

**AEMULUS HOLDINGS BERHAD (“AEMULUS” OR THE “COMPANY”)**

- (I) PROPOSED ACQUISITION BY AEMULUS CORPORATION SDN. BHD. (“ACSB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF THE REMAINING 60% EQUITY INTEREST IN TANGMING SHENGSHI TECHNOLOGY (JIASHAN) CO. LTD. (“TMSS”) FOR A TOTAL CASH CONSIDERATION OF RENMINBI (“RMB”) 25,000,000 (“PROPOSED ACQUISITION”); AND**
- (II) PROPOSED INCREASE BY UP TO 60% OF THE ENLARGED REGISTERED CAPITAL OF TMSS FOR SUBSCRIPTION BY INVESTORS TO BE IDENTIFIED LATER SUBSEQUENT TO THE PROPOSED ACQUISITION (“PROPOSED INCREASE IN REGISTERED CAPITAL OF TMSS”)**

**(COLLECTIVELY, REFERRED TO AS THE “PROPOSALS”)**

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Unless otherwise stated the exchange rate of Ringgit Malaysia (“**RM**”) 0.6018 to RMB1.00, being Bank Negara Malaysia’s middle rate as at 5.00 p.m. on 17 September 2024 (being the latest practicable date prior to this announcement (“**LPD**”)), is used throughout this announcement. Certain amounts and percentage figures included herein have been subject to rounding adjustments.

**1. INTRODUCTION**

On behalf of the Board of Directors of Aemulus (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that:

- (i) ACSB had on 1 October 2024 entered into a conditional equity transfer agreement (“**ETA**”) with Tangren Microtelligence Technology (Jiashan) Co., Ltd. (唐人制造 (嘉善) 有限公司) (“**Tangren Microtelligence**”) for the Proposed Acquisition; and
- (ii) the Company proposes to undertake the Proposed Increase in Registered Capital of TMSS.

**2. DETAILS OF THE PROPOSALS**

**2.1 Proposed Acquisition**

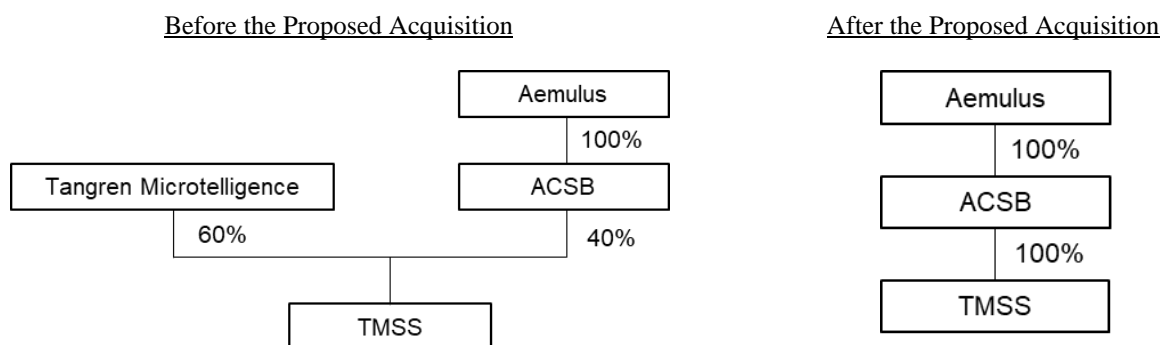
ACSB had on 27 August 2024 entered into a memorandum on the equity transfer with Tangren Microtelligence and TMSS to acquire the remaining 60% equity interest of TMSS from Tangren Microtelligence for a total purchase consideration of RMB25,000,000 (equivalent to approximately RM15.045 million) (“**Purchase Consideration**”) to be fully satisfied in cash. Subsequently, ACSB had on 1 October 2024 entered into the ETA with Tangren Microtelligence to formalise the Proposed Acquisition.

Pursuant to the ETA, ACSB shall acquire the equity interest in TMSS from Tangren Microtelligence free from all liens, charges and encumbrances and with full legal and beneficial title with all rights attaching thereto (including all dividends and distributions (if any) which may be declared, made or paid in respect thereof).

The salient terms of the ETA in relation to the Proposed Acquisition are set out in **Appendix I** of this announcement.

Upon completion of the Proposed Acquisition, the equity interest of ACSB in TMSS will increase from 40% to 100% and TMSS will become a wholly-owned subsidiary of ACSB, which in turn is a wholly-owned subsidiary of the Company. However, ACSB’s equity interest in TMSS will be diluted upon the implementation of the Proposed Increase in Registered Capital of TMSS as detailed in **Section 2.2** of this announcement.

For illustration purpose, the shareholding structures before and after the Proposed Acquisition are as follows:



### 2.1.1 Information on ACSB

ACSB was incorporated in Malaysia under the Companies Act 1965 on 3 December 2007 as a private limited company.

ACSB is principally involved in the design and development of automated test equipment (“ATE”), test and measurement instruments, and the provision of design consultancy and test-related services.

As at the LPD, the issued share capital of ACSB is RM122,151,945, comprising 258,478,775 ordinary shares.

As at the LPD, ACSB is a wholly-owned subsidiary of Aemulus, while the directors of ACSB are as follows:

| Name            | Designation |
|-----------------|-------------|
| Ng Sang Beng    | Director    |
| Yeoh Chee Keong | Director    |
| Wong Shee Kian  | Director    |

As at the LPD, ACSB has a 40%-owned associate company, which is TMSS, but does not have any subsidiary.

### 2.1.2 Information on Tangren Microtelligence

Tangren Microtelligence was incorporated under the laws of the People’s Republic of China (“China” or “PRC”) on 28 July 2020 as a limited liability company.

Tangren Microtelligence is principally engaged in the design and development of semiconductor equipment, sales of semiconductor equipment and instruments and the provision of design consultancy services.

As at the LPD, the registered capital of Tangren Microtelligence is RMB70,000,000.

As at the LPD, Tangren Microtelligence is a wholly-owned subsidiary of Tangren Microtelligence Technology (Ningbo) Co. Ltd. (唐人制造 (宁波) 有限公司), while the sole director of Tangren Microtelligence is Tang Liang (唐亮).

As at the LPD, Tangren Microtelligence has one subsidiary, which is TMSS.

### 2.1.3 Information on TMSS

TMSS was incorporated under the laws of the PRC on 18 August 2020 as a limited liability company.

TMSS is principally involved in the research and development, sale and development of semiconductor ATE and related software.

