

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 2022.

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 6 January 2023. 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 it 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 are 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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I) Board Responsibility (Cont'd)

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.

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 come 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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I) Board Responsibility (Cont'd)

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.

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 2022. The Directors also understand their responsibility 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 five (5) times during the financial year.

The Directors' attendance at the Board meetings during the financial year ended 30 September 2022 were as follows :-

Name of Directors	Attendance
Dato' Seri Lee Kah Choon	5/5
Ng Sang Beng	5/5
Ong Chong Chee	5/5
Friisor Ho Chii Ssu	4/5

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I) Board Responsibility (Cont'd)

Board Meetings and Time Commitment (Cont'd)

The Directors' attendance at the Board meetings during the financial year ended 30 September 2022 were as follows (Cont'd) :-

Name of Directors	Attendance
Yeoh Chee Keong (<i>resigned on 28 April 2022</i>)	4/4
Wong Shee Kian (<i>resigned on 28 April 2022</i>)	4/4
Ng Chin Wah (<i>resigned on 28 April 2022</i>)	4/4
Ch'ng Suat Ping (<i>appointed on 28 April 2022</i>)	1/1

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	Mode	Title of Training
Dato' Seri Lee Kah Choon	Webinar	The Value Investors: Lessons from the World's Top Fund Managers
	Forum	Forum on Penang's Sustained Excellence
	Seminar	ICDM ESG seminar
	Workshop	MDEC Workshop on Data Centre infrastructure
	Workshop	FPAM Dynamic Solutions for High Net Worth Individuals
	Forum	Forum on Emerging Deep-Tech Ecosystem in Msia
	Forum	ESG Symposium
	Forum	Green Architecture Symposium
Ng Sang Beng	Conference	Apple vs. Samsung, which is better?
	Forum	Green Architecture Symposium
Ong Chong Chee	Seminar	Seminar Percukaian Kebangsaan 2021
	Forum	HASiL – CTIM Tax Forum 2022
	Seminar	ESG Awareness 101
	Conference	National Tax Conference 2022
Friisor Ho Chii Ssu	Workshop	Corporate Leadership Training
	Seminar	Bribery & Anti-Corruption Policy

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I) Board Responsibility (Cont'd)

Directors' Training (Cont'd)

The following members of the Board had attended various undermentioned programmes (Cont'd) :-

Name	Mode	Title of Training
Ch'ng Suat Ping (appointed on 28 April 2022)	Seminar	ICDM Mandatory Accreditation Programme
	Conference	ICDM International Directors Submit

II) Board Composition

Composition of the Board

The Board currently consists of five (5) members, comprising one (1) Executive Director and four (4) Independent Non-Executive Directors.

The Board is led by an 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 Officer 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 Officer has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Chief Executive Officer 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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II) Board Composition (Cont'd)

Separation of Roles of Chairman and Chief Executive Officer (Cont'd)

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.

The details of the Directors seeking re-election at the forthcoming Eighth Annual General Meeting are disclosed in page 169 of this Annual Report.

Nomination Committee

The Nomination Committee comprises three (3) Independent Non-Executive Directors. The Nomination Committee is chaired by an 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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II) Board Composition (Cont'd)

Nomination Committee (Cont'd)

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 fulfil 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.

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of Code to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates.

The Board currently comprises of a female director. The Company plans to appoint another female director by financial year 2023 to meet the recommendation of Practice 5.9 of the Code that the Board comprises at least 30% women directors.

The Nomination Committee had met three (3) 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 and performance of each individual director.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II) Board Composition (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee had met three (3) times during the financial year and the activities of the Nomination Committee are summarised as follows (Cont'd):-

- (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 Seventh Annual General Meeting.
- (d) Reviewed the induction and training needs of Directors for the financial year ending 30 September 2022.
- (e) Reviewed the term of office and performance of an audit committee and each of its members.
- (f) Reviewed and recommended the appointment of new director.
- (g) Reviewed and recommended the change of board members and committees members.
- (h) Reviewed and recommended the Directors' Fit and Proper Policy.

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 1 Executive Director and is chaired by an 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 twice during the financial year and reviewed the remuneration package of Executive Directors as well as Directors' fees and benefits for Directors.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II) Board Composition (Cont'd)

Remuneration Committee (Cont'd)

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.

The remuneration of the Directors of the Company for the financial year ended 30 September 2022, for the Company as well as the group basis are as follows:

	Salary, allowance, bonus and EPF (RM)	Indemnity given on insurance effected for any directors (RM)	Fee (RM)	Total (RM)
Group				
<u>Executive Directors</u>				
Ng Sang Beng	620,729	1,231	-	621,960
Yeoh Chee Keong (resigned on 28 April 2022)	133,399	1,231	-	134,630
Wong Shee Kian (resigned on 28 April 2022)	471,636	1,231	-	472,867
Ng Chin Wah (resigned on 28 April 2022)	236,546	1,231	-	237,777
<u>Non-Executive Directors</u>				
Dato' Seri Lee Kah Choon	5,000	1,231	60,000	66,231
Ong Chong Chee	5,000	1,231	50,000	56,231
Friiscor Ho Chii Ssu	5,000	1,231	50,000	56,231
Ch'ng Suat Ping (appointed on 28 April 2022)	-	1,231	21,291	22,522
Total	1,477,310	9,848	181,291	1,668,449

Corporate Governance Overview Statement (Cont'd)

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 2022, for the Company as well as the group basis are as follows (Cont'd):

	Salary, allowance, bonus and EPF (RM)	Indemnity given on insurance effected for any directors (RM)	Fee (RM)	Total (RM)
Company				
<u>Executive Directors</u>				
Ng Sang Beng	-	1,231	-	1,231
Yeoh Chee Keong (resigned on 28 April 2022)	-	1,231	-	1,231
Wong Shee Kian (resigned on 28 April 2022)	-	1,231	-	1,231
Ng Chin Wah (resigned on 28 April 2022)	-	1,231	-	1,231
<u>Non-Executive Directors</u>				
Dato' Seri Lee Kah Choon	5,000	1,231	60,000	66,231
Ong Chong Chee	5,000	1,231	50,000	56,231
Friiscor Ho Chii Ssu	5,000	1,231	50,000	56,231
Ch'ng Suat Ping (appointed on 28 April 2022)	-	1,231	21,291	22,522
Total	15,000	9,848	181,291	206,139

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 2022 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.

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 85 of this Annual Report.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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 established a Risk Committee, comprising three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The Risk Committee had met once during the financial year and reviewed the assessment of information technology security of the Group.

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 83 to 84 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. Accordingly, the Audit Committee has recommended the re-appointment of the External Auditors at the Annual General Meeting of the Company.

Corporate Governance Overview Statement (Cont'd)

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.

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 by the Board of Directors on 29 December 2022.

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 2022.

3. Utilisation of Proceeds

- i) 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	Balance of Proceed as at 9 December 2022 (RM'000)	Timeframe as stated in the announcement dated 11 August 2020 for utilisation of Private Placement Proceeds RM'000	Revised Expected Timeframe for Utilisation of proceeds from completion of the Private Placement
Future viable investment(s)	7,000	-	7,000	Within 24 months [#]	Within 48 months [#]
Research and development expenditure	7,000	(7,000)	-	Within 24 months	Not Applicable
Partial repayment of bank borrowings	5,000	(5,000)	-	Within 6 months	Not Applicable
Marketing, branding and customer support activities	1,500	(1,500)	-	Within 24 months	Not Applicable
General working capital	10,616 [^]	(10,515) [^]	-	Within 12 months	Not Applicable
Estimated expenses in relation to the Proposed Private Placement	200	(301) [^]	-	Within 1 month	Not Applicable
	31,316	(24,316)	7,000		

Additional Compliance Information

(Cont'd)

3. Utilisation of Proceeds (Cont'd)

- i) The total proceeds raised of RM31,315,800 has been utilised as follows (cont'd) :-

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.

The Company had on 25 August 2022 announced to extend the timeframe for the full utilisation of the proceeds raised from the Private Placement from 24 months to 48 months.

- ii) On 13 December 2021, the Company completed the listing of 60,678,000 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM1.05 per share and total proceeds of RM63,711,900 was received from the said placement.

The total proceeds raised of RM63,711,900 has been utilised as follows :-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance of Proceed as at 9 December 2022 (RM'000)	Timeframe as stated in the announcement dated 22 November 2021 for utilisation of Private Placement Proceeds RM'000
Future investments/ acquisitions/ collaborations	7,000	-	7,000	Within 24 months
Research and development ("R&D") expenditure	12,000	(9,222)	2,778	Within 24 months
Capacity expansion	9,000	(167)	8,833	Within 24 months
Additional Investment in its joint venture	6,565*	(6,565)	-	Within 12 months
Repayment of borrowings	9,000	(9,000)	-	Within 6 months
Sustainability and environmental, social and governance ("ESG") efforts	500	(500)	-	Within 24 months
Working capital	18,847*	(15,890)^	2,879*	Within 12 months
Estimated expenses in relation to the Proposed Placement	800	(878)^	-	Upon completion of the Proposed Placement
	63,712	42,222	21,490	

Note :-

^ The actual amount incurred for expenses in relation to the Private Placement was RM0.878 million with the additional amount of RM0.078 million being reallocated from the amount earmarked for general working capital.

* The Company had on 2 December 2022 announced to vary the utilisation of the proceeds for raised from the Placement the purpose of "Additional investment in its joint venture" to "Working capital" ("Variation"). The Group has allocated RM13 million for additional investment in its joint venture, but only utilised RM6.565 million for this purpose. The excess funds of RM6.435 million is re-allocated to working capital.

Additional Compliance Information

(Cont'd)

4. Audit Fees

During the financial year ended 30 September 2022, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows :-

	Audit Fee (RM)
Company	34,000
Group	89,000

5. Non-Audit Fees

During the financial year ended 30 September 2022, 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	23,000

Non-audit services rendered by Grant Thornton Malaysia PLT 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 2022 where 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 40 of the Annual Audited Financial Statements for FY 30 September 2022 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, FY 30 September 2020, FY 30 September 2021 and FY 30 September 2022 are set out in the table below :

AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN (“RSP”)

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	-	-	-	-	-

Additional Compliance Information

(Cont'd)

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

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
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

Additional Compliance Information

(Cont'd)

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

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)
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

Additional Compliance Information

(Cont'd)

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

For the period from 1 October 2020 to 30 September 2021	Type of Grant	Total	Executive Director / chief executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY 2021	1,341,800	-	-	1,341,800
	Total	1,341,800	-	-	1,341,800
Number of Plan Shares vested	RSP FY 2018	(42,000)	-	-	(42,000)
	RSP FY 2020	(1,339,300)	-	-	(1,339,300)
	RSP FY 2021	(782,400)	-	-	(782,400)
	Total	(2,163,700)	-	-	(2,163,700)
Number of Plan Shares forfeited	RSP FY 2020	(55,000)	-	-	(55,000)
	RSP FY 2021	(62,400)	-	-	(62,400)
	Total	(117,400)	-	-	(117,400)
Number of Plan Shares outstanding as at 30 September 2021	RSP FY 2021	497,000	-	-	497,000
	Total	497,000	-	-	497,000
For the period from 1 October 2021 to 30 September 2022	Type of Grant	Total	Executive Director / chief executive	Senior Management	Other Selected Employees
Number of Plan Shares granted	RSP FY 2022	1,895,800	-	-	1,895,800
	Total	1,895,800	-	-	1,895,800
Number of Plan Shares vested	RSP FY 2021	(365,900)	-	-	(365,900)
	RSP FY 2022	(199,900)	-	-	(199,900)
	Total	(565,800)	-	-	(565,800)

Additional Compliance Information

(Cont'd)

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

For the period from 1 October 2021 to 30 September 2022	Type of Grant	Total	Executive Director / chief executive	Senior Management	Other Selected Employees
Number of Plan Shares forfeited	RSP FY 2021	(131,100)	-	-	(131,100)
	RSP FY 2022	(68,800)	-	-	(68,800)
	Total	(199,900)	-	-	(199,900)
Number of Plan Shares outstanding as at 30 September 2022	RSP FY 2022	1,627,100	-	-	1,627,100
	Total	1,627,100	-	-	1,627,100

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 2022, the actual percentage of Plan Shares granted to senior management was 4.06% of the total number of Plan Shares granted. The Company did not grant any Plan Share to Director for the FY 30 September 2022.

