



## **Mi TECHNOVATION BERHAD**

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

INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2023

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	96,615	117,150	355,961	389,477
Operating expenses	(75,139)	(89,614)	(290,427)	(310,728)
Depreciation and amortisation	(6,179)	(5,437)	(25,185)	(25,174)
Non-operating (expenses)/income	(603)	(2,927)	27,055	23,824
Finance costs	(396)	(527)	(1,787)	(1,950)
<b>Profit before tax</b>	<u>14,298</u>	<u>18,645</u>	<u>65,617</u>	<u>75,449</u>
Tax expense	(2,194)	(1,466)	(12,818)	(9,198)
<b>Net Profit for the financial period</b>	<u>12,104</u>	<u>17,179</u>	<u>52,799</u>	<u>66,251</u>
<b>Other comprehensive income/(loss), net of tax:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translations	8,670	(12,701)	12,028	(14,040)
Remeasurements of defined benefit obligations	(445)	329	(445)	329
<b>Total comprehensive income</b>	<u>20,329</u>	<u>4,807</u>	<u>64,382</u>	<u>52,540</u>
<b>Net Profit attributable to:</b>				
Owners of the parent	11,916	17,111	55,204	68,862
Non-controlling interests	188	68	(2,405)	(2,611)
	<u>12,104</u>	<u>17,179</u>	<u>52,799</u>	<u>66,251</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	20,263	5,069	66,995	55,228
Non-controlling interests	66	(262)	(2,613)	(2,688)
	<u>20,329</u>	<u>4,807</u>	<u>64,382</u>	<u>52,540</u>
<b>Earnings per share attributable to owners of the parent:</b>				
Basic (sen) <sup>(2)</sup>	<u>1.33</u>	<u>1.91</u>	<u>6.17</u>	<u>7.69</u>
Diluted (sen) <sup>(2)</sup>	<u>1.33</u>	<u>1.91</u>	<u>6.16</u>	<u>7.67</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 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Calculation of earnings per share are disclosed in explanatory note B11 attached to the interim financial report.

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

	<b>Unaudited As at 31-Dec-2023 RM'000</b>	<b>Audited As at 31-Dec-2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	195,978	224,195
Right-of-use assets	34,044	18,369
Investment properties	34,324	34,967
Intangible assets	78,352	84,444
Investment in associate	40,938	25,476
Goodwill on consolidation	120,635	115,345
Deferred tax assets	10,357	7,466
Lease receivable	3,466	3,729
Defined benefit asset	2,771	2,464
<b>Total non-current assets</b>	520,865	516,455
<b>Current assets</b>		
Inventories	130,626	142,986
Trade and other receivables	144,737	152,493
Lease receivable	1,547	1,413
Current tax assets	1,194	31
Short term funds <sup>(2)</sup>	98,174	241,964
Cash and bank balances	324,554	176,562
<b>Total current assets</b>	700,832	715,449
<b>TOTAL ASSETS</b>	1,221,697	1,231,904
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	855,459	855,459
Treasury shares	(9,561)	(4,700)
Reserves	229,124	202,350
	1,075,022	1,053,109
Non-controlling interests	(325)	(4,434)
<b>TOTAL EQUITY</b>	1,074,697	1,048,675

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

	<b>Unaudited As at 31-Dec-2023 RM'000</b>	<b>Audited As at 31-Dec-2022 RM'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	18,432	35,377
Government grants	3,548	3,660
Provisions	1,796	1,038
Lease liabilities	8,440	1,497
Deferred tax liabilities	16,809	17,157
<b>Total non-current liabilities</b>	<u>49,025</u>	<u>58,729</u>
<b>Current liabilities</b>		
Trade and other payables	49,937	55,488
Contract liabilities	6,846	4,875
Borrowings	17,919	47,141
Government grants	209	203
Provisions	2,718	3,369
Lease liabilities	10,601	2,229
Current tax liabilities	9,745	11,195
<b>Total current liabilities</b>	<u>97,975</u>	<u>124,500</u>
<b>TOTAL LIABILITIES</b>	<u>147,000</u>	<u>183,229</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,221,697</u>	<u>1,231,904</u>
Net asset per share (RM)	<u>1.20</u>	<u>1.17</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	<b>31-Dec-2023 RM'000</b>	<b>31-Dec-2022 RM'000</b>
<b>Short term funds</b>		
Money market funds	98,174	241,964
	<u>98,174</u>	<u>241,964</u>

