

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



Mi TECHNOVATION BERHAD

(Registration No. 201701021661 (1235827-D))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ACQUISITION OF 21,983,000 COMMON SHARES IN ACCURUS SCIENTIFIC CO LTD (“ACCURUS SCIENTIFIC”), REPRESENTING APPROXIMATELY 99% EQUITY INTEREST IN ACCURUS SCIENTIFIC FOR A TOTAL PURCHASE CONSIDERATION OF APPROXIMATELY NTD1,878,157,550 (EQUIVALENT TO RM271,012,500) TO BE SATISFIED VIA THE ALLOTMENT AND ISSUANCE OF 74,250,000 NEW ORDINARY SHARE(S) IN Mi TECHNOVATION BERHAD (“CONSIDERATION SHARE(S)”) AT AN ISSUE PRICE OF RM3.65 PER CONSIDERATION SHARE (“PROPOSED ACQUISITION”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AFFIN HWANG INVESTMENT BANK BERHAD (Registration No. 197301000792 (14389-U))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of Mi Technovation Berhad (“**Company**”) will be held as a fully virtual general meeting at a broadcast venue at the Boardroom of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Tuesday, 2 February 2021, at 10.00 a.m. or any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this Circular which are available for download from the Company’s website at <http://www.mi-eq.com>.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete the Proxy Form in accordance with the instructions therein and deposit the same 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 stipulated for the EGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Sunday, 31 January 2021, at 10.00 a.m.

Date and time of the EGM : Tuesday, 2 February 2021, at 10.00 a.m.

This Circular is dated 18 January 2021

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	:	Companies Act 2016
Accurus Scientific or Target	:	Accurus Scientific Co Ltd (Registration No. 16632565)
Accurus Scientific Ningbo	:	Accurus (Ningbo) Scientific Co Ltd (Registration No. 91330200MA291HU87Y), a wholly owned subsidiary of Accurus Scientific
Accurus Scientific Singapore	:	Accurus Scientific Pte Ltd (Registration No. 201602688N), a 80%-owned subsidiary of Accurus Scientific
Accurus Scientific Share(s)	:	Common share(s) in Accurus Scientific
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
Agreement	:	The share exchange agreement dated 18 December 2020 entered into between Mi Technovation, Accurus Scientific and the Vendors in relation to the Proposed Acquisition
Announcement	:	Announcement dated 18 December 2020 in relation to the Proposed Acquisition
BNM	:	Bank Negara Malaysia
Board	:	The board of directors of Mi Technovation
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CDS	:	Central depository system
China or PRC	:	People's Republic of China
Circular	:	This circular to the shareholders of Mi Technovation dated 18 January 2021
Consideration Share(s)	:	74,250,000 new Mi Technovation Share(s) to be allotted and issued at the Issue Price pursuant to the Proposed Acquisition
COVID-19	:	Coronavirus 2019
CTA	:	Comparable transaction analysis
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary general meeting

DEFINITIONS (CONT'D)

EPS	:	Earnings per Share
ESD	:	Electrostatic dissipative
EV	:	Enterprise value
EV/EBITDA Multiple	:	EV to EBITDA multiple
FHCA	:	FHMH Corporate Advisory Sdn Bhd (Registration No. 200701016946 (774955-D))
Forte	:	Forte Investments Corp (Registration No. 53643)
FPE	:	Financial period ended
FYE	:	Financial year ended/ending, as the case may be
GDP	:	Gross domestic product
IC(s)	:	Integrated circuit(s)
IDMs	:	Integrated device manufacturers
IMF	:	International Monetary Fund
IMR Report	:	The independent market research report dated 16 December 2020 prepared by Smith Zander
Issue Price	:	RM3.65 per Consideration Share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	21 December 2020, being the latest practicable date prior to the printing of this Circular
LTD	:	17 December 2020, being the last trading day prior to the date of the Agreement
Mi Technovation or Company or Purchaser	:	Mi Technovation Berhad (Registration No. 201701021661 (1235827-D))
Mi Technovation Group or Group	:	Mi Technovation and its subsidiaries, collectively
Mi Technovation Share(s) or Share(s)	:	Ordinary share(s) in Mi Technovation
MOEA	:	Ministry of Economic Affairs, Taiwan
NA	:	Net assets
NTD	:	New Taiwan Dollar

DEFINITIONS (CONT'D)

Opulus	:	Opulus Investments Corp (Registration No. 53436)
OSATs	:	Outsourced semiconductor assembly and test companies
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price to earnings multiple
Proposed Acquisition	:	Proposed acquisition of 21,983,000 Accurus Scientific Shares, representing approximately 99% equity interest in Accurus Scientific for the Purchase Consideration
Purchase Consideration	:	The total purchase consideration of approximately NTD1,878,157,550 (equivalent to RM271,012,500) for the Proposed Acquisition to be satisfied via the allotment and issuance of the Consideration Shares at the Issue Price
R&D	:	Research and development
Review Period	:	The closing market prices of Mi Technovation Share for the past twelve (12)-months up to the LTD
RM and sen	:	Ringgit Malaysia and sen respectively
RMB	:	Chinese Yuan
RVA	:	Relative valuation analysis
Smith Zander	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))
Taiwan	:	Republic of China (Taiwan)
USA	:	United States of America
USD	:	United States Dollar
Vendors or Shareholders of Accurus Scientific	:	Has the meaning as defined in Appendix I of this Circular
VWAP	:	Volume weighted average price

Exchange rate:

Unless otherwise stated and wherever applicable, the following exchange rate as at the LPD is used throughout this Circular:

NTD100 : RM14.3816

(Source: BNM's website)

DEFINITIONS (CONT'D)

References to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, the subsidiaries of the Company. All references to “you” are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

(The rest of this page has been intentionally left blank)

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	vii
LETTER TO THE SHAREHOLDERS OF Mi TECHNOVATION IN RELATION TO THE PROPOSED ACQUISITION	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED ACQUISITION	2
3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION	8
4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS	10
5. POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS	16
6. RISK FACTORS	25
7. EFFECTS OF THE PROPOSED ACQUISITION	28
8. HISTORICAL SHARE PRICES	30
9. APPROVALS REQUIRED	31
10. PERCENTAGE RATIO	31
11. CONDITIONALITY	31
12. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDER, AND/OR PERSONS CONNECTED WITH THEM	31
13. DIRECTORS' STATEMENT AND RECOMMENDATION	32
14. TENTATIVE TIMEFRAME FOR IMPLEMENTATION	32
15. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	32
16. EGM	32
17. FURTHER INFORMATION	33
APPENDICES	
I INFORMATION ON THE VENDORS	34
II SALIENT TERMS OF THE AGREEMENT	42
III BACKGROUND INFORMATION ON ACCURUS SCIENTIFIC AND ITS SUBSIDIARIES	46
IV AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES 31 DECEMBER 2017, 2018 AND 2019	53
V DIRECTORS' REPORT ON ACCURUS SCIENTIFIC	101

TABLE OF CONTENTS (CONT'D)

VI	LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN TAIWAN, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF TAIWAN	102
VII	LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN CHINA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF CHINA	106
VIII	LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN SINGAPORE, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF SINGAPORE	111
IX	EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS OF TAIWAN	117
X	EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS OF CHINA	125
XI	EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS OF SINGAPORE	131
XII	EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION PREPARED BY FHCA	137
XIII	FURTHER INFORMATION	163
	NOTICE OF EGM	ENCLOSED
	PROXY FORM	ENCLOSED

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITION. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to this Circular
Summary of the Proposed Acquisition	<p>The Proposed Acquisition entails the acquisition by Mi Technovation of 21,983,000 Accurus Scientific Shares, representing approximately 99% equity interest in Accurus Scientific from the Vendors for the Purchase Consideration, subject to the terms and conditions of the Agreement.</p> <p>The Purchase Consideration shall be satisfied via the allotment and issuance of an aggregate of 74,250,000 new Mi Technovation Shares to the Vendors at the Issue Price.</p>	Section 2
Basis and justification for the Purchase Consideration	<p>The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis, after taking into consideration, amongst others, the following:</p> <ul style="list-style-type: none"> (i) the audited consolidated PAT of Accurus Scientific for the FYE 31 December 2019 of approximately NTD116.19 million (equivalent to approximately RM15.58 million based on the average rate of NTD100:RM13.4090 for the FYE 31 December 2019 as extracted from BNM’s website); (ii) the rationale and benefits of the Proposed Acquisition; and (iii) the prospects of Accurus Scientific and its subsidiaries and the enlarged Mi Technovation Group. 	Section 2.2
Basis and justification for the Issue Price	<ul style="list-style-type: none"> (i) The Issue Price represents a discount of RM0.06 or approximately 1.62% over the five (5)-day VWAP of Mi Technovation Shares up to and including the LTD of RM3.71. (ii) The Issue Price: <ul style="list-style-type: none"> (a) represents a premium of RM0.63 or approximately 20.86% over the simple average closing price of RM3.02 for the Review Period; (b) represents a discount of RM1.03 or approximately 22.01% over the highest closing price of RM4.68 during the Review Period; and (c) represents a premium of RM2.27 or approximately 164.49% over the lowest closing price of approximately RM1.38 during the Review Period. 	Section 2.3

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Rationale and benefits of the Proposed Acquisition	<ul style="list-style-type: none"> (i) To provide an opportunity for Mi Technovation Group to establish business integration with Accurus Scientific and its subsidiaries in offering a wider product portfolio within the same distribution channel and value chain. (ii) To capture a wider customer portfolio through product cross-selling within their combined business and to further grow their business and market share in the semiconductor industry. (iii) Enable both companies to leverage on their combined strengths in relation to key management team experience, R&D expertise and their respective business relationships with industry stakeholders. 	Section 3
Risk factors	<p>In addition to the industry risks that is inherent in the semiconductor industry in which Mi Technovation Group is already subject to, there are certain risks specifically associated with the Proposed Acquisition and certain risks relating to the business of Accurus Scientific and its subsidiaries, as follows:</p> <ul style="list-style-type: none"> (i) Risks relating to the Proposed Acquisition <ul style="list-style-type: none"> (a) Non-completion risk; (b) Acquisition risk; (c) Dependence on the experience and capability of the certain key management personnel of Accurus Scientific and its subsidiaries who are also the Vendors; (d) Foreign exchange risk; and (e) Regulations on foreign investment. (ii) Risks relating to the business of Accurus Scientific and its subsidiaries <ul style="list-style-type: none"> (a) Exposed to volatility in raw material prices; and (b) The business and operations of Accurus Scientific and its subsidiaries may be impacted if the COVID-19 pandemic worsens. 	Section 6

EXECUTIVE SUMMARY (CONT'D)

Effects of the Proposed Acquisition	<p>The effects of the Proposed Acquisition are as follows:</p> <ul style="list-style-type: none"> (i) the number of Mi Technovation Shares in issue (excluding 4,000,000 treasury shares) will increase from 746,000,000 Shares to 820,250,000 Shares and the value of the issued share capital of Mi Technovation will increase from approximately RM252.62 million to approximately RM523.57 million (after deducting estimated expenses directly attributable to the issuance of the Consideration Shares of RM56,000); (ii) NA per Share of the Group will increase from RM0.51 to RM0.74; (iii) the Group's gearing ratio will increase from 0.01 times to 0.07 times after consolidating the total borrowings of Accurus Scientific and its subsidiaries; (iv) the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Mi Technovation Group; and (v) the substantial shareholder's shareholdings in Mi Technovation will be diluted due to the increase in number of Mi Technovation Shares in issue after the Proposed Acquisition. 	Section 7
Interests of directors, major shareholder and/or persons connected with them	None of the Directors, major shareholder of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition.	Section 12
Directors' statement and recommendation	<p>The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to the basis and justifications for the Purchase Consideration and the Issue Price, rationale and benefits of the Proposed Acquisition, effects of the Proposed Acquisition as well as the prospects of Accurus Scientific and its subsidiaries and the risks involved, is of the opinion that the Proposed Acquisition is in the best interests of the Company.</p> <p>Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.</p>	Section 13



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

Registered Office

Suite 12-A, Level 12
Menara Northam
No. 55 Jalan Sultan Ahmad Shah
10050 Georgetown
Penang

18 January 2021

Board of directors:

Lee Boon Leng	<i>(Independent Non-Executive Chairman)</i>
Oh Kuang Eng	<i>(Executive Director/Group Chief Executive Officer)</i>
Yong Shiao Voon	<i>(Executive Director/Group Chief Financial Officer)</i>
Tan Boon Hoe	<i>(Independent Non-Executive Director)</i>
Lim Shin Lid	<i>(Independent Non-Executive Director)</i>

To: The shareholders of the Mi Technovation

Dear Sir/Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 8 October 2020, the Board announced that the Company had, on even date, entered into a memorandum of understanding with Accurus Scientific and certain of its shareholders in relation to the proposed acquisition of all or part of the equity interest in Accurus Scientific.

On 18 December 2020, Affin Hwang IB had, on behalf of the Board, announced that the Company had, on even date, entered into the Agreement with Accurus Scientific and the Vendors for the proposed acquisition of 21,983,000 Accurus Scientific Shares, representing approximately 99% equity interest in Accurus Scientific for the Purchase Consideration.

On 23 December 2020, Affin Hwang IB had, on behalf of the Board, announced that the listing application in relation to the Proposed Acquisition had been submitted to Bursa Securities.

On 14 January 2021, Affin Hwang IB had, on behalf of the Board, announced that Bursa Securities, had vide its letter dated 14 January 2021, approved the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Acquisition, subject to the conditions as set out in **Section 9** of this Circular.

The details of the Proposed Acquisition are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR TOGETHER WITH THE APPENDICES IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ACQUISITION TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by Mi Technovation of 21,983,000 Accurus Scientific Shares, representing approximately 99% equity interest in Accurus Scientific from the Vendors for the Purchase Consideration, subject to the terms and conditions of the Agreement. The Purchase Consideration shall be satisfied via the allotment and issuance of an aggregate of 74,250,000 new Mi Technovation Shares to the Vendors at the Issue Price.

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

The Accurus Scientific Shares to be acquired by Mi Technovation shall be free and clear from all liens, restrictions, claims, security interests and encumbrances of any kind. The salient terms of the Agreement are set out in Appendix II of this Circular.

Pursuant to the terms and conditions of the Agreement, within twelve (12) business days from the Closing Date (as defined in Section 4.1 of Appendix II of this Circular), the Purchaser shall deliver to each Vendor a copy certified by the share registrar of the Purchaser or a director of the Purchaser of the allotment and issuance verification details under CDS record representing the Consideration Shares received by such Vendor.

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

2.1 Background information on Accurus Scientific

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

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

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

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

	No. of Accurus Scientific Shares	Total	
		NTD	RM
Registered capital	50,000,000	500,000,000	71,908,000
Total paid-in capital	22,205,625	222,056,250	31,935,242

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

2.2 Basis and justification for the Purchase Consideration

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

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

In addition, FHCA, being the expert appointed by the Company to opine on the fairness of the Purchase Consideration, had used the following valuation methodologies in arriving at their opinion:

- (a) RVA by comparing the implied PE Multiple and implied EV/EBITDA Multiple of Accurus Scientific to companies listed on the stock exchanges in Asia with similar principal activities by virtue of their involvement in the manufacturing and sale of solder spheres and semiconductor packaging material (“**Comparable Companies**”). RVA is selected as the primary valuation methodology as it seeks to compare a company’s implied trading multiple to that of comparable companies to determine the firm’s financial worth based on a set of valuation metrics derived from commonly used financial indicators and applied on the subject company’s historical financial records.

It should be noted that the Comparable Companies are by no means exhaustive and may differ from Accurus Scientific and its subsidiaries in terms of, inter alia, composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, future prospects, capital structure, marketability of their securities and other criteria.