Audit Committee Report

The primary objective of the Audit Committee (“AC”) 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)

Mr. Friiscor Ho Chii Ssu
Member (Independent Non-Executive Director)

Ms. Ch’ng Suat Ping
Member (Independent Non-Executive Director)
(appointed on 28 April 2022)

MEETINGS AND ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 30 September 2022. The record of attendance is as follows :-

Name of Committee Member	Attendance
Mr. Ong Chong Chee	5/5
Dato’ Seri Lee Kah Choon (resigned on 28 April 2022)	4/4
Mr. Friiscor Ho Chii Ssu	4/5
Ms. Ch’ng Suat Ping (appointed on 28 April 2022)	1/1

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 Secretaries were 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 AC, the following activities were carried out by the AC during the financial year ended 30 September 2022 (“FY2022”) 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
8 November 2021	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 30 September 2021
22 December 2021	Draft audited financial statements for the financial year ended 30 September 2021

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(i) Financial Reporting Oversight (Cont'd)

- 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 (Cont'd) :

Date of meetings	Financial Statements
8 February 2022	Unaudited First Quarter Interim Financial Report for the quarter ended 31 December 2021
28 April 2022	Unaudited Second Quarter Interim Financial Report for the quarter ended 31 March 2022
27 July 2022	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 June 2022

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.

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

- a) On 8 November 2021, 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 8 November 2021, the AC reviewed the external auditors' audit findings report for financial year ended 30 September 2021.
- c) On 22 December 2021 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 2021.
- d) On 27 July 2022, the AC discussed and reviewed the external auditors' audit planning memorandum for the FY2022 outlining their audit team, objectives and scope, recent development of the Group, identified risks, important enquiries to the members of AC, audit approach, proposed audit timeline and reporting schedule 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 8 November 2021 and 27 July 2022 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.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(iii) Internal Audit ("IA")

- a) The internal auditors presented its findings together with recommendation and management action plan to the AC for review on 8 February 2022. The internal auditors have conducted review on internal control focusing on the following area :-

Audit Area	Reporting Date
Conversion and production of the Company	8 February 2022

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 8 November 2021, the AC reviewed and approved the appointment of Messrs. BDO Governance Advisory Sdn. Bhd. as Internal Auditors of the Company for FY2022.
- c) On 8 November 2021, 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 8 November 2021, the AC reviewed and approved the internal audit plan for calendar year of 2022.

(iv) Related Party Transaction

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.

(v) Other matter considered by Committee

On 22 December 2021, 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. The Board of Directors of Aemulus had on 18 January 2021 announced that the Company had extended its existing RSP which was expired on 14 February 2021 for another 5 years until 14 February 2026 in accordance with the terms of the By-Laws of the RSP.

The Company has granted 268,700, 548,700, 1,078,400, 773,200 and 25,300 ordinary shares respectively under the RSP to the eligible employees on 1 October 2021, 14 January 2022, 21 June 2022, 3 October 2022 and 11 October 2022 respectively and the vesting dates of the RSP shares offered will be on 30 September 2022, 13 January 2023, 20 June 2023, 2 October 2023 and 10 October 2023 respectively.

During the financial year, the AC verified the grant of the RSP shares to the eligible employees for the financial year ended 30 September 2021 pursuant to the RSP. The grant was made in accordance with the criteria of grant as set out in the By-Laws of RSP.

Audit Committee Report (cont'd)

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 2022 amounted to RM20,000.

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

- a) Performed audits according to the audit plan, reviewed the conversion and production of the Company and made recommendations to improve their effectiveness; and
- b) 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 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.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL AUDIT (CONT'D)

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 organisation 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 3 ("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 2022. 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 by the Board of Directors on 29 December 2022.

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.

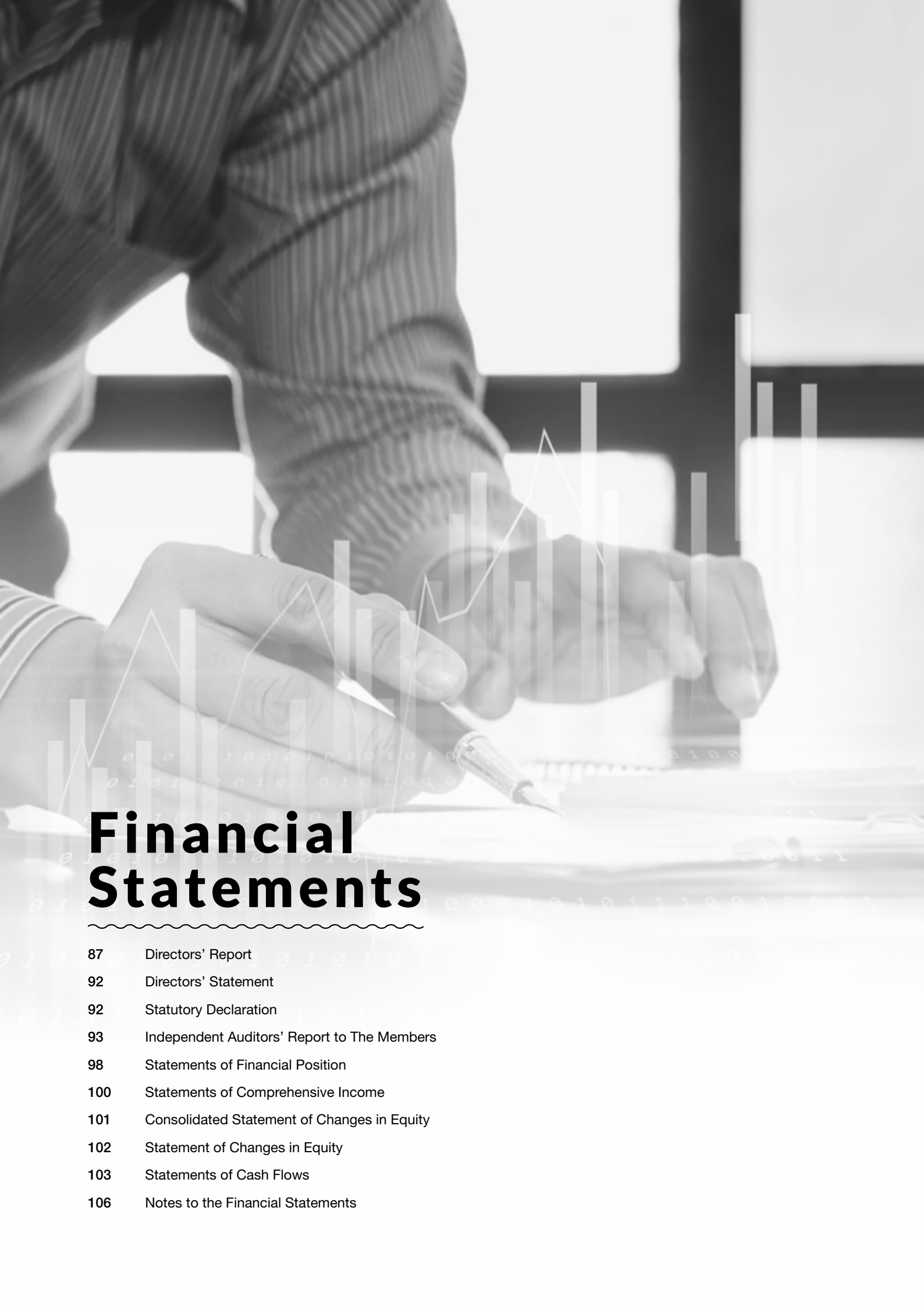
In preparing these financial statements, the Directors have considered the following :

- 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 by the Board of Directors on 29 December 2022.



Financial Statements

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Directors' Report

For The Financial Year Ended 30 September 2022

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **30 September 2022**.

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
Profit for the financial year	12,516,243	218,375

In the opinion of the directors, the results of operations of the Group and of the Company for the financial year ended **30 September 2022** have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

There were no dividends proposed, 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 other than those disclosed in the notes to the financial statements.

SHARES CAPITAL AND DEBENTURES

During the financial year, the Company has increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 365,900 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan - V at a price of RM0.8106 per ordinary share;
- (ii) 199,900 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan - VI at a price of RM1.0905 per ordinary share; and
- (iii) 60,678,000 new ordinary shares through a private placement at an issue price of RM1.05 per ordinary share.

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



Directors' Report

For The Financial Year Ended 30 September 2022 (Cont'd)

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.

On 1 October 2021, 14 January 2022 and 21 June 2022, the Company granted 268,700, 548,700 and 1,078,400 new ordinary shares to the employees of the Group at an issue price of RM1.0905, RM1.0966 and RM0.6053 per ordinary share respectively.

The salient features of the RSP are disclosed in Note 40 to the financial statements.

DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Directors of the Company:

Dato' Seri Lee Kah Choon

* **Ng Sang Beng**

Ong Chong Chee

Friiscor Ho Chii Ssu

Ch'ng Suat Ping (appointed on 28.04.2022)

Yeoh Chee Keong (resigned on 28.04.2022)

Wong Shee Kian (resigned on 28.04.2022)

Ng Chin Wah (resigned on 28.04.2022)

Directors of the subsidiaries:

The directors of the subsidiary of the Company since the beginning of the financial year to the date of this report, not including those directors listed above, are:

Yeoh Chee Keong

Wong Shee Kian

* Also director of the Company's subsidiary.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year are as follows:

	----- Number of ordinary shares -----			
	Balance at 1.10.21	Bought	Sold	Balance at 30.9.22
The Company				
Direct interest:				
Ng Sang Beng	23,259,099	167,000	(9,000,000)	14,426,099
Friiscor Ho Chii Ssu	6,749,750	-	(27,600)	6,722,150
¹ Ch'ng Suat Ping	88,000	-	-	88,000

Directors' Report

For The Financial Year Ended 30 September 2022 (Cont'd)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	----- Number of ordinary shares -----			
	Balance at 1.10.21	Bought	Sold	Balance at 30.9.22
Deemed interest:				
² Ng Sang Beng	113,294,874	-	(4,000,000)	109,294,874
³ Friiscor Ho Chii Ssu	-	120,000	-	120,000

¹ At date of appointment.

² 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.

³ Deemed 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.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	COMPANY RM	SUBSIDIARY RM	GROUP RM
Directors' fees	181,291	-	181,291
Salaries, allowances and bonus	15,000	1,093,132	1,108,132
Defined contribution plans	-	131,189	131,189
SOCSO and EIS	-	2,559	2,559
	196,291	1,226,880	1,423,171

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the 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.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

Directors' Report

For The Financial Year Ended 30 September 2022 (Cont'd)

INDEMNITY AND INSURANCE FOR DIRECTORS OR OFFICERS

The amount of indemnity coverage and insurance premium paid for directors or officers of the Company during the financial year were RM10,000,000 and RM16,000 respectively.

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 there were no bad debts to be written off and that adequate provision had been made for doubtful debts; 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 it necessary to write off any 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 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; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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 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.

Directors' Report

For The Financial Year Ended 30 September 2022 (Cont'd)

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 September 2022 are RM89,000 and RM34,000 respectively.

The Group and the Company have agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

The auditors have expressed their willingness to continue in office.

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

.....
Ng Sang Beng

Penang

Date: 29 December 2022

.....
Dato' Seri Lee Kah Choon

Directors' Statement And Statutory Declaration

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 98 to 165 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 2022** 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

.....
Dato' Seri Lee Kah Choon

Date: 29 December 2022

STATUTORY DECLARATION

I, **Ng Chin Wah**, the officer primarily responsible for the financial management of **Aemulus Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 98 to 165 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 **29th**)
day of **December 2022**.)