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

	Non-distributable			Distributable			Non-controlling interests RM'000	Total equity RM'000	
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Share grant reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000			Retained earnings RM'000
Balance as at 1 January 2023	855,459	(4,700)	5,001	3,072	(9,840)	(63,558)	267,675	(4,434)	1,048,675
Profit for the financial period	-	-	-	-	-	-	55,204	(2,405)	52,799
Other comprehensive income, net of tax	-	-	-	-	12,123	-	(418)	(122)	11,583
Share grant scheme ("SGS") expenses	-	-	-	1,946	-	-	-	-	1,946
Share vested under SGS	-	1,466	-	(3,049)	-	-	1,583	-	-
Transfer to legal reserve	-	-	3,157	-	-	-	(3,157)	-	-
Dividends paid	-	-	-	-	-	-	(35,814)	-	(35,814)
Purchase of treasury share	-	(6,327)	-	-	-	-	-	-	(6,327)
Acquisition of equity interest of non-controlling interest	-	-	-	-	(95)	-	-	1,930	1,835
Accretion of equity interest of a subsidiary	-	-	-	-	-	-	(4,706)	4,706	-
Balance as at 31 December 2023	855,459	(9,561)	8,158	1,969	2,188	(63,558)	280,367	(325)	1,074,697
Balance as at 1 January 2022	855,459	(5,247)	2,326	360	4,123	(63,558)	236,642	(1,746)	1,028,359
Profit for the financial period	-	-	-	-	-	-	68,862	(2,611)	66,251
Other comprehensive income, net of tax	-	-	-	-	(13,963)	-	329	(77)	(13,711)
Share vested under SGS	-	547	-	(904)	-	-	357	-	-
Transfer to legal reserve	-	-	2,675	-	-	-	(2,675)	-	-
Share Grant Scheme(SGS) Expense	-	-	-	3,616	-	-	-	-	3,616
Dividends paid	-	-	-	-	-	-	(35,840)	-	(35,840)
Balance as at 31 December 2022	855,459	(4,700)	5,001	3,072	(9,840)	(63,558)	267,675	(4,434)	1,048,675

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 2022 and the accompanying explanatory notes attached to the interim financial report.

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

	12 months ended 31-Dec-2023 RM '000	12 months ended 31-Dec-2022 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	65,617	75,449
Adjustments for:		
Amortisation of intangible assets	6,694	5,994
Depreciation of property, plant and equipment	14,596	16,509
Depreciation of right-of-use assets	3,253	2,029
Depreciation of investment properties	642	642
Interest expense	1,784	1,950
Impairment loss on trade receivables	660	259
Defined benefit expenses	118	279
Interest income	(11,622)	(4,108)
Inventories written down	1,618	2,999
Loss on fair value changes on bond funds	-	268
(Gain)/loss on disposal of property, plant and equipment	(1,363)	1
Property, plant and equipment written off	1,323	1
Provision for warranty replacement costs	2,675	2,646
Reversal of impairment loss on trade receivables	(850)	(94)
Reversal of inventories written down	(2,194)	(458)
Reversal of provision for warranty replacement costs	(2,220)	(1,215)
Share grant expenses	1,946	3,616
Share of result of an associate, net of tax	(312)	2,216
Unrealised gain on foreign exchange	(4,714)	(3,886)
Operating profit before changes in working capital	77,651	105,097
Decrease/(Increase) in inventories	12,937	(35,114)
Decrease in trade and other receivables	10,460	3,282
(Decrease)/Increase in trade and other payables	(6,026)	14,404
Increase in contract liabilities	1,971	4,875
Cash generated from operations	96,993	92,544
Lease payment received	280	476
Defined benefit paid	(327)	(832)
Warranty paid	(349)	(907)
Tax paid	(18,509)	(9,842)
Net cash from operating activities	78,088	81,439

