



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	RM '000	RM '000	RM '000	RM '000
Revenue	67,569	68,215	229,004	191,135
Cost of sales	<u>(36,960)</u>	<u>(37,113)</u>	<u>(129,293)</u>	<u>(98,210)</u>
Gross profit	30,609	31,102	99,711	92,925
Other operating (expenses)/income	(1,230)	299	4,237	5,309
Sales and marketing expenses	(3,146)	(2,158)	(10,983)	(7,290)
General and administrative expenses	<u>(11,280)</u>	<u>(11,482)</u>	<u>(36,859)</u>	<u>(31,177)</u>
Profit from operations	14,953	17,761	56,106	59,767
Finance costs	(259)	(56)	(381)	(237)
Profit before tax	<u>14,694</u>	<u>17,705</u>	<u>55,725</u>	<u>59,530</u>
Tax expense	<u>(1,475)</u>	<u>(199)</u>	<u>(2,003)</u>	<u>(364)</u>
Profit for the financial period	13,219	17,506	53,722	59,166
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	(865)	(46)	(688)	(21)
Total comprehensive income	<u>12,354</u>	<u>17,460</u>	<u>53,034</u>	<u>59,145</u>
Profit attributable to:				
Owners of the parent	13,214	17,506	54,017	59,166
Non-controlling interests	5	-	(295)	-
	<u>13,219</u>	<u>17,506</u>	<u>53,722</u>	<u>59,166</u>
Total comprehensive income attributable to:				
Owners of the parent	12,348	17,460	53,322	59,145
Non-controlling interests	6	-	(288)	-
	<u>12,354</u>	<u>17,460</u>	<u>53,034</u>	<u>59,145</u>
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	<u>1.77</u>	<u>2.34</u>	<u>7.20</u>	<u>7.91</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the financial year under review after deducting for treasury shares.

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 31-Dec-2020 RM'000	Audited As at 31-Dec-2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	119,081	90,873
Right-of-use assets	27,035	24,070
Intangible assets	8,504	2,885
Other receivable	1,978	-
Deferred tax assets	341	50
Total non-current assets	156,939	117,878
Current assets		
Inventories	70,265	48,661
Trade and other receivables	102,401	100,560
Current tax assets	8	66
Short term funds ⁽²⁾	52,871	92,981
Cash and bank balances	56,026	69,977
Total current assets	281,571	312,245
TOTAL ASSETS	438,510	430,123
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	252,615	252,615
Treasury shares	(5,247)	(5,247)
Reserves	140,968	132,399
	388,336	379,767
Non-controlling interests	(51)	-
TOTAL EQUITY	388,285	379,767

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾ (Cont'd)

	Unaudited As at 31-Dec-2020 RM'000	Audited As at 31-Dec-2019 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	2,541	1,585
Provisions	626	523
Other payable	-	228
Deferred tax liabilities	1,810	-
Lease Liabilities	1,877	124
Total non-current liabilities	<u>6,854</u>	<u>2,460</u>
Current liabilities		
Trade and other payables	37,509	43,185
Borrowings	2,556	2,493
Provisions	1,553	1,785
Lease Liabilities	1,660	202
Current tax liabilities	93	231
Total current liabilities	<u>43,371</u>	<u>47,896</u>
TOTAL LIABILITIES	<u>50,225</u>	<u>50,356</u>
TOTAL EQUITY AND LIABILITIES	<u>438,510</u>	<u>430,123</u>
Net asset per share (RM)	<u>0.52</u>	<u>0.51</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	31-Dec-2020 RM'000	31-Dec-2019 RM'000
Short term funds		
Money market funds	27,346	81,446
Bond Funds	25,525	11,535
	<u>52,871</u>	<u>92,981</u>

