

Annexure A

The details of the questions raised by the Minority Shareholder Watch Group and the corresponding reply by the Company were as follows:

Operational and Financial Matters

1. JF TECH was somewhat affected by the softening in orders but thankfully the maturation of its two (2) growth drivers – test engineering solutions business and China facility – enabled the Group to scale its business despite the difficult landscape. (Page 6 of Annual Report ("AR") 2023)

a) What is the Group's current outstanding order book?

Response:

In our test contacting solutions business, we operate through purchase orders, hence we do not keep an order book. Our visibility into orders typically spans three (3) to six (6) months. The slowdown in the semiconductor sector has impacted our orders. Fortunately, this is where our proven highly sustainable, and resilient business model with recurring and compounding sales of test consumables while serving a multitude of industries plays a pivotal role when navigating through such a downturn.

As for our test engineering solutions business, we currently have an outstanding order book of RM0.85 million.

b) Does the Group expect a rebound in orders in the financial year ("FY") 2024?

Response:

We certainly hope so but that largely depends on the recovery of the semiconductor sector. We believe that the recovery is imminent as the global semiconductor industry appears to be nearing the end of a downcycle and is expected to begin to recover in 2024 according to Semiconductor Equipment and Materials International (SEMI).

c) What is the budgeted capital expenditure ("capex") for FY2024?

Response:

We operate with a flexible capex model, allocating funds as needed in response to customer demands. This approach allows us to optimise our resource allocation efficiently, avoiding unnecessary strain on our financial position. Additionally, our ability to structure capex in this manner is underpinned by our strong balance sheet with a net cash position and healthy net operating cash flow. This financial stability enables us to swiftly channel resources towards capex to capitalise on emerging opportunities.

2. Meanwhile, the utilisation of its manufacturing facility in Kunshan, China, which is a center of excellence, continued to pick up the pace and made its maiden contribution to the Group's financial performance in FY2023. (Page 7 of AR 2023)

JF TECHNOLOGY BERHAD
("JF TECH" or "Company")
[Registration No. 200601027925 (747681-H)]
(Incorporated in Malaysia)

- a) What was the average utilisation rate for this plant in FY2023?
- b) What is the current utilisation rate?

Response for question nos. 2(a) and 2(b):

The average utilisation rate for FY2023 was below 50% but what is important is that it has been increasing progressively in FY2023. As of the first quarter of FY2024, we are pleased to share that the utilisation reached a breakeven point and we expect this positive momentum to continue.

- c) What is the demand outlook for the remaining of FY2024?

Response:

We continue to be excited about the vast potential over in China. It only reopened its borders early this year and we anticipate things to improve further in the coming year. At the same time, we also believe our footage in China will bring more possibilities to the Group.

- 3. JF TECH maintains a steadfast commitment to invest in research and development ("**R&D**") for the purpose of generating intellectual properties (IPs), even in the face of challenging circumstances such as the downcycle of the semiconductor sector. In FY2023, the Group successfully filed ten (10) additional patent applications. (Page 7 of AR 2023)
 - a) What is the current size of your R&D team? How does it compare to five (5) years ago?

Response:

Currently, our R&D team including engineers is seventeen (17) as compared to fourteen (14), five (5) years ago. The increase may seem small but our core R&D team has been developing outperforming products every year and we are always cautious in expanding the team as we want to develop the right talent.

At the same time, you can see that our number of patents has been growing year after year, which is credited to our R&D team. In 2018, we filed a total of 46 patents and in 2023, we have 88 patents filed.

- b) How much did the Group spend on R&D expenditure in FY2023 and FY2022? What is the budgeted R&D expenditure for FY2024?

Response:

In FY2023, our R&D investment reached around RM2.54 million as compared to RM2.26 million in FY2022 which is a 12% increase from FY2022. Echoing our capex strategy, we operate without a fixed R&D budget, opting instead for a dynamic allocation model. This approach provides our team with enhanced flexibility, allowing us to adapt and allocate resources efficiently as and when needed.

JF TECHNOLOGY BERHAD

(“JF TECH” or “Company”)

[Registration No. 200601027925 (747681-H)]

(Incorporated in Malaysia)

4. The Group has introduced a new game-changing product, Bellmat, to the market. This is patented and designed for 5G mm wave device testing. (Page 12 of AR 2023)

a) What is the estimated market size for this product?

Response:

While we do not have specific market size data for this product, we can highlight that the global testing contacting market was valued at USD1.6 billion in 2022. It is projected to expand to USD2.5 billion by 2030. This indicates a substantial total addressable market.

b) What is the price range and initial production capacity?

Response:

Regarding the price range, we are unable to disclose specific figures due to business confidentiality and trade sensitivity. As for the initial production capacity, it varies depending on the complexity of the design hence, it is difficult to give a quantum.