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

	<b>12 months ended 31-Dec-2023 RM '000</b>	<b>12 months ended 31-Dec-2022 RM '000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of interests in associate	(15,149)	-
Net proceeds of shares from non-controlling interest	1,930	-
Interest received	11,469	3,948
Proceeds from disposal of property, plant and equipment	27,117	57
Proceeds from redemption of bond funds	-	15,280
Purchase of intangible asset	(211)	(353)
Purchase of property, plant and equipment	(9,618)	(11,673)
Net cash from investing activities	<u>15,538</u>	<u>7,259</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(35,814)	(35,840)
Interest paid	(1,534)	(1,857)
Drawdown of borrowings	52,615	31,450
Repayment of borrowings	(101,116)	(53,056)
Payment of lease liabilities	(3,850)	(1,735)
Repurchase of treasury shares	(6,327)	-
Withdrawn of deposits pledged to a licensed bank	131	-
Net cash used in financing activities	<u>(95,895)</u>	<u>(61,038)</u>
Net (decrease)/increase in cash and cash equivalents	(2,269)	27,660
Effect on foreign exchange rates changes	6,602	(3,805)
<b>Cash and cash equivalents at beginning of financial period</b>	418,395	394,540
<b>Cash and cash equivalents at end of financial period</b>	<u>422,728</u>	<u>418,395</u>
<b>Cash and cash equivalents at end of financial period comprises:</b>		
Cash and bank balances	269,330	176,431
Money market funds	98,174	241,964
Deposits with a licensed bank	55,224	131
	<u>422,728</u>	<u>418,526</u>
<u>Less:</u>		
Deposits pledged to a licensed bank	-	(131)
	<u>422,728</u>	<u>418,395</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 2022 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 2022 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 2022, except for the adoption of the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRS Standards.

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

The Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2023.

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2024**

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

<b>Title</b>	<b>Effective Date</b>
Amendment to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

**A3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

**A4. Seasonal or Cyclical Factors**

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

**A5. Material Unusual Items**

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

**A6. Material Changes in Estimates**

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

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

**A7. Debt and Equity Securities**

There were no issuance, cancellation, resale and equity securities during the current quarter and financial year under review except for the repurchase and transfer of treasury shares. The details of the shares held as treasury shares for the financial year ended 31 December 2023 were as follows:

	<b>Number of Treasury Shares (‘000)</b>	<b>Total Cost Consideration RM’000</b>
Balance as at 1 January 2023	3,583	4,700
Repurchased during the financial period	3,867	6,327
Transferred during the financial period	(1,036)	(1,466)
Balance as at 31 December 2023	6,414	9,561

**A8. Dividends Paid**

Dividend paid during current quarter and financial year under review are as follows:

- a) A third single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.90 million in respect of the financial year ended 31 December 2022 was paid on 21 March 2023.
- b) A first single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.91 million in respect of the financial year ending 31 December 2023 was paid on 11 September 2023.

**A9. Segment Information**

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

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

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

The major reportable segments of the Group are as follows:

**(a) Semiconductor Equipment Business Unit ("SEBU")**

Involved in the manufacturing and sales of the semiconductor manufacturing equipment, coupled with integrated artificial intelligence ("AI") visual inspection technique and smart factory automation solutions, together with the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

No.	Entity	Product Portfolio
1	Mi Equipment Penang, Malaysia	<b>Mi Series (Assembly and Packaging Equipment) &amp; Vi Series (Vision Inspection Equipment)</b> Advanced Packaging (WLP, WLCSP, FOWLP, Flip chip) die and package sorting machine with vision inspection and other applicable functions. Wafer and package inspection both in 2D and 3D mode.
2	Mi Equipment Gyeonggi, Korea	<b>Ai Series (Laser Assisted Bonding Equipment)</b> High precision bonding machine for extra fine pitch with thin die and substrate thickness.
3	Mi Equipment Suzhou, China	<b>Si Series (Power Test &amp; Final Test Equipment)</b> Final test equipment for Optical Sensors, High Power Devices, Automotive Chips, KGD ("Known Good Dies") and fine pitch devices.