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable →					Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2020	252,615	(5,247)	42	203	(63,558)	195,712	-	379,767
Profit for the financial year	-	-	-	-	-	54,017	(295)	53,722
Other comprehensive income, net of tax	-	-	-	(695)	-	-	7	(688)
Dividends paid	-	-	-	-	-	(44,760)	-	(44,760)
Non-controlling interests arising on the incorporation of subsidiary	-	-	-	7	-	-	237	244
Balance as at 31 December 2020	<u>252,615</u>	<u>(5,247)</u>	<u>42</u>	<u>(485)</u>	<u>(63,558)</u>	<u>204,969</u>	<u>(51)</u>	<u>388,285</u>
Balance as at 1 January 2019	252,615	-	42	224	(63,558)	141,526	-	330,849
Profit for the financial year	-	-	-	-	-	59,166	-	59,166
Other comprehensive loss, net of tax	-	-	-	(21)	-	-	-	(21)
Dividends paid	-	-	-	-	-	(4,980)	-	(4,980)
Own shares acquired	-	(5,247)	-	-	-	-	-	(5,247)
Balance as at 31 December 2019	<u>252,615</u>	<u>(5,247)</u>	<u>42</u>	<u>203</u>	<u>(63,558)</u>	<u>195,712</u>	<u>-</u>	<u>379,767</u>

Note:

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	12 months ended 31-Dec-2020 RM '000	12 months ended 31-Dec-2019 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	55,725	59,530
Adjustments for:		
Amortisation of intangible assets	216	13
Depreciation of property, plant and equipment	6,020	3,571
Depreciation of right-of-use assets	1,267	669
Provision for warranty replacement costs	2,060	2,425
Reversal of provision for warranty replacement costs	(1,025)	(5,359)
Reversal of impairment loss on trade receivables	(142)	(150)
Impairment loss on trade receivables	321	142
Finance costs	376	237
Interest income	(3,553)	(4,258)
Loss/(Gain) on disposal of property, plant and equipment	229	(120)
Property, plant and equipment written off	74	8
Unrealised loss on foreign exchange	567	2,158
Reversal of inventories written down	(668)	-
Inventories written down	359	248
Inventories written off	648	1,034
Operating profit before changes in working capital	<u>62,474</u>	<u>60,148</u>
Increase in inventories	(21,943)	(6,589)
Increase in trade and other receivables	(5,725)	(28,202)
(Decrease)/Increase in trade and other payables	(5,177)	7,307
Warranty paid	(1,164)	(290)
Cash generated from operations	<u>28,465</u>	<u>32,374</u>
Tax paid	<u>(564)</u>	<u>(175)</u>
Net cash from operating activities	<u>27,901</u>	<u>32,199</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,553	4,258
Incorporation of subsidiary for cash, net of cash acquired	244	-
Purchase of intangible asset	(5,835)	(2,436)
Purchase of right-of-use asset	-	(1,105)
Purchase of property, plant and equipment	(34,645)	(60,140)
Proceeds from disposal of property, plant and equipment	165	308
Net cash used in investing activities	<u>(36,518)</u>	<u>(59,115)</u>

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾ (Cont'd)

	12 months ended 31-Dec-2020 RM '000	12 months ended 31-Dec-2019 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(44,760)	(4,980)
Interest paid	(333)	(223)
Repayment of bank loans	(24,047)	(2,662)
Drawdown of bank loans	25,264	-
Placement of deposits pledged to a licensed bank	(6)	(13)
Payment of lease liabilities	(1,084)	(229)
Repurchase of treasury shares	-	(5,247)
Net cash used in financing activities	<u>(44,966)</u>	<u>(13,354)</u>
Net decrease in cash and cash equivalents	(53,583)	(40,270)
Effect on foreign exchange rates changes	(445)	(168)
Cash and cash equivalents at beginning of financial year	160,865	201,303
Cash and cash equivalents at end of financial year	<u><u>106,837</u></u>	<u><u>160,865</u></u>
Cash and cash equivalents at end of financial year comprises:		
Cash and bank balances	53,966	67,884
Short term funds	52,871	92,981
Deposits with a licensed bank	<u>2,060</u>	<u>2,093</u>
	108,897	162,958
<u>Less:</u>		
Deposits with licensed bank	-	-
Deposits pledged to a licensed bank	<u>(2,060)</u>	<u>(2,093)</u>
	<u><u>106,837</u></u>	<u><u>160,865</u></u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

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

A1. Basis of Preparation

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

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New MFRSs adopted during the financial year

On 1 January 2020, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2020.