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

Comparable company	Stock exchange	Principal activities	Market capitalisation ⁽ⁱ⁾ (RM’ million)	PE Multiple ⁽ⁱⁱ⁾ (times)	EV/EBITDA Multiple ⁽ⁱⁱ⁾ (times)
Shenmao Technology Inc	Taiwan Stock Exchange	Manufactures and sells solder materials for the electronic industry worldwide. It offers surface mount technology assembly materials, including tin lead, lead-free, water soluble, package on package, low temperature, and halogen free solder pastes, as well as adhesives; and semiconductor packaging materials, such as ball grid array spheres and bumping solder pastes.	498.27	29.42	17.57
MK Electron Co Ltd	Korean Securities Dealers Automated Quotations (“KOSDAQ”)	Develops, manufactures, and markets semiconductor packaging materials in Korea, Taiwan, China, and Southeast Asia. The company offers bonding wires and solders balls, including gold bonding wires, copper bonding wires, silver based wires, and advanced Au-Ag-alloy bonding wires, as well as sputtering target products made of gold-based alloy, and evaporation materials.	758.98	46.13	7.78

Comparable company	Stock exchange	Principal activities	Market capitalisation ⁽ⁱ⁾ (RM' million)	PE Multiple ⁽ⁱⁱ⁾ (times)	EV/EBITDA Multiple ⁽ⁱⁱⁱ⁾ (times)
Duksan Hi Metal Co Ltd	KOSDAQ	Manufactures and sells soldering materials for use in semiconductor packaging primarily in South Korea. The company offers solder ball, a semiconductor packaging technology that transmits electric signals by connecting chips and boards; solder paste, a substance for surface mounting technology and formation of flip chip bump, which solders technology as electronic component keep being developed; and solder powder, a substance of solder paste that is used for soldering printed circuit boards and devices.	573.48	21.01	17.41
			High	46.13	17.57
			Low	21.01	7.78
			Average	32.19	14.25
			Median	29.42	17.41
			Accurus Scientific	16.33⁽ⁱⁱⁱ⁾	12.33^(iv)

Notes:

- (i) Computed based on the closing market price as at 14 December 2020, being the date of the opinion stated in the expert's report prepared by FHCA ("**Date of Opinion**").
- (ii) Computed based on the closing market price and the trailing twelve (12) months financial results as at Date of Opinion.
- (iii) Computed based on the Purchase Consideration divided by 99% of the audited consolidated PAT of Accurus Scientific for the FYE 31 December 2019.
- (iv) Computed based on EV of Accurus Scientific which is derived from the Purchase Consideration add 99% of total borrowings and less 99% of cash based on the audited consolidated financial statements of Accurus Scientific as at 31 December 2019; and divided by 99% of the audited consolidated EBITDA of Accurus Scientific for the FYE 31 December 2019.

Based on the RVA as shown in the table above, the Board noted the following:

- the implied PE Multiple of Accurus Scientific of 16.33 times is lower than the median and average of the PE Multiple of the Comparable Companies of 29.42 times and 32.19 times respectively and is also lower than the range of the PE Multiple of the Comparable Companies of 21.01 times to 46.13 times; and
- the implied EV/EBITDA Multiple of Accurus Scientific of 12.33 times is lower than the median and average of the EV/EBITDA Multiple of the Comparable Companies of 17.41 times and 14.25 times respectively and is within the range of the EV/EBITDA Multiple of the Comparable Companies of 7.78 times to 17.57 times.

(The rest of this page has been intentionally left blank)

- (b) CTA by comparing the implied PE Multiple and implied EV/EBITDA Multiple of Accurus Scientific to the recent comparable transactions involving acquisition of companies in the semiconductor industry in East Asia (“**Comparable Transactions**”). CTA is used as the secondary valuation methodology as it reflects a reasonable estimate of multiples of Comparable Transactions.

The details of Comparable Transactions for the past three (3) years up to the Date of Opinion and the respective PE Multiple and EV/EBITDA Multiple are set out below:

Date of acquisition	Acquirer	Target	Country of target	Equity stake acquired (%)	Implied PE Multiple (times)	Implied EV/EBITDA Multiple (times)
December 2017	Shanghai Belling Co Ltd	Renergy/Micro-Technologies (ShenZhen) Co Ltd	China	100	20.89	27.82
January 2018	Yangzhou Yangjie Electronic Technology Co Ltd	Chengdu Qingyang Electronic Material Co Ltd	China	60	20.65	Not available
April 2018	Advanced Semiconductor Engineering Inc	Siliconware Precision Industries Co Ltd	Taiwan	67	19.94	6.54
July 2018	Jinglong Group Co Ltd	JA Solar Holdings Co Ltd	China	74	7.56	4.49
January 2019	GTA Semiconductor Co Ltd	Advance Semiconductor Manufacturing Corporation Limited	China	100	22.39	10.06
August 2019	Macnica Chungju Co Ltd	Answer Technology Co Ltd	Taiwan	50	14.96	10.15
April 2020	Ingenic Semiconductor Co Ltd	Beijing Xicheng Semiconductor Co Ltd	China	60	29.39	Not available
April 2020	AKM/Meadville Electronics (Xiamen) Co Ltd	Guangzhou Meadville Electronics Co Ltd, Shanghai Meadville Electronics Co Ltd, Shanghai Meadville Science & Technology Co Ltd, Shanghai Kaiser Electronics Co Ltd	China	100	46.84	6.08
September 2020	TCL Technology Group Corporation	Tianjin Zhonghuan Electronic and Information (Group) Co Ltd	China	100	13.03	13.29
November 2020	Diodes Incorporated	Lite-On Semiconductor Corp	Taiwan	100	3.13	2.22
				High Low Average Median	46.84 3.13 19.88 20.30	27.82 2.22 10.08 8.30
				Accurus Scientific	16.33	12.33

Based on the CTA as shown in the table above, the Board noted the following:

- the implied PE Multiple of Accurus Scientific of 16.33 times is lower than the median and average of the PE Multiple of the Comparable Transactions of 20.30 times and 19.88 times respectively and is within the range of the PE Multiple of the Comparable Transactions of 3.13 times to 46.84 times; and
- the implied EV/EBITDA Multiple of Accurus Scientific of 12.33 times is higher than the median and average of the EV/EBITDA Multiple of the Comparable Transactions of 8.30 times and 10.08 times respectively but is within the range of the EV/EBITDA Multiple of the Comparable Transactions of 2.22 times to 27.82 times.

Further details on FHCA's expert's report on the fairness of the Purchase Consideration are set out in Appendix XII of this Circular.

2.3 Basis and justification for the Issue Price

The Issue Price of RM3.65 per Consideration Share was determined on a willing-buyer willing-seller basis, after taking into consideration the historical trading prices of Mi Technovation Shares as well as the five (5)-day VWAP of Mi Technovation Shares up to and including the LTD of RM3.71. The Issue Price represents a discount of RM0.06 or approximately 1.62% over the five (5)-day VWAP of Mi Technovation Shares up to and including the LTD of RM3.71.

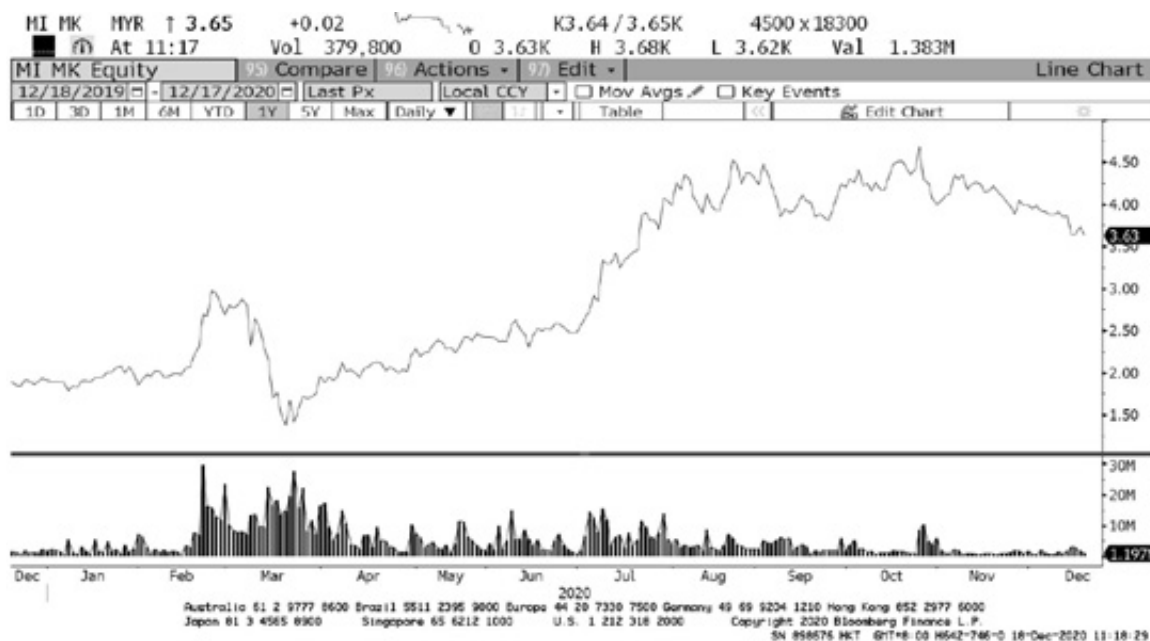
For information purposes, the Issue Price represents a premium/ (discount) to the following price/ VWAPs as follows:

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

(Source: Bloomberg)

(The rest of this page has been intentionally left blank)

In addition, the closing market prices of Mi Technovation Share for the Review Period, are shown in the chart below:



As shown in the chart above, the closing market price of Mi Technovation Shares for the Review Period ranged from RM1.38 (19 March 2020) to RM4.68 (23 October 2020), with a simple average closing market price of RM3.02.

The Issue Price:

- (i) represents a premium of RM0.63 or approximately 20.86% over the simple average closing price of RM3.02 for the Review Period;
- (ii) represents a discount of RM1.03 or approximately 22.01% over the highest closing price of RM4.68 during the Review Period; and
- (iii) represents a premium of RM2.27 or approximately 164.49% over the lowest closing price of approximately RM1.38 during the Review Period.

Based on the above, the Board is of the opinion that the basis and the justification for the Issue Price is reasonable.

2.4 Ranking of the Consideration Shares

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

2.5 Listing of and quotation for the Consideration Shares

Bursa Securities had, vide its letter dated 14 January 2021, approved the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Acquisition.

2.6 Liabilities to be assumed by the Company

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

2.7 Additional financial commitment

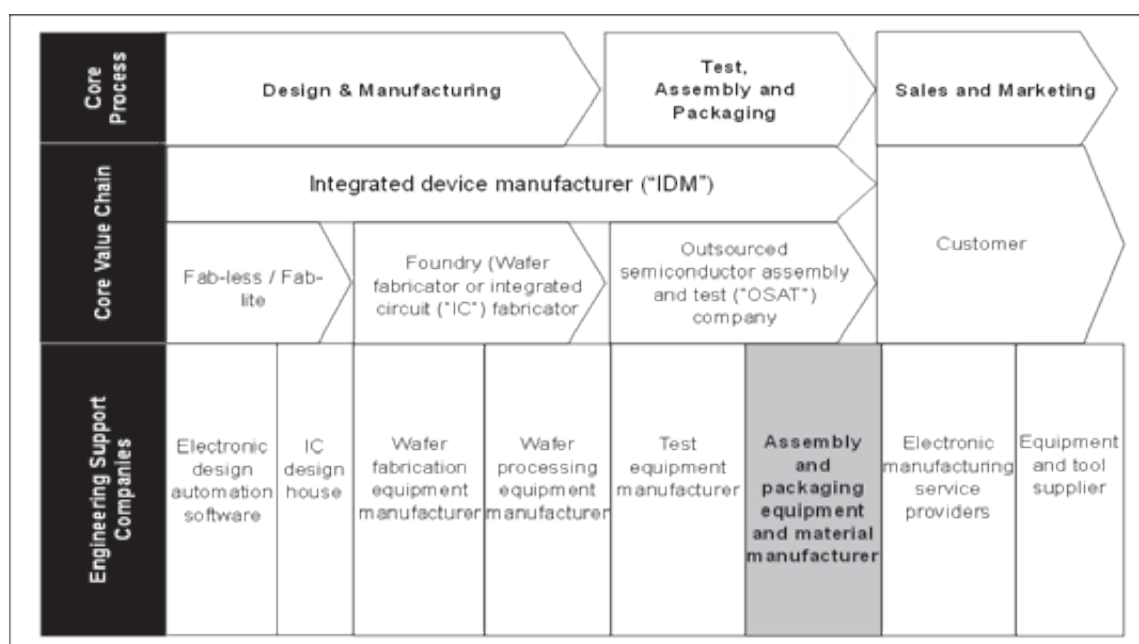
Upon completion of the Proposed Acquisition, there is no additional financial commitment to be incurred by Mi Technovation Group as Accurus Scientific and its subsidiaries are already in operations and are profit generating.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

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

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

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



Notes:

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

(Source: IMR Report)

Mi Technovation Group's key products are as follows:

Key products	Description
Mi series	<ul style="list-style-type: none">a WLCSP sorting machine used for die sorting from wafer to carrier tape for bare die, bump/flip chips and WLCSP
Ai series	<ul style="list-style-type: none">a bonder machine for precision chips or optical components
Li series	<ul style="list-style-type: none">a wafer reconstruction machine for fan out wafer level packaging
Vi series	<ul style="list-style-type: none">a semiconductor inspection system equipped with visible/invisible light and laser inspection system designed for internal structures and defects inspection
Si series	<ul style="list-style-type: none">a final test machine for WLCSP, fine pitch high density substrate and ball grid array

In 2019, Mi Technovation Group launched its Oto and Kobot series under its automation, robotics and artificial intelligence business unit.

Accurus Scientific and its subsidiaries' key products are as follows:

Key products	Description
Solder spheres	<ul style="list-style-type: none">balls of solder made from metal alloys (i.e. combination of metals) used to provide contact between the IC and the printed circuit board, as well as between stacked packages in advanced semiconductor packaging modules such as wafer-level, 2.5D and 3D packages
Solder ingots	<ul style="list-style-type: none">semi-finished materials cast from molten solder alloys which are used for further processing into solder spheres or solder paste

Accurus Scientific and its subsidiaries are also involved in the design, development, manufacturing and sale of machinery such as four-axis dispensing systems, five-axis dispensing systems which are adhesive dispensers used during the manufacturing of electronic devices and electromigration testers which are reliability test equipment. Further, Accurus Scientific and its subsidiaries also sell solder paste and ESD bottles as complementary products to its customers.

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

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

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

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

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

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the global economy

With the COVID-19 pandemic continuing to threaten jobs, businesses and the health and well-being of millions amid exceptional uncertainty, building confidence will be crucial to ensure that economies recover and adapt, says the Organisation for Economic Co-operation and Development's ("OECD") Interim Economic Outlook September 2020 report ("**Interim Economic Outlook**").

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

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

The Interim Economic Outlook projects global GDP to fall by 4.50% in 2020, before growing by 5.00% in 2021. The forecasts are less negative than those in OECD's June Economic Outlook, due primarily to better than expected outcomes for the China and the USA in the first half of 2020 and a response by governments on a massive scale. However, output in many countries at the end of 2021 will still be below the levels at the end of 2019, and well below what was projected prior to the pandemic.

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

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

(Source: Building confidence crucial amid an uncertain economic recovery, <https://www.oecd.org/newsroom/building-confidence-crucial-amid-an-uncertain-economic-recovery.htm>)

4.2 Overview and outlook of the Taiwan economy

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

According to IMF estimates, public debt closed at 33.60% of GDP in 2019 and is expected to reduce at 32.30% and 30.70% of GDP in 2020 and 2021. Respectively; the budget was in deficit at -1.3% in 2019 and is expected to decrease in the following years. Inflation remained low at 0.5% in 2019. It should remain stable in 2020 and increase to 1.50% in 2021. Taiwan industries are affected by the international trade tensions, which include electronics (40% of Taiwan's exports), machinery, and chemicals. Chinese restrictions on travel from mainland China to Taiwan have also affected this sector. Other economic challenges include massive relocations that weaken industrial employment, uncompetitive service sector, insufficient infrastructure, and diplomatic isolation. Nevertheless, growth will be aided by infrastructure spending in healthcare and energy. The Infrastructure Development Plan will also modernise the rail network and water distribution. While budget deficits are expected, taxes were increase on income and financial transactions. Most public debt is domestic and owed in New Taiwanese dollars.

The unemployment rate remained steady at 3.80% in 2019 and it is expected to increase slightly to 4.40% in 2020 and decrease to 4.00% in 2021, because of the outbreak of the COVID-19 pandemic. According to national statistics, unemployment rate reached 3.67% in December 2019. Labour force participation rate was equal to 59.22% during the same period. Social challenges include an ageing population, low birth rates, and a tense political agenda about elections in 2020, in which expected to focus on Taiwanese independence vs reunification with mainland China.

