at 31 December 2021		855,459,003	(5,246,963)	360,000	6,370,286	856,942,326

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		63,505,202	55,715,842	31,209,566	19,863,588
Adjustments for:					
Amortisation of intangible assets	7	4,091,379	216,404	131,660	131,659
Depreciation of property, plant and equipment	4	10,760,141	5,998,019	24,174	36,606
Depreciation of right-of-use assets	5	1,888,678	1,267,063	146,985	146,985
Depreciation of investment properties	6	213,941	0	0	0
Dividend income	28	0	0	(45,000,000)	(23,000,000)
Interest expenses	30	824,987	376,453	45,834	33,209
Gain on lease modification	5(e)	(1,971)	0	0	0
Loss/(Gain) on fair value changes on bond funds		699,200	(680,194)	699,200	(680,194)
Loss/(Gain) on fair value changes on derivative		6,427	(6,427)	0	0
(Gain)/Loss on disposal of property, plant and equipment		(123,387)	224,105	0	685
Lease concession	5(e)	0	(6,461)	0	0
Impairment loss on investments in subsidiaries	8(f)	0	0	10,635,638	1,467,906
Impairment loss on trade receivables	12(f)	646,371	320,933	0	0
Intangible assets written off	7	1,593,925	0	0	0
Balance carried forward		84,104,893	63,425,737	(2,106,943)	(1,999,556)

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>					
Balance brought forward		84,104,893	63,425,737	(2,106,943)	(1,999,556)
Defined benefit expenses	29	254,295	0	0	0
Interest income		(2,922,300)	(3,552,324)	(2,579,400)	(2,843,117)
Inventories written down	15(b)	1,704,859	359,277	0	0
Inventories written off	15(b)	1,184,491	697,607	0	0
Property, plant and equipment written off	4	135,899	73,820	0	0
Provision for warranty replacement costs	23(a)	3,580,918	2,059,928	0	0
Reversal of impairment loss on trade receivables	12(f)	0	(141,900)	0	0
Reversal of inventories written down	15(b)	(971,998)	(668,188)	0	0
Reversal of provision for warranty replacement costs	23(a)	(713,826)	(512,707)	0	0
Reversal of provision for technical support services	23(b)	0	(460,952)	0	0
Share grant expense	29	360,000	0	0	0
Share of results of an associate, net of tax	9(e)	854,194	0	0	0
Unrealised (gain)/loss on foreign exchange		(1,303,844)	583,315	259,869	486,079
Operating profit/(loss) before changes in working capital		86,267,581	61,863,613	(4,426,474)	(4,356,594)
Working capital changes:					
Inventories		(9,529,601)	(21,992,977)	0	0
Trade and other receivables		(8,331,926)	(5,230,719)	(5,941,471)	(3,927,139)
Trade and other payables		(19,932,555)	(3,004,378)	1,684,700	(1,685,320)
Contract liabilities		(7,519)	7,519	0	0
Cash generated from/ (used in) operations		48,465,980	31,643,058	(8,683,245)	(9,969,053)
Lease payments received	13(d)	796,722	243,405	0	0
Defined benefits paid	14	(368,108)	0	0	0
Government grant received	22	2,998,619	0	0	0
Warranty paid	23(a)	(1,163,562)	(1,071,329)	0	0
Technical support related expenses paid	23(b)	0	(143,921)	0	0
Taxes paid		(774,613)	(560,728)	0	0
Net cash from/(used in) operating activities		49,955,038	30,110,485	(8,683,245)	(9,969,053)



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Incorporation of a subsidiary	8(c)	0	0	0	(587,509)
Acquisition of shares from non-controlling interests	8(d)	0	0	(2,845,082)	0
Acquisition of an associate	9(c)	(29,151,786)	0	0	0
Additional investment in subsidiaries	8(c)	0	0	(18,466,177)	(49,123,475)
Proceeds from redemption of redeemable preference shares by subsidiaries	8(c)	0	0	5,043,800	3,000,000
Dividend received		0	0	14,000,000	25,000,000
Interest received		2,806,082	3,509,965	2,579,400	2,843,117
Net proceeds of shares from non-controlling interest		0	237,291	0	0
Net cash inflow on acquisition of subsidiaries	8(d)	32,954,244	0	0	0
Proceeds from disposal of property, plant and equipment		2,760,177	2,339,905	2,721	80,211
Proceeds from redemption of bond funds		9,894,738	31,906,980	9,894,738	31,906,980
Purchase of:					
- property, plant and equipment	4	(47,271,036)	(39,618,368)	(62,635)	(14,464)
- intangible assets	7	(2,516,258)	(5,819,228)	0	0
- bond funds		(616,672)	(45,216,792)	(616,672)	(45,216,792)
Net cash (used in)/from investing activities		(31,140,511)	(52,660,247)	9,530,093	(32,111,932)

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		(26,880,000)	(44,760,000)	(26,880,000)	(44,760,000)
Proceeds from issuance of ordinary shares	19(a)	290,993,625	0	290,993,625	0
Interest paid		(696,011)	(332,735)	(20,342)	0
Drawdown of term loans		42,438,975	3,926,243	0	0
Repayment of term loans		(11,203,694)	(2,708,796)	0	0
Payments of lease liabilities	5	(1,551,298)	(1,050,914)	(168,000)	(168,000)
Placement of deposits pledged to a licensed bank		(87,626)	(6,730)	0	0
Withdrawn of deposit pledged to a licensed bank		2,060,460	0	0	0
Net cash from/(used in) financing activities		<u>295,074,431</u>	<u>(44,932,932)</u>	<u>263,925,283</u>	<u>(44,928,000)</u>
Net increase/(decrease) in cash and cash equivalents		313,888,958	(67,482,694)	264,772,131	(87,008,985)
Effect on foreign exchange rates changes		(660,294)	(536,403)	(174,528)	(89,417)
Cash and cash equivalents at beginning of financial year		<u>81,311,608</u>	<u>149,330,705</u>	<u>9,942,685</u>	<u>97,041,087</u>
Cash and cash equivalents at end of financial year	18(b)	<u>394,540,272</u>	<u>81,311,608</u>	<u>274,540,288</u>	<u>9,942,685</u>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 5)		Term loan (Note 21)	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Group</b>				
At 1 January	3,536,732	326,156	5,096,946	4,077,659
Cash flows	(1,551,298)	(1,050,914)	31,235,281	1,217,447
Non-cash flows:				
- additions	905,854	4,088,594	0	0
- acquisition of subsidiaries (Note 8(d))	0	0	72,435,332	0
- unwinding of interest	128,976	43,718	0	0
- lease modification to lease term	(683,096)	101,265	0	0
- lease concession	0	(6,461)	0	0
- effect of foreign exchange	177,473	34,374	(403,624)	(198,160)
At 31 December	2,514,641	3,536,732	108,363,935	5,096,946

	Lease liabilities (Note 5)	
	2021	2020
	RM	RM
<b>Company</b>		
At 1 January	521,502	656,293
Cash flows	(168,000)	(168,000)
Non-cash flows:		
- unwinding of interest	25,492	33,209
At 31 December	378,994	521,502

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021

### 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 2021 comprise the Company and its subsidiaries and the interests of the Group in an associate. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 April 2022.

### 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 8 to the financial statements.

### 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 42(a) to the financial statements.

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



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

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

Group	Balance as at 1.1.2020	Additions	Written off	Disposals	Depreciation charge for the financial year	Reclassification	Currency translation differences	Balance as at 31.12.2020
	RM							RM
<b>Carrying amount</b>								
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
	<b>90,872,976</b>	<b>39,618,368</b>	<b>(73,820)</b>	<b>(5,434,744)</b>	<b>(5,998,019)</b>	<b>0</b>	<b>95,949</b>	<b>119,080,710</b>
							<b>As at 31.12.2020</b>	
<b>Group</b>							<b>Accumulated depreciation</b>	<b>Carrying amount</b>
Buildings							<b>RM</b>	<b>RM</b>
Plant and machinery								
Motor vehicles							(2,875,135)	96,444,935
Office equipment							(478,834)	1,265,484
Production equipment							(1,085,297)	1,091,398
Clean room							(4,099,014)	5,086,950
Furniture and fittings							(799,545)	705,768
Sports equipment							(48,018)	41,028
Laboratory equipment							(948,547)	1,944,567
Renovation							(85,596)	119,077
Cafeteria and kitchen equipment							(896,517)	1,623,551
Capital work-in-progress							(246,959)	2,481,619
							(142,613)	479,527
							0	7,796,806
							<b>(11,706,075)</b>	<b>119,080,710</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

	Balance as at 1.1.2021	Additions	Disposals	Depreciation charge for the financial year	Balance as at 31.12.2021
Company	RM	RM	RM	RM	RM
<b>Carrying amount</b>					
Office equipment	18,229	62,635	(2,721)	(24,174)	53,969
				<b>As at 31.12.2021</b>	
			<b>Cost</b>	<b>Accumulated</b>	<b>Carrying</b>
			<b>RM</b>	<b>depreciation</b>	<b>amount</b>
				<b>RM</b>	<b>RM</b>
Office equipment			92,761	(38,792)	53,969
				<b>Depreciation</b>	
				<b>charge for</b>	
				<b>the financial</b>	
				<b>year</b>	
				<b>RM</b>	
<b>Company</b>					<b>Balance as at</b>
	<b>1.1.2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>year</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Carrying amount</b>					
Office equipment	121,267	14,464	(80,896)	(36,606)	18,229
				<b>As at 31.12.2020</b>	
			<b>Cost</b>	<b>Accumulated</b>	<b>Carrying</b>
			<b>RM</b>	<b>depreciation</b>	<b>amount</b>
				<b>RM</b>	<b>RM</b>
Office equipment			35,294	(17,065)	18,229

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

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

Freehold land has unlimited useful life and is not depreciated.

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

Buildings	10 to 50 years
Plant and machinery	10% to 50%
Motor vehicles	20% to 33%
Office equipment	7% to 50%
Production equipment	10% to 33%
Clean room	20%
Furniture and fittings	20% to 33%
Sports equipment	20%
Laboratory equipment	7% to 33%
Renovation	5% to 33%
Cafeteria and kitchen equipment	20%

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

- (b) Included in property, plant and equipment of the Group, certain freehold land and buildings with a carrying amount of RM156,943,395 (2020: RM61,071,486 for building) are charged to a local bank as securities for bank facilities granted to the Group as disclosed in Note 21(c) to the financial statements.





# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

The Group as lessee (Cont'd)

### Lease liabilities

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

	Balance as at 1.1.2020	Additions	Modification to lease term	Lease payments	Lease concessions	Interest expense	Currency translation differences	Balance as at 31.12.2020
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>								
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
	<u>326,156</u>	<u>4,088,594</u>	<u>101,265</u>	<u>(1,050,914)</u>	<u>(6,461)</u>	<u>43,718</u>	<u>34,374</u>	<u>3,536,732</u>

Represented by:

Current liabilities

Non-current liabilities

	2021	2020
	RM	RM
Current liabilities	1,364,763	1,659,894
Non-current liabilities	1,149,878	1,876,838
	<u>2,514,641</u>	<u>3,536,732</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

The Company as lessee

### Right-of-use asset

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

	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

### Lease liability

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

	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

	2021 RM	2020 RM
Represented by:		
Current liabilities	150,667	142,508
Non-current liabilities	228,327	378,994
	<u>378,994</u>	<u>521,502</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

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

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any 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 50 years
Offices	2 to 5 years
Hostel	2 years
Motor vehicle	3 years

- (c) Included in right-of-use assets of the Group, certain land with a carrying amount of RM14,854,487 (2020: RM12,420,748) is charged to a local bank as securities for bank facilities granted to the Group as disclosed in Note 21(c) to the financial statements.
- (d) The Group has certain leases of building, hostel and office equipment with lease term of twelve (12) months or less and low value leases of building, hostel, office equipment, kitchen equipment and motor vehicles of RM20,000 and below. The Group applies the 'short-term lease' and 'lease of low-value assets' exemption for these leases.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Represented by:				
Depreciation charge of right-of-use assets				
- included in depreciation and amortisation expenses	1,888,678	1,267,063	146,985	146,985
Interest expense on lease liabilities				
- included in finance costs	128,976	43,718	25,492	33,209
Expense relating to short-term leases				
- included in other operating expenses	465,690	967,925	0	0
Expense relating to leases of low-value assets				
- included in other operating expenses	421,983	36,670	0	0
Gain on lease modification				
- included in other operating income	(1,971)	0	0	0
Variable lease payments				
- included in other operating expenses arising from COVID-19 related rent concessions	0	(6,461)	0	0
	<u>2,903,356</u>	<u>2,308,915</u>	<u>172,477</u>	<u>180,194</u>

(f) Lease liabilities of the Group and of the Company are owing to non-financial institutions.

(g) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM1,551,298 (2020: RM1,050,914) and RM168,000 (2020: RM168,000) respectively.

(h) The following table sets out the carrying amounts and the incremental borrowing rate ('IBR') as at the end of the reporting period and the remaining maturities of the lease liabilities of the Group and of the Company:

	IBR per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
<b>Group</b>					
31 December 2021	1.09 - 4.75	(1,364,763)	(1,149,878)	0	(2,514,641)
31 December 2020	1.09 - 4.75	<u>(1,659,894)</u>	<u>(875,972)</u>	<u>(1,000,866)</u>	<u>(3,536,732)</u>
<b>Company</b>					
31 December 2021	5.58	(150,667)	(159,293)	(69,034)	(378,994)
31 December 2020	5.58	<u>(142,508)</u>	<u>(150,667)</u>	<u>(228,327)</u>	<u>(521,502)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

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

- (i) Information on financial risks of lease liabilities is disclosed in Note 38 to the financial statements.

### 6. INVESTMENT PROPERTIES [2021 ONLY]

Group	Leasehold	Building	Total
	land RM		
<b>At cost</b>			
Balance as at 1.1.2021	0	0	0
Transferred from property, plant and equipment (Note 4)	0	26,138,489	26,138,489
Transferred from right-of-use asset (Note 5)	11,029,835	0	11,029,835
Balance as at 31.12.2021	11,029,835	26,138,489	37,168,324
<b>Accumulated depreciation</b>			
Balance as at 1.1.2021	0	0	0
Transferred from property, plant and equipment (Note 4)	0	570,925	570,925
Transferred from right-of-use asset (Note 5)	774,159	0	774,159
Current charges	61,277	152,664	213,941
Balance as at 31.12.2021	835,436	723,589	1,559,025
<b>Carrying amount</b>			
Balance as at 31.12.2021	10,194,399	25,414,900	35,609,299

- (a) Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Leasehold land represents right-of-use asset arising from lease arrangement that meet the definition of investment property.

- (b) Depreciation is calculated to write down the cost of investment property to its residual value on a straight-line basis over its estimated useful life. The depreciation periods of investment properties are as follows:

Leasehold land	60 years
Building	57 years

- (c) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM238,000.

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

- (e) The fair value of the investment property for disclosure purposes, which are at Level 3 fair value are estimated at approximately RM49,461,537 based on Directors' estimation by reference to market evidence of transaction prices of similar properties and recent experience in the location and category of the property being valued. The significant unobservable input into this valuation method is the market value information from the estate agent. The estimated fair value would increase if the market value information from the estate agent is more favourable and vice versa.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 6. INVESTMENT PROPERTIES [2021 ONLY] (Cont'd)

- (f) The Group has entered into non-cancellable lease agreement on its investment properties for terms of three (3) years and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	<b>2021</b>
	<b>RM</b>
Less than one (1) year	2,856,000
One (1) to two (2) years	2,856,000
Two (2) to three (3) years	1,904,000
	<hr/>
	7,616,000
	<hr/>





# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 7. INTANGIBLE ASSETS (Cont'd)

Group	Balance as at	Additions	Amortisation	Currency	Balance as at
	1.1.2020				
	RM	RM	financial year	differences	RM
<b>Carrying amount</b>					
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>
				<b>As at 31.12.2020</b>	
<b>Group</b>			<b>Cost</b>	<b>Accumulated</b>	<b>Carrying</b>
			<b>RM</b>	<b>amortisation</b>	<b>amount</b>
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 2021 (Cont'd)

## 7. INTANGIBLE ASSETS (Cont'd)

	Balance as at 1.1.2021 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2021 RM
<b>Company</b>			
<b>Carrying amount</b>			
Intellectual property	1,952,952	(131,660)	1,821,292
	----- As at 31.12.2021 -----		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
<b>Company</b>			
Intellectual property	2,084,611	(263,319)	1,821,292
	----- As at 31.12.2021 -----		
	Balance as at 1.1.2020 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2020 RM
<b>Company</b>			
<b>Carrying amount</b>			
Intellectual property	2,084,611	(131,659)	1,952,952
	----- As at 31.12.2020 -----		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
<b>Company</b>			
Intellectual property	2,084,611	(131,659)	1,952,952

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.
- (b) Intellectual property represents patents and licenses for operational use.
- (c) Club membership represents a corporate golf membership.
- (d) Customer relationship represent the relationship established with its customers through continuous contract which give rises to a contractual rights.
- (e) Development of prototypes represents an in-house brand development of Wafer Level Chip Scale Package ('WLCSP') sorting machines, laser bonding machines and development of advanced automation and robotic solutions with artificial intelligence.
- (f) Development of intelligence software solution represents software, which is not integral to hardware of the Group and can be separately identified.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 7. INTANGIBLE ASSETS (Cont'd)

- (g) Amortisation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal amortisation periods are as follows:

Intellectual property	10 to 20 years
Club membership	21 years
Customer relationship	20 years
Development of prototypes	3 to 4 years

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

### 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
- ordinary shares	485,871,085	153,297,335
- redeemable preference shares ('RPS')	34,131,400	39,175,200
	520,002,485	192,472,535
Less: Impairment losses	(12,103,544)	(1,467,906)
	507,898,941	191,004,629

- (a) Investment in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment loss.

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

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2021	2020	
		%	%	
Mi Equipment (M) Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Design, development, manufacturing, sales of wafer level chip scale packaging sorting machines and provision of maintenance services and technical support.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2021 %	2020 %	
Accurus Scientific Co., Ltd. <sup>(2)</sup>	Taiwan (Republic of China)	100	0	Manufacture and sale of solder balls and related materials and products.
Suzhou Mi Equipment Co., Ltd. <sup>(2)</sup>	People's Republic of China	100	100	Design, development, manufacturing, sales of final test equipment and provision of maintenance services and technical support.
Mi Equipment (Taiwan) Co., Ltd. <sup>(2)</sup>	Taiwan (Republic of China)	100	94	Design, development, manufacturing, sales of vision inspection machine and provision of maintenance services and technical support.
Mi Equipment Korea Co., Ltd. <sup>(2)</sup>	Republic of South Korea	0	70	Design, development, manufacturing, sales of precision bonding machine and provision of maintenance services and technical support.
Mi International Pte. Ltd. <sup>(2)</sup>	Singapore	100	100	Provision of maintenance services, technical support and management services.
Mi Autobotics Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant.
Mi Components Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2021 %	2020 %	
<b>Subsidiaries of Mi Equipment (M) Sdn. Bhd.</b>				
Mi Equipment Korea Co., Ltd <sup>(2)</sup>	Republic of South Korea	70	0	Design, development, manufacturing, sales of precision bonding machine and provision of maintenance services and technical support.
Mi Equipment USA Inc. <sup>(3)</sup>	United States of America	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.
<b>Subsidiaries of Mi International Pte. Ltd.</b>				
Mi Equipment (Taiwan) Co., Ltd. <sup>(2)</sup>	Taiwan (Republic of China)	0	- <sup>(4)</sup>	Design, development, manufacturing, sales of vision inspection machine and provision of maintenance services and technical support.
Mi Equipment USA Inc. <sup>(3)</sup>	United States of America	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 Sales & Services (M) Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant. Struck off on 15 February 2022.
Mi Sales & Services (S) Pte. Ltd. <sup>(3)</sup>	Singapore	0	100	Struck off on 10 August 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of subsidiaries	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2021 %	2020 %	
<b>Subsidiaries of Accurus Scientific Co., Ltd.</b>				
Accurus (Ningbo) Scientific Co., Ltd. <sup>(1)</sup>	People's Republic of China	100	0	Manufacture and sales of solder balls and related materials and products.
Accurus Scientific Pte. Ltd. <sup>(2)</sup>	Singapore	100	0	Sales and marketing of solder spheres and other semiconductor-related materials.

