Aemulus

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

EXPANDING OUR TECHNOLOGY WITH AEMULUS BASE

ANNUAL REPORT 2019

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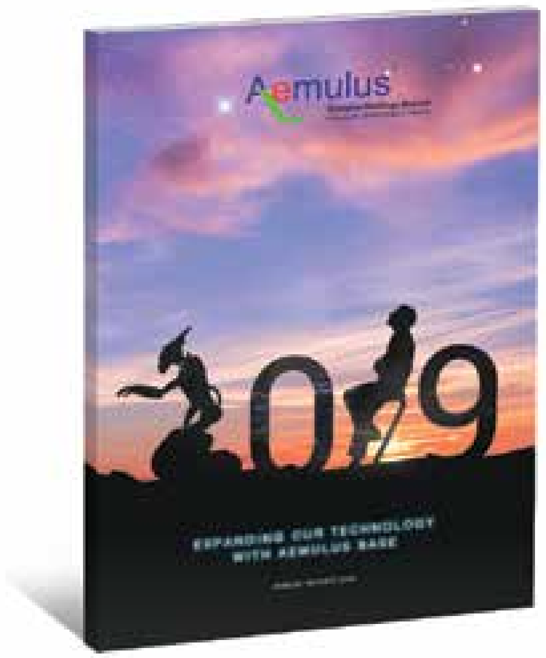
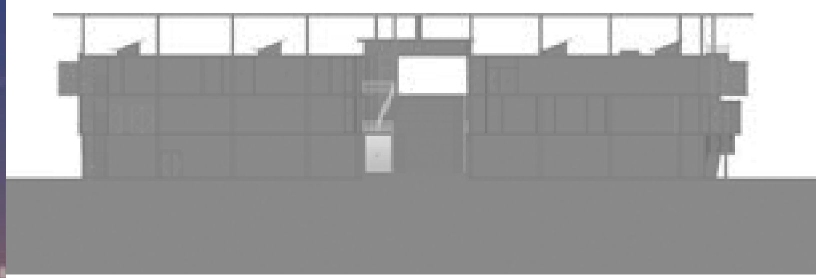


On our 15th anniversary, Aemulus sees the formation of our building — Aemulus Base — brick by brick, this spacious and modern architecture is infused with raw building concept. With this inspirational space, Aemulus strives to achieve a great evolution and create a long-lasting impact in the industry. Focused on greater expansions, Aemulus Base is the new big step to be achieved to prepare for the next big thing in the technology era, 5G. As the ever-changing market is constantly growing, Aemulus Holdings Berhad will fortify its position in the industry, setting a great milestone and surpassing any challenges to be a prominent leader in the semiconductor industry.



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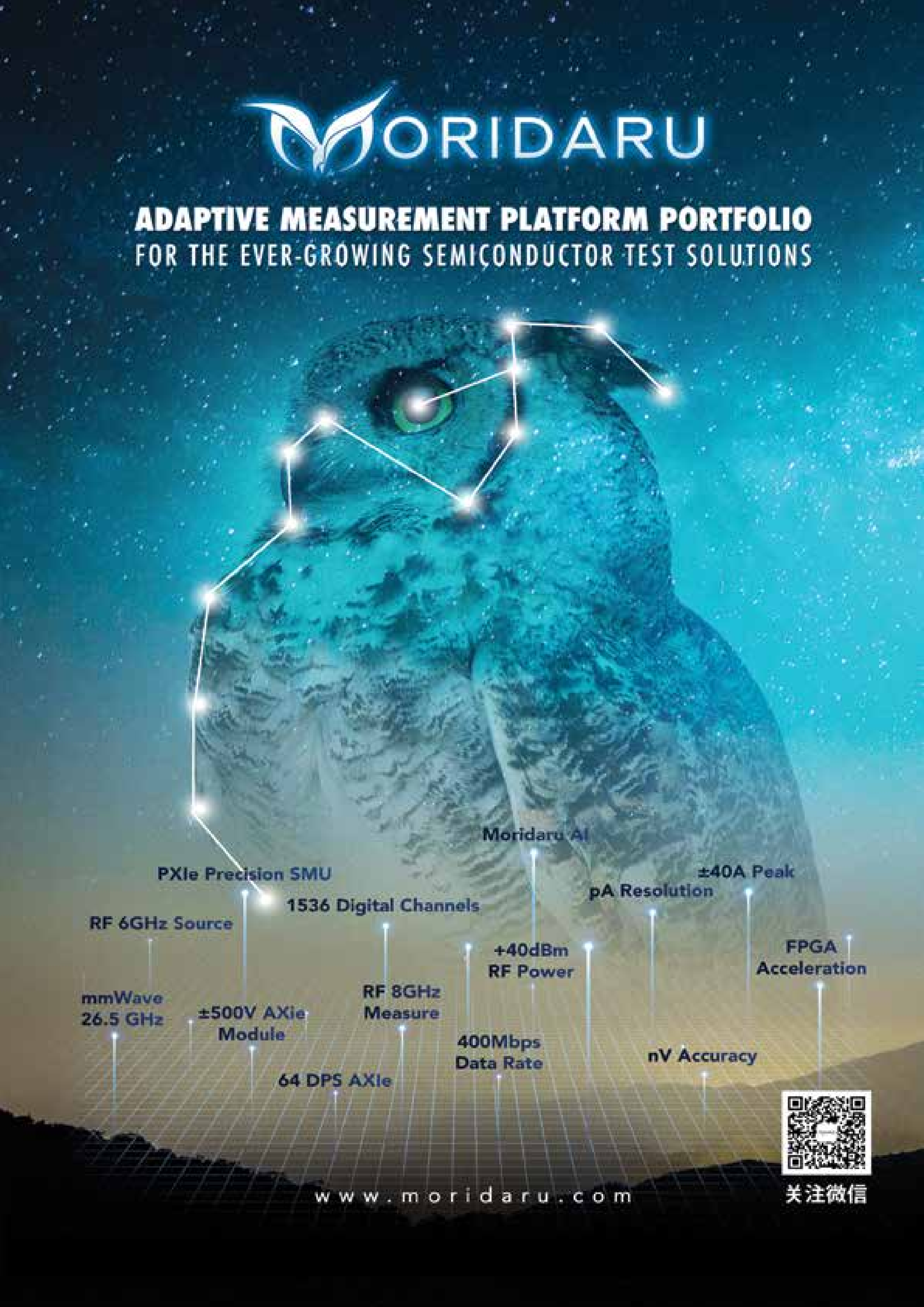
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CORPORATE INFORMATION

Directors

CHOK KWEE BEE
Senior Independent Non-Executive Director/ Chairman

NG SANG BENG
Executive Director/Chief Executive Officer

YEOH CHEE KEONG
Executive Director/Chief Operating Officer

WONG SHEE KIAN
Executive Director/Chief Technology Officer

NG CHIN WAH
Executive Director/Chief Financial Officer

ONG CHONG CHEE
Independent Non-Executive Director

FRIISCOR HO CHII SSU
Independent Non-Executive Director

Audit Committee

Ong Chong Chee
Chairman

Chok Kwee Bee
Member

Friiscor Ho Chii Ssu
Member

Remuneration Committee

Chok Kwee Bee
Chairman

Ng Sang Beng
Member

Ong Chong Chee
Member

Wong Shee Kian
Member

Friiscor Ho Chii Ssu
Member

Nomination Committee

Chok Kwee Bee
Chairman

Ong Chong Chee
Member

Friiscor Ho Chii Ssu
Member

Company Secretaries

Chee Wai Hong (BC/C/1470)
Tan She Chia (MAICSA 7055087)

Registered Office

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Tel No. : (604) 2289 700
Fax No. : (604) 2279 800

Business Address

1C-06-02, One Precinct
Lengkok Mayang Pasir
11950 Bayan Baru, Penang
Tel No. : (604) 6846 000
Fax No. : (604) 6466 799

Auditors

Grant Thornton (AF:0042)
Chartered Accountants
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang
Tel No. : (604) 2287 828
Fax No. : (604) 2279 828

Share Registrar

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

Principal Bankers

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

Stock Exchange Listing

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

Company Website

www.aemulus.com

CORPORATE STRUCTURE

History, Principal Activities And Group Structure

Aemulus Holdings Berhad ("Aemulus") was incorporated in Malaysia on 17th October 2014 under the Companies Act, 1965 as a public limited company under its present name. Aemulus is principally an investment holding company with one (1) wholly-owned subsidiary, namely Aemulus Corporation Sdn Bhd ("ACSB"). ACSB's principal activities are in the design and development of automated test equipment ("ATE"), test and measurement instruments, and the provision of design consultancy and test-related services.

The current group structure is detailed as follows:

PROFILE OF DIRECTORS

Chok Kwee Bee

Senior Independent Non-Executive Director / Chairman

Chok Kwee Bee, a Malaysian, female, aged 67, is our Senior Independent Non-Executive Director / Chairman. She was appointed to the Board on 8th December 2014 as Independent Non-Executive Director and Chairman. She was designated as Senior Independent Non-Executive Director on 13th November 2015. She holds a Bachelor of Arts (Honours) degree in Business Studies from Kingston University, United Kingdom ("UK") and she is also an Associate of the Chartered Institute of Bankers, UK.

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

She is currently a non-executive Board member of Hong Leong Bank Berhad and a Management Committee Member of the Malaysia Venture Capital Management Berhad and Private Equity Association. She also sits on the board of several private limited companies.

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

Ng Sang Beng

Executive Director / Chief Executive Officer

Ng Sang Beng, a Malaysian, male, aged 43, is our Executive Director / Chief Executive Officer. He was appointed to the Board on 8th December 2014. He is responsible for the strategic operations, business development activities, and research and development ("R&D") roadmap of the Group.

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

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

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

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

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

Yeoh Chee Keong

Executive Director / Chief Operating Officer

Yeoh Chee Keong, a Malaysian, male, aged 52 is our Executive Director / Chief Operating Officer. He was appointed to the Board on 8th December 2014. He is responsible for the operations of the Group.

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

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

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

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

Wong Shee Kian

Executive Director / Chief Technology Officer

Wong Shee Kian, a Malaysian, male, aged 41, is our Executive Director / Chief Technology Officer. He was appointed to the Board on 8th December 2014. He is responsible for overseeing the overall R&D roadmap and R&D activities of the Group. He is the head of all divisions categorised under the Group's R&D activities (i.e. R&D, new product introduction, software and product application divisions). He plays a significant role in the product application division of the Group whereby he provides technical support to the Group's marketing team such as competitive analysis, product configurations, test time analysis and product demonstration as well as pre-sales and after-sales technical support and new product planning.

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

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

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

Ng Chin Wah

Executive Director / Chief Financial Officer

Ng Chin Wah, a Malaysian, male, age 40, is our Executive Director / Chief Financial Officer. He was appointed as Executive Director on 13th January 2017 and subsequently appointed as Chief Financial Officer on 1st March 2017. He graduated from University of Malaya with a Bachelor Degree in Accountancy (Honours) in 2003. He is a Chartered Accountant and a member of Malaysian Institute of Accountants.

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

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

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

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

Ong Chong Chee

Independent Non-Executive Director

Ong Chong Chee, a Malaysian, male, aged 43, is our Independent Non-Executive Director. He was appointed to our Board on 20th July 2015.

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

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

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

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

Friiscor Ho Chii Ssu

Independent Non-Executive Director

Friiscor Ho Chii Ssu, a Malaysian, male, aged 48, is our Independent Non-Executive Director. He was appointed to our Board on 20th July 2015.

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

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

He has almost 25 years of experience in broad, high technology industries ranging from IC design, test development and software engineering to network/radio communications intellectual property, imaging and radio frequency products development, in addition to the management of supply chain partners, extensive involvement in operations and engagements with customers. Since 2015, he has held a leadership role in global managed and support services inclusive of network operations centre (NOC), security operations centre (SOC), tools development, customer technical support, system integration, upgrade and deployment services, while supporting service strategy and design activities.

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

Notes:

1. *All the above Directors do not have any conflict of interest with the Company.*
2. *Other than traffic offences, none of the Directors of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*
3. *The Directors' shareholdings are as disclosed in this Annual Report.*
4. *None of the Directors of the Company hold or have held any Directorships in other public companies and listed issuers, save for Ms Chok Kwee Bee, details of which are as disclosed in her profile at page 6 of this Annual Report.*

PROFILE OF KEY SENIOR MANAGEMENT

Ong Chuin Tein

Senior R&D Director

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

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

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

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

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

Low Bok Siew

R&D Director

Low Bok Siew, a Malaysian, male, age 40, was appointed as R&D Director on 1st April 2013. He graduated from University of Malaya with a Bachelor in Electrical Engineering degree in 2002.

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

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

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

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

Moy Shin Fei

Chief Architect of Software & Data Science

Moy Shin Fei, a Malaysian, male, age 40, was appointed as Senior Software Director on 1st April 2014 and subsequently appointed as Chief Architect of Software & Data Science on 5th March 2018. He graduated from University of Kebangsaan Malaysia with a Bachelor in Electrical, Electronics and System Engineering degree in 2002.

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

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

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

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

Tan E Chiang

Vice President of Product, Sales & Marketing

Tan E Chiang, a Malaysian, male, age 42, was appointed as Senior Marketing Director on 1st April 2010 and subsequently appointed as Vice President of Product, Sales & Marketing on 5th March 2018. He graduated from University of Technology Malaysia with a Bachelor in Electrical Engineering degree majoring in Telecommunication in 1999.

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

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

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

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

Sean Lin Hsiu-Hung

Worldwide Sales Director / Far East Sales General Manager

Sean Lin Hsiu-Hung, a Taiwanese, male, age 49, was appointed as Worldwide Sales Director on 1st April 2017. He graduated from National Chiao Tung University of Taiwan with a Bachelor in Electronic Engineering majoring in Telecommunication in 1997.

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

He joined our Group in 2015 as the General Manager East Asia and was promoted to Worldwide Sales Director / Far East Sales General Manager in 2017. He is in charge to drive both local and international sales. He works closely with the marketing team in strategising new market penetration, creating opportunities, and optimising sales volume. He is responsible for leveraging and integrating current sales and field support teams to achieve the Group's revenue and profit target. Keeping track of global fabless requirements, he continues to grow sales volume through the demand of Asia's OSAT in the South East Asia and Far East.

