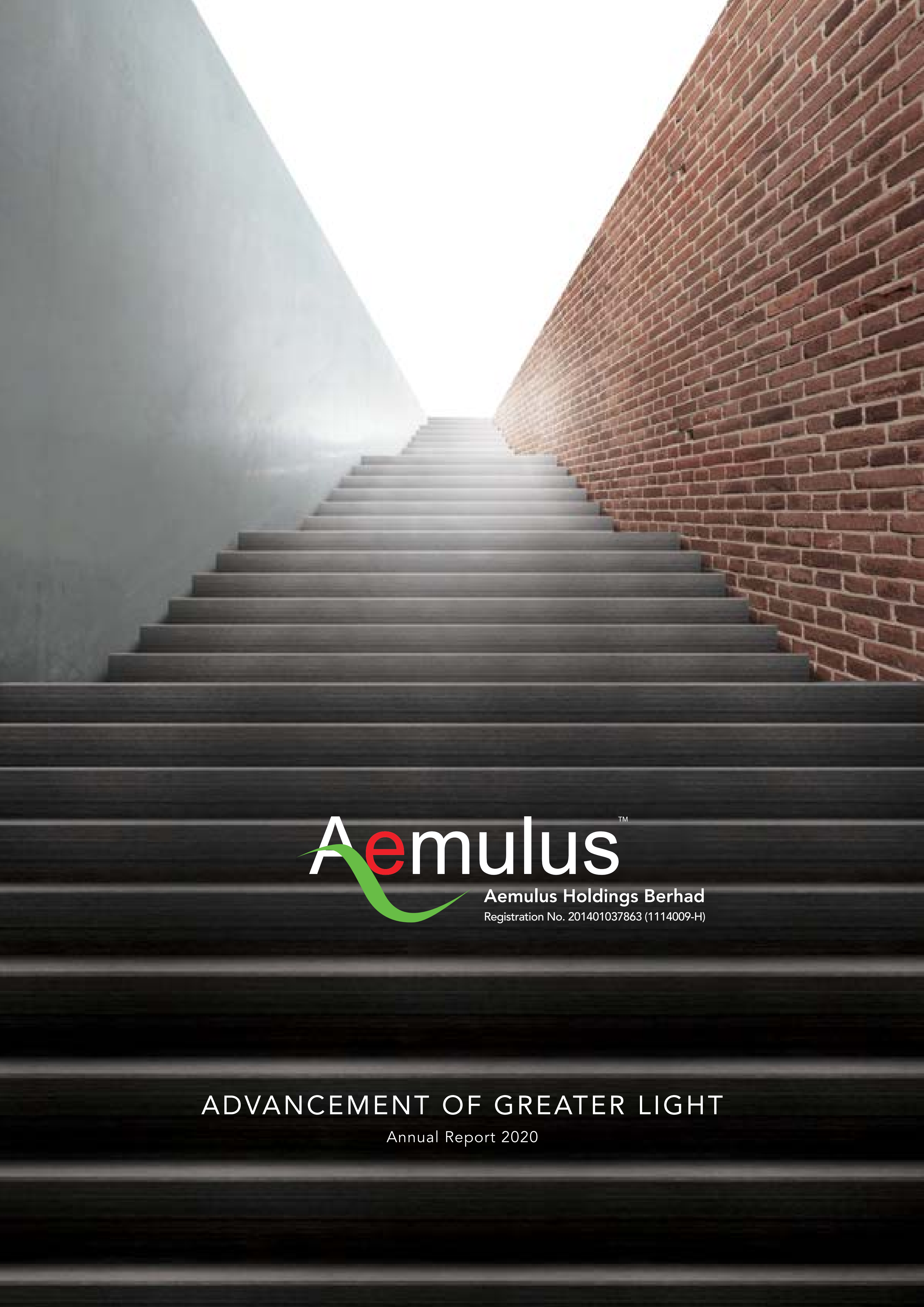

Aemulus™

Aemulus Holdings Berhad
Registration No. 201401037863 (1114009-H)

ADVANCEMENT OF GREATER LIGHT

Annual Report 2020

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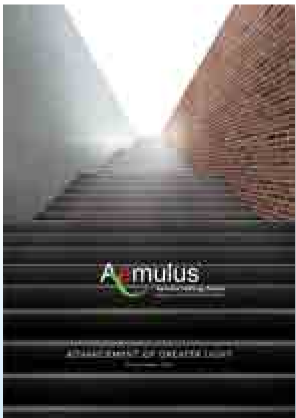


ADVANCEMENT OF GREATER LIGHT

In 2020, Aemulus has embodied a strong foundation surpassing challenges and obstacles with great novelty. Focused on greater expansions and market growth, Aemulus took a giant leap when the Company expanded to the China market through a joint venture to prepare for 5G, the next big move in the technology era. Step by step, Aemulus is paving a great path and overcoming obstacles to position Aemulus as a renowned brand name in the semiconductor test market.

Eyeballs Magnet.

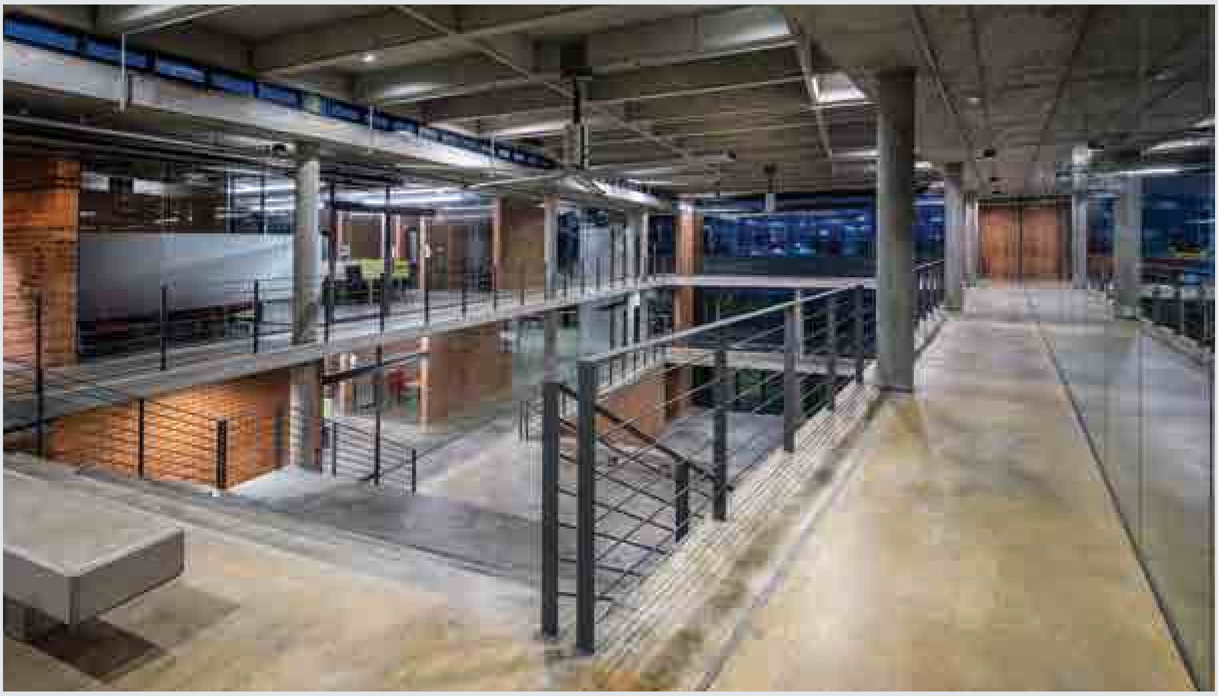
An iconic building stands out in Bayan Lepas industrial zone with red bricks, steel and concrete. While the picturesque red bricks attracted eyeballs, the facade is actually the backyard of Aemulus Base. The front yard? Opposite.

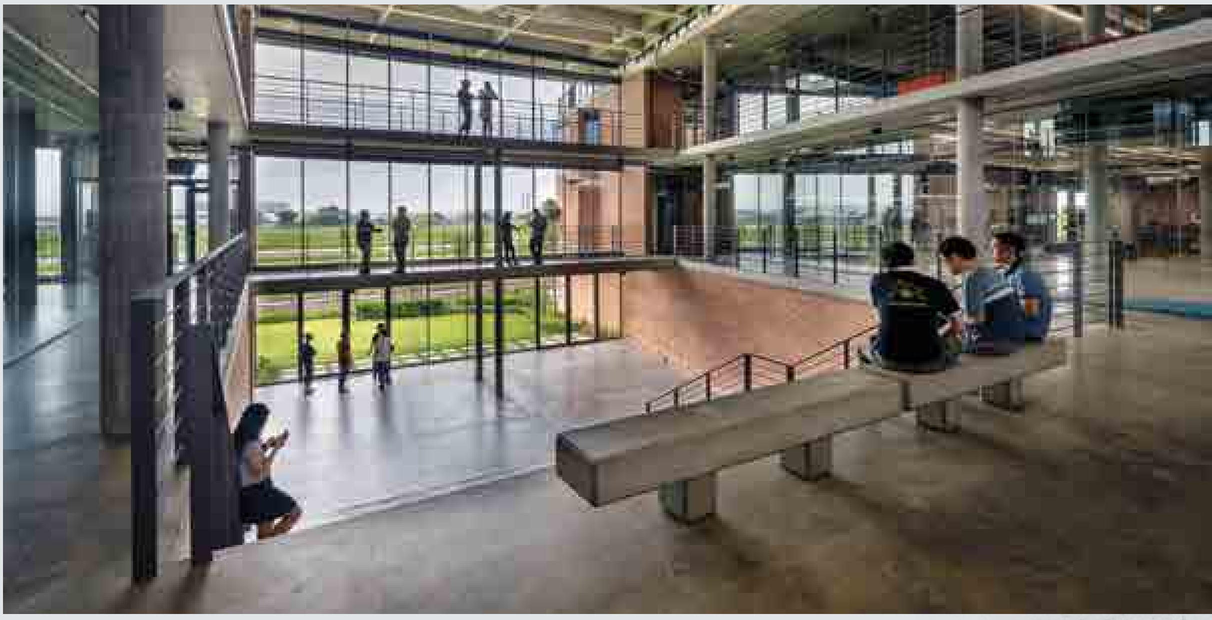
"The Captain's View at Night.

The orientation of Aemulus Base has been designed such that we let our front yard welcomes the charming morning Sun and witnesses every single take-off and landing of aeroplanes at Penang International Airport ("PIA"). Our front yard has an abundance of double-glazed windows with low-energy coating such that we generously allow visible lights to light up every floor of our building, while fencing off the heat and noises outside of the building. Look around, we are probably the only one having the Captain's view of PIA."

“Red Carpet Forever.

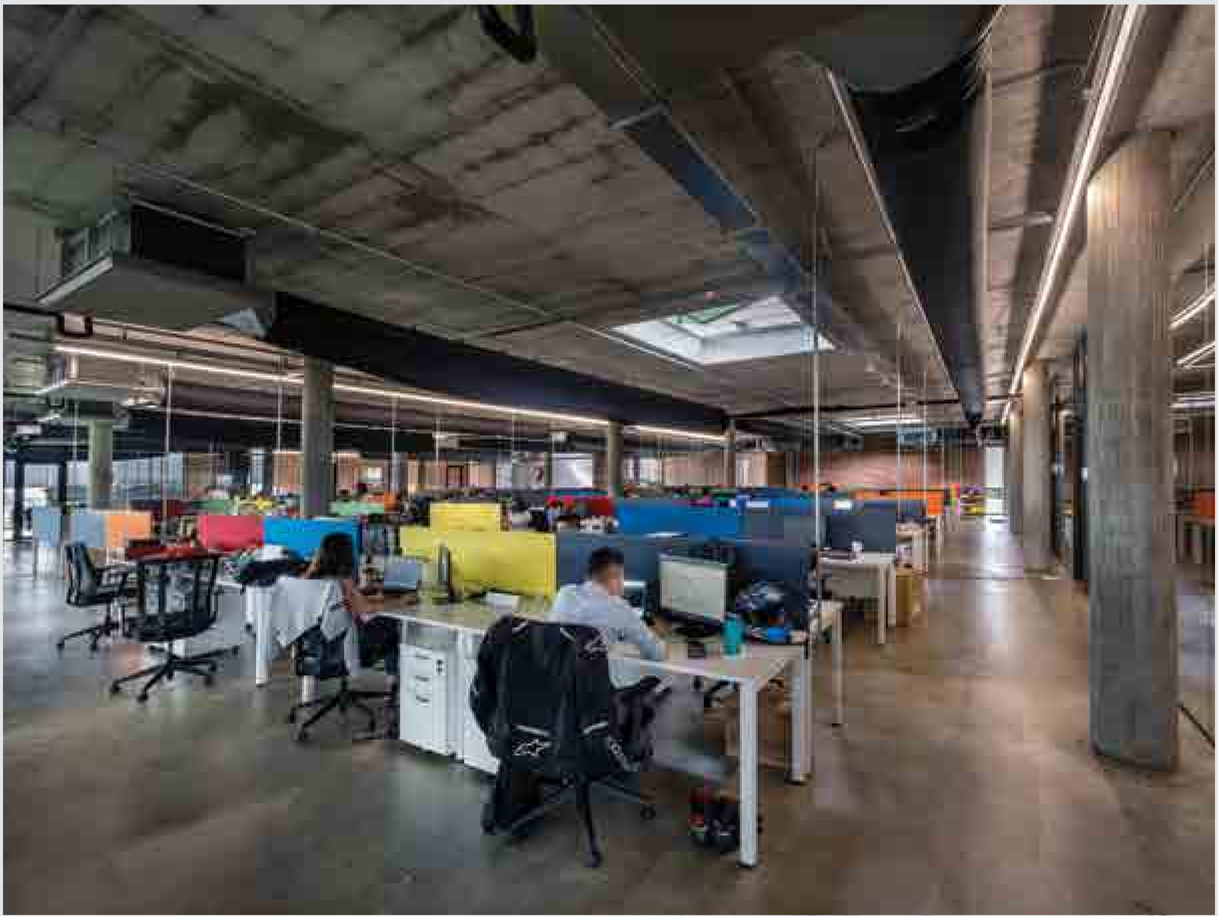
The channel which the red carpet leads you to our 200kg glass door is a funnel-like design bringing the literal meaning of “the light is at the end of the tunnel”. Not bad, huh?”





“The Walhalla Hall.

Have you ever entered a stuffy hall, blasted multiple air-conditioners intended to quickly cool yourself and your guests down, switched off those air-conditioners after an hour, repeated this a couple of times a day? We requested a design of a common hall which was constantly ventilated, cool and yet having low-energy consumption. We are granted the Walhalla Hall featuring louvre windows to let go the warmed air, giant fans to expedite ventilation and a cool, giant stadium-like seating, all without energy-craving air-conditioners.”



*“ **The Town Hall***

at the second floor can occupy up to 120 staff. They are sporadically showered with tamed sun light from the specially designed light wells. Due to that, only the walkways are needed to be lighted up. ”

“ Open Up Your Horizon.
Raise your head, look far, and it is as far as the sky that you could see from most of the corners of the building. ”

“ Me Time Corner.
Sometimes we just need to be all by ourselves. ”

Corporate Information

Directors

CHOK KWEE BEE
Senior Independent Non-Executive Director/ Chairman

NG SANG BENG
Executive Director/Chief Executive Officer

YEOH CHEE KEONG
Executive Director/Chief Operating Officer

WONG SHEE KIAN
Executive Director/Chief Technology Officer

NG CHIN WAH
Executive Director/Chief Financial Officer

ONG CHONG CHEE
Independent Non-Executive Director

FRIISCOR HO CHII SSU
Independent Non-Executive Director

5G

AUDIT COMMITTEE

Ong Chong Chee (Chairman)
Chok Kwee Bee (Member)
Friiscor Ho Chii Ssu (Member)

REMUNERATION COMMITTEE

Chok Kwee Bee (Chairman)
Ng Sang Beng (Member)
Ong Chong Chee (Member)
Wong Shee Kian (Member)
Friiscor Ho Chii Ssu (Member)

NOMINATION COMMITTEE

Chok Kwee Bee (Chairman)
Ong Chong Chee (Member)
Friiscor Ho Chii Ssu (Member)

RISK COMMITTEE

Friiscor Ho Chii Ssu (Chairman)
Chok Kwee Bee (Member)
Ong Chong Chee (Member)
Wong Shee Kian (Member)
Yeoh Chee Keong (Member)

COMPANY SECRETARIES

Chee Wai Hong (BC/C/1470)
SSM PC No. 202008001804
Tan She Chia (MAICSA 7055087)
SSM PC No. 202008001923

REGISTERED OFFICE

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Tel No. : (604) 228 9700
Fax No. : (604) 227 9800

BUSINESS ADDRESS

No.25, Jalan Sultan Azlan Shah
Zon Perindustrian Bayan Lepas
Phase 1, 11900 Bayan Lepas
Pulau Pinang
Tel No. : (604) 684 6000
Fax No. : (604) 646 6799

AUDITORS

Grant Thornton (AF:0042)
Chartered Accountants
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang
Tel No. : (604) 228 7828
Fax No. : (604) 227 9828

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : (603) 2783 9299
Fax No. : (603) 2783 9222

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd.
CIMB Bank Berhad
CIMB Islamic Bank Berhad
HSBC Bank Malaysia Berhad
CTBC Bank Co. Ltd
OCBC Bank Malaysia
AmBank (M) Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : AEMULUS
Stock Code : 0181

COMPANY WEBSITE

www.aemulus.com

Corporate Structure

AEMULUS HOLDINGS BERHAD
201401037863 (1114009-H)

100%

AEMULUS CORPORATION SDN BHD
200701039983 (798015-M)

40%

TMSS TECHNOLOGY (JIASHAN) CO. LTD
91330421MA2JE6JP6C

Chok Kwee Bee

Senior Independent Non-Executive Director / Chairman

Chok Kwee Bee, a Malaysian, female, aged 68, is our Senior Independent Non-Executive Director / Chairman. She was appointed to the Board on 8th December 2014 as Independent Non-Executive Director and Chairman. She was designated as Senior Independent Non-Executive Director on 13th November 2015. She holds a Bachelor of Arts (Honours) degree in Business Studies from Kingston University, United Kingdom ("UK") and she is also an Associate of the Chartered Institute of Bankers, UK.

Ms Chok is presently the Managing Director of Teak Capital Sdn Bhd, a venture capital management company and a Principal of Intres Capital Partners Sdn Bhd. Prior to that, she was with Walden International, a Silicon Valley based venture capital firm, overseeing the operations and investments of Walden International and BI Walden in Malaysia. She was also previously Head of Corporate Finance at AmInvestment Bank Berhad. She previously held posts as a member of the Securities Commission Capital Market Advisory Council, Chairman of the Malaysian Venture Capital and Private Equity Association, Non-Executive Board member of the Audit Oversight Board and also a member of the Malaysian Venture Capital Development Council.

She is currently a non-executive Board member of Hong Leong Bank Berhad. She also sits on the board of several private limited companies.

Ms Chok Kwee Bee is the Chairman of the Remuneration Committee and the Nomination Committee, a member of the Audit Committee and the Risk Committee. She has no family relationship with any Directors or major shareholders of the Company.

Ng Sang Beng

Executive Director / Chief Executive Officer

Ng Sang Beng, a Malaysian, male, aged 44, is our Executive Director / Chief Executive Officer. He was appointed to the Board on 8th December 2014. He is responsible for the strategic operations, business development activities, and research and development ("R&D") roadmap of the Group.

He graduated with a Bachelor of Electrical Engineering from University of Technology Malaysia in 1999. He began his career with Altera Corporation (M) Sdn Bhd ("Altera") in 2001 as the Test Development Engineer and Component Applications Engineer. He was then promoted to Component Applications Supervisor in 2002. He left Altera in 2004 to co-found Aemulus Sdn Bhd with Yeoh Chee Keong in the same year.

He has been involved in the semiconductor industry for more than 19 years and has vast knowledge in the area of design and development of semiconductor tester which focuses on radio frequency ("RF"), analogue/digital/mixed-signals, Input / Output Buffer Information Specification ("IBIS"), Boundary Scan Description Language, signal integrity and custom Field Programmable Gate Array ("FPGA") designs.

He was recognised as one of the Endeavour Entrepreneurs by Endeavour Global at its 55th international selection panel 2014. He makes an appearance at various community events with intentions to enlighten the young generation, motivate struggling startups, and to spur the growth of local entrepreneurs.

He is currently a director of Malaysia Debt Ventures Berhad. He also sits on the board of several private limited companies.

Mr Ng Sang Beng is a member of the Remuneration Committee. He has no family relationship with any Directors or major shareholders of the Company.

Yeoh Chee Keong

Executive Director / Chief Operating Officer

Yeoh Chee Keong, a Malaysian, male, aged 53 is our Executive Director / Chief Operating Officer. He was appointed to the Board on 8th December 2014. He is responsible for the operations of the Group.

He graduated with a Bachelor of Engineering from University of Lincolnshire and Humberside in 2001 and a Diploma in Engineering in 1989 from Damansara Utama College. He started his career in 1993 at Unico Electronics (Penang) Sdn Bhd as the Design Engineer for semiconductor burn-in boards. In 1998, he joined MCMS Sdn Bhd with responsibility for electronics product design and manufacturing. In 2001, he joined Altera as the Senior Engineer where he was involved in load board and characterisation board designs for FPGA tester systems.

He has more than 21 years of design and management experience in the electronics test industry with an extensive experience in Printed Circuit Board ("PCB") design and high speed signal integrity simulations and analysis. He is also well versed with PCB design tools and simulation tools. In 2004, he left Altera to co-found Aemulus Sdn Bhd with Ng Sang Beng. He takes control of the overall business efficiency — oversees the functionality of operations, validity of partnership agreements, and the viability of established policies. He continues to drive extensive and sustainable growth for the Group.

He currently sits on the board of several private limited companies.

Mr Yeoh Chee Keong is a member of the Risk Committee. He has no family relationship with any Directors or major shareholders of the Company.

Wong Shee Kian

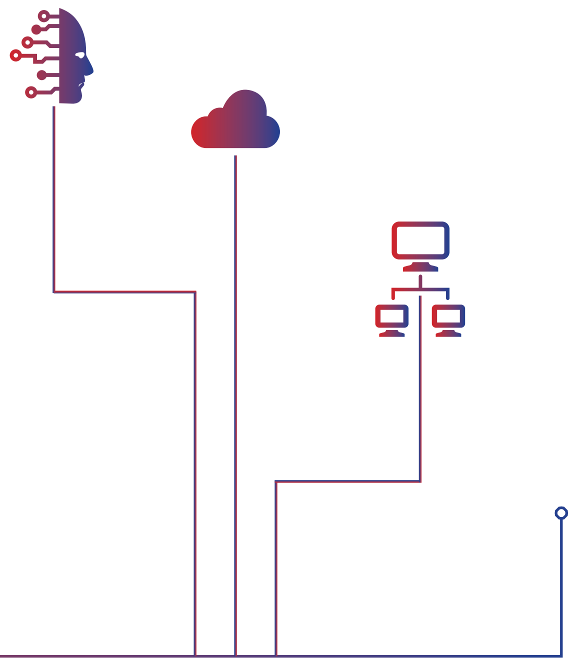
Executive Director / Chief Technology Officer

Wong Shee Kian, a Malaysian, male, aged 42, is our Executive Director / Chief Technology Officer. He was appointed to the Board on 8th December 2014. He is responsible for overseeing the overall R&D roadmap and R&D activities of the Group. He is the head of all divisions categorised under the Group's R&D activities (i.e. R&D, new product introduction, software and product application divisions). He plays a significant role in the product application division of the Group whereby he provides technical support to the Group's marketing team such as competitive analysis, product configurations, test time analysis and product demonstration as well as pre-sales and after-sales technical support and new product planning.

He graduated with a Bachelor of Electrical Engineering degree from University of Malaya in 2002. In 2009, he obtained a Master Degree in Engineering (Microelectronics) from the Multimedia University. He started his career in 2002 at Altera as a Component Applications Engineer and was responsible in characterising Input / Output buffers and developing specific simulation models, e.g. IBIS. He has extensive experience in system-level signal integrity simulation and analysis. He has provided signal integrity and behavioural modelling trainings to engineers including Altera's regional support centres and worldwide Field Applications Engineers. He was also actively involved in various roll-out activities of new products by Altera. In 2005, he left Altera to join our Group as our R&D Manager and was promoted to Chief Technology Officer in 2006.

He currently sits on the board of several private limited companies.

Mr Wong Shee Kian is a member of the Remuneration Committee and the Risk Committee. He has no family relationship with any Directors or major shareholders of the Company.