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

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

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

A2. Significant Accounting Policies (Cont'd)

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

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

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Annual Improvements to MFRS Standards 2018 – 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

A4. Seasonal or Cyclical Factors

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

A5. Material Unusual Items

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

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial year under review.

A8. Dividends Paid

Dividends paid during the financial year ended 31 December 2020 were as follows :

- a) A second single-tier interim dividend of 3.0 sen per ordinary shares amounting to RM22.38 million in respect of the financial year ended 31 December 2019 was paid on 20 March 2020.
- b) A first single-tier interim dividend of 3.0 sen per ordinary shares amounting to RM22.38 million in respect of the financial year ended 31 December 2020 was paid on 23 November 2020.

A9. Segmental Reporting

The Group is principally involved in manufacturing and sales of wafer level chip scale packaging (“WLCSP”) sorting machines with inspection and testing capabilities for the semiconductor industry. The Group is also involved in manufacturing and sales of factory automation systems, robotics systems and related modules in relation to Industry 4.0.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. Currently, the operating segment on automation and robotics systems do not meet any of the quantitative thresholds pursuant to paragraph 13 of MFRS 8 *Operating Segments*, hence, are not considered as reportable segments. As such, segment information is not reported and disclosed separately.

A10. Material Events Subsequent to the end of the Quarter

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

Saved of the above, there were no changes in the composition of the Group during the current quarter and financial year under review that have not been reflected in the interim financial report.

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

A11. Changes in the Composition of the Group

On 20 January 2020, the Company incorporated a new private limited company in the Republic of Korea namely Mi Equipment Korea Co. Ltd. ("Mi Korea") with a capital injection of USD 0.14 million (equivalent to RM 0.59 million) which represents 70% of the equity. The purpose of incorporating Mi Korea is to set-up a new engineering centre carrying out research and development activities, which is in line with the Company's announcement dated 11 September 2019.

A12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

A13. Material Capital Commitment

Save as disclosed below, as at 31 December 2020, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of purchase of property, plant and equipment:	
- Approved but not contracted for	4,202
- Contracted but not provided for	16,318
	20,520

A14. Significant Related Party Transactions

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

A15. Fair Value of Financial Liabilities

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

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

B1. Review of Performance

	INDIVIDUAL QUARTER		Changes		CUMULATIVE QUARTER		Changes	
	3 months ended				12 months ended			
	31-Dec-2020	31-Dec-2019	RM'000	%	31-Dec-2020	31-Dec-2019	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	67,569	68,215	(646)	-1%	229,004	191,135	37,869	20%
Profit before tax	14,694	17,705	(3,011)	-17%	55,725	59,530	(3,805)	-6%

Individual Quarter: Comparison with the corresponding quarter in previous financial year

The Group's revenue for the current quarter was RM67.57 million, representing a marginal decrease of 1% compared to RM68.22 million reported in the fourth quarter of 2019. The demand from our customers, particularly those from North East Asia region, remained robust on the back of a recovery in overall global semiconductor demand amid the COVID-19 pandemic and geopolitical tensions.

The Group has reported profit before tax ("PBT") fell 17% in the current quarter, from RM17.71 million to RM14.69 million. This was mainly due to increase in fixed costs on new factory at Batu Kawan, professional fees in relation to corporate exercise, as well as higher sales and marketing expenses (due to change in geographical sales mix).