<sup>(1)</sup> Subsidiary audited by BDO PLT or BDO member firm.

<sup>(2)</sup> Subsidiaries not audited by BDO PLT or BDO member firm.

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

<sup>(4)</sup> In the previous financial year, following the placement of 14,959,875 new ordinary shares by Mi Equipment (Taiwan) Co., Ltd. ('MiETW') to the Company, the equity interest of Mi International Pte. Ltd. ('MiINT') 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) Changes in investments in subsidiaries during the financial year are as follows:

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

In September 2021, MiINT redeemed 3,000,000 RPS at a redemption price of SGD1 per RPS held out of capital of MiINT, amounting to USD1,000,000 (equivalent to RM3,043,800).

In July 2021, the Group made an internal restructuring whereby, MiINT had transferred 100% of its equity interest in Mi Equipment USA Ltd. ('MiEUS') to Mi Equipment (M) Sdn. Bhd. ('MiEMY'), representing 100,000 ordinary shares and 100,000 preference shares at USD1 each respectively for a total consideration of USD200,000 (equivalent to RM838,860).

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

In October 2021, MiASB has fully redeemed 2,000,000 RPS at a redemption price of RM1 per RPS held out of capital of MiASB, amounting to RM2,000,000.

In the previous financial year, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

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

In the previous financial year, MiCSB has fully redeemed 3,000,000 RPS at a redemption price of RM1 per RPS held out of capital of MiCSB.

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

In July 2021, the Group made an internal restructuring whereby, the Company had transferred its 70% equity interest in MiEKR to MiEMY for a total consideration of USD139,903 (equivalent to RM587,509).

In the previous financial year, the Company incorporated a new private limited company in the Republic of South Korea namely MiEKR with a capital injection of USD139,903 (equivalent to RM587,509), which represents 70% of the equity interest in MiEKR.

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

In September 2021, the Company increased its equity investment in MiECN by way of cash amounted to USD4,000,000 (equivalent to RM17,128,400).

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

In February 2021, MiINT had transferred its 6% equity interest in MiETW to the Company by way of cash amounted to TWD9,598,750 (equivalent to RM1,337,777).

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

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

(d) Acquisition of subsidiaries

(i) On 19 April 2021, the Company had completed the acquisition of 21,983,000 ordinary shares in Accurus Scientific Co., Ltd. ('MiMTW'), representing approximately 99% equity interest in MiMTW for a purchase consideration of RM311,850,000 ('Acquisition') by way of issuance of 74,250,000 new ordinary shares of the Company at an issue price of RM3.65 per ordinary share. For the purpose of accounting, the fair value of RM4.20 per ordinary share as at the date of completion of the acquisition was recorded.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

#### (d) Acquisition of subsidiaries (Cont'd)

##### (i) (Cont'd)

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

	Pre-acquisition carrying amount RM	Fair value adjustments RM	Recognised value on acquisition RM
Property, plant and equipment	78,213,881	26,122,879	104,336,760
Right-of-use assets	2,272,002	0	2,272,002
Intangible assets	84,057	84,651,115	84,735,172
Defined benefit plans	1,583,153	0	1,583,153
Inventories	31,749,991	0	31,749,991
Trade and other receivables	41,316,595	0	41,316,595
Cash and bank balances	32,954,244	0	32,954,244
Deferred tax assets/(liabilities)	1,939,519	(16,639,826)	(14,700,307)
Borrowings	(72,435,332)	0	(72,435,332)
Government grants	(1,233,526)	0	(1,233,526)
Trade and other payables	(12,896,055)	0	(12,896,055)
Current tax liabilities	(2,575,873)	0	(2,575,873)
Total identifiable net assets	100,972,656	94,134,168	195,106,824
			<b>RM</b>
Purchase consideration settled by way of issuance of shares (Note 19(a))			311,850,000
Non-controlling interests			1,956,066
Fair value of identifiable net assets			(195,106,824)
Goodwill on consolidation (Note 10)			118,699,242
Purchase consideration settled in cash and cash equivalents			0
Cash and cash equivalents of subsidiaries acquired			32,954,244
Net cash inflow on acquisition			32,954,244

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



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) Acquisition of subsidiaries (Cont'd)

(i) (Cont'd)

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

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

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

- (e) On 10 August 2021, Mi Sales & Services (S) Pte. Ltd., a wholly-owned subsidiary of MiINT had been struck off and ceased to be a wholly-owned subsidiary of the Group. The financial results of the subsidiary being deregistered is insignificant to the Group.
- (f) During the financial year, impairment losses of RM10,635,638 (2020: RM1,467,906) have been recognised in respect of subsidiaries due to declining business operations. The recoverable amounts of the cost of investments in subsidiaries are based on their fair value less cost to sell, which are categorised as Level 3 in the fair value hierarchy.
- (g) The subsidiary of the Group that has non-controlling interests ('NCI') is as follows:

	<b>MiEKR</b>	
	<b>2021</b>	<b>2020</b>
NCI percentage of ownership interest and voting interest (%)	30%	30%
Carrying amount of NCI (RM)	<u>(1,745,875)</u>	<u>(50,691)</u>
Loss allocated to NCI (RM)	(1,710,052)	(294,917)
Other comprehensive income allocated to NCI (RM)	<u>25,183</u>	<u>6,935</u>
Total comprehensive loss allocated to NCI (RM)	<u>(1,684,869)</u>	<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 2021 (Cont'd)

### 9. INVESTMENT IN AN ASSOCIATE [2021 ONLY]

	<b>Group 2021 RM</b>
Unquoted shares, at cost	29,151,786
Share of post acquisition reserve	(854,194)
	28,297,592
Exchange differences	316,251
	28,613,843

- (a) Investment in an associate is measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.
- (b) The details of the associate are as follows:

Name of associate	Country of incorporation /Principal place of business	Effective ownership interest		Principal activities
		2021 %	2020 %	
Talentek Microelectronics (Hefei) Limited ('Talentek')	People's Republic of China	22.64 %	0 %	Research, development and manufacturing of electronic technology products, as well as provision of technical services and sale of related products.

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

	<b>2021 RM</b>
<b>Assets and liabilities</b>	
Non-current assets	22,895,972
Current assets	41,716,086
Current liabilities	(9,452,802)
Net assets	55,159,256
<b>Results</b>	
Revenue	5,294,393
Loss for the financial year	(3,773,551)
Total comprehensive loss	(3,773,551)

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 9. INVESTMENT IN AN ASSOCIATE [2021 ONLY] (Cont'd)

(d) The summarised financial information of the associate is as follows (Cont'd):

	<b>2021</b> <b>RM</b>
Cash flows from operating activities	1,267,689
Cash flows used in investing activities	(14,139,910)
Cash flows from financing activities	39,714,762
Net increase in cash and cash equivalents	26,842,541

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

	<b>2021</b> <b>RM</b>
<b>As at 31 December 2021</b>	
Share of net assets of the Group	12,486,030
Goodwill	16,127,813
Carrying amount in the statements of financial position	28,613,843
<b>Share of results of the Group for the financial year ended 31 December 2021</b>	
Share of loss of the Group/Share of total comprehensive loss of the Group	(854,194)

### 10. GOODWILL ON CONSOLIDATION [2021 ONLY]

	<b>2021</b> <b>RM</b>
Balance as at 1 January	0
Acquisition through business combination (Note 8(d))	118,699,242
Balance as at 31 December	118,699,242

- (a) Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.
- (b) Goodwill and fair value adjustments arising on acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policies for foreign currencies.
- (c) Impairment tests for goodwill with indefinite useful live

For the purpose of impairment testing, goodwill has been allocated to the Groups' cash-generating unit ("CGU"), i.e. Semiconductor Material Business Unit which constitutes a separately reportable segment in Note 36 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 10. GOODWILL ON CONSOLIDATION [2021 ONLY] (Cont'd)

(c) Impairment tests for goodwill with indefinite useful live (Cont'd)

Goodwill is tested for impairment by comparing the carrying amounts with the recoverable amounts of the CGUs. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering a period of five (5) years. Cash flows beyond the five (5)-year period are extrapolated assuming zero growth rates.

Key assumptions used in the value in use calculations are as follows:

- (i) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used is 13%;
- (ii) the growth rate of the revenue are determined based on the industry trends and past performances of the CGU; and
- (iii) the exchange rate used to translate foreign currencies transactions into the other segment's functional currency is based on the exchange rates obtained immediately before the forecast year. Values assigned are consistent with external sources of information.

Based on the annual impairment testing undertaken by the Group, no impairment loss was required for the carrying amount of goodwill assessed as at 31 December 2021 as its recoverable amount was in excess of its carrying amount. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

### 11. DEFERRED TAX

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

	Group	
	2021 RM	2020 RM
Balance as at 1 January	1,469,265	(50,075)
Acquisition of subsidiaries (Note 8(d))	14,700,307	0
Recognised in profit or loss (Note 31)		
- relating to origination and reversal of temporary differences	(3,419,469)	491,587
- underprovision in prior year	332,525	1,029,453
Exchange differences	(136,492)	(1,700)
Balance as at 31 December	12,946,136	1,469,265
Presented after appropriate offsetting:		
Deferred tax assets, net	(5,057,446)	(341,335)
Deferred tax liabilities, net	18,003,582	1,810,600
	12,946,136	1,469,265

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 11. DEFERRED TAX (Cont'd)

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

#### Deferred tax liabilities of the Group

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

#### Deferred tax assets of the Group

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 11. DEFERRED TAX (Cont'd)

- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses				
- no expiry date	7,889,286	3,112,816	0	0
- expires by 31 December 2028/2025	189,006	189,006	0	0
- expires by 31 December 2029/2026	5,486,396	4,110,040	1,387,133	1,555,029
- expires by 31 December 2030/2027	3,049,546	3,049,546	1,366,698	1,366,698
- expires by 31 December 2031	1,568,969	0	0	0
Unabsorbed capital allowances	521,325	842,014	53,939	42,957
	18,704,528	11,303,422	2,807,770	2,964,684

In Malaysia, with effect from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of the period of ten years of assessment shall be disregarded.