.....
Ng Chin Wah
(MIA No.: 27028)

Before me,

.....
Goh Suan Bee
No.: P125
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 2022** 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 98 to 165.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 September 2022** 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 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
<p>Impairment of Goodwill (Note 6 to the financial statements)</p> <p>As at 30 September 2022, the Group has goodwill amounting to RM13.69 million which have been allocated to its electronic tester segment as the cash-generating unit ("CGU").</p> <p>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.</p>	<p>Our audit procedures in relation to impairment assessment of goodwill included, amongst others, the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use of the CGU as well as assessed the discount rate used; • Challenged the reasonableness of key assumptions based on our knowledge of the business and industry; • Compared actual performance of the CGU to the assumptions applied in prior year's model, assessed accuracy of management's estimates and assess reasons for deviation through enquiries performed with the management; • Performed 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; • Involved our internal valuation expert to review the appropriateness of key assumptions such as the growth rate and discount rate applied by management in deriving the value in use of the CGU; and • Assessed the adequacy of disclosures in the financial statements.

Independent Auditors' Report

To The Members Of Aemulus Holdings Berhad (Cont'd)

Registration No. 201401037863 (1114009-H)
(Incorporated In Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Capitalisation of Development Cost (Note 7 to the financial statements)</p> <p>As at 30 September 2022, the Group has development cost capitalised amounting to RM16.20 million, out of which RM6.90 million were addition during the financial year. We have reviewed the capitalisation of development costs and also assessing if there were existence of indicators which would require the development cost capitalised to be impaired.</p>	<p>Our audit procedures in relation to capitalisation of development cost included, amongst others, the following:</p> <ul style="list-style-type: none"> • Assessed the development costs recognised and capitalised to ensure that it is in accordance with the criteria set under MFRS 138; • For each development project which have been successfully commercialised, we have performed an analysis of revenue derived as well as reviewed sales orders which have been secured up to the date of our report to ensure that the estimated useful life derived by management is reasonable and assessed if there are impairment indicators which may result in impairment; • For development project which have not been successfully commercialised, we have discussed with key management personnel regarding the basis used in capitalising the development project, especially allocation of staff cost and expected time to commercialise, budget allocated and capabilities to complete such projects; • For all development project capitalised, we have also separately interviewed the Chief Technology Officer of the Group to obtain an understanding of the commercial value of the development project, covering the functionality of the developed product, potential market size, type of target customers and similar products available in the market; and • Challenged the reasonableness of cost capitalised especially on allocation of engineering staff cost between research and development phase by obtaining the basis of allocation and on a sample basis checking through the employee job sheets to confirm reasonableness of allocation.
<p>Impairment of trade receivables (Note 11 to the financial statements)</p> <p>The Group has significant trade receivables as at 30 September 2022 and it is subject to credit risk exposure.</p> <p>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.</p>	<p>Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of: <ul style="list-style-type: none"> - the process of identifying and assessing the impairment of trade receivables; - the Group's control over the customers' collection process; and - the basis of how the Group makes the accounting estimates for impairment of trade receivables. • Reviewed the application of the Group's policy for calculating the expected credit losses and whether it complies with <i>MFRS 9</i>; • Reviewed the ageing analysis of the trade receivables and tested the reliability thereon; • Reviewed subsequent collections for major customers and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue balances; • Examined other evidence including customer correspondences; and • Assessed the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.

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

Independent Auditors' Report

To The Members Of Aemulus Holdings Berhad (Cont'd)

Registration No. 201401037863 (1114009-H)
(Incorporated In Malaysia)

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 information included in the annual report, but 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.

Independent Auditors' Report

To The Members Of Aemulus Holdings Berhad (Cont'd)

Registration No. 201401037863 (1114009-H)
(Incorporated In Malaysia)

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.
- 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.

Independent Auditors' Report

To The Members Of Aemulus Holdings Berhad (Cont'd)

Registration No. 201401037863 (1114009-H)
(Incorporated In Malaysia)

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 Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2023 J
Chartered Accountant

Penang

Date: 29 December 2022

Statements Of Financial Position

As At 30 September 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	44,245,292	40,665,397	-	-
Right-of-use asset	5	65,194	143,426	-	-
Intangible assets	6	13,686,335	13,686,335	-	-
Development costs	7	16,199,669	11,088,676	-	-
Investment in a subsidiary	8	-	-	37,671,727	36,621,879
Investment in an associate	9	5,984,889	3,284,847	-	-
Other investments	10	65,688	65,688	-	-
Trade receivables	11	1,651,345	2,064,508	-	-
		81,898,412	70,998,877	37,671,727	36,621,879
Current assets					
Inventories	12	33,979,006	15,756,143	-	-
Trade receivables	11	56,303,545	32,836,882	-	-
Contract assets	13	8,790,662	5,243,824	-	-
Other receivables, deposits and prepayments	14	1,500,940	1,322,110	1,000	1,000
Amount due from a subsidiary	15	-	-	69,437,882	35,291,192
Current tax assets		641,617	2,248	-	2,248
Other investments	10	-	2,006,288	-	559,380
Derivative financial assets	16	142,593	-	-	-
Deposits with licensed banks	17	56,238,322	24,865,511	47,517,043	17,874,984
Cash and bank balances	18	3,641,022	5,460,164	27,079	53,966
		161,237,707	87,493,170	116,983,004	53,782,770
TOTAL ASSETS		243,136,119	158,492,047	154,654,731	90,404,649

Statements Of Financial Position

As At 30 September 2022 (Cont'd)

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
Share capital	19	154,715,836	91,367,477	154,715,836	91,367,477
Reserves	20	(12,596,977)	(13,124,287)	708,768	173,510
Retained profits/(Accumulated losses)		46,886,779	34,370,536	(1,134,401)	(1,352,776)
Total equity		189,005,638	112,613,726	154,290,203	90,188,211
Non-current liabilities					
Borrowings	21	16,403,800	17,734,262	-	-
Lease liability	5	-	67,838	-	-
Deferred tax liabilities	22	530,000	417,553	-	-
		16,933,800	18,219,653	-	-
Current liabilities					
Provision for warranty	23	744,313	554,107	-	-
Trade payables	24	8,198,739	8,207,200	-	-
Contract liabilities	25	480,758	2,747,242	-	-
Other payables and accruals	26	2,422,049	5,277,723	272,342	216,438
Amount due to an associate	27	955,247	544,380	-	-
Derivative financial liabilities	16	-	50,170	-	-
Borrowings	21	24,235,552	10,174,542	-	-
Lease liability	5	67,838	78,682	-	-
Current tax liabilities		92,185	24,622	92,186	-
		37,196,681	27,658,668	364,528	216,438
Total liabilities		54,130,481	45,878,321	364,528	216,438
TOTAL EQUITY AND LIABILITIES		243,136,119	158,492,047	154,654,731	90,404,649

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

Statements Of Comprehensive Income

For The Financial Year Ended 30 September 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	28	73,035,084	61,092,877	-	-
Cost of sales		(36,538,882)	(28,740,879)	-	-
Gross profit		36,496,202	32,351,998	-	-
Other income		2,153,636	2,308,194	989,057	376,518
Administrative expenses		(20,193,929)	(20,121,618)	(592,693)	(444,697)
Research and development expenses	29	(3,066,029)	(1,488,383)	-	-
Other expenses		(931,308)	(1,383,686)	-	-
Profit/(Loss) from operations		14,458,572	11,666,505	396,364	(68,179)
Share of results of associate		(718,521)	574,590	-	-
Finance costs	30	(1,276,899)	(939,805)	-	-
Profit/(Loss) before tax	31	12,463,152	11,301,290	396,364	(68,179)
Taxation	33	53,091	(851,208)	(177,989)	(37,000)
Profit/(Loss) for the financial year		12,516,243	10,450,082	218,375	(105,179)
Other comprehensive loss, net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		(7,948)	(2,553)	-	-
Items that will not be reclassified subsequently to profit or loss:					
Fair value loss on investment in unquoted shares		-	(290,736)	-	-
Total comprehensive income/(loss) for the financial year		12,508,295	10,156,793	218,375	(105,179)
Earnings per share attributable to the owners of the Company (sen)					
- Basic	34	1.96	1.73		
- Diluted	34	1.95	1.72		

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 30 September 2022

NOTE	Share Capital RM	Merger Deficit RM	RSP Reserve RM	Exchange Translation Reserve RM	Fair Value Reserve RM	Retained Profits RM	Total Equity RM
2022							
Balance at beginning	91,367,477	(12,954,053)	173,510	(53,008)	(290,736)	34,370,536	112,613,726
Total comprehensive income for the financial year	-	-	-	(7,948)	-	12,516,243	12,508,295
<i>Transactions with owners of the Company:</i>							
Issuance of shares pursuant to:							
- private placement	63,711,900	-	-	-	-	-	63,711,900
- RSP exercised	514,590	-	(514,590)	-	-	-	-
Share issuance expenses	(878,131)	-	-	-	-	-	(878,131)
Recognition of equity-settled share-based payment	-	-	1,049,848	-	-	-	1,049,848
Total transactions with owners	63,348,359	-	535,258	-	-	-	63,883,617
Balance at end	154,715,836	(12,954,053)	708,768	(60,956)	(290,736)	46,886,779	189,005,638
2021							
Balance at beginning	90,526,986	(12,954,053)	252,967	(50,455)	-	23,920,454	101,695,899
Total comprehensive income for the financial year	-	-	-	(2,553)	(290,736)	10,450,082	10,156,793
<i>Transactions with owners of the Company:</i>							
Issuance of ordinary shares pursuant to RSP exercised	840,491	-	(840,491)	-	-	-	-
Recognition of equity-settled share-based payment	-	-	761,034	-	-	-	761,034
Total transactions with owners	840,491	-	(79,457)	-	-	-	761,034
Balance at end	91,367,477	(12,954,053)	173,510	(53,008)	(290,736)	34,370,536	112,613,726

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

Statement Of Changes In Equity

For The Financial Year Ended 30 September 2022

	NOTE	Share Capital RM	Non- distributable RSP Reserve RM	Accumulated Losses RM	Total Equity RM
2022					
Balance at beginning		91,367,477	173,510	(1,352,776)	90,188,211
Total comprehensive income for the financial year		-	-	218,375	218,375
<i>Transactions with owners of the Company:</i>					
Issuance of shares pursuant to:					
- private placement	19	63,711,900	-	-	63,711,900
- RSP exercised	19	514,590	(514,590)	-	-
Share issuance expenses	19	(878,131)	-	-	(878,131)
Recognition of equity-settled share-based payment		-	1,049,848	-	1,049,848
Total transactions with owners		63,348,359	535,258	-	63,883,617
Balance at end		154,715,836	708,768	(1,134,401)	154,290,203
2021					
Balance at beginning		90,526,986	252,967	(1,247,597)	89,532,356
Total comprehensive loss for the financial year		-	-	(105,179)	(105,179)
<i>Transactions with owners of the Company:</i>					
Issuance of shares pursuant to RSP exercised	19	840,491	(840,491)	-	-
Recognition of equity-settled share-based payment		-	761,034	-	761,034
Total transactions with owners		840,491	(79,457)	-	761,034
Balance at end		91,367,477	173,510	(1,352,776)	90,188,211