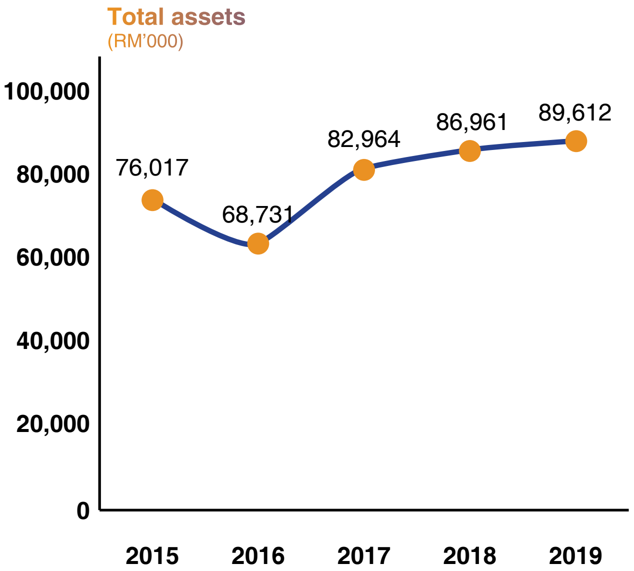
He has no family relationship with any Directors or major shareholders of the Company.

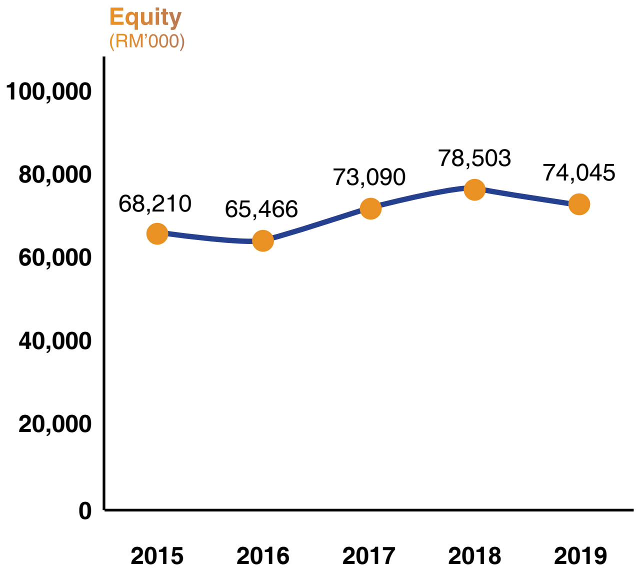
He does not hold any directorships in any other public companies and listed issuers.

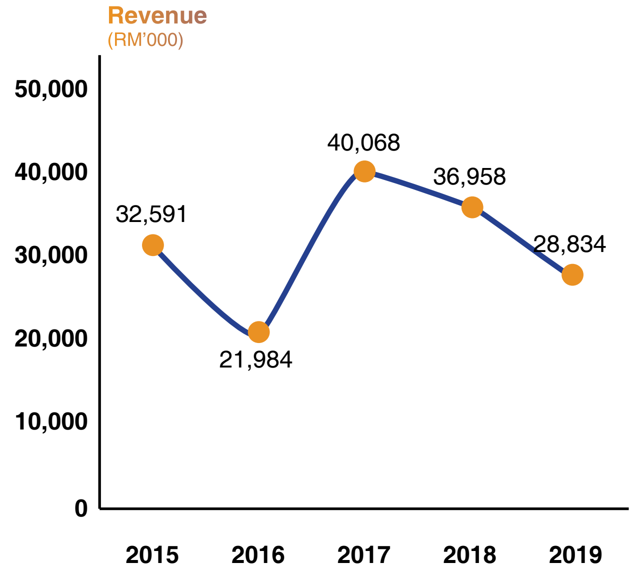
Notes:
1. *All the above Key Senior Management do not have any conflict of interest with the Company.*
2. *Other than traffic offences, none of the Key Senior Management of the Company has any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory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

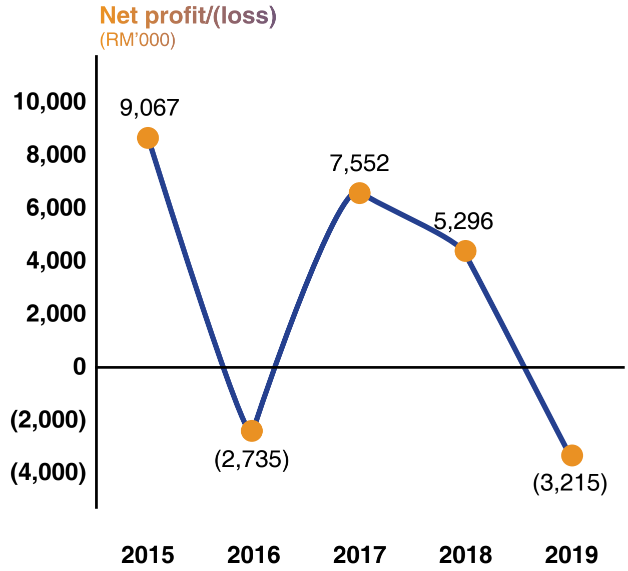
FINANCIAL HIGHLIGHTS

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Total assets	76,017	68,731	82,964	86,961	**89,612**
Equity	68,210	65,466	73,090	78,503	**74,045**
Revenue	32,591	21,984	40,068	36,958	**28,834**
Net profit/(loss)	9,067	(2,735)	7,552	5,296	**(3,215)**









MANAGEMENT DISCUSSION AND ANALYSIS

THE GROUP'S BUSINESS AND OPERATIONS

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

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

FINANCIAL PERFORMANCE REVIEW

	2019 (RM'000)	2018 (RM'000)	Change (RM'000)	%
Revenue	28,834	36,958	(8,124)	(22)
Cost of Sales	11,181	13,628	(2,447)	(18)
Gross Profit	17,652	23,330	(5,678)	(24)
Research and Development Expenses	4,365	5,207	(842)	(16)
Administrative Expenses	15,055	13,498	1,557	12
Other Expenses	2,207	92	2,115	>100

The Group's revenue slid by 22% amid trade tension between two major economies and sluggish economic outlook. Despite the macro headwind, enterprise storage and smartphone/tablet market segments accounted for 90% of the revenue and made a significant contribution, in financial year end ("FYE") 2018 and FYE2019 respectively.

Subsequent to a decrease in revenue, cost of sales and gross profit margin have been reduced. To be specific, the former recorded a decrease of 18% from RM13.6 million in FYE2018 to RM11.2 million in FYE2019 while the latter's percentage has slightly decreased from 63% in FYE2018 to 61% in FYE2019 mainly attributable to the product mix.

The Group is consistent and committed in developing new test solutions to address the emerging market demands arising from the adoption of 5G, Internet of Things ("IoT") & Industry 4.0. During the year, new product — Amoeba® AMB5600 was launched to target the IoT/baseband market segment. This signified the extensive effort we undertook to break new grounds in fortifying our business. As such, higher capitalisation of development expenditures were recorded in FYE2019 as compared to FYE2018. At the same time, this explained the decrease of 16% in the R&D expenses.

There is a hike in the Group's administrative expenses in FYE2019 as compared to FYE2018, due to multiple endeavours in business expansion. Examples include, the Group's continual marketing activities in the U.S. and Far East, talents recruitment and retention, and the rapid construction of Aemulus Base.

Other expenses recorded an increase of RM2.1 million in FYE2019 as compared to FYE2018, mainly attributable to the recognition of expected credit loss of RM1.8 million and bad debt written-off of RM0.4 million in FYE2019.

FINANCIAL POSITION REVIEW

	2019 (RM'000)	2018 (RM'000)	Change (RM'000)	%
Non-Current Assets	**42,241**	22,808	19,433	85
Current Assets	**47,371**	64,153	(16,782)	(26)
Non-Current Liabilities	**4,438**	1,832	2,606	>100
Current Liabilities	**11,129**	6,626	4,503	68

Non-Current Assets
85% increase was registered in the Non-Current Assets category, which is mainly due to reclassification of inventories to property, plant and equipment ("PPE") and increase in PPE. The construction of our own corporate office and design centre — Aemulus Base — in FYE2019 has increased PPE from RM6.5 million in FYE2018 to RM24.2 million in FYE2019. A valuable asset is emerging in our financial profile via the establishment of Aemulus Base.

Current Assets
Movement in the inventories, other investments and bank balances have explained the decrease of RM16.8 million in the current asset. Utilisation of inventories in revenue generation and reclassification of some inventories to PPE for its consumption in R&D and customers' support activities justify the decrease in the inventories. Whereas, more funds were deployed to support the business activities and construction of Aemulus Base in FYE2019.

Non-Current/Current Liabilities
Term loan has been drawdown in FYE2019 to fund the construction of Aemulus Base.

DIVIDEND POLICY

Aemulus does not have an explicit dividend policy.

OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS

The on-going conflicts between two major economies in the world has had many sectors felt the heat, weighing down the economic performance in FYE2019. Many sectors are found to be either directly or indirectly in the line of fire, and the semiconductor industry is one of them. According to Nikkei Asian Review, global chipmaking equipment sales has shrunk 18% in 2019, with investment pullback amid trade war and sanctions imposed on China's largest telephone-network equipment maker. Clearly, Aemulus is not immune from these headwinds, we recorded 22% lower in the revenue for FYE2019.

Looking into the Group's revenue contributors for FYE2019, smartphones/tablets market segment dominates this year and is expected to take hold in FYE2020. According to a report published on Nasdaq's official page, semiconductors RF industry prospects is bright, as commented by Zacks Equity Research. Accelerated deployment of 5G and robust adoption of cloud computing applications, coupled with the Long-Term Evolution ("LTE") advancements will uphold the growth of this market. According to IoT Business News, the shipment of 5G devices is expected to reach over 250 million units in 2020, and up to 915 million in 2024.

As such, as a forefront technology player, it is imperative that we dedicate more resources to the development of new testing solution for 5G-enabled devices. We anticipate growing demand for innovation in 5G test and we are well-positioned to cash in on the opportunity to tap into the booming market segment of 5G-enabled devices.

Furthermore, in FYE2018, we explored IoT/baseband market segment with extensive enhancements applied to our star product, AMB4600, the tester for the enterprise storage market segment. A new range of product emerged — AMB5600 was introduced at the last quarter of FYE2019 with two notable features, namely: new FPGA and system modules equivalent to the aerospace technology. These combination are a significant push to the overall tester's capabilities. In fact, technology used for extraterrestial exploration is no longer a moon-reaching effort. The high-technology components used in designing and engineering spacecraft is now utilised for high performance test manufacturing.

In our attempt to capture a market share in the abovementioned market segment, Aemulus had launched AMB5600 in SEMICON West 2019, San Francisco in July 2019 and continued our marketing efforts in Far East by co-exhibiting with our appointed partner in SEMICON Taiwan 2019.

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

According to Statista, the total installed base of IoT connected devices was 23.14 billion in 2018 and projected to grow continuously yearly to reach 75.44 billion in 2025. The data have painted a bright picture of IoT devices' market. Hence, AMB5600 will be another core revenue driver for us in the foreseeable future. Henceforth, we will pursue our continual efforts in expanding our market share for IoT/baseband market with test solutions for various network-enabled IoT devices: Wi-Fi, Zigbee, and Bluetooth.

Moving on, our functional team responsible for Moridaru, the Artificial Intelligence ("AI") product of Aemulus, was involved in on-going development with customers and has progressed to the stage of having a minimum viable product ("MVP"). Since its inception, Moridaru is conceptualised as a product that will aid decision-makers and stakeholders by providing data-backed solutions to boost manufacturing efficiencies and qualities on all production shop floors. Moridaru will also be integrated into our test solution platforms, maximising our ATE features and capabilities, subsequently guaranteeing product qualities are met.

On the other hand, Aemulus supported Penang's first technology conference, deTECH Conference 2018 which took place in October 2018 with over 200 attendees who were mostly students, educators, and industry players. As a reflection of Aemulus' objective to constantly improve semiconductor test solutions, we believe in educational efforts — upgrading skill set and widening knowledge base — with an aim to be at the forefront of the technology. Moreover, it is reassuring to know that local audiences are tech-savvy and make efforts to keep up with the ever-changing technology.

Venturing into 2020, the much-awaited Aemulus Base is scheduled to be completed in the first half of the year. This marks another important chapter in the Aemulus' history. The iconic building, which is located near to the airport, will be a home that all employees are proud of. Creativity will be further enforced in this new working environment to create innovative and cost-optimised test solution for the customers. More laboratories will be set up to facilitate R&D activities, product testing and software development. Besides, conducive working environment will be fostered via the set-up of various types of conference rooms, rooftop garden, running track & etc., which will enhance the productivity and efficiency of the workforce. On a different note, we are expecting to save approximately RM1 million rental cost annually, by consolidating our operations under one roof.

Last but not least, the Board wishes to extend our sincere appreciation to our esteemed shareholders, customers, suppliers and bankers for their unwavering support. To our valued employees and management, your dedication and commitment to Aemulus are highly appreciated.

SUSTAINABILITY REPORTING

SUSTAINABILITY STATEMENT

The Board of Directors ("BOD") is mindful of the importance of embedded sustainability within the Aemulus Holdings Berhad (“Aemulus” or the “Group”) and recognises its responsibility not only towards its stakeholders, but also to the wider community within which the Group operates. As such, pursuance is placed within our operations to reduce the negative impact and positively contribute to the three pillars of sustainable development, namely, Economic, Environmental and Social (“EES”) considerations.

In line with the Bursa Malaysia’s Sustainability Reporting Framework which includes amendments to the Listing Requirements — the Sustainability Reporting Guide, we hereby present our inaugural statement that seeks to outline the sustainability approach adopted by the Group for the financial year 2019 and disclosure on sustainability efforts by the Group in the coming years.

Aemulus believes that long-term operation is the key for continuity success of our business. By progressing towards sustainable corporate success, efforts shall be taken to formalise our governance structure, with the responsibility of long-term overview and administration. The effort towards establishing a Sustainability Reporting Framework will include a review of our governance structure and the development of a materiality assessment process with its accompanying matrix, alongside a reporting mechanism that tracks our progress against designated key sustainability targets for the foreseeable future. Conclusively, our elemental material topics are developed and summarised in the areas as shown below:

Economic

- Supply Chain Management
- Shareholder Expectations
- Innovation and Technology
- Job Opportunities and Entrepreneur Support

Environment

- Sustaining Environmental Footprint

Social

- Employee Talent Recognition
- Social Development and Networking

In accordance with Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide, the Group’s Sustainability Reporting Framework is premised upon the evaluation of the economic, environmental and social perspectives. All efforts as undertaken by the Group are with the intention to focus on the aforesaid sustainability matters, and are based on the Group’s principal business activities of design and development of automated test equipment ("ATE"), test and measurement instruments, and the provision of design consultancy and test-related services.

GOVERNANCE STRUCTURE

The operation of the Group as a whole is under the leadership and supervision of the Group Chief Executive Officer ("CEO"). The Group has a wholly-owned subsidiary named Aemulus Corporation Sdn Bhd (“ACSB”), involved in designing and developing of ATE, test and measurement of instruments and the provision of its related services and design consultancy services. The subsidiary within the Group is under the leadership of the BOD.

