

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

**SUMMARY OF THE KEY MATTERS DISCUSSED AT THE SIXTH ANNUAL GENERAL MEETING OF THE COMPANY HELD VIA FULLY VIRTUAL THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT SHAH JAHAN ROOM, AEMULUS BASE, NO. 25, JALAN SULTAN AZLAN SHAH, ZON PERINDUSTRIAN BAYAN LEPAS, PHASE 1, 11900 BAYAN LEPAS, PULAU PINANG (“BROADCAST VENUE”) ON MONDAY, 8 FEBRUARY 2021 AT 10:00 AM**

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Ms Chok Kwee Bee informed the shareholders that in view of the travel restrictions related to COVID-19 pandemic, she was unable to be physically present at Broadcast Venue of the Company’s Sixth Annual General Meeting (“**6<sup>th</sup> AGM**”) and the Board has elected Mr Friisor Ho Chii Ssu (“**the Chairman**”) as the Chair of this 6<sup>th</sup> AGM.

Mr Ong Chong Chee (Independent Non-Executive Director), Mr Yeoh Chee Keong (Executive Director – Chief Operating Officer), Mr Wong Shee Kian (Executive Director – Chief Technology Officer), Mr Chee Wai Hong (Company Secretary), Ms Tan She Chia (Company Secretary) and Mr Terence Lau Han Wen (representing the auditors, Messrs Grant Thornton) attended the 6<sup>th</sup> AGM via remote participation & voting (“**RPV**”) facility.

The Chairman briefed the shareholders that Mr Ng Sang Beng [Executive Director – Chief Executive Officer (“**CEO**”)] and Mr Ng Chin Wah [Executive Director – Chief Financial Officer (“**CFO**”)] attended the 6<sup>th</sup> AGM at the Broadcast Venue together with him.

After confirming that a quorum was present pursuant to the Company’s Constitution, the Chairman called the meeting to order at 10:00 a.m.

The Chairman informed the shareholders that the Company had on 4 January 2021 issued the Notice of fully virtual 6<sup>th</sup> AGM. The 6<sup>th</sup> AGM was a fully virtual AGM, conducted via live streaming and online voting using the RPV facility.

The members and proxies were being informed that they were welcomed to raise questions in real time by transmitting their questions via Query Box. The Directors will endeavour to respond to the question(s) submitted, if any during Q&A session.

**AGENDA 1**

**TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 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 2020 (“**AFS FYE2020**”) together with the reports of the directors and auditors thereon.

**ORDINARY RESOLUTIONS 1 TO 11**

The Chairman went through the proposed ordinary resolutions 1 to 11.

**Q&A SESSION**

Questions from Minority Shareholders Watch Group (“**MSWG**”)

The Chairman updated the shareholders that they have received questions from MSWG earlier before the AGM. The Chairman then invited the Chief Financial Officer of the Company, Mr Ng Chin Wah to present the answers to the MSWG's questions.

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

**Question 1**

Given the on-going of Covid-19 pandemic and implementation of travel restriction locally and globally, how has the Group been operating in this new-normal business environment?

*[Mr Ng Chin Wah- CFO] Currently the Group is operating under the strict guidance of Standard Operating Procedure on Health and Safety Measures against Covid-19 by Kementerian Kesihatan Malaysia in our business premises from time to time. Approval letter from authority is granted which allow our employees to travel locally to fulfill the customers' request.*

*On the eve of Malaysia 1<sup>st</sup> MCO, 18 March 2020, the Group managed to dispatch the technical engineers to Taiwan to conduct sales, marketing and closing of existing projects. The Management's fast action had resulted in higher Q4 Financial Year ("FY") 2020 sales from the Far East region. Similarly, the Group's engineering team from Malaysia were already in China since early November 2020 to assist in on-going commercial and technical support activities within the Far East region. As such the risk of disruption to the Group's business in this region is now reduced.*

*The Management is confident to achieve better result in this financial year.*

**Question 2**

Loss for the financial year was RM3.6 million [2019: RM3.2 million loss) (page 62 of Annual Report 2020 ("AR 2020")). The Group sees strong signals of recovery in FYE 2021 (page 22 of AR 2020).

Given the negative impact of Covid-19 pandemic on the Group's business operations, particularly on the Group's revenue which recorded a 33% decrease, to what extent will the Group's joint venture with TMSS Technology (Jiashan) Co. Ltd. ("TMSS") address the downward pressure on operating performance especially the bottom-line performance?