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

Statements Of Cash Flows

For The Financial Year Ended 30 September 2022

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	12,463,152	11,301,290	396,364	(68,179)
Adjustments for:				
Accretion of interest on lease liabilities	4,118	6,987	-	-
Allowance for expected credit losses	931,308	836,522	-	-
Amortisation of development costs	1,794,731	518,528	-	-
Bad debts written off	-	547,164	-	-
Depreciation of property, plant and equipment	2,843,984	2,497,022	-	-
Depreciation of right-of-use asset	78,232	78,232	-	-
Dividend income	(7,300)	(25,223)	(2,035)	(10,811)
Equity-settled share-based payment	1,049,848	761,034	-	-
Fair value (gain)/loss on derivative financial instruments	(192,763)	67,493	-	-
(Gain)/Loss on disposal of property, plant and equipment	(57,317)	63,752	-	-
Interest expense	1,272,781	932,818	-	-
Interest income	(1,097,489)	(472,254)	(963,825)	(361,323)
Provision for warranty:				
- Addition	780,064	589,858	-	-
- Reversal	(589,858)	(130,488)	-	-
Share of results of associate	718,521	(574,590)	-	-
Unrealised gain on foreign exchange	(607,754)	(449,840)	-	-
Unrealised profit arising from transactions with associate	3,146,437	597,268	-	-
Operating profit/(loss) before working capital changes	22,530,695	17,011,169	(569,496)	(440,313)
Changes in:				
Inventories	(21,890,412)	(2,883,104)	-	-
Receivables	(23,380,760)	(22,280,618)	-	-
Contract assets	(3,546,838)	(1,045,780)	-	-
Payables	(3,045,507)	4,817,969	55,904	22,885
Contract liabilities	(2,266,484)	2,188,270	-	-
Cash used in operations	(31,599,306)	(2,057,690)	(513,592)	(417,428)
Income tax paid	(406,268)	(545,809)	(83,555)	(34,232)
Interest paid	(1,272,781)	(932,818)	-	-
Net cash used in operating activities/ Balance carried forward	(33,278,355)	(3,536,317)	(597,147)	(451,660)

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

Statements Of Cash Flows

For The Financial Year Ended 30 September 2022 (Cont'd)

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Balance brought forward		(33,278,355)	(3,536,317)	(597,147)	(451,660)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of development costs		(6,905,724)	(5,558,179)	-	-
Changes in an associate's balance		410,867	3,215,637	-	-
Dividend received		7,300	25,223	2,035	10,811
Interest received		1,097,489	146,496	963,825	35,565
Investment in an associate		(6,565,000)	(2,085,125)	-	-
(Placement)/Withdrawal of fixed deposits		(10,960,560)	10,218,104	(9,243,626)	10,163,988
Proceeds from disposal of property, plant and equipment		99,715	12,060	-	-
Purchase of property, plant and equipment	A	(2,795,105)	(4,497,357)	-	-
Net cash (used in)/from investing activities		(25,611,018)	1,476,859	(8,277,766)	10,210,364
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown/(Repayment) of hire purchase	B	384,025	(80,719)	-	-
Drawdown of term loan	B	-	4,965,012	-	-
Net changes in subsidiary's balance		-	-	(34,146,690)	(4,095,337)
Net changes in banker's acceptance	B	5,263,376	2,349,000	-	-
Net changes in revolving credit	B	5,001,766	1,697,310	-	-
Repayment of:					
- lease liabilities	B	(82,800)	(82,800)	-	-
- term loan	B	(1,569,962)	(1,086,353)	-	-
Proceeds from private placement, net		62,833,769	-	62,833,769	-
Net cash from/(used in) financing activities		71,830,174	7,761,450	28,687,079	(4,095,337)
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		12,940,801	5,701,992	19,812,166	5,663,367
Effects of foreign exchange rates changes		(5,324)	16,747	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING					
		16,915,237	11,196,498	10,293,882	4,630,515
CASH AND CASH EQUIVALENTS AT END					
		29,850,714	16,915,237	30,106,048	10,293,882
Represented by:					
Other investments		-	2,006,288	-	559,380
Deposits with licensed banks		56,238,322	24,865,511	47,517,043	17,874,984
Cash and bank balances		3,641,022	5,460,164	27,079	53,966
Bank overdrafts		(4,899,073)	(1,247,730)	-	-
		54,980,271	31,084,233	47,544,122	18,488,330
Less : Fixed deposits pledged to licensed banks		(7,691,483)	(5,974,548)	-	-
Fixed deposits with maturity more than three months		(17,438,074)	(8,194,448)	(17,438,074)	(8,194,448)
		29,850,714	16,915,237	30,106,048	10,293,882

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

Statements Of Cash Flows

For The Financial Year Ended 30 September 2022 (Cont'd)

	NOTE	GROUP	
		2022 RM	2021 RM
A. Purchase of property, plant and equipment			
Total acquisition cost		6,462,654	8,148,052
Acquired under hire purchase	B	-	(1,380,646)
Capitalised from inventories		(3,667,549)	(2,270,049)
		2,795,105	4,497,357
Total cash acquisition		2,795,105	4,497,357

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:

	Balance at beginning RM	Cash flows RM	Accretion of interest on lease liability RM	Balance at end RM
GROUP				
2022				
Bankers' acceptance	2,616,000	5,263,376	-	7,879,376
Revolving credit	4,497,310	5,001,766	-	9,499,076
Hire purchase	1,299,927	384,025	-	1,683,952
Term loans	18,247,837	(1,569,962)	-	16,677,875
Lease liability	146,520	(82,800)	4,118	67,838
	26,807,594	8,996,405	4,118	35,808,117
2021				
Bankers' acceptance	267,000	2,349,000	-	2,616,000
Revolving credit	2,800,000	1,697,310	-	4,497,310
Hire purchase	-	1,299,927	-	1,299,927
Term loans	14,369,178	3,878,659	-	18,247,837
Lease liability	222,333	(82,800)	6,987	146,520
	17,658,511	9,142,096	6,987	26,807,594

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

Notes To The Financial Statements

- 30 September 2022

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 48, Jalan Chow Thye, 10050 Georgetown, 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 29 December 2022.

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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (Cont'd)

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.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM 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 Amendments to MFRSs

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 amendments to MFRSs that are mandatory for the current financial year:

Effective for annual period beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

Effective for annual period beginning on or after 1 April 2021

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

The initial application of the above amendments to MFRSs did not have any material impacts to the financial statements of the Group and of the Company upon adoption.

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual period beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: 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

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (Cont'd)

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

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

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

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 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.

2.6 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

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

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 under development is uncertain and may be subject to future technical problems after the time of recognition.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

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) 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.

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 assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's trade receivables is disclosed in Note 38.3.1 to the financial statements.

(iii) Inventories

The management 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 12 to the financial statements.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

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)

(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.

The carrying amount of the Group's provision for warranty at the end of reporting period is disclosed in Note 23 to the financial statements.

(v) Restricted share plan

The Group and the Company measure 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 40 to the financial statements.

3. 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

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

(ii) Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (Cont'd)

(iii) Business combination (Cont'd)

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.

(iv) 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.

(v) 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 subsidiary. 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 fair value through other comprehensive income depending on the level of influenced retained.

(vi) Associate

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statements of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (Cont'd)

(vi) Associate (Cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associates are prepared as of the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(vii) 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 impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment (Cont'd)

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 of 60 years
Freehold commercial lot	2%
Office and testing equipment	10% - 20%
Furniture and fittings	10%
Renovation	10%
Motor vehicles	10%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until 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.

3.3 Leases

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.

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.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Office premise	3 years
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Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.3 Leases (Cont'd)

As a lessee (Cont'd)

(i) Right-of-use assets (Cont'd)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) 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.

(ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises and machineries (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 office 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.

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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.4 Intangible Assets (Cont'd)

3.4.1 Research and development costs (Cont'd)

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 3 to 5 years 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.

3.4.2 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.5 Impairment of Non-Financial Assets (Cont'd)

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.

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

(i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

(i) Initial recognition and measurement (Cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exceptions of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at AC (debt instruments)
- Financial assets at FVOCI (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at AC

Financial assets at AC are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at AC includes trade receivables, amount due from subsidiary, other receivables and refundable deposits, deposits with licensed banks and cash and bank balances.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

(ii) Subsequent measurement (Cont'd)

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of comprehensive income.

This category includes derivative instruments which the Group has not irrevocably elected to classify at FVOCI.

The Group's financial assets at FVTPL include investment in quoted investments and derivative financial instruments.

Financial assets at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in unquoted shares under this category.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

(iii) Derecognition (Cont'd)

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) Impairment

The Group and the Company recognise allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (Cont'd)

3.6.1 Financial assets (Cont'd)

(iv) Impairment (Cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owing. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

3.6.2 Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade payables, other payables and accruals, amount due to an associate, borrowings and financial derivatives.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at AC
- Financial liabilities at FVTPL

Financial liabilities at AC

This is the category most relevant to the Group and to the Company. After initial recognition, trade payables, other payables and accruals, amount due to an associate and borrowings are subsequently measured at AC using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. AC is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (Cont'd)

3.6.2 Financial liabilities (Cont'd)

(ii) Subsequent measurement (Cont'd)

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivatives financial instruments.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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.

3.6.4 Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date the derivative contract is entered and are subsequently remeasured to their 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.

The Group has not designated any derivatives as hedging instruments.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (Cont'd)

3.6.5 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 in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statements of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.6.6 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.

3.7 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 and cash equivalents 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

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 Borrowings Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and undertakes activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.11 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.

The performance obligations to recognise revenue are as follows:

(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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.11 Revenue Recognition (Cont'd)

(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.

(iii) Dividend income

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

(iv) Interest income

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

(v) 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.

3.12 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.12 Employee Benefits (Cont'd)

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.

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.

3.13 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 statements 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. ACCOUNTING POLICIES (CONT'D)

3.14 Sales and Service Tax ("SST")

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

- where the SST incurred in a purchase of asset or service is not recoverable from the taxation authority, in which case the SST 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 SST inclusive.

The net amount of SST payable to, the authority is included as part of payables in the consolidated statement of financial position.

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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

3. 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 or 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold land RM	Building RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2022								
At cost								
Balance at beginning	9,930,046	18,775,310	20,235,048	591,220	990,261	426,275	-	50,948,160
Additions	427,104	-	1,898,079	128,987	422,284	-	-	2,876,454
Capitalised from inventory	-	-	2,727,062	-	-	-	940,487	3,667,549
Disposals	-	-	(130,456)	-	-	-	-	(130,456)
Transferred to inventory	-	-	(97,723)	-	-	-	-	(97,723)
Foreign currency translation	-	-	3,660	-	(2,477)	-	-	1,183
Balance at end	10,357,150	18,775,310	24,635,670	720,207	1,410,068	426,275	940,487	57,265,167
Accumulated depreciation								
Balance at beginning	151,710	386,130	8,721,068	129,348	709,789	184,718	-	10,282,763
Current charge	173,036	311,047	2,216,454	65,318	35,502	42,627	-	2,843,984
Disposals	-	-	(88,058)	-	-	-	-	(88,058)
Transferred to inventory	-	-	(16,374)	-	-	-	-	(16,374)
Foreign currency translation	-	-	(1,067)	-	(1,373)	-	-	(2,440)
Balance at end	324,746	697,177	10,832,023	194,666	743,918	227,345	-	13,019,875
Carrying amount	10,032,404	18,078,133	13,803,647	525,541	666,150	198,930	940,487	44,245,292

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Leasehold land RM	Building RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2021								
At cost								
Balance at beginning	4,965,033	18,676,293	17,659,666	704,535	833,329	426,275	-	43,265,131
Additions	4,965,013	99,017	1,133,707	134,565	152,765	-	-	6,485,067
Capitalised from inventory	-	-	2,270,049	-	-	-	-	2,270,049
Disposals	-	-	(120,806)	(247,880)	-	-	-	(368,686)
Transferred to inventory	-	-	(709,600)	-	-	-	-	(709,600)
Foreign currency translation	-	-	2,032	-	4,167	-	-	6,199
Balance at end	9,930,046	18,775,310	20,235,048	591,220	990,261	426,275	-	50,948,160
Accumulated depreciation								
Balance at beginning	20,688	75,281	7,001,960	261,030	676,941	142,090	-	8,177,990
Current charge	131,022	310,849	1,912,149	69,315	31,059	42,628	-	2,497,022
Disposals	-	-	(91,877)	(200,997)	-	-	-	(292,874)
Transferred to inventory	-	-	(102,536)	-	-	-	-	(102,536)
Foreign currency translation	-	-	1,372	-	1,789	-	-	3,161
Balance at end	151,710	386,130	8,721,068	129,348	709,789	184,718	-	10,282,763
Carrying amount	9,778,336	18,389,180	11,513,980	461,872	280,472	241,557	-	40,665,397

(i) The leasehold land and building are pledged as securities for banking facility granted to a subsidiary as disclosed in Note 21 to the financial statements.