**(b) Semiconductor Material Business Unit ("SMBU")**

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

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

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

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

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

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

No.	Entity	Product Portfolio
1	Mi Semiconductor Hangzhou, China	<b>High power modules and devices</b> for wide bandgap applications in Automotive & Renewable Energy segment

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

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

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

Results for the financial year ended 31 December 2023<sup>(1)</sup>

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	174,188	181,773	-	-	-	355,961
Inter-segment revenue	-	-	-	41,966	(41,966)	-
<b>Total revenue</b>	<b>174,188</b>	<b>181,773</b>	<b>-</b>	<b>41,966</b>	<b>(41,966)</b>	<b>355,961</b>
Interest income	2,789	432	1,820	6,581	-	11,622
Interest expense	(3,880)	(1,228)	(70)	(125)	3,519	(1,784)
Net interest income/(expense)	(1,091)	(796)	1,750	6,456	3,519	9,838
Share of result of an associate						312
<b>Segment profit/(loss) before tax</b>	<b>29,071</b>	<b>30,686</b>	<b>(1,496)</b>	<b>10,349</b>	<b>(2,993)</b>	<b>65,617</b>
Tax expense						(12,818)
<b>Other material non-cash items:</b>						
- Depreciation of property, plant and equipment	(6,838)	(7,360)	(6)	(395)	3	(14,596)
- Depreciation of right-of-use assets	(1,943)	(82)	(272)	(956)	-	(3,253)
- Depreciation of investment properties	(642)	-	-	-	-	(642)
- Amortisation of intangible assets	(1,974)	(4,546)	-	(174)	-	(6,694)
- Inventories written down	(1,618)	-	-	-	-	(1,618)
- Reversal of inventories written down	-	2,194	-	-	-	2,194
- Unrealised gain/(loss) on foreign exchange	3,410	(741)	(1,790)	3,835	-	4,714
- Provision for warranty replacement costs	(2,675)	-	-	-	-	(2,675)
- Reversal of provision for warranty replacement costs	2,220	-	-	-	-	2,220

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

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

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

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
<b>Assets</b>						
Segment assets	297,361	389,963	13,274	77,843	(34,732)	743,709
Investment in associate						40,938
Deferred tax assets						10,357
Defined benefit asset						2,771
Current tax assets						1,194
Short term funds						98,174
Cash and bank balances						324,554
						<u>1,221,697</u>
<b>Liabilities</b>						
Segment liabilities	113,158	56,846	8,088	3,434	(61,080)	120,446
Deferred tax liabilities						16,809
Current tax liabilities						9,745
						<u>147,000</u>

Notes:

(1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022, under Note 35 *Operating Segments*.

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

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

Results for the financial year ended 31 December 2022 <sup>(1)</sup>

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	182,896	206,560	-	21	-	389,477
Inter-segment revenue	4	321	-	44,087	(44,412)	-
<b>Total revenue</b>	<b>182,900</b>	<b>206,881</b>	<b>-</b>	<b>44,108</b>	<b>(44,412)</b>	<b>389,477</b>
Interest income	708	99	-	5,845	(2,544)	4,108
Interest expense	(2,609)	(1,843)	-	(30)	2,532	(1,950)
Net interest income/(expense)	(1,901)	(1,744)	-	5,815	(12)	2,158
Share of results of an associate						(1,502)
<b>Segment profit/(loss) before tax</b>	<b>30,363</b>	<b>43,824</b>	<b>-</b>	<b>48,012</b>	<b>(46,750)</b>	<b>75,449</b>
Tax expense						(9,198)
<b>Other material non-cash items:</b>						
- Depreciation of property, plant and equipment	(8,394)	(7,918)	-	(315)	118	(16,509)
- Depreciation of right-of-use assets	(1,931)	(98)	-	(147)	147	(2,029)
- Depreciation of investment properties	(642)	-	-	-	-	(642)
- Amortisation of intangible assets	(1,270)	(4,552)	-	(172)	-	(5,994)
- Inventories written down	(1,884)	(1,115)	-	-	-	(2,999)
- Unrealised gain on foreign exchange	1,435	1,458	-	993	-	3,886
- Provision for warranty replacement costs	(2,646)	-	-	-	-	(2,646)
- Reversal of provision for warranty replacement costs	1,215	-	-	-	-	1,215

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

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

Results for the financial year ended 31 December 2022 <sup>(1)</sup> (cont'd)

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
<b>Assets</b>						
Segment assets	340,617	396,178	-	129,561	(88,416)	777,940
Investment in an associate						25,476
Deferred tax assets						7,466
Defined benefit asset						2,464
Current tax assets						31
Short term funds						241,964
Cash and bank balances						176,562
						<u>1,231,903</u>
<b>Liabilities</b>						
Segment liabilities	163,850	100,131	-	4,792	(113,896)	154,877
Deferred tax liabilities						17,157
Current tax liabilities						11,194
						<u>183,228</u>

Notes:

(1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022, under Note 35 *Operating Segments*.



