

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

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE NINTH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD AT JADEITE ROOM, LEVEL 4, AMARI SPICE PENANG, 2, PERSIARAN MAHSURI, BAYAN BARU, 11900 BAYAN LEPAS, PULAU PINANG, MALAYSIA ON TUESDAY, 20 FEBRUARY 2024 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 Ninth Annual General Meeting (“9th AGM”).

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.

AGENDA 1

TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023 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 2023 (“FYE 2023”) together with the reports of the directors and auditors thereon.

The Chairman declared that the Audited Financial Statements for FYE 2023 together with the reports of the directors and auditors were presented for discussion purpose only as the provisions of Section 340(1)(a) of the Companies Act 2016 (“Act”) did not require shareholders’ approval for the Audited Financial Statements. Hence, it would not be put forward for voting.

The Chairman informed the shareholders that the Company has received questions from the Minority Shareholders Watch Group (“MSWG”) before the AGM and invited the Financial Controller of the Company, Mr. Mike to present the replies to the MSWG’s questions as follows:-

Question 1

Despite weak revenues and losses, the Group did not slow down in the business development activities and engineering engagement with customers. During this period, the Group had worked together with customers in new areas and in new projects, exploring new opportunities and preparing for the next upturn. (page 21 of Annual Report 2023)

- a) Are these new customers for the Group? What are the new areas and new opportunities that the Group is exploring?
- b) The Group is now working on two new products targeting these new market segments (page 38 of Annual Report 2023). Which are the key countries that the Group is targeting for its new products?
- c) To-date, are there signs of demand for the Group’s products picking up? What is the current book-to-bill ratio?

Answer:

- a) The new areas and opportunities involve existing and new customers.
- b) The targeted countries are Korea, Singapore, Malaysia, EU and China.
- c) The demand for our products has increased in the smartphone/tablet market for the past 6 months. The current order book is approximately RM60 million.

Question 2

The Group is also pleased to report that Aemulus Base building's extension is currently at its tender stage. Carbon reducing features will be the top priority for this extension. (page 21 of Annual Report 2023)

How much is the capital expenditure budgeted for the Aemulus Base building's extension? What will be the increased in floor space?

Answer:

Budgeted cost of the expansion is approximately RM5 million, and the increased floor space shall be approximately 7,000 square feet.

Question 3

Operating expenses have increased mainly due to increment of staff-related costs (excluding senior management) in order to recruit and retain talent to prepare the Group for the next cycle of growth. (page 34 of Annual Report 2023)

For FYE 2023, what was the Group's total number of new recruits? How soon does the Group foresee the next up cycle of growth to take place?

Answer:

By the end of FYE2022, the number of permanent staff is 209 whereas FYE2023 the number of permanent staff is 210.

Specific sectors in China are expected to grow in Q3 of financial year ending 2024, while the automotive sector in rest of the world is expected to grow in Q4 of financial year ending 2024.

Question 4

The Group were engulfed by another two giant waves in FYE2023: requests to delay shipments or orders by its customers, and the absence of a strong recovery in the economy and semiconductor industry demand in China. (page 36 of Annual Report 2023).

To what extent has the abovementioned translated into cancellation of orders by the Group's customers?

Answer:

No cancellation happened in FYE2023.

Question 5

In relation to the Group's Restricted Share Plan, 2,122,400 plan shares were granted to other selected employees for FYE2023 (FYE2022: 1,895,800 plan shares). (page 75 of Annual Report 2023)

These plan shares were granted to how many selected employees? What was the highest number of plan shares granted to an employee?

Answer:

Approximately 45% of employees were entitled for the share plan during the year and 100,000 units of shares is the highest number of units granted to the particular staff.