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.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

### 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current assets</u>				
<b>Other receivable</b>				
Subsidiaries	0	0	28,169,136	5,541,055

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 12. TRADE AND OTHER RECEIVABLES (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b><u>Current assets</u></b>				
<b>Trade receivables</b>				
Third parties	144,223,542	98,908,696	0	0
Dividend receivable from a subsidiary	0	0	31,000,000	13,000,000
Subsidiaries	0	0	0	322,000
Associate	1,298,368	0	0	0
	<u>145,521,910</u>	<u>98,908,696</u>	<u>31,000,000</u>	<u>13,322,000</u>
Less: Impairment losses	(967,304)	(320,933)	0	0
Total trade receivables	<u>144,554,606</u>	<u>98,587,763</u>	<u>31,000,000</u>	<u>13,322,000</u>
<b>Other receivables</b>				
Third parties	5,498,185	2,350,493	0	0
Subsidiaries	0	0	486,985	3,017,708
Deposits	1,191,904	1,017,308	4,500	4,500
Total other receivables	<u>6,690,089</u>	<u>3,367,801</u>	<u>491,485</u>	<u>3,022,208</u>
<b>Total current receivables</b>	151,244,695	101,955,564	31,491,485	16,344,208
Prepayments	4,134,686	1,848,545	26,024	35,520
	<u>155,379,381</u>	<u>103,804,109</u>	<u>31,517,509</u>	<u>16,379,728</u>
<b>Total trade and other receivables</b>	<u>155,379,381</u>	<u>103,804,109</u>	<u>59,686,645</u>	<u>21,920,783</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 (2020: 30 to 180 days). Nevertheless, the management of the Group may give longer credit terms by discretion. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade portion of amounts owing by subsidiaries represent advances which are unsecured, interest-bearing at a rate as disclosed in Note 38(d) to the financial statements and not payable within the next one (1) year in cash and cash equivalents, except for an amount of RM486,985 (2020: RM8,558,763) which are unsecured, interest-free and payable within the next one (1) year.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 12. TRADE AND OTHER RECEIVABLES (Cont'd)

(d) The currency exposure profile of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	1,903,767	1,340,499	31,406,703	15,631,524
United States Dollar	117,379,582	97,287,301	28,253,918	6,253,739
Chinese Yuan	18,398,340	2,187,917	0	0
Taiwan Dollar	12,913,209	726,672	0	0
Korea Won	476,345	281,283	0	0
Singapore Dollar	149,569	127,176	0	0
Others	23,883	4,716	0	0
	151,244,695	101,955,564	59,660,621	21,885,263

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information such as gross domestic product (GDP), inflation rate, consumer price index and United State Dollar foreign exchange rate for the financial years ended 31 December 2021 and 31 December 2020 and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

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



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 12. TRADE AND OTHER RECEIVABLES (Cont'd)

(e) (Cont'd)

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

	Current RM	1 - 60 days past due RM	61 - 120 days past due RM	121 - 180 days past due RM	More than 180 days past due RM	Total RM
<b>31 December 2021</b>						
Gross carrying amount (RM)	104,058,837	24,086,997	5,098,553	8,525,217	3,752,306	145,521,910
Impairment (RM)	118,652	140,716	42,081	77,276	588,579	967,304
<b>31 December 2020</b>						
Gross carrying amount (RM)	90,388,547	6,344,939	1,422,759	279,042	473,409	98,908,696
Impairment (RM)	107,921	9,299	4,735	3,730	195,248	320,933

The Group did not renegotiate the terms of any trade receivables for the financial years ended 31 December 2021 and 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 12. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group	
	Lifetime ECL	
	2021	2020
	RM	RM
As at 1 January	320,933	141,900
Reversal of impairment loss	0	(141,900)
Charge for the financial year	646,371	320,933
As at 31 December	967,304	320,933

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

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

The Group considers other receivables to be in default when the receivables are past due more than twelve (12) months.

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

- (h) Information on financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 13. LEASE RECEIVABLE

	Group	
	2021	2020
	RM	RM
Future minimum lease receivable:		
- not later than one (1) year	1,547,430	619,000
- one (1) to two (2) years	1,547,430	619,000
- two (2) to three (3) years	1,547,430	619,000
- three (3) to four (4) years	1,132,751	619,000
- four (4) to five (5) years	0	375,595
Total future minimum lease receivables	<u>5,775,041</u>	<u>2,851,595</u>
Less: Unearned finance lease interest	(318,020)	(181,907)
Present value of finance lease receivables	<u>5,457,021</u>	<u>2,669,688</u>
Analysis of present value of finance lease receivables:		
Non-current	4,054,115	2,123,307
Current	<u>1,402,906</u>	<u>546,381</u>
	<u>5,457,021</u>	<u>2,669,688</u>

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

	Group	
	2021	2020
	RM	RM
Balance as at 1 January	2,669,688	0
Additions	3,467,837	2,870,734
Interest income	116,218	42,359
Lease payments received	(796,722)	(243,405)
Balance as at 31 December	<u>5,457,021</u>	<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 38 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 14. DEFINED BENEFIT PLANS [2021 ONLY]

	<b>Defined benefit obligation</b>	<b>Fair value of plan assets</b>	<b>Net defined benefit plans</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 1 January 2021	0	0	0
Acquisition of subsidiaries (Note 8(d))	(3,227,848)	4,811,001	1,583,153
Current service cost (Note 29)	(259,443)	0	(259,443)
Interest (cost)/income (Note 29)	(15,452)	20,600	5,148
Included in profit or loss	(274,895)	20,600	(254,295)
Remeasurements:			
(a) Actuarial losses from:			
- financial assumptions	50,390	41	50,431
- demographic assumptions	(26,118)	0	(26,118)
- experience adjustments	(197,420)	52,145	(145,275)
(b) exchange differences	(121,372)	127,113	5,741
Included in other comprehensive income	(294,520)	179,299	(115,221)
Contributions paid to the plans by the Group	0	368,108	368,108
Benefits paid	350,798	(350,798)	0
	350,798	17,310	368,108
Balance as at 31 December 2021	(3,446,465)	5,028,210	1,581,745

Presented by:

	<b>Group 2021</b>
	<b>RM</b>
Net defined benefit asset	1,747,779
Net defined benefit liability	(166,034)
	1,581,745

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 14. DEFINED BENEFIT PLANS [2021 ONLY] (Cont'd)

- (a) The Group operates funded defined benefit plans for its eligible employees of which the assets are held in separately administered trusts. Under this plan, the entitlement of eligible employees are based on the units of service years and the average salaries in the last month of the service year.

The Group provides retirement benefit obligations for qualifying employees of its overseas subsidiaries, MiMTW and MiEKR, in accordance with the legislations established in Taiwan (Republic of China) and Republic of South Korea.

- (b) Amounts recognised in the statements of financial position are determined as follows:

	<b>Group 2021 RM</b>
Present value of funded defined benefit obligations	(3,446,465)
Fair value of plan assets	5,028,210
	<u>1,581,745</u>
Analysed as follows:	
Current liabilities:	
- not later than one (1) year	(1,049,512)
Non-current liabilities:	
- later than one (1) year and not later than five (5) years	(1,610,145)
- later than five (5) years	(786,808)
	<u>(2,396,953)</u>
	<u>(3,446,465)</u>

- (c) During the financial year, the plan assets consist of equity securities in financial institutions amounted to RM148,296. Disaggregation of the fair value of the remaining balance of plan assets is not disclosed as the Group does not participate in the operation and management of the pension fund.

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

	<b>Group 2021 %</b>
Discount rate	0.71 - 2.88
Expected rate of salary increase	<u>1.00 - 3.50</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 14. DEFINED BENEFIT PLANS [2021 ONLY] (Cont'd)

### (e) Sensitivity analysis

Reasonably possible changes at the end of reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the retirement benefit obligation by the amount shown below:

	<b>Group 2021 RM</b>
Discount rate	
- if increase by 0.5% to 1%	(466,220)
- if decrease by 0.5% to 1%	<u>552,755</u>
Expected rate of salary	
- if increase by 0.5% to 1%	550,464
- if decrease by 0.5% to 1%	<u>(466,414)</u>

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 15. INVENTORIES

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
<b>At cost</b>		
Raw materials	49,558,456	10,362,433
Work-in-progress	34,326,556	43,678,566
Finished goods	23,064,710	15,882,601
Trading goods	22,526	30,621
	<u>106,972,248</u>	<u>69,954,221</u>
<b>At net realisable value</b>		
Raw materials	3,440,908	311,070
<b>Total</b>	<u>110,413,156</u>	<u>70,265,291</u>

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials and other direct costs.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 15. INVENTORIES (Cont'd)

- (b) During the financial year, the Group had written off obsolete inventories, which amounted to RM1,184,491 (2020: RM697,607).

During the financial year, the Group had written down inventories amounted to RM1,704,859 (2020: RM359,277) which was recognised in statements of profit or loss and reversed inventories written down of RM971,998 (2020: RM668,188) upon usage of such inventories.

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

### 16. DERIVATIVE [2020 ONLY]

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

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

Forward currency contracts were 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 were attributable to changes in foreign exchange spot and forward rates. Derivative asset of the Group was categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy in the previous financial year.

### 17. SHORT TERM FUNDS

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets at fair value through profit or loss</b>				
Money market funds	273,932,013	27,345,763	256,031,457	7,154,011
Bond funds	15,547,805	25,525,071	15,547,805	25,525,071
	289,479,818	52,870,834	271,579,262	32,679,082

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 17. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	284,650,947	36,871,805	271,579,262	26,856,053
United States Dollar	4,174,171	15,999,029	0	5,823,029
Chinese Yuan	654,700	0	0	0
	289,479,818	52,870,834	271,579,262	32,679,082

- (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 38 to the financial statements.

### 18. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	120,608,259	35,267,133	18,508,831	2,788,674
Deposits with licensed banks	87,626	20,759,172	0	0
	120,695,885	56,026,305	18,508,831	2,788,674

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	5,293,073	10,304,520	1,206,370	1,382,399
United States Dollar	96,101,544	33,084,736	17,302,461	1,406,275
Taiwan Dollar	14,445,637	11,205,513	0	0
Chinese Yuan	4,206,133	199,296	0	0
Korea Won	226,352	993,351	0	0
Singapore Dollar	412,486	232,382	0	0
Euro	10,660	4,824	0	0
Others	0	1,683	0	0
	120,695,885	56,026,305	18,508,831	2,788,674



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 18. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	120,608,259	35,267,133	18,508,831	2,788,674
Deposits with licensed banks	87,626	20,759,172	0	0
Money market funds (Note 17)	273,932,013	27,345,763	256,031,457	7,154,011
	394,627,898	83,372,068	274,540,288	9,942,685
Less:				
Deposit pledged to a licensed bank	(87,626)	(2,060,460)	0	0
	394,540,272	81,311,608	274,540,288	9,942,685

- (c) Deposits pledged to a licensed bank are for term loans granted to the Group as disclosed in Note 21(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 38 to the financial statements.