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

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

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

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

Investment in an associated company

The Group had on 23 February 2023, via its wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN'), acquired the equity interest in Talentek Microelectronics (Hefei) Limited ('Talentek'), representing approximately 7.5441% equity interest in Talentek for a purchase consideration of CNY22.6 million (equivalent to RM14.6 million). Accordingly, the Group hold 25.5441% of total equity interest in Talentek and Talentek remains an associated company of the Group.

Investment in a subsidiary company

The Group had on 1 August 2023, via its wholly-owned subsidiary, Mi Equipment (M) Sdn Bhd ("MiEMY"), increased the equity interest in Mi Equipment Korea Co., Ltd ("MiEKR"). Accordingly, the Group hold 90.0% of total equity interest in MiEKR and MiEKR remains a subsidiary of the Group.

The Group had on 26 September 2023, via its wholly-owned subsidiary, Mi Semiconductor Pte. Ltd. ('MiSESG'), incorporated a wholly-owned subsidiary, Mi Semiconductor (Hangzhou) Co., Ltd. ('MiSEHZ') in the People's Republic of China with a registered share capital of USD30.0 million (equivalent to approximately RM142 million).

Voluntary liquidation of dormant subsidiary

The Company's wholly-owned subsidiary which is dormant, namely Mi Autobotics Sdn Bhd has been placed under members' voluntary winding-up procedures, with the latter had its extraordinary general meeting (EGM) on 15 June 2023. The final meeting will be held on 20 March 2024.

The financial result of the abovementioned subsidiaries and associated company is insignificant and will not have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2023.

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

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

**A12. Contingent Liabilities and Contingent Assets**

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

**A13. Material Capital Commitment**

Save as disclosed below, as of 31 December 2023, 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	7,136
- Contracted but not provided for	4,597
	11,733

**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:**

**Comparison with corresponding quarter in previous financial year (Q4 2023 vs Q4 2022)**

	INDIVIDUAL QUARTER 3 months ended		Changes		CUMULATIVE QUARTER 12 months ended		Changes	
	31-Dec-2023	31-Dec-2022			31-Dec-2023	31-Dec-2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	96,615	117,150	(20,535)	-17.5%	355,961	389,477	(33,516)	-8.6%
Operating expenses	(75,139)	(89,614)			(290,427)	(310,728)		
Depreciation and amortisation	(6,179)	(5,437)			(25,185)	(25,174)		
Operating profit	15,297	22,099	(6,802)	-30.8%	40,349	53,575	(13,226)	-24.7%
Non-operating (expenses)/income	(603)	(2,927)			27,055	23,824		
Finance costs	(396)	(527)			(1,787)	(1,950)		
Profit before tax	14,298	18,645	(4,347)	-23.3%	65,617	75,449	(9,832)	-13.0%
PBT Margin	14.8%	15.9%			18.4%	19.4%		
Net profit attributable to owners of the parent	11,916	17,111	(5,195)	-30.4%	55,204	68,862	(13,658)	-19.8%
Net profit margin	12.3%	14.6%			15.5%	17.7%		
Basic earnings per share (sen)	1.33	1.91	(0.58)	-30.2%	6.17	7.69	(0.95)	-12.4%

The Group recorded a revenue of RM96.6 million for the current quarter, a decrease of 17.5% compared to previous year the same quarter. The revenue contribution by business unit is as follows:

**SEBU** contributed RM42.6 million to the Group's top line during the current quarter, representing 44.1% of total revenue. The revenue contracted 31.6% from RM62.3 million last year as a result of lower number of machines delivery to China market, especially for EMI (electromagnetic interference shielding process) Attach & Detach platform, during this quarter under review.

**SMBU** contributed RM54.0 million to the Group's top line during the current quarter, representing 55.9% of total revenue. The slight contraction in revenue by 1.7% year-on-year from RM54.9 million last year due to on-going inventory adjustment, especially in Taiwan market, for Mobility & Wearable segment, during this quarter under review.

In tandem with the revenue contraction, the Group's operating profit ("**OP**") decreased by 30.8% year-on-year mainly due to lower capacity utilization as compared to previous year the same quarter.