(Source: The economic context of Taiwan, <https://www.nordeatrade.com/no/explore-new-market/taiwan/economical-context>)

4.3 Overview and outlook of the China economy

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

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

However, the National Bureau of Statistics of China announced a 3.20% rose in the second (2nd) quarter of 2020 from a year earlier, reversing a 6.80% decline in the first (1st) quarter of 2020 as lockdown measures ended and policymakers ramped up stimulus to combat the virus-led downturn. The IMF projected China to grow at 8.20% in 2021, which has already been revised downward compared to pre-crisis projections. Further, according to Global Economic Prospects January 2021 published by World Bank Group, the growth is forecast to pick up to 7.90% in 2021, above previous projections due to the release of pent-up demand, and moderate to 5.20% in 2022 as deleveraging efforts resume. Even as GDP returns to its pre-pandemic level in 2021, it is still expected to be about 2.00% below its pre-pandemic projections by 2022, with the crisis accentuating preexisting vulnerabilities and imbalances.

(Source: World Bank Group: China Economic Update – July 2020, <https://www.worldbank.org/en/country/china/publication/china-economic-update-july-2020>; China's Q2 GDP growth recovers to 3.2% after steep slump, beats forecast, <https://news.cgtn.com/news/2020-07-16/China-s-GDP-declines-1-6-in-first-half-of-2020-up-3-2-in-Q2-SalyAYgOrK/index.html>; IMF: Speech on the Global and Asia Economic Outlook, <https://www.imf.org/en/News/Articles/2020/07/10/sp071020-speech-on-the-global-and-asia-economic-outlook>; Global Economic Prospects January 2021, <https://www.worldbank.org/en/publication/global-economic-prospects>)

4.4 Overview and outlook of the global semiconductor industry

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

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

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

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

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

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

Overall, the global semiconductor industry, as represented by global semiconductor sales, registered a CAGR of 9.11% between 1990 and 2019, growing from USD 50.52 billion (RM136.58 billion) to USD412.31 billion (RM1.71 trillion), indicating the sustainability of the industry's growth in the long term.

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

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

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

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

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

As such, in view of the short-term uncertainties arising from the COVID-19 pandemic, in the World Semiconductor Trade Statistics (“**WSTS**”) Semiconductor Market Forecast report released in June 2020, WSTS forecasts the global semiconductor industry to grow slightly at 3.32% to USD426.00 billion (RM1.76 trillion) in 2020 from USD412.31 billion (RM1.71 trillion) in 2019, and further grow at 6.10% to USD452.00 billion (RM1.87 trillion) in 2021 from USD426.00 billion (RM1.76 trillion) in 2020.

(Source: IMR Report)

4.5 Overview and outlook of the global semiconductor materials industry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Smith Zander forecasts the global semiconductor packaging materials market to maintain at USD19.20 billion (RM79.54 billion) in 2020, and to grow at 5.89% to USD20.33 billion (RM84.22 billion) in 2021, driven by:

- Rapid technological advancements of electrical and electronic products drive demand for advanced packaging including wafer-level packaging, 2.5D and 3D packaging as advanced packaging has technological advantage over conventional packaging, driving demand for solder spheres as one of the vital components for electrical connectivity and continuity;

- Global demand for electrical and electronic products supports the demand for semiconductors which subsequently drives the demand for semiconductor packaging materials including solder spheres; and
- Demand for mobile electronics drives sales of semiconductor materials including solder spheres.

(Source: IMR Report)

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

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

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

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

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

Accurus Scientific plans to expand its production capacity to cater for the demand for solder spheres in the global semiconductor industry. To facilitate this expansion, Accurus Scientific began the construction of its manufacturing facility in Ningbo, China in the first (1st) quarter of 2019. The manufacturing facility is at the final stage of construction and is targeted to be completed in end January of 2021. The manufacturing facility is expected to commence operations in the second (2nd) quarter of 2021 upon obtaining the relevant regulatory approvals and licences. The total construction cost of the manufacturing facility is approximately NTD292.45 million (equivalent to approximately RM42.06 million), of which approximately NTD141.15 million (equivalent to approximately RM20.30 million) had been incurred as at the LPD. The total construction cost will be funded via internally generated funds and bank borrowings.

Upon commencement of operations of the manufacturing facility in Ningbo, China, the annual production capacity of Accurus Scientific and its subsidiaries is expected to increase from 2.64 trillion pieces to up to 3.64 trillion pieces. With the additional production capacity, Accurus Scientific and its subsidiaries will be better positioned to meet the growing needs of its customers in a timely manner, which will in turn allow Accurus Scientific and its subsidiaries to generate higher revenue and grow their business further.

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

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

Accurus Scientific had purchased two (2) copper core solder sphere production lines for their Taiwan manufacturing facility. However due to the COVID-19 pandemic, the shipping of the production lines has been delayed. The production lines are expected to arrive in the Taiwan manufacturing facility by the first (1st) half of 2021. Upon installation and testing, the manufacturing of copper core solder spheres is expected to commence by the second (2nd) half of 2021. The annual production capacity of the two (2) copper core solder sphere production lines is expected to be 6.00 billion pieces. The total estimated cost for setting up the copper core solder sphere production lines is NTD33.00 million (equivalent to approximately RM4.75 million) which will be funded via internally generated funds.

(iii) Venturing into the manufacturing of ESD bottles

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

Accurus Scientific and its subsidiaries have commenced R&D on materials, moulds and injection machines to manufacture ESD bottles in the third (3rd) quarter of 2020. Subsequent to the completion of R&D, which is expected to be by the third (3rd) quarter of 2021, Accurus Scientific and its subsidiaries plan to purchase and install the required production lines and commence the manufacturing of ESD bottles by the fourth (4th) quarter of 2021 and the first (1st) quarter of 2022 respectively. The annual production capacity of the ESD bottles production lines is expected to be 0.75 million pieces. The total estimated cost for setting up the ESD bottles production lines is NTD25.00 million (equivalent to approximately RM3.60 million) which will be funded via internally generated funds.

(Source: Management of Accurus Scientific and its subsidiaries)

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

5. POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS

5.1 Taiwan

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

(i) Foreign Investment

Overview:

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

Restrictions:

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

(ii) Taxation

The current main tax policies of Taiwan that may apply to Accurus Scientific include the following:

No.	Type of taxes	Details
(a)	Enterprise income tax	<p>For any profit-seeking enterprise operating within the territory of Taiwan, profit-seeking enterprise income tax shall be levied in accordance with the Income Tax Act 2019 of Taiwan.</p> <p>The amount of income of a profit-seeking enterprise shall be the net income, i.e. the gross yearly income after deduction of all costs, expenses, losses and taxes. The enterprise income tax is paid on a self-assessment basis in two (2) instalments. Generally, a company must pay provisional income tax equal to fifty percent (50%) of the tax payable of the previous year between 1 September and 30 September of the current tax year.</p> <p>Within the period from 1 May to 31 May of each year, the company should file annual income tax return with the authority indicating the items and amounts of its gross profit-seeking income for the preceding year together with the tax deductions/exemptions, including deducting the provisional tax paid in September of previous year. Currently, the income tax rate for a profit-seeking enterprise is twenty percent (20%) and a taxable income equal to or less than NTD120,000 is exempt from income tax.</p>
(b)	Business tax	<p>Value-added or non-value-added business tax shall be levied, in accordance with the Value Added and Non-Value-Added Business Tax Act 2017 of Taiwan (“Business Tax Act”), on the sale of goods or services within the territory of Taiwan and on the import of goods.</p> <p>Pursuant to Article 10 of the Business Tax Act, unless otherwise prescribed by the Business Tax Act, the business tax rate shall be between five percent (5%) and ten percent (10%) and the exact rate shall be determined by the Executive Yuan, Taiwan. Currently, the business tax rate is five percent (5%).</p>
(c)	Tax on the dividends and interests arising from investment in Taiwan	<p>For non-resident shareholders, tax is withheld at source on dividends distributed by a Taiwan company. Generally, the withholding tax rate for dividend payments is twenty-one percent (21%); however, since there is a double taxation agreement between Taiwan and Malaysia, the withholding tax rate for dividend payments to a Malaysian shareholder is twelve point five percent (12.5%).</p> <p>Regarding the withholding tax on interest payment, for non-resident shareholders, a twenty percent (20%) withholding tax applies to interest income derived from loans to the invested company; however, under the double taxation agreement between Taiwan and Malaysia, the withholding tax rate for interest payments to a Malaysian shareholder is ten percent (10%).</p>

No.	Type of taxes	Details
(d)	Land value tax	In Taiwan, the landowner should pay the land value tax in November of every fiscal year. The taxpayer must declare the value of his/her land with reference to the land value announced by the Land Value Evaluation Committee. The declared land value should be within a range from eighty percent (80%) to one hundred twenty percent (120%) of the land value announced by the government. The land value tax adopts a progressive rate scale from ten per mille (10‰) to fifty-five per mille (55‰), and special rates may be applied depends on the use of the land.
(e)	House tax	In Taiwan, the owner of a house should pay the house tax in May of every fiscal year. The tax is based on the current value of the house announced by the Real Property Evaluation Committee. The house tax rate varies from one point two percent (1.2%) to five percent (5%) depending on the usage of the house, and the actual rate enforced is decided by the local government. In addition, there are several exemptions for the house tax regulated by the "House Tax Act".
(f)	Sales of Taiwan shares	<p>For sales of Taiwan shares where share certificates have been issued, a securities transaction tax of zero point three percent (0.3%) is imposed on the transaction price. The tax is the legal responsibility of the seller, and may be withheld by the buyer on behalf of the seller when the purchase price is paid to ensure payment and a clean title, and the amount can also be allocated among the parties through reimbursement.</p> <p>Currently, sales of Taiwan shares where share certificates have been issued are exempt from capital gains and income tax, except to the extent that alternative minimum tax ("AMT") applies.</p> <p>For an individual, currently the AMT exemption is NTD6,700,000 and the AMT tax rate is twenty percent (20%).</p> <p>On 29 June 2020, the Ministry of Finance, Taiwan proposed an amendment to the Income Basic Tax Act (i.e. the AMT) and such amendment will include the capital gain from sales of unlisted Taiwan shares where share certificates have been issued into the alternative minimum taxable income for individual and is expected to increase an individual's tax burden when he/she sells his/her unlisted Taiwan shares where share certificates have been issued. Such amendment will only apply to individual taxpayers and will not apply to corporate taxpayers. The amendment will take effect on 1 January 2021, and therefore, it will increase the individual seller's tax burden if the registration of share transfer for the Proposed Acquisition is completed after 1 January 2021.</p>

(iii) Repatriation of profits

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

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

Generally, a Taiwan entity shall declare its foreign exchange receipts, disbursements or transactions as required according to the remittance brackets and the natures of relevant transactions according to the Foreign Exchange Regulation Act and the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions 2018. It is exempt from declaration for foreign exchange receipts, disbursements or transactions involving less than NTD500,000 or its equivalent in foreign currency.

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

Please refer to Appendix IX of this Circular for further details on the expert's report on policies on foreign investments, taxation and repatriation of profits of Taiwan.

5.2 China

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

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

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

(ii) Taxation

The current main tax policies of PRC that may apply to Accurus Scientific include the following:

No.	Type of taxes	Details
(a)	Corporate income tax	Income tax rate for corporate is twenty-five percent (25%), except for qualified small profit enterprises (at the rate of twenty percent (20%)), and key advanced and new technology enterprises (at the rate of fifteen percent (15%)). The taxable amount of income of an enterprise shall be the total income of the enterprise in each tax year less non-taxable income, tax-exempt income, various deductions and permitted amount of losses in previous years made good.
(b)	Value-added tax	<p>The Provisional Regulations on Value-added Tax (the “VAT Regulations”) was adopted on 13 December 1993 and last revised in 2017 by the State Council.</p> <p>For enterprises and individuals engaged in sale of goods or processing repair and assembly services, sale of services, intangible assets, importation of goods into China shall pay VAT at various rates as follows according to VAT Regulations:</p> <ul style="list-style-type: none"> (i) seventeen percent (17%) for sale of goods, providing labor services, lease of tangible movables or importation of goods (according to the announcement jointly made by the Ministry of Finance, State Taxation Administration and General Administration of Customs on Deepening Reformation of VAT Policy, this rate has been further reduced to thirteen percent (13%)); (ii) eleven percent (11%) for sale of transportation, postal, basic telecommunications, construction, lease of immovable, sale of immovable, transfer of land use rights, sale or importation of goods specified in the VAT Regulations or by the State Council (foodstuff, agricultural products, public utilities, publications, and agricultural machinery, fertilizers, etc.) (according to the announcement jointly made by the Ministry of Finance, State Taxation Administration and General Administration of Customs on Deepening Reformation of VAT Policy, this rate has been further reduced to nine percent (9%)); (iii) six percent (6%) for sale of services and intangible assets except categories specified otherwise in the VAT Regulations; and (iv) three percent (3%) for small business entities whose annual turnover is less than RMB5 million.

No.	Type of taxes	Details
(c)	Withholding tax for non-residents	<p>(i) For non-resident enterprises who have no presence in China, or, if there is presence, the income derived or accrued has no connection with such presence, corporate income tax shall be payable by the non-resident enterprise for income derived from or accrued in China, including license fees, royalties, income from sales of goods/services, profits and dividends attributable to such non-resident enterprises.</p> <p>(ii) Withholding tax rate is twenty percent (20%) for non-resident enterprises under the Corporate Income Tax Law, and in practice, withholding tax is collected at the reduced rate of ten percent (10%) according to the Implementation Regulations of the Corporate Income Tax Law.</p> <p>(iii) In 2015, Taiwan and Mainland China has signed an agreement on the avoidance of double taxation and the enhancement of tax cooperation, which further reduces the withholding tax rate for dividends attributable to non-resident shareholders to five percent (5%) (provided that, eligible beneficiaries are corporate entities which directly hold more than twenty-five percent (25%) of equity interests of the entity that distributes the dividends) and, for royalties, to seven percent (7%). However, this cross-strait tax agreement has yet become effective, which is conditional to approval process of both sides, and there is no indication of effective date.</p>
(d)	Withholding tax and social security fund for employees	Enterprises are obliged to withhold and deduct individual income tax for its employees and individuals who receive salary, compensation and remunerations from such enterprises. Besides, enterprises shall pay extra portion of its contribution to social security funds and housing fund for employees, which in sum may account twenty percent (20%) to thirty percent (30%) (varying from city to city) in average over employees' total salary, according to national and local policies.

(iii) Repatriation of profits

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

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

- (dd) the FIE has duly adopted board of directors' resolution to distribute profits and dividends pursuant to audited financial statements by certified accountants; and
- (ee) the FIE has duly deducted withholding (at the rate of ten percent (10%)) for overseas shareholders of FIEs from such dividends or profits to be repatriated.

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

Please refer to Appendix X of this Circular for further details on the expert's report on policies on foreign investments, taxation and repatriation of profits of China.