As at the LPD, the registered capital of TMSS is RMB41,666,700.

As at the LPD, the shareholders of TMSS are as follows:

| Name                    | Equity interest (%) |
|-------------------------|---------------------|
| Tangren Microtelligence | 60                  |
| ACSB                    | 40                  |

As at the LPD, the directors of TMSS are as follows:

| Name               | Designation |
|--------------------|-------------|
| Tang Liang (唐亮)    | Director    |
| Lai Zhi Ming (赖志明) | Director    |
| Ng Sang Beng       | Director    |

As at the LPD, TMSS has no subsidiary or associate company.

A summary of the financial information of TMSS is set out in **Appendix II** of this announcement.

### 2.1.4 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:

- (i) the audited net assets of TMSS as at 31 December 2023 of RMB29.68 million;
- (ii) assessment by Asia Equity Research Sdn Bhd (“**AER**”), the Independent Valuer engaged by the Company to evaluate the fairness of the Purchase Consideration. The fair value of 60% equity interest in TMSS as appraised by AER using the Free Cash Flow to Equity approach is in the range of RMB27.1 million to RMB30.2 million. The Purchase Consideration is lower than the fair value range as appraised by AER;
- (iii) the rationale for the Proposed Acquisition as set out in **Section 3.1** of this announcement; and
- (iv) the prospects of TMSS as set out in **Section 4.3** of this announcement.

### 2.1.5 Mode of settlement

Pursuant to the terms set out in the ETA, the Purchase Consideration shall be satisfied entirely in cash in the following manner:

| <b>Timing of settlement</b>   | <b>Amount in RMB'000</b> | <b>Equivalent amount in RM'000</b> |
|---|--------------------------|------------------------------------|
| Within 15 days after the satisfaction or waiver of all the Closing Conditions (as defined in <b>Appendix I</b> of this announcement) (" <b>First Installment</b> ") | 8,330                    | 5,013                              |
| Within 60 days from the payment date of the First Installment   | 8,335                    | 5,016                              |
| Within 120 days from the payment date of the First Installment  | 8,335                    | 5,016                              |
|   | <b>25,000</b>            | <b>15,045</b>                      |

### 2.1.6 Source of funding

Based on the unaudited consolidated financial statements of Aemulus and its subsidiary ("**Aemulus Group**" or the "**Group**") for the 9-month financial period ended ("**FPE**") 30 June 2024, the Group has cash and cash equivalents including deposits with licensed banks of approximately RM25.6 million as at 30 June 2024.

The Company raised approximately RM63.7 million by issuing 60,678,000 new ordinary shares in the Company ("**Shares**") at an issue price of RM1.05 per placement share from the private placement announced on 15 November 2021 ("**Private Placement 2021**"). The Private Placement 2021 was completed on 13 December 2021.

As at 30 June 2024, the Company has a balance proceeds of approximately RM15.8 million comprising RM7.0 million for future investments / acquisitions / collaborations and approximately RM8.8 million for the expansion of its production and engineering support floor space. The Board had on 12 January 2024 approved the extension of the timeframe for the utilisation of the proceeds raised from the Private Placement 2021 for another 24 months and 36 months, respectively.

The Company intends to fund the Purchase Consideration via remaining proceeds from the Private Placement 2021 earmarked for future investments / acquisitions / collaborations and internally-generated funds of the Group as follows:

| <b>Timing of settlement</b>                    | <b>Equivalent amount of Purchase Consideration in RM'000</b> |
|--|--|
| Remaining proceeds from Private Placement 2021 | 7,000  |
| Internally-generated funds                     | 8,045  |
|  | <b>15,045</b>  |

### 2.1.7 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by the Group arising from the Proposed Acquisition.

## 2.2 Proposed Increase in Registered Capital of TMSS

Upon completion of the Proposed Acquisition, TMSS will become a wholly-owned subsidiary of ACSB which in turn is a wholly-owned subsidiary of the Company.

The total assets of TMSS is approximately RMB103.5 million or RM66.8 million (based on the exchange rate of RM0.6458 to RMB1.00 as at 29 December 2023) for the audited financial year ended (“**FYE**”) 31 December 2023. Therefore, upon completion of the Proposed Acquisition, the total assets of TMSS is approximately 36.95% of the total assets of the Group of RM180.8 million for the audited FYE 30 September 2023, resulting in TMSS becoming a “principal subsidiary” within the meaning as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”), which is a subsidiary which accounts for 25% or more of the profit after tax or total assets employed of the Company based on the latest audited consolidated financial statements of the Company.

It is the intention of the Company to procure TMSS to increase its registered capital by up to 60% of the enlarged registered capital of TMSS for subscription by third party investor(s) to be identified later (“**Investor(s)**”) at cash consideration to be determined later subsequent to the completion of the Proposed Acquisition.

Pursuant to Rule 8.23(1) of the Listing Requirements, the Company must obtain its shareholders’ approval in a general meeting for the issue by TMSS (i.e., its principal subsidiary upon completion of the Proposed Acquisition) of shares or convertible securities or options that results or could potentially result in a material dilution of the Company’s equity interest in TMSS, whereby material dilution means a percentage reduction amounting to 25% or more. Therefore, the Proposed Increase in Registered Capital of TMSS is subject to the approval from the shareholders of the Company at a general meeting to be convened.

The Board has not determined the actual dilution of ACSB’s shareholding in TMSS and the total size of subscription by the Investor(s) (subject to the Minimum Capital Consideration as defined below) at this juncture which are dependent on factors such as, among others, equity participation required by the Investor(s) which is subject to negotiations between the Investor(s) and the Group, market conditions as well as amount of capital required by TMSS at the relevant point in time of implementation of the Proposed Increase in Registered Capital of TMSS.