The Group's profit before tax ("**PBT**") decreased by 23.3% year-on-year from RM18.6 million to RM14.3 million in the current quarter. The PBT Margin dropped 1.1 percentage point and closed at 14.8% during this quarter. Both the PBT and PBT margin decreased year-on-year mainly due to much lower operating profit resulted from lower capacity utilization during this quarter under review.

The Group's net profit attributable to owners of the parent ("**Net Profit**") of RM11.9 million for current quarter decreased by 30.4% year-on-year, mainly due to a lower PBT. This resulted in a **Basic EPS** of 1.33 sen in the quarter under review.

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

### B1. Review of Performance (cont'd)

#### Cumulative Quarter: Comparison with preceding financial year (FY 2023 vs FY 2022)

The Group recorded a revenue of RM355.9 million for the current financial year ended 31 December 2023, a drop by 8.6% from RM389.5 million the previous year. The drop in revenue is mainly due to the softer demand in the global semiconductor market, especially from our key customers in Taiwan, and the on-going supply chain overstock adjustment.

In tandem with the revenue contraction, the Group posted a much lower operating profit of RM40.3 million as compared to the previous year. The decrease of 24.7% in **OP** is mainly due to lower capacity utilization, especially in 1H2023. On the other hand, the Group's profit before tax of RM65.6 million showed a 13.0% drop from a year ago. The **PBT** margin decreased slightly by 1.0 percentage point, mainly due to the higher interest income had partly weathered the lower foreign exchange gain during the year under review.

The Group's net profit attributable to owners of the parent ("**Net Profit**") of RM55.2 million for the current financial year ended 31 December 2023 decreased by 19.8% year-on-year, mainly due to a RM3.58 million withholding tax paid in relation to the dividend received from our Taiwan subsidiary in the 3<sup>rd</sup> quarter. This resulted in a **Basic EPS** of 6.17 sen in the current financial year. If we were to exclude the withholding tax impact which amounting to RM3.58 million from the equation, the PAT margin of the current financial year ended 31 December 2023 would conclude at 16.5%.

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

**B2. Comparison with Immediate Preceding Quarter (Q4 2023 vs Q3 2023)**

	INDIVIDUAL QUARTER 3 months ended		Changes	
	31-Dec-2023 RM'000	30-Sep-2023 RM'000	RM'000	%
Revenue	96,615	98,448	(1,833)	-1.9%
Operating expenses	(75,139)	(78,629)		
Depreciation and amortisation	(6,179)	(6,301)		
Operating profit	15,297	13,518	1,779	13.2%
Non-operating (expenses)/income	(603)	7,742		
Finance costs	(396)	(390)		
Profit before tax	14,298	20,870	(6,572)	-31.5%
PBT Margin	14.8%	21.2%		
Net profit attributable to owners of the parent	11,916	14,158	(2,242)	-15.8%
Net profit margin	12.3%	14.4%		
Basic earnings per share (sen)	1.33	1.58	(0.25)	-15.7%

The Group recorded a lower revenue of RM96.6 million as compared to RM98.4 million the previous quarter, a slight decrease of 1.9%. The revenue contribution by business unit is as follows:

**SEBU** posted a 16.6% decrease in revenue to RM42.6 million from RM51.1 million the previous quarter. The drop in revenue is mainly due to lower number of machines delivery to China market, especially for EMI (electromagnetic interference shielding process) Attach & Detach platform as compared to previous quarter.

**SMBU** posted a 14.1% increase in revenue to RM54.0 million from RM47.3 million the previous quarter. This is supported by stronger demand from key customers in Taiwan and China as compared to previous quarter.

Despite the slight revenue contraction, the Group's operating profit increased by 13.2% quarter-on-quarter to RM15.3 million mainly due to a favorable product mix in the current quarter under review.

The Group's profit before tax decreased by 31.5% quarter-on-quarter to RM14.3 million, while the PBT margin decreased by 6.4 percentage point as compared to previous quarter. The drop in both the PBT and PBT margin is mainly due to the huge foreign exchange loss resulted from a weakening USD towards the close of the current quarter. This impact is partly weathered by the share of profit from an investment in an associate company, namely Talentek Microelectronics (Hefei) Limited.