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

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

STAKEHOLDERS UNDER THE GROUP'S SUSTAINABILITY FRAMEWORK

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

STAKEHOLDERS	METHOD OF ENGAGEMENT
Customers	• Social Media and Websites • Trade Exhibitions and Seminars
Government and Regulatory Bodies	• Communication for Updates • Seminars
Community	• Social Media • Community Events
Employees	• Corporate Events and Internal Communications • Trainings
Shareholders	• Annual General Meeting and Annual Report • Investor Relations Website

ECONOMIC

UPHOLDING SHAREHOLDER EXPECTATIONS

Aemulus is committed to ensure high standard of corporate governance is practised by the Company and its subsidiary to develop its corporate value over the mid and long term. Our business fosters an innovative and collaborative culture that discharges responsibilities with integrity, transparency and professionalism. This is crucial to build shareholders' trust and to create a sustainable position for the Group.

To ensure the effectiveness of the governance structure, Board's function and operation, our BOD has formed three (3) committees to assist in discharging its duties, these include Audit Committee, Nomination Committee and Remuneration Committee. The governance structure of Aemulus along with the support of Senior Management, aim to attain and advocate a high level of corporate governance in the interest of our stakeholders.

Hence, Aemulus recognises that shareholders are the key lifeline of a sustainable operation, and seek to uphold strict corporate governance to safeguard the interests of its shareholders. The Group will continue to engage its shareholders in a timely and transparent manner by ensuring regular disclosure of relevant and material information to keep its shareholders abreast of all material developments within the Group. Aemulus would also strive to uphold the best practices by achieving governance through compliance of Bursa Malaysia's Ace Market Listing Requirements, Malaysia Code on Corporate Governance ("MCCG"), and other related guidelines.

SUPPLY CHAIN MANAGEMENT

Sustainability in supply chain has been progressively perceived as a significant viewpoint in corporate responsibility. As a fast-growing tech company that engages in designing and assembling of automated test equipment, test and measurement instruments, we are devoted to our methodology applied on supply chain management as we attempt to form a sustainable partnership to reward parties of the supply chain based on long-term interests.

Aemulus' major supplies are of semiconductor components and peripherals such as integrated circuits, transistors, resistors, fuses, ferrite beads, diodes, connectors and other accessories, which are widely available from international and local suppliers. In FYE2019, Aemulus spent RM11.5 million on goods and services with more than 100 suppliers in supplying direct and indirect materials, modifications, logistics, packaging, and other services. Our supply chain management represents part of the commitment towards business and job opportunities for the nation and network in which we work. Our suppliers situated in Malaysia represented 35% of all our materials acquired. Due to the nature our business, which includes comprehensive and customised products based on our client's particular and prerequisite, we are unable to source the greater parts of our immediate materials locally. In any case, our procurement applies a persistent practice in sourcing locally whenever possible and applicable, which in turn contributes to the growth of local organisations and employment opportunities.

ECONOMIC (Cont'd)

SUPPLY CHAIN MANAGEMENT (Cont'd)

Given the nature of purchase and build cycle of our products, our management analyses into optimising our inventory with the objective of meeting demands and ensuring on-time delivery to our customers. Hence, we enforced sufficient control in screening and monitoring our supplier's performance to ensure that they consistently deliver exceptional materials and remain as a reliable supplier in the long run. We evaluate supplier's performance in accordance with our defined set of Key Performance Indicator ("KPI") as shown below:

The results of performance evaluation will be considered as a significant factor for us to determine future partnership and business volume with the suppliers.

INNOVATION AND TECHNOLOGY

Aemulus is aware that the Internet of Things ("IoT") or big data plays a tremendous factor in the growing digitalised modern era. As one of the fastest-growing technology companies, we strive to penetrate new business opportunities and encourage innovation to improve our technology, in enabling us to meet the needs of our customers and contribute to their product success in today's society.

Founders of Aemulus have distinguished an underdeveloped market early and took a leap of faith to strive in this niche market. Our innovation has contributed in creating innovative and cost-optimised test solutions to the market, ultimately, changed lives of many. To support our innovation development and operational advancement, Aemulus gradually conducts market study program to liaise closely with our customers and technical experts in understanding their current test platform issues and objective plan. That being said, Aemulus have the latest all-in-one digital evolution product, AMB5600 that consists of a complete range of direct current ("DC"), Analog, Digital and radio frequency ("RF") testing. This product series acts as a game changer in test and measurement market industry due it its uniqueness, multi-functional yet cost-effective to users. This tester is programmed to cater to diverse range of customers to ensure the best system performance while ensuring its quality and productivity.

Aemulus started the R&D division with a small team since startup which had since increased to 70 employees in FYE2019, and it is expected to expand further in foreseeable future. Furthermore, the Group has increasingly invested in the R&D Department throughout the years. In FYE2018, the company spent RM5.2 million in R&D expenses for the enhancement of product features and development of cost-optimised test solutions for our customers.

ECONOMIC (Cont'd)

INNOVATION AND TECHNOLOGY (Cont'd)

The initial activities of R&D Division are as follow:

Marketing Product Plan (MPP)	• Product conceptualisation and competitiveness study based on feedback from customers and market intelligence gathering
New Product Plan (NPP)	• Design requirements, specifications and implementation details of the new product based on MPP
New Product Development (NPD)	• Development phase of new product (hardware and software) based on NPP, which includes but not limited to prototyping and design validation
New Product Introduction (NPI)	• Transfer of new product testing to prepare for mass manufacturing, which mainly includes calibration and diagnostic software and hardware

Furthermore, approximately RM1 million was capitalised in developing a new product such as Moridaru®, the first commercial advanced software-driven product that encompasses a software framework with Artificial Intelligence ("AI") capability that could integrate devices and data, recognising patterns such as imminent production downtime, production yield, and out-of-schedule maintenance. These advancement of technologies through data-driven actions would contribute to the growth of business and economy that would provide Aemulus a distinguished competitive edge in the market.

JOB OPPORTUNITIES AND ENTREPRENEUR SUPPORT

Driven by the era of digitalisation, big data and IoT, Aemulus is ready to expand the business and relocate to a more strategic location in Bayan Lepas Industrial Park named Aemulus Base. The said expansion project will bolster Aemulus objectives to serve customers with compelling ATE test solutions and ecosystem. Aemulus Base will have 3 laboratories for product development and software testing, conference rooms and individual lounge space. Furthermore, the built-up area of 100,000 square feet building will certainly create new job opportunities for the local market.

Nevertheless, Aemulus have been contributing to young entrepreneur start-up since day one. We initiated a sponsorship called "Second Startup", a RM70,000 investment with 12-week accelerator programme for seven startups with the objective of elevating the landscape of local entrepreneur. Out of the seven startups, two have successfully penetrated their intended markets. Additionally, Aemulus also acts as an advisory partner for one particular startup, BAWA Cane and provides insights and technical advice in fine-tuning and packaging their products based on market needs.

EVENT: Second Startup For Entrepreneur

Ng Sang Beng welcomes all invited guests and congratulates the seven teams of startup.

ENVIRONMENTAL

SUSTAINING ENVIRONMENTAL FOOTPRINT OF THE GROUP

In a world increasingly concerned about environmental preservation, Aemulus recognises that its actions have potential environmental impact and is committed to operate in a manner that supports pollution prevention and environmental protection in all its business operations. In operating our business, the Group drives to continuously seek improvement in its operations by implementing the necessary countermeasures and best practices in addressing matters relevant to the environment.

A few concrete measures are taken into consideration to minimise any negative impact on the environment, and to ensure that the business activities conducted are in compliance with the applicable rules and regulations by authority bodies, for example, the Department of Safety and Health ("DOSH") and Department of Environment ("DOE").

In its efforts to minimise the negative impact from the Group's operation on the environment, the Group is planning to relocate its business office to Aemulus Base, a 1.62 acres plot of land in Bayan Lepas Industrial Park, a more strategic and environmental friendly office in 2020. Aemulus Base will be built accordingly with reference to the green building index and it will be assessed by the DOE. There will be shaded roof garden that provides skylights to office and shower rooms below. Aemulus Base will also be controlled by customised air-conditioners that are equipped with automated air pressure and temperature control.

Aemulus Base Building Layout:

Perforated brick walls and opening for natural light and ventilation

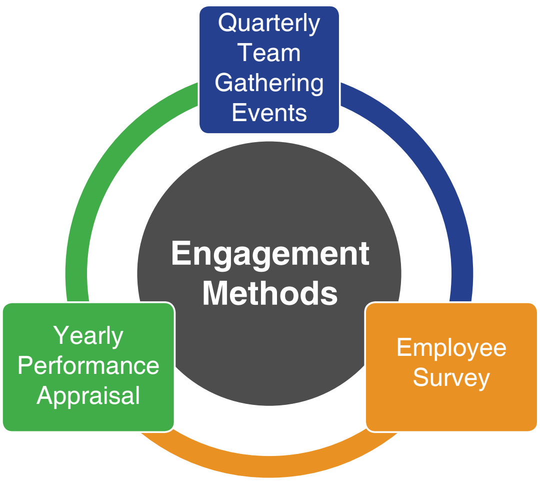
Moreover, the Group continuously promotes a healthy culture among its employees to further reduce carbon footprint and contribute to a better environment, through conservation of electricity, water and paper consumption during the conduct of daily administrative operations to help improving the urban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

SOCIAL

EMPLOYEE TALENT RECOGNITION AND RETENTION

Aemulus understands the vital values that employees play in propelling and sustaining an organisation's success. As employees are not only critical in achieving goals and objectives, but fundamental for the Group's long-term success and sustainability by providing excellent customer service and delivering consistent quality outputs for customers. We endeavour to provide our employees with a good and safe working environment with the opportunities to develop careers. For the objective of enhancing personal and career development of employees, training and development programmes or courses are conducted in-house as well as with external parties were organised yearly for participation by the Group's employees, involving each management tier of the Group.

Employees are welcomed and encouraged to provide their personal recommendation plan relating to employee benefits or work improvement process for continuous improvement and development through the company's internal survey. The Senior Management will gather and analyse it and the area of concerns will be addressed accordingly. We understand that our employees are committed, inspired and passionate to contribute their best at work. Hence, as part of our organisation's culture, we engage our employees in various methods as follow:



SOCIAL (Cont'd)

EMPLOYEE TALENT RECOGNITION AND RETENTION (Cont'd)

We recognise the importance of employee retention and their social life in the modern era and are committed towards being an employer in maintaining an inclusive and fair working environment with no discrimination against gender, age or ethnicity along with employees' social life and benefits. Employees of Aemulus are entitled to claim for recreational, telecommunication or sports purchases on top of their standard benefits.

Likewise, to accomplish a sense of belonging among the employees and as a token of gratitude in recognising their efforts, we have continued the practice of conducting quarterly team gatherings and annual dinners. In the near future, our employees will be housed comfortably with a rooftop garden, cafe, running track, deluxe shower suites and parking from the expansion after relocation to Aemulus Base.

Aemulus Base: Rooftop Garden

- Vents for natural light and ventilation
- Rooftop garden for relaxation and natural ambience

The management of Aemulus places their greatest emphasis in the importance of employees' social well-being and career development, and will continue to comply and improve with all prevailing laws and regulations governing human resource development and administration.

SOCIAL DEVELOPMENT AND NETWORKING

Aemulus sponsored the first large-scale technology exhibition conference in Penang - deTech Conference 2018 in the hope of gathering and aiding all stakeholders from the pool of recipients such as students, entrepreneurs, founders, venture capitalists, educators and anyone who may benefit from this opportunity. deTech Conference not only provided insights on the latest technology topics such as AI, blockchain and big data but to challenge and catapult entrepreneur's endeavor further as well as to increase the network among stakeholders. Aemulus is delighted that the conference had benefited over 200 attendees as the intended target audience were students, educators, and industry players that accounted for the largest proportion of attendees. Furthermore, Aemulus was impressed to see that the established startups also took part in joint efforts to advocate entrepreneurship and impart valuable knowledge to the keen audience.

EVENT: deTech Conference 2018

Over 200 attendees listen to speakers sharing an overview of their entrepreneurial journey and inventions.

CONCLUSION

The Board recognises that embedding sustainability within the Group's business is a continuing and evolving process. Aemulus will strive to ensure its sustainability practices by applying effective and responsible approach across the three EES pillars to meet the required guidelines as provided by Bursa Malaysia Securities Berhad. Henceforth, the Group looks forward to progressively developing and improving itself in order to achieve its sustainability commitments in the coming years.

AEMULUS' CHRONOLOGICAL SUMMARY OF 2019 EVENTS

Corporate Affairs

Morning Colours of Aemulus

23rd March 2019

Named after the tradition of colours and sunset by the navy, Aemulus' groundbreaking ceremony for a new corporate office and design centre took form in a flag-raising ceremony.

The event, "Morning Colours of Aemulus" was graced by Yang Berhormat Dato' Haji Abdul Halim Bin Haji Hussain, EXCO of Domestic and International Trade, Consumer Affairs and Entrepreneur Development, Yang Berhormat Tuan Lim Guan Eng, Minister of Finance, and Ms Chok Kwee Bee, Chairman of Aemulus Holdings Berhad.

Aemulus has planned to invest RM35 million over five years from 2017 to 2021 in R&D and in this business infrastructure. In line with the company's objective to constantly enhance and offer innovative test solutions, this 100,000 square feet floor area — Aemulus Base — in Bayan Lepas Industrial Park would accommodate the company's continued expansion with state-of-the-art R&D facilities.

Aemulus Base is a home which all employees will be proud of. Just to name a few, there will be three laboratories for product development and software testing; various types of conference rooms that can accommodate either a single pax for tele-conferencing or up to 20-pax for group meetings; and lastly, a collection of cosy and individual lounge spaces across the entire building. In addition, within this built-up area of 100,000 square feet, Aemulus Base will house our employees comfortably with a rooftop garden, café, running track, deluxe shower suites, and most importantly vehicle parking lots on the ground floor for all.

Presentation of Token of Appreciation, from left to right: Mr Ng Sang Beng, CEO of Aemulus, Ms Subashini Krishnan, Senior Manager of Collaborative Research in Engineering, Science and Technology, Mr Arthur Chan, Managing Director of Endeavour Malaysia, Mr Sivasuriyamoorthy Sundara Raja, Executive Director of Investment Promotion of Malaysian Investment Development Authority, Dato' Ar. Yew Tung Seang, Mayor of Penang, YB Dato' Haji Abdul Halim Bin Haji Hussain, Exco of Domestic and International Trade, Consumer Affairs and Entrepreneur Development, YB Tuan Lim Guan Eng, Minister of Finance, Ms Chok Kwee Bee, Chairman of Aemulus, Dato' Loo Lee Lian, CEO of Invest-in-Penang Berhad, Mr Sabarul Aswadi Abdul Jalil, Manager of Penang Development Corporation, Mr Hew Wee Choong, VP of Investment & Industry Development, Malaysia Digital Economy Corporation, Mr Syed Ahmad Safarudin Syed Zainal Abidin, SVP of Khazanah Nasional Berhad, and Mr Yeoh Chee Keong, COO of Aemulus.