In any event, the Board will ensure that the effective consideration for the equity interest in TMSS to be paid by the Investor(s) for the Proposed Increase in Registered Capital of TMSS is not lower than the proportionate amount of consideration based on a capital of at least RMB62.5 million for 60% of the enlarged registered capital of TMSS. The said amount of RMB62.5 million was determined after taking into consideration, among others, ACSB’s equity interest in TMSS will remain status quo before and after the Proposals (i.e., remain at 40% equity interest in TMSS) and the capital outlay by ACSB and the Investor(s) as detailed below:

|  | ACSB  | Investor(s)                                       | Total           |
|--|---|---|-----------------|
| Capital outlay   | RMB25.0 million <sup>(1)</sup>                    | RMB62.5 million <sup>(2)</sup>                    |                 |
| New capital in TMSS  | -   | RMB62.5 million                                   | RMB62.5 million |
| Final equity interest in TMSS  | 40%   | 60%   | 100%            |
| Value of entitlement to new capital in TMSS based on equity interest | 40% x RMB62.5 million<br>= <b>RMB25.0 million</b> | 60% x RMB62.5 million<br>= <b>RMB37.5 million</b> | RMB62.5 million |

Notes:

- (1) *Being the Purchase Consideration for the Proposed Acquisition.*
- (2) *Being the minimum capital to be injected by the Investor(s) for 60% of the enlarged registered capital of TMSS pursuant to the Proposed Increase in Registered Capital of TMSS.*

Based on the foregoing, for illustration purpose, the minimum capital consideration to be paid by the Investor(s) (“**Minimum Capital Consideration**”) for the various assumed levels of equity interest in TMSS to be subscribed by the Investor(s) are as follows:

| <b>Equity interest in TMSS<br/>(based on enlarged registered capital of TMSS)</b> | <b>Minimum Capital Consideration</b> |
|---|--------------------------------------|
| 15%   | RMB15,625,000                        |
| 30%   | RMB31,250,000                        |
| 45%   | RMB46,875,000                        |
| 60%   | RMB62,500,000                        |

Subject to the market conditions and negotiations between the Group and the Investor(s), the Proposed Increase in Registered Capital of TMSS may be implemented in a single tranche or multiple tranches within 12 months from the full payment of the Purchase Consideration for the Proposed Acquisition. The implementation of the Proposed Increase in Registered Capital of TMSS in multiple tranches would accord flexibility to the Group to procure suitable investor(s) to subscribe for the capital of TMSS from time to time. The Board will make the necessary announcement(s) to Bursa Securities in due course for the implementation of each tranche of the Proposed Increase in Registered Capital of TMSS.

The capital to be raised by TMSS via the Proposed Increase in Registered Capital of TMSS is intended for the funding requirements of TMSS’ business operations and expansion, which may include but not limited to the following:

- (i) working capital for TMSS’ operations such as, among others, purchase of supplies and raw materials as well as staff costs, to cater for contracts/orders from TMSS’ existing and new customers. This will allow TMSS to fund its working capital without relying on capital or financing from the Group;
- (ii) establishing the research and development function within TMSS to enhance TMSS’ product offerings by improving the existing products of TMSS and developing new products for TMSS’ customers in order to remain competitive in the ATE market in China; and
- (iii) capital expenditure to increase the production capacity of TMSS which include the acquisitions of, among others, testing machines, burn-in system and additional manufacturing floorspace.

### **3. RATIONALE AND BENEFITS OF THE PROPOSALS**

#### **3.1 Proposed Acquisition**

The Group is principally involved in the design and development of ATE, test and measurement instruments, and the provision of design consultancy and test-related services.

In 2020, a joint venture agreement was entered by ACSB with Tangren Microtelligence to form TMSS, a joint venture company for the purpose of establishing a long-term business partnership in China. TMSS was successfully registered on 18 August 2020, with TMSS becoming a 40%-owned associate company of the Group. In 2022, ACSB entered into a capital injection agreement with Tangren Microtelligence and TMSS to increase the registered capital of TMSS by RMB25 million, with ACSB contributing RMB10 million to the capital of TMSS in cash in proportion of its equity interest in TMSS. TMSS remained as a 40%-owned associate company of the Group after the capital injection.

TMSS has been recording losses after taxation of RMB2.91 million and RMB6.49 million for the FYE 31 December 2022 and 31 December 2023 respectively. The new initiative of the Group to improve the financial performance of TMSS is to look for new investor(s) in TMSS and to have an independent management in TMSS.

As at the LPD, ACSB and Tangren Microtelligence own 40% and 60% equity interest in TMSS, respectively. The Proposed Acquisition provides an opportunity for ACSB to acquire the remaining 60% equity interest in TMSS at the Purchase Consideration which is below the range of fair value assessed by AER. The Proposed Acquisition will enable the Group to gain full control in TMSS to strategically plan out the business direction of TMSS by having the flexibility to identify suitable investor(s) for TMSS which are aligned with the Group's strategic plans and objectives in respect of TMSS' operations in the PRC, without the influence of Tangren Microtelligence.

### **3.2 Proposed Increase in Registered Capital of TMSS**

The Proposed Increase in Registered Capital of TMSS, which may be undertaken in multiple tranches, would accord flexibility to the Group to procure suitable investors to subscribe for the capital of TMSS and provide additional funding for the funding requirements of TMSS' working capital, research and development expenses and/or capital expenditure as detailed in **Section 2.2** of this announcement from time to time over the 12-month period from the full payment of the Purchase Consideration for the Proposed Acquisition. On the selection of the Investor(s), the Group will consider factors such as, among others, familiarity in semiconductor ATE industry in China, ability to widen the customer base of TMSS, assisting in the localisation of certain manufacturing inputs and/or processes as well as contributing to the growth and expansion plans of TMSS.

## **4. INDUSTRY OUTLOOK AND PROSPECTS**

### **4.1 Overview and outlook of the economy of China**

According to preliminary estimation, the gross domestic product (“GDP”) in 2023 was 126,058.2 billion yuan, up by 5.2 percent over the previous year. Of this total, the value added of the primary industry was 8,975.5 billion yuan, up by 4.1 percent over the previous year, that of the secondary industry was 48,258.9 billion yuan, up by 4.7 percent, and that of the tertiary industry was 68,823.8 billion yuan, up by 5.8 percent. The value added of the primary industry accounted for 7.1 percent of the GDP; that of the secondary industry accounted for 38.3 percent; and that of the tertiary industry accounted for 54.6 percent.

*(Source: Press Release on 29 February 2024 – “Statistical Communiqué of the People's Republic of China on the 2023 National Economic and Social Development”, National Bureau of Statistics of China)*

According to preliminary estimates, the GDP in the first half of 2024 reached 61,683.6 billion yuan, up by 5.0 percent year on year at constant price. By industry, the value added of the primary industry was 3,066.0 billion yuan, up by 3.5 percent year on year; that of the secondary industry was 23,653.0 billion yuan, up by 5.8 percent; and that of the tertiary industry was 34,964.6 billion yuan, up by 4.6 percent. By quarter, the GDP for the first quarter increased by 5.3 percent year on year and for the second quarter 4.7 percent. The GDP for the second quarter increased by 0.7 percent quarter on quarter.