5.3 Singapore

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

(i) Foreign Investment

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

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

(ii) Taxation

No.	Type of taxes	Details
(a)	Income Tax Act (Chapter 134) of Singapore (“Income Tax Act”)	<p>Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accruing in or derived from Singapore and on income derived from sources outside Singapore, unless specifically exempted from income tax.</p> <p>A company is regarded as tax resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.</p> <p>While resident and non-resident companies are generally taxed in the same manner, resident companies enjoy certain benefits, including tax exemption scheme for new start-up companies, tax benefits provided under double tax agreements between Singapore and other jurisdictions, foreign tax credits and tax exemption on specified foreign income.</p> <p>A Singapore tax resident company can enjoy tax exemption on its specified foreign income (including foreign-sourced dividend, foreign branch profits and foreign-sourced service income) that is remitted into Singapore if the following prescribed conditions are met:</p> <p>(a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;</p>

No.	Type of taxes	Details
		<p>(b) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than fifteen percent (15%); and</p> <p>(c) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the person resident in Singapore.</p> <p>The corporate tax rate in Singapore is currently seventeen percent (17%). With effect from year of assessment 2020, seventy-five percent (75%) of up to the first SGD10,000, and fifty percent (50%) of up to the next SGD190,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. Furthermore, companies will be granted a corporate income tax rebate of twenty-five percent (25%) of the tax payable for the year of assessment 2020, subject to a cap of SGD15,000.</p>
(b)	Dividend distributions	<p>(i) One-tier corporate taxation system</p> <p>Singapore adopts the one-tier corporate taxation system, under which the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.</p> <p>(ii) Withholding tax</p> <p>Singapore does not impose withholding tax on dividends paid to resident or non-resident shareholders.</p> <p>However, other payments of an income nature to non-tax resident persons (whether individual or corporate) may attract withholding taxes. A company incorporated in Singapore is required to withhold tax when it makes certain types of payments to non-resident persons, including but not limited to:</p> <ul style="list-style-type: none"> (a) Interest, commission, fee in connection with any loan or indebtedness; (b) Royalty or other payments for the use of or the right to use any movable property; (c) Payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information; (d) Payments of management fees; (e) Rent or other payments for the use of any movable property; (f) Payments for the purchase of real property from a non-resident property trader;

No.	Type of taxes	Details
		<p>(g) Structured products (other than payments which qualify for tax exemption under Section 13(1)(zj) of the Income Tax Act (Chapter 134) of Singapore); and</p> <p>(h) Real estate investment trust distributions.</p> <p>The withholding tax rate imposed generally falls between ten percent (10%) and twenty-two percent (22%) unless lowered or exempt pursuant to prevailing regulations granting exceptions or pursuant to tax incentive schemes or concessions or otherwise specified in an applicable Avoidance of Double Taxation Agreement between Singapore and other tax jurisdictions.</p>
(c)	Capital gains tax	Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of shares in a Singapore company may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded by the Comptroller of Income Tax as the carrying on of a trade or business and the gains are sourced in Singapore.
(d)	Stamp Duty	Stamp duty is payable on dutiable documents relating to stocks and shares, and any immovable property in Singapore. In respect of transfer of shares in a Singapore incorporated company, stamp duty at the prevailing rate of zero point two percent (0.2%) is payable on the purchase price for, or the value of the shares, whichever is higher. The purchaser or transferee is liable for stamp duty, unless there is an agreement to the contrary.
(e)	Goods and Services Tax ("GST")	GST at a prevailing rate of seven percent (7%) is levied on nearly all supplies of goods and services in Singapore, as well as the importation of goods into Singapore. GST-registered businesses must charge GST on all sales of goods and services made in Singapore, except for exported goods, international services and exempt supplies.

(iii) Repatriation of profits

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

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

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

Please refer to Appendix XI of this Circular for further details on the expert's report on policies on foreign investments, taxation and repatriation of profits of Singapore.

6. RISK FACTORS

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

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

6.1 Risks relating to the Proposed Acquisition

(i) Non-completion risk

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

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

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

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

Based on the above, there can be no assurance that the conditions to Closing will be fulfilled or waived and the Company is able to receive the Closing Documents in order to complete the Proposed Acquisition in accordance with the terms and conditions of the Agreement. However, the Company will take all reasonable steps that are within its control to ensure that the conditions to Closing are fulfilled or waived within the stipulated timeframe.

(ii) Acquisition risk

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

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

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

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

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

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

(iv) Foreign exchange risk

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

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

(v) Regulations on foreign investment

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

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

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

(i) Exposed to volatility in raw material prices

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

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

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

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

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

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

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

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Issued share capital

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

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

Notes:

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

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

7.2 NA, NA per Mi Technovation Share and gearing

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

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

Notes:

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

7.3 Earnings and EPS

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

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

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

Notes:

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

7.4 Substantial shareholder's shareholdings

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

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

Notes:

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

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

7.5 Convertible securities

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

8. HISTORICAL SHARE PRICES

The monthly high and low market prices of Mi Technovation Shares as traded on the Main Market of Bursa Securities for the past twelve (12) months preceding the date of this Circular are as follows:

	Low RM	High RM
2020		
January	1.72	2.08
February	1.75	3.11
March	1.32	2.96
April	1.86	2.37
May	2.16	2.54
June	2.29	2.73
July	2.50	4.14
August	3.38	4.65
September	3.69	4.55
October	3.85	4.88
November	3.84	4.40
December	3.57	4.22

Last transacted price of Mi Technovation Shares as at the LTD
(being the last trading day prior to the date of the Agreement and Announcement) 3.63

Last transacted price of Mi Technovation Shares on 14 January 2021
(being the latest practicable date prior to the printing of this Circular) 4.52

(Source: Bloomberg)

9. APPROVALS REQUIRED

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

- (i) Bursa Securities, for the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities pursuant to the Proposed Acquisition.

The approval from Bursa Securities for the Proposed Acquisition was obtained vide its letter dated 14 January 2021, and is subject to the following conditions:

No.	Conditions	Status of compliance
(i)	Mi Technovation and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition.	Noted.
(ii)	Mi Technovation and Affin Hwang IB to inform Bursa Securities upon the completion of the Proposed Acquisition.	To be complied.
(iii)	Mi Technovation to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed.	To be complied.
(iv)	Compliance by Mi Technovation with the public shareholding spread upon completion of the Proposed Acquisition. In this connection, Affin Hwang IB is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, prior to completion of the Proposed Acquisition.	To be complied.
(vi)	Mi Technovation to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Acquisition.	To be complied.

- (ii) the shareholders of Mi Technovation at an EGM of the Company to be convened;
- (iii) Investment Commission, MOEA; and
- (iv) any other relevant authorities and/or parties, if required.

10. PERCENTAGE RATIO

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

11. CONDITIONALITY

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

12. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDER, AND/OR PERSONS CONNECTED WITH THEM

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

13. DIRECTORS' STATEMENT AND RECOMMENDATION

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

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

14. TENTATIVE TIMEFRAME FOR IMPLEMENTATION

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

The tentative timetable for the Proposed Acquisition is as follows:

Tentative timeline	Key milestones
2 February 2021	EGM for the Proposed Acquisition
End September 2021	Closing of the Agreement
Mid October 2021	<ul style="list-style-type: none">▪ Listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities▪ Completion of the Proposed Acquisition

15. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Acquisition, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.

16. EGM

The EGM of Mi Technovation will be held as a fully virtual general meeting at a broadcast venue at the Boardroom of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Tuesday, 2 February 2021, at 10.00 a.m. or any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this Circular which are available for download from the Company's website at <http://www.mi-eq.com>.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete, sign and return the Proxy Form, which may be downloaded from the Company's website at <http://www.mi-eq.com>, in accordance with the instructions therein as soon as possible and in any event, to arrive at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Penang, not later than forty-eight (48) hours before the time stipulated for the EGM.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

17. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
Mi TECHNOVATION BERHAD

OH KUANG ENG
Executive Director/Group Chief Executive Officer

INFORMATION ON THE VENDORS

1. PURCHASE CONSIDERATION AND MODE OF SATISFACTION

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

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

INFORMATION ON THE VENDORS (CONT'D)

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

INFORMATION ON THE VENDORS (CONT'D)

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

INFORMATION ON THE VENDORS (CONT'D)

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

Note:

(i) Computed based on 22,205,625 Accurus Scientific Shares in issue.

(The rest of this page has been intentionally left blank)

INFORMATION ON THE VENDORS (CONT'D)

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

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

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

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

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

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

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

2.2 Background information on Opulus

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

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

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

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

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

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

INFORMATION ON THE VENDORS (CONT'D)

2.3 Background information on other Vendors

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

INFORMATION ON THE VENDORS (CONT'D)

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

INFORMATION ON THE VENDORS (CONT'D)

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

Notes:

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

SALIENT TERMS OF THE AGREEMENT

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

1. Exchange of shares

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

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

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

2. Payment of Purchase Consideration

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

3. Delivery of the Consideration Shares

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

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

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

4. Closing

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

SALIENT TERMS OF THE AGREEMENT (CONT'D)

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

5. Conditions to Closing

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

SALIENT TERMS OF THE AGREEMENT (CONT'D)

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

6. Retention of Key Management

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

7. Exclusivity

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

SALIENT TERMS OF THE AGREEMENT (CONT'D)

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

8. Termination after the Closing

No party may terminate the Agreement after the Closing for any reason whatsoever.

9. Moratorium

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

10. Governing Law

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

(The rest of this page has been intentionally left blank)

BACKGROUND INFORMATION ON ACCURUS SCIENTIFIC AND ITS SUBSIDIARIES

1. HISTORY AND BUSINESS

Accurus Scientific was incorporated on 3 July 1998 as a company limited by shares under the laws of Taiwan. On 6 November 1999, Accurus Scientific commenced its operations to manufacture and sell solder spheres, a semiconductor packaging material for the semiconductor industry.

On 2 February 2016, Sinyang Accurus Pte Ltd was incorporated in Singapore as Accurus Scientific's regional sales office to support the sales and marketing of products in Southeast Asia. The operations of the regional sales office commenced on the same day. At that point in time, Accurus Scientific held 40% equity interest in Sinyang Accurus Pte Ltd.

On 11 July 2016, Xinfeng (Shanghai) Accurus Scientific Material Co Ltd was incorporated in China to serve the demand for solder spheres in the semiconductor industry in China. At that point in time, Xinfeng (Shanghai) Accurus Scientific Material Co Ltd was dormant and Accurus Scientific held 45% equity interest in Xinfeng (Shanghai) Accurus Scientific Material Co Ltd.

On 8 June 2017, Accurus Scientific Ningbo was incorporated in China to replace the investment plan of Xinfeng (Shanghai) Accurus Scientific Material Co Ltd. On 31 December 2017, Accurus Scientific acquired the remaining 55% equity interest in Xinfeng (Shanghai) Accurus Scientific Material Co Ltd. In November 2018, Xinfeng (Shanghai) Accurus Scientific Material Co Ltd merged with Accurus Scientific Ningbo, and thereafter Xinfeng (Shanghai) Accurus Scientific Material Co Ltd was struck off. Accurus Scientific Ningbo is expected to commence operations in the second (2nd) quarter of 2021 upon completion of the construction of its manufacturing facility in Ningbo, China. Further details of the said manufacturing facility are set out in Section 11 of this Appendix.

On 30 December 2019, the name of Sinyang Accurus Pte Ltd was changed to Accurus Scientific Pte Ltd. On 15 July 2020, Accurus Scientific acquired an additional 40% equity interest in Accurus Scientific Singapore, thus increasing its equity interest in Accurus Scientific Singapore to 80%.

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

Accurus Scientific's manufacturing facility is located in Tainan City, Taiwan with a total floor space of 6,615.89 square metre ("m²"). It is currently being used as the headquarters, sales office, manufacturing facility and R&D hub. Further details of the said manufacturing facility are set out in Section 11 of this Appendix.

The products of Accurus Scientific and its subsidiaries are sold to both local Taiwan and overseas IDMs, semiconductor foundries, OSATs, semiconductor material manufacturers (i.e. solder paste manufacturers), electronic manufacturing service providers and fab-less semiconductor companies.

The principal markets of Accurus Scientific and its subsidiaries' products are in Taiwan and China. Based on the latest audited consolidated financial statements of Accurus Scientific for the FYE 31 December 2019, approximately 68.46% and 20.49% of the total revenue of Accurus Scientific and its subsidiaries were generated from Taiwan and China respectively, while the remaining balance of approximately 11.05% was generated from other countries such as Malaysia, France, Malta, Portugal, Germany, Singapore, USA, Japan, South Korea and Philippines. The raw materials used by Accurus Scientific and its subsidiaries are readily available and can be sourced from sourcing agents in Taiwan and manufacturers in the USA.

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

The annual production capacity and actual production output of Accurus Scientific and its subsidiaries for the past three (3) FYEs 31 December 2017 to 2019 are as follows:

	<----- FYE 31 December ----->		
	2017	2018	2019
Annual production capacity (trillion pieces)	⁽ⁱ⁾ 2.42	⁽ⁱ⁾ 2.42	⁽ⁱⁱ⁾ 2.64
Actual annual production output (trillion pieces)	2.04	2.07	2.30

Notes:

- (i) Accurus Scientific and its subsidiaries operated ten (10) production lines.
- (ii) Accurus Scientific and its subsidiaries operated eleven (11) production lines.

Upon commencement of operations of the manufacturing facility in Ningbo, China as set out in Section 11 of this Appendix, the annual production capacity of Accurus Scientific and its subsidiaries is expected to increase from 2.64 trillion pieces to up to 3.64 trillion pieces.

Based on the latest audited consolidated financial statements of Accurus Scientific for the FYE 31 December 2019, Accurus Scientific and its subsidiaries incurred approximately NTD27.54 million (equivalent to approximately RM3.69 million based on the average rate of NTD100:RM13.4090 for the FYE 31 December 2019 as extracted from BNM's website) in R&D expenses. The R&D initiatives of Accurus Scientific and its subsidiaries are led by the R&D Manager, Wang Ching-Jui, with the assistance of 23 R&D engineers.

2. SHARE CAPITAL

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

	No. of Accurus Scientific Shares	Total	
		NTD	RM
Registered capital	50,000,000	500,000,000	71,908,000
Total paid-in capital	22,205,625	222,056,250	31,935,242

3. DIRECTORS

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

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

Note:

- (i) Deemed interest through shares held in Oplus.

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

4. SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

(i) Deemed interest through shares held in Forte.

(ii) Deemed interest through shares held in Opulus.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

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

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

BACKGROUND INFORMATION ON ACCURUS SCIENTIFIC AND ITS SUBSIDIARIES (CONT'D)
6. HISTORICAL FINANCIAL INFORMATION

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

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

Notes:

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

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

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

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

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

There was no accounting policy adopted that is peculiar to Accurus Scientific and its subsidiaries' business or the industry it is involved. There was no audit qualification in the audited consolidated financial statements of Accurus Scientific for the FYEs 31 December 2017, 2018 and 2019.

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

Commentaries on financial performance:**FYE 31 December 2017 vs FYE 31 December 2016**

Accurus Scientific and its subsidiaries' revenue increased by approximately NTD54.01 million or 8.41% from approximately NTD641.94 million in the FYE 31 December 2016 to approximately NTD695.95 million in the FYE 31 December 2017. The increase in revenue was mainly due to higher demand of solder spheres from Accurus Scientific and its subsidiaries' customers in Taiwan.

Despite the increase in the revenue, Accurus Scientific and its subsidiaries' PBT decreased by approximately NTD26.88 million or 30.45% from approximately NTD88.28 million in the FYE 31 December 2016 to approximately NTD61.40 million in the FYE 31 December 2017. This was mainly due to the decrease in gross profits of approximately NTD12.18 million coupled with the increase in foreign exchange losses of approximately NTD4.40 million. Further, in the FYE 31 December 2016, there was a one-off reversal of government tax, in relation to the purchase of materials, of approximately NTD3.62 million.

The gearing ratio increased from 0.39 times in the FYE 31 December 2016 to 0.77 times in the FYE 31 December 2017, mainly due to higher borrowings in the FYE 31 December 2017. The total borrowings of Accurus Scientific and its subsidiaries increased by approximately NTD149.04 million or 87.71% in the FYE 31 December 2017 as compared to FYE 31 December 2016.

FYE 31 December 2018 vs FYE 31 December 2017

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

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

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

FYE 31 December 2019 vs FYE 31 December 2018

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

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

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

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

7. MATERIAL CONTRACTS

As at the LPD, Accurus Scientific and its subsidiaries have not entered into any material contract (not being a contract entered into in the ordinary course of business of Accurus Scientific and its subsidiaries) within two (2) years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION

As at the LPD, Accurus Scientific and its subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of Accurus Scientific ("**Accurus Scientific Board**") is not aware of any proceedings pending or threatened against Accurus Scientific and its subsidiaries or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of the Accurus Scientific and its subsidiaries.

9. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Accurus Scientific Board is not aware of any other material commitments incurred or known to be incurred by against Accurus Scientific and its subsidiaries, which upon becoming enforceable may have a material effect on the business or financial position of Accurus Scientific and its subsidiaries:

	NTD'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
▪ Contracted but not provided for	160,328	23,058

10. CONTINGENT LIABILITIES

As at the LPD, the Accurus Scientific Board is not aware of any contingent liabilities incurred or known to be incurred by Accurus Scientific and its subsidiaries, which upon becoming enforceable may have a material effect on the business or financial position of Accurus Scientific and its subsidiaries.

