

AEMULUS HOLDINGS BERHAD
[Company No.: 201401037863 (1114009-H)]
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE FIFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE OLIVE, LEVEL 6, OLIVE TREE HOTEL PENANG, 76, JALAN MAHSURI, BANDAR SUNWAY TUNAS, 11950 PENANG, MALAYSIA ON THURSDAY, 20 FEBRUARY 2020 AT 10:00 AM

After confirmation that a quorum was present pursuant to the Company's Constitution, the Chairman of the Company called the meeting to order at 10:02 a.m.

AGENDA 1

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Members were informed by the Chairman to receive the audited financial statements of the Company for the financial year ended 30 September 2019 together with the reports of the directors and auditors thereon.

The Chairman declared that the Audited Financial Statements for the financial year ended 30 September 2019 together with the reports of the directors and auditors were for discussion purpose only as the provisions of Section 340(1)(a) of the Companies Act 2016 did not require shareholders' approval for the Audited Financial Statements. Hence, it would not be put forward for voting.

The Chairman updated the shareholders that they have received questions from Minority Shareholders Watch Group ("**MSWG**") earlier before the Annual General Meeting ("**AGM**"). The Chairman then invited the Chief Financial Officer of the Company, Mr Ng Chin Wah ("**NCW**") to present the answers to the MSWG's questions.

The following were the questions raised by MSWG and responses from the Company:-

Question 1

During the year, new product – Amoeba® AMB5600 was launched to target the IoT/baseband market segment [page 17 of Annual Report 2019 ("**AR2019**")].

- (a) What is the market response and demand for Amoeba® AMB5600?

AMB5600 was launched in Q4 FY2019 to meet the growing demand of the IoT/Baseband sector. AMB5600 is competitive in price and features than currently available solutions in the market.

- (b) How many units of Amoeba® AMB5600 has been sold, to-date?

We have sold a unit to-date with several projects in discussion.

- (c) What is the expected percentage revenue contribution from Amoeba® AMB5600, going forward?

We expect to deliver several units within the next 12 months. However, we are cautious about the impact of COVID-19 on the China market for this product. AMB7600 will continue to be a major contributor to our Group's revenue.

Question 2

Allowance for expected credit loss/impairment losses amount to RM2,120,354 (2018: RM93,344) (Note 9, page 90 of AR2019).

- (a) What actions have been taken to recover the said amount?

The debts are owed by the Group's distributors and key customers. We are liaising with them to collect the debts progressively, such as repayment on instalment basis.

- (b) With the significant increase in allowance for expected credit loss/impairment losses in FYE2019, does the Company expect higher write-off in the financial year ending 2020?

The Company opines that higher write-off of customer's debts in FY2020 is unlikely, subject to the auditor's review. Recent COVID-19 events have disrupted our customers' business activities in China and may increase the collection risk.

Question 3

The Group has trade receivables amounting to RM14,668,633 (2018: RM11,324,242) that are past due as at the end of the reporting period but not impaired as the management is of the view that these debts will be collected in due course (Note 34.3, page 109 of AR2019). To-date, how much of the RM14.67 million of trade receivables have been collected?

The Group has collected RM6.57 million to-date.

Question 4

Revenue contribution from the following countries have decreased significantly (page 116 of AR2019).

	2019	2018	
	RM' million	RM' million	%
Singapore	10.46	14.50	(27.86)
USA	2.52	5.0	(49.6)
Korea	4.47	6.91	(35.31)

- (a) What is the Company's outlook and prospects in terms of revenue contribution by customers from Singapore, USA and Korea, going forward?

There are uncertainties caused by the trade war and the COVID-19 pandemic. We expect revenue contribution from the USA and Korea to improve or at least to remain

consistent. However, we do not expect any significant upturn in revenue from Singapore.

- (b) Will there be any impact to the Group with the outbreak of the 2019 Novel Coronavirus? How will it impact the Group, going forward?

The Group opines that the COVID-19 outbreak is posing challenges to our business in China for short to medium term. We are not able to speculate the impact given the uncertainties at this point of time unless the outbreak comes under control soon enough.

Question 5

Aemulus Corporation Sdn Bhd has on 4 December 2019 disposed B-2-4, Krystal Point, 303, Jalan Sultan Azlan Shah, 11900 Penang (“Property”) (page 118 of AR2019). We note that the disposal of the Property is pending completion.

How much is the Property being sold for? When is the disposal expected to be completed?

The property was sold for RM430,000. Barring any unforeseen circumstances, the disposal is expected to be completed by end of June.

It was opened to the floor for questions on the Audited Financial Statements for the financial year ended 30 September 2019. The Directors of the Company responded to the following enquiries and/or request by the shareholders during the Fifth AGM :-

- (a) The problems faced by the Company and the reasons for the drop in the Company’s share price.
- (b) The special features, competitive advantages of the Company’s products, future strategies and prospects of the Company.
- (c) The rationale for the Directors of the Company for disposing the Company’s shares in the month of October 2019 and the reasons for the major shareholder of the Company, Bombalai Hill Ventures Sdn Bhd to dispose their shares since December 2019.
- (d) the estimated percentage of revenue contributions from the 3 market segments of the Company.