Ng Chin Wah

Executive Director / Chief Financial Officer

Ng Chin Wah, a Malaysian, male, age 41, is our Executive Director / Chief Financial Officer. He was appointed as Executive Director on 13th January 2017 and subsequently appointed as Chief Financial Officer on 1st March 2017. He graduated from University of Malaya with a Bachelor Degree in Accountancy (Honours) in 2003. He is a Chartered Accountant and a member of Malaysian Institute of Accountants.

He started his career in 2003 as an Audit Assistant with Ernst & Young, Penang and was promoted to Audit Senior in 2005. In 2007, he joined Ernst & Young, Singapore as an Audit Senior. During his tenure with Ernst & Young, he was involved in audit and advisory services covering a wide range of sectors and industries including semiconductor, manufacturing, property development, construction, and trading. He has extensive exposures in Financial Reporting Standard ("FRS") of Malaysia and Singapore, US Generally Accepted Accounting Principles ("GAAP") reporting, initial public offerings and compliance requirement pursuant to the Sarbanes Oxley Act, 2002 of the USA.

Mr Ng Chin Wah joined our Group in 2009 as the Finance Manager. In April 2015, he was promoted to Financial Controller and subsequently appointed as Chief Financial Officer on 1st March 2017. He is responsible for the overall finance and accounts functions of our Group.

He was awarded "Best Chief Financial Officer for Investor Relations Under Small-Cap Companies Category" at the Investor Relations Awards 2018 by Malaysian Investor Relations Association ("MIRA").

He has no family relationship with any Directors or major shareholders of the Company.

Ong Chong Chee

Independent Non-Executive Director

Ong Chong Chee, a Malaysian, male, aged 44, is our Independent Non-Executive Director. He was appointed to our Board on 20th July 2015.

He started his career as a Tax Consultant in Deloitte in 1998 and was promoted to Senior Manager in 2004. He left Deloitte in 2005 and subsequently, he set up Moore Advent Tax Consultants Sdn Bhd ("Moore Advent") in 2005. He is one of the founders and a Senior Executive Director of Moore Advent. Moore Advent is currently the tax division of Moore Malaysia. He has more than 20 years of experience in audit and taxation. His areas of expertise include advisory on tax audit and investigation, business restructuring, mergers and acquisitions, and advisory on real estate and goods and services taxes.

He is a member of the Association of Chartered Certified Accountants, UK ("ACCA") since 2002 and a fellow member of ACCA since 2007. He is a fellow member and a chartered tax practitioner of the Chartered Tax Institute of Malaysia, a chartered accountant of the Malaysian Institute of Accountants, an associate member of The Institute of Internal Auditors Malaysia, an income tax agent and goods and services tax agent licensed by the Ministry of Finance.

He is currently an independent director of CYL Corporation Berhad. He also sits on the board of several private limited companies.

Mr Ong Chong Chee is the Chairman of the Audit Committee, a member of the Remuneration Committee, the Nomination Committee and the Risk Committee. He has no family relationship with any Directors or major shareholders of the Company.

Friiscor Ho Chii Ssu

Independent Non-Executive Director

Friiscor Ho Chii Ssu, a Malaysian, male, aged 49, is our Independent Non-Executive Director. He was appointed to our Board on 20th July 2015.

He graduated with a Master of Business Administration from Malaysian Institute of Management and the University of Bath, UK in 2002. In May 1995, he obtained a Bachelor of Science in Electrical Engineering from Washington University, The United States ("U.S.") and a Bachelor of Arts in Physics from Ohio Wesleyan University, U.S.

He started his career as an Integrated Circuit Designer at Intel Technology Sdn Bhd in 1995. In 1998, he joined Altera as a Manager and founded an R&D engineering department. He joined Jaalaa Malaysia Sdn Bhd (an RF Integrated circuit ("IC") start-up company based in San Diego, U.S.) in 2005 as the Director of Engineering ("DOE") where he set up an R&D and operations engineering center. In 2006, he joined an advanced miniature camera module developer, Vista Point Technologies (M) Sdn Bhd, before re-joining Altera in 2008 as the DOE for Software and Intellectual Property Engineering. He joined Motorola Solutions Malaysia Sdn Bhd ("Motorola") in 2012 as the DOE R&D for land mobile radio products. In 2015, he became Director of APAC Centralized Managed Services Operations at Motorola. In 2019, he moved to a new role as Director of Global Service Design for Tools and Infrastructure at Motorola, where he led global applications / automation development and IT support.

He has over 25 years of experience in high technology industries ranging from semiconductor, imaging, RF and software to supply chain management, managed services and intellectual property, in addition to extensive roles in leadership, operations, marketing and customer engagements. From 2015, he held a leadership role in global managed and support services, inclusive of setting up network operations centre (NOC), cybersecurity operations centre (SOC), applications development, customer technical support, system integration, upgrade and deployment services, while supporting service strategy / offer activities.

Mr Friiscor Ho Chii Ssu is the Chairman of Risk Committee. He is also a member of the Audit Committee, the Remuneration Committee, and the Nomination Committee. He has no family relationship with any Directors or major shareholders of the Company.

Notes:

1. *All the above Directors do not have any conflict of interest with the Company.*
2. *Other than traffic offences, none of the Directors of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*
3. *The Directors' shareholdings are as disclosed in this Annual Report.*
4. *None of the Directors of the Company hold or have held any Directorships in other public companies and listed issuers, save for Ms Chok Kwee Bee, Mr Ng Sang Beng and Mr Ong Chong Chee, details of which are as disclosed in their profile at page 10, 11 and 15 respectively of this Annual Report.*

Profile of Key Senior Management

Ong Chuin Tein

Senior R&D Director

Ong Chuin Tein, a Malaysian, male, age 42, was appointed as Senior R&D Director on 1st April 2013. He graduated from University of Malaya with a Bachelor in Electrical Engineering degree in 2002.

He started his career in 2002 as a Component Applications Engineer at Altera. During his career with Altera, he was responsible in solving FPGA configuration issues, which was escalated to Altera's factory by the Field Application Engineers. He was also responsible in providing embedded solutions and reference designs for some of the Altera's FPGA and Complex Programmable Logic Device ("CPLD") users' reference while actively involved in various new products roll-out activities which include new device check-out, evaluation and characterisation, as well as generation of technical collaterals such as datasheet, application notes and white papers.

In 2005, he joined our Group as a Project Manager and was subsequently promoted to Senior R&D Director. His journey with the Group was described as profoundly challenging and best suited his areas of interest. Overseeing the digital discipline of the Group R&D department, he is constantly in the know with the advent of technology and the problems arised within the industry. His extensive knowledge of market intelligence provide him a head start in developing products that are in tune with the market needs; from a wide array of PXIe modules to high pin count digital testers.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Low Bok Siew

R&D Director

Low Bok Siew, a Malaysian, male, age 41, was appointed as R&D Director on 1st April 2013. He graduated from University of Malaya with a Bachelor in Electrical Engineering degree in 2002.

He started his career in 2002 with Agilent Technologies (M) Sdn Bhd ("Agilent") as the Product Engineer and was subsequently promoted to Senior Product Engineer in the Signal Sources Department. He was responsible in leading several microwave products and knowledge transfers from Agilent's site in USA to Agilent Technologies Penang in 2002-2005, and has successfully set-up the production of the microwave products from front-of-line to end-of-line.

He joined our Group in 2005 as a Project Manager and was promoted to R&D Director in 2013. He has an extensive working experience in the RF-related field in particular, the signal source production support. His in-depth knowledge includes RF and analogue designs, various test and measurement devices such as signal generators, spectrum analysers, network analysers and power sensors. He is responsible for researching and developing new products and technologies. Specifically, he is in charge of defining and designing the hardware discipline for ATE. He continually looks for creative solutions in bridging the communication between hardware and digital, at the same time, streamlining the variable process.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Moy Shin Fei

Chief Architect of Software & Data Science

Moy Shin Fei, a Malaysian, male, age 41, was appointed as Senior Software Director on 1st April 2014 and subsequently appointed as Chief Architect of Software & Data Science on 5th March 2018. He graduated from University of Kebangsaan Malaysia with a Bachelor in Electrical, Electronics and System Engineering degree in 2002.

He started his career in 2002 with Altera as a Component Applications Engineer and was involved in design and development of new products check-out, evaluation and characterisation, technical collaterals and setting up of the internet portal for the Altera group. In 2004, he joined Agilent as the Senior IC Design Engineer and was involved in designing the revolutionary laser mouse sensor. He has vast working experience in architecting and designing digital hardware system, embedded processor system, firmware and client/server desktop applications.

He joined our Group as the R&D Manager in 2005. He was promoted to Senior Software Director in 2014 and subsequently appointed as Chief Architect of Software & Data Science in 2018. He is responsible in defining our software roadmap and architecting scalable software. In tune with software market trend and transition, he plans our entry into Industry 4.0. He leads a team of professional in securing data management, managing big data analytics, and devising machine-learning algorithms.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Tan E Chiang

Vice President of Product, Sales & Marketing

Tan E Chiang, a Malaysian, male, age 43, was appointed as Senior Marketing Director on 1st April 2010 and subsequently appointed as Vice President of Product, Sales & Marketing on 5th March 2018. He graduated from University of Technology Malaysia with a Bachelor in Electrical Engineering degree majoring in Telecommunication in 1999.

He started his career in 2000 as the Field Support Engineer with Lucent Technologies (M) Sdn Bhd. In 2003, he joined Intel Microelectronics (M) Sdn Bhd as the Senior Technical Marketing Engineer and had several promotions before assuming the position of Lead Application Engineer. During his employment with Intel Microelectronics (M) Sdn Bhd, he was responsible in setting up a new division in Penang while leading a team to support regional marketing and customer support activities within the Asia-Pacific region. In 2006, he joined Intel Technology as the Strategic Product Planner where he is involved in roadmapping the division's long-term strategic plan and strategic product definition activities. He is also involved in setting up a new department to transfer product definition activities from Intel Technology to Intel Technology Malaysia.

He joined our Group in 2007 as the Marketing Manager. He was promoted to Senior Marketing Director in 2010 and subsequently appointed as Vice President of Product, Sales & Marketing in 2018. He is adept in long-term marketing strategy including product definition, market segmentation, brand building, and customers retaining. With his well-connected network, he has fortified the Group's brand foundation among the key players in the ATE industry both locally and internationally. He is in charge of his extended team members in offshore to cater to the growing international customer base.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Sean Lin Hsiu-Hung

Taiwan General Manager

Sean Lin Hsiu-Hung, a Taiwanese, male, age 50, joined our group as Taiwan General Manager in 2015. He graduated from National Chiao Tung University of Taiwan with a Bachelor in Electronic Engineering majoring in Telecommunication in 1997.

He started his career in 1997 with Schlumberger Limited as an Application Engineer, and eventually took on roles as an Application Manager cum Field Marketing Manager in NPTest, Inc. In 2002, he joined Chroma ATE, Inc. as the Product Manager of Semiconductor Business Unit and was in charge of business development, and market positioning and pricing, setting expectation and benchmark for the first Taiwan ATE company. In 2006, he joined Teradyne, Inc. as the Regional Business Development Manager ("BDM") of Global Service Organisation. Subsequently, he progressed to Aeroflex, Inc. as the Asia Pacific BDM in 2010, where he transformed instrument solution into the semiconductor test solution provider. He had a wide range of experience in the semiconductor test industry from managing the Asia region's outsourced assembly and test ("OSAT") companies through the supply chain of the global fabless' demand. He also led the sales team in new product market penetration and market share expansion.

He is in charge to drive sales within Taiwan and he works closely with the marketing team in strategising new market penetration, creating opportunities, and optimising sales volume. He is responsible for leveraging and integrating current sales and field support teams to achieve the Group's revenue and profit target. Keeping track of global fabless requirements, he continues to grow sales volume through the demand of Asia's OSAT in the South East Asia and Far East.

He has no family relationship with any Directors or major shareholders of the Company.

He does not hold any directorships in any other public companies and listed issuers.

Notes:
1. *All the above Key Senior Management do not have any conflict of interest with the Company.*
2. *Other than traffic offences, none of the Key Senior Management of the Company has any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Management Discussion and Analysis

THE GROUP'S BUSINESS AND OPERATIONS

As a design house, Aemulus Holdings Berhad ("Aemulus") architects and markets semiconductor testers or automated test equipment ("ATE"). We focus primarily on RF and mixed-signal semiconductor test markets, followed by automotive and lighting markets. Our objective is to constantly enhance and provide test solutions that propel our customers towards optimum productivity and operational efficiency.

To achieve this objective, our strategies include: investing in research on new test methodologies, algorithms, test instrumentation design, and test software; as well as research on how data science can help testers in predictive analysis and maintenance.

FINANCIAL PERFORMANCE REVIEW

	2020 (RM'000)	2019 (RM'000)	Change (RM'000)	%
Revenue	**19,320**	28,834	(9,514)	(33)
Cost of Sales	**7,065**	11,181	(4,116)	(37)
Gross Profit	**12,255**	17,652	(5,397)	(31)
Research and Development Expenses	**4,887**	4,365	522	12
Administrative Expenses	**13,967**	15,055	(1,088)	(7)
Other Expenses	**209**	2,207	(1,998)	(91)

With the impact of COVID-19 pandemic and implementation of travel restriction locally and globally, our financial performance for the first half of the financial year was affected. However, starting from the second half of the financial year, our revenue has gained back the momentum with RM5.0 million and RM7.2 million recorded in Q3FYE2020 and Q4FYE2020 respectively, attributable to the successful implementation of strategies in turning around the business.

Effort spent in improving the cost of good sold during the year has borne fruit. Despite the decrease in revenue, our gross profit margin has improved from 61.2% in FYE2019 to 63.4% in FYE2020.

Other income has increased RM2.9 million in tandem with the recognition of gain on the transfer of intellectual property to TMSS Technology (Jiashan) Co. Ltd. ("TMSS") in China and gain on disposal of the Group's property in Krystal Point Penang amounted to RM2.6 million and RM0.3 million respectively.

Research and development ("R&D") expenses has increased RM0.5 million as compared to FYE2019, attributable to the talent and materials costs spent in researching new test solutions for customers and enhancing our products features.

Administrative expenses were improved this year via the cost saving initiatives implemented in Q3FYE2020 and Q4FYE2020, as well as the government's Prihatin Perusahaan Kecil dan Sederhana programme incentives.

FINANCIAL POSITION REVIEW

	2020 (RM'000)	2019 (RM'000)	Change (RM'000)	%
Non-Current Assets	**56,623**	42,241	14,382	34
Current Assets	**72,221**	47,371	24,850	52
Non-Current Liabilities	**13,027**	4,438	8,589	193
Current Liabilities	**14,120**	11,129	2,991	27

Non-Current Asset

The 34% increase in the Non-Current Asset category reflects several major investments made by Aemulus during the financial year, such as construction of Aemulus Base, establishment of TMSS in China and our investment in R&D.

Aemulus Base, our iconic headquarter was completed in July 2020. It is one of our most valuable assets which carries a value of RM23.5 million. On annual basis, Aemulus Base is depreciated by RM0.5 million but we save rental expenses of RM1.0 million per annum.

FINANCIAL POSITION REVIEW (Cont'd)

Non-Current Asset (Cont'd)

On 10th April 2020, we have announced our expansion in the China market via the incorporation of joint venture company (namely TMSS) with Tangren Microtelligence Technology Co., Ltd ("Tangren Microtelligence"). As of to-date, we have injected RM1.2 million into TMSS as the first phase capital injection in accordance with the agreement.

R&D activities continue driving our products enhancement and delivery of cutting-edge testing solution to our customers. Talent costs and development materials invested in the R&D activities are capitalised accordingly, which amounted to RM2.4 million for this year.

Current Asset

Current Asset category has increased approximately RM24.8 million or 52%, primarily contributed by cash and bank balances, as well as amount receivable from TMSS.

This year, we have raised additional fund via private placement in August 2020. It's a successful corporate exercise which has contributed RM31.0 million to our war chest.

As part of our business expansion exercise, we have transferred some of the intellectual property ("IP") to TMSS in accordance with the joint venture agreement entered with Tangren Microtelligence. An amount of RM2.7 million receivable from TMSS pursuant to the IP transfer was recorded in the books as at FYE2020.

Non-Current/Current Liabilities

Both categories have increased in tandem with the drawdown of term loan during the year to fund the construction of Aemulus Base.

DIVIDEND POLICY

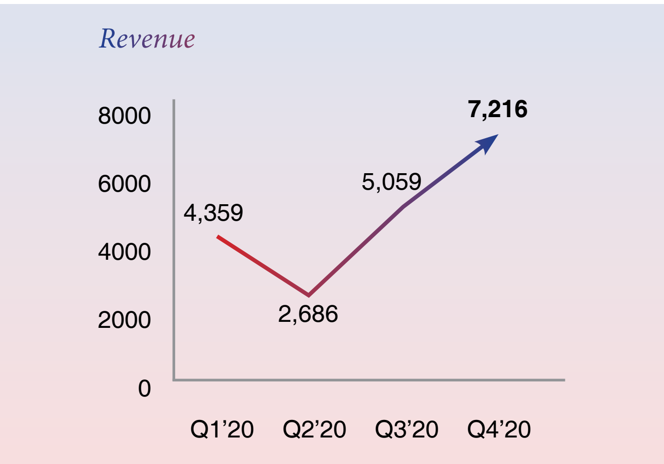
We do not have an explicit dividend policy.

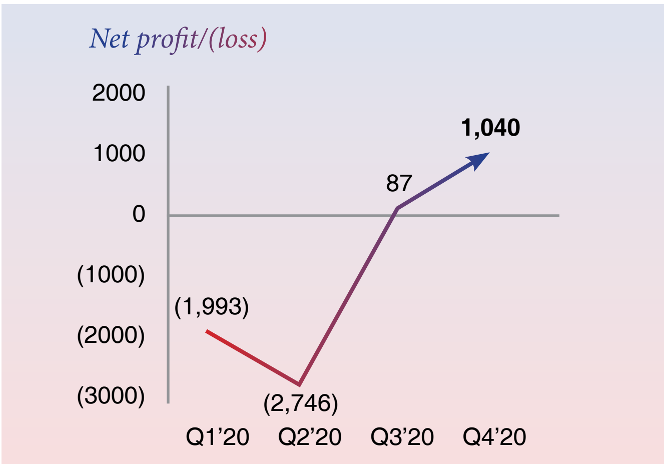
OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS

The Sigmoid

The FYE2020 for Aemulus reflects a graph of trails marking the challenging environment, constraints of growth, successful turn-around and signs of recovery.

	Q1'20	Q2'20	Q3'20	Q4'20
Revenue	4,359	2,686	5,059	7,216
Net profit/(loss)	(1,993)	(2,746)	87	1,040





OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS (Cont'd)

The Sigmoid (Cont'd)

The conflicts between two major economies in the world continue to inflict negative effects on Aemulus in terms of growing our businesses and revenues. Getting into the second quarter of FYE2020, the worldwide lock-down of business travels and the introduction of Movement Control Order ("MCO") in Malaysia put further stress on our operation to generate revenue. The recorded revenue in FYE2020 shrunk 33%, as compared to FYE2019. Nonetheless, as we look further into each quarter: ***Q2 reaches the lowest point of revenue among the four quarters, then a turn-around in Q3, and a relatively remarkable profit in Q4.*** Despite the fact that the overall profit for FYE2020 was still in the negative zone, we see strong signals of recovery as we step into FYE2021.

The turn-around did not come at ease, nor was it a short term effort. The turn-around was an effect of the change in our strategies over a period of time. The management identified two major issues haunting us since 2019, namely poor business growth in the Far East Region and tight cash flow. Subsequent efforts taken by the Management to address these shortcomings, were proven effective.

Firstly, a new sales agent in China was identified and engaged. The purpose was to leverage on their network in order to grow our business leads and market reach. Then we started exploring business localisation strategies within China. The exploration of potential partners later concluded with an inked agreement between Tangren Microtelligence and us in April 2020. The third was identifying new markets whereby we have strong confidence in solving the industry pain points. The few months of effort and time spent right before MCO resulted in the introduction of two new products to address two new markets. In April 2020, Amoeba 7300 and Amoeba 5600-CIS made their debut in China and Taiwan respectively, despite all odds.

We ended the year with a successful private placement of approximately 10% new shares, bagging RM31.3 million to fuel business expansion and R&D.

Make the Strategy Right

A few contracts were sealed in FYE2020. The significance of these contracts lies on the ability to quickly identify the right opportunities and to deliver the right solutions to address the pain points of new customers and to render endorsement of the value and advantages of our new products. The strategic barrier in the Far East Region has been overcome. The similarity between our two new products introduced in FYE2020 is that both are not generic testers but testers designed specifically for a niche market with sizeable targeted addressable market. This is a turning point from our previous strategy of designing generic products. Going forward, we shall continue with such plans.

Inking a Joint-Venture

The success of registering new customers in our records especially in China acts as a validation of our strategy to partner with Tangren Microtelligence. The new contracts given by new customers finally allow us to overcome the hurdle in expanding the China market. The localisation plan in China brought Aemulus into part of the ecosystem of Made in China 2025. While local competition remains, our joint-venture company, TMSS lowers down the entry barrier and makes doing business in China easier. In the second half of our FYE2020 whereby travelling to China was restricted, the presence of TMSS found useful. For the plan with TMSS, the applications engineering and service engineering have been established in China in FYE2020. Going forward, the plan is to start growing technical sales force and to establish production within TMSS.

Shareholders' Name of TMSS	Proportion
Tangren Microtelligence Technology Co., Ltd. (唐人制造（宁波）有限公司)	60%
Aemulus Corporation Sdn Bhd	40%
Total	**100%**

OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS (Cont'd)

Successful Fund-Raising

Getting our war chest ready. We foresee the recovery of semiconductor demand should happen towards the end of year 2020. The private placement of RM31.3 million helped strenghen our cash flow which in turn allowed us to manage our inventory to significantly reduce our cost of goods ("COG") per unit, through economies of scale. Going forward, as we expand into different markets, we anticipate stiff price competition, and therefore reduction in gross margin. We believe an efficient inventory management should counter the stiff price competition to give us the competition edge. The cost optimisation initiatives as practised with the current products shall be applied to other products going forward.

R&D Investment Does Matter

Our investment in R&D played a decisive role in winning contracts. Take Amoeba 5600 for example which we designed and launched in 2019. Despite low demand for this tester in 2019, we customised part of the design in early 2020 to be specific for complementary metal-oxide-semiconductor ("CMOS") image sensor ("CIS") testing market within a short cycle, and sealing deals. This signifies the advantages introduced by our R&D and their technical capability to deliver short time-to-market solutions. Part of the IP developed over the years were monetised through the sale of IP to Tangren Microtelligence. Aemulus shall continue to develop IP and invest in R&D. One change made within the company direction was to grow and to put more responsibility on the shoulders of a department called Product Development. At the same time, incentives shall be given to R&D staff registering noticeable patents.

Inventory

Aemulus builds ATE or tester systems to be exact. Our testers are designed to be modularly built by sub-systems. Each sub-system is either a functional block by itself or a box with a collection of multiple test modules working on a common platform. The typical turnaround time to build a batch of systems is between two to three months. Often, the expectation of our clients on our delivery lead time is less than two months. A good amount of inventory build-up is critical to win deals in many cases. Therefore, with a positive outlook looking forward, an increase in inventory is inevitable. The bulk of the inventory usually lies in the electronic components or assembled test modules. These items have a long shelf life and are common parts among our high runner testers which indirectly reduces the risk of being non-moving parts.

OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS (Cont'd)

Aemulus Base

The COVID-19 pandemic did put everything to a stop. Yet, we adapt in such trying time and operate based on the existence of the pandemic. Putting that mindset in the management carried us through the difficulties of moving office and production during Recovery Movement Control Order ("RMCO"), and to complete them within a matter of weeks. We unite our staff from two different locations into a single iconic building which we called it Aemulus Base with a built-up area of 75,000 sf. Instead of us leasing the two plants, we worked in Aemulus Base which we can finally call home in July 2020. Aemulus Base is strategically located right next to Penang International Airport, or a short 5 minutes drive. The iconic red-brick building as seen from the main road would not be missed by any passer-by.

Market

With the establishment of our joint-venture, TMSS, we now assign all sales activities in China to TMSS. We foresee that TMSS shall contribute significantly in terms of sales to our overall revenues. TMSS resides in the ecosystem of *Made in China 2025* initiatives whereby the government drives localization of the design of semiconductor devices and the associated equipment to make them. We project that our Amoeba 7600 series 5G testers and Amoeba 7300 RF front-end testers shall take up the majority of the sales contributed by TMSS. For the rest of the world market shall be contributed by Amoeba 7600 series 5G testers, Amoeba 5600 CIS testers and other series of Amoeba 4200 testers. Smartphones/ Tablets market shall still be dominant in our distribution of revenue contribution.

