

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

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE SEVENTH 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, MALAYSIA (“BROADCAST VENUE”) ON TUESDAY, 8 FEBRUARY 2022 AT 10:00 AM

The Chairman of the Company, Dato’ Seri Lee Kah Choon welcomed all shareholders, proxy holders and invited guests to the Company’s Seventh Annual General Meeting (“7th AGM”).

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 7th AGM at the Broadcast Venue together with him.

Besides Mr. Ong Chong Chee (Independent Non-Executive Director), Mr Friiscor Ho Chii Ssu (Independent Non-Executive Director), Mr. Yeoh Chee Keong (Executive Director – Chief Operating Officer), Mr. Wong Shee Kian (Executive Director – Chief Technology Officer), Ms. Tan She Chia (Company Secretary) and Mr. Terence Lau Han Wen (representing the auditors, Messrs Grant Thornton Malaysia PLT) attended the 7th AGM via remote participation & voting (“RPV”) facility.

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 7 January 2022 issued the Notice of fully virtual 7th AGM. The 7th AGM was a fully virtual AGM, conducted via live streaming and online voting using the RPV facility.

The shareholders and proxies were being informed that they were welcomed to raise questions in real time by transmitting their question via the Query Box. The Directors will endeavour to respond to the questions submitted during Question & Answer (“Q&A”) session.

AGENDA 1

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 TOGETHER WITH THE REPORTS OF THE AUDITORS THEREON

Members were informed by the Chairman to receive the audited financial statements of the Company for the financial year ended 30 September 2021 (“AFS FYE 2021”) together with the reports of the directors and auditors thereon.

ORDINARY RESOLUTIONS 1 TO 14

The Chairman went through the proposed ordinary resolutions 1 to 14.

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

In financial year ended 2021 ("FYE 2021"), Aemulus achieved the highest revenue and Profit After Tax ("PAT") of RM61.1 million (2020: RM19.3 million) and RM10.5 million (2020: Loss After Tax ("LAT") of RM 3.6 million) since its inception, representing a tremendous growth of 216% and 389% compared to financial year ended 2020 ("FYE 2020"). Undoubtedly, it was also the result of favourable sales to China and the rest of the World market deriving from the increased demand for automated test equipment ("ATE") after the outbreak of Coronavirus Disease 2019 ("COVID-19). [pages 26-27 of Annual Report 2021("AR 2021")]

- (a) Given that the Group's revenue is mainly from overseas customers, to what extent has supply chain disruptions impacted the delivery times of the Group's products to customers?

[Mr. Ng Chin Wah - CFO] The Management has planned to increase inventory to mitigate the risk of long lead time and it has been reflected in the latest financial report.

There were no significant differences to the delivery time for the source of raw material from either overseas or local.

- (b) What is the Group's current book-to-bill ratio?

[Mr. Ng Chin Wah - CFO] The Group's current book-to-bill ratio is above 1.

- (c) The raw material market is at a price hike satisfying the supply-demand equation. In order to fulfill the demand for delivery, parts may come in at an extravagant price tag. (page 35 of AR 2021) If prices of raw materials continue to rise, will the Group be able to pass on the additional cost to its customers?

[Mr. Ng Chin Wah- CFO] The Group will negotiate with the customers on the additional cost incurred from the increased in the price of raw material.

- (d) Is the Group's stellar financial performance sustainable, going forward?

[Mr. Ng Chin Wah- CFO] The future is unpredictable and the Group is not allowed to disclose any future financial numbers.

Currently, the Group's has healthy bookings. In the meantime, the Group is putting effort in increasing the engineering resources and marketing activities.

Question 2

The Group makes reference to the revenue capacity chart, which reads RM80.0 million for the maximum annual revenue capacity based on a single production site at Aemulus Base in Penang – the Group is not far from hitting the upper limit. This information was used to convince the Management and the Board to proceed with fund raising activities in order to expand the production capacity. (page 31 of AR 2021)

When does the Group expect to commence and targets to complete its expansion plans? With the expansion, to what extent will production capacity be increased?

[Mr. Ng Chin Wah- CFO] The extension of Aemulus Base production is expected to be completed within the next twelve months. The current combined revenue capacity of Aemulus Base and TMSS is up to RM105 million. Upon the completion of the extension, the combined capacity could reach RM150 million.

Question 3

Bad debts written off amount to RM547,164 (2020: Nil) (page 89 of AR 2021).

What comprises the bad debts that have been written off? What were the measures taken to recover the RM547,164 prior to them being written off?

[Mr. Ng Chin Wah - CFO] The management is taking proactive action to recover the overdue debts. In FYE 2021, the management was able to recover the tester sold to the customer in prior year after negotiation. The debt of RM547,164 written off in AR 2021 was the net amount of the transaction recorded.

The tester was refurbished and sold for other usage subsequently.