Aemulus Girls Squad prepares for the flag-raising ceremony.

Both staff and interns being cheeky on the special day.

Ms Chok Kwee Bee, Chairman of Aemulus Holdings Berhad welcomes all invited guests with an opening remark.

Two-thirds of Aemulus Base will be controlled by customised air-conditioners that are equipped with automated air pressure and temperature control, while certain parts of the building will be kept cool 24 hours a day.

(In the middle) YB Dato' Haji Abdul Halim Bin Haji Hussain and YB Tuan Lim Guan Eng flanked by Aemulus' Board of Directors, and (on the far right) Dato' Ar. Yew Tung Seang, and Dato' Loo Lee Lian.

At noon, accompanied by a band of singers, the Jalur Gemilang, Penang state flag, and our company flag are flying high as the main highlight of the event, Morning Colours of Aemulus.

AEMULUS' CHRONOLOGICAL SUMMARY OF 2019 EVENTS
(Cont'd)

Marketing & Promotions

SEMICON West 2019 / SEMICON Taiwan 2019

8th - 10th July 2019 / 18th - 20th September 2019

According to Google Trends, the term IoT reached its peak of popularity in 2016. Today, they are innumerable internet-enabled gadgets, from refrigerators, home thermostat, to automobiles. Some consumers are early adopters while some follow suit. Evidently, having a smartphone is not enough; one thing leads to another, and eventually owning a smart home and a smart car are inevitable.

According to Statista, the total installed base of IoT connected devices was 23.14 billion in 2018. This amount is projected to grow continuously yearly and to reach 75.44 billion in 2025. Aemulus organised back-to-back marketing efforts in launching the latest semiconductor test solutions, AMB5600 at SEMICON West 2019 and SEMICON Taiwan 2019.

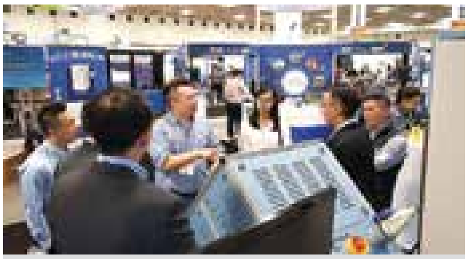
The all-in-one test platform is the latest evolution in the Amoeba series with DC, Analog, Digital and RF testing capabilities. Therefore, this test platform offers a complete solution for the current market demands — multi-functional and interchangeable test solutions for intricate IoT devices with stringent requirements.

We are glad to be part of this amazing Malaysia Pavilion hosted by Malaysia External Trade Development Corporation.


An interested party seeks to understand modules combination used in the AXIe chassis.


The long discussion ends with a rundown on Moridaru.

On display: the all-in-one semiconductor test platform, AMB5600 and Moridaru Tensor Processing Unit (TPU) on the right.


Contacts from Taiwan discuss the needs of IoT market and the availability of test solutions.


Having a discussion with our local customer after a brief introduction to AMB5600.

AEMULUS' CHRONOLOGICAL SUMMARY OF 2019 EVENTS
(Cont'd)

Staff Engagement
Bowling Day / 2020 Symposium & Annual Dinner

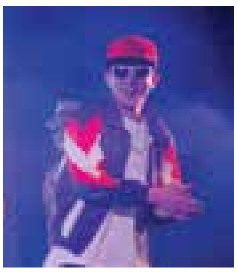
14th June 2019 / 18th October 2019

In medical terms, the backbone is described as a series of vertebrae extending from the skull to the pelvis. In the context of a work environment, each vertebrae represents the supporting and functional departments in an organisation, and in these departments, lies a group of employees. Hence, making employees the backbone of a company.

Out of 365 days, employees spend more than 260 days at work, and it is important that they feel a sense of belonging for their workplace. In addition to the company's simple work culture of a non-competitive appraisal system, Aemulus also organises company-wide staff engagement activities to remind all employees that it is important to continuously stretch one's limit, and of course to experience fun things in life.

Having a go at disco dance, testing one's voice pitch, or even hurling a ball down a bowling lane might just be helpful to boost one's self-confidence professionally!

Bowling Day



2020 Symposium & Annual Dinner

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 2017 **("Code")** and the extent of compliance with the recommendations of the Code during the financial year ended 30 September 2019.

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 22 January 2020. Shareholders may obtain this CG Report by accessing this link www.aemulus.com for further details.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I) Board Responsibility

Roles and Responsibilities of the Board

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

The Board assumes the following principal functions and responsibilities:

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

The Board has delegated specific duties to three (3) subcommittees (Audit, Nomination and Remuneration 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 presences 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.

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.

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

I) Board Responsibility (Cont'd)

Clear Functions of the Board and Management (Cont'd)

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.

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 Board has approved the Whistle Blowing Policy on Board of Directors' Meeting held on 21 November 2019.

Promoting Sustainability

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

Board meetings and Access to Information and Advice

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

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

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

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

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

I) Board Responsibility (Cont'd)

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 2019. 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 2019 were as follows:

Name of Directors	Attendance
Chok Kwee Bee	5/5
Ng Sang Beng	5/5
Yeoh Chee Keong	5/5
Wong Shee Kian	5/5
Ong Chong Chee	5/5
Friiscor Ho Chii Ssu	5/5
Ng Chin Wah	4/5

Directors' Training

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

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

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

Name	No. of days	Mode	Title of Training
Chok Kwee Bee	2	Forum	Khazanah Megatrends Forum 2019
	2	Conference	SCMP China Conference
	2	Conference	SCXSC Fintech Conference
	0.5	Talk	Supercharger Investor Day
	0.5	Training	Malaysian Anti-Money Laundering, Anti-Terrorism Financing & Proceeds of Unlawful Activities Act 2001

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

I) Board Responsibility (Cont'd)

Directors' Training (Cont'd)

Name	No. of days	Mode	Title of Training
Chok Kwee Bee	0.5	Training	Directors' Duties & Power – Recent Developments in the law & How it affects you
	0.5	Talk	SIDC – IMD Global Business Insight
	3	Conference	BNM Regional Conference on Climate Change
Ng Sang Beng	1	SEMICON Taiwan 2019	MEMS and Sensors Forum SiP Global Summit 2019 – Heterogeneous Integration Now and Future Day Market Trends Forum
	1	SEMICON West 2019	Secret Data Transfer & 5G
Yeoh Chee Keong	2	Forum	Khazanah Megatrends Forum 2019
	1	Dialogue	Penang Dialogue 2019 by AMCHAM
Wong Shee Kian	14	Training	Data Science for managers
Ong Chong Chee	1	Conference	Sustainability: Governance
	2	Conference	National Tax Conference
	0.5	Seminar	Audit Oversight Board Conversation with Audit Committees
	1	Seminar	2020 Budget Seminar
Friiscor Ho Chii Ssu	1	Training	ISO27001 Information Security Management System
	1	Training	ISO31000 Risk Management
Ng Chin Wah	1	Seminar	2020 Budget Highlights and Recent Tax Developments

II) Board Composition

Composition of the Board

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

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

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

To assist the Board in the discharge of their duties effectively, the Board has delegated specific functions to certain committees, namely Audit Committee, Nomination Committee and Remuneration 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.

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

II) Board Composition (Cont'd)

Tenure of Independent Directors

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

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

Separation of Roles of Chairman and Chief Executive Officer

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

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

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

Re-election of Directors

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

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

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

The details of the Directors seeking re-election at the forthcoming Fifth Annual General Meeting are disclosed in page 122 of this Annual Report.

Nomination Committee

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

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

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

II) Board Composition (Cont'd)

Nomination Committee (Cont'd)

The Nomination Committee is authorised by the Board to:

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

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

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

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

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

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

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

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

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

a) Reviewed and assessed the balance composition of the Board members, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.
b) Assessed the performance of Independent Non-Executive Directors.
c) Reviewed and recommended the re-election of Directors who were retiring and seeking for re-election at the Fourth Annual General Meeting.
d) Reviewed succession plan.
e) Reviewed the induction and training needs of Directors for the financial year ending 30 September 2019.
f) Reviewed the term of office and performance of an audit committee and each of its members.

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

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

II) Board Composition (Cont'd)

Workforce Diversity

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

Remuneration Committee

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

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

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

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

The remuneration of the Directors of the Company for the financial year ended 30 September 2019, for the Company as well as the group basis are as follows:

	Salary, allowance, bonus and EPF (RM)	Benefit in kind (RM)	Indemnity given on insurance effected for any directors (RM)	Fee (RM)	Total (RM)
Group					
Executive Directors					
Ng Sang Beng	549,108	15,000	1,667	-	565,775
Yeoh Chee Keong	55,338	-	1,667	-	57,005
Wong Shee Kian	436,540	-	1,667	-	438,207
Ng Chin Wah	320,094	-	1,667	-	321,761
Non-Executive Directors					
Chok Kwee Bee	5,000	-	1,667	60,000	66,667
Ong Chong Chee	5,000	-	1,667	50,000	56,667
Friiscor Ho Chii Ssu	5,000	-	1,667	50,000	56,667
Total	1,376,080	15,000	11,669	160,000	1,562,749

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

II) Board Composition (Cont'd)

Remuneration Committee (Cont'd)

	Salary, allowance, bonus and EPF (RM)	Benefit in kind (RM)	Indemnity given on insurance effected for any directors (RM)	Fee (RM)	Total (RM)
Company					
Executive Directors					
Ng Sang Beng	-	-	1,667	-	1,667
Yeoh Chee Keong	-	-	1,667	-	1,667
Wong Shee Kian	-	-	1,667	-	1,667
Ng Chin Wah	-	-	1,667	-	1,667
Non-Executive Directors					
Chok Kwee Bee	5,000	-	1,667	60,000	66,667
Ong Chong Chee	5,000	-	1,667	50,000	56,667
Friiscor Ho Chii Ssu	5,000	-	1,667	50,000	56,667
Total	15,000	-	11,669	160,000	186,669

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 2019 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 47 of this Annual Report.

Internal Control and Risk Management

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

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.

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

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 45 and 46 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.

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.

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

Conduct of General Meeting (Cont'd)

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

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

COMPLIANCE WITH THE CODE

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

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 7 January 2020.

ADDITIONAL COMPLIANCE INFORMATION

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

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

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

   There was no recurrent related party transaction of a revenue or trading nature during the financial year ended 30 September 2019.

3. **Utilisation of Proceeds**

   During the financial year, there was no proceeds raised by the Company from any corporate exercise.

4. **Audit Fees**

   During the financial year ended 30 September 2019, the amount of audit fees paid to external auditors by the Company and the Group respectively were as follows:

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

5. **Non-Audit Fees**

   During the financial year ended 30 September 2019, the amount of non-audit fee paid to the external auditors and its affiliates by the Company and the Group respectively were as follows:

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

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

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

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

   RSP is the only share issuance scheme of Aemulus Holdings Berhad in the financial year ended ("FY") 30 September 2019, 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 36 of the Annual Audited Financial Statements for FY 30 September 2019 in this Annual Report.

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

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 and FY 30 September 2019 are set out in the table below:

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

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

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**

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**

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 2019, the actual percentage of Plan Shares granted to senior management was 14.27% of the total number of Plan Shares granted. The Company did not grant any Plan Share to Director for the FY 30 September 2019.

AUDIT COMMITTEE REPORT

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

COMPOSITION OF AUDIT COMMITTEE

Mr Ong Chong Chee
Chairman (Independent Non-Executive Director)

Ms Chok Kwee Bee
Member (Senior Independent Non-Executive Director / Chairman)

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

MEETINGS AND ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 30 September 2019. The record of attendance is as follows:

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

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms and reference of the Audit Committee ("AC"), the following activities were carried out by AC during the financial year ended 30 September 2019 ("FY2019") in discharging its functions and duties:

(i) Financial Reporting Oversight

a) 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
22 November 2018	Unaudited Fourth Quarter Interim Financial Report for the quarter ended 30 September 2018
3 January 2019	Draft audited financial statements for the financial year ended 30 September 2018
22 February 2019	Unaudited First Quarter Interim Financial Report for the quarter ended 31 December 2018
16 May 2019	Unaudited Second Quarter Interim Financial Report for the quarter ended 31 March 2019
22 August 2019	Unaudited Third Quarter Interim Financial Report for the quarter ended 30 June 2019

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

(i) Financial Reporting Oversight (Cont'd)

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 22 November 2018, 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 22 November 2018, the AC reviewed the external auditors' audit findings report for financial year ended 30 September 2018.

c) On 3 January 2019, 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 2018.

d) On 22 August 2019, the AC discussed and reviewed the external auditors' audit planning memorandum for the FY2019 outlining their audit team, audit timeline, recent development of the Group, key areas of audit focus, fraud risk, communication of other significant audit matters, other updates such as Malaysian Financial Reporting Standards ("MFRS") 15 (Revenue from Contracts with Customers), MFRS 9 (Financial Instruments), MFRS 16 (Leases) 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 3 times with the external auditors on 22 November 2018, 3 January 2019 and 22 August 2019 respectively without the presence of the Executive Directors and management staff to discuss any issues of concern to the External Auditors arising from the annual statutory audit.

(iii) Internal Audit ("IA")

a) The internal auditors presented its findings together with recommendation and management action plan to the AC for review on 22 November 2018 and 22 August 2019 respectively. The internal auditors have conducted review on internal control focusing on the following areas:

Audit Areas	Reporting Date
i) Procure to pay	22 November 2018
ii) Human Resource Management	22 August 2019

   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 22 November 2018, the AC reviewed and approved the appointment of Messrs. BDO Governance Advisory Sdn Bhd as Internal Auditors of the Company for FY2019.

c) On 22 November 2018, 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.

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

(iv) Related Party Transaction

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

(v) Other matters considered by Committee

a) On 3 January 2019, the AC reviewed the AC Report for inclusion in the Annual Report.

b) On 3 January 2019, the AC verified the grant of restricted share award to the eligible employees during the financial year ended 30 September 2018 pursuant to Aemulus Holdings Berhad Restricted Share Plan.

c) On 16 May 2019, the AC reviewed the MFRS 9 – Impairment Assessment Policy and Foreign Exchange Policy and thereafter recommended to the Board for approval.