(ii) 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	Carrying amount RM	Current depreciation RM	Additions RM
2022			
Leasehold land	<u>10,032,404</u>	<u>173,036</u>	<u>427,104</u>
2021			
Leasehold land	<u>9,778,336</u>	<u>131,022</u>	<u>4,965,013</u>

(iv) The carrying amount of office and testing equipment of the Group which are acquired under hire purchase as disclosed in Note 21 to the financial statements is **RM1,526,800** (2021: RM919,008).

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Group as a lessee

The Group has a lease contract on office premise used in its operations that has a lease term of 3 years. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also have certain leases of premises and 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

Set out below are the carrying amount of right-of-use asset recognised and the movements during the financial year:

GROUP

	Office premise	
	2022 RM	2021 RM
Balance at beginning	143,426	221,658
Depreciation	(78,232)	(78,232)
Balance at end	<u>65,194</u>	<u>143,426</u>

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

5. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONT'D)

Lease liability

Set out below are the carrying amount of lease liability recognised and the movements during the financial year:

	2022 RM	2021 RM
Balance at beginning	146,520	222,333
Accretion of interest	4,118	6,987
Payments	(82,800)	(82,800)
	67,838	146,520
Represented by:		
Non-current liabilities	-	67,838
Current liabilities	67,838	78,682
	67,838	146,520

The maturity analysis of the lease liability is disclosed in Note 38.4 to the financial statements.

The following amounts are recognised in profit or loss:

	2022 RM	2021 RM
Depreciation expense of right-of-use asset	78,232	78,232
Accretion of interest on lease liability	4,118	6,987
Expenses relating to short-term leases	406,687	70,055
Expenses relating to lease of low-value assets	6,840	7,050
Total amount recognised in profit or loss	495,877	162,324

The total cash outflows for leases during the financial year are **RM496,327** (2021: RM159,905).

6. INTANGIBLE ASSETS

	GROUP	
	2022 RM	2021 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").

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

6. INTANGIBLE ASSETS (CONT'D)

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 **5%** (2021: 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%** (2021: 1%) in perpetuity.

(ii) Discount rate

A pre-tax discount rate of **11.01%** (2021: 19.10%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Company'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 result in impairment loss on goodwill except for changes in prevailing environment which is not ascertainable.

7. DEVELOPMENT COSTS

	GROUP	
	2022	2021
	RM	RM
At cost		
Balance at beginning	11,948,082	6,389,903
Additions - staff cost	6,858,073	5,430,934
- other direct attributable costs	47,651	127,245
	18,853,806	11,948,082
Less: Accumulated amortisation		
Balance at beginning	(859,406)	(340,878)
Current charges	(1,794,731)	(518,528)
	(2,654,137)	(859,406)
	16,199,669	11,088,676

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

8. INVESTMENT IN A SUBSIDIARY

	COMPANY	
	2022 RM	2021 RM
Unquoted shares, at cost	35,105,998	35,105,998
RSP shares granted to employees of a subsidiary	2,565,729	1,515,881
	37,671,727	36,621,879

The details of the Malaysian subsidiary are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2022 %	2021 %	
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.

9. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2022 RM	2021 RM
Unquoted shares, at cost	9,849,847	3,307,525
Share of post-acquisition results	(718,521)	574,590
Elimination of unrealised profits arising from transactions with associate	(3,146,437)	(597,268)
	5,984,889	3,284,847

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

Name of Company	Effective Equity Interest		Principal Activities
	2022 %	2021 %	
# Tangming Shengshi Technology (Jiashan) Co., Ltd. ("TMSS")	40	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 Malaysia PLT.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

The following table summarises the financial information of TMSS, adjusted for entries to facilitate the equity method by the Group, any differences in accounting policies and reconciled the information to the carrying amount of the Group's interest in the associate, which are accounted for using the equity method.

	2022 RM	2021 RM
Financial position as at 30 September		
Assets and liabilities		
Non-current assets	24,479,751	6,878,909
Current assets	45,636,862	22,115,601
Non-current liabilities	(46,989)	-
Current liabilities	(47,241,309)	(19,289,222)
Net assets	<u>22,828,315</u>	<u>9,705,288</u>
Summary of financial performance for the financial year ended 30 September		
(Loss)/Profit for the year, representing total comprehensive (loss)/income	<u>(1,796,303)</u>	<u>1,436,475</u>
Included in the statement of comprehensive income is:		
Revenue	<u>16,638,846</u>	<u>16,772,818</u>
Reconciliation of net assets to carrying amount		
As at 30 September		
Group's share of net assets	9,131,326	3,882,115
Elimination of unrealised profits	(3,146,437)	(597,268)
Carrying amount in the statements of financial position	<u>5,984,889</u>	<u>3,284,847</u>
Group's share of results		
Year ended 30 September		
Group's share of (loss)/income	<u>(718,521)</u>	<u>574,590</u>

Contingent liabilities and capital commitments

The associate has no contingent liabilities or capital commitments as at the end of the reporting period.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

10. OTHER INVESTMENTS

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-current assets					
Financial assets at fair value through other comprehensive income:					
Unquoted shares in Malaysia	10.1	65,688	65,688	-	-
Current assets					
Financial assets at fair value through profit or loss:					
Unit trusts, at fair value	10.2	-	2,006,288	-	559,380

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. However, the Company has become dormant during the year.

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. TRADE RECEIVABLES

	NOTE	GROUP	
		2022 RM	2021 RM
Finance lease arrangement	11.2	2,231,246	2,682,210
Outright sale	11.3	58,161,728	33,725,956
Less: Allowance for expected credit losses	11.4	(2,438,084)	(1,506,776)
		55,723,644	32,219,180
		57,954,890	34,901,390

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

11. TRADE RECEIVABLES (CONT'D)

11.1 The trade receivables can be analysed as:

	2022 RM	2021 RM
Total amount receivable	58,043,248	35,011,855
Unearned interest income	(88,358)	(110,465)
	<u>57,954,890</u>	<u>34,901,390</u>
Less: Receivables within one year under current assets	(56,303,545)	(32,836,882)
	<u>1,651,345</u>	<u>2,064,508</u>

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

	2022 RM	2021 RM
Within one year	579,901	617,702
Later than one year and not later than five years	1,651,345	2,064,508
	<u>2,231,246</u>	<u>2,682,210</u>

11.3 The outright sale customers are non-interest bearing and are generally on **30 to 180 days** (2021: 30 to 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11.4 The movements of allowance for expected credit losses are as follows:

	2022 RM	2021 RM
Balance at beginning	1,506,776	2,329,018
Current year	931,308	836,522
Written off	-	(1,658,764)
	<u>2,438,084</u>	<u>1,506,776</u>

11.5 Included in the trade receivables is an amount of **RM43,498,857** (2021: RM19,490,150) due from an associate. It is non-interest bearing and classified based on expected timing of realisation.

11.6 The currency profile of trade receivables is as follows:

	2022 RM	2021 RM
Ringgit Malaysia	4,174,921	5,760,300
United States Dollar	10,606,824	10,388,313
Chinese Renminbi	43,173,145	18,752,777
	<u>57,954,890</u>	<u>34,901,390</u>

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

12. INVENTORIES

	GROUP	
	2022 RM	2021 RM
Raw materials	18,589,631	10,674,522
Work-in-progress	4,904,151	-
Finished goods	10,485,224	5,081,621
	33,979,006	15,756,143
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	33,392,445	28,143,611

13. CONTRACT ASSETS

	GROUP	
	2022 RM	2021 RM
Balance at beginning	5,243,824	4,198,044
Increase in contract assets as a result of recognising revenue during the financial year	6,609,270	4,457,395
Decrease as a result of invoice issued	(3,062,432)	(3,411,615)
Balance at end	8,790,662	5,243,824

Contract assets relate to the Group's rights to consideration for work completed on service contracts but not yet billed at the end of the reporting period.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Sundry receivables	104,572	7,438	-	-
Refundable deposits	172,456	172,849	1,000	1,000
Prepayments	1,223,912	1,141,823	-	-
	1,500,940	1,322,110	1,000	1,000

Included in prepayments is an amount of **RM214,963** (2021: RM630,884) paid to third parties for purchase of raw materials.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	1,465,257	1,297,068	1,000	1,000
New Taiwan Dollar	35,683	25,042	-	-
	1,500,940	1,322,110	1,000	1,000

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. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

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

	GROUP	
	2022 RM	2021 RM
Forward foreign exchange contracts		
- Nominal value	3,329,604	4,277,523
- Assets/(Liabilities)	142,593	(50,170)

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

17. DEPOSITS WITH LICENSED BANKS

Included in the Group's deposits with license bank is an amount of **RM7,691,483** (2021: RM5,974,549) which is pledged to licensed banks as securities for banking facilities granted to a subsidiary.

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

	GROUP		COMPANY	
	2022	2021	2022	2021
Interest rates (%)	1.30 to 2.60	1.30 to 2.25	1.80 to 2.60	1.62 to 2.25
Maturities (months)	1 to 12	1 to 12	1 to 12	1 to 12

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

18. CASH AND BANK BALANCES

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	113,108	514,881	27,079	53,966
United States Dollar	429,835	4,047,849	-	-
Chinese Renminbi	3,095,137	887,409	-	-
New Taiwan Dollar	2,816	9,905	-	-
Singapore Dollar	126	120	-	-
	3,641,022	5,460,164	27,079	53,966

19. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022	2021	2022 RM	2021 RM
Issued and fully paid:				
Balance at beginning	606,786,947	604,623,247	91,367,477	90,526,986
Issuance of shares pursuant to:				
- Private placement	60,678,000	-	63,711,900	-
- RSP vested	565,800	2,163,700	514,590	840,491
Share issuance expenses	-	-	(878,131)	-
Balance at end	668,030,747	606,786,947	154,715,836	91,367,477

2022

During the financial year, the Company has increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 365,900 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2022 ("RSP V") at a price of RM0.8106 per ordinary share;
- (ii) 199,900 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2022 ("RSP VI") at a price of RM1.0905 per ordinary share; and
- (iii) 60,678,000 new ordinary shares through a private placement at an issue price of RM1.05 per ordinary share.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

19. SHARE CAPITAL (CONT'D)

2021

The Company has increased its issued and fully paid-up ordinary share capital by way of issuance of:

- (i) 42,000 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 ordinary share;
- (ii) 1,339,300 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2020 ("RSP III") at a price of RM0.2273 per ordinary share; and
- (iii) 782,400 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2021 ("RSP IV") at a price of RM0.666 per ordinary share.

20. RESERVES

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable:					
Merger deficit	20.1	(12,954,053)	(12,954,053)	-	-
RSP reserve	20.2	708,768	173,510	708,768	173,510
Exchange translation reserve	20.3	(60,956)	(53,008)	-	-
Fair value reserve	20.4	(290,736)	(290,736)	-	-
		(12,596,977)	(13,124,287)	708,768	173,510

20.1 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.

20.2 RSP reserve

RSP reserve represents the equity-settled shares granted by the Company to the Group'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 40 to the financial statements.

20.3 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.

20.4 Fair value reserve

The fair value reserve comprised the cumulative net change in the fair value of financial assets through other comprehensive income until the financial assets are derecognised.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

21. BORROWINGS

	GROUP	
	2022	2021
	RM	RM
Non-current liabilities		
Secured:		
Hire purchase	1,302,628	1,056,386
Term loans	15,101,172	16,677,876
	16,403,800	17,734,262
Current liabilities		
Secured:		
Bank overdrafts	4,899,073	1,247,730
Bankers' acceptance	7,879,376	2,616,000
Revolving credit	9,499,076	4,497,310
Hire purchase	381,324	243,541
Term loans	1,576,703	1,569,961
	24,235,552	10,174,542
Total borrowings	40,639,352	27,908,804

The borrowings are secured by way of:

- (i) Legal charge over the leasehold land and building as disclosed in Note 4 to the financial statements;
- (ii) Pledge of fixed deposits of the subsidiary as disclosed in Note 17 to the financial statements;
- (iii) Corporate guarantee of the Company; and
- (iv) Guarantee from government of Malaysia through Syarikat Jaminan Pembiayaan Perniagaan up to a limit of RM800,000.