Current financial year: Comparison with previous year

The Group recorded a total revenue of RM229.00 million and PBT of RM55.73 million for the current financial year ended 31 December 2020, representing an increase of 20% in revenue and decrease of 6% in PBT. The increase in revenue mainly due to stronger demand from our customers in North East Asia region. The decrease in PBT mainly due to increase in fixed cost on new factories at Bayan Lepas and Batu Kawan, higher R&D spend and sales & marketing expenses as a result of change in geographical sales mix.

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

B2. Comparison with Immediate Preceding Quarter

	INDIVIDUAL QUARTER 3 months ended		Changes RM'000 %	
	31-Dec-2020	30-Sep-2020		
	RM'000	RM'000		
Revenue	67,569	64,276	3,293	5%
Profit before tax	14,694	12,312	2,382	19%
PBT Margin	22%	19%		

The Group posted a revenue of RM67.57 million and PBT of RM14.69 million for the current quarter under review, compared to RM64.28 million and RM12.31 million for the immediate preceding quarter. The current quarter results had seen a 5% and 19% increase in revenue and PBT respectively.

The Group's business traction in the third quarter of 2020 carried over into the fourth quarter. The stable revenue stream was driven by continuous strong demand from customers. The increase in PBT was mainly due to lower sales and marketing expenses as well as impacts from the US Dollar's appreciation resulting in lesser foreign exchange loss compared to preceding quarter.

B3. Prospects for the Financial Year Ending 31 December 2021

The Board is cautiously optimistic on the Group's business prospect for the financial year ending 31 December 2021 amid the COVID-19 pandemic and geopolitical tensions.

Global semiconductor equipment market has seen a continued expansion into 2021 with China, Taiwan and Korea projected to be the leading regions in spending. The Group's investment plans in setting up regional technology centres with manufacturing facilities in Taiwan, Korea and China to tap into the market as well as the venturing into new business segments beyond semiconductors through the expansion of Mi Autobotics will be the catalyst for our future growth.

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

B4. Profit Forecast

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

B5. Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	(81)	236	432	362
Deferred Tax (RM'000)	1,519	(47)	1,519	(47)
Withholding Tax (RM'000)	37	10	52	49
Total (RM'000)	1,475	199	2,003	364
Effective Tax Rate (%)	10.04	1.12	3.59	0.61
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rates of the Group for the current quarter and financial year were higher compared to the corresponding period in the previous year which was mainly due to temporary differences arising from qualifying building expenditures on Bayan Lepas and Batu Kawan factories. However, the rates are still below the 24% statutory tax rate due to tax incentive enjoyed by its subsidiary, Mi Equipment (M) Sdn Bhd ("MI Equipment").

Mi Equipment is entitled to pioneer status incentives under the Promotion of Investments Act, 1986 (Amendment) for the design, development and manufacturing of vision inspection and taping equipment as well as the related components. The profit derived from these products is exempted from tax for a total relief period of 5 years from 18 January 2014 to 17 January 2019 subject to a further renewal of another 5 years. On 31 January 2020, approval has been obtained from Malaysian Investment Development Authority ('MIDA') for next 5-year pioneer period, i.e. from 18 January 2019 to 17 January 2024.

Mi Equipment has also been granted approval-in-principle by MIDA on 21 September 2018 for the design, development and manufacturing of die bonding systems and related modules. The profit derived from these activities is exempted from tax for a total relief period of 10 years from the manufacturing date. Application for pioneer certificate is to be submitted within 24 months of the approval date. On 21 July 2020, an appeal to extend the timeframe for submitting pioneer certification application has been lodged to MIDA. The approval has been granted on 30 November 2020 for extension of time until 20 September 2022. The application has yet to be submitted as at the date of this report.

On 26 August 2020, Mi Autobotics Sdn Bhd has been granted approval-in-principle by MIDA for factory automation systems, robotics systems and related modules. The profit derived from these activities is exempted from tax for a total relief period of 10 years from the manufacturing date. Application for pioneer certificate is to be submitted within 24 months of the approval date. The application has yet to be submitted as at the date of this report.