AEMULUS HOLDINGS BERHAD RESTRICTED SHARE PLAN

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

The Company has granted 940,000 ordinary shares under the RSP to the eligible employees on 7 September 2018 and the RSP shares offered, once accepted will be vested to the eligible employees over a period of up to three (3) years, subject to the fulfillment of vesting conditions.

During the financial year, the Audit Committee verified the grant of the RSP Shares to the eligible employees for the financial year ended 30 September 2018 pursuant to the RSP. The grant was made in accordance with the criteria of grant as set out in the By-laws of RSP.

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 2019 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 Procure to pay of the Company and made recommendations to improve their effectiveness;
b) Conducted review on the Human Resource Management of the Company and made recommendations to improve their effectiveness; and
c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

Guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, the Board of Directors of Aemulus Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control which is prepared in accordance with Paragraph 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 MANAGEMENT FRAMEWORK

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

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

INTERNAL AUDIT

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

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

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

CONCLUSION

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this statement. Taking this assurance into consideration, the Board is of the view that there were no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the financial year ended 30 September 2019. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its risk management and internal control environment.

This statement is issued in accordance with a resolution of passed in Board of Directors' meeting held on 7 January 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

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

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

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

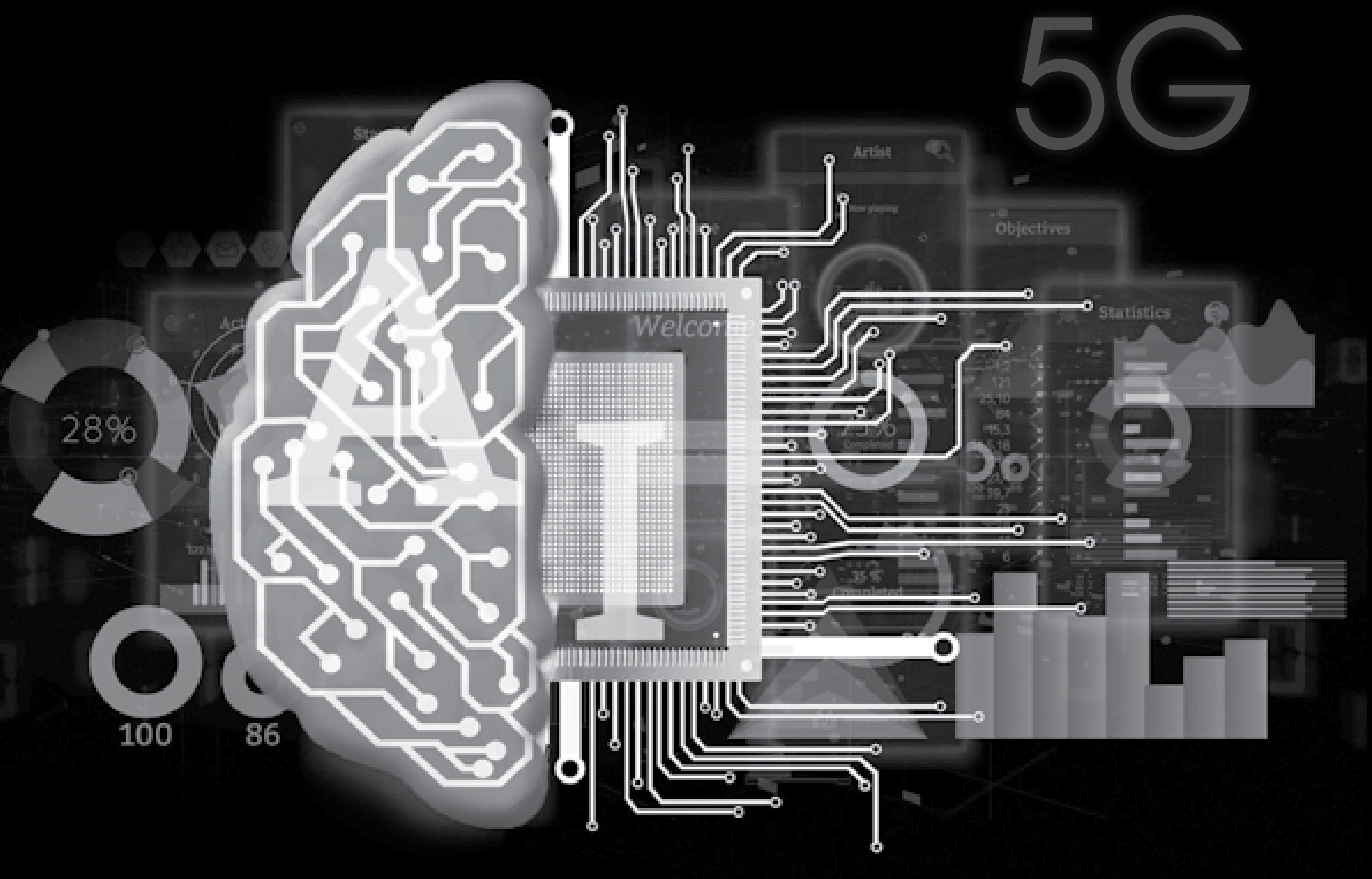
- The Group and the Company have used appropriate accounting policies, and are consistently applied;
- That reasonable and prudent judgements and estimates were made; and
- That the approved accounting standards in Malaysia have been applied.

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

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

This statement is made in accordance with a resolution passed in the Board of Directors' Meeting held on 7 January 2020.

FINANCIAL STATEMENTS



The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2019.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	GROUP RM	COMPANY RM
(Loss)/Profit for the financial year	**(3,214,933)**	**24,379**

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company has paid a single tier dividend of 0.2 sen per ordinary share amounting to RM1,097,799 in respect of the financial year ended 30 September 2018, on 27 December 2018.

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.

DIRECTORS

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:

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

DIRECTORS' REMUNERATION AND BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remunerations in Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in the notes to the financial statements.

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

DIRECTORS' INTERESTS

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

	|---------- Number of ordinary shares ----------|			
	Balance at 1.10.18	**Bought**	**Sold**	**Balance at 30.9.19**
The Company				
Direct interests:				
Ng Sang Beng	96,394,499	-	(2,300,000)	94,094,499
Yeoh Chee Keong	62,874,875	4,950,000	(4,950,000)	62,874,875
Wong Shee Kian	18,181,094	-	-	18,181,094
Ng Chin Wah	378,235	-	-	378,235
Chok Kwee Bee	1,250,000	-	-	1,250,000
Friiscor Ho Chii Ssu	6,899,750	-	-	6,899,750
Ong Chong Chee	1,400,000	-	-	1,400,000
Deemed interest:				
Ng Sang Beng [i]	47,820,874	1,500,000	(800,000)	48,520,874
Yeoh Chee Keong [ii]	575,000	-	-	575,000
Friiscor Ho Chii Ssu [ii]	75,000	-	-	75,000

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

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

(i) 273,450 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2017 ("RSP I") at a price of RM0.5238 per share; and

(ii) 303,700 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2018 ("RSP II") at a price of RM0.3569 per share.

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

RESTRICTED SHARE PLAN ("RSP")

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

The salient features of the RSP are disclosed in Note 36 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance paid for directors and officers of the Company were RM10,000,000 and RM20,000 respectively. No indemnity has been given to or insurance affected for the directors of the subsidiaries.

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 provision for doubtful debts, and satisfied themselves that all known bad debts have been 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 the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, and

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

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

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

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

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

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

In the opinion of the directors:

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

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

AUDITORS

The total amount of fee paid to or receivable by the auditors, Grant Thornton, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 September 2019 is disclosed in Note 27 to the financial statements.

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

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

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

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

Penang,

Date: 7 January 2020

DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 58 to 117 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 2019** 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 directors:

....

Ng Sang Beng

....

Ng Chin Wah

Date: 7 January 2020

STATUTORY DECLARATION

I, **Ng Chin Wah**, the director primarily responsible for the financial management of **Aemulus Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 58 to 117 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 7th)
day of January 2020)

....

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

Before me,

....

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEMULUS HOLDINGS BERHAD (Company No. 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 2019** 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 58 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 September 2019**, 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' *Code of Ethics for Professional Accountants* ("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
Capitalisation of testing equipment *(Note 4 to the financial statements)* During the financial year, the Group capitalised demo units and testing equipment as property, plant and equipment ("PPE") from inventories as this equipment are held for use in the production of goods and are expected to be used for more than one period. We focus on this area as the determination of equipment to capitalised as well as rate of depreciation used involve estimates and significant judgement.	Our audit procedures in relation to the capitalisation of testing equipment included: • Discussing and challenging management on the rationale, timing and depreciation rate applied of such equipment capitalised from inventories. • Assessed the Group's capitalisation policy to determine compliance with relevant accounting standards. • Substantive testing procedures including, testing necessary authorisation for capitalisation of equipment as PPE and testing mathematical accuracy of computation of depreciation charge for the year. • Performing physical sighting of equipment on sampling basis to ensure the equipment are in good working conditions and used in the production of goods which will enable future economic benefits to be flowed into the Group.

Key Audit Matters (Cont'd)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Impairment of trade receivables

(Note 9 to the financial statements)

The Group has significant trade receivables as at 30 September 2019 and it is subject to credit risk exposure.

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.</td><td>Our audit procedures in relation to the impairment of trade receivable included:

• Obtaining an understanding of:
- the Group's control over the customers collection process and parameters used by management when extending credit terms to the new customers;
- how the Group identifies and assesses the impairment of trade receivables; and
- how the Group makes the accounting estimates for impairment.

• Reviewing the application of the Group's policy for calculating the expected credit losses.

• Reviewing subsequent collection for major customers and overdue amounts.

• Reviewing the aging analysis of trade receivables and testing the reliability thereof.

• Evaluating techniques and methodology applied for the expected credit loss approach against the requirements of MFRS 9.

• Assessing the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.</td></tr>
<tr><td>Valuation of inventories

(Note 10 to the financial statements)

The Group holds significant inventories as at 30 September 2019 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying values.

We focused on this area as it involves estimation uncertainty by the directors in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost and market value.</td><td>Our audit procedures in relation to the valuation of inventories included:

• Obtaining an understanding of:
- the Group's inventory management process;
- how the Group identifies and assesses inventory write-downs; and
- how the Group makes the accounting estimates for inventory write-downs.

• Reviewing the consistency of the application of management's methodology in determining and estimating the provision from year to year.

• Reviewing and testing the reliability of the ageing report of inventories provided by the management.

• Reviewing and testing the net realisable value of inventories on sampling basis.

• Evaluating the reasonableness and adequacy of the inventories write-downs recognised for identified exposures.</td></tr>
</table>

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the 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, 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.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

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

Grant Thornton
No. AF: 0042
Chartered Accountants

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

Penang

Date: 7 January 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

		GROUP		COMPANY	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**24,226,131**	6,504,183	**-**	-
Intangible assets	5	**13,686,335**	13,686,335	**-**	-
Development costs	6	**3,972,417**	1,007,817	**-**	-
Investment in a subsidiary	7	**-**	-	**35,620,035**	35,416,966
Other investments	8	**356,424**	356,424	**-**	-
Trade receivables	9	**-**	1,253,506	**-**	-
		42,241,307	22,808,265	**35,620,035**	35,416,966
Current assets					
Inventories	10	**15,763,439**	20,341,077	**-**	-
Trade receivables	9	**15,639,536**	13,135,643	**-**	-
Contract assets	11	**2,689,988**	-	**-**	-
Other receivables, deposits and prepayments	12	**921,007**	6,730,309	**10,982**	10,982
Amount due from a subsidiary	13	**-**	-	**14,359,727**	9,622,727
Current tax assets		**140,360**	335,050	**6,440**	20,863
Other investments	8	**8,854,307**	16,531,325	**8,635,820**	14,309,493
Fixed deposits with licensed banks	14	**2,524,639**	550,769	**-**	-
Cash and bank balances	15	**837,730**	6,528,372	**14,682**	195,072
		47,371,006	64,152,545	**23,027,651**	24,159,137
TOTAL ASSETS		**89,612,313**	86,960,810	**58,647,686**	59,576,103
EQUITY AND LIABILITIES					
Share capital	16	**59,438,214**	59,186,590	**59,438,214**	59,186,590
Reserves	17	**(12,925,689)**	(12,864,563)	**85,892**	134,447
Retained profits/(Accumulated losses)		**27,532,370**	32,181,231	**(1,031,127)**	42,293
Total equity		**74,044,895**	78,503,258	**58,492,979**	59,363,330
Non-current liability					
Borrowings	18	**4,438,101**	1,831,503	**-**	-
Current liabilities					
Provision for warranty	19	**176,604**	248,766	**-**	-
Trade payables	20	**3,934,055**	1,998,075	**-**	-
Contract liabilities	21	**337,085**	-	**-**	-
Other payables and accruals	22	**3,880,748**	3,748,466	**154,707**	212,773
Derivative financial liabilities	23	**100,308**	101,134	**-**	-
Borrowings	18	**2,700,517**	529,608	**-**	-
		11,129,317	6,626,049	**154,707**	212,773
Total liabilities		**15,567,418**	8,457,552	**154,707**	212,773
TOTAL EQUITY AND LIABILITIES		**89,612,313**	86,960,810	**58,647,686**	59,576,103