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

	Effective interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
2022					
Bank overdrafts	6.32 to 7.24	4,899,073	4,899,073	-	-
Bankers' acceptance	4.21 to 4.68	7,879,376	7,879,376	-	-
Revolving credit	4.26 to 5.28	9,499,076	9,499,076	-	-
Hire purchase	7.02	1,683,952	381,324	409,323	893,305
Term loans	3.50 to 4.36	16,677,875	1,576,703	1,583,685	13,517,487

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

21. BORROWINGS (CONT'D)

A summary of the effective interest rate and the maturities of the borrowings are as follows (Cont'd):

	Effective interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
2021					
Bank overdrafts	5.57 to 6.49	1,247,730	1,247,730	-	-
Bankers' acceptance	2.08 to 2.26	2,616,000	2,616,000	-	-
Revolving credit	3.94 to 4.26	4,497,310	4,497,310	-	-
Hire purchase	7.02	1,299,927	243,541	261,089	795,297
Term loans	3.50 to 3.61	18,247,837	1,569,961	1,576,704	15,101,172

22. DEFERRED TAX LIABILITIES

	GROUP	
	2022 RM	2021 RM
Balance at beginning	417,553	-
Recognised in profit or loss	324,063	417,553
	741,616	417,553
Over provision in prior year	(211,616)	-
Balance at end	530,000	417,553

The deferred tax liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	GROUP	
	2022 RM	2021 RM
Property, plant and equipment	1,856,298	1,794,988
Others	(1,326,298)	(1,377,435)
	530,000	417,553

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

23. PROVISION FOR WARRANTY

	GROUP	
	2022 RM	2021 RM
Balance at beginning	554,107	94,737
Additions	780,064	589,858
Reversal	(589,858)	(130,488)
Balance at end	744,313	554,107

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	
	2022 RM	2021 RM
Ringgit Malaysia	2,394,956	3,186,078
United States Dollar	5,689,970	5,021,122
Euro	113,813	-
	8,198,739	8,207,200

The trade payables are non-interest bearing and are normally settled within **15 to 90 days** (2021: 30 to 90 days) credit terms.

25. CONTRACT LIABILITIES

	GROUP	
	2022 RM	2021 RM
Balance at beginning	2,747,242	558,972
Revenue recognised during the year	(6,222,782)	(558,135)
Deposits received during the year	3,956,298	2,746,405
Balance at end	480,758	2,747,242

Contract liabilities comprised of advances received from customers for rendering maintenance services or placing sales orders.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

25. CONTRACT LIABILITIES (CONT'D)

When the Group receives advances before the commencement of work, 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.

26. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Sundry payables	755,951	386,985	34,942	27,738
Retention sum payable	405,638	405,638	-	-
Accruals	1,260,460	4,485,100	237,400	188,700
	2,422,049	5,277,723	272,342	216,438

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	2,337,571	5,199,705	272,342	216,438
New Taiwan Dollar	84,478	78,018	-	-
	2,422,049	5,277,723	272,342	216,438

27. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate was non-trade related, unsecured, non-interest bearing and repayable on demand. The amount is denominated in Chinese Renminbi.

28. REVENUE

28.1 Disaggregation of revenue from contracts with customers

Types of goods or services	GROUP	
	2022 RM	2021 RM
Sales of goods		
- Outright sales	67,297,661	54,528,307
- Rendering of services	5,737,423	6,564,570
Total revenue from contracts with customers	73,035,084	61,092,877

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

28. REVENUE (CONT'D)

28.1 Disaggregation of revenue from contracts with customers (Cont'd)

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

	GROUP	
	2022	2021
	RM	RM
Timing of revenue recognition		
At point in time	67,297,661	54,528,307
Over time	5,737,423	6,564,570
Total revenue from contracts with customers	73,035,084	61,092,877

28.2 Contract balances

	GROUP	
	2022	2021
	RM	RM
Trade receivables (Note 11)	57,954,890	34,901,390
Contract assets (Note 13)	8,790,662	5,243,824
Contract liabilities (Note 25)	480,758	2,747,242

28.3 Performance obligations

The performance obligations of respective revenue are disclosed in Note 3.11 to the financial statements.

29. RESEARCH AND DEVELOPMENT EXPENSES

Included in the research and development expenses of the Group is employee benefits expenses amounting to **RM1,269,618** (2021: RM919,093) as disclosed in Note 32 to the financial statements.

30. FINANCE COSTS

	GROUP	
	2022	2021
	RM	RM
Interest expenses on:		
- Bank overdraft	253,933	226,511
- Bankers' acceptance	117,948	52,281
- Hire purchase interest	104,348	32,609
- Lease liability	4,118	6,987
- Revolving credit	252,055	115,975
- Term loans	544,497	505,442
	1,276,899	939,805

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

31. PROFIT/(LOSS) BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
After charging:				
Allowance for expected credit losses	931,308	836,522	-	-
Amortisation of development costs	1,794,731	518,528	-	-
Audit fees				
- Statutory audit				
- Grant Thornton Malaysia PLT ("GTM PLT")	89,000	79,000	34,000	34,000
Non-audit services				
- GTM PLT	13,000	13,000	13,000	13,000
- Local affiliate of GTM PLT	10,000	10,000	2,000	2,000
Bad debts written off	-	547,164	-	-
Depreciation				
- Property, plant and equipment	2,843,984	2,497,022	-	-
- Right-of-use asset	78,232	78,232	-	-
Expenses relating to short term leases	406,687	70,055	-	-
Expenses relating to lease of low value assets	6,840	7,050	-	-
Fair value loss on derivatives financial instruments	-	67,493	-	-
Loss on disposal of property, plant and equipment	-	63,752	-	-
Provision for warranty				
- Current year	780,064	589,858	-	-
- Reversal of prior year	(589,858)	(130,488)	-	-
Realised loss on foreign exchange	463,146	-	-	-
And crediting:				
Dividend income	7,300	25,223	2,035	10,811
Fair value gain on derivative financial instruments	192,763	-	-	-
Fair value gain on other investment	8,239	9,880	2,297	4,385
Gain on disposal of property, plant and equipment	57,317	-	-	-
Interest income	1,097,489	472,254	963,825	361,323
Realised gain on foreign exchange	-	220,622	-	-
Sale of intellectual property	-	824,279	-	-
Unrealised gain on foreign exchange	607,754	449,840	-	-

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

32. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, allowance and bonus	16,261,020	17,303,390	15,000	15,000
Fees	181,291	160,000	181,291	160,000
Defined contribution plan	2,097,617	1,742,417	-	-
SOCSSO and EIS	227,283	212,994	-	-
Equity-settled share-based payment	768,205	626,630	-	-
	19,535,416	20,045,431	196,291	175,000
Less: Charge to research and development expenses	(1,269,618)	(919,093)	-	-
Capitalised in development cost	(6,858,073)	(5,430,934)	-	-
	11,407,725	13,695,404	196,291	175,000

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive directors of the Company:				
- Salaries, allowance and bonus	1,093,132	1,288,023	-	-
- Defined contribution plan	131,189	154,582	-	-
- SOCSSO	2,559	3,694	-	-
	1,226,880	1,446,299	-	-
- Benefits-in-kind *	-	15,000	-	-
	1,226,880	1,461,299	-	-
Non-executive directors of the Company:				
- Allowances	15,000	15,000	15,000	15,000
- Fees	181,291	160,000	181,291	160,000
	196,291	175,000	196,291	175,000
Executive directors of the subsidiary:				
- Salaries, allowance and bonus	351,679	-	-	-
- Defined contribution plan	42,220	-	-	-
- SOCSSO	1,040	-	-	-
	394,939	-	-	-
	1,818,110	1,636,299	196,291	175,000

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

32. EMPLOYEE BENEFITS EXPENSES (CONT'D)

Included in the employee benefits expenses are directors' remuneration as follows (Cont'd):

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Represented by:				
Present directors:				
- Executive	1,226,880	1,461,299	-	-
- Non-executive	196,291	149,570	196,291	149,570
Past directors:				
- Executive	394,939	-	-	-
- Non-executive	-	25,430	-	25,430
	1,818,110	1,636,299	196,291	175,000

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

33. TAXATION

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax:				
Based on results for the financial year				
- Malaysian income tax	(182,989)	(609,788)	(177,989)	(37,000)
- Foreign tax	(24,752)	(34,761)	-	-
- Withholding tax	-	(46,179)	-	-
- Deferred tax relating to the origination and reversal of temporary differences	(324,063)	(417,553)	-	-
	(531,804)	(1,108,281)	(177,989)	(37,000)
Over provision in prior year				
- Current tax	373,279	257,073	-	-
- Deferred tax	211,616	-	-	-
	584,895	257,073	-	-
	53,091	(851,208)	(177,989)	(37,000)

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

33. TAXATION (CONT'D)

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

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before tax	12,463,152	11,301,290	396,364	(68,179)
Income tax at Malaysian statutory tax rate of 24%	(2,991,156)	(2,712,310)	(95,127)	16,363
Different tax rate in other jurisdiction *	5,175	8,700	-	-
Expenses not deductible for tax purposes	(922,977)	(204,949)	(83,902)	(57,010)
Exempt pioneer income #	2,240,000	-	-	-
Income not subject to tax	209,564	109,315	1,040	3,647
Movement of deferred tax assets not recognised	-	(545,760)	-	-
Tax effect on unrealised profits arising transactions with the associate	927,590	5,443	-	-
Utilisation of unabsorbed tax losses and capital allowances	-	2,231,280	-	-
	(531,804)	(1,108,281)	(177,989)	(37,000)
Over provision in prior year	584,895	257,073	-	-
	53,091	(851,208)	(177,989)	(37,000)

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

A subsidiary of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority which exempts 100% of statutory income in relation to production of certain products.

34. EARNINGS PER SHARE

34.1 Basic earnings per share

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

	GROUP	
	2022	2021
Profit attributable to owners of the Company (RM)	12,516,243	10,450,082
Weighted average number of ordinary shares	639,393,540	605,483,085
Basic earnings per share (sen)	1.96	1.73

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

34. EARNINGS PER SHARE (CONT'D)

34.2 Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit 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:

	GROUP	
	2022	2021
Profit attributable to owners of the Company (RM)	12,516,243	10,450,082
Weighted average number of ordinary shares	639,393,540	605,483,085
Adjustment for dilutive effect of RSP	1,627,100	497,000
	641,020,640	605,980,085
Diluted earnings per share (sen)	1.95	1.72

35. 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.

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Malaysia	15,854,239	15,651,120	73,615,233	65,383,637
China	42,572,760	24,054,625	5,984,889	3,284,847
Singapore	6,911,625	8,993,674	-	-
Korea	2,899,033	4,111,114	-	-
USA	2,433,618	3,959,513	-	-
Taiwan	91,821	2,290,509	45,991	200,197
Others	2,271,988	2,032,322	-	-
	73,035,084	61,092,877	79,646,113	68,868,681

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

35. SEGMENTAL REPORTING (CONT'D)

Geographical Information (Cont'd)

Non-current assets information presented above, which excludes financial assets, consists of the following items as presented in the statements of financial position.

	2022 RM	2021 RM
Property, plant and equipment	44,245,292	40,665,397
Right-of-use asset	65,194	143,426
Intangible assets	13,686,335	13,686,335
Development costs	16,199,669	11,088,676
Investment in an associate	5,984,889	3,284,847
	80,181,379	68,868,681

Information about major customers

Total revenue from 3 (2021: 3) major customers which individually contributed more than 10% of the Group's revenue amounted to **RM56,099,701** (2021: RM39,082,672).