FYE2021

We are grateful to be able to achieve many significant milestones in FYE2020, despite the unexpected COVID-19 pandemic and the slowdown of the worldwide economy. We built up our war chest, launched new products, signed up new customers and hardened our strategies. Taking steps into FYE2021, we are definitely confident and optimistic looking forward. The Board wishes to extend our sincere appreciation and gratitude to our believers, including but not limited to our shareholders, customers, suppliers, partners, bankers and the professionals for their companionship along the FYE2020 journey - we did not walk alone. Lastly, our staff are our assets and their contributions made up our successes. The Board takes that with heartfelt gratitude.

SUSTAINABILITY STATEMENT AND PURPOSE

Harvard Business Review ("HBR") in its October 2020 publication put forward a title of **Making Sustainability Count** in the *Spotlight* section. The section looks into *Social-Impact Efforts That Create Real Value*, *The Board's Role in Sustainability* and *The Challenge of Rating Environment, Social and Governance ("ESG") Performance*. That *Spotlight* section acts like a *lighthouse* to thousands of direction-seeking public listed companies. Understated.

For Aemulus, Annual Report 2020 marks the second year for the Board and the Company to tell our shareholders what sustainability values we upheld. As we prioritised the elements in sustainability, the four key elements are environment, economic, social and governance ("EESG"), whereby ESG are consistent with the tone of George Serafeim, a professor in HBR in his article. We concur that, of all the reasons to make EESG sustainability significant in the discussion of the Board and the execution of the Company, the following reason acts as the foundation to it.

"... all human beings - in and out of corporate settings - have an obligation to behave in prosocial ways..."

~George Serafeim

We seek to make our ***Purpose*** of carrying out EESG sustainability duties to be adopted by the Company, starting from the Board in FYE2021:

"We believe that God makes all humans equal and the faith in the values of humanity give meaning and purpose to human life."

SUSTAINING SUSTAINABILITY

The Chief Executive Officer ("CEO") is assigned to lead the work in sustainability by working together with the Tactical Operation department within the Company. EESG risks and opportunities have been evaluated and with remedies applied along our business journey of more than ten years. Yet, an organised strategy to link between the spelled out Purpose and executions, the plans and achievements is more sustainable. With a small pack of 130-strong, a focused strategy shall yield better results for us.

As Aemulus stands closer to a design house as compared to a manufacturing hub, *people* naturally stand out to take the first place in our asset listing. Therefore, our strategy tends to consider more on the *social* element relative to the other EESG elements. And, when working on the *economic*, *environmental* and *governance* elements, we tend to put the *social* element into consideration as well. This way, it links us back to the ***Purpose*** of our EESG sustainability efforts.

SOCIAL STRATEGY

Our scope of the *social* element circles around ***respect***, ***empathy*** and ***caring***. These are the fundamental values of humanity, as we believe they give meaning and purpose to human life (the ***Purpose***). We do not cheer big publicity corporate-social-responsibility ("CSR") acts; we appreciate taking many simple and sympathised reflexes.

Rendering helping hands. The MCO announced in March 2020 puts all economic activities to a halt. Many companies struggled to pay salaries to workers. For those contract workers who lived on daily salaries, the MCO disrupted their incomes. We took the initiative to reach out to some of them and provided the help most needed at that point of time. We were surprised to see that the goodwill spread further; we raised funds with long-term commitment among some of our Board members and staff to fund the education of the children of patients suffering from the prolonged effects of difficult diseases. The company set aside a total of RM 50,000 funds, to be matched with the same amount by the CEO, for up to 5 cases of critical financial assistance needed by the staff or their close relatives, related to accidents and diseases.

SOCIAL STRATEGY (Cont'd)

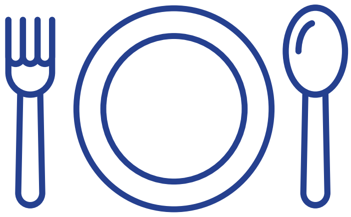
Stay with the Front-Liners. In response to the urgent calls for surgical masks and personal protective equipment ("PPE") by *InvestPenang* for the front-liners in Penang, we delivered the protective gears the soonest possible to the angels to show our appreciation towards their selfless and dedicated efforts to deter the deadly virus during COVID-19 pandemic. When the second wave struck whereby Penang Reman Prison fell victim to the pandemic, we took initiative to contribute the necessary protective gears to show our care towards our community.

16,000 masks to the front-liners.

32,500 masks to Reman.

There is indeed free lunch (& coffee) in this world! We provided lunch for our staff daily at the Company's expenses (RM 5/bento) with the purpose to lessen the financial burden of our staff. While the taste buds for every individual vary, we struck a balance between choices of food and economy of scale. With the pandemic overcasted most part of FYE2020, the offer helped to reduce the risk of our staff exposing themselves to the unknown surroundings. When Penang fell hard into red zones starting October 2020, the free lunches, and later dinners (RM 5/bento), helped to encourage our staff to limit themselves to the journey shuttling between Aemulus Base and their homes. We supplied snacks and freshly brewed coffee to our staff during office hours with sugar and sweetener being self-service. The purpose of this is to discourage sugar intake by adding an extra step to the coffee preparation process.

Despite the freebies given by the Company, we acknowledge the fact that the process of delivering the food created more plastic usage and later waste. The non-bisphenol-A(BPA)-free plastic containers were not the best solution to cater food. And, the bring-your-own-sugar ("BYOS") or sugar-free serving policy was not being adopted when serving coffee. These are the improvement aspects to be considered in FYE2021.



90% took the **lunch** offer

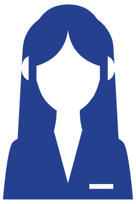
30% took the **dinner** offer

30 jugs of **coffee** served per day

"The hand that rocks the cradle is the hand that rules the world". Motherhood and women. One-third of our staff are female; a quarter of our management are female. While we are not able to change the demography of the engineering oriented industry we are in which has more male than female, we worked towards giving opportunities to women to be part of our family by not considering the generally perceived handicapped factors like pregnancy and family/relationship commitment. We prepared two hotel rooms within the premises to facilitate breast-feeding and to accommodate female staff during their discomfort time. We also reserved the best-view rooftop area for the children of our staff by populating children play sets and laying soft carpets covering the rooftop. We witnessed children reflecting their joy and the appreciation of space by instinctively running around at the moment they step into the rooftop garden during weekends.

SOCIAL STRATEGY (Cont'd)

We could do better. We shall look into removing *marital status* and *number of children* fields in our job application form going forward. Surveys of the feeling of female staff towards their livelihood and comfort level both physically and psychologically can be carried out to partially rate the performance of the Company in the *social* aspect of sustainability.



32% female staff

25% managers

Triggering the happiness hormones. Dopamine is associated with motivation and reward; serotonin could build confidence and self-esteem; endorphins are notoriously linked with injuries. All the three hormones are associated with exercise and happiness. When we designed our new home - Aemulus Base, we initially designated the largest conference room in the premises as the Boardroom. After listening to our staff, we turned the huge room into a gymnasium/playroom. We alternated the function of the second largest room between Boardroom and Training Room. After all, we use the Boardroom only around six times a year. The look-forward-to-activities after work, during breaks or anytime of the day like billiards, ping-pong, air hockey, foosball, weight-lifting and kick-boxing were ways to encourage adrenalin rush. Most of the staff do not use the elevator because of its inconvenient location. Then, climbing staircases became a daily exercise. These facilities, we believed would improve the positive hygiene factors among our staff.

Yet, we noticed that the usage of gymnasium equipment and jogging tracks were not encouraging. The tracks were often stacked with remnants of building work by our contractors, especially those out-of-sight-area. The gymnasium equipment might not be meeting the expectations of the users. Promotions of exercises for the above mentioned sports were insufficient. The promotion and encouragement of sports and exercises are to be part of the theme in the *social* aspect of the EESG sustainability of FYE2021.

GOVERNANCE STRUCTURE

The operation of the Group as a whole is under the leadership and supervision of the Group CEO and Chief Operating Officer ("COO"). The Group has a subsidiary named Aemulus Corporation Sdn Bhd ("ACSB"), involved in designing and assembling of automated test equipment, test and measurement of instruments and the provision of its related services and design consultancy services. The subsidiary within the Group is under the leadership of the Board of Directors.

Besides that, the Group has also established dedicated group functions i.e., Operation, Finance, R&D, and Sales & Marketing which would provide supervision to ensure policies and procedures adopted at subsidiary comply with the governance structure at Group level.

Through a systematic governance structure, the Group strives to enforce its sustainability framework from the top management to the operational level from the economic, environmental and social perspectives.

STAKEHOLDERS UNDER THE GROUP'S SUSTAINABILITY FRAMEWORK

Aemulus recognises the importance of having its stakeholders' interest and concerns input on sustainability matters as an essential component in determining issues that are material to the Group. Through various forms of engagement with the stakeholders, the Group's key stakeholders group are categorised as follow:-

STAKEHOLDERS	METHOD OF ENGAGEMENT
Customers	Social media and websites Trade Exhibitions and Seminars
Government and Regulatory Bodies	Communication for updates Seminars
Community	Social Media Community Events
Employees	Corporate Events and Internal Communications Trainings
Shareholders	Annual General Meeting and Annual Report Investor Relation website

ECONOMIC STRATEGY

Innovation forms technologies, technologies drive economies. All the world large economic blocks encourage innovation and the technologies of their innovation are the building blocks of their strong economy and wealth. As we play in the semiconductor field, our scope of the economic element narrows to how we ***encourage innovation*** and ***churning out advanced technologies***.

Reduce Imports, Increase Exports. Tester systems and test instrumentations have been dominated by the American and Japanese for decades. We play our role in replacing imports of those tester systems and test instrumentations. In Asia, we prevail as one of the fastest growing automated test equipment designers in Asia. The economic effect to our country includes creating job opportunities for skill and knowledge human resource; contributing to our gross domestic product, last but not least, helping the country to take a seat at the upstream of semiconductor supply chain.

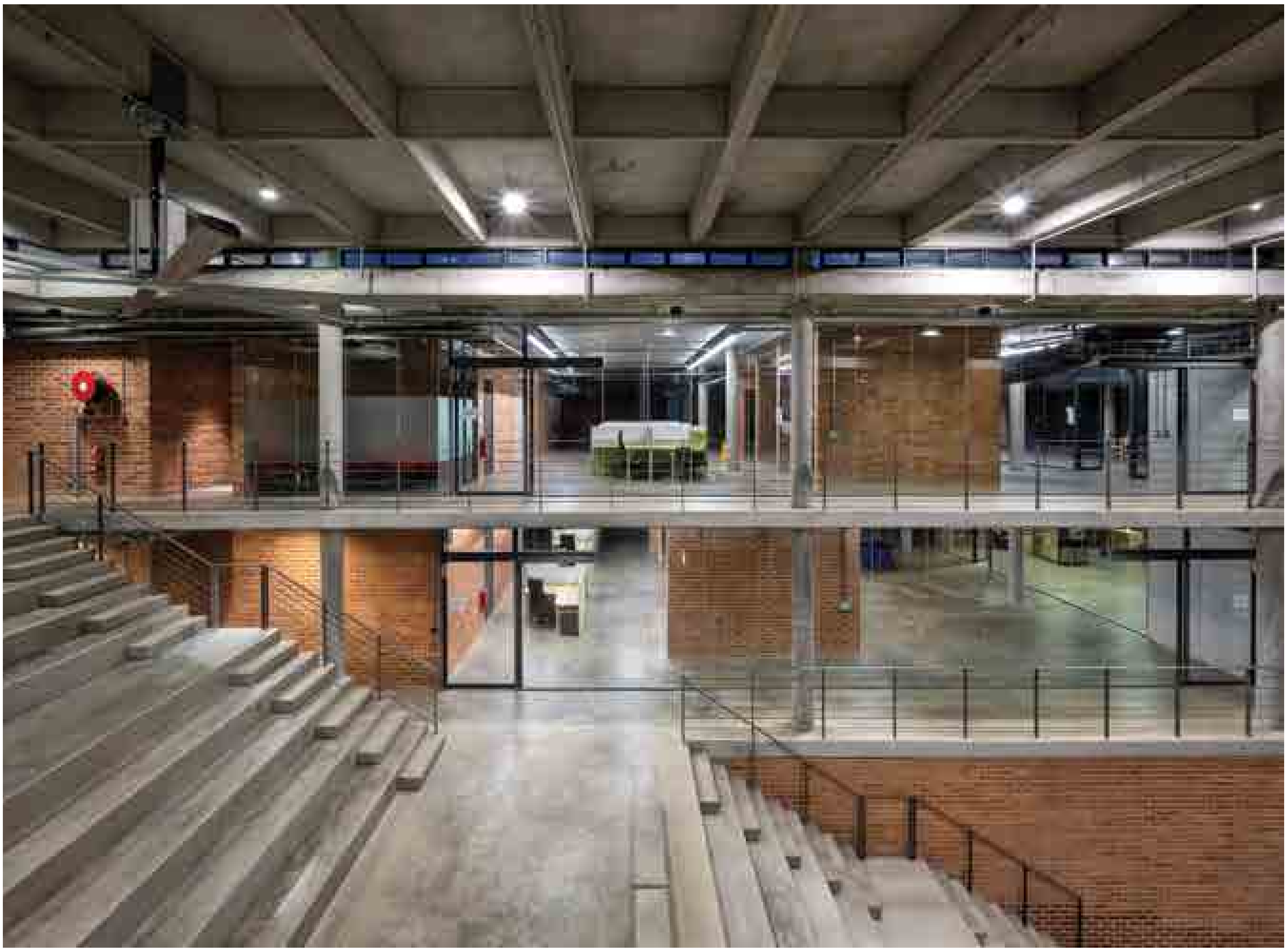
Churn Out Intellectual Properties. We now set targets to claim and own intellectual properties ("IPs") through patents. We do that by embedding filing patents into the reward system of our R&D staff. An internal two-step review system was established to ensure the quality of our applications. This is part of the strategies to contribute to shaping a knowledge economy in the country. As the economy generally rewards workers based on knowledge and intellects, we shall continue to provide the platform for knowledge talents to shine and to attract more young talents to join the team.

ENVIRONMENTAL

Aemulus Base — an outstanding and partial sustainable green building with reference to the green building index that stood out along Jalan Sultan Azlan Shah, Bayan Lepas, Penang, Malaysia. Aemulus Base was completed successfully as planned and we relocated our business operation to a home which all employees are proud of in July 2020.

The predominantly brick facades to all but the open runway elevation have brick fins and perforated brick walls to protect from solar heat gain while creating a magical natural light internal ambiance and air ventilation. On the other hand, coated double glazed windows which are used in this building, an ideal energy efficient choice with the added benefit of minimising noise. The sealed air gap between the two panels acts as an added layer of insulation, preventing unwanted heat from coming into the building. The usage of perforated bricks walls and coated double glazed windows and design of the building have lessened our reliance on air conditioners and ultimately increase the efficiency of electricity. Our monthly electricity cost is similar to the cost incurred in our old premises but it covers 5 times more in terms of built up square feet.

Moreover, the Group continuously promotes a healthy culture to reduce carbon footprint and contribute to a better environment, through conservation of electricity and paper consumption during the conduct of daily administrative operations to help improving the urban ecosystem.



Corporate Affairs Re-enactment of Morning Colours of Aemulus

20th July 2020

"At Aemulus, we work and play...," a band of the trio was singing the Aemulus' anthem joyfully on a Monday morning. Along with the catchy tune of a pipe organ, the crowd was exceptionally energetic as they swayed side to side gleefully.

It was a re-enactment of last year's groundbreaking ceremony; today, an astonishing building stands on this very ground wowing both, internal and external stakeholders. Within just three weeks, the moving committee had all departments settled in comfortably while continued to set up secondary facilities such as gym and leisure space, resting and shower rooms, and the canteen. In addition, our employees are lucky to have their vehicle parking spaces sorted out by the committee.

As the anthem reached the end, Aemulus staff did a base run around the compound proudly, *like a glorified home run of a baseball player*, before proceeding to a feast!

The high spirits among the members were evident and, it was more pronounced in long-term employees. They, who have been with the company for years, grew alongside Aemulus, ever since it is just a one-floor base.

Time to get back to office: The first assembly after months-long of working from home.

Aemulus' "home" run, such happiness is just indescribable.

Flags hoisting by Aemulus Girls Squad.

Durian feasting is a must-do for Penangites in July.

Corporate Governance Overview Statement

The Board of Directors ("**Board**") is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiary ("**the Group**") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group.

The Board is pleased to report on the application of the principles of the Malaysian Code on Corporate Governance ("**Code**") and the extent of compliance with the recommendations of the Code during the financial year ended 30 September 2020.

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("**CG Report**"). The CG Report was announced together with the Annual Report of the Company on 4 January 2021. Shareholders may obtain this CG Report by accessing this link www.aemulus.com for further details.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I) Board Responsibility

Roles and Responsibilities of the Board

The Board recognises its duties and responsibilities as detailed in the Board Charter as expectations on how they discharge their duties.

The Board assumes the following principal functions and responsibilities:

a) Review, approve and monitor the overall strategies and direction of the Group;
b) Identify the principal risks and implement appropriate system to manage such risks;
c) Oversee and evaluate the conduct and performance of the Group's business;
d) Review the adequacy of the Group's internal control policy;
e) Succession planning, including appointing, assessing training needs and fixing the compensation of the Directors; and
f) Ensures senior management has sufficient calibre and a succession plan is in place to ensure continuity of management.

The Board has delegated specific duties to four (4) subcommittees (Audit, Nomination, Remuneration and Risk Committees). These Committees have the authority to examine particular issues and report the same to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The presence of Independent Non-Executive Directors is necessary for the corporate accountability as they provide unbiased and independent views. Even though all Directors have equal responsibility for the Group's operations, the role of Independent Non-Executive Directors is particularly important in ensuring the strategies proposed by the management are discussed and examined while taking into account the long-term implications of the business, the Group, shareholders and other stakeholders' interests.

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms their commitment to ensure that such situations of conflicts are avoided.

Board Charter

The Board has adopted a charter to provide a reference for Directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, the Board Committees, the Chairman and Chief Executive Officer. The Board Charter is subject to review periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

Clear Functions of the Board and Management

To ensure the effective discharge of its functions and responsibilities, the Board Charter of the Company clearly set out the relevant matters that are reserved for the Board's approval, as well as those that are delegated to the Board Committees, Independent Non-Executive Chairman and Chief Executive Officer.

Key matters reserved for Board's decision include, inter alia, the following:

a) Approval of business strategy and Group's operational plan and annual budget;
b) Acquisition and disposal of assets of the Company or its subsidiary that are material in nature;
c) Approval of investment or divestment in a company / business / property / undertaking;
d) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities;
e) Any other significant business direction; and
f) Corporate proposal on fund raising.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) Board Responsibility (Cont'd)

Code of Conduct and Ethics

The Board has also adopted a Code of Conduct and Ethics which is incorporated in the Board Charter of the Company. The said Code sets forth the expectations of the Company for its Directors and describes sound principles and standards of good practice that each Director is expected to uphold. It is formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors.

Directors are required to uphold the highest integrity in discharging their duties and in dealing with stakeholders, customers, employees and regulators.

In line with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability for corruption which came into force on 1 June 2020, the Board had on 22 May 2020, approved and adopted an Anti-Bribery and Corruption Policy ("**ABC Policy**") to prevent the occurrence of bribery and corrupt practices in relation to the Group's businesses.

The ABC Policy can be accessed through the Company's website (http://www.aemulus.com).

Whistle Blowing Policy

The Board recognises the importance to put in place a Whistle Blowing Policy, which provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal. The Whistle Blowing Policy can be accessed through the Company's website (http://www.aemulus.com).

Promoting Sustainability

The Group recognises the environmental, social and governance aspects of sustainability as key elements in formulation of its objectives and strategies. The Group also recognises the need to safeguard and develop the workforce, strengthen stakeholders' relationship and protect the interest of shareholders. The sustainability activities are set out in the Sustainability Statement.

Board meetings and Access to Information and Advice

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties. All Directors are provided with the agenda and a full set of Board papers before each Board Meeting is convened. In addition to discussing the Group's performances in the meeting, certain matters which are reserved specifically for the Board's decision are discussed.

Senior management staff, investment bankers, accountants or solicitors will be appointed to act as advisers for any corporate proposal to be undertaken by the Group, and will be invited to attend Board meetings at which the corporate proposal is to be deliberated, in order to provide the Board with professional opinion and advice, and to clarify issues that may be raised by any Director.

The Board is regularly updated and advised by the Company Secretaries on new statutory as well as regulatory requirements. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretaries and the senior management. The Company Secretaries attend all Board and Board Committees' meetings and ensure that meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained.

Where appropriate, the Directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to make well-informed decisions in discharging their duties on the matters being deliberated.

Company Secretaries

The Board is of the view that the current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Board obtained appropriate advice and services, if necessary, from the Company Secretaries to ensure adherence to Board meeting procedures and compliance with regulatory requirements.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I) Board Responsibility (Cont'd)

Board Meetings and Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 30 September 2020. The Directors also understand their responsibilities to notify the Chairman before accepting any new directorship.

The Board is scheduled to meet at least four (4) times a year, with additional meetings to be convened when necessary. The Board met seven (7) times during the financial year.

The Directors' attendance at the Board meetings during the financial year ended 30 September 2020 were as follows:

Name of Directors	Attendance
Chok Kwee Bee	7/7
Ng Sang Beng	7/7
Yeoh Chee Keong	7/7
Wong Shee Kian	7/7
Ong Chong Chee	7/7
Friiscor Ho Chii Ssu	7/7
Ng Chin Wah	7/7

Directors' Training

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourage Directors to attend talks, training programmes and seminars to update themselves on new developments in the business environment. The Board will through the Nomination Committee evaluate and determine the training needs of its Directors on an annual basis.

All Directors have attended and successfully completed the Mandatory Accreditation Training Programme as required by Bursa Malaysia Securities Berhad ("**Bursa Securities**"). They have also attended various continuous education programmes such as seminars and conferences.

The following members of the Board had attended various undermentioned programmes:

Name	No. of days	Mode	Title of Training
Chok Kwee Bee	2	Forum	Khazanah Megatrends Forum
	1	Conference	Securities Commission Audit Oversight Board Conversation with Audit Committees
	0.5	Training	Corporate Liability Provision on Corruption under MACC Act 2009 (Amendment 2018)
Ng Sang Beng	1	Conference	The China Series: Creating A Golden Ticket in Semiconductors
	1	Training	The Four Styles of Situational Leadership Management Training
	1	Training	Management Training Based on The Hersey-Blanchard Situational Leadership Theory
Yeoh Chee Keong	1	Online Workshop	Fraud Risk Management workshop
Wong Shee Kian	5	Online training	Corporate Strategy
Ong Chong Chee	2	Conference	2020 National Tax Conference
	0.5	Workshop	Valuation of Properties
	0.5	Seminar	2021 Budget Seminar
Friiscor Ho Chii Ssu	1	Training	The Role of the Board in Strategy & Risk Management Oversight
	1	Online training	Developing Business Acumen
Ng Chin Wah	1	Seminar	2020 Budget Seminar

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition

Composition of the Board

The Board currently consists of seven (7) members, comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors.

The Board is led by a Senior Independent Non-Executive Chairman. The Non-Executive Directors complements the Board with a mix of industry-specific knowledge, skill, expertise and commercial experience. There is a clear division of responsibilities among directors to ensure a balance of power and authority. The number of Independent Directors is in compliance with the Listing Requirements of Bursa Securities for the ACE Market which requires the Board to have at least two (2) Independent Directors or 1/3 of the Board of Directors, whichever is higher, to be Independent Directors.

The brief profile of each Board member is presented under Directors' Profile of this Annual Report.

To assist the Board in the discharge of their duties effectively, the Board has delegated specific functions to certain committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Risk Committee. Each committee will operate within its clearly defined terms of reference. The Chairman of the various committees will report to the Board on the outcome of the committee meetings.

Tenure of Independent Directors

The Board notes the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

Presently, the tenure of all the Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the Code.

Separation of Roles of Chairman and Chief Executive Officer

The role of the Independent Non-Executive Chairman and Chief Executive Director are distinct and separate to ensure that there is a balance of power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

The Chief Executive Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Chief Executive Director is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

All decisions of the Board are made based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no single individual or a group of individuals dominates the decision-making process.