### 19. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of ordinary RM	Amount RM	Number of ordinary RM	Amount RM
<b>Issued and fully paid with no par value</b>				
Balance as at 1 January	750,000,000	252,615,378	750,000,000	252,615,378
Issuance of ordinary share	150,000,000	607,275,000	0	0
Shares issued expenses	0	(4,431,375)	0	0
Balance as at 31 December	900,000,000	855,459,003	750,000,000	252,615,378

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 19. SHARE CAPITAL (Cont'd)

(a) Share capital

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

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

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

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

(b) Treasury shares

There was no repurchase of own equity securities during the financial year.

	Group and Company			
	2021		2020	
	Number of ordinary RM	RM	Number of ordinary RM	RM
Balance as at 1 January/ 31 December	4,000,000	5,246,963	4,000,000	5,246,963

- (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) A total of 4,000,000 treasury shares at a total cost of RM5,246,963 are held by the Company as at 31 December 2021 and 31 December 2020 respectively. Shares repurchased are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 and listing requirements and applicable guideline of Bursa Malaysia Securities Berhad.

The number of ordinary shares was at 31 December 2021 net of treasury shares is 896,000,000 (2020: 746,000,000).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 19. SHARE CAPITAL (Cont'd)

(b) Treasury shares (Cont'd)

- (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.

### 20. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-distributable:</b>				
Legal reserve	2,326,282	147,958	0	0
Exchange translation reserve	4,123,181	(484,776)	0	0
Reorganisation debit reserve	(63,557,909)	(63,557,909)	0	0
Share grant reserve	360,000	0	360,000	0
<b>Distributable:</b>				
Retained earnings	236,641,153	204,853,645	6,370,286	2,040,720
	179,892,707	140,958,918	6,730,286	2,040,720

(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.

(d) Share grant reserve

The share grant reserve represents the value of equity-settled shares granted to employees under share grant scheme ('SGS'). The reserve is made up of the cumulative value of services received from employees recorded on grant of shares. The share grant plan will be vested for a period ranged from 3 years to 4 years from the grant date as disclosed in Note 32 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 21. BORROWING

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Term loans</i>		
Non-current	48,063,967	2,615,805
Current	60,299,968	2,481,141
	108,363,935	5,096,946

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	2,633,368	5,096,946
Taiwan Dollar	73,215,407	0
Chinese Yuan	32,515,160	0
	108,363,935	5,096,946

- (c) The term loans are secured by the following:
- (i) deposits with a licensed bank as disclosed in Note 18(c) to the financial statements;
  - (ii) legal charge over certain land and building of the Group as disclosed in Notes 4(b) and 5(c) to the financial statements;
  - (iii) corporate guarantee by the Company; and
  - (iv) joint and several guarantee by:
    - Director of a subsidiary; and
    - Subsidiary of the Company.
- (d) Fair value of the borrowing of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year. The carrying amount of borrowing is reasonable approximation of fair value due to they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.
- (e) Information on financial risks of borrowing is disclosed in Note 38 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 22. GOVERNMENT GRANTS [2021 ONLY]

	<b>Group 2021 RM</b>
Balance as at 1 January	0
Acquisition of subsidiaries (Note 8(d))	1,233,526
Received during the year	2,998,619
Exchange differences	(5,174)
Balance as at 31 December	<u>4,226,971</u>
Represented by:	
Current liabilities	211,349
Non-current liabilities	4,015,622
	<u>4,226,971</u>

Government grants related to an asset are recognised as income and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

## 23. PROVISIONS

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
<b>Provision for warranty replacement costs</b>		
- Non-current	1,412,367	626,308
- Current	2,470,434	1,552,963
	<u>3,882,801</u>	<u>2,179,271</u>

### (a) Provision for warranty replacement costs

The Group provides a two (2)-year (2020: two (2)-year) warranty on certain electronic components and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 23. 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:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	2,179,271	1,703,379
Provision made during the financial year	3,580,918	2,059,928
Amount used during the financial year	(1,163,562)	(1,071,329)
Provision reversed during the financial year	(713,826)	(512,707)
Balance as at 31 December	3,882,801	2,179,271

(b) Provision for technical support services

The Group provided 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 had 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 were as follows:

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade payables</b>				
Third parties	12,601,609	25,436,748	0	0
<b>Other payables</b>				
Third parties	9,735,927	4,032,605	566,383	69,302
Subsidiaries	0	0	1,560,102	101,954
Accrued liabilities	15,759,635	10,140,851	456,350	764,656
Deposits received	952,000	0	0	0
Total other payables	26,447,562	14,173,456	2,582,835	935,912
<b>Total trade and other payables</b>	<u>39,049,171</u>	<u>39,610,204</u>	<u>2,582,835</u>	<u>935,912</u>

- (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 (2020: 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) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	16,018,803	25,836,784	1,041,571	926,718
Taiwan Dollar	13,766,156	1,459,621	2,563	0
Chinese Yuan	4,162,650	783,799	0	0
United States Dollar	1,896,877	5,295,418	1,538,701	9,194
Korea Won	1,731,812	430,311	0	0
Singapore Dollar	1,012,952	1,292,270	0	0
Swiss Franc	312,792	405,706	0	0
Euro	147,129	4,106,295	0	0
	<u>39,049,171</u>	<u>39,610,204</u>	<u>2,582,835</u>	<u>935,912</u>

- (e) Information on financial risks of trade and other payables is disclosed in Note 38 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 25. CONTRACT LIABILITIES

	Group	
	2021	2020
	RM	RM
Advances received from customers	0	7,500
Deferred income	0	19
	0	7,519

(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	
	2021	2020
	RM	RM
Balance as at 1 January	7,519	0
Advances received during the financial year	18	7,522
Revenue recognised during the financial year	(7,537)	(3)
Balance as at 31 December	0	7,519

(c) Contract liabilities are denominated in Ringgit Malaysia.

### 26. CAPITAL COMMITMENTS

	Group	
	2021	2020
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	9,224,050	4,202,401
Contracted but not provided for	1,333,654	16,317,672
	10,557,704	20,520,073



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 27. CONTINGENT LIABILITIES

- (a) The Group designates corporate guarantees given to financial institutions for credit facilities granted to a subsidiary as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (b) (i) During the financial year, the Company has given corporate guarantees to financial institutions for credit facilities granted to its subsidiary for a limit of up to USD3,000,000 (equivalent to RM12,495,000) (2020: RM Nil) of which RM2,634,096 (2020: RM Nil) was utilised at the end of reporting period.
- (ii) The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are unlikely. Accordingly, the fair values of the above corporate guarantees are negligible.

### 28. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<i>Revenue from contracts with customers:</i>				
Recognised at point in time:				
- sale of goods	374,999,239	228,431,286	0	0
- services rendered	480,018	572,800	0	0
- management fee	0	0	0	945,000
	375,479,257	229,004,086	0	945,000
<i>Other revenue:</i>				
- dividend income	0	0	45,000,000	23,000,000
	375,479,257	229,004,086	45,000,000	23,945,000

- (a) Sale of goods and services rendered

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

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

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

- (b) Management fee

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 28. REVENUE (Cont'd)

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
By countries:				
Malaysia	18,006,640	14,607,174	0	945,000
Taiwan	158,152,624	86,543,698	0	0
China	145,989,502	66,082,786	0	0
Singapore	17,336,884	5,964,351	0	0
Korea	15,339,734	31,067,930	0	0
United States of America	13,588,561	10,629,066	0	0
Other countries	7,065,312	14,109,081	0	0
	<u>375,479,257</u>	<u>229,004,086</u>	<u>0</u>	<u>945,000</u>

### 29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages, salaries and bonuses	60,434,591	31,597,770	1,368,243	2,157,402
Contributions to defined contribution plans	3,711,472	2,335,416	101,889	254,603
Defined benefit plans (Note 14)	254,295	0	0	0
Social security contributions	2,934,531	816,447	7,975	26,273
Share grant expense	360,000	0	0	0
Other benefits	2,426,780	1,190,554	123,339	311,814
	<u>70,121,669</u>	<u>35,940,187</u>	<u>1,601,446</u>	<u>2,750,092</u>

Included in the employee benefits expense of the Group and the Company are Directors' remuneration amounting to RM4,277,608 (2020: RM1,524,578) and RM371,000 (2020: RM264,203) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 30. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
- term loans	675,669	130,313	0	0
- revolving credit	20,342	202,422	20,342	0
- lease liabilities	128,976	43,718	25,492	33,209
	<u>824,987</u>	<u>376,453</u>	<u>45,834</u>	<u>33,209</u>

## 31. TAX EXPENSE

	Group	
	2021 RM	2020 RM
Current tax expense based on profit for the financial year	6,437,149	405,982
(Over)/Underprovision of tax expense in prior years	<u>(12,569)</u>	<u>23,653</u>
	6,424,580	429,635
Deferred tax (Note 11):		
Relating to origination and reversal of temporary differences	(3,419,469)	491,587
Underprovision in prior year	<u>332,525</u>	<u>1,029,453</u>
	(3,086,944)	1,521,040
Withholding tax expenses	<u>32,123</u>	<u>52,354</u>
	<u>3,369,759</u>	<u>2,003,029</u>

- (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 31. TAX EXPENSE (Cont'd)

- (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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	63,505,202	55,715,842	31,209,566	19,863,588
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	15,241,248	13,371,802	7,490,296	4,767,261
Tax effects in respect of:				
- Non-allowable expenses	6,780,167	2,645,392	3,359,168	894,493
- Non-taxable income	(2,151,090)	(229,516)	(10,811,805)	(5,679,258)
- Tax incentives and allowances	(15,522,320)	(15,272,634)	0	0
- Different tax rates in foreign jurisdictions	(2,547,452)	(26,599)	0	0
Deferred tax assets not recognised	1,409,858	695,919	0	17,504
Utilisation of deferred tax assets not recognised in prior year	(192,731)	(286,795)	(37,659)	0
Withholding tax expense	32,123	52,354	0	0
(Over)/Underprovision of tax expense in prior years	(12,569)	23,653	0	0
Underprovision of deferred tax in prior year	332,525	1,029,453	0	0
	<u>3,369,759</u>	<u>2,003,029</u>	<u>0</u>	<u>0</u>

- (c) A subsidiary of the Company has been granted pioneer status for its promoted principal activities which exempt 100% of its statutory income for a period of 5 years beginning on 18 January 2014 and expired on 17 January 2019.