(The rest of this page has been intentionally left blank)

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

11. INFORMATION ON THE PROPERTIES OWNED BY ACCURUS SCIENTIFIC AND ITS SUBSIDIARIES

The details of the properties owned by Accurus Scientific and its subsidiaries are as follows:

Country	Description/ Existing use of facility	Size of facility	Location of facility
Tainan City, Taiwan	Headquarters, sales office, manufacturing facility and R&D hub	Land area: 7,562.11 m ² ; Floor area: 6,638.26 m ²	508-51, Section 1, Wen-Sien Road, Rende District Tainan City 717, Taiwan
Ningbo, China	⁽ⁱ⁾ Manufacturing facility and sales office	Land area: 12,275.38 m ² ; Expected floor area: 17,447.81 m ²	Block at East of Miaofeng Mountain Road and north of planned Road, Xiapu Subdistrict, Beilun District, Ningbo City, Zhejiang province, China

Note:

- (i) *The manufacturing facility is in the final stage of construction and is targeted to be completed in end January of 2021. The manufacturing facility is expected to commence operations in the second (2nd) quarter of 2021 upon obtaining the relevant regulatory approvals and licences.*

(The rest of this page has been intentionally left blank)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES
31 DECEMBER 2017, 2018 AND 2019**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017
WITH
REPORT OF INDEPENDENT AUDITORS

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

**安永聯合會計師事務所**70051 台南市永福路一段189號11樓
11F, No.189, Sec. 1, Yongfu Road
Tainan City, Taiwan, R.O.CTel: 886 6 292 5888
Fax: 886 6 200 6888
www.ey.com/taiwan**Independent Auditors' Report**

TO ACCURUS SCIENTIFIC CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of ACCURUS SCIENTIFIC CO., LTD. (the "Company") and its subsidiaries as of 31 December 2019, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2019, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2019, 2018 and 2017, and its consolidated financial performance and cash flows for the years ended 31 December 2019, 2018 and 2017, in conformity with the requirements related to the preparation of financial statements within Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling and the Enterprise Accounting Standards and related interpretations issued by the Accounting Research and Development Foundation.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which reflected total assets of NT\$ 219,753,853, NT\$ 155,633,865 and NT\$117,413,204, constituting 24%, 20% and 14% of consolidated total assets as of 31 December 2019, 2018 and 2017, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**



accounted for under the equity method, which are based solely on the reports of other auditors. The assets of those associates and joint ventures under equity method amounted to NT\$415,608, NT\$479,784 and NT\$1,145,778, representing 0.05%, 0.06% and 0.14% of consolidated total assets as of 31 December 2019, 2018 and 2017, respectively. The related shares of (losses) from the associates and joint ventures under the equity method amounted to NT\$(54,315), NT\$(680,562) and NT\$(3,030,251), representing (0.04)%, (1.07)% and (4.93)% of the consolidated net income before tax for the years ended 31 December 2019, 2018 and 2017, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(7,889), NT\$11,654 and NT\$(553,190) thousand, representing 0.1%, 0.8% and 12.1% of the consolidated other comprehensive income for the years ended 31 December 2019, 2018 and 2017, respectively.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements related to the preparation of financial statements within Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling and the Enterprise Accounting Standards and related interpretations issued by the Accounting Research and Development Foundation and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**



1. Identify and assess the risks of material misstatement of the consolidated financial statements, 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.
2. 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

This report is intended solely for the information and use of the Company and Mi Technovation Berhad regarding the proposed acquisition, and should not be used by anyone for any other purposes.

/s/ Hu, Tzu-Ren
Ernst & Young, Taiwan
18 November 2020

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of 31 December 2019, 2018 and 2017
(Expressed in New Taiwan Dollars)

ASSETS	Notes	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
		Amount	Amount	Amount
Current assets				
Cash and cash equivalents	4/6.(1)	\$127,689,195	\$168,233,417	\$215,873,889
Notes receivable-net	4/6.(2)	-	492,448	463,199
Accounts receivable-net	4/6.(3)	202,267,262	179,042,380	207,249,222
Accounts receivable-related parties-net	4/6.(3)/7	5,260,172	3,616,032	2,783,445
Inventories-net	4/6.(4)	158,305,222	121,204,409	110,076,567
Other current assets		33,320,355	14,321,735	12,180,420
Total current assets		526,842,206	486,910,421	548,626,742
Non-current assets				
Investments accounted for using the equity method	4/6.(5)	415,608	479,784	1,145,778
Property, plant and equipment	4/6.(6)/8	288,841,041	196,037,501	192,045,654
Intangible assets	4/6.(7)	1,205,713	1,362,829	959,520
Deferred tax assets	4/6.(17)	14,772,307	12,056,225	6,896,340
Net defined benefit assets	4/6.(8)	9,012,175	7,138,777	4,909,876
Prepayment for equipments		48,140,632	44,054,703	47,812,636
Other non-current assets		15,914,648	16,988,994	17,240,075
Total non-current assets		378,302,124	278,118,813	271,009,879
Total assets		\$905,144,330	\$765,029,234	\$819,636,621

(The accompanying notes are an integral part of the consolidated financial statements.)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of 31 December 2019, 2018 and 2017
(Expressed in New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
		Amount	Amount	Amount
Current liabilities				
Short-term borrowings	4/6.(9)	\$130,000,000	\$50,000,000	\$170,000,000
Accounts payable		14,985,777	21,020,195	21,044,456
Other payables		71,225,227	57,694,051	56,901,056
Current tax liabilities	4/6.(17)	24,199,529	6,179,120	4,550,766
Current portion of long-term debts	4/6.(11)	72,760,000	74,310,000	39,810,000
Other current liabilities		499,941	674,901	868,763
Total current liabilities		313,670,474	209,878,267	293,175,041
Non-current liabilities				
Long-term deferred income	4/6.(10)	8,346,000	-	-
Long-term borrowings	4/6.(11)	69,230,000	141,990,000	109,150,000
Deferred tax liabilities	4/6.(17)	1,802,435	1,940,400	834,679
Total non-current liabilities		79,378,435	143,930,400	109,984,679
Total liabilities		393,048,909	353,808,667	403,159,720
Equity				
Capital	4/6.(12)			
Common stock		222,056,250	222,056,250	222,056,250
Capital surplus		34,633,973	34,633,973	34,628,113
Retained earnings	4/6.(12)			
Legal reserve		78,877,205	75,586,152	68,761,164
Unappropriated Earnings		189,009,504	82,964,112	96,410,896
Other equity	4/6.(12)			
Exchange differences resulting from translating the financial statements of foreign operations		(12,079,131)	(4,019,920)	(5,350,374)
Treasury stock	4/6.(12)	(402,380)	-	(29,148)
Total equity		512,095,421	411,220,567	416,476,901
Total liabilities and equity		\$905,144,330	\$765,029,234	\$819,636,621

(The accompanying notes are an integral part of the consolidated financial statements.)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2019, 2018 and 2017
(Expressed in New Taiwan Dollars)

ITEMS	NOTE	2019.1.1~	2018.1.1~	2017.1.1~
		2019.12.31 Amount	2018.12.31 Amount	2017.12.31 Amount
Sales revenues		\$733,928,555	\$658,059,441	\$695,949,653
Cost of goods sold	4/6.(13)/7 4/6.(14)	(487,318,633)	(498,910,516)	(512,688,923)
Gross profit		246,609,922	159,148,925	183,260,730
(Unrealized) gain from inter-affiliate accounts		-	-	(21,180,017)
Net gross profit		246,609,922	159,148,925	162,080,713
Operating expenses	4/6.(14)			
Selling expenses		(43,774,647)	(42,800,978)	(38,701,368)
Administrative expenses		(25,473,397)	(29,436,056)	(26,366,322)
Research and development expenses		(27,541,303)	(28,014,220)	(24,433,751)
Total operating expenses		(96,789,347)	(100,251,254)	(89,501,441)
Operating income		149,820,575	58,897,671	72,579,272
Non-operating income and expenses				
Other income	4/6.(15)	2,433,457	1,689,115	1,891,815
Other gains and losses	4/6.(15)	(2,479,963)	7,094,953	(7,326,941)
Finance costs	4/6.(15)	(3,385,708)	(3,662,025)	(2,712,296)
Share of (losses) of investments accounted for using the equity method		(54,315)	(680,562)	(3,030,251)
Total non-operating income and expenses		(3,486,529)	4,441,481	(11,177,673)
Profit before tax		146,334,046	63,339,152	61,401,599
Income tax expense	4/6.(17)	(30,141,203)	(9,248,610)	(14,526,882)
Net profit		116,192,843	54,090,542	46,874,717
Other comprehensive income				
Remeasurements of the defined benefit plan		(243,388)	219,357	(639,720)
Exchange differences resulting from translating the financial statements of foreign operations		(10,074,014)	1,421,334	(4,867,414)
Income tax relating to components of other comprehensive income		2,063,481	(134,751)	936,213
Other comprehensive income, net of tax		(8,253,921)	1,505,940	(4,570,921)
Total comprehensive income		\$107,938,922	\$55,596,482	\$42,303,796
Net income attributable to:				
Stockholders of the parent		\$116,192,843	\$54,090,542	\$47,069,864
Non-controlling interests		\$-	\$-	\$(195,147)
Comprehensive income attributable to:				
Stockholder of the parent		\$107,938,922	\$55,596,482	\$42,498,943
Non-controlling interests		\$-	\$-	\$(195,147)
		\$107,938,922	\$55,596,482	\$42,303,796

(The accompanying notes are an integral part of the consolidated financial statements.)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2019, 2018 and 2017
(Expressed in New Taiwan Dollars)

ITEMS	Equity attributable to the parent company						Non-controlling interests	Total Equity	
	Common Stock	Retained Earnings			Other Equity	Treasury Stock			Total Equity
		Capital Surplus	Legal Reserve	Unappropriated Earnings					
Balance as of January 1, 2017	\$222,056,250	\$34,473,987	\$61,601,867	\$120,095,272	\$(1,310,421)	\$(528,019)	\$436,388,936		
Appropriation and distribution of 2016 retained earnings				(7,159,297)			-		
Legal reserve			7,159,297	(63,063,975)		(419,348)	(63,063,975)		
Cash dividend						918,219	(419,348)		
Purchase of treasury stocks		154,126					1,072,345		
Treasury stocks transferred to employee									
Net income in 2017				47,069,864			46,874,717		
Other comprehensive income, net of tax in 2017				(530,968)	(4,039,953)		(4,570,921)		
Total comprehensive income				46,538,896	(4,039,953)		42,303,796		
Increase in non-controlling interests							(195,147)		
Balance as of December 31, 2017	\$222,056,250	\$34,628,113	\$68,761,164	\$96,410,896	\$(3,350,374)	\$(29,148)	\$416,476,901		
Balance as of January 1, 2018	\$222,056,250	\$34,628,113	\$68,761,164	\$96,410,896	\$(3,350,374)	\$(29,148)	\$416,476,901		
Appropriation and distribution of 2017 retained earnings				(6,824,988)			-		
Legal reserve			6,824,988	(60,887,824)			(60,887,824)		
Special reserve							-		
Cash dividend							-		
Stock dividend							-		
Purchase of treasury stocks		5,860				(982,442)	(982,442)		
Treasury stocks transferred to employee						1,011,590	1,017,450		
Net income in 2018				54,090,542			54,090,542		
Other comprehensive income, net of tax in 2018				175,486	1,330,454		1,505,940		
Total comprehensive income				54,266,028	1,330,454		55,596,482		
Balance as of December 31, 2018	\$222,056,250	\$34,633,973	\$75,586,152	\$82,964,112	\$(4,019,920)	-\$	\$411,220,567		
Balance as of January 1, 2019	\$222,056,250	\$34,633,973	\$75,586,152	\$82,964,112	\$(4,019,920)	-\$	\$411,220,567		
Appropriation and distribution of 2018 retained earnings				(3,291,053)			-		
Legal reserve			3,291,053	(6,661,688)			(6,661,688)		
Cash dividend						(561,590)	(561,590)		
Purchase of treasury stocks						159,210	159,210		
Treasury stocks transferred to employee							-		
Net income in 2019				116,192,843			116,192,843		
Other comprehensive income, net of tax in 2019				(194,710)	(8,059,211)		(8,253,921)		
Total comprehensive income				115,998,133	(8,059,211)		107,938,922		
Balance as of December 31, 2019	\$222,056,250	\$34,633,973	\$78,877,205	\$189,009,504	\$(12,079,131)	\$(402,380)	\$512,095,421		

(The accompanying notes are an integral part of the consolidated financial statements.)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2019, 2018 and 2017
(Expressed in New Taiwan Dollars)

	2019.1.1~ 2019.12.31	2018.1.1~ 2018.12.31	2017.1.1~ 2017.12.31	ITEMS	2019.1.1~ 2019.12.31	2018.1.1~ 2018.12.31	2017.1.1~ 2017.12.31
Cash flows from operating activities:				Cash flows from investing activities:			
Net income before tax	\$146,334,046	\$63,339,152	\$61,401,599	Acquisition of subsidiary	-	-	44,928,016
Adjustments for the profit or loss items which did not affect cash flows:				Acquisition of property, plant and equipment	(107,462,885)	(13,622,043)	(29,864,855)
Interest revenue	(1,563,338)	(1,070,873)	(1,825,024)	Proceeds from sale of property, plant and equipment	-	47,619	-
Interest expense	3,385,708	3,662,025	2,712,296	Acquisition of intangible assets	(312,000)	(1,161,608)	(1,481,791)
Depreciation	16,990,530	15,035,888	12,828,282	Net cash used in investing activities	(107,774,885)	(14,736,032)	13,581,370
Amortization	469,116	758,299	1,568,765				
Loss from long-term equity investments accounted for under the equity method	54,315	680,562	3,030,251	Cash flows from financing activities:			
(Gain) on disposal of property, plant and equipment, net	-	(47,619)	-	Increase (Decrease) in short-term borrowings	80,000,000	(120,000,000)	100,000,000
Unrealized gain from inter-affiliate accounts	-	-	21,180,017	Borrow in long-term borrowings	-	105,500,000	68,250,000
Changes in operating assets and liabilities:				Reimburse long-term borrowings	(74,310,000)	(38,160,000)	(19,210,000)
Notes receivable-net	492,448	(29,249)	725,701	Dividend paid	(6,661,688)	(60,887,824)	(63,063,975)
Accounts receivable-net	(23,224,882)	28,206,842	(35,958,297)	Treasury stock transfer to employees	159,210	1,017,450	1,072,345
Accounts receivable-related parties-net	(1,644,140)	(832,587)	(2,783,445)	Repurchase of treasury stock	(561,590)	(982,442)	(419,348)
Inventories	(37,013,593)	(9,996,280)	2,629,065	Change in non-controlling interest	-	-	195,147
Other current assets	(18,998,620)	(4,241,408)	394,926	Net cash provided by financing activities	(1,374,068)	(113,512,816)	86,824,169
other non-current assets	1,074,346	251,081	468,400				
Net defined benefit assets	(2,116,786)	(2,009,544)	(1,828,020)	Effect of exchange rate changes on cash and cash equivalents	(7,510,869)	1,406,766	(4,200,916)
Accounts payable	(6,034,418)	(24,261)	2,219,049				
Other payables	13,531,176	792,995	(5,005,562)	Net increase (decrease) in cash and cash equivalents	(40,544,222)	(47,640,472)	133,009,397
Other current liabilities	(174,960)	(193,862)	(334,788)	Cash and cash equivalents at beginning of period	168,233,417	215,873,889	82,864,492
Cash generated from operations	91,560,948	94,281,161	61,423,215	Cash and cash equivalents at end of period	\$127,689,195	\$168,233,417	\$215,873,889
Interest received	1,563,338	1,070,873	1,825,024				
Interest paid	(4,097,326)	(4,341,253)	(3,484,428)				
Income tax paid	(12,911,360)	(11,809,171)	(22,959,037)				
Net cash provided by operating activities	76,115,600	79,201,610	36,804,774				

(The accompanying notes are an integral part of the consolidated financial statements.)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

ACCURUS SCIENTIFIC CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2019, 2018 and 2017
(Expressed In New Taiwan Dollars Unless Otherwise Stated)

1. History and organization

Accurus Scientific Co., Ltd. (“the Company”) was incorporated on 3 July 1998, as a company limited by shares under the laws of the Republic of China (ROC).

The Company’s registered and business address are both No. 508-51 Wen-Sien Road, Section 1, Jen-Der, Tainan County 717, Taiwan. The major business activities of the Company are the manufacture and sale of solder balls and related materials and products.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as “the Company”) for the years ended 31 December 2019, 2018 and 2017 were authorized for issue by the board of directors on 18 November 2020.

3. Changes in significant accounting policies

Please refer to Note 12 for the impact of first time adoption of Enterprise Accounting Standards.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Company for the years ended 31 December 2019, 2018 and 2017 have been prepared in accordance with the requirements related to the preparation of consolidated financial statements within Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling (“the Regulations”) and the Enterprise Accounting Standards (“EAS”) and related interpretations issued by the Accounting Research and Development Foundation (“ARDF”).