Re-election of Directors

In accordance with the Company's Constitution, at the first Annual General Meeting of the Company, all the Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the Annual General Meeting of the Company where one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

The Directors to retire in each year shall be those who have been the longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board but the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution of the Company. Any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition (Cont'd)

Re-election of Directors (Cont'd)

The details of the Directors seeking re-election at the forthcoming Sixth Annual General Meeting are disclosed in page 123 of this Annual Report.

Nomination Committee

The Nomination Committee comprises 3 Independent Non-Executive Directors. The Nomination Committee is chaired by a Senior Independent Non-Executive Director of the Company.

The duties and responsibilities of the Nomination Committee are guided by its terms of reference. It meets as and when required but the Nomination Committee shall meet at least once a year.

The Nomination Committee is authorised by the Board to:

a) review the structure, size and composition of the Board;
b) review the nomination for the appointment or reappointment of the Board members;
c) recommend Directors who are retiring by rotation to be put forward for re-election; and
d) ensure that all Board appointees undergo an appropriate introduction and training programmes.

The Nomination Committee has developed criteria to assess the effectiveness of the Board, the Board committees and individual Director. The evaluation on the Board's effectiveness is divided into the following key areas:

- Composition
- Strategy and entrepreneurship
- Legal and regulatory requirements
- Corporate governance, risk management and internal controls
- Audit, accounting, financial reporting and taxation
- Human capital
- Sales and marketing
- Production and quality assurance

The process also assesses the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board.

The Nomination Committee also undertakes annual assessment of the independence of its independent directors based on criteria of independence as per requirements of ACE Market Listing Requirements.

The Board recognises the importance of independence and objectivity in the decision making process. The Board and its Nomination Committee in their annual assessment concluded that each of the three Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence. Each of them continues to fulfill the definition and criteria of independence as set out in ACE Market Listing Requirements of Bursa Securities.

When considering new appointment, the Nomination Committee shall evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria, taking care that appointees have sufficient time available to devote to the position.

The Nomination Committee and the Board do not set any target on gender, ethnicity and age diversity. Currently, the Company will provide equal opportunity to candidates who have the necessary skills, experience, competencies and other attributes regardless of gender, ethnicity and age. Nonetheless, the Company already has a well-diversified Board and the current composition of the Board with a female director.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee had met two times during the financial year and the activities of the Nomination Committee are summarised as follows:

(a) Reviewed and assessed the balance composition of the Board members, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.
(b) Assessed the performance of Independent Non-Executive Directors.
(c) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at the Fifth Annual General Meeting.
(d) Reviewed succession plan.
(e) Reviewed the induction and training needs of Directors for the financial year ending 30 September 2020.
(f) Reviewed the term of office and performance of an audit committee and each of its members.
(g) Reviewed the size of the board and number of independent directors.
(h) Reviewed and recommended the formation of Risk Committee and its members.

The Nomination Committee is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors as well as the result of the assessment on the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director. The Nomination Committee is also satisfied with the performance of the audit committee as well as the performance of each of the audit committee members.

Workforce Diversity

The Group also has no immediate plans to implement a diversity policy as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. The Group will provide equal opportunity to candidates with merit.

Remuneration Committee

The Remuneration Committee comprises 3 Independent Non-Executive Directors and 2 Executive Directors and is chaired by a Senior Independent Non-Executive Director. It meets as and when required but the Remuneration Committee shall meet not less than once a year.

The Remuneration Committee is governed by its terms of reference and its primary function is to recommend to the Board from time to time, the remuneration framework and package of the Executive Directors in all forms to commensurate with the respective contributions of the Executive Directors. The Executive Directors are to abstain from deliberations and voting on the decision in respect of their own remuneration packages. The Board as a whole decides on the remuneration of the Non-Executive Directors, including the Non-Executive Chairman. The individual concerned should abstain from deliberations of their own remuneration packages. Directors' fees and Directors' benefits are subject to shareholders' approval at the Annual General Meeting.

The Remuneration Committee had met two times during the financial year and reviewed the remuneration package of Executive Directors as well as Directors' fees and benefits for Directors.

In general, the remuneration is structured so as to link reward to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II) Board Composition (Cont'd)

Remuneration Committee (Cont'd)

The remuneration of the Directors of the Company for the financial year ended 30 September 2020, for the Company as well as the group basis are as follows:

	Salary, allowance, bonus and EPF (RM)	Benefit in kind (RM)	Indemnity given on insurance effected for any directors (RM)	Fee (RM)	Total (RM)
Group					
Executive Directors					
Ng Sang Beng	482,728	15,000	1,417	-	499,145
Yeoh Chee Keong	133,400	-	1,417	-	134,817
Wong Shee Kian	403,156	-	1,417	-	404,573
Ng Chin Wah	278,747	-	1,417	-	280,164
Non-Executive Directors					
Chok Kwee Bee	4,000	-	1,417	52,500	57,917
Ong Chong Chee	4,000	-	1,417	43,750	49,167
Friiscor Ho Chii Ssu	4,000	-	1,417	43,750	49,167
Total	1,310,031	15,000	9,919	140,000	1,474,950
Company					
Executive Directors					
Ng Sang Beng	-	-	1,417	-	1,417
Yeoh Chee Keong	-	-	1,417	-	1,417
Wong Shee Kian	-	-	1,417	-	1,417
Ng Chin Wah	-	-	1,417	-	1,417
Non-Executive Directors					
Chok Kwee Bee	4,000	-	1,417	52,500	57,917
Ong Chong Chee	4,000	-	1,417	43,750	49,167
Friiscor Ho Chii Ssu	4,000	-	1,417	43,750	49,167
Total	12,000	-	9,919	140,000	161,919

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established the Audit Committee, comprising 3 Independent Non-Executive Directors. The summary of the activities of the Audit Committee during the financial year ended 30 September 2020 are set out under the Audit Committee Report in this Annual Report.

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial positions and prospects in the financial statements and quarterly announcements to shareholders, investors and regulatory authorities in line with the financial reporting standards.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Financial Reporting (Cont'd)

The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of financial reporting of the Group. All quarterly financial reports and financial statements are reviewed and discussed by the Audit Committee before they are tabled to the Board for consideration. The Statement of Directors' Responsibility in respect of the preparation of the annual audited financial statements is set out in page 49 of this Annual Report.

Internal Control and Risk Management

The Board recognises the importance of risk management and internal controls in the overall management processes.

In assisting the Board to manage the risks of the Company, the Board has on 23 July 2020 established a Risk Committee. The Risk Committee comprises 3 Independent Non-Executive Directors and 2 Executive Directors and is chaired by an Independent Non-Executive Director.

An overview of the state of internal controls and risk management within the Group is set out in this Annual Report under the Statement on Risk Management and Internal Control.

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with the internal procedures and guidelines.

Internal Audit Function

The Group has outsourced the internal audit function to an independent professional firm, which is independent of the activities and operations of the Group. The Internal Auditors work within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy and effectiveness of the internal controls of the Group. The External Auditors will, in the course of their statutory audit, conduct a review of the internal control procedures and highlight any internal control weaknesses which have come to their attention. All such findings and recommendations made by the Internal and External Auditors are reported to the Audit Committee. Any significant issues are discussed at the Audit Committee's meetings.

The Internal Auditors will follow up on all its recommendations to ensure that management has implemented them in a timely and appropriate fashion. The Internal Auditors support the Audit Committee in its role to assess the effectiveness of the Group's overall system of internal controls.

Details on the Statement on Risk Management and Internal Control are furnished in pages 47 to 48 of this Annual Report.

Relationship with Auditors

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement.

A transparent and appropriate relationship with the auditors, both internal and external has been established through the Audit Committee. The External Auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of External Auditors. The Audit Committee has assessed the suitability and independence of the External Auditors. The External Auditors have confirmed that they are independent throughout the conduct of audit engagement in accordance with terms of professional and regulatory requirements.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Corporate Disclosure Policies and Procedures

Along with good corporate governance practices, the Company is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis.

In line with this commitment and in order to enhance transparency and accountability, the Board has adopted an Internal Corporate Disclosure Policies and Procedures to facilitate the handling and disclosure of material information in a timely and accurate manner.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Leverage of Information Technology for Effective Dissemination of Information

Information of the Group is also accessible through the Company's website (http://www.aemulus.com) which is updated on a regular basis. Information available in the website includes among others the Group Annual Report, quarterly financial announcements, major and significant announcements and latest corporate developments of the Group.

Strengthen Relationship between Company and Shareholders

The Board recognises the value of investor relations and endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements.

Conduct of General Meeting

The Annual General Meeting is the principal forum dialogue with all shareholders. The participation of shareholders and investors, both individual and institutional, at general meetings is encouraged whilst requests for briefings from the press and investment analysts are usually met as a matter of course.

Notice of Annual General Meeting and the annual report are sent to shareholders at least 28 days before the date of the meeting.

All the resolutions set out in the Notice of the last Annual General Meeting were put to vote by poll. The outcome of the Annual General Meeting was announced to Bursa Securities on the same meeting day.

COMPLIANCE WITH THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Company and the Group, and the highest level of integrity and ethical standards in all of its business dealings.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 23 December 2020.

Additional Compliance Information

1. Material Contracts Involving Directors, Chief Executive or Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiary involving interests of the Directors, major shareholder, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 September 2020.

3. Utilisation of Proceeds

On 26 August 2020, the Company completed the listing of 54,940,000 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM0.57 per share and total proceeds of RM31,315,800 was received from the said placement.

The total proceeds raised of RM31,315,800 has been utilised as follows:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe as stated in the announcement dated 11 August 2020 for utilisation of Private Placement Proceeds
Future viable investment(s)	7,000	-	Within 24 months
Research and development expenditure	7,000	(1,567)	Within 24 months
Partial repayment of bank borrowings	5,000	(5,000)	Within 6 months
Marketing, branding and customer support activities	1,500	(286)	Within 24 months
General working capital	10,616	(5,248)	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	200	(301) ^	Within 1 month
	31,316	**(12,402)**	

Note:-

^ The actual amount incurred for expenses in relation to the Private Placement was RM0.301 million with the additional amount of RM0.101 million being reallocated from the amount earmarked for general working capital.

4. Audit Fees

During the financial year ended 30 September 2020, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows:

	Audit Fee (RM)
Company	20,000
Group	60,000

5. Non-Audit Fees

During the financial year ended 30 September 2020, the amount of non-audit fee paid to the external auditors and its affiliates by the Company and the Group respectively were as follows:

	Non-Audit Fee (RM)
Company	15,000
Group	21,000

Non-audit services rendered by Grant Thornton and their affiliates for:

- Review of statement on risk management and internal control
- Review of Interim Financial Report of the Group
- Taxation services

6. AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP")

RSP is the only share issuance scheme of Aemulus Holdings Berhad in the financial year ended ("**FY**") 30 September 2020, a maximum of 10% of the issued shares of Aemulus Holdings Berhad (excluding treasury shares) ("**Plan Share**") are available at any point in time during the tenure of the RSP. Further information on the RSP is set out in the Directors' Report and Note 39 of the Annual Audited Financial Statements for FY 30 September 2020 in this Annual Report.

Brief details on the number of Plan Shares granted, vested and outstanding since the commencement of the RSP on 15 February 2016, FY 30 September 2016, FY 30 September 2017, FY 30 September 2018, FY 30 September 2019 and FY 30 September 2020 are set out in the table below:

For the period from 15 February 2016 to 30 September 2016	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	-	-	-	-	-
Number of Plan Shares vested	-	-	-	-	-
Number of Plan Shares forfeited	-	-	-	-	-
Number of Plan Shares outstanding as at 30 September 2016	-	-	-	-	-

For the period from 1 October 2016 to 30 September 2017	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY 2017	808,300	-	107,200	701,100
Number of Plan Shares vested	RSP FY 2017	-	-	-	-
Number of Plan Shares forfeited	RSP FY 2017	(21,500)	-	-	(21,500)
Number of Plan Shares outstanding as at 30 September 2017	**Total**	**786,800**	**-**	**107,200**	**679,600**

6. AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP") (Cont'd)

For the period from 1 October 2017 to 30 September 2018	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY 2018	940,000	-	167,100	772,900
	Total	**940,000**		**167,100**	**772,900**
Number of Plan Shares vested	RSP FY 2017	(337,000)	-	(53,600)	(283,400)
	RSP FY 2018	-	-	-	-
	Total	**(337,000)**	**-**	**(53,600)**	**(283,400)**
Number of Plan Shares forfeited	RSP FY 2017	(112,800)	-	-	(112,800)
	RSP FY 2018	-	-	-	-
	Total	**(112,800)**	**-**	**-**	**(112,800)**
Number of Plan Shares outstanding as at 30 September 2018	RSP FY 2017	337,000	-	53,600	283,400
	RSP FY 2018	940,000	-	167,100	772,900
	Total	**1,277,000**	**-**	**220,700**	**1,056,300**

For the period from 1 October 2018 to 30 September 2019	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares vested	RSP FY 2017	(273,450)	-	(42,250)	(231,200)
	RSP FY 2018	(303,700)	-	(70,050)	(233,650)
	Total	**(577,150)**	**-**	**(112,300)**	**(464,850)**
Number of Plan Shares forfeited	RSP FY 2017	(63,550)	-	(11,350)	(52,200)
	RSP FY 2018	(220,600)	-	(13,500)	(207,100)
	Total	**(284,150)**	**-**	**(24,850)**	**(259,300)**
Number of Plan Shares outstanding as at 30 September 2019	RSP FY 2018	415,700	-	83,550	332,150
	Total	**415,700**	**-**	**83,550**	**332,150**

For the period from 1 October 2019 to 30 September 2020	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY 2020	1,775,300	-	-	1,775,300
	Total	**1,775,300**	**-**	**-**	**1,775,300**
Number of Plan Shares vested	RSP FY 2018	(206,600)	-	(70,050)	(136,550)
	Total	**(206,600)**	**-**	**(70,050)**	**(136,550)**

6. AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP") (Cont'd)

For the period from 1 October 2019 to 30 September 2020	Type of Grant	Total	Executive Director/Chief Executive	Senior Management	Other Selected Employees
Number of Plan Shares forfeited	RSP FY 2018	(167,100)	-	(13,500)	(153,600)
	RSP FY 2020	(381,000)	-	-	(381,000)
	Total	**(548,100)**	**-**	**(13,500)**	**(534,600)**
Number of Plan Shares outstanding as at 30 September 2020	RSP FY 2018	42,000	-	-	42,000
	RSP FY 2020	1,394,300	-	-	1,394,300
	Total	**1,436,300**	**-**	**-**	**1,436,300**

The aggregate maximum allocation of the options or shares to the Directors and senior management of the Group shall be at the discretion of the RSP scheme committee, subject to the By-Laws of the RSP. As at 30 September 2020, the actual percentage of Plan Shares granted to senior management was 14.90% of the total number of Plan Shares granted. The Company did not grant any Plan Share to Directors for the FY 30 September 2020.

Audit Committee Report

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

COMPOSITION OF AUDIT COMMITTEE

Mr Ong Chong Chee	*Chairman (Independent Non-Executive Director)*
Ms Chok Kwee Bee	*Member (Senior Independent Non-Executive Director / Chairman)*
Mr. Friiscor Ho Chii Ssu	*Member (Independent Non-Executive Director)*

MEETINGS AND ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 30 September 2020. The record of attendance is as follows:

Name of Committee Member	Attendance
Mr Ong Chong Chee	5/5
Ms Chok Kwee Bee	5/5
Mr Friiscor Ho Chii Ssu	5/5

In carrying out its duties, the Audit Committee reported to and updated the Board on significant issues and concerns discussed during the Audit Committee's meetings and where appropriate, made necessary recommendations to the Board. The Secretary was responsible to record all proceedings and minutes of all meetings of the Audit Committee.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms and reference of the Audit Committee ("**AC**"), the following activities were carried out by AC during the financial year ended 30 September 2020 ("**FY2020**") in discharging its functions and duties:

(i) Financial Reporting Oversight

a) The AC reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company with the finance team and thereafter recommended to the Board for approval, for announcement to Bursa Malaysia Securities Berhad as follows:

Date of meetings	Financial Statements
21 November 2019	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 30 September 2019
7 January 2020	Draft audited financial statements for the financial year ended 30 September 2019
20 February 2020	Unaudited First Quarter Interim Financial Report for the quarter ended 31 December 2019
22 May 2020	Unaudited Second Quarter Interim Financial Report for the quarter ended 31 March 2020
23 July 2020	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 June 2020

The AC reviewed the annual audited financial statements with the external auditors and finance team, focusing particularly on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal requirements to ensure compliance with the provisions of the Companies Act 2016 and the ACE Market Listing Requirements.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

(ii) Oversee Activities of External Auditors in dealing with the Group

a) On 21 November 2019, the AC reviewed and evaluated the performance and independence of the external auditors. The areas assessed were (a) caliber of external audit firm; (b) quality processes / performance; (c) audit team; (d) independence and objectivity; (e) audit scope and planning; (f) audit fees; (g) audit communications. The AC was satisfied with the performance and independence of the external auditors and recommended their re-appointment to the Board.

b) On 21 November 2019, the AC reviewed the external auditors' audit findings report for financial year ended 30 September 2019.

c) On 7 January 2020, the AC deliberated on the external auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statements for financial year ended 30 September 2019.

d) On 23 July 2020, the AC discussed and reviewed the external auditors' audit planning memorandum for the FY2020 outlining their audit team, audit timeline, recent development of the Group, key areas of audit focus, fraud risk, communication of other significant audit matters, other updates such as Malaysian Financial Reporting Standards **("MFRS")** 16 (Leases), Corporate Liability under Section 17A of the Malaysian Anti-Corruption Commission **("MACC")** Act and proposed audit fees.

The AC also reviewed the audit fees of the external auditors for the ensuing year prior to the Board of Directors for approval.

e) The AC met 2 times with the external auditors on 21 November 2019 and 23 July 2020 respectively without the presence of the Executive Directors and management staff to discuss any issues of concern to the External Auditors arising from the annual statutory audit.

(iii) Internal Audit ("IA")

a) The internal auditors presented its findings together with recommendation and management action plan to the AC for review on 21 November 2019 and 23 July 2020 respectively. The internal auditors have conducted review on internal control focusing on the following areas:

Audit Areas	Reporting Date
Sales to Receipt	21 November 2019
Procure to pay	23 July 2020

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address the areas of weaknesses. The internal auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

b) On 21 November 2019, the AC reviewed and approved the appointment of Messrs. BDO Governance Advisory Sdn Bhd as Internal Auditors of the Company for FY2020.

c) On 21 November 2019, the AC also reviewed and assessed the internal audit function. The AC concluded that the scope, functions, competency and resources of the internal audit function are adequate and that it has the necessary authority to carry out its work.

d) On 7 January 2020, the AC reviewed and approved the internal audit plan for calendar year of 2020.

(iv) Related Party Transaction

a) Reviewed any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (Cont'd)

(v) Other matters considered by Committee

a) On 21 November 2019, the AC reviewed the capitalisation of inventories policy and thereafter recommended to the Board for approval.

b) The AC also reviewed the Credit Assessment Policy – Customer on 21 November 2019 and thereafter recommended to the Board for approval.

c) On 7 January 2020, the AC reviewed the AC Report for inclusion in the Annual Report.

AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN

Aemulus Holdings Berhad Restricted Share Plan ("**RSP**") which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 December 2014 and shall be in force for a duration of five years from 15 February 2016 until 14 February 2021. However, the RSP may at the discretion of the RSP scheme committee be extended provided always that the initial RSP scheme period stipulated above and such extension made pursuant to the By-Laws shall not in aggregate exceed a duration of ten (10) years.

The Company has granted 1,775,300 ordinary shares under the RSP to the eligible employees on 15 January 2020 and the vesting date of the RSP shares offered will be on 14 January 2021.

During the financial year, the AC verified the grant of the RSP shares to the eligible employees for the financial year ended 30 September 2019 pursuant to the RSP. There was no RSP being granted for the financial year ended 30 September 2019.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an independent professional services firm to carry out internal audit services for the Group. Internal audit reports will be presented, together with Management's response and proposed action plans to the Audit Committee for deliberation. Where areas of improvements were required, it was highlighted to the Management for implementation. The Audit Committee monitored the progress of the implementation.

The Internal Auditors undertake internal audit functions based on the audit plan approved by the Audit Committee. The internal audit plan is derived based on the risk-based approach which addresses all the core auditable areas of the Group based on their risk profile.

The total cost of the internal audit function incurred in respect of the financial year ended 30 September 2020 amounted to RM 20,000.

During the period under review, the Internal Auditors carried out the following activities:

a) Performed audits according to the audit plan, reviewed the Procure to pay of the Company and made recommendations to improve their effectiveness;
b) Conducted review on the Sales to Receipt of the Company and made recommendations to improve their effectiveness; and
c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

Guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors of Aemulus Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control which is prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK COMMITTEE

In assisting the Board to manage the risks of the Company, the Board has on 23 July 2020 established a Risk Committee. The Risk Committee comprises 3 Independent Non-Executive Directors and 2 Executive Directors and is chaired by an Independent Non-Executive Director.

RISK MANAGEMENT FRAMEWORK

The Board practises proactive risks identification in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and assesses the appropriate risk response strategies and controls. Day-to-day risk management of operations are delegated to key management staff and head of departments to manage identified risks within defined parameters.

Periodic meetings attended by key management staff and head of departments and are held to discuss key operational issues, business performance matters and appropriate mitigating controls, when necessary.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional accounting and consulting firm, BDO Governance Advisory Sdn Bhd as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place. The audit ascertains that the risks are effectively mitigated by the controls. The internal auditors report to the Audit Committee on areas for improvement. The highlighted areas will be followed up closely to determine the extent of their recommendations that have been implemented by the management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Consistent monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Close involvement in the daily operation by the senior management.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this statement. Taking this assurance into consideration, the Board is of the view that there were no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the financial year ended 30 September 2020. The Board, the management and the Risk Committee members will continue to take necessary measures and ongoing commitment to strengthen and improve its risk management and internal control environment.

This statement is issued in accordance with a resolution of passed in Board of Directors' meeting held on 23 December 2020.

Statement of Directors' Responsibility in Relation to the Audited Financial Statements

This statement is prepared pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

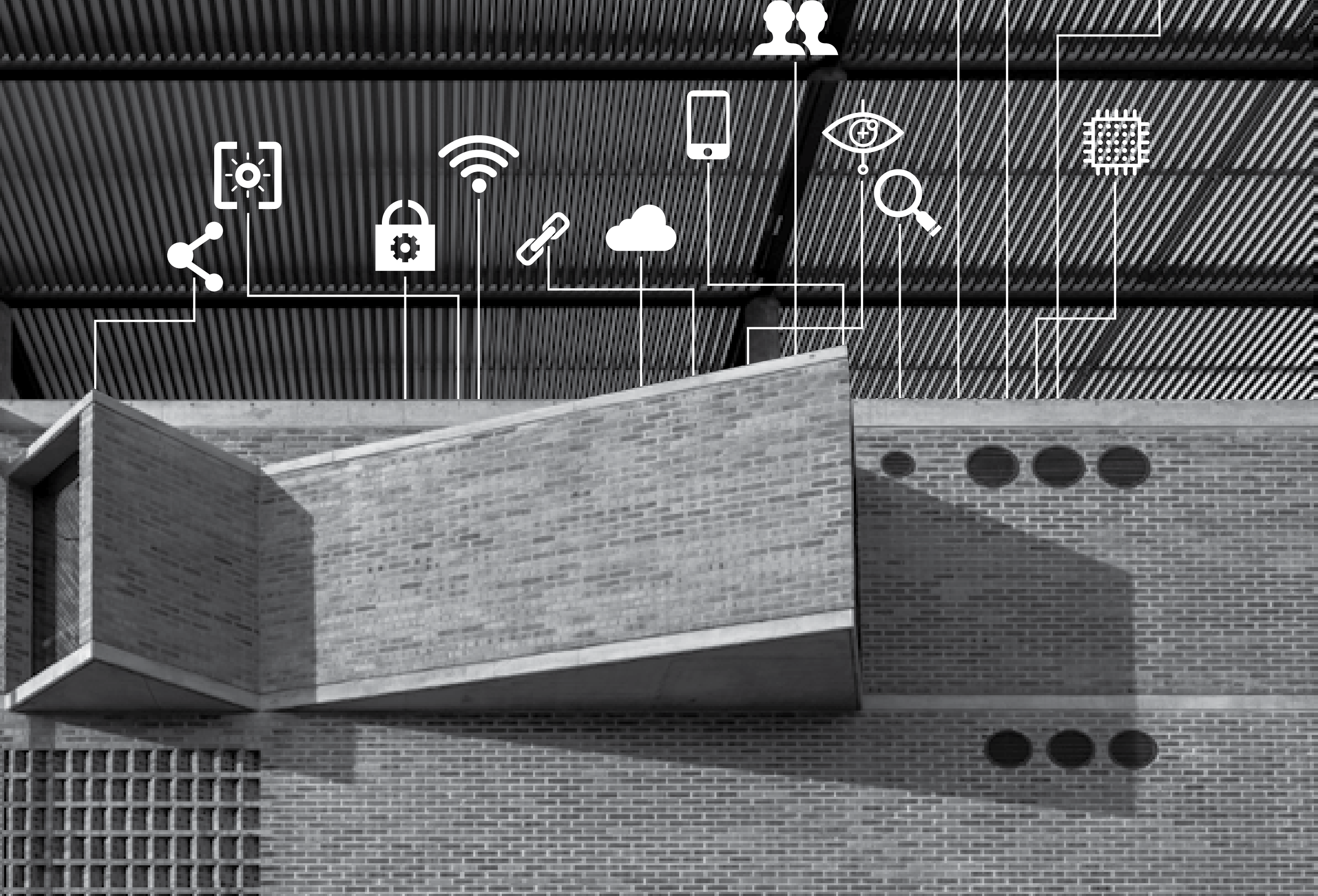
- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- That reasonable and prudent judgements and estimates were made; and
- That the approved accounting standards in Malaysia have been applied.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 23 December 2020.