The tax incentive period granted for the said pioneer status is for a period of 10 years with an initial period of 5 years commencing from 18 January 2014 and expired on 17 January 2019 and subsequently extended for another period of five (5) years beginning on 18 January 2019 to 17 January 2024.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 31. TAX EXPENSE (Cont'd)

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

	Before tax RM	Group Tax effect RM	After tax RM
<b>2021</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	4,633,140	0	4,633,140
<b>Item that will not be reclassified subsequently to profit or loss</b>			
Re-measurements of defined benefit obligations	(120,962)	0	(120,962)
<b>2020</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	(680,708)	0	(680,708)

### 32. SHARE GRANT SCHEME ('SGS')

The establishment of employees' SGS was approved by the shareholders at an Extraordinary General Meeting held on 20 November 2019. The SGS was implemented on 2 December 2019 and will continue to be in force for a period of five (5) years from the date of implementation.

The salient features and terms of the SGS are as follows:

- (i) The Board of Directors ('Board') shall appoint the SGS Committee to administer the SGS. The SGS Committee shall be vested with such powers and duties conferred upon it by the Board and the Board may determine all matters pertaining to the SGS Committee, including its duties, power and limitations.
- (ii) The total number of shares to be issued under the SGS shall not exceed, in aggregate, 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGS and out of which not more than 50% of the maximum shares available shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the maximum shares available under the SGS shall be allocated to any individual employee or Executive Director who, either individually or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.
- (iii) All new ordinary shares issued pursuant to the SGS will rank pari passu in all respects with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Constitution of the Company relating to transfer, transmission or otherwise.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 32. SHARE GRANT SCHEME ('SGS') (Cont'd)

The salient features and terms of the SGS are as follows (Cont'd):

- (iv) Unless otherwise determined by the SGS Committee in accordance with the SGS By-Laws, the shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGS, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
- Eligible employees and/or Executive Directors those who are confirmed employees of the Company and its subsidiaries and have attained the age of eighteen (18) years who are not undischarged bankrupt nor subject to any bankruptcy proceedings;
  - Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service prior to and up to the Grant date; and
  - Eligible employees and/or Executive Directors of the subsidiaries must remain in employment with the Group for a period of at least two (2) years and shall not have given notice of resignation or received notice of termination of service prior to and up to the Grant date.

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

	Group and Company			
	Number of ordinary shares granted under the SGS			
	Balance as at 1.1.2021	Granted	Vested	Balance as at 31.12.2021
<b>31 December 2021</b>				
2021 grant	0	1,400,000	0	1,400,000

During the financial year, the Company granted 1,400,000 ordinary shares under SGS to eligible employees of the Group, of which none have been vested. The outstanding grant will be vested for a period ranged from 3 years to 4 years from the grant date provided that the vesting conditions as stipulated in the SGS By-Laws are met.

## 33. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 33. EARNINGS PER SHARE (Cont'd)

(a) Basic (Cont'd)

	Group	
	2021	2020
Profit for the financial year attributable to owners of the parent (RM)	61,845,495	54,007,730
Weighted average number of ordinary shares in issue (unit)	825,056,164	746,000,000
Basic earnings per share (sen)	7.50	7.24

(b) Diluted

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

	Group	
	2021	2020
Profit for the financial year attributable to owners of the parent (RM)	61,845,495	54,007,730
Weighted average number of ordinary shares in issue (unit)	825,056,164	746,000,000
Effect of dilution due to SGS (unit)	1,400,000	0
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (unit)	826,456,164	746,000,000
Diluted earnings per share (sen)	7.48	7.24

### 34. DIVIDENDS

	Group and Company	
	Dividend per share RM	Amount of dividend RM
<b>2021</b>		
In respect of financial year ended 31 December 2021:		
First single tier interim dividend	0.03	26,880,000
<b>2020</b>		
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:		
First single tier interim dividend	0.03	22,380,000
		44,760,000

On 21 February 2022, the Directors declared a second interim dividend of RM0.02 per ordinary share amounting to RM17,920,000 in respect of the financial year ended 31 December 2021, which is payable on 22 March 2022. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for as an appropriation of retained earnings for the financial year ending 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 35. 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:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Associate:		
Sales of goods	1,148,999	0
<b>Company</b>		
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Subsidiaries:		
Dividend income	45,000,000	23,000,000
Interest income	241,003	33,859
Lease payments	168,000	168,000
Management fee income	0	945,000
Management fee expense	1,575,977	0
Service and support fees	238,621	0
Transfer of property, plant and equipment from	24,489	2,394
Transfer of property, plant and equipment to	2,721	80,212

Balances with related parties at the end of the financial year are disclosed in Note 12 and Note 24 to the financial statements.

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



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 35. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Short term employee benefits	5,237,555	3,099,586	671,718	501,507
Post-employment benefits				
- contribution to defined contribution plans	282,986	326,798	35,847	35,111
	5,520,541	3,426,384	707,565	536,618

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' remuneration	4,277,608	1,524,578	371,000	264,203

### 36. OPERATING SEGMENTS

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

The Group has changed the composition of its reportable segments during the financial year upon the reorganisation of reportable operating segments of the Group. Consequently, the comparatives have been restated to conform with current year's presentation.

The reportable segments of the Group are as follows:

#### (a) Semiconductor equipment business unit ('SEBU')

Involved in manufacturing and sales of semiconductor manufacturing equipment, paired with smart factory automation solutions for Industrial 4.0 such as 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 36. OPERATING SEGMENTS (Cont'd)

The reportable segments of the Group are as follows (Cont'd):

(b) Semiconductor material business unit ('SMBU')

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

(c) Others

Included investment holding and other activities.

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

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

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

Segment assets exclude investment in an associate, tax assets, derivative, net defined benefit asset, short term funds and cash and bank balances. Segment liabilities exclude tax liabilities and net defined benefit liability. Even though borrowing arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 36. OPERATING SEGMENTS (Cont'd)

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 36. OPERATING SEGMENTS (Cont'd)

	SEBU RM	SMBU RM	Others RM	Elimination and adjustments RM	Consolidated RM
<b>2020</b>					
Revenue from external customers	226,733,029	0	2,271,057	0	229,004,086
Inter-segment revenue	11,566,968	0	50,070,951	(61,637,919)	0
Total revenue	<u>238,299,997</u>	<u>0</u>	<u>52,342,008</u>	<u>(61,637,919)</u>	<u>229,004,086</u>
Interest income	704,434	0	2,847,890	0	3,552,324
Finance costs	(405,945)	0	(66,723)	96,215	(376,453)
Net finance income	<u>298,489</u>	<u>0</u>	<u>2,781,167</u>	<u>96,215</u>	<u>3,175,871</u>
<b>Segment profit/(loss) before tax</b>	<b>59,199,693</b>	<b>0</b>	<b>18,084,250</b>	<b>(21,568,101)</b>	<b>55,715,842</b>
Tax expense					(2,003,029)
<b>Other material non-cash items:</b>					
- depreciation of property, plant and equipment	(5,113,425)	0	(893,820)	9,226	(5,998,019)
- depreciation of right-of-use assets	(1,101,691)	0	(453,745)	288,373	(1,267,063)
- amortisation of intangible assets	(31,995)	0	(184,409)	0	(216,404)
- provision for warranty replacement costs	(1,990,671)	0	(69,257)	0	(2,059,928)
- reversal of provision for warranty replacement costs	501,150	0	11,557	0	512,707
- reversal of provision of technical support services	460,952	0	0	0	460,952
<b>Assets</b>					
Segment assets	315,582,151	0	48,596,149	(32,819,158)	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					<u>56,026,305</u>
					<u>440,612,111</u>
Additions to non-current assets other than financial instruments	47,189,217	0	2,336,973	0	49,526,190
<b>Liabilities</b>					
Segment liabilities	75,206,664	0	7,642,512	(32,418,504)	50,430,672
Deferred tax liabilities					1,810,600
Current tax liabilities					94,197
					<u>52,335,469</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 36. OPERATING SEGMENTS (Cont'd)

(a) Geographical information

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

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets, lease receivable and net defined benefit asset.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from external customers</b>		
Southeast Asia	40,019,443	28,156,836
Northeast Asia	319,481,859	183,694,414
North Atlantic	15,977,955	17,152,836
	<u>375,479,257</u>	<u>229,004,086</u>
<b>Non-current assets</b>		
Southeast Asia	134,499,370	136,777,907
Northeast Asia	390,138,994	17,803,135
North Atlantic	41,249	39,012
	<u>524,679,613</u>	<u>154,620,054</u>

(b) Major customers

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Customer A	37,759,888	32,922,725
Customer B	*	31,065,990
Customer C	*	26,421,956
	<u>*</u>	<u>90,410,671</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 37. 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 2021 and 31 December 2020.

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Provisions	3,882,801	2,179,271	0	0
Borrowing	108,363,935	5,096,946	0	0
Lease liabilities	2,514,641	3,536,732	378,994	521,502
Trade and other payables	39,049,171	39,610,204	2,582,835	935,912
Total liabilities	<u>153,810,548</u>	<u>50,423,153</u>	<u>2,961,829</u>	<u>1,457,414</u>
Less:				
Short term funds	(289,479,818)	(52,870,834)	(271,579,262)	(32,679,082)
Cash and bank balances	(120,695,885)	(56,026,305)	(18,508,831)	(2,788,674)
Net cash	<u>(256,365,155)</u>	<u>(58,473,986)</u>	<u>(287,126,264)</u>	<u>(34,010,342)</u>
Total capital	1,030,104,747	388,327,333	856,942,326	249,409,135
Net cash	<u>(256,365,155)</u>	<u>(58,473,986)</u>	<u>(287,126,264)</u>	<u>(34,010,342)</u>
	<u>773,739,592</u>	<u>329,853,347</u>	<u>569,816,062</u>	<u>215,398,793</u>
Gearing ratio	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

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

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity more than the twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2021 and 31 December 2020.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

#### (a) Credit risk

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

#### Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. Information regarding credit enhancement for trade and other receivables is disclosed in Note 12 to the financial statements.