Question 4

The current year allowance for expected credit loss (“ECL”) increased significantly to RM0.8 million (2020: RM0.2 million). The allowance for expected credit loss on trade receivables written off was approximately RM1.6 million (2020: Nil) (Note 11.4, page 127 of AR 2021).

- (a) How long have the current year allowance for expected credit loss been overdue and what is the probability of recovery?

[Mr. Ng Chin Wah - CFO] The management has provided an allowance for ECL for debts amount overdue more than 1 year as at FYE 2021. The management is putting utmost effort to recover all those long overdue debts and the Group have collected an amount of RM777,000 from these long overdue debts as at the date of AGM.

- (b) What comprises the trade receivables that have been written off? What were the measures taken to recover the RM1.6 million prior to them being written off?

[Mr. Ng Chin Wah - CFO] These trade receivables written-off were related to the sales of 2 testers in the past. The management has taken utmost effort in mitigating the impact by recovering the testers from the customer, refurbished and sold them for other usage.

Question 5

The Board previously has a female Independent Non-Executive Director. With the resignation of Miss Chok Kwee Bee on 8 February 2021 and the appointment of Dato' Seri Lee Kah Choon as the Company's Independent Non-Executive Chairman to replace Miss Chok Kwee Bee, the Board currently comprises of solely male individuals.

MSWG's highlighted that the Company's current board composition has no gender diversity. For better Corporate Governance pursuant to Guidance 5.9 of the Malaysian Code on Corporate Governance 2021, all boards should comprise at least 30% women directors. Studies have shown the business case for board diversity, in particular the participation of women on boards.

Are there plans to appoint at least one female director to the Board, going forward?

[Mr. Ng Chin Wah - CFO] The board has decided to appoint one female independent director each by financial year 2022 and financial year 2023 respectively.

Question 6

In line with better corporate governance, MSWG does not encourage the practice of awarding and granting of shares pursuant to the Company's Restricted Share Plan ("RSP") to independent non-executive directors as they do not play an executive role in the Company and are responsible for monitoring the RPS allocation to employees and executive directors. The risk is that the independent directors may be fixated with their share price and this may affect their impartial decision-making, which should be made without reference to share price considerations.

Under Resolutions 12, 13 and 14, shareholders' approval is being sought for the Proposed Award of shares pursuant to the RSP to Dato' Seri Lee Kah Choon, Ong Chong Chee and Friiscor Ho Chii Ssu who are Independent Non-Executive Directors of the Company (pages 169-170 of AR 2021).

The directors' fee and other benefits that they receive should be structured to adequately compensate the services rendered by them.

[Mr. Ng Chin Wah - CFO] Board of directors decided to propose share reward to Independent Non-Executive Directors mainly due to their contribution on the business strategies to revamp the business performance of the Company and their involvement in the risk management in FYE 2021. Their input had helped a lot in management's decision making.

Pre-post questions

The Chairman also informed the members that the Company has received four (4) 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

How to improve operating cash flow of the Group?

[Mr. Ng Chin Wah - CFO] The management has implemented some initiatives such as provide more favorable credit term to shorten the Group's cash conversion cycle and ultimately improve operating cash flow.

Question 2

- (a) What is the progress of the joint venture in China?
- (b) What is the current order books of the Group?

[Mr. Ng Chin Wah - CFO] :-

- (a) *The joint venture company of Aemulus, TMSS has commenced its operation since October 2020 and had contributed positively to the Group's revenue.*
- (b) *The current order books of the Group is healthy and is higher than year 2021.*

Question 3

- (a) The rationale of the Directors of the Company to dispose 14 million shares of the Company during December 2021?
- (b) According to the CEO of D&O Green Technologies Berhad ("**D&O**"), D&O will continue to engage Aemulus for the high margin new product – Smart red, green blue light-emitting diode ("**Smart RGB LED**"). What are the challenges and complexity to meet the requirement of D&O?
- (c) What is the strategy plan of the Group to target of Korea market? Which segments is the major focus of the Group?

[Mr. Ng Chin Wah - CFO] :-

- (a) *One of the reasons for the disposal of shares by the Directors was to meet the overwhelming demand of the Group's shares during the recent private placement activity.*
- (b) *The Research & Development ("**R&D**") department will develop and enhance the products in accordance with the requirements of the customers.*
- (c) *Korea is one of the Group's focus markets with huge potential in the semiconductor industry. The Group will develop and sell testers to meet the demand of the said market.*

Question 4

- (a) Is there any plan for Aemulus to be listed on Main Market of Bursa Malaysia Securities Berhad?
- (b) Does CMOS image sensor use in Electric Vehicles ("**EV**")?

[Mr. Ng Chin Wah - CFO] :-

- (a) *Yes, the Group will consider to list on Main Market of Bursa Malaysia Securities Berhad when the Group meets the Main Market listing criteria.*
- (b) *Yes, CMOS image sensor ("**CIS**") are found in most of the EVs.*

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

- (a) What is the Group's future prospect?
- (b) The impact of Movement Control Order ("MCO") to the Group in second quarter of FYE 2022.
- (c) How much are the costs saving to conduct a virtual AGM as compared to physical AGM?
- (d) Any door gift such as e-voucher will be given to the participants of this AGM?