The Group's net profit attributable to owners of the parent ("**Net Profit**") of RM11.9 million for current quarter decreased by 15.8% quarter-on-quarter, mainly due to a lower PBT. This resulted in a **Basic EPS** of 1.33 sen in the quarter under review.

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

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

Despite the challenges against an uncertain and dynamic macro backdrop, Mi Group delivered a stable and rewarding year in 2023. During the past fiscal year, we commenced the operation of our 3rd Business Unit to gradually build a comprehensive matrix and diversified business platform for the Group. Embarking into the 2nd 5-Year Roadmap, Mi Group will focus on implementing efficient capital management to support the healthy development of our major business units by fostering the development of continual innovation.

In **SEBU**, we shall continue to pursue our path in diversification and expect a positive outlook with a recovering economy in 2024. Our various product series with leading technology and AI (Artificial Intelligence) enabled features are gaining more tractions and well aligned with the market demand. We foresee good prospect for 2024 revenue contribution by SEBU.

In **SMBU**, we are optimistic about the overall outlook of semiconductor industry for 2024. With our leading position in advanced applications for Mobility & Wearables, High-Performance Computing (HPC) & Memory, as well as our new focal point in Automotive & Renewable Energy segments, we expect a strong growth trend for SMBU in the coming decades.

In **SSBU**, we are optimistic about the outlook of this business unit and progress as per plan in preparing our Hangzhou factory.

Barring any unforeseen circumstances, Mi Group remain optimistic about the Group's prospects for the FY2024 and beyond.

**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 under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	2,553	4,309	9,866	12,662
Deferred Tax (RM'000)	(486)	(3,072)	(1,121)	(3,706)
Withholding Tax (RM'000)	127	229	4,073	242
<b>Total (RM'000)</b>	<b>2,194</b>	<b>1,466</b>	<b>12,818</b>	<b>9,198</b>
Effective Tax Rate (%)	15.3	7.9	19.5	12.2
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate for the current financial year ended 31 December 2023 remains below the statutory tax rate of 24%. This is mainly due to tax incentive enjoyed by its subsidiary, Mi Equipment (M) Sdn Bhd ("Mi Equipment Malaysia") and the relatively lower statutory tax rate of overseas subsidiary, primarily Accurus Scientific Co Ltd. The current provision of income tax includes the tax expenses in relation to certain non-business income and non-tax-exempted income.

The Group also paid a RM3.58 million withholding tax in relation to the dividend received from our Taiwan subsidiary during the current financial year. This represents a 12.5% withholding tax on the gross dividend received.

Mi Equipment Malaysia has been granted pioneer status for its promoted principal activities, the statutory income of which is 100% tax-exempted for a period of 10 years. The initial 5-year tax relief period commenced from 18 January 2014 and expired on 17 January 2019. Approval for the extended 5-year pioneer period has been obtained from Malaysian Investment Development Authority ("MIDA"), beginning on 18 January 2019 to 17 January 2024. A new application for tax incentive as submitted by Mi Equipment Malaysia is still under review by Malaysian Investment Development Authority ("MIDA") as at the date of this interim financial report.

**B6. Status of Corporate Proposals**

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

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

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

The gross proceeds from the Private Placement of approximately RM295.4 million was fully utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon completion <sup>#</sup>	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Expansion of the Group's businesses	Within 30 months	215,728	215,728	100.0%
2)	Repayment of bank borrowings	Within 6 months	15,000	15,000	100.0%
3)	Working capital	Within 18 months	60,000	60,000	100.0%
4)	Expenses in relation to the Proposed Private Placement	Within 1 month	4,697	4,697	100.0%
	<b>Total</b>		295,425	295,425	100.0%

Notes:

# Starting from listing date of 24 August 2021

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

**B8. Group Borrowings and Debt Securities**

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

	Unaudited As at 31-Dec-2023 RM '000	Audited As at 31-Dec-2022 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	17,919	47,141
Long term portion	18,432	35,377
<b>Total</b>	36,351	82,518

The Group's borrowings comprise the following:

- Term loan denominated in New Taiwan Dollar ("NTD"), which was drawn down by Mi Equipment (Taiwan) Co. Ltd. to partly finance the purchase of factory in Taiwan has been fully settled on 26<sup>th</sup> September 2023.
- Revolving credit and term loan denominated in New Taiwan Dollar ("NTD"), which were drawn down by Accurus Scientific Co. Ltd. to finance the operating expenses and capex spending.
- Term loan denominated in Chinese Yuan ("CNY"), which was drawn down by Accurus (Ningbo) Scientific Co. Ltd. to partly finance the construction of factory building in Ningbo, China.