*(Source: Press Release on 15 July 2024 – “National Economy was Generally Stable with Steady Progress in the First Half Year”, National Bureau of Statistics of China)*

Economic activity on the demand side was largely driven by steady private consumption, though its growth was limited by low consumer confidence and the decline in asset prices. High precautionary savings after the pandemic are weighing on private consumption. Overall fixed-asset investment grew at 3% in 2023 reflecting the continuing adjustment in the real estate sector, but with infrastructure and manufacturing growing at a moderate but steady pace. Export and import growth picked up in the first quarter of 2024, both growing at about 5% following a weak 2023 amid subdued global demand. The manufacturing sector is showing signs of recovery, with purchasing managers' index (PMI) data of 51.1 in March 2024, signalling sustained increases in both output and new orders. Growth momentum in China will ease somewhat this year but will likely reach close to the target of around 5%.

*(Source: OECD (2024), “Economic Outlook for Southeast Asia, China and India 2024: Developing amid Disaster Risks”, OECD Publishing)*

## 4.2 Overview and outlook of ATE industry in China

ATE refers to computerised apparatus or solutions designed to evaluate and validate the performance of electronic devices, components, or systems. Commonly utilised in manufacturing and quality control settings, ATE allow for efficient and precise testing of various products such as semiconductors, printed circuit boards, sensors, and more.

The China ATE market was valued at United States Dollar (“USD”) 1.86 billion in 2023 and is forecast to reach USD1.99 billion in 2024 growing at a compounded annual growth rate (“CAGR”) of 7.8% to reach USD2.70 billion in 2028. The expansion of the ATE market is reliant on the performance of various end-user markets. China's semiconductor industry ranks among the largest globally, and the increasing complexity of semiconductors is driving manufacturers to adopt advanced ATE. The testing of semiconductors is essential for ensuring high yields and reliability. China is also a major producer and consumer of consumer electronics, which undergo extensive testing during the manufacturing process. ATE is therefore crucial in ensuring the quality of products such as smartphones, tablets, computers, and wearables. China has also emerged as the largest automotive manufacturer in the world, accounting for 32.2% of global production in 2023. This has led to rising demand for automotive electronics testing. China has also been actively upgrading its information and communication technology infrastructure, with notable efforts accelerating in recent years. The country first deployed its fifth-generation (“5G”) telecommunications network in 2019, and aims to extend 5G mobile network and optical fiber network to all country and township in the border areas of the country by 2025. The country has also been investing heavily in cloud computing and data centre to support its digital economy, artificial intelligence development and internet services. This is expected to drive demand for ATE for telecommunication devices.

The ATE market in China consists of both foreign players as well as homegrown companies. The market is currently still dominated by foreign multinational companies due to their advanced technologies, established reputation, as well as wide range of product offerings. These international companies also tend to serve a wide range of end-user industries including semiconductor, telecommunications, automotive and aerospace. Some of these multinational companies include Advantest Corporation, Teradyne Incorporated, Cohu Incorporated, Keysight Technologies Incorporated, as well as National Instruments Corporation. There has been a trend of domestic ATE companies gaining momentum in recent years due to rising demand for homegrown technology and favourable government policies aimed at reducing dependency on foreign suppliers and achieving technology self-reliance. These local companies generally tend to focus on provision of more cost-effective solutions tailored to the specific needs of local industries, mainly in the semiconductor and electronics sectors. Some of these local Chinese ATE companies include Hangzhou Changchuan Technology Co., Ltd and Beijing Huafeng Test & Control Technology Co., Ltd. Along with expansion of the Chinese semiconductor and electronics sectors, smaller domestic companies have also been entering the ATE market. These companies tend to focus on niche area such as emerging technologies like 5G infrastructure and autonomous vehicle components.

*(Source: Independent market research report dated 30 September 2024 prepared by Protégé Associates Sdn Bhd)*

## 4.3 Prospects of TMSS

In 2020, a joint venture agreement was entered by ACSB with Tangren Microtelligence to form TMSS, a joint venture company for the purpose of establishing a long-term business partnership in China. TMSS was successfully registered on 18 August 2020, with TMSS becoming a 40%-owned associate company of the Group. In 2022, ACSB entered into a capital injection agreement with Tangren Microtelligence and TMSS to increase the registered capital of TMSS by RMB25 million, with ACSB contributing RMB10 million to the capital of TMSS in cash in proportion of its equity interest in TMSS. TMSS remained as a 40%-owned associate company of the Group after the capital injection. The capital injection is a form of joint venture between the Group and Tangren Microtelligence via TMSS with joint management initiatives whereby the Group contributes technology and products whereas Tangren Microtelligence contributes market access and business prospects in the semiconductor market in China.



TMSS recorded losses after taxation of RMB2.91 million and RMB6.49 million for the FYE 31 December 2022 and 31 December 2023 respectively. The new initiative of the Group to improve the financial performance of TMSS is to look for new investor(s) in TMSS and to have an independent management in TMSS. The intended plan for the joint-venture of TMSS with Tangren Microtelligence was to have the Group contributes technology and products whereas Tangren Microtelligence to contribute market access and business in China.

The management of TMSS is based on shared management model between the two shareholders of TMSS, namely the Group and Tangren Microtelligence. The partnership model and decision making were restrictive, in particular, the limited access to fund/capital for TMSS. Furthermore, Tangren Microtelligence is more inclined towards semiconductor assembly rather than semiconductor test.

With the Proposals, the Group will be able to identify and collaborate with Investor(s) who are able to share the same strategic objectives and direction to drive the growth of TMSS and ensure localisation efforts are undertaken in favour and in the best interests of TMSS as well as the Group.

TMSS shall expand gradually and carefully in China by establishing several key functions under the management of TMSS such as finance, procurement and research and development which are currently assisted by Tangren and the Group. This shall allow TMSS to be independent from its holding company in respect of its operations in China which in turn will help TMSS to improve its cost efficiencies for it to be more competitive in China ATE market.

Premised on the above, the Board is optimistic that the improved partnership in TMSS and the anticipated expansion of ATE market in China based on the outlook of the ATE market in China as detailed in **Section 4.2** of this announcement will contribute positively to TMSS' financial performance and growth which in turn are expected to enhance the prospects of the Group.

## **5. RISK FACTORS**

### **5.1 Acquisition risk**

The Proposed Acquisition is expected to contribute positively to the Group as stated in **Section 4.3** of this announcement. However, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the Group will be able to generate sufficient revenue and earnings therefrom to offset the associated acquisition costs incurred. There is also no assurance that the Group is able to maintain or improve the quality of services and/or products currently offered by TMSS.