36. CAPITAL COMMITMENTS

	GROUP	
	2022 RM	2021 RM
Contracted but not provided for:		
- Construction of factory buildings	-	25,064

37. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group and the Company have related party relationship with its subsidiary, associate and key management personnel.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

37. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	2022 RM	2021 RM
GROUP		
Transaction with an associate:		
- Sales of goods	42,185,277	22,713,468
- Sales of intellectual properties	-	824,279
- Application support income	575,507	801,728
- Intellectual properties cost charged	(987,731)	(1,731,669)
	<hr/>	<hr/>
COMPANY		
Transaction with a subsidiary:		
- Advance to	(34,381,000)	(4,517,000)
- Repayment from	200,000	414,000
- Payment on behalf by	34,310	7,663
	<hr/>	<hr/>

(iii) 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employee benefits	3,723,435	3,438,361	196,291	175,000
Defined contribution plan	365,654	332,347	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,089,089	3,770,708	196,291	175,000
	<hr/>	<hr/>	<hr/>	<hr/>
Analysed as:				
- Directors	1,818,110	1,636,299	196,291	175,000
- Other key management personnel	2,270,979	2,134,409	-	-
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	4,089,089	3,770,708	196,291	175,000
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Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS

38.1 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
2022				
GROUP				
Financial assets				
Trade receivables	57,954,890	57,954,890	-	-
Other receivables and refundable deposits	277,028	277,028	-	-
Other investments	65,688	-	-	65,688
Derivative financial assets	142,593	-	142,593	-
Deposits with licensed banks	56,238,322	56,238,322	-	-
Cash and bank balances	3,641,022	3,641,022	-	-
	118,319,543	118,111,262	142,593	65,688
Financial liabilities				
Trade payables	8,198,739	8,198,739	-	-
Other payables and accruals	2,422,049	2,422,049	-	-
Amount due to an associate	955,247	955,247	-	-
Borrowings	40,639,352	40,639,352	-	-
	52,215,387	52,215,387	-	-
COMPANY				
Financial assets				
Refundable deposits	1,000	1,000	-	-
Amount due from a subsidiary	69,437,882	69,437,882	-	-
Deposits with licensed banks	47,517,043	47,517,043	-	-
Cash and bank balances	27,079	27,079	-	-
	116,983,004	116,983,004	-	-
Financial liabilities				
Other payables and accruals	272,342	272,342	-	-

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
2021				
GROUP				
Financial assets				
Trade receivables	34,901,390	34,901,390	-	-
Other receivables and refundable deposits	180,287	180,287	-	-
Other investments	2,071,976	-	2,006,288	65,688
Deposits with licensed banks	24,865,511	24,865,511	-	-
Cash and bank balances	5,460,164	5,460,164	-	-
	<u>67,479,328</u>	<u>65,407,352</u>	<u>2,006,288</u>	<u>65,688</u>
Financial liabilities				
Trade payables	8,207,200	8,207,200	-	-
Other payables and accruals	5,277,723	5,277,723	-	-
Amount due to an associate	544,380	544,380	-	-
Borrowings	27,908,804	27,908,804	-	-
Derivative financial liabilities	50,170	-	50,170	-
	<u>41,988,277</u>	<u>41,938,107</u>	<u>50,170</u>	<u>-</u>
COMPANY				
Financial assets				
Refundable deposits	1,000	1,000	-	-
Amount due from a subsidiary	35,291,192	35,291,192	-	-
Other investments	559,380	-	559,380	-
Deposits with licensed banks	17,874,984	17,874,984	-	-
Cash and bank balances	53,966	53,966	-	-
	<u>53,780,522</u>	<u>53,221,142</u>	<u>559,380</u>	<u>-</u>
Financial liabilities				
Other payables and accruals	216,438	216,438	-	-

38.2 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 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 provided to financial institutions in respect of credit facilities granted to a subsidiary.

38.3.1 Trade receivables

The Group extends to existing customers credit terms ranging from **30 to 180 days** (2021: 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.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

	Gross RM	Expected credit losses RM	Net RM
2022			
Not past due	51,521,556	-	51,521,556
1 to 30 days past due	3,355,568	-	3,355,568
31 to 60 days past due	630,007	-	630,007
61 to 90 days past due	1,966,500	-	1,966,500
Past due more than 90 days	612,653	(131,394)	481,259
	6,564,728	(131,394)	6,433,334
Impaired	2,306,690	(2,306,690)	-
	60,392,974	(2,438,084)	57,954,890
2021			
Not past due	29,472,247	-	29,472,247
1 to 30 days past due	344,308	(392)	343,916
31 to 60 days past due	179,872	(714)	179,158
61 to 90 days past due	236,460	(819)	235,641
Past due more than 90 days	5,338,122	(667,694)	4,670,428
	6,098,762	(669,619)	5,429,143
Impaired	837,157	(837,157)	-
	36,408,166	(1,506,776)	34,901,390

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 Credit risk (Cont'd)

38.3.1 Trade receivables (Cont'd)

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 **RM6,433,334** (2021: RM5,429,143) 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 **1** (2021: 1) customers, representing **78%** (2021: 56%) of the total trade receivables.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM	Allowance for expected credit losses RM	Net RM
GROUP			
2022			
Low risk	57,954,800	-	57,954,800
Individually impaired	2,438,084	(2,438,084)	-
	60,392,974	(2,438,084)	57,954,800
2021			
Low risk	34,901,390	-	34,901,390
Individually impaired	1,506,776	(1,506,776)	-
	36,408,166	(1,506,776)	34,901,390

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 Credit risk (Cont'd)

38.3.1 Trade receivables (Cont'd)

Maximum exposure to credit risk (Cont'd)

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided for the low risk customers during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

38.3.2 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 statements of financial position.

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

38.3.3 Financial guarantees

The Company provides unsecured financial guarantees to financial institution for banking facilities granted to a subsidiary up to a limit of **RM57,632,000** (2021: RM43,672,888). The maximum exposure to credit risk is amounted to **RM41,342,632** (2021: RM28,632,083), 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. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

38.4 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 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 one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2022					
<i>Non-derivative financial liabilities</i>					
Trade payables	8,198,739	8,198,739	8,198,739	-	-
Other payables and accruals	2,422,049	2,422,049	2,422,049	-	-
Amount due to an associate	955,247	955,247	955,247	-	-
Lease liability	67,838	69,000	69,000	-	-
Borrowings	40,639,352	44,609,061	24,807,591	2,595,187	17,206,283
	52,283,225	56,254,096	36,452,626	2,595,187	17,206,283
2021					
<i>Non-derivative financial liabilities</i>					
Trade payables	8,207,200	8,207,200	8,207,200	-	-
Other payables and accruals	5,277,723	5,277,723	5,277,723	-	-
Amount due to an associate	544,380	544,380	544,380	-	-
Lease liability	146,520	151,800	82,800	69,000	-
Borrowings	27,908,804	32,197,556	10,891,107	2,480,234	18,826,215
<i>Derivative financial liability</i>					
Forward foreign exchange contracts	50,170	50,170	50,170	-	-
	42,134,797	46,428,829	25,053,380	2,549,234	18,826,215

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 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 one year RM	More than one year and less than two years RM	More than two years and less than five years RM
COMPANY					
2022					
<i>Non-derivative financial liabilities</i>					
Other payables and accruals	272,342	272,342	272,342	-	-
Financial guarantee *	-	41,342,632	41,342,632	-	-
	272,342	41,614,974	41,614,974	-	-
2021					
<i>Non-derivative financial liabilities</i>					
Other payables and accruals	216,438	216,438	216,438	-	-
Financial guarantee *	-	28,632,083	28,632,083	-	-
	216,438	28,848,521	28,848,521	-	-

* The financial guarantees are included for illustration purpose only as they have not crystallised as at the end of the reporting period.

38.5 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.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 Interest rate risk (Cont'd)

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed rate instruments				
Financial assets	56,238,322	24,865,511	47,517,043	17,874,984
Financial liabilities	1,683,952	1,299,927	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Floating rate instruments				
Financial liabilities	38,955,400	26,608,877	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

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 decreased profit before tax by **RM60,834** (2021: RM57,363) 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.

38.6 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 United States Dollar ("USD") and Chinese Renminbi ("RMB").

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.6 Foreign currency risk (Cont'd)

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 decreased profit 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.

	GROUP	
	2022 RM	2021 RM
USD	(520,483)	(936,487)
RMB	(4,559,748)	(1,909,581)
Decrease in profit before tax	<u>(5,080,231)</u>	<u>(2,846,068)</u>

39. 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					
2022					
Financial assets					
Other investments					
- Unquoted shares	-	-	65,688	65,688	65,688
Forward foreign exchange contracts	-	142,593	-	142,593	142,593

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2021					
Financial assets					
Other investments					
- Unit trusts	2,006,288	-	-	2,006,288	2,006,288
- Unquoted shares	-	-	65,688	65,688	65,688
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Financial liability					
Forward foreign exchange contracts	-	50,170	-	50,170	50,170
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

COMPANY

2021

Financial assets					
Other investments					
- Unit trusts	559,380	-	-	559,380	559,380
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Level 1

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.

Level 2

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.

Level 3

The fair value of the investment in unquoted shares is derived based on net assets of the investee as this measurement best depicts the fair value of the investee since it is inactive. The management does not intend to dispose of this investment in the near future.

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, Level 2 and Level 3 during the financial year.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

40. 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.

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
2022						
21.6.21	V	497,000	-	(365,900)	(131,100)	-
1.10.21	VI	-	268,700	(199,900)	(68,800)	-
14.1.22	VII	-	548,700	-	-	548,700
21.6.22	VIII	-	1,078,400	-	-	1,078,400
		497,000	1,895,800	(565,800)	(199,900)	1,627,100
2021						
7.9.18	II	42,000	-	(42,000)	-	-
15.1.20	III	1,394,300	-	(1,339,300)	(55,000)	-
1.10.20	IV	-	844,800	(782,400)	(62,400)	-
21.6.21	V	-	497,000	-	-	497,000
		1,436,300	1,341,800	(2,163,700)	(117,400)	497,000

* Lapsed due to resignation.

Notes To The Financial Statements

- 30 September 2022 (Cont'd)

40. RESTRICTED SHARE PLAN ("RSP") (CONT'D)

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. The fair value allocated to the RSP based on the Black-Scholes Model are as follows:

	RSP II	RSP III	RSP IV	RSP V	RSP VI	RSP VII	RSP VIII
Fair value of RSP (RM)	0.3569	0.2273	0.6660	0.8106	1.0905	1.0966	0.6053

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.

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	
	2022	2021
	RM	RM
Total borrowings	40,639,352	27,908,804
Less: Other investments	-	2,006,288
Deposits with licensed banks	56,238,322	24,865,511
Cash and bank balances	3,641,022	5,460,164
	(59,879,344)	(32,331,963)
Net cash surplus	(19,239,992)	(4,423,159)
Total equity	189,005,638	112,613,726
Gearing ratio	N/A ⁽ⁱ⁾	N/A ⁽ⁱ⁾

(i) N/A – Not applicable as net cash position

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 2022
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	Leasehold	60	70,929	Headquarters	28,110,537
							28,110,537

Analysis of Shareholdings

As At 9 December 2022

- 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	595	5.041	26,979	0.004
100 – 1,000	1,326	11.235	814,972	0.122
1,001–10,000	5,563	47.136	31,142,678	4.662
10,001 – 100,000	3,731	31.613	123,455,814	18.481
100,001 – 33,401,536 (*)	585	4.957	413,982,029	61.970
33,401,537 and above (**)	2	0.017	98,608,275	14.761
Total	11,802	100.000	668,030,747	100.000

Remark : * - Less than 5% of Issued Shares

** - 5% and above of Issued Shares

C. SUBSTANTIAL SHAREHOLDERS

NAME	NUMBER OF ORDINARY SHARES			
	DIRECT	%	INDIRECT	%
NG SANG BENG	14,426,099	2.159	109,294,874 [†]	16.361
YEOH CHEE KEONG	54,808,275	8.204	575,000 [^]	0.086
AEMULUS VENTURE SDN BHD	36,952,749	5.532	-	-
CRYSTAL CLEAR (L) FOUNDATION	67,450,000	10.097	-	-

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 chairman 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

NAME	NUMBER OF ORDINARY SHARES			
	DIRECT	%	INDIRECT	%
NG SANG BENG	14,426,099	2.159	109,294,874 [†]	16.361
DATO' SERI LEE KAH CHOON	-	-	-	-
ONG CHONG CHEE	-	-	-	-
FRIISCOR HO CHII SSU	6,722,150	1.006	120,000 [^]	0.018
CH'NG SUAT PING	88,000	0.013	-	-

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 chairman 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.