Financial Statements



Directors' Report

For The Financial Year Ended 30 September 2020

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended **30 September 2020**.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst that of the subsidiary are in the design and development of automated test equipment, test and measurement instruments and the provision of design consultancy services and test-related services.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Loss for the financial year	**(3,611,916)**	**(216,470)**

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year ended 30 September 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital was increased from RM59,438,214 to RM90,526,986 pursuant to the following:

(i) 54,940,000 new ordinary shares arising from a private placement exercise undertaken at an issue price of RM0.57 per share; and

(ii) 206,600 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2018 ("RSP II") at a price of RM0.3569 per share.

The new ordinary shares issued during the financial year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

RESTRICTED SHARE PLAN ("RSP")

The RSP which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 December 2014, was implemented on 13 July 2017. It forms part of the Company's listing scheme during its Initial Public Offering on 15 September 2015 and is governed by the By-Laws of the RSP. The RSP will be in force for a maximum period of ten years from 15 February 2016 until 14 February 2026.

The salient features of the RSP are disclosed in Note 39 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Ng Sang Beng
Yeoh Chee Keong
Wong Shee Kian
Ng Chin Wah
Chok Kwee Bee
Ong Chong Chee
Friiscor Ho Chii Ssu

DIRECTORS' REMUNERATION AND BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed as directors' remunerations in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year of shares in the Company during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.10.19	Bought	Sold	Balance at 30.9.20
The Company				
Direct interests:				
Ng Sang Beng	94,094,499	555,000	(6,273,400)	88,376,099
Yeoh Chee Keong	62,874,875	-	(2,566,600)	60,308,275
Wong Shee Kian	18,181,094	-	-	18,181,094
Ng Chin Wah	378,235	-	-	378,235
Chok Kwee Bee	1,250,000	-	(250,000)	1,000,000
Friiscor Ho Chii Ssu	6,899,750	-	-	6,899,750
Ong Chong Chee	1,400,000	-	-	1,400,000
Deemed interest:				
Ng Sang Beng [i]	48,520,874	2,650,000	(676,000)	50,494,874
Yeoh Chee Keong [ii]	575,000	-	-	575,000
Friiscor Ho Chii Ssu [ii]	75,000	-	(75,000)	-

[i] Deemed interest pursuant to Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of shares held through Aemulus Venture Sdn. Bhd., Crystal Clear (L) Foundation and spouse.

[ii] Other interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by spouse.

By virtue of his interest in the Company, **Mr. Ng Sang Beng** is also deemed interested in the shares of the subsidiary, to the extent that the Company has interest.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance paid for directors and officers of the Company were RM10,000,000 and RM17,000 respectively. No indemnity has been given to or insurance affected for the directors of the subsidiary.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) that would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

(iv) that have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

(i) no contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due, and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Details of significant events during the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

The total amount of fee paid to or receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 September 2020 is disclosed in Note 30 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The retiring auditors, **Grant Thornton**, will not be seeking for re-appointment as their practice will be merged with **Grant Thornton Malaysia PLT** on 1 January 2021. Accordingly, **Grant Thornton Malaysia PLT** has offered for appointment as the in-coming auditors.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

....	....
Ng Sang Beng	**Ng Chin Wah**

Penang,

Date: 23 December 2020

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 61 to 118 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 September 2020** and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

………………………………………	………………………………………
Ng Sang Beng	**Ng Chin Wah**

Date: 23 December 2020

Statutory Declaration

I, **Ng Chin Wah**, the director primarily responsible for the financial management of **Aemulus Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 61 to 118 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **23rd**)
day of **December 2020**.)

………………………………………
Ng Chin Wah
(I/C No.: 790430-07-5483)
(MIA No.: 27028)

Before me,

………………………………………
Liew Juan Leng
No. P162
Commissioner for Oaths

Independent Auditors' Report

To The Members Of Aemulus Holdings Berhad
Registration No. 201401037863 (1114009-H) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Aemulus Holdings Berhad**, which comprise the statements of financial position as at **30 September 2020** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 61 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 September 2020**, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International of Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of Goodwill and Development Cost *(Note 6 and 7 to the financial statements)* As at 30 September 2020, the Group has goodwill amounting to RM13.66 million and development cost capitalised amounting to RM6.05 million. The Goodwill has been allocated to its electronic tester segment as the cash-generating unit ("CGU"). The management is required to perform annual impairment assessment for its goodwill. We focus on this area as management's assessment of the value in use of the CGU involves estimation uncertainty and judgements about the future results of the business and key assumptions applied to future cash flow projection. We have also reviewed for potential impairment on the development cost capitalised since the Group has been incurring losses from operations for two consecutive financial years as well as the impact of COVID-19 which may have negative implications on these capitalised development cost.	Our audit procedures in relation to the goodwill impairment assessment included: • Evaluating the model used in determining the value in use of the CGU as well as assessing the discount rate used. • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry. • Comparing actual performance of the CGU to assumptions applied in prior year's model, to assess accuracy of management's estimates and assess reasons for deviation through enquiry. • Performing sensitivity analysis on the key assumptions inputted to the model and understand the impact on the overall carrying value of goodwill with the alterations to the key assumptions. • We also considered the quoted market capitalisation of the Group as at 30 September 2020 against the net asset value on even date since the Group comprise of only a single operating subsidiary.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of Goodwill and Development Cost (Cont'd)	Our audit procedure in relation to impairment assessment of development cost included: • Assessing whether development cost capitalised meets the definition of MFRS 138 - Intangible Assets. • For each project capitalised as development cost and successfully commercialised, we have analysed revenue derive from these projects for previous and current financial year as well as reviewed future secured orders up to the date of our report to ensure that the estimated useful life determined previously is still valid considering the recent development especially the pandemic caused by COVID-19. • We have discussed with key management personnel regarding the basis used in capitalising a development project especially allocation of staff cost and expected time to commercialise, budget allocated and capabilities to complete such projects.
Valuation of inventories *(Note 11 to the financial statements)* The Group holds significant inventories as at 30 September 2020 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying values. We focused on this area as it involves estimation uncertainty by the directors in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost and market value.	Our audit procedures in relation to the valuation of inventories included: • Obtaining an understanding of: - the Group's inventory management process; - how the Group identifies and assesses inventory write-downs; and - how the Group makes the accounting estimates for inventory write-downs. • Reviewing the consistency of the application of management's methodology in determining and estimating the provision from year to year. • Reviewing and testing the reliability of the ageing report of inventories provided by the management. • Reviewing and testing the net realisable value of inventories on sampling basis. • Evaluating the reasonableness and adequacy of the inventories write-downs recognised for identified exposures.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables	
(Note 12 to the financial statements)	
The Group has significant trade receivables as at 30 September 2020 and it is subject to credit risk exposure.	Our audit procedures in relation to the impairment of trade receivable included:
We focus on this area as the assessment of expected credit losses of receivables involved management judgements and estimation uncertainty in determining the probability of default occurring by considering the ageing of receivable, historical loss experience and forward-looking information.	• Obtaining an understanding of: - the Group's control over the customers collection process and parameters used by management when extending credit terms to the new customers; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment.
	• Reviewing the application of the Group's policy for calculating the expected credit losses.
	• Reviewing subsequent collection for major customers and overdue amounts.
	• Reviewing the aging analysis of trade receivables and testing the reliability thereof.
	• Evaluating techniques and methodology applied for the expected credit loss approach against the requirements of MFRS 9.
	• Assessing the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors (especially customers which are impacted by COVID-19 pandemic), evidence of subsequent settlements and other relevant information.

There are no key audit matters to be communicated in the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections in the 2020 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton
No. AF: 0042
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2021 J
Chartered Accountant

Penang

Date: 23 December 2020

Statements of Financial Position

For The Financial Year Ended 30 September 2020

	NOTE	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	**35,087,141**	24,226,131	**-**	-
Right-of-use asset	**5**	**221,658**	-	**-**	-
Intangible assets	**6**	**13,686,335**	13,686,335	**-**	-
Development costs	**7**	**6,049,025**	3,972,417	**-**	-
Investment in a subsidiary	**8**	**-**	-	**35,860,846**	35,620,035
Investment in an associate	**9**	**1,222,400**	-	**-**	-
Other investments	**10**	**356,424**	356,424	**-**	-
		56,622,983	42,241,307	**35,860,846**	35,620,035
Current assets					
Inventories	**11**	**15,143,088**	15,763,439	**-**	-
Trade receivables	**12**	**14,020,288**	15,639,536	**-**	-
Contract assets	**13**	**4,198,044**	2,689,988	**-**	-
Other receivables, deposits and prepayments	**14**	**872,413**	921,007	**1,000**	10,982
Amount due from a subsidiary	**15**	**-**	-	**31,195,855**	14,359,727
Amount due from an associate	**16**	**2,671,257**	-	**-**	-
Current tax assets		**5,016**	140,360	**5,016**	6,440
Other investments	**10**	**2,771,329**	8,854,307	**2,544,184**	8,635,820
Derivative financial assets	**17**	**17,323**	-	**-**	-
Deposits with licensed banks	**18**	**31,271,388**	2,524,639	**20,035,673**	-
Cash and bank balances	**19**	**1,250,671**	837,730	**83,335**	14,682
		72,220,817	47,371,006	**53,865,063**	23,027,651
TOTAL ASSETS		**128,843,800**	89,612,313	**89,725,909**	58,647,686
EQUITY AND LIABILITIES					
Share capital	**20**	**90,526,986**	59,438,214	**90,526,986**	59,438,214
Reserves	**21**	**(12,751,541)**	(12,925,689)	**252,967**	85,892
Retained profits/(Accumulated losses)		**23,920,454**	27,532,370	**(1,247,597)**	(1,031,127)
Total equity		**101,695,899**	74,044,895	**89,532,356**	58,492,979
Non-current liabilities					
Lease liability	**5**	**146,520**	-	**-**	-
Borrowings	**22**	**12,880,905**	4,438,101	**-**	-
		13,027,425	4,438,101	**-**	-
Current liabilities					
Provision for warranty	**23**	**94,737**	176,604	**-**	-
Trade payables	**24**	**4,591,008**	3,934,055	**-**	-
Contract liabilities	**25**	**558,972**	337,085	**-**	-
Other payables and accruals	**26**	**4,069,581**	3,880,748	**193,553**	154,707
Derivative financial liabilities	**17**	**-**	100,308	**-**	-
Lease liability	**5**	**75,813**	-	**-**	-
Borrowings	**22**	**4,590,821**	2,700,517	**-**	-
Current tax liabilities		**139,544**	-	**-**	-
		14,120,476	11,129,317	**193,553**	154,707
Total liabilities		**27,147,901**	15,567,418	**193,553**	154,707
TOTAL EQUITY AND LIABILITIES		**128,843,800**	89,612,313	**89,725,909**	58,647,686

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

For The Financial Year Ended 30 September 2020

	NOTE	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
Revenue	**27**	**19,319,704**	28,833,799	**-**	-
Cost of sales		**(7,065,272)**	(11,181,367)	**-**	-
Gross profit		**12,254,432**	17,652,432	**-**	-
Other income		**3,930,347**	938,029	**175,271**	466,487
Administrative expenses		**(13,967,262)**	(15,055,054)	**(391,741)**	(441,712)
Research and development expenses	**28**	**(4,886,611)**	(4,365,080)	**-**	-
Other expenses		**(208,664)**	(2,206,919)	**-**	-
(Loss)/Profit from operations		**(2,877,758)**	(3,036,592)	**(216,470)**	24,775
Finance costs	**29**	**(442,921)**	(112,864)	**-**	-
(Loss)/Profit before tax	**30**	**(3,320,679)**	(3,149,456)	**(216,470)**	24,775
Tax expense	**32**	**(291,237)**	(65,477)	**-**	(396)
(Loss)/Profit for the financial year		**(3,611,916)**	(3,214,933)	**(216,470)**	24,379
Other comprehensive income/(loss), net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		**7,073**	(12,571)	**-**	-
Total comprehensive (loss)/income for the financial year		**(3,604,843)**	(3,227,504)	**(216,470)**	24,379
Loss per share attributable to the owners of the Company (sen)					
- Basic/Diluted	**33**	**(0.65)**	(0.59)		-

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For The Financial Year Ended 30 September 2020

		← Non-distributable			→	Distributable	
	NOTE	Share Capital RM	Merger Deficit RM	RSP Reserve RM	Exchange Translation Reserve RM	Retained Profits RM	Total Equity RM
2020							
Balance at beginning		**59,438,214**	**(12,954,053)**	**85,892**	**(57,528)**	**27,532,370**	**74,044,895**
Total comprehensive loss for the financial year		**-**	**-**	**-**	**7,073**	**(3,611,916)**	**(3,604,843)**
Transactions with owners:							
Issuance of ordinary shares	**20**	**31,315,800**	**-**	**-**	**-**	**-**	**31,315,800**
Share issuance expenses	**20**	**(300,764)**	**-**	**-**	**-**	**-**	**(300,764)**
Issue of shares pursuant to RSP vested	**20**	**73,736**	**-**	**(73,736)**	**-**	**-**	**-**
Recognition of equity-settled share-based payment		**-**	**-**	**240,811**	**-**	**-**	**240,811**
Total transactions with owners		**31,088,772**	**-**	**167,075**	**-**	**-**	**31,255,847**
Balance at end		**90,526,986**	**(12,954,053)**	**252,967**	**(50,455)**	**23,920,454**	**101,695,899**
2019							
Balance at beginning		59,186,590	(12,954,053)	134,447	(44,957)	32,181,231	78,503,258
Effects of adopting MFRS 9		-	-	-	-	(336,129)	(336,129)
Balance at beginning, restated		59,186,590	(12,954,053)	134,447	(44,957)	31,845,102	78,167,129
Total comprehensive loss for the financial year		-	-	-	(12,571)	(3,214,933)	(3,227,504)
Transactions with owners:							
Issue of shares pursuant to RSP vested	20	251,624	-	(251,624)	-	-	-
Dividend	34	-	-	-	-	(1,097,799)	(1,097,799)
Recognition of equity-settled share-based payment		-	-	203,069	-	-	203,069
Total transactions with owners		251,624	-	(48,555)	-	(1,097,799)	(894,730)
Balance at end		59,438,214	(12,954,053)	85,892	(57,528)	27,532,370	74,044,895

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For The Financial Year Ended 30 September 2020

	NOTE	Share Capital RM	Non-distributable RSP Reserve RM	Retained profit/ (Accumulated Losses) RM	Total Equity RM
2020					
Balance at beginning		**59,438,214**	**85,892**	**(1,031,127)**	**58,492,979**
Total comprehensive loss for the financial year		**-**	**-**	**(216,470)**	**(216,470)**
Transactions with owners:					
Issuance of shares pursuant to private placement	**20**	**31,315,800**	**-**	**-**	**31,315,800**
Share issuance expenses	**20**	**(300,764)**	**-**	**-**	**(300,764)**
Issue of shares pursuant to RSP vested	**20**	**73,736**	**(73,736)**	**-**	**-**
Recognition of equity-settled share-based payment		**-**	**240,811**	**-**	**240,811**
Total transactions with owners		**31,088,772**	**167,075**	**-**	**31,255,847**
Balance at end		**90,526,986**	**252,967**	**(1,247,597)**	**89,532,356**
2019					
Balance at beginning		59,186,590	134,447	42,293	59,363,330
Total comprehensive income for the financial year		-	-	24,379	24,379
Transactions with owners:					
Issue of shares pursuant to RSP vested	20	251,624	(251,624)	-	-
Dividend	34	-	-	(1,097,799)	(1,097,799)
Recognition of equity-settled share-based payment		-	203,069	-	203,069
Total transactions with owners		251,624	(48,555)	(1,097,799)	(894,730)
Balance at end		59,438,214	85,892	(1,031,127)	58,492,979

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 30 September 2020

		GROUP		COMPANY	
			(Restated)		
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		**(3,320,679)**	(3,149,456)	**(216,470)**	24,775
Adjustments for:					
Allowance for expected credit loss		**208,664**	1,783,589	**-**	-
Amortisation of development costs	C	**331,422**	9,456	**-**	-
Bad debts written off		**-**	423,330	**-**	-
Depreciation of property, plant and equipment		**2,195,979**	1,470,684	**-**	-
Depreciation of right-of-use assets		**13,039**	-	**-**	-
Dividend income		**(145,057)**	(264,850)	**(138,572)**	(250,641)
Equity-settled share-based payment		**240,811**	203,069	**-**	-
Fair value gain on derivative financial instruments		**(117,631)**	(826)	**-**	-
Gain on disposal of property, plant and equipment		**(263,400)**	-	**-**	-
Interest expense		**442,921**	112,864	**-**	-
Interest income		**(198,597)**	(30,799)	**(36,699)**	-
Inventories written down		**219,025**	157,817	**-**	-
Reversal of provision for warranty		**(81,867)**	(72,162)	**-**	-
Unrealised gain on foreign exchange		**(45,520)**	(259,681)	**-**	-
Operating (loss)/profit before working capital changes		**(520,890)**	383,035	**(391,741)**	(225,866)
Increase in inventories		**(742,781)**	(2,009,769)	**-**	-
(Increase)/Decrease in receivables		**(61,028)**	(5,390,137)	**9,982**	-
Increase/(Decrease) in payables		**1,131,881**	2,414,567	**38,846**	(58,066)
Cash used in operations		**(192,818)**	(4,602,304)	**(342,913)**	(283,932)
Income tax paid		**(173,668)**	(296,298)	**(5,016)**	(6,440)
Income tax refunded		**177,770**	425,511	**6,440**	20,467
Interest paid		**(441,485)**	(112,864)	**-**	-
Real property gain tax paid		**(20,451)**	-	**-**	-
Net cash used in operating activities		**(650,652)**	(4,585,955)	**(341,489)**	(269,905)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of development costs	C	**(2,408,030)**	(2,974,056)	**-**	-
Changes in an associate's balances		**(2,671,257)**	-	**-**	-
Dividend received		**145,057**	264,850	**138,572**	250,641
Interest received		**198,597**	30,799	**36,699**	-
Investment in an associate		**(1,222,400)**	-	**-**	-
Placement of fixed deposits		**(21,536,703)**	(1,973,870)	**(18,032,677)**	-
Proceeds from disposal of property, plant and equipment		**430,000**	-	**-**	-
Purchase of property, plant and equipment	A	**(12,075,664)**	(7,798,035)	**-**	-
Net cash (used in)/from investing activities		**(39,140,400)**	(12,450,312)	**(17,857,406)**	250,641
Balance carried forward		**(39,791,052)**	(17,036,267)	**(18,198,895)**	(19,264)

The accompanying notes form an integral part of these financial statements.

		GROUP		COMPANY	
			(Restated)		
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
Balance brought forward		**(39,791,052)**	(17,036,267)	**(18,198,895)**	(19,264)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		**-**	(1,097,799)	**-**	(1,097,799)
Proceeds from private placement		**31,015,036**	-	**31,015,036**	-
Advance to a subsidiary		**-**	-	**(16,836,128)**	(4,737,000)
Payment of lease liabilities		**(13,800)**	-	**-**	-
(Repayment)/drawdown from banker's acceptance	B	**(356,000)**	623,000	**-**	-
Drawdown from revolving credit	B	**2,800,000**	-	**-**	-
Proceeds from term loan	B	**9,063,194**	3,776,202	**-**	-
Repayment of term loan	B	**(301,721)**	(529,608)	**-**	-
Net cash from/(used in) financing activities		**42,206,709**	2,771,795	**14,178,908**	(5,834,799)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,415,657**	(14,264,472)	**(4,019,987)**	(5,854,063)
Effects of changes in exchange rates on cash and cash equivalents		**(3,283)**	(11,101)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING		**8,784,124**	23,059,697	**8,650,502**	14,504,565
CASH AND CASH EQUIVALENTS AT END		**11,196,498**	8,784,124	**4,630,515**	8,650,502
Represented by:					
Other investments		**2,771,329**	8,854,307	**2,544,184**	8,635,820
Deposits with licensed banks		**31,271,388**	2,524,639	**20,035,673**	-
Cash and bank balances		**1,250,671**	837,730	**83,335**	14,682
Bank overdrafts		**(35,548)**	(907,913)	**-**	-
		35,257,840	11,308,763	**22,663,192**	8,650,502
Less : Fixed deposits pledged to licensed banks		**(6,028,665)**	(2,524,639)	**-**	-
Less : Fixed deposits with maturity more than 3 months		**(18,032,677)**	-	**(18,032,677)**	-
		11,196,498	8,784,124	**4,630,515**	8,650,502

The accompanying notes form an integral part of these financial statements.

A. Purchase of property, plant and equipment

	GROUP	
	2020	**2019**
	RM	**RM**
Total acquisition cost	**13,450,527**	19,192,658
Reclassified from prepayment	**-**	(4,965,033)
Capitalised from inventories	**(1,374,863)**	(6,429,590)
Total cash acquisition	**12,075,664**	7,798,035

B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

GROUP

	Balance at beginning RM	Cash flows RM	Balance at end RM
2020			
Banker's acceptance	**623,000**	**(356,000)**	**267,000**
Revolving credit	**-**	**2,800,000**	**2,800,000**
Term loans	**5,607,705**	**8,761,473**	**14,369,178**
	6,230,705	**11,205,473**	**17,436,178**
2019			
Banker's acceptance	-	623,000	623,000
Term loans	2,361,111	3,246,594	5,607,705
	2,361,111	3,869,594	6,230,705

C. Restatement of prior year's presentation

Amortisation of development costs was set-off against additions of development costs under cash flows from investing activities in the prior financial year. The said amortisation is included under adjustment to the cash flows from operating activities to conform with current year's presentation.

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at No.25, Jalan Sultan Azlan Shah, Zon Perindustrian Bayan Lepas, Phase 1, 11900 Bayan Lepas, Penang.

The principal activity of the Company is investment holding whilst that of the subsidiary are in the design and development of automated test equipment, test and measurement instruments and the provision of design consultancy services and test-related services. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 December 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 : Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 : Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2. BASIS OF PREPARATION (Cont'd)

2.3 Functional and Presentation Currency

Ringgit Malaysia is the presentation currency of the Group and of the Company.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

2.4 Adoption of New Standards/Amendments/Improvements to MFRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2019
MFRS 16 Leases
Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
IC Interpretations 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

Initial application for the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

During the financial year, the Group changed its accounting policies on leases upon adoption of MFRS 16 with the date of initial application of 1 October 2019. The Group has elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16. Under the simplified retrospective transition method, the comparative information for 2019 were not restated and the reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance of the statements of financial position of the Group as at 1 October 2019. The comparative information continued to be reported under the previous accounting policies under MFRS 117 Leases and IC Interpretation 4 Determining whether an arrangement contains a lease.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases where leases will be recognised as right-of-use asset and corresponding lease liability except for short-term leases and leases of low-value assets where the lease rental payments are recognised as an expense.

- *Leases previously classified as finance leases*

  Leases which were previously classified as finance leases under MFRS 117 continue to be treated as such without any changes upon adoption of MFRS 16 on 1 October 2019.