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

		GROUP		COMPANY	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	**24**	**28,833,799**	36,957,998	**-**	1,500,000
Cost of sales		**(11,181,367)**	(13,627,866)	**-**	-
Gross profit		**17,652,432**	23,330,132	**-**	1,500,000
Other income		**938,029**	934,118	**466,487**	394,992
Administrative expenses		**(15,055,054)**	(13,497,614)	**(441,712)**	(640,867)
Research and development expenses	**25**	**(4,365,080)**	(5,207,000)	**-**	-
Other expenses		**(2,206,919)**	(92,344)	**-**	-
(Loss)/Profit from operations		**(3,036,592)**	5,467,292	**24,775**	1,254,125
Finance costs	**26**	**(112,864)**	(130,644)	**-**	-
(Loss)/Profit before tax	**27**	**(3,149,456)**	5,336,648	**24,775**	1,254,125
Income tax expense	**29**	**(65,477)**	(40,874)	**(396)**	-
(Loss)/Profit for the financial year		**(3,214,933)**	5,295,774	**24,379**	1,254,125
Other comprehensive loss, net of tax:					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		**(12,571)**	(27,155)	**-**	-
Total comprehensive (loss)/income for the financial year		**(3,227,504)**	5,268,619	**24,379**	1,254,125
(Loss)/Earnings per share attributable to the owners of the Company (sen)					
- Basic/Diluted	**30**	**(0.59)**	0.97		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	NOTE	Non-distributable: Share Capital RM	Non-distributable: Merger Deficit RM	Non-distributable: RSP Reserve RM	Non-distributable: Exchange Translation Reserve RM	Distributable: Retained Profits RM	Total Equity RM
2019							
Balance at beginning		**59,186,590**	**(12,954,053)**	**134,447**	**(44,957)**	**32,181,231**	**78,503,258**
Effects of adopting MFRS 9		**-**	**-**	**-**	**-**	**(336,129)**	**(336,129)**
Balance at beginning, restated		**59,186,590**	**(12,954,053)**	**134,447**	**(44,957)**	**31,845,102**	**78,167,129**
Total comprehensive loss for the financial year		**-**	**-**	**-**	**(12,571)**	**(3,214,933)**	**(3,227,504)**
Transactions with owners:							
Issue of shares pursuant to RSP vested	**16**	**251,624**	**-**	**(251,624)**	**-**	**-**	**-**
Dividend	**31**	**-**	**-**	**-**	**-**	**(1,097,799)**	**(1,097,799)**
Recognition of equity-settled share-based payment		**-**	**-**	**203,069**	**-**	**-**	**203,069**
Total transactions with owners		**251,624**	**-**	**(48,555)**	**-**	**(1,097,799)**	**(894,730)**
Balance at end		**59,438,214**	**(12,954,053)**	**85,892**	**(57,528)**	**27,532,370**	**74,044,895**
2018							
Balance at beginning		59,095,093	(12,954,053)	81,000	(17,802)	26,885,457	73,089,695
Total comprehensive income for the financial year		-	-	-	(27,155)	5,295,774	5,268,619
Transactions with owners:							
Issue of shares pursuant to RSP vested	16	176,521	-	(176,521)	-	-	-
Share issuance expenses	16	(85,024)	-	-	-	-	(85,024)
Recognition of equity-settled share-based payment		-	-	229,968	-	-	229,968
Total transactions with owners		91,497	-	53,447	-	-	144,944
Balance at end		59,186,590	(12,954,053)	134,447	(44,957)	32,181,231	78,503,258

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	NOTE	Share Capital RM	Non-distributable RSP Reserve RM	Retained profit/ (Accumulated Losses) RM	Total Equity RM
2019					
Balance at beginning		**59,186,590**	**134,447**	**42,293**	**59,363,330**
Total comprehensive income for the financial year		**-**	**-**	**24,379**	**24,379**
Transactions with owners:					
Issue of shares pursuant to RSP vested	**16**	**251,624**	**(251,624)**	**-**	**-**
Dividend	**31**	**-**	**-**	**(1,097,799)**	**(1,097,799)**
Recognition of equity-settled share-based payment		**-**	**203,069**	**-**	**203,069**
Total transactions with owners		**251,624**	**(48,555)**	**(1,097,799)**	**(894,730)**
Balance at end		**59,438,214**	**85,892**	**(1,031,127)**	**58,492,979**
2018					
Balance at beginning		59,095,093	81,000	(1,211,832)	57,964,261
Total comprehensive income for the financial year		-	-	1,254,125	1,254,125
Transactions with owners:					
Issue of shares pursuant to RSP vested	16	176,521	(176,521)	-	-
Share issuance expenses	16	(85,024)	-	-	(85,024)
Recognition of equity-settled share-based payment		-	229,968	-	229,968
Total transactions with owners		91,497	53,447	-	144,944
Balance at end		59,186,590	134,447	42,293	59,363,330

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

		GROUP		COMPANY	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		**(3,149,456)**	5,336,648	**24,775**	1,254,125
Adjustments for:					
Allowance for expected credit loss/Impairment loss		**1,783,589**	93,344	**-**	-
Bad debts written off		**423,330**	-	**-**	-
Depreciation		**1,470,684**	1,155,850	**-**	-
Dividend income		**(264,850)**	(535,324)	**(250,641)**	(1,894,992)
Equity-settled share-based payment		**203,069**	229,968	**-**	-
Fair value (gain)/loss on derivative financial instruments		**(826)**	106,517	**-**	-
Interest expense		**112,864**	130,644	**-**	-
Interest income		**(30,799)**	(52,228)	**-**	-
Inventories written down/ (Reversal of inventories written down)		**157,817**	(3,345)	**-**	-
Reversal of provision for warranty		**(72,162)**	(49,439)	**-**	-
Unrealised gain on foreign exchange		**(259,681)**	(170,130)	**-**	-
Operating profit/(loss) before working capital changes		**373,579**	6,242,505	**(225,866)**	(640,867)
Increase in inventories		**(2,009,769)**	(2,740,382)	**-**	-
Increase in receivables		**(5,390,137)**	(181,690)	**-**	(1,608)
Increase/(Decrease) in payables		**2,414,567**	(940,845)	**(58,066)**	(19,152)
Cash generated (used in)/from operations		**(4,611,760)**	2,379,588	**(283,932)**	(661,627)
Income tax paid		**(296,298)**	(366,545)	**(6,440)**	(15,155)
Income tax refunded		**425,511**	37,184	**20,467**	37,184
Interest paid		**(112,864)**	(130,644)	**-**	-
Net cash (used in)/from operating activities		**(4,595,411)**	1,919,583	**(269,905)**	(639,598)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of development costs		**(2,964,600)**	(1,007,817)	**-**	-
Additions of other investments		**-**	(356,424)	**-**	-
Dividend received		**264,850**	535,324	**250,641**	394,992
Interest received		**30,799**	52,228	**-**	-
Placement of fixed deposits		**(1,973,870)**	(509,369)	**-**	-
Purchase of property, plant and equipment	A	**(7,798,035)**	(1,296,128)	**-**	-
Net cash (used in)/from investing activities		**(12,440,856)**	(2,582,186)	**250,641**	394,992
Balance carried forward		**(17,036,267)**	(662,603)	(19,264)	(244,606)

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

		GROUP		COMPANY	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
Balance brought forward		**(17,036,267)**	(662,603)	**(19,264)**	(244,606)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		**(1,097,799)**	-	**(1,097,799)**	-
(Advance to)/Repayment from a subsidiary		**-**	-	**(4,737,000)**	2,470,001
Proceeds from banker's acceptance	B	**623,000**	-	**-**	-
Proceeds from term loan	B	**3,776,202**	-	**-**	-
Repayment of term loan	B	**(529,608)**	(529,609)	**-**	-
Share issuance expenses		**-**	(85,024)	**-**	(85,024)
Net cash from/(used in) financing activities		**2,771,795**	(614,633)	**(5,834,799)**	2,384,977
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(14,264,472)**	(1,277,236)	**(5,854,063)**	2,140,371
Effects of changes in exchange rates on cash and cash equivalents		**(11,101)**	31,964	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING		**23,059,697**	24,304,969	**14,504,565**	12,364,194
CASH AND CASH EQUIVALENTS AT END		**8,784,124**	23,059,697	**8,650,502**	14,504,565
Represented by:					
Other investments		**8,854,307**	16,531,325	**8,635,820**	14,309,493
Fixed deposits with licensed banks		**2,524,639**	550,769	**-**	-
Cash and bank balances		**837,730**	6,528,372	**14,682**	195,072
Bank overdrafts		**(907,913)**	-	**-**	-
		11,308,763	23,610,466	**8,650,502**	14,504,565
Less : Fixed deposits pledged to licensed banks		**(2,524,639)**	(550,769)	**-**	-
		8,784,124	23,059,697	**8,650,502**	14,504,565

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

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	GROUP	
	2019	**2018**
	RM	**RM**
A. Purchase of property, plant and equipment		
Total acquisition cost	**19,192,658**	1,296,128
Reclassified from prepayment	**(4,965,033)**	-
Capitalised from inventories	**(6,429,590)**	-
Total cash acquisition	**7,798,035**	1,296,128

B. Liabilities arising from financing activities

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

GROUP

	At 1.10.18 RM	Cash flows RM	At 30.9.19 RM
Banker's acceptance	**-**	**623,000**	**623,000**
Term loans	**2,361,111**	**3,246,594**	**5,607,705**
	2,361,111	**3,869,594**	**6,230,705**

	At 1.10.17 RM	Cash flows RM	At 30.9.18 RM
Term loans	2,890,720	(529,609)	2,361,111

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

1. GENERAL INFORMATION

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

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

The principal place of business of the Company is located at One Precinct, 1C-06-02, Lengkok Mayang Pasir, 11950 Bayan Baru, 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 7 January 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION (Cont'd)

2.3 Functional and Presentation Currency

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

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

2.4 Adoption of New and Amendments/Improvements to MFRS

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

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2 Share-Based Payments: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)
IC Interpretation 22 Foreign Currency Transactions and Advance Considerations

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

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company have applied MFRS 9 prospectively, with an initial application date of 1 October 2018. Differences arising from the adoption of MFRS 9 in relation to classification, measurement, and impairment are recognised in retained profits. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139.

The effects of adopting MFRS 9 as at 1 October 2018 are as follows:

	Amount previously reported under MFRS 139 RM	Decrease RM	Restated amount reported under MFRS 9 RM
GROUP			
ASSETS			
Current assets			
Trade receivables	13,135,643	(336,129)	12,799,514
EQUITY			
Retained profits	32,181,231	(336,129)	31,845,102

2. BASIS OF PREPARATION (Cont'd)

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

MFRS 9 Financial Instruments (Cont'd)

The natures of the changes of adopting MFRS 9 are described below:

(i) Classification and measurement

Financial assets

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under MFRS 139. The following are the changes in the classification of the Company's financial assets:

- Trade receivables and other financial assets (i.e., other receivables, refundable deposits and cash and cash equivalents) previously classified as loans and receivables ("L&R") as at 30 September 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost ("AC") beginning 1 October 2018.

- Other investments under non-current assets represents investment in unquoted shares in Malaysia classified as available for sales ("AFS") financial assets as at 30 September 2018 is classified and measured as financial assets as fair value through other comprehensive income ("FVOCI") beginning 1 October 2018.

- Other investments under current assets represents investment in unit trusts classified as available for sales ("AFS") financial assets as at 30 September 2018 is classified and measured as financial assets at fair value through profit or loss ("FVTPL") beginning 1 October 2018.

Financial liabilities

The Group and the Company have not designated any financial liabilities at fair value through profit or loss and therefore, there are no changes to the measurement for the Group's and the Company's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECL for all debt instruments not held at fair value through profit or loss.

The Group applies the simplified approach to recognise lifetime ECL for all receivables and contract assets. To measure the ECL, receivables have been grouped based on geographical location and days past due. A forward looking default rate based on country and sovereign credit risk is applied across all grouped. The management considers the historical default rate of the financial assets to be minimal as these was no history of default in prior years.

Upon adoption of MFRS 9 the Group recognised additional impairment of RM336,129 on its trade receivables with a corresponding decrease in retained profits as at 1 October 2018 by the same.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

2. BASIS OF PREPARATION (Cont'd)

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

MFRS 15 Revenue from Contracts with Customers (Cont'd)

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 October 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 October 2018.

The adoption of MFRS 15 resulted in changes in accounting policies for revenue recognition, and has no material financial impact on the substance of the principles applied by the Group to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group remains generally unaltered. No adjustment to the opening balance of retained profits had been made as there are no changes in timing of the revenue recognition. The comparative information which was reported under MFRS 118 was not restated.

(i) Presentation of contract assets

In the previous financial year, accrued revenue is a sale which has not yet been billed but recognised by the Group and is presented in the statement of financial position under "Trade receivables".

Under MFRS 15, a contract asset, rather than a receivable, is recognised when the Group performs by transferring services or goods to a customer before the customer pays consideration or before payment is due.

(ii) Presentation of contract liabilities

In previous financial years, deferred income received from customers are part of contract balances which were presented in the consolidated statement of financial position under "Other payables and accruals".

Under MFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following 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 periods beginning on or after 1 January 2019
MFRS 16 Leases
Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
IC Interpretations 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for annual periods beginning on or after 1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

Effective for annual periods beginning on or after 1 January 2021
MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (Cont'd)

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

Effective date yet to be confirmed

Amendments to MFRS 10 and MFRS 128 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 the Company upon adoption except as mentioned below:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and *SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16* sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under *MFRS 117*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under *MFRS 16* is substantially unchanged from today's accounting under *MFRS 117*. Lessors will continue to classify all leases using the same classification principle as in *MFRS 117* and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under *MFRS 117*.

The Group and the Company do not expect a significant impact to the financial statement upon adoption of MFRS16.

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Judgements made in applying accounting policies

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

Development costs

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

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

2. 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 5 to the financial statements.

(ii) Inventories

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

The carrying amount of the Group's inventories at the end of reporting period is disclosed in Note 10 to the financial statements.

(iii) Provision for expected credit losses for trade receivables

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

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

(iv) Provision for warranty

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

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

(v) Restricted share plan

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

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)

(v) Restricted share plan (Cont'd)

The assumptions and model used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 36 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

(i) Subsidiaries

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

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

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

(ii) Business combination

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(iii) Combination through merger

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

(iv) Loss of control

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

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

(v) 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.

3.2 Property, Plant and Equipment

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Leases

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

Group as a lessee

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

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

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

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

Group as a lessor

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

3.4 Intangible Assets

3.4.1 Research and development costs

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

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

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products. 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 acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Intangible Assets (Cont'd)

3.4.2 Goodwill (Cont'd)

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

3.4.3 Trademarks and Patents

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

3.5 Impairment of Non-Financial Assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments

3.6.1 Initial recognition and measurement

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguish, discharged, cancelled or expires.

3.6.2 Classification and measurement of financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

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

- amortised cost ("AC");
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

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

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

Financial assets at amortised cost ("AC")

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. The Group's and the Company's cash and bank balances, fixed deposits with licensed bank, trade and most other receivables fall into this category of financial instruments.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.2 Classification and measurement of financial assets (Cont'd)

Current financial year **(Cont'd)**

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

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

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

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

Previous financial year

The Group and the Company categorise financial instruments as follows:

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.3 Financial assets - Impairment

All financial assets are subject to review for impairment.

Current financial year

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

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

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

Stage 1
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;

Stage 2
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and

Stage 3
- financial assets that have objective evidence of impairment at the reporting date.

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

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

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

Previous financial year

All financial assets (except for financial assets categorised at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.3 Financial assets - Impairment (Cont'd)

Previous financial year **(Cont'd)**

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

3.6.4 Classification and measurement of financial liabilities

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

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

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

3.6.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal 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.

3.6.6 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

3.6.7 Financial guarantee contracts

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Financial Instruments (Cont'd)

3.6.8 Regular way purchase or sale of financial assets

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

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

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

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

3.6.9 Derivative financial instruments

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

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

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

3.7 Inventories

The Group has changed its method of valuing its inventories from weighted average to first-in-first out ("FIFO") in conjunction with the adoption of the new Enterprise Resource Planning system ("ERP") during the financial year. The management opined that it is impracticable to determine the cumulative effect of applying this change retrospectively due to the nature of the Group's business whereby it deals with significant types of components in the build-up of its finished goods. Moreover, the Group's previous ERP system does not track the costing of the inventories based on the FIFO method. Hence, management has decided to record the opening unit cost of its inventories under the new ERP system using the last recorded unit cost per the weighted average basis.