Question 6

Set out below is the information about the credit risk exposure and expected credit losses on the Group's trade receivables and contract assets which are grouped together as they are expected to have similar risk nature (Note 38.3.1, page 151 of Annual Report 2023):

	Gross RM	Expected credit losses RM	Net RM
2023			
Not past due	4,930,271	-	4,930,271
1 to 90 days past due	8,534,340	(14,142)	8,520,198
91 to 180 days past due	5,954,765	(91,940)	5,862,825
181 to 270 days past due	10,814,932	(496,520)	10,318,412
271 to 365 days past due	5,917,766	(790,302)	5,127,464
Past due more than 365 days	17,941,640	(7,277,017)	10,664,623
	49,163,443	(8,669,921)	40,493,522
Individually impaired	5,030,540	(5,030,540)	-
Trade receivables	<u>59,124,254</u>	<u>(13,700,461)</u>	<u>45,423,793</u>
Contract assets	<u>1,055,476</u>	<u>(243,000)</u>	<u>812,476</u>

- Given that the Group's credit terms range from 30 to 365 days (2022: 30 to 180 days) (page 132 of Annual Report 2023), were the trade receivables past due more than 365 days of RM10.7 million given special credit terms treatment? To-date, how much of the said trade receivables have been collected?
- The Group's allowance for expected credit losses on trade receivables increased significantly to RM13.7 million (2022: RM2.4 million). What is the probability of recovering the said trade receivables and are there any foreseeable write-offs for the financial year ending 2024?

Answer:

- There is no special credit term treatment. However, allowance is given to our associate in China. Out of the RM10.7 million, RM4.1 million has been collected to date.

- b) To date, RM4.1million out of RM10.7million has been collected. We anticipate more collection to be made this year. As of today, we do not anticipate any material write off this year.

The Chairman invited questions from the floor on the AFS FYE 2023. The complete list of received questions for the 9th AGM together with the answers for the same was attached in Appendix I.

Thereafter, the Chairman declared that the AFS FYE 2023 together with the directors' and auditors' reports were deemed received by the Meeting in compliance with Section 340(1)(a) of the Act.

ORDINARY RESOLUTIONS 1 TO 4

The Chairman went through the proposed ordinary resolutions 1 to 4 as stipulated in the notice of meeting for its shareholders' approval.

POLL RESULTS

All the resolutions tabled at the 9th AGM of the Company held on 20 February 2024 and voted by poll were duly passed by the shareholders.

There being no other business, the 9th AGM was closed at 11:10 a.m.

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Appendix 1 – Question and Answers

NO.	QUESTION	ANSWER
1.	<p>Shareholder 1: Will Aemulus Holdings Berhad (“Aemulus”) be affected by the current economic downturn in China?</p>	<p>Mr. Ng Sang Beng, Chief Executive Officer (“CEO”): - Aemulus was able to grab some of the business opportunities in China last year partly due to our availability of stock. Aemulus managed to grab the surge of demand in the smartphone/tablets market.</p>
2.	<p>Shareholder 1: How does Aemulus leverage the global wave of Artificial Intelligence (“AI”) chip development to its advantage? Since Aemulus doesn’t have any tester related to AI chip.</p>	<p>Mr. Ng Sang Beng, CEO: - Aemulus doesn’t have testers for AI chips. However, Aemulus has open short testers, yet to be officially launched, which would be able to involve in AI chips test processes.</p>
3.	<p>Shareholder 1: Based on Aemulus’s Annual Report mentioning about new testers that will be introduced in the automotive industry. Could you provide an update on the development status of the new testers mentioned?</p>	<p>Mr. Ng Sang Beng, CEO: - The Management is working on a high density open short tester to test high density devices. These devices include network processors, graphic processors and etc. This new tester involves a major advancement for our company as it involves complex integration of digital testing and mechanical parts in the tester. Although the introduction of the aforementioned new product is expected to take some time, the new products will extend a new area of growth within our Group.</p>
4.	<p>Shareholder 1: The current order book is approximately RM60 million. Will there be an improvement in the Company’s profit for FYE 2024?</p>	<p>Mr. Ng Sang Beng, CEO: - The CEO responded that this is the highest order book thus far. The Company is looking forward to a better year in FYE 2024, barring unforeseen events, such as the recession in United States of America (“USA”), which would have an impact on the Company. In spite of this, the Group is</p>

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		performing well in China during the FYE 2023.
5.	Shareholder 1: Based on the statement made in the report of the recovery of semi-conductor sector, a semi-conductor company needs to take at least one to two quarters if compared to Consumer and Services Automotive Components sector. Is that statement true?	Mr. Ng Sang Beng, CEO:- The CEO concurred with the said statement. He believed that the semi-conductor industry as a whole has changed, and that the recovery rate of the supply chain in the semi-conductor business in the USA and China would be different.