Analysis of Shareholdings

As At 9 December 2022 (Cont'd)

E. THIRTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	% OF TOTAL	
	NO. OF SHARES	ISSUED SHARES
1. HSBC NOMINEES (TEMPATAN) SDN BHD [HBAP FOR CRYSTAL CLEAR (L) FOUNDATION (PB-SGDIV)]	60,000,000	8.981
2. YEOH CHEE KEONG	38,608,275	5.779
3. AEMULUS VENTURE SDN. BHD.	31,718,749	4.748
4. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD [CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)]	31,589,900	4.728
5. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN]	18,000,000	2.694
6. CIMSEC NOMINEES (TEMPATAN) SDN BHD [CIMB FOR YEOH CHEE KEONG (PB)]	16,200,000	2.425
7. WONG SHEE KIAN	15,914,000	2.382
8. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD [CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)]	15,297,600	2.289
9. RHB NOMINEES (TEMPATAN) SDN BHD [TAN AH LOY @ TAN MAY LING]	10,000,000	1.496
10. RHB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR NG SANG BENG]	9,000,000	1.347
11. MAYBANK NOMINEES (TEMPATAN) SDN BHD [MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)]	8,818,200	1.320
12. CRYSTAL CLEAR (L) FOUNDATION	7,450,000	1.115
13. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD [EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (KIB)]	7,262,900	1.087
14. TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	7,125,000	1.066
15. FRIISCOR HO CHII SSU	6,722,150	1.006
16. NG SANG BENG	5,426,099	0.812
17. AEMULUS VENTURE SDN. BHD.	5,234,000	0.783
18. TA NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR TIANG HUA UNG]	4,931,000	0.738
19. PONG CHUNG CHENG	4,892,125	0.732
20. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)]	4,300,600	0.643
21. TA NOMINEES (TEMPATAN) SDN BHD [PLEDGED SECURITIES ACCOUNT FOR CHIN YAU KONG]	3,985,000	0.596
22. SIM AH YOONG	3,730,000	0.558
23. MOY SHIN FEI	3,522,525	0.527
24. UOBM NOMINEES (TEMPATAN) SDN BHD [UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI]	3,359,700	0.502
25. LEE OOI CHONG	3,100,000	0.464
26. HSBC NOMINEES (TEMPATAN) SDN BHD [HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAID (4389)]	2,901,800	0.434
27. MAYBANK NOMINEES (TEMPATAN) SDN BHD [MTRUSTEE BERHAD FOR PHILLIP PEARL FUND (UT-PM-PPF) (419471)]	2,885,000	0.431
28. MAYBANK NOMINEES (TEMPATAN) SDN BHD [MAYBANK TRUSTEES BERHAD FOR KENANGA EQUITYEXTRA FUND (990405)]	2,756,700	0.412
29. HLIB NOMINEES (TEMPATAN) SDN BHD [HONG LEONG BANK BHD FOR SAW HEAN YEOW]	2,513,000	0.376
30. LOW BOK SIEW	2,430,750	0.363

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting (“**AGM**”) of the Company will be held at The Walhalla Hall, Aemulus Base, No. 25, Jalan Sultan Azlan Shah, Zon Perindustrian Bayan Lepas, Phase 1, 11900 Bayan Lepas, Pulau Pinang, Malaysia on Tuesday, 7 February 2023 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 2022 together with the Reports of the Directors and Auditors thereon. | |
| 2. | To approve the payment of additional Director’s fees of RM21,291 for the financial year ended 30 September 2022. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors’ fees of RM310,000 for the financial year ending 30 September 2023. | Ordinary Resolution 2 |
| 4. | To approve the payment of benefits payable to the Directors of the Company up to an amount of RM70,000 from 7 February 2023 until the conclusion of the next AGM of the Company. | Ordinary Resolution 3 |
| 5. | To re-elect Mr. Ng Sang Beng as a Director who retires in accordance with Article 95 of the Company’s Constitution. | Ordinary Resolution 4 |
| 6. | To re-elect Ms. Ch’ng Suat Ping as a Director who retires in accordance with Article 102 of the Company’s Constitution. | Ordinary Resolution 5 |
| 7. | To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications the following resolutions :-

8. **ORDINARY RESOLUTION**

AUTHORITY TO ISSUE SHARES

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the “**Act**”), ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)(“**Listing Requirements**”) and/or the approvals of the relevant regulatory authorities, where required, the Directors be and are hereby empowered to issue and allot shares in the Company, at such time and upon such terms and conditions, for such purposes and to such person or persons whomsoever 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 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.

AND THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the Act read together with Article 57 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the Act.”

- | | | |
|----|--|------------------------------|
| 9. | To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016. | Ordinary Resolution 7 |
|----|--|------------------------------|

Notice of Annual General Meeting (Cont'd)

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 : 6 January 2023

Notes :

1. All Members who intend to attend the Eighth AGM in person ARE REQUIRED TO PRE-REGISTER with Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**", or "**TIIH**") via TIIH Online website at <https://tiih.online> no later than Sunday, 5 February 2023 at 10.00 a.m. Kindly refer to the Administrative Details for the Eighth AGM.
2. 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 48 Jalan Chow Thye, 10050 George Town, Pulau Pinang, Malaysia.
 - (ii) By electronic means via TIIH Online
The proxy form can be electronically lodged with the Company's Share Registrar via TIIH Online at <https://tiih.online>.
3. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
4. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. 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.
6. A member who has appointed a proxy/attorney/corporate representative to attend and vote at the Eighth AGM must request his/her proxy/attorney/corporate representative to submit their Pre-Register at TIIH Online website at <https://tiih.online>. Please follow procedures in the Administrative Details of this AGM.
7. 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.
8. Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Company's Registered Office at 48 Jalan Chow Thye, 10050 George Town, Pulau Pinang, Malaysia not less than 48 hours before the time of holding the AGM or adjourned AGM.
9. 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 48 Jalan Chow Thye, 10050 George Town, Pulau Pinang, Malaysia.
10. Last date and time for lodging proxy form is **Sunday, 5 February 2023 at 10:00 am**.

Notice of Annual General Meeting (Cont'd)

11. 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.
12. 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) 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 2023 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.
13. All resolutions as set out in this notice of Eighth AGM are to be voted by poll.

Explanatory Notes on Ordinary Business

Ordinary Resolution 1 – Payment of additional Director's fees

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The additional Director's fees is for the payment of Director's fees to Ms. Ch'ng Suat Ping for the financial year ended 30 September 2022 in conjunction with her appointment as Independent Non-Executive Director with effect from 28 April 2022.

The proposed Ordinary Resolution 1 is to seek shareholders' approval for the payment of additional Director's fees of RM21,291 for the financial year ended 30 September 2022.

Ordinary Resolution 2 – Payment of Directors' fees

Ordinary Resolution 2 is to facilitate payment of Directors' fees on current financial year basis, calculated based on the number of existing non-executive directors and the role and responsibilities undertaken by the non-executive directors for financial year 2023, and assuming that all Directors will hold office until the end of the financial year. The amount of fees also includes a contingency sum to cater for the appointment of additional non-executive directors as planned by the Company. 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.

Ordinary Resolution 3 – Payment of Directors' benefits

Ordinary Resolution 3 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 7 February 2023 until the conclusion of the next AGM of the Company.

Ordinary Resolutions 4 and 5 – Re-election of Directors

Mr. Ng Sang Beng and Ms. Ch'ng Suat Ping (collectively referred to as "**Retiring Directors**") are standing for re-election as Director of the Company pursuant to Article 95 and Article 102 of the Company's Constitution respectively at the Eighth AGM of the Company and being eligible have offered themselves for re-election in accordance with the Company's Constitution.

The Nomination Committee ("**NC**") has assessed the performance and contribution of each of the Retiring Directors. Based on the results of the Board annual evaluation conducted for the financial year ended 30 September 2022, the performance of each of the Retiring Directors was found to be satisfactory.

The Board has also through the NC carried out assessment on the independence of the Independent Non-Executive Directors ("**INEDs**") and is satisfied with the independence and performance of the INEDs.

The Board has endorsed the NC's recommendation to seek shareholders' approval for the re-election of the Retiring Directors. The details and profiles of the Retiring Directors are provided in the Directors' profile on pages 27 and 30 of the Annual Report 2022.

Notice of Annual General Meeting (Cont'd)

Explanatory Notes on Special Business

Ordinary Resolution 7 – Authority to issue shares

The proposed Ordinary Resolution 7, if passed, will 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 Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Seventh Annual General Meeting held on 8 February 2022 and which will lapse at the conclusion of the Eighth Annual General Meeting to be held on 7 February 2023.

A renewal of this authority is being sought at the Eighth 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).

Pursuant to Section 85 of the Companies Act 2016 read together with Article 57 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

The proposed Ordinary Resolution 7, if passed, would allow the Directors to issue new shares to any person under the said mandate without having to offer the new shares in the Company to be issued equally to all existing shareholders of the Company prior to issuance.

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 its 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.

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Proxy Form



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

CDS Account No. (for nominees account only)	
No. of ordinary shares held	

I/We
(Full Name in Block Letters)

(NRIC No./Passport No./Registration No.....)

of
(Full Address)

being a *member/members of **AEMULUS HOLDINGS BERHAD** (the "**Company**"), hereby appoint

Name of Proxy	NRIC No./Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Address			
E-mail	Contact No.		

*and

Name of Proxy	NRIC No./Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Address			
E-mail	Contact No.		

to attend and vote for *me/ us and on *my/ our behalf at the Eighth Annual General Meeting ("**AGM**") of the Company to be held at The Walhalla Hall, Aemulus Base, No. 25, Jalan Sultan Azlan Shah, Zon Perindustrian Bayan Lepas, Phase 1, 11900 Bayan Lepas, Pulau Pinang, Malaysia on Tuesday, 7 February 2023 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 additional Director's fees for the financial year ended 30 September 2022		
Ordinary Resolution 2	Approval of payment of Directors' fees for the financial year ending 30 September 2023		
Ordinary Resolution 3	Approval of payment of Directors' benefits from 7 February 2023 until the conclusion of the next AGM of the Company		
Ordinary Resolution 4	Re-election of Mr. Ng Sang Beng as Director		
Ordinary Resolution 5	Re-election of Ms. Ch'ng Suat Ping as Director		
Ordinary Resolution 6	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors of the Company 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		

(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)

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 2023.

.....
Signature of Member(s)/ Common Seal

* Strike out whichever is not desired

Contact No. : _____

Notes :

- All Members who intend to attend the Eighth AGM in person ARE REQUIRED TO PRE-REGISTER with Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**", or "**TIIH**") via TIIH Online website at <https://tiih.online> no later than Sunday, 5 February 2023 at 10.00 a.m. Kindly refer to the Administrative Details for the Eighth AGM.
- 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:
 - 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 48 Jalan Chow Thye, 10050 George Town, Pulau Pinang, Malaysia.
 - By electronic means via TIIH Online
The proxy form can be electronically lodged with the Company's Share Registrar via TIIH Online at <https://tiih.online>.
- There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
- 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.
- A member who has appointed a proxy/attorney/corporate representative to attend and vote at the Eighth AGM must request his/her proxy/attorney/corporate representative to submit their Pre-Register at TIIH Online website at <https://tiih.online>. Please follow procedures in the Administrative Details of this AGM.
- 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.
- Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Company's Registered Office at 48 Jalan Chow Thye, 10050 George Town, Pulau Pinang, Malaysia not less than 48 hours before the time of holding the AGM or adjourned AGM.
- 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 48 Jalan Chow Thye, 10050 George Town, Pulau Pinang, Malaysia.
- Last date and time for lodging proxy form is **Sunday, 5 February 2023 at 10:00 am**.
- 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.
- 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) 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 2023 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.
- All resolutions as set out in this notice of Eighth 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)
48, Jalan Chow Thye,
10050 George Town,
Pulau Pinang, Malaysia.

Please fold across the line and close



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.



(604) 684 6000



(604) 646 6799



www.aemulus.com

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