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

B6. Status of Corporate Proposals

The Company has on 8 October 2020 entered into a Memorandum Of Understanding (“MOU”) with Accurus Scientific Co. Ltd. (“Accurus”), a private limited company incorporated in Taiwan (Republic of China), with the intention to acquire all or part of the equity interests in Accurus.

On 18 December 2020, the Company entered into a share exchange agreement with Accurus for the acquisition of 21,983,000 common shares in Accurus representing approximately 99% equity interest for a total purchase consideration of approximately NTD1,878,157,550 (equivalent to RM271,012,500).

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

On 5 February 2021, application for cross-border share exchange transaction had been filed with Investment Commission, Ministry of Economic Affairs, Taiwan. The approval process is on-going currently.

Saved for the above, there were no other corporate proposals announced and not completed as at the date of this interim financial report.

B7. Utilization of Proceeds from the Public Issue

The gross proceeds from the Public Issue of approximately RM190.89 million was intended to be utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon listing	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Construction of new factory cum office in Bayan Lepas, Penang	Within 12 months	65,000	65,000	100%
2)	Construction of new factory cum office in Batu Kawan, Penang	Within 30 months	30,000	26,615	89%
3)	Set up of new engineering centres in Taiwan, China & Korea	Within 30 months #	45,000	14,306	32%
4)	R&D	Within 24 months	6,000	6,000	100%
5)	Working capital	Within 36 months	36,788	29,036	79%
6)	Listing expenses	Within 1 month	8,100	8,100	100%
	Total		190,888	149,057	78%

Notes:

From 11 September 2019 until 10 March 2022.

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

B7. Utilization of Proceeds from the Public Issue (cont'd)

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

B8. Group Borrowings and Debt Securities

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

	Unaudited	
	As at	
	31-Dec-2020	31-Dec-2019
	RM '000	RM '000
<u>Borrowings (Secured)</u>		
Short term portion	2,556	2,493
Long term portion	2,541	1,585
Total	5,097	4,078

The Group's borrowings comprise Term Loan denominated in US Dollar ("USD"), which was drawn down to partly replenish the Group's internally generated funds used to finance the purchase of the Bayan Lepas factory land (including the building which was subsequently demolished).

B9. Material Litigation

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

B10. Dividend Declared

On 23 October 2020, the Board of Directors declared a first single-tier interim dividend of 3.0 sen per ordinary share, on 746,000,000 ordinary shares, amounting to RM22.38 million in respect of the financial year ended 31 December 2020.

The book closure and payment dates for the aforesaid dividend are 10 November 2020 and 23 November 2020 respectively.

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

B11. Earnings Per Share (“EPS”)

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2020	31-Dec-2019 ⁽³⁾	31-Dec-2020	31-Dec-2019 ⁽³⁾
	RM '000	RM '000	RM '000	RM '000
Profit after tax attributable to the owners of the Company (RM'000)	13,219	17,506	53,722	59,166
Weighted average number of ordinary shares in issue ('000)	746,000	748,068	746,000	748,064
Basic EPS (sen) ⁽¹⁾	1.77	2.34	7.20	7.91
Diluted EPS (sen) ⁽²⁾	1.77	2.34	7.20	7.91

Notes:

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period/year under review.
- (2) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period/year under review.
- (3) 2019 weighted average number of ordinary shares has been restated to reflect the increased number of shares arising from the bonus issue during the year. Hence, the calculation of basic and diluted EPS is adjusted accordingly.

B12. Profit Before Tax

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	RM '000	RM '000	RM '000	RM '000
Interest income	(234)	(950)	(3,553)	(4,258)
Interest expense	254	56	376	237
Amortisation of intangible asset	89	10	216	13
Depreciation of property, plant and equipment	1,748	968	6,020	3,571
Depreciation of right-of-use asset	652	669	1,267	669
Realised loss/(gain) on foreign exchange	1,105	(611)	684	(444)
Unrealised loss on foreign exchange	1,450	3,433	567	2,158

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

BY ORDER OF THE BOARD
19 February 2021