- *Leases previously accounted for as operating leases*

  The Group recognised right-of-use asset and lease liability for the lease previously classified as operating lease, except for short-term leases and leases of low-value assets. The right-of-use asset was recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use asset was recognised based on the amount equal to the lease liability, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. BASIS OF PREPARATION (Cont'd)

2.4 Adoption of New Standards/Amendments/Improvements to MFRS (Cont'd)

MFRS 16 Leases (Cont'd)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2.5 Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform-Phase 2

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The existing *MFRS 4* and Amendments to *MFRS 4* will be withdrawn upon the adoption of the new *MFRS 17* which will take effect on or after 1 January 2023.

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

Management judgements in applying the accounting policies of the Group that has the most significant effect on the financial statements are discussed below:

Development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of intangible assets

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 6 to the financial statements.

(ii) Inventories

The Group reviews for slow-moving and obsolete inventories. This review requires management to estimate the potentially excess and obsolete inventories after considering forecasted demand for the products as well as technical obsolescence. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the end of reporting period is disclosed in Note 11 to the financial statements.

2. BASIS OF PREPARATION (Cont'd)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.2 Key sources of estimation uncertainty (Cont'd)

(iii) Provision for expected credit losses for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The provision for expected credit loss is disclosed in Note 12 to the financial statements.

(iv) Provision for warranty

The Group provides warranty for manufacturing defects of its products sold. The Group's normal product warranty period is one year. The provision for product warranty is calculated at approximately 2.5% of the cost of products sold.

As the Group's products are constantly upgraded for technology developments, the level of manufacturing defects for the upgraded and/or new products may not necessary reflect past trends and in such circumstances, the original basis used to calculate the amounts for product warranty claim may need to be revised when it is appropriate.

(v) Restricted share plan

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 39 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Combination through merger

The acquisition of Aemulus Corporation Sdn. Bhd. is accounted for using the merger accounting principle. Accordingly, the results of the subsidiary are presented as if the merger had been effected throughout the years under review. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of merger. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(v) Associate

An associate is defined as an equity in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting based on audited financial statements of the associate, where appropriate. Under the equity method of accounting, the Group's share of profits and losses of the associate during the year is included in the profit or loss. The Group's interest in associate is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The equity method of accounting is discontinued when the Group's share of losses of the associate exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Upon the disposal of investment in an associate, the difference between the net disposal proceeds and its carrying amount is included in the profit or loss.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of the assets to their residual value over their estimated useful lives, at the following annual rates:

Leasehold land and building	Amortise over the lease period
Freehold commercial lot	2%
Office and testing equipment	10% - 20%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	10%

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Leases

Current financial year

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.3.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.3.1.1 Right-of-use assets

The Group recognises right-of-use ("ROU") assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The ROU asset is depreciated over its lease period of 3 years. It is also subject to impairment as detailed in Note 3.5 to the financial statements.

On the statement of financial position, right-of-use assets on leasehold land have been included in the property, plant and equipment.

3.3.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.3.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of hostel and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Previous financial year

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or asset) or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Leases

Current financial year (Cont'd)

3.3.1 Group as a lessee (Cont'd)

3.3.1.3 Short-term leases and leases of low-value assets (Cont'd)

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

3.3.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.4 Intangible Assets

3.4.1 Research and development costs

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Company can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products, typically over a 5 year period. The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Intangible Assets (Cont'd)

3.4.2 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

3.4.3 Trademarks and Patents

Trademarks and patents are intangible assets with indefinite useful life and are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.5 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments

3.6.1 Recognition

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

3.6.2 Classification and subsequent measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

(i) amortised cost ("AC")
(ii) fair value through profit or loss ("FVTPL")
(iii) fair value through other comprehensive income ("FVOCI")

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to the financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of receivables which is presented within other expenses.

Financial assets at amortised cost ("AC")

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Group's and the Company's quoted investment and derivatives fall into their category of financial instruments.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.3 Classification and subsequent measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.6.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.6.5 Impairment of financial assets

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. Instruments within the scope of the requirements included loans, trade and other receivables and other debt-type financial assets measured at amortised cost and financial assets at FVOCI.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the first category while 'lifetime ECL' are recognised for the second category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.5 Impairment of financial assets (Cont'd)

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime ECL. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors such as external indicators surrounding the economic environment in which the debtor is operating.

For other receivables, the Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

3.6.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6.7 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.6.8 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

3.6.9 Derivative financial instruments

The Group enters into derivative financial instruments such as forward foreign currency contracts to manage its exposure to foreign currency risks.

Derivative is initially recognised at fair value at the date the derivative contract is entered and is subsequently remeasured to its fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of all inventories are determined on the first-in, first-out basis.

The cost of raw materials includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to the existing location and condition. In the case of finished goods, cost includes direct labour and attributable production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.9 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls the goods or services before transferring them to the customer.

(i) Sale of goods

(a) Outright sale

Revenue from sale of equipment is recognised at a point in time when the transfer of control of the completed goods have been passed to the customer, generally on the delivery of the goods.

(b) Finance lease arrangement

Revenue is recognised at the commencement of the lease term based on the lower of the fair value of the asset and the present value of the minimum lease payments, computed at a market rate of interest. The finance income associated with the finance lease is recognised over the lease term.

(ii) Rendering of services

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measures the progress towards complete satisfaction of the performance obligation by reference to services performed to date as a percentage of total services to be performed.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Revenue Recognition (Cont'd)

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.10.1 Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.11 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. The subsidiary's foreign branch also make contributions to their country's statutory pension schemes. The Group has no legal or constructive obligation to pay contributions in addition to its fixed contributions which are recognised as an expense in the period that relevant employee services are received.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Employee Benefits (Cont'd)

Restricted Share Plan ("RSP")

Employees of the Group receive remuneration in the form of shares of the Company as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted by the Company. This cost is recognised in profit or loss, with a corresponding increase in the equity as RSP reserve over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3.12 Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Income Tax

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Goods and Services Tax ("GST") and Sales and Service Tax ("SST")

GST is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% in Malaysia. Input tax that a company pays on business purchases is offset against output tax.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Goods and Services Tax ("GST") and Sales and Service Tax ("SST") (Cont'd)

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

The Finance Ministry of Malaysia has zero rated the GST effective from 1 June 2018. The government has replaced the GST with SST which came into effect on 1 September 2018.

The SST has two elements: a service tax that is charged and levied on taxable services provided by any taxable person in Malaysia in the course and furtherance of business, and a single stage sales tax levied on imported and locally manufactured goods, either at the time of importation or at the time the goods are sold or otherwise disposed of by the manufacturer.

The rate for sales tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

3.15 Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The incorporation of the financial statements of the subsidiary's foreign branch are translated into RM at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to exchange translation reserve.

3.16 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared and approved.

3.18 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position but is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) Has control or joint control over the Group;
  (ii) Has significant influence over the Group; or
  (iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

  (i) The entity and the Group are members of the same group.
  (ii) The entity is an associate or joint venture of the other entity.
  (iii) Both entities are joint ventures of the same third party.
  (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.
  (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

4. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

	Leasehold land RM	Building RM	Freehold commercial lot RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2020									
At cost									
Balance at beginning	4,965,033	-	210,000	16,365,500	378,291	724,894	426,275	7,229,025	30,299,018
Additions	-	920,555	-	198,130	326,244	104,022	-	10,526,713	12,075,664
Capitalised from inventory	-	-	-	1,374,863	-	-	-	-	1,374,863
Disposal	-	-	(210,000)	-	-	-	-	-	(210,000)
Transferred to inventory	-	-	-	(280,613)	-	-	-	-	(280,613)
Reclassification	-	17,755,738	-	-	-	-	-	(17,755,738)	-
Foreign currency translation	-	-	-	1,786	-	4,413	-	-	6,199
Balance at end	4,965,033	18,676,293	-	17,659,666	704,535	833,329	426,275	-	43,265,131
Accumulated depreciation									
Balance at beginning	-	-	42,700	5,292,193	225,413	413,118	99,463	-	6,072,887
Current charge	20,688	75,281	700	1,758,625	35,617	262,441	42,627	-	2,195,979
Disposal	-	-	(43,400)	-	-	-	-	-	(43,400)
Transferred to inventory	-	-	-	(49,857)	-	-	-	-	(49,857)
Foreign currency translation	-	-	-	999	-	1,382	-	-	2,381
Balance at end	20,688	75,281	-	7,001,960	261,030	676,941	142,090	-	8,177,990
Carrying amount	4,944,345	18,601,012	-	10,657,706	443,505	156,388	284,185	-	35,087,141

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP

	Leasehold land RM	Building RM	Freehold commercial lot RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2019									
At cost									
Balance at beginning	-	-	210,000	9,371,823	373,291	724,703	426,275	-	11,106,092
Additions	4,965,033	-	-	564,010	5,000	-	-	7,229,025	12,763,068
Capitalised from inventory	-	-	-	6,429,590	-	-	-	-	6,429,590
Foreign currency translation	-	-	-	77	-	191	-	-	268
Balance at end	4,965,033	-	210,000	16,365,500	378,291	724,894	426,275	7,229,025	30,299,018
Accumulated depreciation									
Balance at beginning	-	-	38,500	4,077,837	192,678	236,058	56,836	-	4,601,909
Current charge	-	-	4,200	1,214,227	32,735	176,895	42,627	-	1,470,684
Foreign currency translation	-	-	-	129	-	165	-	-	294
Balance at end	-	-	42,700	5,292,193	225,413	413,118	99,463	-	6,072,887
Carrying amount	4,965,033	-	167,300	11,073,307	152,878	311,776	326,812	7,229,025	24,226,131

(i) The leasehold land and building are pledged as securities for banking facility granted to a subsidiary.

(ii) The amount of borrowing costs capitalised in the property, plant and equipment of the Group during the financial year is **RM249,457** (2019: RM9,745).

(iii) The inventories capitalised as property, plant and equipment represent demo units and equipment held for use in the customers' support activities, research and development activities, production of goods and are expected to be used for more than one period.

(iv) Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	RM
2020	
Leasehold land	4,944,345

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Group as a lessee

The Group has a lease contract on rental of office premise used in its operations that has a lease term of 3 years.

In the previous financial year, payments on operating lease were charged to profit or loss.

The Group also has leases of machineries with lease term of less than 12 months and certain leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use asset

	Office premise RM
2020	
Addition during the year	**234,697**
Depreciation	**(13,039)**
Balance at end	**221,658**

Lease liability

	RM
Addition during the year	**234,697**
Accretion of interest	**1,436**
Payments	**(13,800)**
Balance at end	**222,333**
Represented by:	
Non-current liability	**146,520**
Current liability	**75,813**
	222,333

The lease liability bears interest at rate of **3.72%** (2019: Nil) per annum. The maturity analysis of the lease liability is disclosed in Note 37.4 to the financial statements.

The following amounts are recognised in profit or loss:

	GROUP 2020 RM
Depreciation of right-of-use assets	**13,039**
Interest expense on lease liabilities	**1,436**
Expenses relating to short term leases	**794,639**
Total amount recognised in profit or loss	**809,114**

6. INTANGIBLE ASSETS

	GROUP	
	2020	2019
	RM	RM
At cost:		
Goodwill	**13,663,357**	13,663,357
Trademark, patent and industry design	**22,978**	22,978
	13,686,335	13,686,335

The goodwill arising from the business acquisition and other intangible assets have been allocated to the Group's electronic tester segment as the cash-generating unit ("CGU").

For annual impairment testing purposes, the recoverable amount of the CGU are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on approved financial budget and projections covering a five (5)-year period.

Key assumptions used in value-in-use calculations

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The 5-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the 5-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors. Thereafter, a **10%** (2019: 10%) annual growth rate is applied to the remaining years of the cash flow projections. A terminal value is assigned at the end of the 5-year cash flow projections based on an assumed growth rate of **1%** (2019: 1%) in perpetuity.

(ii) Discount rate

A pre-tax discount rate of **13.80%** (2019: 11.80%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital, which takes into consideration both the cost of debt and cost of equity.

Sensitivity to changes in key assumptions

A 5% decrease in future planned revenue or an increase of 5% in the discount rate used would not cause impairment loss on goodwill except for changes in prevailing environment which is not ascertainable.

7. DEVELOPMENT COSTS

	GROUP	
	2020	2019
	RM	RM
At cost		
Balance at beginning	**3,981,873**	1,007,817
Additions - staff cost	**2,113,633**	2,749,356
- other direct attributable costs	**294,397**	224,700
Balance at end carried forward	**6,389,903**	3,981,873

7. DEVELOPMENT COSTS (Cont'd)

	GROUP	
	2020	**2019**
	RM	**RM**
Balance at end brought forward	**6,389,903**	3,981,873
Less: Accumulated amortisation		
Balance at beginning	**(9,456)**	-
Current charges	**(331,422)**	(9,456)
Balance at end	**(340,878)**	(9,456)
	6,049,025	3,972,417

8. INVESTMENT IN A SUBSIDIARY

	COMPANY	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost	**35,105,998**	35,105,998
RSP shares granted to employees of a subsidiary	**754,848**	514,037
	35,860,846	35,620,035

The details of the Malaysian subsidiary are as follows:

Name of Subsidiary	Effective Equity Interest 2020 %	Effective Equity Interest 2019 %	Principal Activities
Aemulus Corporation Sdn. Bhd. ("ACSB")	**100**	100	Design and development of automated test equipment, test and measurement instruments, and the provision of design consultancy and test-related services.

ACSB's branch office in Taiwan is principally involved in the marketing and sale of automated test equipment and test and measurement instruments.

The consolidated financial statements have been prepared using the merger accounting method to account for the acquisition of ACSB. Merger deficit is determined as the difference between the cost of merger and nominal value of the share capital in the subsidiary acquired and is recognised in the statements of financial position.

9. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2020	2019
	RM	RM
Unquoted shares, at cost	**1,222,400**	-

Details of the associate which is incorporated in The People's Republic of China ("China") are as follows:

	Name of Company	Effective Equity Interest 2020 %	2019 %	Principal Activities
#	TMSS Technology (Jiashan) Co., Ltd. ("TMSS")	**40**	-	(i) Technology development, technical consultation, manufacturing, sales, and provision of related ancillary services for semiconductor equipment, precision automated equipment and its accessories; (ii) Research and development, sales, and provision of related ancillary services for software products; and (iii) Import and export business for various goods and technology, with the exception of country restricted import and export of goods and technology.

\# *Not audited by Grant Thornton.*

During the financial year, a Joint Venture Agreement ("JVA") was entered by a wholly-owned subsidiary of the Company, Aemulus Corporation Sdn. Bhd. ("ACSB") with Tangren Microtelligence Technology Co., Ltd. ("Tangren Microtelligence") to form a joint venture company for the purpose of establishing a long-term business partnership in China. The joint venture company was successfully registered on 18 August 2020.

There is no disclosure on the financial information of the joint venture as the results are not material to the Group as at the reporting date.

10. OTHER INVESTMENTS

		GROUP		COMPANY	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
Non-current asset					
Fair value through other comprehensive income					
Unquoted shares in Malaysia	10.1	**356,424**	356,424	**-**	-
Current asset					
Fair value through profit or loss					
Unit trusts, at fair value	10.2	**2,771,329**	8,854,307	**2,544,184**	8,635,820

10. OTHER INVESTMENTS (Cont'd)

10.1 The Group's subsidiary acquired 149,758 ordinary shares representing 13% equity interest in Strait Fabrication Partner Sdn. Bhd. ("SFPSB") for a total cash consideration of RM356,424. The principal activities of SFPSB are to engaged in mechanical manufacturing services, original equipment manufacturing and precision engineering services.

The management is of the opinion that the fair value of SFPSB approximates its cost as it is still at its preliminary stage of operations thus it is not presently comparable to established companies with similar business nature. The management does not intend to dispose of this investment in the near future.

10.2 The unit trusts are funds that invest in a mixture of money market instruments and fixed deposits with different maturity profile. The unit trusts can be redeemed at any point in time upon request.

11. INVENTORIES

	GROUP	
	2020	2019
	RM	RM
Raw materials	**8,608,964**	9,534,745
Finished goods	**6,534,124**	6,228,694
	15,143,088	15,763,439
Recognised in profit or loss:		
Inventories written down	**219,025**	157,817
Inventories recognised as cost of sales	**6,846,247**	11,023,550

12. TRADE RECEIVABLES

		GROUP	
		2020	2019
	NOTE	RM	RM
Finance lease arrangement	12.2	**1,227,288**	1,843,136
Outright sale	12.3	**15,122,018**	15,916,754
Less: Allowance for expected credit loss	12.4	**(2,329,018)**	(2,120,354)
		12,793,000	13,796,400
		14,020,288	15,639,536

12.1 The trade receivables can be analysed as:

	2020	2019
	RM	RM
Total amount receivable	**14,111,510**	15,786,234
Unearned interest income	**(91,222)**	(146,698)
	14,020,288	15,639,536

12. TRADE RECEIVABLES (Cont'd)

12.2 The repayment schedule of the present value of receivables under finance lease arrangement is as follows:

	2020 RM	2019 RM
Within 1 year	**1,227,288**	1,843,136

12.3 The outright sale customers are non-interest bearing and are generally on **30 to 180 days** (2019: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12.4 The movements of allowance for expected credit loss are as follows:

	2020 RM	2019 RM
Balance at beginning	**2,120,354**	93,344
Effect of adopting MFRS 9	**-**	336,129
Balance at beginning, restated	**2,120,354**	429,473
Current year	**208,664**	1,783,589
Written off	**-**	(92,708)
Balance at end	**2,329,018**	2,120,354

12.5 The currency profile of trade receivables is as follows:

	2020 RM	2019 RM
Ringgit Malaysia	**784,538**	688,418
United States Dollar	**13,160,838**	14,951,118
Singapore Dollar	**74,912**	-
	14,020,288	15,639,536

13. CONTRACT ASSETS

	GROUP	
	2020 RM	2019 RM
Balance at beginning	**2,689,988**	1,480,790
Increase in contract assets as a result of recognising revenue during the financial year	**4,198,044**	2,689,988
Decrease as a result of invoice issued	**(2,689,988)**	(1,480,790)
Balance at end	**4,198,044**	2,689,988

Contract assets are in respect of good delivered and service rendered but not yet invoiced.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Sundry receivables	**34,106**	206	**-**	-
Refundable deposits	**252,785**	251,994	**1,000**	1,000
Prepayments	**585,522**	645,133	**-**	9,982
GST claimable	**-**	23,674	**-**	-
	872,413	921,007	**1,000**	10,982

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	**848,144**	898,302	**1,000**	10,982
New Taiwan Dollar	**24,269**	22,705	**-**	-
	872,413	921,007	**1,000**	10,982

15. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

16. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

17. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivatives held for trading at fair value through profit or loss is as follows:

	GROUP	
	2020 RM	2019 RM
Forward foreign exchange contracts:		
- Nominal value	**3,502,985**	7,738,282
- Assets/(Liabilities)	**17,323**	(100,308)

Forward foreign exchange contracts are used to manage the foreign currency exposure arising from a subsidiary's trade receivables denominated in United States Dollar. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

18. DEPOSITS WITH LICENSED BANKS

	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
Fixed deposits	**30,771,388**	2,524,639	**20,035,673**	-
Short-term money market deposits	**500,000**	-	**-**	-
	31,271,388	2,524,639	**20,035,673**	-

Included in the Group's fixed deposits is an amount of **RM6,028,665** (2019: RM2,524,639) which is pledged to licensed banks as securities for banking facilities granted to a subsidiary.

The effective interest rates per annum of the deposits with licensed banks at the end of the reporting period are as follows:

	GROUP 2020 %	GROUP 2019 %	COMPANY 2020 %	COMPANY 2019 %
Fixed deposits	**1.50 to 3.25**	3.00 to 3.25	**1.82 to 2.25**	-
Short-term money market deposits	**1.50**	-	**-**	-

19. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
Ringgit Malaysia	**153,875**	170,330	**83,335**	14,682
United States Dollar	**1,093,993**	576,606	**-**	-
Chinese Renminbi	**1,116**	-	**-**	-
Singapore Dollar	**139**	139	**-**	-
New Taiwan Dollar	**1,548**	90,655	**-**	-
	1,250,671	837,730	**83,335**	14,682

20. SHARE CAPITAL

	Number of ordinary shares 2020 RM	Number of ordinary shares 2019 RM	Amount 2020 RM	Amount 2019 RM
Issued and fully paid:				
Balance at beginning	**549,476,647**	548,899,497	**59,438,214**	59,186,590
Issued pursuant to:				
- Private placement	**54,940,000**	-	**31,315,800**	-
- Exercise of RSP	**206,600**	577,150	**73,736**	251,624
Share issuance expenses	**-**	-	**(300,764)**	-
Balance at end	**604,623,247**	549,476,647	**90,526,986**	59,438,214

20. SHARE CAPITAL (Cont'd)

2020

During the financial year, the issued and paid-up ordinary share capital was increased from RM59,438,214 to RM90,526,986 pursuant to the following:

(i) 54,940,000 new ordinary shares arising from a private placement exercise undertaken at an issue price of RM0.57 per share; and

(ii) 206,600 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2018 ("RSP II") at a price of RM0.3569 per share.

21. RESERVES

		GROUP		COMPANY	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
Non-distributable:					
Merger deficit	21.1	**(12,954,053)**	(12,954,053)	**-**	-
RSP reserve	21.2	**252,967**	85,892	**252,967**	85,892
Exchange translation reserve	21.3	**(50,455)**	(57,528)	**-**	-
		(12,751,541)	(12,925,689)	**252,967**	85,892

21.1 Merger deficit

The merger deficit is in respect of the difference between the cost of merger and the nominal value of shares acquired in ACSB.

21.2 RSP reserve

RSP reserve represents the equity-settled shares granted by the Company to ACSB's employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced once vested or forfeited. The details of RSP are further disclosed in Note 39 to the financial statements.

21.3 Exchange translation reserve

The exchange translation reserve is in respect of foreign exchange differences on translation of the financial statements of the subsidiary's foreign branch.

22. BORROWINGS

	GROUP	
	2020	2019
	RM	RM
Secured:		
Non-current liabilities - term loans	**12,880,905**	4,438,101

22. BORROWINGS (Cont'd)

	GROUP 2020 RM	GROUP 2019 RM
Current liabilities		
Bank overdraft	**35,548**	907,913
Banker's acceptance	**267,000**	623,000
Revolving credit	**2,800,000**	-
Term loans	**1,488,273**	1,169,604
	4,590,821	2,700,517

The borrowings are secured by way of:

(i) Legal charge over the leasehold land and building;
(ii) Pledge of fixed deposits of the subsidiary;
(iii) Corporate guarantee of the Company; and
(iv) Guarantee from government of Malaysia Syarikat Jaminan Pembiayaan Perniagaan ("SJPP").

A summary of the effective interest rate and the maturities of the borrowings are as follows:

	Effective interest rates per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
2020						
Term loans	**3.50 to 3.94**	**14,369,178**	**1,488,273**	**2,077,998**	**10,712,738**	**90,169**
Bank overdraft	**5.57 to 6.49**	**35,548**	**35,548**	**-**	**-**	**-**
Banker's acceptance	**4.00 to 5.10**	**267,000**	**267,000**	**-**	**-**	**-**
Revolving credit	**4.28 to 4.79**	**2,800,000**	**2,800,000**	**-**	**-**	**-**
2019						
Term loans	4.36	5,607,705	1,169,604	1,169,604	3,268,497	-
Bank overdraft	6.82	907,913	907,913	-	-	-
Banker's acceptance	5.07 to 5.09	623,000	623,000	-	-	-

23. PROVISION FOR WARRANTY

	GROUP 2020 RM	GROUP 2019 RM
Balance at beginning	**176,604**	248,766
Additions	**130,488**	210,496
Reversal	**(212,355)**	(282,658)
Balance at end	**94,737**	176,604

The provision for warranty is in respect of warranty granted on products sold. The provision is calculated based on approximately 2.5% of the cost of products sold.

24. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2020	2019
	RM	RM
Ringgit Malaysia	**1,912,032**	1,773,555
United States Dollar	**2,678,976**	2,159,500
Others	**-**	1,000
	4,591,008	3,934,055

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2019: 30 to 90 days) credit terms.

25. CONTRACT LIABILITIES

	GROUP	
	2020	2019
	RM	RM
Balance at end	**558,972**	337,085

Contract liabilities comprised of advances received from customers for rendering maintenance services.

When the Group receives advances before the maintenance services commence, this will give rise to contract liabilities at the start of a contract. The advances will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All advances billing received are expected to be settled within one year.

Contract liabilities outstanding at the beginning of the year amounting to **RM337,085** (2019: RM283,840) have been recognised as revenue during the year.

26. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Sundry payables	**745,627**	440,973	**53,603**	18,010
Retention sum payable	**804,476**	553,835	**-**	-
Accruals	**2,519,478**	2,885,940	**139,950**	136,697
	4,069,581	3,880,748	**193,553**	154,707

26. OTHER PAYABLES AND ACCRUALS (Cont'd)

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia	**4,005,669**	3,754,851	**193,553**	154,707
New Taiwan Dollar	**63,912**	125,897	**-**	-
	4,069,581	3,880,748	**193,553**	154,707

27. REVENUE

27.1 Disaggregation of revenue from contracts with customers

	GROUP	
	2020	2019
	RM	RM
Types of goods or services		
Sales of goods		
- Outright sales	**12,896,338**	23,799,423
- Rendering of services	**6,423,366**	5,034,376
Total revenue from contracts with customers	**19,319,704**	28,833,799

Revenue information based on geographical location of customers are disclosed in Note 40 to the financial statements.

	GROUP	
	2020	2019
	RM	RM
Timing of revenue recognition		
At a point in time	**12,896,338**	23,799,423
Over time	**6,423,366**	5,034,376
Total revenue from contracts with customers	**19,319,704**	28,833,799

27.2 Contract balances

	GROUP	
	2020	2019
	RM	RM
Trade receivables (Note 12)	**14,020,288**	15,639,536
Contract assets (Note 13)	**4,198,044**	2,689,988
Contract liabilities (Note 25)	**558,972**	337,085

27.3 Performance obligations

The performance obligations of respective revenue are disclosed in Note 3.10 to the financial statements.

28. RESEARCH AND DEVELOPMENT EXPENSES

Included in the research and development expenses of the Group is employee benefits expenses amounting to **RM4,529,386** (2019: RM4,311,433) as disclosed in Note 31 to the financial statements.

29. FINANCE COSTS

	GROUP	
	2020 RM	2019 RM
Interest expenses on:		
- Bank overdraft	**263,326**	9,453
- Banker's acceptance	**7,905**	7,542
- Lease liability	**1,436**	-
- Revolving credit	**133,337**	-
- Term loans	**36,917**	95,869
	442,921	112,864

30. (LOSS)/PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
After charging:				
Allowance for expected credit loss	**208,664**	1,783,589	**-**	-
Amortisation of development costs	**331,422**	9,456	**-**	-
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	**60,000**	60,000	**20,000**	20,000
- under/(over) provision in prior year	**-**	1,000	**-**	(1,000)
- other services	**13,000**	13,000	**13,000**	13,000
Bad debts written off	**-**	423,330	**-**	-
Depreciation				
- Property, plant and equipment	**2,195,979**	1,470,684	**-**	-
- Right-of-use asset	**13,039**	-	**-**	-
Expenses relating to short term leases	**794,639**	-	**-**	-
Fair value loss on other investments, net	**4,577**	-	**7,151**	-
Inventories written down	**219,025**	157,817	**-**	-
Provision for warranty				
- Current year	**130,488**	210,496	**-**	-
- Reversal of prior year	**(212,355)**	(282,658)	**-**	-
Realised loss on foreign exchange	**322,312**	171,452	**-**	-
Rental of equipment	**-**	2,022	**-**	-
Rental of office equipment	**-**	6,900	**-**	-
Rental of premises	**-**	960,454	**-**	-

30. (LOSS)/PROFIT BEFORE TAX (Cont'd)

This is arrived at: (Cont'd)

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
And crediting:				
Dividend income	**145,057**	264,850	**138,572**	250,641
Fair value gain on derivative financial instruments	**117,631**	826	**-**	-
Fair value gain on other investment	**-**	250,821	**-**	215,846
Interest income	**198,597**	30,799	**36,699**	-
Rental income	**16,046**	25,080	**-**	-
Gain on disposal of property, plant and equipment	**263,400**	-	**-**	-
Sale of intellectual property	**2,645,297**	-	**-**	-
Unrealised gain on foreign exchange	**45,520**	259,681	**-**	-

31. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
- Salaries, allowance and bonus	**11,461,115**	13,137,922	**12,000**	15,000
- Fees - current year	**140,000**	160,000	**140,000**	160,000
- over provision in prior year	**-**	(14,011)	**-**	(14,011)
- Defined contribution plan	**1,347,168**	1,283,550	**-**	-
- SOCSO and EIS	**159,200**	147,035	**-**	-
- Equity-settled share-based payment	**240,811**	203,069	**-**	-
	13,348,294	14,917,565	**152,000**	160,989
Less: Charge to research and development expenses	**(4,529,386)**	(4,311,433)	**-**	-
Capitalised in development cost	**(2,113,633)**	(2,749,356)	**-**	-
	6,705,275	7,856,776	**152,000**	160,989

31. EMPLOYEE BENEFITS EXPENSES (Cont'd)

Included in the employee benefits expenses are directors' remuneration as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive:				
- Salaries, allowance and bonus	**1,139,631**	1,211,696	**-**	-
- Defined contribution plan	**158,400**	145,819	**-**	-
- SOCSO	**3,694**	3,566	**-**	-
	1,301,725	1,361,081	**-**	-
- Benefits-in-kind *	**15,000**	15,000	**-**	-
	1,316,725	1,376,081	**-**	-
Non-executive:				
- Salaries, allowance and bonus	**12,000**	15,000	**12,000**	15,000
- Fees	**140,000**	145,989	**140,000**	145,989
	152,000	160,989	**152,000**	160,989
	1,468,725	1,537,070	**152,000**	160,989

* Benefits-in-kind (based on estimated monetary value) for the Chief Executive Officer of the Company.

32. TAX EXPENSE

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:				
Based on results for the financial year				
- Malaysian income tax	**(257,073)**	(16,684)	**-**	-
- Foreign tax	**(30,397)**	(27,807)	**-**	-
- Real property gains tax	**(20,451)**	-	**-**	-
	(307,921)	(44,491)	**-**	-
Over/(Under) provision of current tax in prior year	**16,684**	(20,986)	**-**	(396)
	(291,237)	(65,477)	**-**	(396)

32. TAX EXPENSE (Cont'd)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	**(3,320,679)**	(3,149,456)	**(216,470)**	24,775
Income tax at Malaysian statutory tax rate of 24%	**796,963**	755,869	**51,953**	(5,946)
Different tax rate in other jurisdiction*	**6,067**	2,452	**-**	-
Expenses not deductible for tax purposes	**(329,597)**	(582,321)	**(94,018)**	(106,011)
Income not subject to tax	**222,857**	119,349	**42,065**	111,957
Movement of deferred tax assets not recognised	**(983,760)**	(339,840)	**-**	-
Real property gains tax	**(20,451)**	-	**-**	-
	(307,921)	(44,491)	**-**	-
Over/(Under) provision of current tax in prior year	**16,684**	(20,986)	**-**	(396)
	(291,237)	(65,477)	**-**	(396)

* The Taiwan branch is subject to corporate tax rate of 20%.

The movement of deferred tax assets not recognised are in respect of the following:

	GROUP	
	2020 RM	2019 RM
Property, plant and equipment	**6,648,000**	3,619,000
Unabsorbed tax losses	**(4,860,000)**	(1,829,000)
Unabsorbed capital allowances	**(4,967,000)**	(1,439,000)
Others	**(4,260,000)**	(3,691,000)
	(7,439,000)	(3,340,000)

Deferred tax assets have not been recognised on the above temporary differences as it is not probable that taxable profits will be available in the foreseeable future to the extent that the above deductible temporary differences can be utilised.

The unabsorbed tax losses can be carried forward for seven consecutive years of assessment immediately following that year of assessment (unabsorbed tax losses accumulated up to year of assessment 2018 can be carried forward until year of assessment 2025) and the unabsorbed capital allowances can be carried forward indefinitely pursuant to the gazetted Finance Act 2018.

32. TAX EXPENSE (Cont'd)

The unabsorbed tax losses of the Group will expire in the following years of assessment ("YA"):

	GROUP	
	2020	**2019**
	RM	**RM**
YA 2026	**410,000**	1,829,000
YA 2027	**4,450,000**	-
	4,860,000	1,829,000

The subsidiary of the Group had accepted the Customised Incentive granted by the Ministry of Finance of Malaysia ("MOF"). Under this tax incentive, 100% income tax exemption on the statutory income derived from the approved business activities, pursuant to the Income Tax (Exemption) (No.11) Order 2006, for a period of 5 years.

33. LOSS PER SHARE

GROUP

33.1 Basic loss per share

Basic loss per share of the Group is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2020	**2019**
Loss attributable to owners of the Company (RM)	**(3,611,916)**	(3,214,933)
Weighted average number of ordinary shares	**551,147,090**	548,958,841
Basic loss per share (sen)	**(0.65)**	(0.59)

33.2 Diluted loss per share

The diluted loss per share of the Group is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from shares granted to employees as follows:

	2020	**2019**
Loss attributable to owners of the Company (RM)	**(3,611,916)**	(3,214,933)
Weighted average number of ordinary shares	**551,147,090**	548,958,841
Adjustment for dilutive effect of RSP	**1,031,380**	415,700
	552,178,470	549,374,541
Diluted loss per share (sen)	**(0.65)**	(0.59)

34. DIVIDEND

	COMPANY	
	2020	2019
	RM	RM
<u>In respect of financial year ended 30 September 2018:</u>		
- A single tier dividend of 0.2 sen per ordinary share declared on 22 November 2018 and paid on 27 December 2018	-	1,097,799

35. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Group has related party relationship with its subsidiary and associate and key management personnel as disclosed in Note 35 (b) and (c).

(b) Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Sale of intellectual properties to an associate	**2,645,297**	-	**-**	-
Professional fee charged by Moore Advent Tax Consultants Sdn. Bhd.	**42,000**	-	**2,000**	-

Related party	**Relationship**
TMSS	An associate of a subsidiary, Aemulus Corporation Sdn. Bhd.
Moore Advent Tax Consultants Sdn. Bhd.	A firm in which a Director of the Company, Mr. Ong Chong Chee has financial interest.

35. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation to key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

The remuneration of the directors and other members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short-term employee benefits	**3,149,076**	3,318,873	**152,000**	160,989
Defined contribution plan	**338,121**	325,957	**-**	-
Equity-settled share-based payment	**25,001**	46,349	**-**	-
	3,512,198	3,691,179	**152,000**	160,989
Analysed as:				
- Directors	**1,468,725**	1,537,070	**152,000**	160,989
- Other key management personnel	**2,043,473**	2,154,109	**-**	-
	3,512,198	3,691,179	**152,000**	160,989

Other key management personnel have been granted with the following number of shares:

	GROUP	
	2020	2019
RSP I		
Balance at beginning	**-**	53,600
Exercised	**-**	(42,250)
Lapsed	**-**	(11,350)
Balance at end	**-**	-
RSP II		
Balance at beginning	**83,550**	167,100
Exercised	**(70,050)**	(70,050)
Lapsed	**(13,500)**	(13,500)
Balance at end	**-**	83,550

The RSP were granted on the same terms and conditions as those offered to other employees of the Group, as disclosed in Note 39 to the financial statements.

36. CAPITAL COMMITMENTS

	GROUP	
	2020	2019
Contracted but not provided for:		
- Purchase of leasehold land	**4,965,012**	4,965,012
- Construction of factory buildings	**254,350**	10,830,984

37. FINANCIAL INSTRUMENTS

37.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
2020				
GROUP				
Financial assets				
Trade receivables	14,020,288	14,020,288	-	-
Other receivables and refundable deposits	286,891	286,891	-	-
Amount due from an associate	2,671,257	2,671,257	-	-
Derivative financial assets	17,323	-	17,323	-
Other investments	3,127,753	-	2,771,329	356,424
Deposits with licensed banks	31,271,388	31,271,388	-	-
Cash and bank balance	1,250,671	1,250,671	-	-
	52,645,571	49,500,495	2,788,652	356,424
Financial liabilities				
Trade payables	4,591,008	4,591,008	-	-
Other payables and accruals	4,069,581	4,069,581	-	-
Borrowings	17,471,726	17,471,726	-	-
	26,132,315	26,132,315	-	-
COMPANY				
Financial assets				
Refundable deposits	1,000	1,000	-	-
Amount due from a subsidiary	31,195,855	31,195,855	-	-
Other investments	2,544,184	-	2,544,184	-
Deposits with licensed banks	20,035,673	20,035,673	-	-
Cash and bank balances	83,335	83,335	-	-
	53,860,047	51,315,863	2,544,184	-
Financial liabilities				
Other payables and accruals	193,553	193,553	-	-

37. FINANCIAL INSTRUMENTS (Cont'd)

37.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
2019				
GROUP				
Financial assets				
Trade receivables	15,639,536	15,639,536	-	-
Other receivables and refundable deposits	252,200	252,200	-	-
Other investments	9,210,731	-	8,854,307	356,424
Fixed deposits with licensed banks	2,524,639	2,524,639	-	-
Cash and bank balance	837,730	837,730	-	-
	28,464,836	19,254,105	8,854,307	356,424
Financial liabilities				
Trade payables	3,934,055	3,934,055	-	-
Other payables and accruals	3,880,748	3,880,748	-	-
Derivative financial liabilities	100,308	-	100,308	-
Borrowings	7,138,618	7,138,618	-	-
	15,053,729	14,953,421	100,308	-
COMPANY				
Financial assets				
Refundable deposits	1,000	1,000	-	-
Amount due from a subsidiary	14,359,727	14,359,727	-	-
Other investments	8,635,820	-	8,635,820	-
Cash and bank balances	14,682	14,682	-	-
	23,011,229	14,375,409	8,635,820	-
Financial liabilities				
Other payables and accruals	154,707	154,707	-	-

37.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

37.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances to its subsidiary and financial guarantees given.

37. FINANCIAL INSTRUMENTS (Cont'd)

37.3 Credit risk (Cont'd)

37.3.1 Trade receivables

The Group extends to existing customers credit terms ranging from 30 to 180 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group will subject new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

In addition, as set out in Note 3.6.5, the Group assesses ECL under MFRS 9 on trade receivables based on the provision matrix, the expected loss rates are based on the geographical location and days past due. A forward looking default rate based on country and sovereign credit risk is applied across all grouped and receivables. The management considers the historical default rate of the financial assets to be minimal as these was no history of default in prior years. At each reporting date, the historical default rates are updated and changes in the forward-looking default rate are analysed.

The Group applies the simplified approach to recognise lifetime expected credit losses for all trade receivables. The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period is as follows:

	Expected loss rate %	Gross RM	Expected credit loss RM	Net RM
2020				
Not past due	**-**	**3,078,054**	**-**	**3,078,054**
1 to 30 days past due	**0.30 to 1.94**	**486,136**	**-**	**486,136**
31 to 60 days past due	**0.70 to 3.90**	**126,020**	**(706)**	**125,314**
61 to 90 days past due	**1.06 to 5.83**	**875,433**	**(32,530)**	**842,903**
Past due more than 90 days	**1.41 to 29.16**	**10,124,262**	**(636,381)**	**9,487,881**
		11,611,851	**(669,617)**	**10,942,234**
Individually impaired	**100**	**1,659,401**	**(1,659,401)**	**-**
		16,349,306	**(2,329,018)**	**14,020,288**
2019				
Not past due	-	970,903	-	970,903
1 to 30 days past due	0.10 to 0.90	3,593,967	(8,721)	3,585,246
31 to 60 days past due	0.20 to 1.79	85,785	-	85,785
61 to 90 days past due	0.30 to 2.69	2,433,509	(3,013)	2,430,496
Past due more than 90 days	0.40 to 13.44	9,016,325	(449,219)	8,567,106
		15,129,586	(460,953)	14,668,633
Individually impaired	100	1,659,401	(1,659,401)	-
		17,759,890	(2,120,354)	15,639,536

37. FINANCIAL INSTRUMENTS (Cont'd)

37.3 Credit risk (Cont'd)

37.3.1 Trade receivables (Cont'd)

Receivables that are individually impaired

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM10,942,234** (2019: RM14,668,633) 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.

The Group has concentration of credit risk in the form of outstanding balance due from **2** (2019: 3) customers, representing **45%** (2019: 45%) of the total trade receivables.

37.3.2 Intercompany balances

The Company provides advances to its subsidiary and monitors the results of the subsidiary regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the short term advances are not recoverable. The Company does not specifically monitor the ageing of the short term advances.

37.3.3 Financial guarantees

The Company provides unsecured financial guarantees to financial institution for banking facilities granted to a subsidiary up to a limit of **RM37,872,888** (2019: RM31,544,000). The maximum exposure to credit risk is amounted to **RM17,695,006** (2019: RM7,194,938), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

37.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

37. FINANCIAL INSTRUMENTS (Cont'd)

37.4 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
GROUP						
2020						
Non-derivative financial liabilities						
Trade payables	**4,591,008**	**4,591,008**	**4,591,008**	**-**	**-**	**-**
Other payables and accruals	**4,069,581**	**4,069,581**	**4,069,581**	**-**	**-**	**-**
Lease liability	**222,333**	**234,600**	**82,800**	**82,800**	**69,000**	**-**
Borrowings	**17,471,726**	**18,845,306**	**5,253,215**	**2,549,855**	**10,951,277**	**90,959**
	26,354,648	**27,740,495**	**13,996,604**	**2,632,655**	**11,020,277**	**90,959**
2019						
Non-derivative financial liabilities						
Trade payables	3,934,055	3,934,055	3,934,055	-	-	-
Other payables and accruals	3,880,748	3,880,748	3,880,748	-	-	-
Borrowings	7,138,618	7,685,211	3,015,209	1,339,733	3,330,269	-
Derivatives financial liabilities						
Forward foreign exchange contracts	100,308	100,308	100,308	-	-	-
	15,053,729	15,600,322	10,930,320	1,339,733	3,330,269	-
COMPANY						
2020						
Non-derivative financial liabilities						
Other payables and accruals	**193,533**	**193,533**	**193,533**	**-**	**-**	**-**
Financial guarantee *	**-**	**17,695,006**	**17,695,006**	**-**	**-**	**-**
	193,533	**17,888,539**	**17,888,539**	**-**	**-**	**-**
2019						
Non-derivative financial liabilities						
Other payables and accruals	154,707	154,707	154,707	-	-	-
Financial guarantee *	-	7,194,938	7,194,938	-	-	-
	154,707	7,349,645	7,349,645	-	-	-

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantee has not crystallised.

37. FINANCIAL INSTRUMENTS (Cont'd)

37.5 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate instruments				
Financial assets	**31,271,388**	2,524,639	**20,035,673**	-
Floating rate instruments				
Financial liabilities	**17,471,726**	7,138,618	**-**	-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point would have increase loss before tax by **RM21,045** (2019: RM6,215) and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

37.6 Foreign currency risk

The objectives of the Group's foreign exchange policy are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the Group's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD") and New Taiwan Dollar ("TWD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased loss before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

37. FINANCIAL INSTRUMENTS (Cont'd)

37.6 Foreign currency risk (Cont'd)

	GROUP	
	2020	**2019**
USD	**1,159,318**	1,326,792
SGD	**7,505**	14
TWD	**(3,810)**	(1,254)
Increase in loss before tax	**1,163,013**	1,325,552

38. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

Other than the other investments and derivative financial instruments disclosed below, the carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Fair value hierarchy

The table below analyses financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 2.2 to the financial statements for definition of Level 1 to 3 fair value hierarchy).

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
GROUP					
2020					
Financial assets					
Forward foreign exchange contracts	**-**	**17,323**	**-**	**17,323**	**17,323**
Other investments					
- Unit trusts	**2,771,329**	**-**	**-**	**2,771,329**	**2,771,329**
- Unquoted shares	**-**	**-**	**356,424**	**356,424**	**356,424**
2019					
Financial assets					
Other investments					
- Unit trusts	8,854,307	-	-	8,854,307	8,854,307
- Unquoted shares	-	-	356,424	356,424	356,424
Financial liabilities					
Forward foreign exchange contracts	-	100,308	-	100,308	100,308
COMPANY					
2020					
Financial assets					
Other investments					
- Unit trusts	**2,544,184**	**-**	**-**	**2,544,184**	**2,544,184**
2019					
Financial assets					
- Unit trusts	8,635,820	-	-	8,635,820	8,635,820

38. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value hierarchy (Cont'd)

The investment in unit trusts and it is carried at fair value by reference to its quoted closing bid price at the end of the reporting period. The fair value of the investment in unquoted shares approximates its cost due to the management is of the opinion that the fair value of SFPSB approximates its cost as it is still at its preliminary stage of operations thus it is not presently comparable to established companies with similar business nature. The management does not intend to dispose of this investment in the near future.

The derivative financial assets/liabilities arising from the fair value changes on the foreign currency forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

39. RESTRICTED SHARE PLAN ("RSP")

The RSP which had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 12 December 2014, was implemented on 13 July 2017. It forms part of the Company's listing scheme during its Initial Public Offering on 15 September 2015 and is governed by the By-Laws of the RSP. The RSP will be in force for a maximum period of ten years from 15 February 2016 until 14 February 2026.

The salient features of RSP are as follows:

(a) The total number of new ordinary shares which are available to be issued under the RSP shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the RSP.

(b) Any employee or director of any company comprised in the Group shall be eligible to participate in the RSP if, as at the date of offer, the employee or director is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis and must be a confirmed employee; for director, further approval by shareholders of the Company is required in a general meeting.

(c) The allocation of the share will be staggered over the duration of the RSP and no further share shall be allocated after the initial grant date.

(d) The RSP shall remain unissued until the share awards are vested and shall, on allotment, rank *pari passu* in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company prior to the date of allotment.

(e) A participant is required to pay RM1 only upon accepting the Restricted Share Award and is not required for further payment upon vesting of the new shares.

39. RESTRICTED SHARE PLAN ("RSP") (Cont'd)

Movement in the number of awarded shares during the financial year are as follows:

Offer date	RSP	Balance at beginning	Granted	Exercised	Lapsed *	Balance at end
2020						
07.09.18	II	**415,700**	**-**	**(206,600)**	**(167,100)**	**42,000**
15.01.20	III	**-**	**1,775,300**	**-**	**(381,000)**	**1,394,300**
		415,700	**1,775,300**	**(206,600)**	**(548,100)**	**1,436,300**
2019						
13.07.17	I	337,000	-	(273,450)	(63,550)	-
07.09.18	II	940,000	-	(303,700)	(220,600)	415,700
		1,277,000	-	(577,150)	(284,150)	415,700

* Lapsed due to resignation.

The fair value of the awarded shares granted was estimated at the grant date using Black-Scholes Model, taking into account the terms and conditions upon which the instruments were granted with the following inputs:

	RSP I	RSP II	RSP III
Share price at grant date (RM)	**0.5238**	**0.3450**	**0.2300**
Fair value of share price (RM)	**0.5238**	**0.3450**	**0.2300**
Risk-free interest rate (% p.a.)	**3.69**	**3.69**	**3.88**
Expected life of RSP (years)	**2**	**2 - 3**	**1**
Dividend yield	**-**	**-**	**-**
Expected volatility	**55.68%**	**58.47%**	**53.00%**

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the RSP is indicative of future trends, which may not necessarily be the actual outcome.

40. SEGMENTAL REPORTING

Business Segments

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment, i.e. electronic tester segment which is involved in the designing and assembling of automated test equipment and test and measurement instruments and the provision of their related and design consultancy services. As such, no operating segment information is prepared.

40. SEGMENTAL REPORTING (Cont'd)

Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020	2019	2020	2019
	RM	RM	RM	RM
Malaysia	**5,138,849**	4,870,126	**55,107,554**	42,165,377
Singapore	**5,591,113**	10,459,519	**-**	-
China	**2,187,989**	3,306,142	**1,222,400**	-
USA	**1,797,576**	2,516,293	**-**	-
Korea	**2,103,975**	4,466,955	**-**	-
Taiwan	**2,103,009**	2,633,410	**293,029**	75,930
Others	**397,193**	581,354	**-**	-
	19,319,704	28,833,799	**56,622,983**	42,241,307

Non-current assets information presented above, which excludes financial assets, consists of the following items as presented in the statements of financial position.

	2020	2019
	RM	RM
Property, plant and equipment	**35,087,141**	24,226,131
Right-of-use asset	**221,658**	-
Intangible assets	**13,686,335**	13,686,335
Development costs	**6,049,025**	3,972,417
Investment in an associate	**1,222,400**	-
Other investments	**356,424**	356,424
	56,622,983	42,241,307

Information about major customers

Total revenue from **3** (2019: 2) major customers which individually contributed more than 10% of the Group's revenue amounted to **RM10,444,045** (2019: RM14,831,708).

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy or process during the financial year under review as compared to the previous financial year.