[Mr. Ng Sang Beng – CEO] :-

- (a) The Group's future prospect has been shared during the earlier presentation. Further details may refer to the Management Discussion and Analysis ("MD&A") in the Annual Report 2021.*
- (b) The implementation of MCO had impacted the Group's operations such as travel restriction and parts shortage. However, the management will continue to deal with this issue.*
- (c) Group spent approximately RM15,000 to RM 20,000 for a virtual meeting.*
- (d) The management will send some small gifts to the shareholders who attended the AGM.*

Question 2

Does the Company plans to involve in the blockchain industry?

[Mr. Ng Sang Beng - CEO] The Group was already in blockchain industry. The Group continues to perform testing of micro processes and some of the micro processes has been used in block chain and bitcoin mining.

Question 3

What are the upside risk of the Group?

[Mr. Ng Sang Beng - CEO] The possible upside risk of the Group would be market reach. The Group will ensure that it has the revenue centers which consist of Sales and Marketing team as well as the application engineering team to execute the plans to deliver better results.

Question 4

What is the progress of factory in China? When would the factory in China commence operation?

[Mr. Ng Sang Beng - CEO] The progress of factory in China has been delayed but it does not affect the Group's revenue growth. There is a temporarily factory operating in China.

Question 5

How to improve operating cash flow of the Group?

[Mr. Ng Sang Beng - CEO] Mr. Ng Chin Wah has answered to this question earlier in the meeting.

Question 6

Any e-wallet vouchers for shareholders attending the AGM?

[Mr. Ng Sang Beng - CEO] The management will send some small gifts to the shareholders who attended the AGM.

Question 7

- (a) How much does the Group spent to hold the 7th AGM?
- (b) Any e-meal voucher would be given to the shareholders who attended this AGM?

[Mr. Ng Sang Beng - CEO]:-

- (a) *The Group spent approximately RM15,000 to RM20,000 to conduct the 7th AGM.*
- (b) *The management will send some small gifts to the shareholders who attended the AGM.*

Question 8

- (a) What is the target of the Group in financial year 2022?
- (b) When Aemulus will be listed on Main Market of Bursa Malaysia Securities Berhad?

[Mr. Ng Sang Beng - CEO] :-

- (a) *The Group is not allowed to disclose financial forecast information in the AGM.*
- (b) *Yes, the Group will consider to list on Main Market of Bursa Malaysia Securities Berhad when the Group meets the Main Market listing criteria.*

Question 9

What is the plan for the Group to convert from ACE Market of Bursa Malaysia Securities Berhad to Main Market of Bursa Malaysia Securities Berhad?

[Mr. Ng Sang Beng - CEO] Yes, the Group will consider to list on Main Market of Bursa Malaysia Securities Berhad when the Group meets the Main Market listing criteria.

Question 10

Is there any possibility that the Group will involve in the same business segment as UWC Berhad?

[Mr. Ng Sang Beng - CEO] The Group will focus on the current business segments.

Question 11

- (a) Any rewards such as e-voucher will be given to the shareholders who attended this AGM?
- (b) Will Aemulus list on Main Market of Bursa Malaysia Securities Berhad?
- (c) When will the Company declare its dividend?

[Mr. Ng Sang Beng - CEO] :-

- (a) The management will send some small gifts to the shareholders who attended the AGM.*
- (b) Yes, the Group will consider to list on Main Market when the Group meets the Main Market listing criteria.*
- (c) Currently, the Company does not have a dividend policy.*

Question 12

Any rewards such as e-voucher will be given to the shareholders who attended this AGM?

[Mr. Ng Sang Beng - CEO] The management will send some small gifts to the shareholders who attended the AGM.

Question 13

How Aemulus market its product, for example online promotions or by sales representatives?

[Mr. Ng Sang Beng - CEO] The Group markets its products through internal sales and marketing team, sales partners as well as sales agents worldwide.

Question 14

Is there any declaration of dividend in the near future?

[Mr. Ng Sang Beng - CEO] Currently, the Company does not have a dividend policy.

Question 15

Why the Company does not invite shareholders to visit the factory?

[Mr. Ng Sang Beng - CEO] The Company did invited small groups of tshareholders to visit the factory of Aemulus. Currently, due to the COVID-19 pandemic, Aemulus has to control the number of visitors to the factory.

Mr. Ng Sang Beng invited the members to attend to next investors briefing at 8pm on the same day, 8 February 2022.

Question 16

Is there a growth rate projection for 2023 and 2024?

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

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 7th AGM and voted by poll using RPV facility were duly passed by the shareholders.

There being no other business, the 7th AGM ended at 11:49 a.m.