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The consolidated financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

- (e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
The Company	XINFENG (SHANGHAI)	Manufacture and sale of solder balls	-	- (Note 2)	100% (Note 1)
	ACCURUS SCIENTIFIC MATERIAL CO., LTD				
The Company	ACCURUS (NINGBO) SCIENTIFIC CO., LTD.	Manufacture and sale of materials and equipment for electronics and semiconductor integrated circuits	100% (Note3)	100%	100%

Note 1: The Company obtained the remaining 55% ownership on 2 August 2017, in addition to the previously acquired 45% ownership. As of 31 December 2017, the Company owned 100% of XINFENG (SHANGHAI) ACCURUS SCIENTIFIC MATERIAL CO., LTD.

Note 2: ACCURUS (NINGBO) SCIENTIFIC CO., LTD. was established in 2017. The company merged with XINFENG (SHANGHAI) ACCURUS SCIENTIFIC MATERIAL CO., LTD. later in November 2018 and became the surviving entity. XINFENG was extinguished following the merger.

Note 3: The Company increased investment of NT\$124,139,321(USD3,976,000) in ACCURUS (NINGBO) SCIENTIFIC CO., LTD. in 2019.

The consolidated financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of 31 December 2019, 2018 and 2017, the related assets of the subsidiaries which were unreviewed by auditors amounted to NT\$ 219,753,853, NT\$ 155,633,865 and NT\$117,413,204, respectively,

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(4) Foreign currency transactions

The Company's consolidated financial statements are presented in NT\$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of EAS 15 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of consolidated financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Company holds the asset primarily for the purpose of trading
- (c) The Company expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of EAS 15 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company acquired or incurred principally for the purpose of selling or repurchasing it in the near term (classified as at fair value through profit or loss), upon initial recognition designated as at fair value through profit or loss, designated as available for sale, or those for which the holder may not recover substantially all of its initial investment (classified as available for sale).

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs. The effective interest method amortization is recognized in profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

Loss events include:

- i. significant financial difficulty of the issuer or obligor
- ii. a breach of contract, such as a default or delinquency in interest or principal payments
- iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- iv. the disappearance of an active market for that financial asset because of financial difficulties
- v. a significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost

For loans and receivables, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired
- ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. In other words, the transferee can sell the transferred asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. Under these circumstances, the financial asset is derecognized, any rights or obligations created or retained as a result of the transfer are recognized separately as assets or liabilities.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(b) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and merchandise – Purchase cost on weighted average cost formula

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity on weighted average cost formula

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The consolidated financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When a property, plant and equipment is revalued in accordance with laws and regulations, the unrealized revaluation gains are recognized as other comprehensive income and accumulated in other equity. Starting from the subsequent year of revaluation, such property, plant and equipment is depreciated based on the revalued carrying amount. The cost of property, plant and equipment includes its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress. Subsequent cost of property, plant and equipment comprises additions and replacement of parts of property, plant and equipment. When significant parts

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of EAS 8 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land	10~50 years
Building	10~50 years
Machinery and equipment	2~10 years
Transportation equipment	3~ 5 years
Office equipment	3~10 years
Research and development equipment	3~ 10 years
Other equipment	3~ 8 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately based on its useful life. If there has been a change in the usage of the asset, unexpected physical wear and tear, technological advance or changes in market value, which may result in changes in the asset’s residual value or useful life, then the original estimates may need to be reviewed and residual value, depreciation method or useful life to be changed accordingly. If there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the depreciation method applied to an asset is reviewed and changed to reflect the changed pattern.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Patents and licences

The patents have been granted for a period of 10 years by the relevant government agency with the option of renewal at the end of this period.

Licences for the use of intellectual property are granted for periods ranging between 5 and 10 years depending on the specific licence. The licences provide the option for renewal based on whether the Company meets the conditions of the licence and may be renewed at little or no cost to the Company. As a result, those licences are assessed as having an indefinite useful life.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Patents	Licences	Computer software
Useful lives	Finite	Indefinite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a reasonable systematic basis no longer than 10 years	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of EAS 19 "Impairment of Assets" may be impaired. If any such indication exists, the Company estimates the asset's or its cash-generating unit's ("CGU") recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(15) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- (a) The significant risks and rewards of ownership of the goods have passed to the buyer.
- (b) Neither continuing managerial involvement nor effective control over the goods sold have been retained.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits associated with the transaction will flow to the entity.
- (e) The costs incurred in respect of the transaction can be measured reliably.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(16) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(17) Post-employment benefits

The Company has established a pension fund for its employees. The pension fund is administrated by the Employees Retirement Fund Committee and is deposited with the Bank of Taiwan in the name of the Committee. Payments of retirement benefits are made from the fund directly, so the pension fund is not reflected in the accompanying consolidated financial statements.

The Labor Pension Act of R.O.C. ("the Act"), which adopts a defined contribution scheme, takes effect from 1 July 2005. According to the Act, employees of the Company may elect to be subject to either the Act, and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Act. For employees subject to the Act, the Company shall make monthly contributions to the employees' individual pension accounts on a basis of no less than 6% of the employees' monthly wages.

According to (105) Ji-Mi-Zi Letter No. 304 issued by ARDF in 2016, the Company shall set aside labors' pension with the contribution rate on a basis of no less than 6% monthly. The amounts shall be recognized as expenses in current period.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

- (a) the date of the plan amendment or curtailment
- (b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The Company discloses below the information about the uncertainty of estimates and assumptions concerning the future at the reporting date. These assumptions and estimates represent a significant risk of causing a material adjustment to the carrying amount of assets or liabilities within the next financial year:

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Estimated and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Pension

The cost of post-employment benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the discount rate, future salary increases and decreases. The assumptions used for measuring pension cost and the present value of the pension obligation are disclosed in Note 6.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at		
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Cash on hand	\$118,634	\$118,635	\$153,190
Demand deposits	127,570,561	168,114,782	215,720,699
Total	<u>\$127,689,195</u>	<u>\$168,233,417</u>	<u>\$215,873,889</u>

(2) Notes receivables

	As at		
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Notes receivables	\$-	\$492,448	\$463,199
Less: Allowance for doubtful debts	-	-	-
Total	<u>\$-</u>	<u>\$492,448</u>	<u>\$463,199</u>

Notes receivables were not pledged.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(3) Trade receivables and Trade receivables-related parties

	As at		
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Trade receivables	\$202,286,133	\$179,055,598	\$207,262,440
Less: allowance for doubtful debts	(18,871)	(13,218)	(13,218)
Subtotal	<u>202,267,262</u>	<u>179,042,380</u>	<u>207,249,222</u>
Trade receivables from related parties	5,260,172	3,616,032	2,783,445
Less: allowance for doubtful debts	-	-	-
Subtotal	<u>5,260,172</u>	<u>3,616,032</u>	<u>2,783,445</u>
Total	<u>\$207,527,434</u>	<u>\$182,658,412</u>	<u>\$210,032,667</u>

Trade receivables were not pledged.

Trade receivables are generally on 90-120 day terms. The changes in the provision for impairment of trade receivables and trade receivables-related parties are as follows:

	Individually impaired	Collectively impaired	Total
As at 1 Jan. 2017			
Charge/(reversal) for the current period	\$-	\$13,218	\$13,218
Write off	-	-	-
As at 31 Dec. 2017	<u>\$-</u>	<u>\$13,218</u>	<u>\$13,218</u>
As at 1 Jan. 2018	\$-	\$13,218	\$13,218
Charge/(reversal) for the current period	-	-	-
Write off	-	-	-
As at 31 Dec. 2018	<u>\$-</u>	<u>\$13,218</u>	<u>\$13,218</u>
As at 1 Jan. 2019	\$-	\$13,218	\$13,218
Charge/(reversal) for the current period	-	5,653	5,653
Write off	-	-	-
As at 31 Dec. 2019	<u>\$-</u>	<u>\$18,871</u>	<u>\$18,871</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(4) Inventories

	As at		
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Raw materials	\$90,979,972	\$69,186,101	\$64,077,105
Finished goods	67,325,250	52,018,308	45,999,462
Total	<u>\$ 158,305,222</u>	<u>\$ 121,204,409</u>	<u>\$110,076,567</u>

The cost of inventories recognized in expenses amounted to NT\$487,318,633, NT\$498,910,516 and NT\$512,688,923 for the years ended 31 December 2019, 2018 and 2017 respectively.

No inventories were pledged.

(5) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Investees	As at					
	31 Dec. 2019		31 Dec. 2018		31 Dec. 2017	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
ACCURUS SCIENTIFIC PTE.LTD.(NOTE.A)	415,608	40.00%	479,784	40.00%	1,145,778	40.00%
Total	<u>\$415,608</u>		<u>\$479,784</u>		<u>\$1,145,778</u>	

(A) The associate's company name was previously SINYANG ACCURUS PTE.LTD. and was changed to ACCURUS SCIENTIFIC PTE.LTD. in 2019.

(B) The above investments accounted for under the equity method in investees whose consolidated financial statements were based on other auditor's audited consolidated financial statements as at 31 December 2019, 2018 and 2017.

(C) The above investments were not pledged.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(6) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Research and development equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
<u>Cost:</u>									
As at 1 Jan. 2017	\$56,660,055	\$129,585,907	\$151,429,252	\$683,000	\$9,114,839	\$21,812,814	\$1,982,500	\$-	\$371,268,367
Acquisitions through business combinations	-	-	-	-	-	-	-	28,086,793	28,086,793
Additions	-	15,206,901	11,970,447	195,000	225,000	1,110,533	470,000	-	29,177,881
As at 31 Dec. 2017	56,660,055	144,792,808	163,399,699	878,000	9,339,839	22,923,347	2,452,500	28,086,793	428,533,041
Additions	-	3,694,685	13,853,275	195,000	-	140,400	267,000	877,375	19,027,735
Disposals	-	-	(2,550,632)	-	-	-	-	-	(2,550,632)
As at 31 Dec. 2018	56,660,055	148,487,493	174,702,342	1,073,000	9,339,839	23,063,747	2,719,500	28,964,168	445,010,144
Additions	-	763,000	5,270,711	-	758,363	78,238	465,000	102,545,978	109,881,290
Other changes	-	-	-	-	-	(165,267)	-	-	(165,267)
As at 31 Dec. 2019	\$56,660,055	\$149,250,493	\$179,973,053	\$1,073,000	\$10,098,202	\$22,976,718	\$3,184,500	\$131,510,146	\$554,726,167
<u>Depreciation and impairment:</u>									
As at 1 Jan. 2017	\$-	\$52,574,661	\$139,827,953	\$683,000	\$8,369,922	\$21,364,926	\$838,643	\$-	\$223,659,105
Depreciation	-	5,027,953	6,917,213	27,085	311,351	331,764	212,916	-	12,828,282
As at 31 Dec. 2017	-	57,602,614	146,745,166	710,085	8,681,273	21,696,690	1,051,559	-	236,487,387
Depreciation	-	5,585,607	8,020,401	113,757	345,206	566,327	404,590	-	15,035,888
Disposals	-	-	(2,550,632)	-	-	-	-	-	(2,550,632)
As at 31 Dec. 2018	-	63,188,221	152,214,935	823,842	9,026,479	22,263,017	1,456,149	-	248,972,643
Depreciation	-	5,701,980	9,894,882	130,008	341,083	481,347	441,230	-	16,990,530
Other changes	-	-	-	-	-	(78,047)	-	-	(78,047)
As at 31 Dec. 2019	\$-	\$68,890,201	\$162,109,817	\$953,850	\$9,367,562	\$22,666,317	\$1,897,379	\$-	\$265,885,126
<u>Carrying amount as at:</u>									
1 Jan. 2017	\$56,660,055	\$129,585,907	\$151,429,252	\$683,000	\$9,114,839	\$21,812,814	\$1,982,500	\$-	\$371,268,367
Cost	-	-	8,333,065	-	-	-	-	-	8,333,065
Accumulated impairment	-	52,574,661	131,494,888	683,000	8,369,922	21,364,926	838,643	-	215,326,040
Accumulated depreciation	\$56,660,055	\$77,011,246	\$111,601,299	\$-	\$744,917	\$447,888	\$1,143,857	\$-	\$147,609,262

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYES
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Research and development equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
31 Dec. 2017									
Cost	\$56,660,055	\$144,792,808	\$163,399,699	\$878,000	\$9,339,839	\$22,923,347	\$2,452,500	\$28,086,793	\$428,533,041
Accumulated impairment	-	-	8,333,065	-	-	-	-	-	8,333,065
Accumulated depreciation	-	57,602,614	138,412,101	710,085	8,681,273	21,696,690	1,051,559	-	228,154,322
	\$56,660,055	\$87,190,194	\$16,654,533	\$167,915	\$658,566	\$1,226,657	\$1,400,941	\$28,086,793	\$192,045,654
31 Dec. 2018									
Cost	\$56,660,055	\$148,487,493	\$174,702,342	\$1,073,000	\$9,339,839	\$23,063,747	\$2,719,500	\$28,964,168	\$445,010,144
Accumulated impairment	-	-	8,333,065	-	-	-	-	-	8,333,065
Accumulated depreciation	-	63,188,221	143,881,870	823,842	9,026,479	22,263,017	1,456,149	-	240,639,578
	\$56,660,055	\$85,299,272	\$22,487,407	\$249,158	\$313,360	\$800,730	\$1,263,351	\$28,964,168	\$196,037,501
31 Dec. 2019									
Cost	\$56,660,055	\$149,250,493	\$179,973,053	\$1,073,000	\$10,098,202	\$22,976,718	\$3,184,500	\$131,510,146	\$554,726,167
Accumulated impairment	-	-	8,333,065	-	-	-	-	-	8,333,065
Accumulated depreciation	-	68,890,201	153,776,752	953,850	9,367,562	22,666,317	1,897,379	-	257,552,061
	\$56,660,055	\$80,360,292	\$17,863,236	\$119,150	\$730,640	\$310,401	\$1,287,121	\$131,510,146	\$288,841,041

Please refer to Note 8 for more details on property, plant and equipment under pledge.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(7) Intangible assets

	Patents	License	Computer software	Others	Total
Cost:					
As at 1 Jan. 2017	\$1,636,080	\$12,788,804	\$1,107,525	\$320,300	\$15,852,709
Addition	60,500	1,318,491	-	102,800	1,481,791
As at 31 Dec. 2017	1,696,580	14,107,295	1,107,525	423,100	17,334,500
Disposals	-	-	(683,603)	-	(683,603)
Addition	-	444,868	716,740	-	1,161,608
As at 31 Dec. 2018	1,696,580	14,552,163	1,140,662	423,100	17,812,505
Disposals	-	-	-	-	-
Addition	-	-	312,000	-	312,000
As at 31 Dec. 2019	<u>\$1,696,580</u>	<u>\$14,552,163</u>	<u>\$1,452,662</u>	<u>\$423,100</u>	<u>\$18,124,505</u>
<u>Amortization and impairment:</u>					
As at 1 Jan. 2017	\$990,034	\$12,788,804	\$932,800	\$94,577	\$14,806,215
Amortization	97,553	1,318,491	116,702	36,019	1,568,765
As at 31 Dec. 2017	1,087,587	14,107,295	1,049,502	130,596	16,374,980
Disposals	-	-	(683,603)	-	(683,603)
Amortization	101,652	444,868	171,903	39,876	758,299
As at 31 Dec. 2018	1,189,239	14,552,163	537,802	170,472	16,449,676
Disposals	-	-	-	-	-
Amortization	101,652	-	327,588	39,876	469,116
As at 31 Dec. 2019	<u>\$1,290,891</u>	<u>\$14,552,163</u>	<u>\$865,390</u>	<u>\$210,348</u>	<u>\$16,918,792</u>
<u>Carrying amount as at:</u>					
As at 1 Jan. 2017					
Cost	\$1,636,080	\$12,788,804	\$1,107,525	\$320,300	\$15,852,709
Accumulated amortization	990,034	12,788,804	932,800	94,577	14,806,215
	<u>\$646,046</u>	<u>\$-</u>	<u>\$174,725</u>	<u>\$225,723</u>	<u>\$1,046,494</u>
As at 31 Dec. 2017					
Cost	\$1,696,580	\$14,107,295	\$1,107,525	\$423,100	\$17,334,500
Accumulated amortization	1,087,587	14,107,295	1,049,502	130,596	16,374,980
	<u>\$608,993</u>	<u>\$-</u>	<u>\$58,023</u>	<u>\$292,504</u>	<u>\$959,520</u>
As at 31 Dec. 2018					
Cost	\$1,696,580	\$14,552,163	\$1,140,662	\$423,100	\$17,812,505
Accumulated amortization	1,189,239	14,552,163	537,802	170,472	16,449,676
	<u>\$507,341</u>	<u>\$-</u>	<u>\$602,860</u>	<u>\$252,628</u>	<u>\$1,362,829</u>
As at 31 Dec. 2019					
Cost	\$1,696,580	\$14,552,163	\$1,452,662	\$423,100	\$18,124,505
Accumulated amortization	1,290,891	14,552,163	865,390	210,348	16,918,792
	<u>\$405,689</u>	<u>\$-</u>	<u>\$587,272</u>	<u>\$212,752</u>	<u>\$1,205,713</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(8) Post-Employment Benefits

The Company adopted IAS 19 “Employee Benefits” for the year ended 31 December 2019, 2018 and 2017.