#### Credit risk concentration profile

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

Group	2021		2020	
	RM	% of total	RM	% of total
<b>By geographical location</b>				
Southeast Asia	20,359,055	14%	20,483,797	20%
Northeast Asia	123,277,628	85%	73,528,521	75%
North America	917,923	1%	4,575,445	5%
	144,554,606	100%	98,587,763	100%

At the end of each reporting period, approximately 44% (2020: 49%) of the trade receivables of the Group were due from eight (8) (2020: six (6)) 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 2021 (Cont'd)

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

### (b) Liquidity and cash flow risk

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

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

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

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
<b>Group</b>				
<b>As at 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	39,049,171	0	0	39,049,171
Borrowing	61,839,049	38,009,953	14,680,651	114,529,653
Lease liabilities	1,373,479	1,434,469	0	2,807,948
Total undiscounted financial liabilities	<u>102,261,699</u>	<u>39,444,422</u>	<u>14,680,651</u>	<u>156,386,772</u>
<b>As at 31 December 2020</b>				
<b>Financial liabilities</b>				
Trade and other payables	39,610,204	0	0	39,610,204
Borrowing	2,556,451	2,643,698	0	5,200,149
Lease liabilities	1,994,084	1,932,106	0	3,926,190
Total undiscounted financial liabilities	<u>44,160,739</u>	<u>4,575,804</u>	<u>0</u>	<u>48,736,543</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

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

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

	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
<b>Company</b>				
<b>As at 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	2,582,835	0	0	2,582,835
Lease liabilities	168,000	238,000	0	406,000
Total undiscounted financial liabilities	<u>2,750,835</u>	<u>238,000</u>	<u>0</u>	<u>2,988,835</u>
<b>As at 31 December 2020</b>				
<b>Financial liabilities</b>				
Trade and other payables	935,912	0	0	935,912
Lease liabilities	168,000	406,000	0	574,000
Total undiscounted financial liabilities	<u>1,103,912</u>	<u>406,000</u>	<u>0</u>	<u>1,509,912</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 Chinese Yuan ('CNY').

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

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

#### (c) Foreign currency risk (Cont'd)

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

	Group		Company	
	Effect on profit after tax		Effect on profit after tax	
	Increase/(Decrease)		Increase/(Decrease)	
	2021	2020	2021	2020
	RM	RM	RM	RM
<u>Strengthened by 10%</u>				
USD/RM	16,197,504	10,334,870	3,345,344	1,024,013
USD/TWD	5,210,138	83,577	0	0
TWD/RM	(4,531,326)	795,915	0	0
CNY/RM	(1,019,816)	121,859	0	0
<u>Weakened by 10%</u>				
USD/RM	(16,197,504)	(10,334,870)	(3,345,344)	(1,024,013)
USD/TWD	(5,210,138)	(83,577)	0	0
TWD/RM	4,531,326	(795,915)	0	0
CNY/RM	1,019,816	(121,859)	0	0

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

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates. The exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the short term funds and borrowing of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

### (d) Interest rate risk (Cont'd)

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

Group	Note	WAEIR per annum %	Within		One (1) to		Two (2) to		More than		Total RM
			one (1) year RM	RM	two (2) years RM	five (5) years RM	five (5) years RM	five (5) years RM			
<b>2021</b>											
<b>Fixed rates</b>											
Lease receivable	13	3.00	1,402,906		1,445,576		2,608,539		0		5,457,021
Deposits with licensed banks	18	1.85	87,626		0		0		0		87,626
<b>Floating rates</b>											
Short term funds	17	1.72	289,479,818		0		0		0		289,479,818
Borrowing	21	1.03 - 4.65	(60,299,968)		(28,349,681)		(7,418,564)		(12,295,722)		(108,363,935)
<b>2020</b>											
<b>Fixed rates</b>											
Lease receivable	10	3.00	546,381		563,000		1,560,307		0		2,669,688
Deposits with licensed banks	18	0.37	20,759,172		0		0		0		20,759,172
<b>Floating rates</b>											
Short term funds	13	1.27	52,870,834		0		0		0		52,870,834
Borrowing	17	1.90	(2,481,141)		(2,528,696)		(87,109)		0		(5,096,946)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

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

### (d) Interest rate risk (Cont'd)

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

Company	Note	WAEIR per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	More than five (5) years RM	Total RM
<b>2021</b>							
<b>Fixed rates</b>							
Amounts owing by subsidiaries	12	1.25	0	0	28,169,136	0	28,169,136
<b>Floating rate</b>							
Short term funds	17	0.80	271,579,262	0	0	0	271,579,262
<b>2020</b>							
<b>Floating rate</b>							
Short term funds	17	1.12	32,679,082	0	0	0	32,679,082

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		Company	
	Effect on profit after tax Increase/(Decrease) 2021 RM	2020 RM	Effect on profit after tax Increase/(Decrease) 2021 RM	2020 RM
<b>Floating rates</b>				
<u>Increase by 0.5%</u>				
Short term funds	1,100,023	200,909	1,032,001	124,181
Borrowing	(411,786)	(19,368)	0	0
<u>Decrease by 0.5%</u>				
Short term funds	(1,100,023)	(200,909)	(1,032,001)	(124,181)
Borrowing	411,786	19,368	0	0

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021 (Cont'd)

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

#### (d) Interest rate risk (Cont'd)

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

#### (e) Market risk

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

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

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit after tax</b>				
- increase by 1%	118,163	193,991	118,163	193,991
- decrease by 1%	<u>(118,163)</u>	<u>(193,991)</u>	<u>(118,163)</u>	<u>(193,991)</u>

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 19 January 2021, a wholly-owned subsidiary of the Company, MiETW has completed the acquisition of land and building with Winsome Development Co., Ltd. at the purchase price of TWD161,342,000 (equivalent to RM25,145,026).

(b) On 19 April 2021, the Company had completed the acquisition of approximately 99% of equity interest in MiMTW as disclosed in Note 8(d) to the financial statements.

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

(c) On 24 August 2021, the Company had completed a private placement of 75,750,000 new ordinary shares of RM3.90 each for cash as disclosed in Note 19(a) to the financial statements.

(d) On 8 October 2021, a wholly-owned subsidiary of the Company, MiECN acquired the equity interest in Talentek, representing approximately 22.64% equity interest in Talentek for a purchase consideration of CNY45,000,000 (equivalent to RM29,151,786).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 40. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF REPORTING PERIOD

- (a) On 4 January 2022 and 22 February 2022, the Company granted 600,000 ordinary shares and 1,000,000 ordinary share respectively under SGS to eligible employees of the Group, of which none have been vested. The grant will vest for a period of 4 years respectively.
- (b) On 24 February 2022, Russia invaded Ukraine resulting in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices and supply chain disruption.

As at the date of authorisation of the financial statements, the Russia-Ukraine conflict is still evolving and remains unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of the situation at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and the Company to minimise any impact arising from these developments.

## 41. COMPARATIVE INFORMATION

During the financial year, the Group and the Company changed its analysis of expenses recognised in profit or loss from classification based on function to classification based on nature as it can provide more reliable and relevant information to users of financial statements upon change in composition of its reportable operating segments. Consequently, the Group and the Company restated their comparative information so that comparability is not impaired.

Statements of profit or loss and other comprehensive income for the financial year ended 31 December 2020:

<b>Group</b>	<b>As previously reported RM</b>	<b>Reclassifications RM</b>	<b>As restated RM</b>
Revenue	229,004,086	0	229,004,086
Cost of sales	(129,268,636)	129,268,636	0
Other operating income	5,190,169	0	5,190,169
Change in inventories of finished goods and work-in-progress	0	18,508,600	18,508,600
Raw materials and consumable used	0	(122,160,022)	(122,160,022)
Employee benefits expense	0	(35,940,187)	(35,940,187)
Depreciation and amortisation expenses	0	(7,481,486)	(7,481,486)
Net losses on impairment of financial assets	0	(179,033)	(179,033)
General and administrative expenses	(37,569,031)	37,569,031	0
Sales and marketing expenses	(11,264,293)	11,264,293	0
Other operating expenses	0	(30,849,832)	(30,849,832)
Profit from operations	56,092,295	0	56,092,295
Finance costs	(376,453)	0	(376,453)
Profit before tax	55,715,842	0	55,715,842
Tax expense	(2,003,029)	0	(2,003,029)
Profit for the financial year	53,712,813	0	53,712,813
Profit for the financial year attributable to:			
Owners of the parent	54,007,730	0	54,007,730
Non-controlling interests	(294,917)	0	(294,917)
	53,712,813	0	53,712,813

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 41. COMPARATIVE INFORMATION (Cont'd)

Statements of profit or loss and other comprehensive income for the financial year ended 31 December 2020 (Cont'd):

<b>Group</b>	<b>As previously reported RM</b>	<b>Reclassifications RM</b>	<b>As restated RM</b>
<b>Profit for the financial year</b>	53,712,813	0	53,712,813
<b>Other comprehensive loss, net of tax:</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations, net of tax	(680,708)	0	(680,708)
Total comprehensive income for the financial year	<u>53,032,105</u>	<u>0</u>	<u>53,032,105</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	53,320,087	0	53,320,087
Non-controlling interests	(287,982)	0	(287,982)
	<u>53,032,105</u>	<u>0</u>	<u>53,032,105</u>
<b>Company</b>			
Revenue	23,945,000	0	23,945,000
Cost of sales	0	0	0
Other operating income	3,506,691	0	3,506,691
Change in inventories of finished goods and work-in-progress	0	0	0
Raw materials and consumable used	0	0	0
Employees benefits expense	0	(2,750,092)	(2,750,092)
Depreciation and amortisation expenses	0	(315,250)	(315,250)
General and administrative expenses	(7,554,894)	7,554,894	0
Sales and marketing expenses	0	0	0
Other operating expenses	0	(4,489,552)	(4,489,552)
Profit from operations	<u>19,896,797</u>	<u>0</u>	<u>19,896,797</u>
Finance costs	(33,209)	0	(33,209)
Profit before tax	<u>19,863,588</u>	<u>0</u>	<u>19,863,588</u>
Tax expense	0	0	0
Profit for the financial year	<u>19,863,588</u>	<u>0</u>	<u>19,863,588</u>
Profit for the financial year attributable to owner of the parents	<u>19,863,588</u>	<u>0</u>	<u>19,863,588</u>
Profit for the financial year	19,863,588	0	19,863,588
Other comprehensive income, net of tax	0	0	0
Total comprehensive income for the financial year	<u>19,863,588</u>	<u>0</u>	<u>19,863,588</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021 (Cont'd)