In mitigating such risks, the Group will oversee the daily operations and management of TMSS to take advantage of the prospects of TMSS as set out in **Section 4.3** of this announcement.

### **5.2 Non-completion risk**

In the event any of the Closing Conditions of the ETA (as defined and set out in **Appendix I** of this announcement) is not fulfilled or waived (as the case may be), the Proposed Acquisition may be delayed or terminated, and the potential benefits arising therefrom may not materialise. Even after completing the Proposed Acquisition, there is no assurance that the Company is able to secure third party investor(s) for the Proposed Increase in Registered Capital of TMSS. In this respect, the Board seeks to limit such risk and will take all reasonable steps to comply with the relevant Closing Conditions so as to be able to complete the Proposed Acquisition and to seek for suitable investor(s) to implement the Proposed Increase in Registered Capital of TMSS.

### **5.3 Political, economic and regulatory risk**

The Group's financial and business prospects may be materially affected by any changes in the economic, political and regulatory environment in China. Such risks include, but are not limited to, changes in political leadership, expropriation, nationalisation, war, riots, economic uncertainties, adverse changes in tax laws and controls of foreign ownership, repatriation of profits and dividends and foreign exchange regulations. There can be no certainty that any adverse developments in the economic, political and regulatory requirement of China will not have a material adverse effect on the consolidated financial results of the Group.

While acknowledging that the Company may not be able to prevent some of the abovementioned events from occurring, the Group has adopted and will continue to adopt a proactive approach in keeping abreast of political, economic and regulatory developments of China.

#### 5.4 Foreign exchange risk

In the event the Proposed Increase in Registered Capital of TMSS is not implemented or implemented but does not result in a dilution of ACSB's equity interest in TMSS to decrease below 50%, TMSS may remain a subsidiary of ACSB, which in turn is a wholly-owned subsidiary of the Company.

The financial results of TMSS are denominated in RMB. In such event, as the financial results of TMSS will be consolidated with the financial results of the Company which is reported in RM upon completion of the Proposed Acquisition, any adverse fluctuation of RMB against the RM may have an impact on the Company's financial performance. Notwithstanding the above, the exchange translation on consolidation is only an accounting entry for the purpose of consolidating the enlarged Aemulus' financial results as at a particular date.

## 6. EFFECTS OF THE PROPOSALS

### 6.1 Share capital and substantial shareholders' shareholdings

The Proposals are not expected to have any effect on the share capital and shareholdings of the substantial shareholders of the Company due to the following:

- (i) the Proposed Acquisition will be satisfied by entirely in cash; and
- (ii) the Proposed Increase in Registered Capital of TMSS will only involve the subscription of registered capital in TMSS by the Investor(s).

### 6.2 Net assets ("NA") per share and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group based on the audited consolidated financial statements of the Company as at 30 September 2023 are as follows:

|  | (Audited)<br>As at 30<br>September 2023<br>(RM) | (I)<br>Subsequent events<br>up to the LPD <sup>(1)</sup><br>(RM) | (II)<br>After (I) and the<br>Proposals<br>(RM) |
|--|---|--|--|
| Share capital  | 155,760,677                                     | 156,525,415  | 156,525,415                                    |
| Merger deficit reserve   | (12,954,053)                                    | (12,954,053)   | (12,954,053)                                   |
| RSP reserve  | 584,874   | 144,811  | -  |
| Exchange translation reserve                                       | 23,523  | 23,523   | 23,523   |
| Fair value reserve   | (356,424)                                       | (356,424)  | (356,424)                                      |
| Accumulated losses   | (7,769,155)                                     | (7,769,155)  | (8,219,155) <sup>(2)</sup>                     |
| <b>NA attributable to the owners of the Company / Total equity</b> | <b>135,289,442</b>                              | <b>135,614,117</b>   | <b>135,019,306</b>                             |
| No. of Shares in issue   | 669,384,347                                     | 671,338,747  | 671,338,747                                    |
| NA per Share <sup>(3)</sup> (RM)                                   | 0.20  | 0.20   | 0.20   |
| Total borrowings (RM)  | 36,682,858                                      | 36,682,858   | 36,682,858                                     |
| Gearing (times)  | 0.27  | 0.27   | 0.27   |

Notes:

- (1) After taking into consideration the following subsequent events:

- (a) issuance of 690,300 Shares pursuant to the vesting of Shares under the restricted share plan of the Company (“RSP”) at an issue price of RM0.4042 on 2 October 2023;
- (b) issuance of 25,300 Shares pursuant to the vesting of Shares under the RSP at an issue price of RM0.3980 on 10 October 2023;
- (c) issuance of 1,208,800 Shares pursuant to the vesting of Shares under the RSP at an issue price of RM0.3851 on 20 June 2024; and
- (d) issuance of 30,000 Shares pursuant to the vesting of Shares under the RSP at an issue price of RM0.3380 on 2 August 2024.
- (2) After deducting the estimated expenses to be incurred for the Proposals of approximately RM0.45 million.
- (3) Computed based on NA attributable to the owners of the Company divided by the number of Shares in issue.

### 6.3 Earnings and earnings per Share (“EPS”)

For illustration purposes only, based on the audited consolidated financial statements of the Company for the FYE 30 September 2023 and assuming that the Proposals had been effected on 1 October 2022, the pro forma effects of the Proposals on the consolidated earnings of the Company and EPS or losses and losses per Share (“LPS”), as the case may be, are as follows:

|  | (Audited)<br>As at<br>30 September<br>2023<br>(RM) | (I)<br>After the<br>Proposed<br>Acquisition<br>(RM) | (II)<br>After (I) and the<br>Proposed Increase<br>in Registered<br>Capital of TMSS <sup>(1)</sup><br>(RM) |
|--|--|---|---|
| Loss after tax (“LAT”) attributable to the owners of the Company                             | (54,655,934)                                       | (54,655,934)  | (55,082,849)  |
| <b>Less:</b>   |  |   |   |
| - Estimated expenses in relation to the Proposals  | -  | (450,000)   | -   |
| - Share of profit of TMSS, net of tax, for the FPE 30 September 2023                         | -  | (15,390)  | -   |
| - De-consolidation of profit after tax of TMSS for the FPE 30 September 2023                 | -  | -   | (38,475)  |
| <b>Add:</b>  |  |   |   |
| - Consolidation of profit after tax of TMSS for the FPE 30 September 2023                    | -  | 38,475  | -   |
| - Share of profit of TMSS, net of tax, for the FPE 30 September 2023                         | -  | -   | 15,390  |
| <b>Pro forma LAT attributable to the owners of the Company for the FYE 30 September 2023</b> | <b>(54,655,934)</b>                                | <b>(55,082,849)</b>                                 | <b>(55,105,934)</b>   |
| No. of Shares in issue   | 669,384,347  | 669,384,347   | 669,384,347   |
| LPS (sen)  | (8.17)   | (8.23)  | (8.23)  |

Note:

- (1) Assuming that the Proposed Increase in Registered Capital of TMSS is implemented for 60% of the enlarged registered capital of TMSS.