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company have made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2019, 2018 and 2017 were NT\$5,503,426, NT\$5,183,365 and NT\$4,689,380.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees’ total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Company makes estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions stated on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits upon obtaining approval from competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value classification of the plan assets could be made in accordance with IAS 19. The Company expects to contribute NT\$2,041,115 to its defined benefit plan during the 12 months following 31 December 2019.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

The defined benefit obligations were expected to mature in 2032 as of 31 December 2019 , 2018 and 2017.

Pension costs recognized in profit or loss are as follows:

	2019	2018	2017
Current service cost	\$-	\$-	\$-
Net interest on the net defined benefit liabilities	(75,671)	(70,211)	(66,989)
Total	<u>\$(75,671)</u>	<u>\$(70,211)</u>	<u>\$(66,989)</u>

	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	1 Jan. 2017
Defined benefit obligation	\$19,828,415	\$19,078,751	\$19,071,302	\$18,276,952
Plan assets at fair value	(28,840,590)	(26,217,528)	(23,981,178)	(21,998,528)
Net defined benefit obligations(Assets)	<u>\$(9,012,175)</u>	<u>\$(7,138,777)</u>	<u>\$(4,909,876)</u>	<u>\$(3,721,576)</u>

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2017	\$18,276,952	\$(21,998,528)	\$(3,721,576)
Current service cost	-	-	-
Interest expense (income)	328,985	(395,974)	(66,989)
Subtotal	<u>18,605,937</u>	<u>(22,394,502)</u>	<u>(3,788,565)</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	256,691	-	256,691
Actuarial gains and losses arising from changes in financial assumptions	902,969	-	902,969
Experience adjustments	(694,295)	174,355	(519,940)
Subtotal	<u>465,365</u>	<u>174,355</u>	<u>639,720</u>
Payment of benefit obligation	-	-	-
Contribution by employer	-	(1,761,031)	(1,761,031)
As of 31 December 2017	<u>\$19,071,302</u>	<u>\$(23,981,178)</u>	<u>\$(4,909,876)</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2018	\$19,071,302	\$(23,981,178)	\$(4,909,876)
Current service cost	-	-	-
Interest expense (income)	272,720	(342,931)	(70,211)
Subtotal	19,344,022	(24,324,109)	(4,980,087)
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(188,015)	-	(188,015)
Actuarial gains and losses arising from changes in financial assumptions	924,297	-	924,297
Experience adjustments	(363,318)	(592,321)	(955,639)
Subtotal	372,964	(592,321)	(219,357)
Payment of benefit obligation	(638,235)	638,235	-
Contribution by employer	-	(1,939,333)	(1,939,333)
As of 31 December 2018	\$19,078,751	\$(26,217,528)	\$(7,138,777)
As of 1 January 2019	\$19,078,751	\$(26,217,528)	\$(7,138,777)
Current service cost	-	-	-
Interest expense (income)	202,235	(277,906)	(75,671)
Subtotal	19,280,986	(26,495,434)	(7,214,448)
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	248,001	-	248,001
Actuarial gains and losses arising from changes in financial assumptions	750,558	-	750,558
Experience adjustments	129,322	(884,493)	(755,171)
Subtotal	1,127,881	(884,493)	243,388
Payment of benefit obligation	(580,452)	580,452	-
Contribution by employer	-	(2,041,115)	(2,041,115)
As of 31 December 2019	\$19,828,415	\$(28,840,590)	\$(9,012,175)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	2019	2018	2017
Discount Rate	0.76%	1.06%	1.43%
Expected rate of salary increase	1.00%	1.00%	1.00%

The sensitivity analysis of every significant assumption is as follows:

(Expressed in Thousands of NT\$)

	2019		2018		2017	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	\$77	\$-	\$68	\$-	\$62	\$-
Discount Rate decrease by 0.5%	-	88	-	78	-	73
Rate of future salary increase by 0.5%	15	-	18	-	26	-
Rate of future salary decrease by 0.5%	-	13	-	16	-	23

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(9) Short-term borrowings

	Interest Rates (%)	As at		
		31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Unsecured bank loans	1.30%~1.31%	\$100,000,000	\$-	\$50,000,000
Secured bank loans	1.30%	30,000,000	50,000,000	120,000,000
Total		<u>\$130,000,000</u>	<u>\$50,000,000</u>	<u>\$170,000,000</u>

Please refer to Note 8 for more details on property, plant and equipment pledged as security for short-term borrowings.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(10) Deferred revenue

Government grants

	2019
	<u> </u>
Beginning balance	\$-
Received during the period	8,346,000
Released to the statement of comprehensive income	<u> </u>
Ending Balance	<u><u>8,346,000</u></u>
	As at
	<u>31 Dec. 2019</u>
Non-current deferred revenue - government grants related to assets	<u><u>8,346,000</u></u>

Government grants have been received for plant construction.

(11) Long-term borrowings

Details of long-term loans are as follows:

Lenders	As at 31 Dec. 2019	Interest Rate (%)	Maturity date and terms of repayment
Mega International commercial Bank unsecured loans	\$32,000,000	1.49%	Effective 2016.12.27 to 2021.12.27. Interest-only payment for the first two year three months. Principal is repaid in 12 quarterly payments with monthly interest payments.
Mega International commercial Bank unsecured loans	30,000,000	1.49%	Effective 2018.03.28 to 2023.03.28. Principal is repaid in 12 quarterly payments with monthly interest payments.
Hua Nan Bank unsecured loans	10,790,000	1.55%	Effective 2016.01.25 to 2021.01.25. Principal is repaid in 60 monthly payments with monthly interest payments.
Hua Nan Bank unsecured loans	16,500,000	1.50%	Effective 2017.10.03 to 2020.10.03. Interest-only payment for the first six months. Principal is repaid in 30 monthly payments with monthly interest payments.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Lenders	As at 31	Interest	Maturity date and terms of repayment
	Dec. 2019	Rate (%)	
First Commercial Bank unsecured loans	19,500,000	1.50%	Effective 2018.03.28 to 2023. 03.28 Principal is repaid in 8 quarterly payments with monthly interest payments.
JihSun Bank unsecured loans	33,200,000	1.50%	Effective 2018.10.05 to 2021.10.05 Principal is repaid in 12 quarterly payments with monthly interest payments.
Subtotal	141,990,000		
Less: current portion	(72,760,000)		
Total	<u>\$ 69,230,000</u>		

Lenders	As at 31	Interest	Maturity date and terms of repayment
	Dec. 2018	Rate (%)	
Mega International commercial Bank unsecured loans	\$50,000,000	1.49%	Effective 2016.12.27 to 2021.12.27. Interest-only payment for the first two year three months. Principal is repaid in 12 quarterly payments with monthly interest payments.
Mega International commercial Bank unsecured loans	30,000,000	1.49%	Effective 2018.03.28 to 2023.01.20. Principal is repaid in 12 quarterly payments with monthly interest payments.
Hua Nan Bank unsecured loans	20,750,000	1.55%	Effective 2016.01.25 to 2021.01.25. Principal is repaid in 60 monthly payments with monthly interest payments.
Hua Nan Bank unsecured loans	36,300,000	1.50%	Effective 2017.10.03 to 2020.10.03. Interest-only payment for the first six months. Principal is repaid in 30 monthly payments with monthly interest payments.
First Commercial Bank unsecured loans	25,500,000	1.50%	Effective 2018.03.28 to 2023. 03.28 Principal is repaid in 8 quarterly payments with monthly interest payments.
JihSun Bank unsecured loans	50,000,000	1.50%	Effective 2018.10.05 to 2021.10.05 Principal is repaid in 12 quarterly payments with monthly interest payments.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Lenders	As at 31 Dec. 2018	Interest Rate (%)	Maturity date and terms of repayment
JihSun Bank unsecured loans	3,750,000	1.50%	Effective 2017.01.20 to 2019.01.20. Principal is repaid in 8 quarterly payments with monthly interest payments.
Subtotal	<u>216,300,000</u>		
Less: current portion	<u>(74,310,000)</u>		
Total	<u><u>\$141,990,000</u></u>		

Lenders	As at 31 Dec. 2017	Interest Rate (%)	Maturity date and terms of repayment
Mega International commercial Bank unsecured loans	\$50,000,000	1.50%	Effective 2016.12.27 to 2021.12.27. Interest-only payment for the first two year three months. Principal is repaid in 12 quarterly payments with monthly interest payments.
Hua Nan Bank unsecured loans	49,500,000	1.50%	Effective 2017.10.03 to 2020.10.03. Interest-only payment for the first six months. Principal is repaid in 30 monthly payments with monthly interest payments.
Hua Nan Bank unsecured loans	30,710,000	1.55%	Effective 2016.01.25 to 2021.01.25. Principal is repaid in 60 monthly payments with monthly interest payments.
JihSun Bank unsecured loans	18,750,000	1.50%	Effective 2017.01.20 to 2019.01.20. Principal is repaid in 8 quarterly payments with monthly interest payments.
Subtotal	<u>148,960,000</u>		
Less: current portion	<u>(39,810,000)</u>		
Total	<u><u>\$ 109,150,000</u></u>		

(12) Equities**(a) Common stock**

As of 31 December 2019, 2018 and 2017, the Company's authorized and issued common stocks were 22,205,625 shares with par value of NT\$10 per share.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(b) Capital surplus

	As at		
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Additional paid-in capital	\$32,479,688	\$32,479,688	\$32,479,688
Treasury share transactions	1,082,285	1,082,285	1,076,425
Donated assets received	1,072,000	1,072,000	1,072,000
Total	<u>\$34,633,973</u>	<u>\$34,633,973</u>	<u>\$34,628,113</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

As of 31 December 2019, 2018 and 2017, the treasury stock held by the Company was NT\$402,380, NT\$0 and NT\$29,184, respectively.

(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues
- b. Offset prior years' operation losses
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
- d. Set aside or reverse special reserve in accordance with law and regulations
- e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Details of the 2018, 2017 and 2016 earnings distribution as approved and resolved by the board of directors and shareholders on 28 June 2019, 3 December 2018 and 26 June 2017, respectively, are as follows:

	Appropriation of earnings		
	2018	2017	2016
Legal reserve	\$3,291,053	\$6,824,988	\$7,159,297
Common stock -cash dividend	6,661,688	60,887,824	63,063,975

Details of the 2019 earnings distribution as resolved by the board of directors on 15 June 2020 are as follows:

	Appropriation of earnings
	2019
Legal reserve	\$11,599,813
Common stock -cash dividend	22,205,625
Total	<u>\$33,805,438</u>

(e) Other Equity

	For the years ended 31 Dec.		
	2019	2018	2017
Beginning balance	\$(4,019,920)	\$(5,350,374)	\$(1,310,421)
Exchange differences resulting from translating the consolidated financial statements of a foreign operation	(8,059,211)	1,330,454	(4,039,953)
Ending balance	<u>\$(12,079,131)</u>	<u>\$(4,019,920)</u>	<u>\$(5,350,374)</u>

(13) Operating revenue

	For the years ended 31 Dec.		
	2019	2018	2017
Sale of goods	\$739,873,218	\$668,151,503	\$714,021,788
Less: Sales returns, discounts and allowances	(5,944,663)	(10,092,062)	(18,072,135)
Total	<u>\$733,928,555</u>	<u>\$658,059,441</u>	<u>\$695,949,653</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(14) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2019, 2018 and 2017:

	For the years ended 31 Dec.									
	2019			2018			2017			Total amount
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount	
Employee benefits expense	\$78,563,761	\$46,751,060	\$125,314,821	\$86,876,505	\$44,682,669	\$131,559,174	\$82,206,214	\$44,565,278	\$126,771,492	
Insurances	8,021,606	3,002,640	11,024,246	7,346,118	2,847,399	10,193,517	6,444,757	2,784,955	9,229,712	
Pensions	3,612,906	1,890,520	5,503,426	3,320,593	1,862,772	5,183,365	2,907,469	1,781,911	4,689,380	
Other personnel expenses	4,068,160	1,274,400	5,342,560	3,883,040	1,232,080	5,115,120	3,385,820	1,247,200	4,633,020	
Depreciation	15,185,531	1,804,999	16,990,530	13,202,450	1,833,438	15,035,888	11,455,889	1,372,393	12,828,282	
Amortization	262,308	206,808	469,116	656,851	101,448	758,299	1,452,063	116,702	1,568,765	

According to the Company's Articles of Incorporation, no less than 0.1% of profit of the current year is to be distributed as employees' compensation. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

Based on profit of 2019, 2018 and 2017, the Company estimated the amounts of the employees' compensation for the years ended 31 December 2019, 2018 and 2017 to be NT\$146,481, NT\$42,202 and NT\$82,860, respectively. The aforementioned employees' compensation was recognized as salaries expense. A resolution was passed at a board of directors meeting held on 15 June 2020 to distribute NT\$146,481 in cash as employees' compensation. No material differences existed between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors and supervisors for the year ended 31 December 2018 and 2017.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

(15) Non-operating income and expenses

(a) Other income

	For the years ended 31 Dec.		
	2019	2018	2017
Interest income	\$1,563,338	\$1,070,873	\$1,825,024
Others	870,119	618,242	66,791
Total	<u>\$ 2,433,457</u>	<u>\$1,689,115</u>	<u>\$1,891,815</u>

(b) Other gains and losses

	For the years ended 31 Dec.		
	2019	2018	2017
Foreign exchange gains (losses), net	\$(1,813,659)	\$7,047,334	\$(7,323,302)
Gains on disposal of property, plant and equipment	-	47,619	-
Others	(666,304)	-	(3,639)
Total	<u>\$(2,479,963)</u>	<u>\$7,094,953</u>	<u>\$(7,326,941)</u>

(c) Finance costs

	For the years ended 31 Dec.		
	2019	2018	2017
Interest expense	<u>\$3,385,708</u>	<u>\$3,662,025</u>	<u>\$2,712,296</u>

(16) Components of other comprehensive income

2019:

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Remeasurements of the defined benefit plan	\$(243,388)	\$48,678	\$(194,710)
Exchange differences resulting from translating the consolidated financial statements of a foreign operation	(10,074,014)	2,014,803	(8,059,211)
Total of other comprehensive income	<u>\$(10,317,402)</u>	<u>\$2,063,481</u>	<u>\$(8,253,921)</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

2018:

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Remeasurements of the defined benefit plan	\$219,357	\$(43,871)	\$175,486
Exchange differences resulting from translating the consolidated financial statements of a foreign operation	1,421,334	(90,880)	1,330,454
Total of other comprehensive income	<u>\$1,640,691</u>	<u>\$(134,751)</u>	<u>\$1,505,940</u>

2017:

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Remeasurements of the defined benefit plan	\$(639,720)	\$108,752	\$(530,968)
Exchange differences resulting from translating the consolidated financial statements of a foreign operation	(4,867,414)	827,461	(4,039,953)
Total of other comprehensive income	<u>\$(5,507,134)</u>	<u>\$936,213</u>	<u>\$(4,570,921)</u>

(17) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended 31 Dec.		
	2019	2018	2017
Current income tax expense:			
Current income tax charge	\$30,931,769	\$13,437,526	\$14,488,614
Adjustments in respect of current income tax of prior periods	-	(1)	(1)
Deferred tax expense:			
Deferred tax expense relating to origination and reversal of temporary differences	(790,566)	(3,312,596)	38,269
Deferred tax expense (income) relating to changes in tax rate	-	(876,319)	-
Total income tax expense	<u>\$30,141,203</u>	<u>\$9,248,610</u>	<u>\$14,526,882</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Income tax relating to components of other comprehensive income