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

Cost of raw materials is determined on the first-in-first out basis.

Cost of finished goods includes direct materials and direct labour.

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

3.8 Cash and Cash Equivalents

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

3.9 Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Provisions (Cont'd)

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 directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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 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.

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

3.11 Revenue Recognition

To determine whether to recognise revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognising revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognised only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,

(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Revenue Recognition (Cont'd)

Revenue is measured at fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:

(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.

In the prior financial years, revenue from the sale of equipment is recognized when the significant risk and rewards of ownership have been transferred to the buyer.

(b) Finance lease arrangement

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

(ii) Rendering of services

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

(iii) Dividend income

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

(iv) Rental income

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

(v) Interest income

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

3.11.1 Contract balances

Trade receivables

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

Contract assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Revenue Recognition (Cont'd)

3.11.1 Contract balances (Cont'd)

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.

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill, the initial recognition of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Income Tax (Cont'd)

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

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

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

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

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

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

The Malaysian Government has zero rated the GST effective from 1 June 2018. The GST has been replaced with SST which came into effect on 1 September 2018. The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

3.15 Foreign Currency

Foreign currency transactions

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

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

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

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

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

Foreign operations

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Segment Reporting

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

3.17 Share Capital, Share Issuance Expenses 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

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective 31 January 2017, 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.

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 and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 Related Parties

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Group

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

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

Group

	Leasehold land RM	Freehold commercial lot RM	Office and testing equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Capital expenditure in progress RM	Total RM
2018								
At cost								
Balance at beginning	-	210,000	8,134,398	367,940	674,222	426,275	-	9,812,835
Additions	-	-	1,238,252	5,351	52,525	-	-	1,296,128
Foreign currency translation	-	-	(827)	-	(2,044)	-	-	(2,871)
Balance at end	-	210,000	9,371,823	373,291	724,703	426,275	-	11,106,092
Accumulated depreciation								
Balance at beginning	-	34,300	3,076,265	156,179	165,214	14,209	-	3,446,167
Current charge	-	4,200	1,001,590	36,499	70,934	42,627	-	1,155,850
Foreign currency								-
translation	-	-	(18)	-	(90)	-	-	(108)
Balance at end	-	38,500	4,077,837	192,678	236,058	56,836	-	4,601,909
Carrying amount	-	171,500	5,293,986	180,613	488,645	369,439	-	6,504,183

(i) The leasehold land and capital expenditure in progress are pledged as securities for banking facility granted to a subsidiary.

(ii) The amount of borrowing costs capitalised in the property, plant and equipment of the Group during the financial year is **RM9,745** (2018: RM Nil).

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

5. INTANGIBLE ASSETS

	GROUP	
	2019 RM	**2018 RM**
At cost:		
Goodwill	**13,663,357**	13,663,357
Trademark, patent and industry design	**22,978**	22,978
	13,686,335	13,686,335

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

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

Key assumptions used in value-in-use calculations

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

(i) Cash flow projections and growth rate

The 5-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the 5-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors. Thereafter, a **10%** (2018: 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%** (2018: 1%) in perpetuity.

(ii) Discount rate

A pre-tax discount rate of **11.80%** (2018: 10.10%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital, which takes into consideration both the cost of debt and cost of equity.

Sensitivity to changes in key assumptions

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

6. DEVELOPMENT COSTS

	GROUP	
	2019 RM	2018 RM
At cost		
Balance at beginning	**1,007,817**	-
Additions - staff cost	**2,749,356**	1,007,817
- other direct attributable costs	**224,700**	-
Balance at end	**3,981,873**	1,007,817
Less: Accumulated amortisation		
Current charges	**(9,456)**	-
	3,972,417	1,007,817

Development costs are in relation to the development of new automated test equipment and Moridaru, a platform that encompasses a software framework with artificial intelligence capability.

The development costs comprise entirely of staff costs and other direct attributable costs incurred to develop the stated platform above.

7. INVESTMENT IN A SUBSIDIARY

	COMPANY	
	2019 RM	2018 RM
Unquoted shares, at cost	**35,105,998**	35,105,998
RSP shares granted to employees of a subsidiary	**514,037**	310,968
	35,620,035	35,416,966

The details of the Malaysian subsidiary are as follows:

Name of Subsidiary	Effective Equity Interest 2019	Effective Equity Interest 2018	Principal Activities
Aemulus Corporation Sdn. Bhd. ("ACSB")	**100%**	100%	Design and development of automated test equipment, test and measurement instruments, and the provision of design consultancy and test-related services.

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

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

8. OTHER INVESTMENTS

	NOTE	GROUP 2019 RM	GROUP 2018 RM	COMPANY 2019 RM	COMPANY 2018 RM
Non-current asset					
Fair value through other comprehensive income					
Unquoted shares in Malaysia	8.1	**356,424**	356,424	**-**	-
Current asset					
Available-for-sale financial assets					
Unit trusts, at fair value	8.2	**-**	16,531,325	**-**	14,309,493
Fair value through profit or loss					
# Unit trusts, at fair value	8.2	**8,854,307**	-	**8,635,820**	-

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

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

8.2 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.

Upon adoption of MFRS 9 on 1 October 2018, the investments previously classified as financial assets available for sales and held to maturity are now re-classified to financial assets at fair value through profit or loss and fair value through other comprehensive income. The comparative amount under MFRS 139 is not restated.

9. TRADE RECEIVABLES

	Note	GROUP 2019 RM	GROUP 2018 RM
Finance lease arrangement	9.2	**1,843,136**	2,513,391
Outright sale	9.3	**15,916,754**	11,969,102
Less: Allowance for expected credit loss/Impairment losses	9.4	**(2,120,354)**	(93,344)
		13,796,400	11,875,758
		15,639,536	14,389,149

9.1 The trade receivables can be analysed as:

	GROUP 2019 RM	GROUP 2018 RM
Total amount receivable	**15,786,234**	14,559,972
Unearned interest income	**(146,698)**	(170,823)
	15,639,536	14,389,149
Less: Receivables within 1 year under current assets	**(15,639,536)**	(13,135,643)
Receivables more than 1 year	**-**	1,253,506

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

	GROUP 2019 RM	GROUP 2018 RM
Within 1 year	**1,843,136**	1,259,885
Later than 1 year and not later than 5 years	**-**	1,253,506
	1,843,136	2,513,391

9.3 The outright sale customers are non-interest bearing and are generally on **30 to 90 days** (2018: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. TRADE RECEIVABLES (Cont'd)

9.4 The movements of allowance for expected credit loss/impairment losses are as follow:

	2019 RM	2018 RM
Balance at beginning	**93,344**	-
Effect of adopting MFRS 9	**336,129**	-
Balance at beginning, restated	**429,473**	-
Current year	**1,783,589**	93,344
Written off	**(92,708)**	-
Balance at end	**2,120,354**	93,344

9.5 The currency profile of trade receivables is as follows:

	2019 RM	2018 RM
Ringgit Malaysia	**688,418**	390,563
United States Dollar	**14,951,118**	13,998,586
	15,639,536	14,389,149

10. INVENTORIES

	GROUP	
	2019 RM	2018 RM
Raw materials	**9,534,745**	11,257,392
Finished goods	**6,228,694**	9,083,685
	15,763,439	20,341,077
Recognised in profit or loss:		
Inventories written down/(Reversal of inventories written down)	**157,817**	(3,345)
Inventories recognised as cost of sales	**11,023,550**	13,631,211

11. CONTRACT ASSETS

	GROUP	
	2019 RM	2018 RM
Balance at 1 October 2018 as per MFRS 15	**1,480,790**	-
Increase in contract assets as a result of recognising revenue during the financial year	**2,689,988**	-
Decrease as a result of invoice issued	**(1,480,790)**	-
	2,689,988	-

Contract assets are in respect of good delivered and service rendered but not yet invoiced. The Group has initially applied MFRS 9 and MFRS 15 using modified retrospective method and any adjustment arising therefore is adjusted against the opening balance as at 1 October 2018 upon adoption of MFRS 15, accrued revenue which have been previously disclosed under "Trade receivables" is now classified as contract assets and disclosed as a separated line item.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Sundry receivables	**206**	2,290	**-**	-
Deposits - Refundable	**251,994**	3,205,671	**1,000**	1,000
- Non-refundable	**-**	1,986,025	**-**	-
Prepayments	**645,133**	1,401,678	**9,982**	9,982
GST claimable	**23,674**	134,645	**-**	-
	921,007	6,730,309	**10,982**	10,982

Included in the Group's deposits is an amount of **RM Nil** (2018: RM4,965,033) being paid to Penang Development Corporation ("PDC") as down payment for the purchase of a leasehold land, of which **RM Nil** (2018:RM1,986,025) is non-refundable. During the financial year, the leasehold land has been capitalised as property, plant and equipment.

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	**898,302**	6,710,321	**10,982**	10,982
New Taiwan Dollar	**22,705**	19,988	**-**	-
	921,007	6,730,309	**10,982**	10,982

13. 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.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to licensed banks as security for banking facilities granted to the Group.

The effective interest rates of fixed deposits at the end of the reporting period is **3.00% to 3.25%** (2018: 3.00% to 3.25%) per annum.

15. CASH AND BANK BALANCES

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

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Ringgit Malaysia	**170,330**	1,263,570	**14,682**	195,072
United States Dollar	**576,606**	5,166,324	**-**	-
Singapore Dollar	**139**	12,301	**-**	-
New Taiwan Dollar	**90,655**	86,177	**-**	-
	837,730	6,528,372	**14,682**	195,072

16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Issued and fully paid:				
Balance at beginning	**548,899,497**	438,850,000	**59,186,590**	59,095,093
Bonus issues	**-**	109,712,497	**-**	-
Share issuance expenses	**-**	-	**-**	(85,024)
Exercise of RSP	**577,150**	337,000	**251,624**	176,521
Balance at end	**549,476,647**	548,899,497	**59,438,214**	59,186,590

During the financial year, the Company issued:

(i) 273,450 new ordinary shares pursuant to the vesting and exercise of the Restricted Share Plan FY 2017 ("RSP I") at a price of RM0.5238 per share; and

(ii) 303,700 new ordinary shares pursuant to the vesting and exercise of the Restricted Share FY 2018 ("RSP II") at a price of RM0.3569 per share.

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

17. RESERVES

		GROUP		COMPANY	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:					
Merger deficit	17.1	**(12,954,053)**	(12,954,053)	**-**	-
RSP reserve	17.2	**85,892**	134,447	**85,892**	134,447
Exchange translation reserve	17.3	**(57,528)**	(44,957)	**-**	-
		(12,925,689)	(12,864,563)	**85,892**	134,447

17.1 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.

17.2 RSP reserve

RSP reserve represents the equity-settled shares granted by the Company to ACSB's employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced once vested or forfeited. The details of RSP are further disclosed in Note 36 to the financial statements.

17.3 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.

18. BORROWINGS

	GROUP	
	2019 RM	2018 RM
Secured:		
Non-current liabilities - term loans	**4,438,101**	1,831,503
Current liabilities		
Bank overdraft	**907,913**	-
Banker's acceptance	**623,000**	-
Term loans	**1,169,604**	529,608
	2,700,517	529,608

18. BORROWINGS (Cont'd)

The borrowings are secured by way of:

(i) legal charge over the leasehold land and capital expenditure in progress;
(ii) pledge of fixed deposits of the Group; and
(iii) corporate guarantee of the Company.

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

	Average effective interest rate per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
2019					
Term loans	**4.36**	**5,607,705**	**1,169,604**	**1,169,604**	**3,268,497**
Bank overdraft	**6.82**	**907,913**	**907,913**	**-**	**-**
Banker's acceptance	**5.07 to 5.09**	**623,000**	**623,000**	**-**	**-**
2018					
Term loan	4.61	2,361,111	529,608	529,608	1,301,895

19. PROVISION FOR WARRANTY

	GROUP	
	2019 RM	2018 RM
Balance at beginning	**248,766**	298,205
Additions	**210,496**	275,434
Reversal	**(282,658)**	(324,873)
Balance at end	**176,604**	248,766

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.

20. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2019 RM	**2018 RM**
Ringgit Malaysia	**1,773,555**	903,536
United States Dollar	**2,159,500**	1,094,539
Others	**1,000**	-
	3,934,055	1,998,075

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2018: 30 to 90 days) credit terms.

21. CONTRACT LIABILITIES

	GROUP	
	2019 RM	**2018 RM**
Balance at 1 October as per MFRS 15	**283,840**	-
Increase in contract liabilities as a result of receiving deposits from customers upon placing sales orders	**1,215,298**	-
Recognised as revenue	**(1,162,053)**	-
Balance at end	**337,085**	-

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

The Group has initially applied *MFRS 9 and MFRS 15* using the cumulative effect transition method and adjusted the opening balance as at 1 October 2018.

Upon the adoption of *MFRS 15*, amount previously included as "Deferred income" under "Other payables and accruals" were reclassified to contract liabilities.

When the Group receives advances before the maintenance services commance, 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.

22. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Sundry payables	**440,973**	233,074	**18,010**	77,993
Retention sum payable	**553,835**	-	**-**	-
Accruals	**2,885,940**	3,231,552	**136,697**	134,780
Deferred income	**-**	283,840	**-**	-
	3,880,748	3,748,466	**154,707**	212,773

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

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Ringgit Malaysia	**3,754,851**	3,694,723	**154,707**	212,773
New Taiwan Dollar	**125,897**	53,743	**-**	-
	3,880,748	3,748,466	**154,707**	212,773

23. DERIVATIVE FINANCIAL LIABILITIES

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

	GROUP	
	2019 RM	**2018 RM**
Forward foreign exchange contracts:		
- Nominal value	**7,738,282**	5,863,617
- Liabilities	**100,308**	101,134

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

24. REVENUE

24.1 Disaggregation of revenue from contracts with customers

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Types of goods or services				
Sale of goods				
- Outright sales	**23,799,423**	29,980,384	**-**	-
- Finance lease arrangement	**-**	1,724,645	**-**	-
- Rendering of services	**5,034,376**	5,252,969	**-**	-
Dividend income received from a subsidiary	**-**	-	**-**	1,500,000
Total revenue from contracts with customers	**28,833,799**	36,957,998	**-**	1,500,000

Revenue information based on the geographical location of customers are disclosed in Note 37 to the financial statements.