41. CAPITAL MANAGEMENT (Cont'd)

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP	
	2020	**2019**
Total borrowings	**17,471,726**	7,138,618
Less: Other investments	**2,771,329**	8,854,307
Deposits with licensed banks	**31,271,388**	2,524,639
Cash and bank balances	**1,250,671**	837,730
	(35,293,388)	(12,216,676)
Net cash surplus	**(17,821,662)**	(5,078,058)
Total Equity	**101,695,899**	74,044,895
Gearing ratio	**N/A[i]**	N/A[i]

(i) N/A – Not applicable as net cash position

42. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

(i) COVID-19 pandemic

The World Health Organisation declared the 2019 Novel Coronavirus outbreak ("COVID-19") a pandemic on 11 March 2020. This was followed by Federal Government ("FG") issuing a Gazetted Order known as the Movement Control Order ("MCO") which was effective for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Subsequently, Recovery Movement Control Order ("RMCO") was gazetted which is effective for the period from 10 June 2020 to 31 August 2020. The MCO is further extended until 31 December 2020.

The COVID-19 pandemic has impacted the business operations of the Group particularly on the Group's revenue due to the implementation of travel and other restrictions locally and globally. The engineering team from Malaysia are already in China since early November 2020 to assist in on-going commercial and technical support activities, within the Far East region. A such the risk of disruption in this region is now reduced.

The degree of the impact depends on the situation of the pandemic preventive measures and the duration of the pandemic. The Group will monitor the developments of COVID-19 situation closely and implement proactive measures to control costs, capital expenditure and streamline its operations to mitigate the consequences of COVID-19. The Group has sufficient working capital to sustain its business operations and to continue its business as a going-concern.

The financial impact on the Group's performance, if any, will be reflected in the financial year ending 30 September 2021. At this juncture, management is not in a position to quantify the potential impact to be suffered due to the uncertainties prevailing within and outside the country.

42. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont'd)

(ii) JVA entered between Aemulus Corporation Sdn. Bhd. ("ACSB") and Tangren Microtelligence Technology Co., Ltd. ("Tangren Microtelligence")

On 25 March 2020, ACSB had entered into a Memorandum of Understanding ("MOU") with Tangren Microtelligence in relation to the business and product development of test systems for the semiconductor markets in China. Both parties have agreed to work toward establishing a long-term business partnership that involve certain product technology transfer, research and development, manufacturing, sales and marketing within twelve months period.

Subsequent towards to the MOU signed, ACSB had entered into a joint venture agreement with Tangren Microtelligence and a new company named TMSS Technology (Jiashan) Co., Ltd. ("TMSS") was incorporated for the purpose of the joint venture business, with the shareholding structure of 40% : 60% owned by ACSB and Tangren Microtelligence respectively.

During the financial year, ACSB had injected RM1,222,400 into TMSS and is recorded as investment in an associate as disclosed in Note 9 to the financial statements. ACSB had further transferred its intellectual properties ("IP") to TMSS and recorded a gain on transfer amounted to RM2,645,297 as other income since the cost of such IP have been expensed to profit or loss in the prior years.

On 3 December 2020, ACSB had entered into a supplemental agreement with Tangren Microtelligence and Tangren Microtelligence Technology (Jiashan) Co., Ltd. ("Tangren Jiashan"), which is a wholly owned subsidiary of the Tangren Microtelligence for the purpose of matters related to the change of the counterparty of the JVA. The supplemental agreement had stipulated that the relevant rights and obligations of Tangren Microtelligence under the JVA shall be inherited by and performed by Tangren Jiashan, and Tangren Jiashan shall undertake all the rights and obligations in connection with Tangren Microtelligence under the JVA.

(iii) Private placement

On 4 August 2020, the Company had announced to undertake a private placement exercise of up to 54,940,000 new ordinary shares of the Company, representing up to 10% of the enlarged number of issued and paid up shares of the Company ("Proposed Private Placement").

The proposed private placement had been completed on 26 August 2020 following the listing of and quotation for the 54,940,000 placement share at RM0.57 per placement shares on the ACE market of Bursa Malaysia Securities Berhad.

The proceeds of RM31,315,800 raised from the private placement were utilised for working capital, funding of future viable investments, research and development expenditure, partial repayment of bank borrowings, marketing, branding and customer support activities.

List of Property

	Registered Owner/Location	Date of Acquisition	Description	Tenure	Age of building (Years)	Built up Area (Sq.ft)	Existing Use	Audited Net Carrying Amount as at 30 September 2020 RM
	[(i)] To be registered under Aemulus Corporation Sdn Bhd							
1	Aemulus Base No.25, Jalan Sultan Azlan Shah Zon Perindustrian Bayan Lepas Phase 1, 11900 Bayan Lepas Pulau Pinang	23.01.2017	Industrial land and 4-storey industrial building	[(i)] Leasehold	[(i)] N/A	70,929	[(i)] Headquarters	23,545,357
								23,545,357

Note:

[(i)] The title of the Land is currently registered under Penang Development Corporation ("PDC") and it is in the midst of transferring to Aemulus Corporation Sdn Bhd ("ACSB"). Nonetheless, PDC has granted ACSB the consent for ACSB to commence the construction of the building. The construction of building was completed in July 2020.

Analysis of Shareholdings

As at 8 December 2020

A. Class of Shares : Ordinary Shares

Voting Rights : On show of hands – One vote for one person

On a poll – One vote for one ordinary share

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	571	9.126	26,855	0.004
100 – 1,000	654	10.452	355,902	0.059
1,001–10,000	2,804	44.814	15,715,981	2.600
10,001 – 100,000	1,816	29.023	60,506,558	10.007
100,001 – 30,231,161 (*)	409	6.537	383,571,827	63.440
30,231,162 and above (**)	3	0.048	144,446,124	23.890
Total	**6,257**	**100.000**	**604,623,247**	**100.000**

Remark : * - Less than 5% of Issued Shares
** - 5% and above of Issued Shares

C. SUBSTANTIAL SHAREHOLDERS

	NUMBER OF ORDINARY SHARES			
NAME	DIRECT	%	INDIRECT	%
NG SANG BENG	83,076,099	13.740	53,294,874 *	8.815
YEOH CHEE KEONG	60,308,275	9.975	575,000 ^	0.095
AEMULUS VENTURE SDN BHD	40,952,749	6.773	-	-

Notes:

* Deemed interested by virtue of his shareholdings of not less than 20% in Aemulus Venture Sdn Bhd pursuant to Section 8 of the Companies Act 2016 (“the Act”), being the founder, council member and beneficiary of Crystal Clear (L) Foundation and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

^ Other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

D. DIRECTORS' SHAREHOLDINGS

	NUMBER OF ORDINARY SHARES			
NAME	DIRECT	%	INDIRECT	%
NG SANG BENG	83,076,099	13.740	53,294,874 *	8.815
YEOH CHEE KEONG	60,308,275	9.975	575,000 ^	0.095
WONG SHEE KIAN	18,181,094	3.007	-	-
CHOK KWEE BEE	1,000,000	0.165	-	-
ONG CHONG CHEE	1,400,000	0.232	-	-
FRIISCOR HO CHII SSU	6,899,750	1.141	-	-
NG CHIN WAH	378,235	0.063	-	-

Notes:

* Deemed interested by virtue of his shareholdings of not less than 20% in Aemulus Venture Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act"), being the founder, council member and beneficiary of Crystal Clear (L) Foundation and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

^ Other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

E. THIRTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1.	NG SANG BENG	68,619,100	11.349
2.	YEOH CHEE KEONG	44,108,275	7.295
3.	AEMULUS VENTURE SDN. BHD	31,718,749	5.246
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN]	18,000,000	2.977
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD [CIMB BANK FOR YEOH CHEE KEONG (PBCL-0G0495)]	16,200,000	2.679
6.	WONG SHEE KIAN	15,914,000	2.632
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD [CIMB COMMERCE TRUSTEE BERHAD – KENANGA GROWTH FUND]	15,781,400	2.610
8.	BEACH CAPITAL SDN BHD	11,370,075	1.880
9.	HSBC NOMINEES (TEMPATAN) SDN BHD [HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)]	10,864,700	1.796
10.	AMANAHRAYA TRUSTEES BERHAD [PMB SHARIAH AGGRESSIVE FUND]	10,800,000	1.786
11.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD [DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG BALANCED FUND]	10,400,000	1.720
12.	RHB NOMINEES (TEMPATAN) SDN BHD [TAN AH LOY @ TAN MAY LING]	10,000,000	1.653
13.	RHB NOMINEES (TEMPATAN) SDN BHD [CAROLYN WONG TARNN YOONG]	10,000,000	1.653
14.	AEMULUS VENTURE SDN BHD	9,234,000	1.527
15.	RHB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR NG SANG BENG]	9,000,000	1.488

E. THIRTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
16.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD [DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG GROWTH FUND]	8,500,000	1.405
17.	CRYSTAL CLEAR (L) FOUNDATION	7,450,000	1.232
18.	FRIISCOR HO CHII SSU	6,899,750	1.141
19.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD [CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)]	6,561,100	1.085
20.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD [CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	5,591,900	0.924
21.	NG SANG BENG	5,456,999	0.902
22.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD [DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND]	4,900,000	0.810
23.	PONG CHUNG CHENG	4,892,125	0.809
24.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	4,800,000	0.793
25.	MOY SHIN FEI	3,963,125	0.655
26.	SIM AH YOONG	3,730,000	0.616
27.	RHB NOMINEES (TEMPATAN) SDN BHD [CHAN SHOOK FUN]	3,200,000	0.529
28.	TA NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR TIANG HUA UNG]	3,100,000	0.512
29.	LOW BOK SIEW	3,089,250	0.510
30.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD [AFFIN HWANG ASSET MANAGEMENT BERHAD FOR MALAYSIAN TIMBER COUNCIL (OPERATING FUND)]	3,015,600	0.498

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting ("**AGM**") of the Company will be conducted 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 on Monday, 8 February 2021 at 10:00 am for the following purposes:-

AGENDA

AS ORDINARY BUSINESS :

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 September 2020 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM160,000 for the financial year ending 30 September 2021. **Ordinary Resolution 1**

3. To approve the payment of benefits payable to the Directors of the Company up to an amount of RM70,000 from 8 February 2021 until the conclusion of the next AGM of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring in accordance with Article 95 of the Company's Constitution :-

   (i) Mr Ng Sang Beng **Ordinary Resolution 3**

   (ii) Mr Yeoh Chee Keong **Ordinary Resolution 4**

   (iii) Mr Wong Shee Kian **Ordinary Resolution 5**

5. To appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company in place of the retiring Auditors, Messrs. Grant Thornton, and to authorise the Directors to fix their remuneration.

   To consider and if thought fit, with or without any modification, to pass the following ordinary resolution :-

   "THAT Messrs. Grant Thornton Malaysia PLT, having consented to act, be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Grant Thornton, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." **Ordinary Resolution 6**

AS SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications the following resolutions:-

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES
   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

7. **ORDINARY RESOLUTION**
PROPOSED AWARD TO NG SANG BENG PURSUANT TO AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN ("RSP")
"THAT the Directors be and are hereby authorised at any time and from time to time throughout the duration of the existing RSP to award and to grant to Ng Sang Beng, being the Executive Director/ Chief Executive Officer of the Company, of up 182,500 ordinary shares in the Company ("**Shares**") ("**Plan Shares**") which will be vested in him at a future date and to allot and issue and/or procure the transfer of such number of Plan Shares to him in accordance with the By-Laws of the RSP, provided always that :

(i) he must not participate in the deliberation or discussion of his own allocation under the RSP; and
(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the RSP shall be allotted to him, if he either singly or collectively through persons connected with him, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time". **Ordinary Resolution 8**

8. **ORDINARY RESOLUTION**
PROPOSED AWARD TO YEOH CHEE KEONG PURSUANT TO AEMULUS HOLDINGS BERHAD RSP
"THAT the Directors be and are hereby authorised at any time and from time to time throughout the duration of the existing RSP to award and to grant to Yeoh Chee Keong, being the Executive Director/ Chief Operating Officer of the Company, of up to 46,200 ordinary shares in the Company ("**Shares**") ("**Plan Shares**") which will be vested in him at a future date and to allot and issue and/or procure the transfer of such number of Plan Shares to him in accordance with the By-Laws of the RSP, provided always that :

(i) he must not participate in the deliberation or discussion of his own allocation under the RSP; and
(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the RSP shall be allotted to him, if he either singly or collectively through persons connected with him, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time". **Ordinary Resolution 9**

9. **ORDINARY RESOLUTION**
PROPOSED AWARD TO WONG SHEE KIAN PURSUANT TO AEMULUS HOLDINGS BERHAD RSP
"THAT the Directors be and are hereby authorised at any time and from time to time throughout the duration of the existing RSP to award and to grant to Wong Shee Kian, being the Executive Director/ Chief Technology Officer of the Company, of up to 143,700 ordinary shares in the Company ("**Shares**") ("**Plan Shares**") which will be vested in him at a future date and to allot and issue and/or procure the transfer of such number of Plan Shares to him in accordance with the By-Laws of the RSP, provided always that :

(i) he must not participate in the deliberation or discussion of his own allocation under the RSP; and
(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the RSP shall be allotted to him, if he either singly or collectively through persons connected with him, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time". **Ordinary Resolution 10**

10. **ORDINARY RESOLUTION**
PROPOSED ADDITIONAL AWARD TO NG CHIN WAH PURSUANT TO AEMULUS HOLDINGS BERHAD RSP
"THAT the Directors be and are hereby authorised at any time and from time to time throughout the duration of the existing RSP to award and to grant to Ng Chin Wah, being the Executive Director/ Chief Financial Officer of the Company, of an additional award of up to 99,400 ordinary shares in the Company ("**Shares**") ("**Plan Shares**") which will be vested in him at a future date and to allot and issue and/or procure the transfer of such number of Plan Shares to him in accordance with the By-Laws of the RSP, provided always that :

(i) he must not participate in the deliberation or discussion of his own allocation under the RSP; and
(ii) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total Shares made available under the RSP shall be allotted to him, if he either singly or collectively through persons connected with him, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time". **Ordinary Resolution 11**

11. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
SSM PC No. 202008001804
TAN SHE CHIA (MAICSA 7055087)
SSM PC No. 202008001923
Company Secretaries

Penang

Date : 4 January 2021

Notes :

1. **<u>IMPORTANT NOTICE</u>**
The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 9 December 2020 *(including any amendment that may made from time to time)* which require the Chairman of the meeting to be present at the main venue of meeting.

2. Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the Sixth AGM in person at the Broadcast Venue on the day of the meeting.

3. Members are to attend, speak (including posing questions to the Board via real time submission of typed text(s) and vote (collectively, "**participate**") remotely at the Sixth AGM via the Remote Participation and Voting facilities ("**RPV**") provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**" or "**TIIH**"), via its **TIIH Online** website at https://tiih.online. Please follow the procedures for RPV provided in the Administrative Details for the Sixth AGM.

4. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
(i) <u>In hard copy form</u>
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Registered Office at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.
(ii) <u>By electronic means via TIIH Online</u>
The proxy form can be electronically lodged with the Company's Share Registrar via **TIIH Online** at https://tiih.online.

5. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.

6. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

7. Where a member appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy.

8. A member who has appointed a proxy or attorney or corporate representative to attend and vote at this AGM must request his/her proxy or attorney or corporate representative to **register himself/herself for the RPV** at **TIIH Online** website at https://tiih.online. Please follow procedures for RPV in the Administrative Details of this AGM.

9. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of its attorney.

10. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Company's Registered Office at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than 48 hours before the time of holding the AGM or adjourned AGM.

11. For a corporate member who has appointed an authorised representative, please deposit the **original/duly signed** certificate of appointment of authorised representative at the Company's Registered Office at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

12. Last date and time for lodging proxy form is **Saturday, 6 February 2021 at 10:00 am**.

13. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

14. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at **26 January 2021** and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

15. All resolutions as set out in this notice of Sixth AGM are to be voted by poll.

Explanatory Notes on Ordinary Business

Resolution 1 – Payment of Directors' fees

Resolution 1 is to facilitate payment of Directors' fees on current financial year basis, calculated based on the number of non-executive directors and the role and responsibilities undertaken by the non-executive directors for financial year 2021 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees proposed are insufficient (e.g. due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Resolution 2 – Payment of Directors' benefits

Resolution 2 is to approve the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the Companies Act 2016 for the period from 8 February 2021 until the conclusion of the next AGM of the Company.

Resolution 6 – Appointment of Auditors in place of Retiring Auditors

The Audit Committee had at its meeting date held on 23 December 2020 assessed the suitability and independence of Messrs. Grant Thornton Malaysia PLT and recommended the appointment of Messrs. Grant Thornton Malaysia PLT as External Auditors of the Company in place of retiring Auditors, Messrs. Grant Thornton for the financial year ending 30 September 2021.

The Board of Directors has in turn reviewed the recommendation of Audit Committee and recommended the same to be tabled to the shareholders for approval at the forthcoming Sixth AGM of the Company.

Explanatory Notes on Special Business

Resolution 7 – Authority to issue shares
The proposed Ordinary Resolution 7, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

As at the date of this Notice, the Company raised RM31,315,800 from the issuance of 54,940,000 new ordinary shares (via private placement) pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general authority which was approved at the Fifth Annual General Meeting held on 20 February 2020 and which will lapse at the conclusion of the Sixth Annual General Meeting to be held on 8 February 2021. The total proceeds raised of RM31,315,800 has been utilised as follows:-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe as stated in the announcement dated 11 August 2020 for utilisation of Private Placement Proceeds
Future viable investment(s)	7,000	-	Within 24 months
Research and development expenditure	7,000	(1,567)	Within 24 months
Partial repayment of bank borrowings	5,000	(5,000)	Within 6 months
Marketing, branding and customer support activities	1,500	(286)	Within 24 months
General working capital	10,616	(5,248)	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	200	(301) ^	Within 1 month
	31,316	**(12,402)**	

Note:-

^ *The actual amount incurred for expenses in relation to the Private Placement was RM0.301 million with the additional amount of RM0.101 million being reallocated from the amount earmarked for general working capital.*

A renewal of this authority is being sought at the Sixth Annual General Meeting under proposed Ordinary Resolution 7.

The renewal mandate if granted will provide flexibility to the Company for the allotment of shares for the purpose of fund raising activities including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Resolution 8 – Proposed award to Ng Sang Beng pursuant to RSP
The proposed Ordinary Resolution 8, if passed, will allow the Directors to grant and to award Ng Sang Beng, an Executive Director / Chief Executive Officer of the Company, of up to 182,500 Shares to be issued to and/or vested in him pursuant to the RSP at any time and from time to time throughout the duration of the existing RSP, in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities.

Resolution 9 – Proposed award to Yeoh Chee Keong pursuant to RSP
The proposed Ordinary Resolution 9, if passed, will allow the Directors to grant and to award Yeoh Chee Keong, an Executive Director / Chief Operating Officer of the Company, of up to 46,200 Shares to be issued to and/or vested in him pursuant to the RSP at any time and from time to time throughout the duration of the existing RSP, in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities.

Explanatory Notes on Special Business (Cont'd)

Resolution 10 – Proposed award to Wong Shee Kian pursuant to RSP
The proposed Ordinary Resolution 10, if passed, will allow the Directors to grant and to award Wong Shee Kian, an Executive Director / Chief Technology Officer of the Company, of up to 143,700 Shares to be issued to and/or vested in him pursuant to the RSP at any time and from time to time throughout the duration of the existing RSP, in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities.

Resolution 11 – Proposed additional award to Ng Chin Wah pursuant to RSP
The shareholders of the Company had on 22 February 2019 granted an approval to the Directors to grant and to award Ng Chin Wah, of up to 120,000 Shares to be issued to and/or vested in him pursuant to the RSP at any time throughout the duration of the existing RSP. As at the date of this Notice, the Company has not awarded any Shares to Ng Chin Wah pursuant to the said RSP.

The proposed Ordinary Resolution 11, if passed, will allow the Directors to grant and to award Ng Chin Wah, an Executive Director / Chief Financial Officer of the Company, of an additional award of up to 99,400 Shares to be issued to and/or vested in him pursuant to the RSP at any time and from time to time throughout the duration of the existing RSP, in accordance with the provision of the By-Laws governing and constituting the RSP and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities.

PERSONAL DATA POLICY
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Rule 8.29(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with the Rule 6.04(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed ordinary resolution 7 as stated in the Notice of Annual General Meeting of the Company for the details.

Proxy Form

Aemulus
Aemulus Holdings Berhad
Registration No. 201401037863 (1114009-H)

CDS Account No.	
No. of ordinary shares held	

*I / We …………………………………………..…………..............………. NRIC No. / Company No. ……...………….........................……….
(Full Name in Block Letters)

of ……………………….....................................………………………………………..….……..…. being a *Member/ Members of
(Full Address)

Aemulus Holdings Berhad hereby appoint ………..……………….....................................………..………………………..NRIC
(Full Name in Block Letters)

No. / Company No ………….......................................…… of ……………………........…………………………………………..…
(Full Address)

or failing him/ her, …………...............................………………………..… NRIC No. / Company No ………………….....…………
(Full Name in Block Letters)

of ………………………….................................……………………………………………..…….…… as *my/ our proxy/ proxies to
(Full Address)

attend and vote for *me/ us and on *my/ our behalf at the Sixth Annual General Meeting ("AGM") of the Company to be conducted 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 on Monday, 8 February 2021 at 10:00 am, and at any adjournment thereof to vote as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Approval of payment of Directors' fees for the financial year ending 30 September 2021		
Ordinary Resolution 2	Approval of payment of Directors' benefits from 8 February 2021 until the conclusion of the next AGM of the Company		
Ordinary Resolution 3	Re-election of Mr Ng Sang Beng as Director		
Ordinary Resolution 4	Re-election of Mr Yeoh Chee Keong as Director		
Ordinary Resolution 5	Re-election of Mr Wong Shee Kian as Director		
Ordinary Resolution 6	Appointment of Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 September 2021 and to authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to issue shares		
Ordinary Resolution 8	Proposed Award to Ng Sang Beng pursuant to Aemulus Holdings Berhad Restricted Share Plan		
Ordinary Resolution 9	Proposed Award to Yeoh Chee Keong pursuant to Aemulus Holdings Berhad Restricted Share Plan		
Ordinary Resolution 10	Proposed Award to Wong Shee Kian pursuant to Aemulus Holdings Berhad Restricted Share Plan		
Ordinary Resolution 11	Proposed Additional Award to Ng Chin Wah pursuant to Aemulus Holdings Berhad Restricted Share Plan		

(Please indicate with an "X" in the spaces provided above to how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain from voting at his/ her discretion)

The proportion of *my/our holdings to be represented by *my/our proxies are as follows:-

First named Proxy	%
Second named Proxy	%
	100%

In case of a vote taken by a show of hands, the *First named Proxy / Second named Proxy shall vote on *my/ our behalf.

As witness my hand this …….. day of ………………… 2021.

……..………………………………………
Signature of Member(s)/ Common Seal

* Strike out whichever is not desired

Contact No. : ________________________

Notes :

1. **IMPORTANT NOTICE**
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2. Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the Sixth AGM in person at the Broadcast Venue on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Board via real time submission of typed text(s) and vote (collectively, "**participate**") remotely at the Sixth AGM via the Remote Participation and Voting facilities ("**RPV**") provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**" or "**TIIH**"), via its **TIIH Online** website at https://tiih.online. Please follow the procedures for RPV provided in the Administrative Details for the Sixth AGM.
4. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
   (i) In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Registered Office at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.
   (ii) By electronic means via TIIH Online
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5. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
6. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
7. Where a member appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportions of his shareholding to be represented by each proxy.
8. A member who has appointed a proxy or attorney or corporate representative to attend and vote at this AGM must request his/her proxy or attorney or corporate representative to **register himself/herself for the RPV** at **TIIH Online** website at https://tiih.online. Please follow procedures for RPV in the Administrative Details of this AGM.
9. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of its attorney.
10. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Company's Registered Office at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than 48 hours before the time of holding the AGM or adjourned AGM.
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12. Last date and time for lodging proxy form is **Saturday, 6 February 2021 at 10:00 am**.
13. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
14. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at **26 January 2021** and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
15. All resolutions as set out in this notice of Sixth AGM are to be voted by poll.

Please fold across the line and close

STAMP HERE

To

The Company Secretaries
AEMULUS HOLDINGS BERHAD
Registration No. 201401037863 (1114009-H)
51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang

Please fold across the line and close

Headquarters
Aemulus Holdings Berhad
Registration No. 201401037863 (1114009-H)

No. 25, Jalan Sultan Azlan Shah,
Zon Perindustrian Bayan Lepas, Phase 1,
11900 Bayan Lepas, Pulau Pinang, Malaysia.
Tel (604) 684 6000 **Fax** (604) 646 6799

www.aemulus.com