The shareholders took note of the following explanation from the Directors:-

- (a) One of the reasons for the drop in the Company’s share price was due to the United States (“US”)-China Trade War. The Company is in the midst of cultivating a stronger relationship with existing and potential China customers to generate more businesses.
- (b) The Chief Executive Officer (“CEO”) of the Company, Mr Ng Sang Beng (“NSB”) informed that he will share more information on the special features and competitive advantages of the Company’s products, future strategies and prospects of the Company during votes tabulation break.

(c) On a question pertaining to the sale of shares by some of the directors of the Company, Mr NSB highlighted that any action to buy or sell shares are at the sole discretion of the individual directors, but he volunteered his explanation that he only made an off market disposal of the Company's shares in October 2019 to his family foundation.

Mr Yeoh Chee Keong ("YCK") also volunteered his explanation that that the quantum of his disposal of the Company shares made in October 2019 was insignificant as he is still the major shareholder of the Company.

Mr NSB explained to the shareholders that he was not privy to the reason for the disposal of shares by the major shareholder of the Company i.e. Bombalai Hill Ventures Sdn Bhd ("**Bombalai**").

The Chairman further explained that all the dealings of the Company's securities by Directors were guided and governed by the ACE Market Listing Requirements and the Companies Act 2016.

(d) Mr. NCW briefed the meeting that the estimated percentage of revenue contributions from the 3 market segments of the Company were as follows: -

- Smartphone and tablets : 54%
- Data Storage : 36%
- Others such as Industrial or automotive related : 10%

As there were no further questions, the Chairman declared that the Audited Financial Statements for the year ended 30 September 2019 together with the directors' and auditors' report were deemed received by the Meeting as the same had laid before the Meeting in compliance with Section 340(1)(a) and Section 244 of the Companies Act 2016.

ORDINARY RESOLUTIONS 1 TO 6

There was no question raised for Ordinary Resolutions 1 to 6.

POLL RESULTS

While waiting for the poll results, Mr NSB briefed the shareholders on the future prospects and strategy of the Company as enquired by a shareholder under Agenda 1 as mentioned above.

There were 2 main reasons that the Company were not performing :-

(a) Business strategy

Mr NSB shared with the shareholders the business strategy of the Company before the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") was to design products which solve the customers' needs.

The Company has since changed its business strategy to produce generic products which would cater for more customers after the listing of its shares on the ACE market of Bursa Securities.

(b) People

Mr NSB shared that the business strategies employed by its sales team in Taiwan was not effective in China due to cultural differences.

Mr NSB further briefed the shareholders on the product strategy of the Company. The Company will customize its product, Amoeba AMB®5600 to address the customers' needs.

In addition, Mr NSB updated the shareholders that he will spearhead the sales activities to build stronger business relationships with current and potential customers in China. In terms of the Company's product, he briefed the shareholders that the Company's product performance is 33% better than the competitors' products in terms of the test results.

Mr NSB also further briefed the Company's new target and/or plan to the shareholders: -

- The Radio Frequency Testers ("**RF Testers**") will continue to be one of the Company's major revenue contributors. The Company will also focus on development of new testing solution for 5G-enabled devices.
- The Company will expand its customers' base in China.
- Enhancement of Amoeba AMB®5600 to deliver customized test solution to customers.
- Focus on the market of Camera Image Sensor ("**CIS**").

Mr NSB further responded to the following enquiries and/or request by the shareholders as follows:-

- (a) The feasibility of the Company's targets and plans and if the Company has any backup plan for those Company's targets should it fails.
- (b) The technical information including strengths and weaknesses of all the Company's products.
- (c) Any action has been taken in solving the human problem in the Company as identified, and the roles and responsibilities of the Worldwide Sales Director ("**WSD**") of the Company.
- (d) Whether the Company's share price is undervalued.
- (e) The reason the Company's revenue decreased from RM36,958,000.00 in 2018 to RM28,834,000.00 in 2019.

The shareholders took note of the explanation and/or presentation from Mr NSB as follows:-

- For the questions (a), (b) and (c) above, Mr NSB briefed that the Company is working on the product road map which will be chaired by its Director and Chief Technology Officer Mr Wong Shee Kian.
- Mr NSB replied to question (d) above that as a Director of a listed company, he does not wish to comment on the share price of the Company on selective basis to certain shareholders in compliance with the ACE Market Listing Requirements. However, he informed the shareholders that the Board of Directors as well as the Company's management places the interest of its shareholders in priority and endeavor to improve the Company's performance the best they can.
- In replying to question (e) above, Mr NSB agreed with certain shareholders' concern that the Company did not perform well during these past few years. His current goal was to turnaround the Company.

All the resolutions tabled at the Fifth Annual General Meeting of the Company held on 20 February 2020 and voted by poll were duly passed by the shareholders.

There being no other business, the Fifth Annual General Meeting ended at 11:20 a.m.