#### **6.4 Convertible securities**

As at the LPD, save for the new Shares to be vested under the RSP, the Company does not have any convertible securities.

#### **7. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained:

- (i) shareholders of Aemulus at an extraordinary general meeting to be convened; and
- (ii) approval(s)/consent(s) from any other relevant authorities and/or parties, if required.

#### **8. HIGHEST PERCENTAGE RATIO APPLICABLE**

Pursuant to Rule 10.02(g) of the Listing Requirements, the highest percentage ratios applicable to the Proposed Acquisition and Proposed Increase in Registered Capital of TMSS are 36.97% respectively, based on the audited total assets of TMSS as at 31 December 2023 against Aemulus' audited total assets as at 30 September 2023.

However, in view that the Proposed Increase in Registered Capital of TMSS will be implemented within 12 months from the full payment of the Purchase Consideration for the Proposed Acquisition and pursuant to Rule 10.12(2)(b) of the Listing Requirements, the highest percentage ratios applicable to the Proposals shall be aggregated and treated as one transaction. Hence, the highest percentage ratio applicable to the Proposals shall be 73.94% and as such, the Proposals are subject to the approval from the shareholders of the Company.

#### **9. CONDITIONALITY OF THE PROPOSALS**

The Proposed Increase in Registered Capital of TMSS is conditional upon the completion of Proposed Acquisition but not vice versa. The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

#### **10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the directors, major shareholders and/or chief executive of the Company as well as persons connected with them have any interest, direct or indirect, in the Proposals.

#### **11. POLICIES ON FOREIGN INVESTMENTS, REPATRIATION OF PROFITS AND TAXATION IN THE PRC**

According to the Company Law of the PRC, there is no limitation applicable to the right of a foreign shareholder to own equity interest in the registered capital of TMSS, nor is there any restriction on a foreign shareholder in exercising the right to vote held by it in TMSS pursuant to its equity interest in the registered capital of TMSS.

Based on the business scope of TMSS, there is no restriction on ACSB, as a foreign investor, from being one and the sole shareholder of TMSS under the PRC laws.

When remitting capital gains with respect to TMSS from China to ACSB, no matter by way of dividends distribution, sales proceeds or liquidation proceeds, TMSS and ACSB should go through certain procedures, specifically:

(A) For dividend distribution:

Following procedures shall be taken to remit dividends from TMSS to ACSB:

- (1) After any enterprise income tax applicable to TMSS has been fully paid, and the allocations to statutory reserves (i.e. at least 10% of respective profits each year until the aggregate amount of such fund reaches 50% of its registered capital) by TMSS have been duly made, TMSS passes internal resolutions to approve the dividends distribution in accordance with its Articles of Association and applicable laws;
- (2) TMSS withholds 10% enterprise income tax for ACSB arising from the dividends distribution and obtains a tax clearance certificate; and
- (3) TMSS applies to the bank for foreign exchange conversion from RMB to other currency (if required by ACSB) and remittance of dividends to ACSB. For such conversion and remittance, the bank may request TMSS to provide certain documents to approve the authenticity and legality of the transaction, e.g. the internal resolutions and tax clearance certificate.

(B) For sales proceeds (in the event that ACSB sells its equity interest in TMSS, no matter acquired before or during the Proposed Acquisition, in the future):

Following procedures shall be taken to remit sales proceeds to ACSB with respect to future equity transfer of TMSS (if any):

- (1) ACSB and the future transferee sign an equity transfer agreement;
- (2) TMSS completes the change registration with the PRC's State Administration of Market Regulation ("SAMR") to reflect its new shareholding structure;
- (3) TMSS updates its registration record with the PRC's State Administration of Foreign Exchange of the PRC ("SAFE") to reflect its new shareholding structure, or cancels its registration record with SAFE if TMSS becomes a pure domestic company after the equity transfer;
- (4) The future transferee withholds 10% enterprise income tax for ACSB with respect to ACSB' capital gains (if any) arising from the sales proceeds and obtains a tax clearance certificate; and
- (5) The future transferee applies to the bank for foreign exchange conversion from RMB to other currency (if required by ACSB) and remittance of sales proceeds to ACSB. For such conversion and remittance, the bank may request the future transferee to provide certain documents to approve the authenticity and legality of the transaction, e.g. the equity transfer agreement, the SAMR registration certificate, the tax clearance certificate and the updated SAFE registration certificate.

(C) For liquidation proceeds

Following procedures shall be taken to remit liquidation proceeds from TMSS to ACSB:

- (1) TMSS passes internal resolutions to approve the liquidation in accordance with its Articles of Association and applicable laws;
- (2) TMSS withholds 10% enterprise income tax for ACSB with respect to its capital gains arising from the liquidation proceeds (if any) and obtains a tax clearance certificate;
- (3) TMSS completes the liquidation registration with SAMR;
- (4) TMSS cancels its registration with SAFE; and

- (5) TMSS applies to the bank for foreign exchange conversion from RMB to other currency (if required by ACSB) and remittance of liquidation proceeds (if any) to ACSB. For such conversion and remittance, the bank may request TMSS to provide certain documents to approve the authenticity and legality of the transaction, e.g. the internal resolutions, the tax clearance certificate, the SAMR deregistration certificate and the SAFE deregistration certificate.

According to the Enterprise Income Tax Law of the PRC and the Implementing Regulation of the PRC Enterprise Income Tax Law, a non-resident enterprise that has no office or premises established in the PRC is taxed on its PRC-sourced income at a standard withholding enterprise income tax at a rate of 10%. In this regard, capital gains (i.e., dividends, sales proceeds and liquidation proceeds) to be received by ACSB (i.e., a non-PRC tax resident) originated from TMSS (i.e., PRC-sourced) shall be subject to 10% withholding enterprise income tax.