*[Mr. Ng Chin Wah- CFO] TMSS lowers the entry barriers for Aemulus to conduct businesses in China. The success of winning new customers and businesses in China is a validation of the Group's strategy to joint venture with TMSS. The Group captured more sales in China region and achieved higher top line and improved bottom-line performance in Q1 FY 2021 and potentially for subsequently quarters.*

**Question 3**

"Inventories written-down" increased to RM219,025 (2019: RM157,817) (note 11, Page 92 of AR 2020).

(a) Are the inventories written down still salable?

*[Mr Ng Chin Wah- CFO] Inventories written-down is solely on provision of slow-moving inventories. Those inventories are usable and functional for used in the Group's manufacturing when required.*

(b) Are there any foreseeable write-downs for the financial year ending 2021?

*[Mr Ng Chin Wah- CFO] It is subject to the Group annual assessment on the provision of slow moving inventories at the end of financial year according to the Group accounting policy and subject to auditor's review.*

#### Pre-post questions

The Chairman also informed the members that the Company has received two (2) questions which were submitted using Tricor's online platform prior to the AGM. The Chairman again invited Mr Ng Chin Wah to present the answers to the pre-post questions received.

The following were the questions raised prior to the AGM and responses from the Company:-

#### **Question 1**

What is the impact of China-United States of America ("SINO-US") trade wars on the Company?

*[Mr Ng Chin Wah- CFO] The Group is actively promoting and selling the products to customers in the US, South East Asia, Taiwan, South Korea and China.*

*The Group's recent financial results indicate that demand for Test Systems in the semiconductor sector is on the rise.*

*Amidst all business competitions, the Group is expecting the party that is able to produce better product innovation, faster time to market, and delivers at highly competitive cost to beat the competition.*

#### **Question 2**

What are the prospects or potential for Aemulus and also from TMSS in 5 years' time? Will TMSS partner in China have Intellectual Property ("IP") issues or IP theft threats to Aemulus?

*[Mr. Ng Sang Beng- CEO] Aemulus has raised RM31 million via private placement, secured new customers and launched new products. As part of the Made in China 2025 ecosystem, TMSS is riding on the expansion of the China semiconductor market. With these positive factors and growing 5G market, we are optimistic on the business growth in next 5 years.*

*The Group do not foresee IP issues in China on the grounds of the recent enhancement of IP protection regime by the China government and the Group's 40% ownership in TMSS.*

#### Questions from online query box

The Chairman also informed the members that the Company has received some questions via the online query box. The Chairman invited Mr Ng Sang Beng to present the answers to the questions received.

The following were the questions raised from the members and proxies and responses from the Company:-

**Question 1**

What is your next quarter target of revenue grow rate?

*[Mr Ng Sang Beng- CEO] The confirmed bookings and deals for the Company was presented earlier in today's AGM.*

*However, threats that may affect the bookings and deals are the upcoming festive season (i.e., Chinese New Year), travel restrictions and delay in custom clearance.*

**Question 2**

What is the top sales product for Aemulus?

*[Mr Ng Sang Beng- CEO] The top three (3) selling products for Aemulus are:-*

- *Amoeba 7600 series 5G Radio Frequency ("RF") Testers*
- *Amoeba 7300 RF Filter Testers*
- *Amoeba 5600 Complementary Metal-Oxide-Semiconductor ("CMOS") Image Sensor Testers*

**Question 3**

- (a) How much of sales secured through Joint Venture ("JV") in China till today?
- (b) How about the profit margins for the JV?

*[Mr Ng Sang Beng- CEO]:-*

- (a) *The sales secured from China in last quarter were RM3.6 million. Most of the sales secured were contributed by the JV.*
- (b) *The profit margins for products sold in China are slightly lower. However, the Group will receive its 40% share of the JV's net profit once the JV is profitable as well as gain savings in travelling expenses which will be borne by the JV instead of the Company.*

**Question 4**

- (a) Whether TMSS carries trademarks and whether it involved any Intellectual Property Right ("IPR")?
- (b) Whether there is any third (3<sup>rd</sup>) party involved in CMOS test handler? Whether it is critical to the Company's supply chain?
- (c) What is the contribution to the revenue for the gain on transfer of IPR?
- (d) Whether the Company will declare dividend?