	For the years ended 31 Dec.		
	2019	2018	2017
Deferred tax expense (income):			
Exchange differences resulting from translating the consolidated financial statements of a foreign operation	\$(2,014,803)	\$90,880	\$(827,461)
(Loss) from net defined benefit plans	(48,678)	43,871	(108,752)
Income tax relating to components of other comprehensive income	<u>\$(2,063,481)</u>	<u>\$134,751</u>	<u>\$(936,213)</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates are as follows:

	For the years ended 31 December		
	2019	2018	2017
Accounting profit before tax from continuing operations	<u>\$146,334,046</u>	<u>\$63,339,152</u>	<u>\$61,401,599</u>
Tax at the domestic rates applicable to profits in the country concerned (2019: 20%; 2018: 20%; 2017: 17%)	\$29,266,809	\$8,431,827	\$14,072,049
Tax effect of deferred tax assets/liabilities	820,152	1,562,716	588,507
10% surtax on undistributed retained earnings	-	610	-
5% surtax on undistributed retained earnings	349,489	-	-
Adjustments in respect of current income tax of prior periods	(138,122)	129,777	(133,673)
Deferred tax expense (income) relating to changes in tax rate	-	(876,319)	-
Others	<u>(157,125)</u>	<u>(1)</u>	<u>(1)</u>
Total income tax expense (income) recognized in profit or loss	<u>\$30,141,203</u>	<u>\$9,248,610</u>	<u>\$14,526,882</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

Deferred tax assets (liabilities) relate to the following:

	As at 31 Dec.		
	2019	2018	2017
Temporary differences:			
Depreciation difference for tax purpose	\$880,204	\$819,067	\$678,089
Allowance for losses in inventory valuation and obsolescence	1,843,684	1,903,096	1,393,454
Unrealized foreign exchange (loss) gain	544,589	(512,645)	249,820
Compensated absences provisions	782,223	627,258	533,169
(Loss) from net defined benefit liability	(1,802,435)	(1,427,755)	(834,679)
Unrealized sales profit	7,701,824	7,701,824	2,945,948
Exchange differences resulting from translating the consolidated financial statements of a foreign operation	3,019,783	1,004,980	1,095,860
Net deferred tax assets/(liabilities)	<u>\$12,969,872</u>	<u>\$10,115,825</u>	<u>\$6,061,661</u>
Reflected in balance sheet as follows:			
Deferred tax assets	<u>\$14,772,307</u>	<u>\$12,056,225</u>	<u>\$6,896,340</u>
Deferred tax liabilities	<u>\$(1,802,435)</u>	<u>\$(1,940,400)</u>	<u>\$(834,679)</u>

Unrecognized deferred tax assets

As of 31 December 2019, deferred tax assets that have not been recognized amount to NT\$2,203,695.

The assessment of income tax returns

As of 31 December 2019, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2018

7. Related party transactions

(1) Significant transactions with related parties

(a) Sales

	For the years ended 31 Dec.		
	2019	2018	2017
Entity in which the Company has significant influence	\$9,354,862	\$5,853,080	\$2,783,445
Total	<u>\$9,354,862</u>	<u>\$5,853,080</u>	<u>\$2,783,445</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period to related parties was month-end 150 -180 days.

(b) Account receivable

	For the years ended 31 Dec.		
	2019	2018	2017
Entity in which the Company has significant influence	\$5,260,172	\$3,616,032	\$2,783,445
Total	-	-	-
Less: allowance for doubtful debts	-	-	-
Net	<u>\$5,260,172</u>	<u>\$3,616,032</u>	<u>\$2,783,445</u>

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	Carrying amount			Secured liabilities
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	
Property, plant and equipment - land and buildings	<u>\$128,094,444</u>	<u>\$132,894,860</u>	<u>\$137,499,332</u>	Short-term borrowings

9. Commitments and contingencies

(1) As of 31 December 2019, the Company entered into a construction contract below:

	Contract amount	paid	unpaid
Plant construction	\$265,045,872	\$92,766,055	\$172,279,817

(2) On August 8, 2017, ACCURUS SCIENTIFIC CO., LTD., entered into an undertaking with the Management Committee of Ningbo Economic & Technical Development Zone regarding the following:

1. The investment in property, plant and equipment in Ningbo shall exceed CNY 140 million.
2. The company shall begin the construction work within 6 months following the day the land is delivered and the development and construction of the project shall be completed within 24 months.
3. In any given year within the first three years of the project production, the tax contribution per acre shall reach CNY 200,000.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ACCURUS SCIENTIFIC FOR THE FYEs
31 DECEMBER 2017, 2018 AND 2019 (CONT'D)**

10. Significant subsequent events

ACCURUS (NINGBO) SCIENTIFIC CO., LTD. entered into a loan in the amount of CNY25,976,912 with a financial institution. The loan period was from January 2020 to January 2025, which was guaranteed by its parent company, ACCURUS SCIENTIFIC CO., LTD., with a Standby LC in the amount of CNY14,298,202.

11. Other disclosures

(1) Categories of financial instruments

Financial assets

	As at		
	31 December 2019	31 December 2018	31 December 2017
Loans and receivables:			
Cash and cash equivalents (exclude cash on hand)	\$127,570,561	\$168,114,782	\$215,720,699
Notes receivable	-	492,448	463,199
Trade receivables	202,267,262	179,042,380	207,249,222
Trade receivables from related parties	5,260,172	3,616,032	2,783,445
Refundable deposits	111,000	111,000	111,000
Total	<u>\$335,208,995</u>	<u>\$351,376,642</u>	<u>\$426,327,565</u>

Financial liabilities

	As at		
	31 December 2019	31 December 2018	31 December 2017
Financial liabilities at amortized cost:			
Short-term borrowings	\$130,000,000	\$50,000,000	\$170,000,000
Trade and other payables	86,211,004	78,714,246	77,945,512
Long-term borrowings (including current portion with maturity less than 1 year)	141,990,000	216,300,000	148,960,000
Total	<u>\$358,201,004</u>	<u>\$345,014,246</u>	<u>\$396,905,512</u>

(2) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

 DIRECTORS' REPORT ON ACCURUS SCIENTIFIC


Accurus Scientific Co. Ltd

No.508-51, Section 1, Wen-Sien Road, Rende District, Tainan City 717, Taiwan (R.O.C.)

 Date: **14 JAN 2021**

 The Board of Directors
Mi Technovation Berhad
 Suite 12-A, Level 12, Menara Northam
 No. 55 Jalan Sultan Ahmad Shah
 10050 Georgetown
 Penang

Dear Sir/Madam,

PROPOSED ACQUISITION OF 21,983,000 COMMON SHARES IN ACCURUS SCIENTIFIC CO LTD ("ACCURUS SCIENTIFIC"), REPRESENTING APPROXIMATELY 99% EQUITY INTEREST IN ACCURUS SCIENTIFIC FOR A TOTAL PURCHASE CONSIDERATION OF APPROXIMATELY NTD1,878,157,550 (EQUIVALENT TO RM271,012,500) TO BE SATISFIED VIA THE ALLOTMENT AND ISSUANCE OF 74,250,000 NEW ORDINARY SHARES IN MI TECHNOVATION BERHAD ("CONSIDERATION SHARE(S)") AT AN ISSUE PRICE OF RM3.65 PER CONSIDERATION SHARE ("PROPOSED ACQUISITION")

On behalf of the board of directors of Accurus Scientific ("**Accurus Scientific Board**"), I wish to report that after making due enquiries during the period from 31 December 2019, being the date on which the last audited consolidated financial statements of Accurus Scientific have been made up, to this date, being a date not earlier than 14 days prior to the date of the circular to the shareholders of Mi Technovation Berhad in relation to the Proposed Acquisition ("**Circular**"), that:

- (i) the business of Accurus Scientific and its subsidiaries, in the opinion of the Accurus Scientific Board, has been satisfactorily maintained;
- (ii) in the opinion of the Accurus Scientific Board, no circumstances have arisen since the date of the last audited consolidated financial statements of Accurus Scientific that have adversely affected the trading or the value of the assets of Accurus Scientific and its subsidiaries;
- (iii) the current assets of Accurus Scientific and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by Accurus Scientific and its subsidiaries;
- (v) the Accurus Scientific Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by Accurus Scientific and its subsidiaries since the date of the last audited consolidated financial statements of Accurus Scientific and its subsidiaries; and
- (vi) there has been no material change in the published reserves or any unusual factors affecting the financial performance of Accurus Scientific and its subsidiaries since the date of the last audited consolidated financial statements of the Accurus Scientific and its subsidiaries.

 Yours faithfully,
 For and on behalf of
 Accurus Scientific Co Ltd

Chung-Chen Wang
 Wang, Chung-Chen
 Chairman

LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN TAIWAN,
ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY
FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF TAIWAN

LCS

LCS

協合國際法律事務所

LCS & PARTNERS

台北市信義路五段8號5樓(新先曼哈頓大樓)

5F., No. 8, Sec. 5, Sinyi Rd.

110 Taipei, Taiwan (R.O.C.)

Tel: 886-2-2729-8000 Fax: 886-2-2722-6677

January 14, 2021

The Board of Directors

Mi Technovation Berhad

No. 20, Medan Bayan Lepas Technoplex

MK 12, Taman Perindustrian Bayan Lepas

11900 Bayan Lepas, Pulau Pinang, Malaysia

Attention: The Board of Directors of Mi Technovation Berhad

Dear Sir/Madam,

**LEGAL OPINION ON THE OWNERSHIP OF TITLE TO THE SECURITIES OR
ASSETS OF THE TARGET UNDER TAIWAN LAWS AND THE VALIDITY AND
ENFORCEABILITY OF POWER OF ATTORNEY ISSUED BY SHAREHOLDERS
AND THE SHARE EXCHANGE AGREEMENT UNDER TAIWAN LAWS**

We, LCS & PARTNERS, have been instructed by Mi Technovation Berhad (the “Company”) to issue a legal opinion on the above subject matter in relation to the proposed acquisition by the Company of 21,983,000 common shares in Accurus Scientific Co Ltd (“Accurus Scientific” or “Target”), representing approximately 99% equity interest in Accurus Scientific for a total purchase consideration of approximately NTD1,878,157,550 (equivalent to RM271,012,500) to be satisfied via the allotment and issuance of the 74,250,000 new ordinary shares in the Company (“Consideration Share(s)”) at an issue price of RM3.65 per Consideration Share (the “Proposed Acquisition”) (“Opinion”). Capitalized terms not otherwise defined herein shall have the same meaning prescribed to them in the SEA (defined below).

We understand that this Opinion will be used for inclusion in the circular to shareholders of the Company to be issued by the Company in connection with the Proposed Acquisition.

LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN TAIWAN,
ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY
FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF TAIWAN (CONT'D)

The logo consists of the letters "LCS" in a bold, sans-serif font, enclosed within a circular border that is partially cut off on the left side.

This Opinion is confined to matters expressly opined on herein and given on the basis of the Taiwan laws and we have made no investigation of, and expresses no opinion on, the law of any other jurisdiction. This Opinion is governed and construed in accordance with the laws and regulations of Taiwan as they are in force and applied by the Taiwan courts at the date of this Opinion.

For the purpose of giving this Opinion, we have examined the following documents provided by the Target or the Company:

1. The Share Exchange Agreement (the “SEA”) entered into between the Company, the Target, and the Shareholders dated December 18, 2020 in relation to the Proposed Acquisition;
2. The corporate registration form of the Target dated October 16, 2020 issued by the Tainan City Government;
3. The Articles of Incorporation of the Target last amended on January 10, 2018;
4. The Target’s shareholder register dated December 14, 2020;
5. The share certificates held by the Shareholders (the “Share Certificates”);
6. The form of a power of attorney to be executed by the Shareholders to Shareholders’ Representative (the “Power of Attorney”); and
7. The copies of the foreign investment approvals held by (a) Forte Investments Corp. (Jing Shen Yi Tz No.10100392780, Jing Shen Yi Tz No.10300193670), (b) Opulus Investments Corp. (Jing Shen Yi Tz No.10100300930, Jing Shen Yi Tz No.10300208610, Jing Shen Yi Tz No.10500340330), and (c) Kok-Lin Heng (Jing Shen Yi Tz No.09900191400, Jing Shen Yi Tz No.10300110720, Jing Shen San Tz No.10500287950) (the “FIA Approvals”).

On examination of such documents, we have assumed the genuineness of all signatures and seals on all the documents submitted to us, the authenticity of all documents submitted to us as originals, the conformity with the originals of all documents submitted to us as copies thereof are legal and valid under the applicable laws.

LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN TAIWAN,
ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY
FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF TAIWAN (CONT'D)

The logo consists of the letters "LCS" in a bold, sans-serif font, enclosed within a circular border that is partially cut off on the left side.

Subject to the foregoing and the matters set out below and to any matters not disclosed to us, we are of the opinion that:

1. **Legality of Shares Owned.** Based on the Share Certificates and Article 6 of the Articles of Incorporation of the Target amended on January 10, 2018, the Target has issued share certificates to its Shareholders, and pursuant to Article 164 of the Company Act 2018 of Taiwan (“**Company Act**”), if a company limited by shares has issued share certificates to its shareholders, to effectuate a share transfer, the transferor should sign on the back of the share certificate and deliver such share certificate to the transferee, and the name of the transferee shall be indicated on the share certificate. In addition, the name and residence or domicile of the transferee shall be recorded in the Target’s shareholder register so that such share transfer can be held against the Target according to Paragraph 1, Article 165 of the Company Act. The Target provided us with copies of the Target’s shareholder register dated December 14, 2020 and the Share Certificates held by the Shareholders. The Shareholders hold the Share Certificates consistent with the records in the Target’s share register and all the Share Certificates held by the Shareholders do not contain any pledge, mortgage, lien or the alike. Therefore, each Shareholder should have the full legal and beneficial title to the respective Shares that such Shareholder holds, and each Shareholder may transfer the ownership of the respective Shares to the Company according to the applicable laws.
2. **Foreign Shareholders.** In addition, according to the copy of the Target’s shareholder register dated December 14, 2020, there are three (3) foreign shareholders of the Target (Opulus Investments Corp., Forte Investments Corp., and Kok-Lin Heng) that should obtain prior approvals from the Investment Commission, Ministry of Economic Affairs (“**IC**”) upon their acquisition of the Target’s shares. After reviewing the FIA approvals, these three (3) foreign shareholders have obtained the required approvals from the IC and they should be able to transfer their shares in the Target according to the applicable laws.
3. **Legal Transfer of Ownership of Shares.** The ownership of the Shares will be transferred to the Company if the following conditions are satisfied:
 - (1) The Company obtains prior approvals from the IC for the acquisition of the Shares;
and

LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES OR ASSETS IN TAIWAN,
ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY
FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF TAIWAN (CONT'D)

The logo for LCS & Partners, consisting of the letters "LCS" in a bold, sans-serif font, enclosed within a circular graphic element that is partially cut off on the left side.

- (2) The transferor signs on the back of the share certificate, deliver such share certificate to the transferee, and the name of the transferee shall be indicated on the share certificate according to Article 164 of the Company Act. In addition, the name and residence or domicile of the transferee shall be recorded in the Target's shareholder register so that such transfer of Shares can be held against the Target according to Paragraph 1, Article 165 of the Company Act.
4. **Validity and Enforceability of Power of Attorney Issued by Shareholders.** Under Taiwan laws, there is no restriction for a company's shareholder to authorise and appoint another shareholder using a Power of Attorney as Shareholders' Representative to sign the SEA, and such Power of Attorney, when duly executed by the respective shareholder, is valid and enforceable under Taiwan laws.
5. **Validity and Enforceability of the SEA.** The execution and delivery of the SEA do not conflict with or result in a breach of any applicable Taiwan laws. The execution, delivery and performance of the SEA, upon execution and unconditional delivery of the SEA, Share Certificates and Power of Attorney, will constitute legal, valid and binding obligations of the Shareholders and the Company enforceable in accordance with their terms.

We are issuing this Opinion to you at the request of the Company in our capacity as the Taiwan counsel to the Company. This Opinion is solely for the benefit of the Company and may not be relied upon by any other person or for any purpose other than in connection with the legality analysis without our prior written consent in each instance.

Sincerely yours,

LCS & PARTNERS

A handwritten signature in black ink, appearing to read "Tom Hsieh", written over a horizontal line.

Tom Hsieh
Attorney at Law (Partner)