## **12. DIRECTORS' STATEMENT**

The Board, after having considered all aspects of the Proposals including but not limited to the salient terms of the ETA, basis and justification for the Purchase Consideration, rationale, benefits and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

## **13. ESTIMATED TIMEFRAME FOR THE COMPLETION**

Barring any unforeseen circumstances and subject to all relevant approvals set out in **Section 7** of this announcement being obtained and the fulfilment of all the Closing Conditions set out in the ETA, the Board expects the Proposed Acquisition to be completed in the 1<sup>st</sup> quarter of 2025.

## **14. ADVISER**

TA Securities has been appointed as the Principal Adviser for the Proposals.

## **15. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the ETA is available for inspection at the registered office of the Company at Suite 16.06, MWE Plaza, No. 8, Lebuq Farquhar, 10200 George Town, Pulau Pinang during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 1 October 2024.

**SALIENT TERMS OF THE ETA**

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The salient terms of the ETA are as follows:

**1. Purchase Consideration and manner of payment**

- (i) ACSB and Tangren Microtelligence (collectively referred to as “**Parties**”, or individually referred to as “**Party**”) agree that ACSB shall pay a total consideration of RMB25,000,000 to Tangren Microtelligence for purchasing its 60% equity interest in TMSS (“**Target Equity Interest**”) (“**Purchase Consideration**”).
- (ii) The Purchase Consideration shall be paid in three installments with the following schedules:
  - (a) Within 15 days from the date on which the ETA becomes effective and ACSB verifies and confirms in writing that all the Closing Conditions (as defined below) set forth in Section 2(i) below have been satisfied or waived, ACSB shall pay the first installment of the Purchase Consideration to Tangren Microtelligence in the amount of RMB8,330,000 (“**First Installment**”);
  - (b) Within 60 days from the payment date of the First Installment, ACSB shall pay the second installment of the Purchase Consideration to Tangren Microtelligence in the amount of RMB8,335,000;
  - (c) Within 120 days from the payment date of the First Installment, ACSB shall transfer the third installment of the Purchase Consideration to Tangren Microtelligence in the amount of RMB8,335,000;
  - (d) ACSB shall ensure that the Purchase Consideration shall be paid in accordance with the schedule provided in the ETA. If the payment from ACSB delays without the written consent by Tangren Microtelligence, from the due date, ACSB agrees to pay to Tangren Microtelligence additional interest of the overdue amount at the one-year Loan Prime Rate (LPR) published by China National Interbank Funding Center at that time for each day delayed as liquidated damages.

**2. Closing Conditions**

- (i) The Parties agree that the payment obligation of ACSB under the ETA shall be subject to the satisfaction of the following conditions (the “**Closing Conditions**”), unless waived (conditionally or unconditionally) by ACSB with written confirmation:
  - (a) all internal approvals by Tangren Microtelligence, ACSB and TMSS necessary for the completion of this equity transfer have been obtained, and all such approvals remain effective as of the Closing Date (as defined in Section 3(i) of this appendix);
  - (b) all transaction documents necessary for the completion of this equity transfer, including but not limited to the ETA, and the resolutions of the shareholders' meeting and the board of TMSS, have been duly executed by all relevant parties;
  - (c) Tangren Microtelligence has opened a bank account which can be used to legally receive the Purchase Consideration from ACSB;
  - (d) the representations and warranties made by Tangren Microtelligence in material respects are true, accurate, complete and not misleading as of the execution date and the Closing Date;
  - (e) Tangren Microtelligence has performed and complied in all material respects with all agreements, covenants, obligations and conditions contained in the ETA that are required to be performed or complied with by it at or prior to the Closing Date;
  - (f) there is no applicable law in effect that renders illegal or prevents or prohibits the consummation of the transactions contemplated by the ETA.

**SALIENT TERMS OF THE ETA (Cont'd)**

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- (ii) Each Party shall use its best endeavors to procure such Party and TMSS to complete their internal approvals necessary for the completion of this equity transfer in accordance with the articles of association of such Party and TMSS as soon as possible, including but not limited to procuring the resolutions of the shareholders or the board of directors.

**3. Closing and handover**

- (i) Based on common trade practices and the principle of good faith, closing shall occur within fifteen days after ACSB verifies and confirms in writing the satisfaction or waiver of all the Closing Conditions set forth in Section 2. The date on which Tangren Microtelligence receives the payment of the First Installment from ACSB shall be the closing date (“**Closing Date**”).
- (ii) On the Closing Date, Tangren Microtelligence shall hand over all relevant documents, including the certificates, seals, account books, U-shields, existing contracts and other materials and documents of TMSS (including its branch) to ACSB to complete the transfer of the Target Equity Interest. The detailed handover list is set out in the ETA.
- (iii) Tangren Microtelligence shall deliver the originals of the following documents to ACSB on the Closing Date:
  - (a) The duly executed removal letters of the two directors and supervisor of TMSS nominated by Tangren Microtelligence, in the content as specified by ACSB in writing in advance;
  - (b) The shareholders resolutions and board resolutions signed by Tangren Microtelligence and/or two directors of TMSS nominated by Tangren Microtelligence, in the content as specified by ACSB in writing in advance, which shall include the following matters:
    - (aa) Approving this equity transfer; and
    - (bb) Approving the assignment of two directors of TMSS nominated by Tangren Microtelligence.
  - (c) The other application documents (including the standard application form to be submitted to the competent market regulation administration) for the change registration with the competent market regulation administration in relation to the matters provided in Section 3(v) hereof, which shall be signed by Tangren Microtelligence or the two directors of TMSS nominated by Tangren Microtelligence.
- (iv) The Parties acknowledge and agree that, ACSB shall become the legal owner of the Target Equity Interest and shall be entitled to all shareholder’s rights corresponding to the Target Equity Interest since the Closing Date. On the Closing Date, TMSS shall deliver to ACSB its register of shareholders reflecting ACSB’s legal ownership of the Target Equity Interest.
- (v) Within 10 days from the Closing Date, the Parties shall jointly cooperate (led by TMSS and ACSB and cooperated by Tangren Microtelligence) to submit relevant documents to the competent market regulation administration for the registration of this equity transfer, and change of directors, supervisor and legal representative of TMSS, and for the filing of the new articles of association of TMSS.
- (vi) Within 120 days from the Closing Date, TMSS shall move out from its current business place and complete the registration for changing its registered address.