*[Mr Ng Sang Beng- CEO] :-*

- (a) *The Company is currently in the midst of changing the logo from Aemulus to TMSS for the products sold in China. Meanwhile, the products are being delivered with either*

*Aemulus or TMSS's logo. The Aemulus and TMSS logos are interchangeable (for now) and are accepted by the customers.*

*The Group has transferred some of the IP to TMSS.*

- (b) *Yes, there is a third (3<sup>rd</sup>) party involved in the supply of CMOS test handler. The test handler is not critical to the Company's supply chain but it is critical for the test handler to complement and support the effective performance of our test systems.*
- (c) *The gain on transfer of IPR has minimum contribution to the Company's revenue.*
- (d) *Aemulus do not have a dividend policy at this point of time. Aemulus will inform the shareholders accordingly on a timely manner.*

#### **Question 5**

- (a) What is the current production capacity?
- (b) Any plan for expansion in 2021?

*[Mr Ng Sang Beng- CEO]:-*

- (a) *The current production capacity in Aemulus Base is about 3 times the capacity of the old building.*
- (b) *Yes, the Group's JV counterpart in China already has a piece of land for building a factory.*

#### **Question 6**

- (a) What is the targeted Return on Equity ("ROE") for this year for the Company?
- (b) Will the Company benefit from the 5G industry?
- (c) How is the performance of the Company compared to its competitors?

*[Mr Ng Sang Beng- CEO]:-*

- (a) *With reference to the Group's FY2020 share price, we have achieved ROE of 10 times.*
- (b) *Yes, Aemulus will definitely benefit from the 5G RF industry.*
- (c) *Product evaluation carried out by our customers indicated that the test performance of Amoeba 7600 series 5G tester was approximately 65% faster than its competitors.*

#### **Question 7**

- (a) How is the progress of Moridaru in Malaysia market? Who is the main customer for Moridaru in Malaysia and overseas market including China?
- (b) How about the progress market in China and please explain what is the impact and benefit from Pandemic Covid-19 which is still prevalent and spreading in Malaysia and China?

*[Mr Ng Sang Beng- CEO] Moridaru's development is in progress with customers from Malaysia. The Group has incorporated part of the features of Moridaru into its testers. The Company aims to include Moridaru in the RF Filter testers for China market by the end of year 2021.*

*The Covid-19 pandemic had changed the entire competition landscape. Aemulus is in a favorable position now with China expediting its "Made In China 2025" plan due to this pandemic.*

*With current travel restrictions, we are fortunate to have a sales channel with about 20 team members through our agents and JV counterpart to market and sell our products in China.*

**Question 8**

What is the currency denomination for the Company's sales internationally?

*[Mr Ng Sang Beng- CEO] The currency denomination depends on which country the sales is from. Therefore, currency denomination for sales in Malaysia is Ringgit Malaysia (RM) and for sales in China is Renminbi.*

*The currency denomination for sales in Korea, United States of America (US) and Taiwan is US Dollar.*

**Question 9**

- (a) Please provide a breakdown for revenue by geographical region.  
(b) What is the status of the JV with the China Company? What are the expected revenue and profit margin for the forthcoming quarter? Will the JV able to contribute significant sales numbers to the Company in FY 2021?

- (a) *[Mr Ng Sang Beng- CEO] The Company's revenue by geographical region has been presented in earlier presentation.*  
(b) *Yes, the JV with in China has generated RM3.6 million in sales during the last quarter. The profit margin for the product sold in China has been answered earlier.*

**Question 10**

Can management give some update on Company's business & recent plan?

*[Mr Ng Sang Beng- CEO] The Company's business plan has been presented in earlier presentation. The Company will continue to develop and sell the following 3 primary products:-*

- *Amoeba 7600 series 5G RF Testers*
- *Amoeba 7300 RF Filter Testers*
- *Amoeba 5600 CMOS Image Sensor Testers*

**Question 11**

What is the effect of Covid-19 on the Company's profitability?

*[Mr Ng Sang Beng- CEO] The impact of Covid-19 has been answered earlier.*

**Question 12**

- (a) Is TMSS start producing in China? If yes, how much is the sales as at today? If no, when it expect to start produce?  
(b) Who are the customers in China?

*[Mr Ng Sang Beng- CEO]:-*

- (a) *No, TMSS has yet to begin production of testers in China. Its production line is expected to be set up in 6 months' time. TMSS is currently involve in applications engineering, technical support and sales. The Group managed to achieve significant cost reduction for its production in Penang.*  
(b) *The Company is not allowed to disclose the list of customers in China.*

*Mr Ng Sang Beng invited the members to attend to next investors briefing at 8pm on the same day, 8 February 2021.*

**Question 13**

How will the Company reward the shareholders?