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

**B9. Material Litigation**

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

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

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

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

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

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

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

On 27 July 2023, vide the Companies' Notice of Application (ex-parte), the Penang High Court granted an Anton Piller Order allowing the Companies' solicitors and independent experts to enter the Defendants' corporate premises for the purposes of searching for the listed items allowed by the Anton Piller Order. The said Order was executed on 31 July 2023 and completed on 2 August 2023. On 7 August 2023, the 1<sup>st</sup> to 8<sup>th</sup> defendants filed an application to set aside the Anton Piller Order. In relation to the Anton Piller Order, the parties are now at the stage of the analysis exercise of the evidence procured during the execution of the Anton Piller Order. The 1<sup>st</sup> tranche of dates for the analysis exercise is fixed on 30 and 31 January 2024. In relation to the 1<sup>st</sup> to 8<sup>th</sup> defendants' setting aside application, the hearing date is yet to be fixed.

On 20 October 2023, the 1<sup>st</sup> to 8<sup>th</sup> defendants filed and served their defence and counterclaim to invalidate the Companies' Malaysian Patent No. MY-194779-A entitled "System and Method of Replacing Reel", which patent the Companies claim to have been infringed by the 1<sup>st</sup> to 8<sup>th</sup> defendants. In this respect, the Companies are advised by solicitors and verily believe that they have a meritorious defence against the counterclaim lodged by the 1<sup>st</sup> to 8<sup>th</sup> defendants. The Companies have filed and served their reply to defence and defence to counterclaim on 5 January 2024.

On 8 September 2023, the 1<sup>st</sup> to 8<sup>th</sup> defendants took out applications for further and better particulars in relation to the Companies' statement of claim. On the same day, the 9<sup>th</sup> defendant also took out interrogatories and discovery against the Companies. On 30 November 2023, the Penang High Court dismissed the 1<sup>st</sup> to 8<sup>th</sup> defendant's application for further and better particulars in relation to the Companies' statement of claim. On the same day, the Penang High Court dismissed the 9<sup>th</sup> defendant's two applications for interrogatories and discovery respectively. The defendants appealed against the said decisions of the High Court to the Court of Appeal which appeals are now pending to be heard.

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

**B10. Dividend Declared**

Dividend declaration in respect of the financial year ended 31 December 2023 as follows:

- (a) A first single-tier interim dividend of 2.0 sen per ordinary share declared on 11 August 2023, with the book closure and payment dates on 25 August 2023 and 11 September 2023 respectively.
- (b) A second single-tier interim dividend of 2.0 sen per ordinary share declared on 23 February 2024, with the book closure and payment dates on 8 March 2024 and 25 March 2024 respectively.

**B11. Earnings Per Share (“EPS”)**

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
Net profit attributable to owners of the parent (RM'000)	11,916	17,111	55,204	68,862
Weighted average number of ordinary shares in issue ('000)	893,507	896,114	894,896	896,035
Adjusted weighted average no. of ordinary shares in issue ('000)	894,443	898,134	895,832	898,055
Basic EPS (sen) <sup>(1)</sup>	1.33	1.91	6.17	7.69
Diluted EPS (sen) <sup>(2)</sup>	1.33	1.91	6.16	7.67

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

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

**B12. Profit Before Tax**

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
	RM '000	RM '000	RM '000	RM '000
Interest income	(3,715)	(1,422)	(11,622)	(4,108)
Interest expense	406	541	1,784	1,950
Amortisation of intangible asset	1,644	1,556	6,694	5,994
Depreciation of property, plant and equipment	3,311	3,170	14,596	16,509
Depreciation of right-of-use asset	1,064	551	3,253	2,029
Depreciation of investment properties	160	160	642	642
Realised gain on foreign exchange	(2,630)	(2,588)	(5,343)	(10,113)
Unrealised loss/(gain) on foreign exchange	10,684	8,718	(4,714)	(3,886)

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**  
**23 February 2024**