**SALIENT TERMS OF THE ETA (Cont'd)**

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- (vii) The Parties acknowledge that as of the Closing Date, the joint venture contract entered into by and between Tangren Microtelligence Technology (Ningbo) Co., Ltd. and ACSB in relation to TMSS dated 10 April 2020, along with its supplementary agreement entered into by and among Tangren Microtelligence, ACSB and Tangren Microtelligence Technology (Ningbo) Co., Ltd. dated 3 December 2020 (collectively the “**Joint Venture Contract**”), shall be early terminated, and there is no existing or potential dispute or controversy among the Parties under the Joint Venture Contract. Neither Party shall claim for any right, obligation or assertion under the Joint Venture Contract.

**4. Termination Events**

“**Force Majeure**” means an objective event that is unforeseeable, unavoidable and insurmountable at the time of the execution of the ETA causing the failure to perform the ETA as agreed, which is not due to the fault or negligence of any affected Party (any Party affected by Force Majeure being referred to as the “**Affected Party**”). Force Majeure includes, but is not limited to, the following events:

- (a) fires, floods, storms, snowstorms, hurricanes, earthquakes or epidemic;
- (b) war, revolution, terrorism or any other hostile act;
- (c) nationwide industrial labor disputes or strikes (not solely involving employees of the Affected Party); and
- (d) governmental acts, such as promulgation of any laws, rules, regulations, directives or orders by governmental departments or any organizations governing the Affected Party.
- (i) If a Force Majeure event continues for a period of 90 days after occurrence, and during such period the Affected Party is still unable to perform its material obligations under the ETA, then (1) if the change registration of this equity transfer has not been completed yet, either Party may terminate the ETA at any time or at a time otherwise agreed by the Parties and shall not be held liable for breach of contract. From the date of termination, Tangren Microtelligence shall refund the Purchase Consideration paid by ACSB. If the Joint Venture Contract is early terminated at the time of termination of the ETA, the Joint Venture Contract shall resume in effect and the Parties shall be liable for the fees arising from the above matters (including the taxes borne by the Parties as required by law respectively) respectively; and (2) if the change registration of this equity transfer has been completed already, both parties shall not be liable for breach of contract, and may separately agree on the time of payment of the unpaid Purchase Consideration due to Force Majeure event.
- (ii) After the ETA enters into force, any Party in breach of the ETA shall compensate the non-breaching Party all their losses arising therefrom, including the fees for mitigating the losses, attorney fees, litigation fees, etc.
- (iii) Where any Party is in breach of the ETA, and such breach results in the impossibility to perform the ETA or such Party, after being notified by the non-breaching Party, fails to rectify such breach within the period as required by the non-breaching Party, the non-breaching Party is entitled to terminate the ETA. From the date of termination, Tangren Microtelligence shall refund the Purchase Consideration paid by ACSB. If the change registration of this equity transfer is completed at the time of termination, ACSB shall, after receiving the refunded Purchase Consideration, cooperate with Tangren Microtelligence to register the Target Equity Interest back to Tangren Microtelligence. The breaching Party shall be liable for all the fees arising from the above matters (including the taxes borne by the non-breaching Party as required by law). If the Joint Venture Contract is early terminated at the time of termination of the ETA, the Joint Venture Contract shall resume in effect. Meanwhile, if the non-breaching Party terminates the ETA, the breaching Party shall compensate the non-breaching Party all the losses arising from such breach.

**SUMMARY FINANCIAL INFORMATION OF TMSS**

A summary of the financial information of TMSS based on its audited financial statements for the past 3 FYEs 31 December 2021 to 31 December 2023, which were prepared based on China GAAP (generally accepted accounting principles), is set out below:

|                          | <b>Audited</b>              |                             |                             |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|
|                          | <b>FYE 31 December 2021</b> | <b>FYE 31 December 2022</b> | <b>FYE 31 December 2023</b> |
|                          | <b>RMB</b>                  | <b>RMB</b>                  | <b>RMB</b>                  |
| Revenue                  | 19,602,552                  | 20,678,872                  | 13,372,883                  |
| Operating profit/(loss)  | 1,061,260                   | (2,645,908)                 | (6,487,717)                 |
| Profit/(Loss) before tax | 1,032,905                   | (2,661,982)                 | (6,490,426)                 |
| Profit/(Loss) after tax  | 1,023,575                   | (2,909,486)                 | (6,490,426)                 |
| <br>                     |                             |                             |                             |
| Total assets             | 43,409,590                  | 105,255,721                 | 103,507,411                 |
| Total liabilities        | 29,433,572                  | 69,189,189                  | 73,831,475                  |
| Total equity / NA        | 13,976,018                  | 36,066,532                  | 29,675,936                  |
| <br>                     |                             |                             |                             |
| Total borrowings         | -                           | -                           | -                           |
| Gearing (times)          | -                           | -                           | -                           |

**Commentaries:****FYE 31 December 2023 vs FYE 31 December 2022**

TMSS' revenue decreased by approximately RMB7.31 million or 35.35% from RMB20.68 million in the FYE 31 December 2022 to RMB13.37 million in the FYE 31 December 2023 mainly due to lower demand from TMSS' customers amid the downturn in semiconductor industry globally in the FYE 31 December 2023.

TMSS' loss before tax increased by approximately RMB3.83 million or 143.99% from RMB2.66 million in the FYE 31 December 2022 to RMB6.49 million in the FYE 31 December 2023 mainly due to the lower revenue in the FYE 31 December 2023 as detailed above. In view of the foregoing, TMSS' loss after tax increased by approximately RMB3.58 million or 123.02% from RMB2.91 million in the FYE 31 December 2022 to RMB6.49 million in the FYE 31 December 2023.

**FYE 31 December 2022 vs FYE 31 December 2021**

TMSS' revenue increased by approximately RMB1.08 million or 5.49% from RMB19.60 million in the FYE 31 December 2021 to RMB20.68 million in the FYE 31 December 2022 mainly due to higher demand from TMSS' customers for radio frequency market segment in the FYE 31 December 2022.

TMSS recorded a loss before tax of approximately RMB2.66 million in the FYE 31 December 2022 as compared to a profit before tax of approximately RMB1.03 million in the FYE 31 December 2021 mainly due to higher operating expenses recorded in the FYE 31 May 2022. In view of the foregoing, TMSS recorded a loss after tax of approximately RMB2.91 million in the FYE 31 December 2022 as compared to a profit after tax of RMB1.02 million in the FYE 31 December 2021.