*[Mr Ng Sang Beng- CEO] One of the ways for the Company to reward its shareholders is through share price appreciation.*

*The Management will work harder to achieve higher revenue and to deliver better results for the Company.*

*The Management may explore other methods to reward the shareholders in its next Board meeting.*

**Question 14**

Which major technology companies like Apple/Huawei or electronic vehicle maker Tesla has direct or indirect relation with the Company's products?

*[Mr Ng Sang Beng- CEO] We could not disclose this information due to Non-Disclosure Agreements.*

**Question 15**

- (a) Is there a possibility that Aemulus is going to be 10 times as big as it is today in 10 or 20 years' time?
- (b) What do you think your global competition would look like over the next several years?

*[Mr Ng Sang Beng- CEO] The Management is confident to achieve higher growth for the Company by seizing opportunities to participate in the "Made in China 2025" initiatives with good execution in delivering competitive products to customers. Aemulus will have to run faster than the competitors in order to beat them.*

**Question 16**

Will Aemulus link with CHINA Semiconductor Manufacturing International Corporation ("SMIC") in future?

*[Mr Ng Sang Beng- CEO] The Company's JV business partner is indirectly invested by SMIC.*

**Question 17**

What is the Company's current production capacity and potential sales at maximum capacity? When do the Company expects to achieve full capacity?

*[Mr Ng Sang Beng- CEO] The Company is expected to achieve approximately RM100 million of revenue per year with the production running at maximum capacity.*

**Question 18**

What is the dividend policy or dividend plan of TMSS? Will there be any challenges when Aemulus wants to shift the profit back to Malaysia?

*[Mr Ng Sang Beng- CEO] TMSS was incorporated in August 2020 and TMSS is expected to be profitable by 2021. However, the Management will have to re-invest its profits to grow TMSS, and the Management believes TMSS could exceed the size of Aemulus.*

**Question 19**

How much more will Aemulus needs to invest or inject capital into TMSS?

*[Mr Ng Sang Beng- CEO] The Group will inject another RMB1.3 million into TMSS.*

**Question 20**

When and what is the percentage of contribution expected from the joint venture with Tangren Microtelligence Technology Co., Ltd. (“**Tangren Microtelligence**”) will materialize to the Company financially?

*[Mr Ng Sang Beng- CEO] The sales generated by TMSS amounts to RM3.6 million out of the RM11.5 million revenue for the 1<sup>st</sup> quarter of 2021.*

**Question 21**

Who are Aemulus competitors?

*[Mr Ng Sang Beng- CEO] Information related to the competitors is deemed sensitive, it is not be discussed in this AGM.*

**Question 22**

What is your take on bonus issue or free warrants?

*[Mr Ng Sang Beng- CEO] Bonus issue and free warrants may be put up for discussion in the next Board meeting.*

**Question 23**

Do the Company receive any yearly technology royalty from the IP sold?

*[Mr Ng Sang Beng- CEO] Aemulus and TMSS will have to pay for the use of technology owned by the other.*

**Question 24**

Is the sales for this quarter expected to be higher than the last quarter?

*[Mr Ng Sang Beng- CEO] We are not allowed to provide a forecast on the financial performance of the Company for the upcoming quarters.*

**Question 25**

What is the expected net profit margin if the Company achieves full capacity sales of RM80 million to RM100 million?



*[Mr Ng Sang Beng- CEO] The Group is implementing cost reduction strategies on cost of goods and positive results will be reflected in the profit margin in the next three (3) to nine (9) months.*

**Question 26**

Any business opportunities in semiconductor sector (especially business in Taiwan)?

*[Mr Ng Sang Beng- CEO] The business in Taiwan is improving and the Company is strengthening the Management and sales teams in Taiwan.*

**Question 27**

Have the Group purchased any land for expansion?

*[Mr Ng Sang Beng- CEO] Aemulus acquired land for the present Aemulus Base building back in year 2020. The Group does not have any plan to buy land for building new plants at this point of time.*

Mr Ng Sang Beng also thanked the support and complements from the members and proxies during the AGM.

**POLL RESULTS**

All the resolutions tabled at the 6<sup>th</sup> AGM and voted by poll using RPV facility were duly passed by the shareholders.

There being no other business, the 6<sup>th</sup> AGM ended at 11:59 a.m.