## 42. 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>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 <i>Leases</i> )	1 April 2021 (early adopt)

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

### (b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
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
Amendment to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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



# LIST OF PROPERTIES

No.	Name of registered owner / Location	Description	Land area (Sq.M)	Tenure	Carrying amount as of 31 December 2021 (RM'000)	Date of acquisition (factory construction completion date)
1.	<b><u>Mi Equipment (M) Sdn. Bhd.</u></b> No. 20, Medan Bayan Lepas Technoplex, MK12 Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang.	Land and building of 5-storey factory	8,576	Leasehold (60 years expiring on 30 January 2063)	72,546	11.07.2017 (08.04.2019)
2.	<b><u>Mi Equipment (M) Sdn. Bhd.</u></b> PMT 764, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang.	Land and building of 2-storey factory (Investment property)	24,702	Leasehold (60 years expiring on 26 February 2078)	35,609	05.10.2016 (26.02.2020)
3.	<b><u>Mi International Pte. Ltd.</u></b> Robinson Road, Robinson Square, #06-02 Singapore 068908	Building of 1 unit office lot	110	Freehold	9,611	14.06.2019
4.	<b><u>Mi Equipment (Taiwan) Co. Ltd.</u></b> No. 20-1, Taiyuan St. Zhubei City, Hsinchu County 302082, Taiwan	Land and building of 1-storey factory	1,233	Freehold	23,278	21.01.2021
5.	<b><u>Mi Equipment (Taiwan) Co. Ltd.</u></b> No. 6, Ln. 291, Defeng St., Nanzi Dist., Kaohsiung City 811735, Taiwan	Building of 5-storey hostel	121	Freehold	5,333	21.12.2021
6.	<b><u>Accurus Scientific Co. Ltd.</u></b> No.508-51, Section 1, Wen-Sien Road, Rende District, Tainan City 717015, Taiwan.	Land and building blocks: (i) 4-storey factory (ii) 5-storey factory (iii) 3-storey factory	7,562	Freehold	40,782	Building blocks: (i) 30.09.1998 (ii) 01.12.2003 (16.04.2004) (iii) 01.12.2003 (26.08.2005)
7.	<b><u>Accurus (Ningbo) Scientific Co. Ltd.</u></b> No.98, Qingshan Road, Beilun District, Ningbo City 315807, Zhejiang Province, China	Land and building of 4-storey factory	12,275	Leasehold (50 years expiring on 19 November 2067)	52,236	30.10.2017 (31.12.2021)

# ANALYSIS OF SHAREHOLDINGS

## AS AT 5 APRIL 2022

Total Number of Issued Shares : 900,000,000 (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	%
203	less than 100 shares	8,564	0.00
3,564	100 to 1,000 shares	2,565,306	0.29
7,828	1,001 to 10,000 shares	32,526,770	3.63
2,159	10,001 to 100,000 shares	62,436,811	6.97
320	100,001 to less than 5% of issued shares	297,462,549	33.20
3	5% and above of issued shares	501,000,000	55.91
<b>14,077</b>		<b>896,000,000</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	Indirect	%
Lee Boon Leng	97,500	0.01	-	-
Oh Kuang Eng	400,000,000	44.64	-	-
Yong Shiao Voon	101,000,000	11.27	-	-
Tan Boon Hoe	200,000	0.02	-	-
Lim Shin Lid	-	-	-	-
Phoon Yee Min	3,000	0.00		

### LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Direct	%	Indirect	%
Oh Kuang Eng	400,000,000	44.64	-	-
Yong Shiao Voon	101,000,000	11.27	-	-
Employees Provident Fund Board	45,840,200	5.12	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 5 APRIL 2022 (Cont'd)

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NAMES	NO. OF SHARES HELD	%
1. CIMB Group Nominees (Tempatan) Sdn. Bhd. Exempt An For DBS Bank Ltd. (SFS-PB)	200,000,000	22.32
2. Citigroup Nominees (Tempatan) Sdn. Bhd. UBS AG Singapore For Oh Kuang Eng	200,000,000	22.32
3. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd. (SFS-PB)	101,000,000	11.27
4. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	31,116,100	3.47
5. Forte Investments Corp.	22,653,627	2.53
6. Opulus Investments Corp.	21,930,000	2.45
7. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB For Lim Ka Kian (PB)	21,635,750	2.41
8. Citigroup Nominee (Asing) Sdn. Bhd. Exempt An For UBS AG Singapore (Foreign)	12,500,000	1.40
9. Sim Ah Yoong	12,319,600	1.37
10. Wang Chung Chen	6,771,450	0.76
11. Permodalan National Berhad	5,809,800	0.65
12. Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Namal (L) Ltd.	4,800,000	0.54
13. Amanahraya Trustees Berhad ASN Umbrella For ASN Equity 3	4,526,500	0.51
14. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM Inv)	4,315,400	0.48
15. Amanahraya Trustees Berhad ASN Equity 2	3,867,100	0.43
16. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (CIMB PRIN)	3,745,900	0.42
17. Amanahraya Trustees Berhad Amanah Saham Nasional	3,467,100	0.39
18. Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	3,400,000	0.38
19. Citigroup Nominees (Tempatan) Sdn. Bhd. Universal Trustee (Malaysia) Berhad For Principal Dali Equity Fund	3,236,300	0.36
20. Lim Ka Kian	3,182,200	0.36
21. Citigroup Nominees (Tempatan) Sdn. Bhd. Universal Trustee (Malaysia) Berhad For Principal Islamic Small Cap Opportunities Fund	3,152,900	0.35
22. Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan)(Principal Eqits)	3,062,300	0.34
23. Lembaga Tabung Angkatan Tentera	2,899,400	0.32
24. Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,825,500	0.32
25. Heng Kok Lin	2,816,936	0.31
26. Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	2,500,000	0.28
27. CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	2,438,200	0.27
28. Amanahraya Trustees Berhad AC Principal Dali Asia Pacific Equity Growth Fund	2,282,000	0.25
29. Amanahraya Trustees Berhad ASN Equity 5	2,270,700	0.25
30. Malacca Equity Nominees (Tempatan) Sdn. Bhd. Exempt An For Phillip Capital Management Sdn. Bhd. (EPF)	2,215,900	0.25

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 5<sup>th</sup> Annual General Meeting (“AGM”) of the Company will be held at Auditorium of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Friday, **3 June 2022**, 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 2021 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. Oh Kuang Eng, the Group Chief Executive Officer 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. Tan Boon Hoe, the Independent Non-Executive Director of the Company who retired in accordance with Article 165 of the Constitution of the Company, and being eligible has offered himself for re-election. (Resolution 2)
4. To re-elect Ms. Phoon Yee Min, 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 herself for re-election. (Resolution 3)
5. To approve payment of the Directors’ Fees of up to RM422,500 in respect of the financial year ending 31 December 2022. (Resolution 4)
6. To approve payment of benefits payable to Non-Executive Directors up to an amount of RM77,500 for the period from 4 June 2022 until the Company’s next AGM which will be held in 2023. (Resolution 5)
7. 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 6)

## SPECIAL BUSINESS

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

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

**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)

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

“**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.”

10. 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 5<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 26 May 2022. Only a depositor whose name appears on the Record of Depositors as at 26 May 2022 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

29 April 2022

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:

Proxy:-

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

## **Explanatory Note On Special Business**

### *i) Authority to Issue Shares (Resolution 7)*

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 8)*

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 8 are set out in Statement dated 29 April 2022.

# **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 5<sup>th</sup> AGM.
- 2) The proposed Ordinary Resolution 7 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 4 June 2021.

**MI TECHNOVATION BERHAD**

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

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 \_\_\_\_\_

 MYKAD/Passport No. \_\_\_\_\_  
*(Full name in capital letter)* of \_\_\_\_\_

 \_\_\_\_\_  
*(Full address)*  
 And/or failing him \_\_\_\_\_

 MYKAD/Passport No. \_\_\_\_\_  
*(Full name in capital letters)* of \_\_\_\_\_

 \_\_\_\_\_  
*(Full address1)*

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 5<sup>th</sup> Annual General Meeting of the Company, to be held at Auditorium of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Friday, **3 June 2022**, 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. Oh Kuang Eng as Director		
2.	Re-election of Mr. Tan Boon Hoe as Director		
3.	Re-election of Ms. Phoon Yee Min as Director		
4.	Payment of Directors' fees for the financial year ending 31 December 2022		
5.	Payment of benefits payables to Non-Executive Directors		
6.	Re-appointment of Auditors		
7.	Approval to issue and allot shares pursuant to Section 75 of the Companies Act 2016		
8.	Approval on the renewal on share buy-back by the Company		

\*Strike out whichever is inapplicable

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

The proportions of my/our holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
<b>Total</b>		<b>100%</b>

 \_\_\_\_\_  
 Signature(s)/Common Seal of Member(s)

**NOTES:**

- For the purpose of determining a member of the Company who shall be entitled to attend and vote at this AGM, the Company shall be requesting the Record of Depositors as at 26 May 2022. Only a depositor whose name appears on the Record of Depositors as at 26 May 2022 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.



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Stamp

The Company Secretary  
**Mi TECHNOVATION BERHAD**  
201701021661 (1235827-D)

SUITE 12-A, LEVEL 12, MENARA NORTHAM  
NO. 55 JALAN SULTAN AHMAD SHAH  
10050 GEORGE TOWN  
PENANG

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# Mi TECHNOVATION BERHAD

Company No. 201701021661 (1235827-D)

NO.20, MEDAN BAYAN LEPAS TECHNOPLEX,  
MK12 TAMAN PERINDUSTRIAN BAYAN LEPAS,  
11900 BAYAN LEPAS, PULAU PINANG,  
MALAYSIA.

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

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