	GROUP	COMPANY
	2019 RM	2019 RM
Timing of revenue recognition		
At a point in time	**23,799,423**	**-**
Over time	**5,034,376**	**-**
Total revenue from contracts with customers	**28,833,799**	**-**

24.2 Contract balances

	GROUP
	2019 RM
Trade receivables (Note 9)	**15,639,536**
Contract assets (Note 11)	**2,689,988**
Contract liabilities (Note 21)	**337,085**

24.3 Performance obligations

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

25. RESEARCH AND DEVELOPMENT EXPENSES

Included in the research and development expenses of the Group is employee benefits expenses amounting to **RM4,311,433** (2018: RM4,985,459) as disclosed in Note 28 to the financial statements.

26. FINANCE COSTS

	GROUP	
	2019 RM	**2018 RM**
Interest expenses on:		
- Bank overdraft	**9,453**	-
- Banker's acceptance	**7,542**	-
- Term loans	**95,869**	130,644
	112,864	130,644

27. (LOSS)/PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
After charging:				
Allowance for expected credit loss/ Impairment loss	**1,783,589**	93,344	**-**	-
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	**60,000**	49,000	**20,000**	16,000
- under/(over) provision in prior year	**1,000**	(3,200)	**(1,000)**	-
- other services	**13,000**	13,000	**13,000**	13,000
Bad debts written off	**423,330**	-	**-**	-
Depreciation	**1,470,684**	1,155,850	**-**	-
Fair value loss on derivative financial instruments	**-**	106,517	**-**	-
Inventories written down/ (Reversal of inventories written down)	**157,817**	(3,345)	**-**	-
Provision for warranty				
- Current year	**210,496**	275,434	**-**	-
- Reversal of prior year	**(283,658)**	(324,873)	**-**	-
Realised loss on foreign exchange	**171,452**	-	**-**	-
Rental of equipment	**2,022**	1,853	**-**	-
Rental of office equipment	**6,900**	4,500	**-**	-

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

This is arrived at: (Cont'd)

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Rental of premises	**960,454**	882,182	**-**	-
And crediting:				
Dividend income	**264,850**	535,324	**250,641**	394,992
Fair value gain on derivative financial instruments	**826**	-	**-**	-
Fair value gain on other investment	**250,821**	-	**215,846**	-
Interest income	**30,799**	52,228	**-**	-
Realised gain on foreign exchange	**-**	23,268	**-**	-
Rental income	**25,080**	25,080	**-**	-
Unrealised gain on foreign exchange	**259,681**	170,130	**-**	-

28. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
- Salaries, allowance and bonus	**13,137,922**	11,310,779	**15,000**	28,000
- Fees - current year	**160,000**	239,167	**160,000**	239,167
- over provision in prior year	**(14,011)**	-	**(14,011)**	-
- Defined contribution plan	**1,283,550**	1,383,959	**-**	-
- SOCSO and EIS	**147,035**	154,515	**-**	-
- Equity-settled share-based payment	**203,069**	229,968	**-**	-
	14,917,565	13,318,388	**160,989**	267,167
Less: Charge to research and development expenses	**(4,311,433)**	(4,985,459)	**-**	-
Capitalised in development cost	**(2,749,356)**	(1,007,817)	**-**	
	7,856,776	7,325,112	**160,989**	267,167

28. EMPLOYEE BENEFITS EXPENSES (Cont'd)

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive:				
- Salaries, allowance and bonus	**1,211,696**	1,022,275	**-**	-
- Defined contribution plan	**145,819**	123,126	**-**	-
- SOCSO	**3,566**	3,463	**-**	-
	1,361,081	1,148,864	**-**	-
- Benefits-in-kind *	**15,000**	15,000	**-**	-
	1,376,081	1,163,864	**-**	-
Non-executive:				
- Salaries, allowance and bonus	**15,000**	28,000	**15,000**	28,000
- Fees	**145,989**	239,167	**145,989**	239,167
	160,989	267,167	**160,989**	267,167
	1,537,070	1,431,031	**160,989**	267,167

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

29. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:				
Based on results for the financial year				
- Malaysian income tax	**(16,684)**	(23,814)	**-**	-
- Foreign tax	**(27,807)**	(14,961)	**-**	-
	(44,491)	(38,775)	**-**	-
Under provision of current tax in prior year	**(20,986)**	(2,099)	**(396)**	-
	(65,477)	(40,874)	**(396)**	-

29. INCOME TAX EXPENSE (Cont'd)

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

	GROUP		COMPANY	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
(Loss)/Profit before tax	**(3,149,456)**	5,336,648	**24,775**	1,254,125
Income tax at Malaysian statutory tax rate of 24%	**755,869**	(1,280,796)	**(5,946)**	(300,900)
Different tax rate in other jurisdiction*	**2,452**	7,703	**-**	-
Expenses not deductible for tax purposes	**(582,321)**	(300,300)	**(106,011)**	(153,808)
Income not subject to tax	**119,349**	128,478	**111,957**	454,798
Pioneer income not subject to tax	**-**	1,392,220	**-**	-
Movement of deferred tax assets not recognised	**(339,840)**	13,920	**-**	-
	(44,491)	(38,775)	**-**	-
Under provision of current tax in prior year	**(20,986)**	(2,099)	**(396)**	-
	(65,477)	(40,874)	**(396)**	-

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

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

	GROUP	
	2019 RM	**2018 RM**
Property, plant and equipment	**3,368,000**	1,692,000
Others	**(5,579,000)**	(2,487,000)
	(2,211,000)	(795,000)

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

30. (LOSS)/EARNINGS PER SHARE

GROUP

30.1 (Loss)/Basic earnings per share

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

	2019	2018
(Loss)/Profit attributable to owners of the Company (RM)	**(3,214,933)**	5,295,774
Weighted average number of ordinary shares	**548,958,841**	548,636,360
Basic (loss)/earnings per share (sen)	**(0.59)**	0.97

30.2 Diluted (loss)/earnings per share

The diluted (loss)/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:

	2019	2018
(Loss)/Profit attributable to owners of the Company (RM)	**(3,214,933)**	5,295,774
Weighted average number of ordinary shares	**548,958,841**	548,636,360
Adjustment for dilutive effect of RSP	**415,700**	396,233
	549,374,541	549,032,593
Diluted (loss)/earnings per share (sen)	**(0.59)**	0.97

31. DIVIDEND

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

32. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Group has related party relationship with its subsidiary and key management personnel as disclosed in Note 32 (b) and (c).

(b) Related party transactions

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

	GROUP	
	2019 RM	2018 RM
Gross dividend from a subsidiary	**-**	1,500,000

(c) Compensation to key management personnel

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

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	**3,318,873**	3,196,286	**160,989**	267,167
Defined contribution plan	**325,957**	298,873	**-**	-
Equity-settled share-based payment	**46,349**	18,492	**-**	-
	3,691,179	3,513,651	**160,989**	267,167
Analysed as:				
- Directors	**1,537,070**	1,431,031	**160,989**	267,167
- Other key management personnel	**2,154,109**	2,082,620	**-**	-
	3,691,179	3,513,651	**160,989**	267,167

32. RELATED PARTY DISCLOSURES (Cont'd)

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

	GROUP	
	2019 RM	**2018 RM**
RSP I		
At 1 October	**53,600**	107,200
Exercised	**(42,250)**	(53,600)
Lapsed	**(11,350)**	-
At 30 September	**-**	53,600
RSP II		
At 1 October	**167,100**	-
Granted	**-**	167,100
Exercised	**(70,050)**	-
Lapsed	**(13,500)**	-
At 30 September	**83,550**	167,100

The RSP were granted on the same terms and conditions as those offered to other employees of the Group, as disclosed in Note 36 to the financial statements.

33. CAPITAL COMMITMENTS

	GROUP	
	2019 RM	**2018 RM**
Contracted but not provided for:		
- Purchase of leasehold land	**4,965,012**	-
- Construction of factory buildings	**10,830,984**	5,038,110

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 September 2019 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
GROUP				
2019				
Financial assets				
Trade receivables	15,639,536	15,639,536	-	-
Other receivables and refundable deposits	252,200	252,200	-	-
Other investments	9,210,731	-	8,854,307	356,424
Fixed deposits with licensed banks	2,524,639	2,524,639	-	-
Cash and bank balance	837,730	837,730	-	-
	28,464,836	19,254,105	8,854,307	356,424
Financial liabilities				
Trade payables	3,934,055	3,934,055	-	-
Other payables and accruals	3,880,748	3,880,748	-	-
Derivative financial liabilities	100,308	-	100,308	-
Borrowings	7,138,618	7,138,618	-	-
	15,053,729	14,953,421	100,308	-
COMPANY				
2019				
Financial assets				
Refundable deposits	1,000	1,000	-	-
Amount due from a subsidiary	14,359,727	14,359,727	-	-
Other investments	8,635,820	-	8,635,820	-
Cash and bank balances	14,682	14,682	-	-
	23,011,229	14,375,409	8,635,820	-
Financial liabilities				
Other payables and accruals	154,707	154,707	-	-

34. FINANCIAL INSTRUMENTS (Cont'd)

34.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 30 Septmber 2018 categorised as fair value through profit or loss ("FVTPL"), loans and receivables ("L&R"), available-for-sale financial assets ("AFS") and financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	FVTPL RM	L&R RM	AFS RM	FL RM
GROUP					
2018					
Financial assets					
Trade receivables	14,389,149	-	14,389,149	-	-
Other receivables and refundable deposits	3,207,961	-	3,207,961	-	-
Other investments	16,887,749	-	-	16,887,749	-
Fixed deposits with licensed banks	550,769	-	550,769	-	-
Cash and bank balances	6,528,372	-	6,528,372	-	-
	41,564,000	-	24,676,251	16,887,749	-
Financial liabilities					
Trade payables	1,998,075	-	-	-	1,998,075
Other payables and accruals	3,464,626	-	-	-	3,464,626
Derivative financial liabilities	101,134	101,134	-	-	-
Borrowings	2,361,111	-	-	-	2,361,111
	7,924,946	101,134	-	-	7,823,812

	Carrying amount RM	L&R RM	AFS RM	FL RM
COMPANY				
2018				
Financial assets				
Refundable deposits	1,000	1,000	-	-
Amount due from a subsidiary	9,622,727	9,622,727	-	-
Other investments	14,309,493	-	14,309,493	-
Cash and bank balances	195,072	195,072	-	-
	24,128,292	9,818,799	14,309,493	-
Financial liabilities				
Other payables and accruals	212,773	-	-	212,773

34. FINANCIAL INSTRUMENTS (Cont'd)

34.2 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.

34.3 Credit risk

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

34.3.1 Trade receivables

The Group extends to existing customers credit terms ranging from 30 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group will subject new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

In addition, as set out in Note 3.6.3, the Group assesses ECL under MFRS 9 on trade receivables based on the provision matrix, the expected loss rates are based on the geographical location and days past due. A forward looking default rate based on country and sovereign credit risk is applied across all group and receivables. The management considers the historical default rate of the financial assets to be minimal as these was no history of default in prior years. At each reporting date, the historical default rates are updated and changes in the forward-looking default rate are analysed.

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

	Expected loss rate %	Gross RM	Expected credit loss RM	Net RM
2019				
Not past due	-	970,903	-	970,903
1 to 30 days past due	0.10 to 0.90	3,593,967	(8,721)	3,585,246
31 to 60 days past due	0.20 to 1.79	85,785	-	85,785
61 to 90 days past due	0.30 to 2.69	2,433,509	(3,013)	2,430,496
Past due more than 90 days	0.40 to 13.44	9,016,325	(449,219)	8,567,106
		15,129,586	(460,953)	14,668,633
Individually impaired	100	1,659,401	(1,659,401)	-
		17,759,890	(2,120,354)	15,639,536

34. FINANCIAL INSTRUMENTS (Cont'd)

34.3 Credit risk (Cont'd)

34.3.1 Trade receivables (Cont'd)

	Gross RM	Impairment loss RM	Net RM
2018			
Not past due	3,064,907	-	3,064,907
1 to 30 days past due	3,113,421	-	3,113,421
31 to 60 days past due	57,459	-	57,459
61 to 90 days past due	2,256,308	-	2,256,308
Past due more than 90 days	5,897,054	-	5,897,054
	11,324,242	-	11,324,242
Individually impaired	93,344	(93,344)	-
	14,482,493	(93,344)	14,389,149

Receivables that are individually impaired

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

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

The Group has trade receivables amounting to **RM14,668,633** (2018: RM11,324,242) 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 **3** (2018: 3) customers, representing **45%** (2018: 50%) of the total trade receivables.

34.3.2 Intercompany balances

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

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

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

34. FINANCIAL INSTRUMENTS (Cont'd)

34.3 Credit risk (Cont'd)

34.3.3 Financial guarantees

The Company provides unsecured financial guarantees to financial institution for banking facilities granted to a subsidiary up to a limit of **RM31,544,000** (2018: RM21,044,000). The maximum exposure to credit risk is amounted to **RM7,194,938** (2018: RM2,433,751), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

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

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

34.4 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.

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

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
GROUP					
2019					
Non-derivatives financial liabilities					
Trade payables	**3,934,055**	**3,934,055**	**3,934,055**	**-**	**-**
Other payables and accruals	**3,880,748**	**3,880,748**	**3,880,748**	**-**	**-**
Borrowings	**7,138,618**	**7,685,211**	**3,015,209**	**1,339,733**	**3,330,269**
Derivatives financial liabilities					
Forward foreign exchange contracts	**100,308**	**100,308**	**100,308**	**-**	**-**
	15,053,729	**15,600,322**	**10,930,320**	**1,339,733**	**3,330,269**

34. FINANCIAL INSTRUMENTS (Cont'd)

34.4 Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
GROUP					
2018					
Non-derivatives financial liabilities					
Trade payables	1,998,075	1,998,075	1,998,075	-	-
Other payables and accruals	3,464,626	3,464,626	3,464,626	-	-
Borrowings	2,361,111	2,579,052	720,665	664,230	1,194,157
Derivatives financial liabilities					
Forward foreign exchange contracts	101,134	101,134	101,134	-	-
	7,924,946	8,142,887	6,284,500	664,230	1,194,157
COMPANY					
2019					
Non-derivatives financial liabilities					
Other payables and accruals	**154,707**	**154,707**	**154,707**	**-**	**-**
Financial guarantee *	**-**	**7,194,938**	**7,194,938**	**-**	**-**
	154,707	**7,349,645**	**7,349,645**	**-**	**-**
2018					
Non-derivatives financial liabilities					
Other payables and accruals	212,773	212,773	212,773	-	-
Financial guarantee *	-	2,433,751	2,433,751	-	-
	212,773	2,646,524	2,646,524	-	-

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

34. FINANCIAL INSTRUMENTS (Cont'd)

34.5 Interest rate risk

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

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

	GROUP	
	2019 **RM**	**2018** **RM**
Fixed rate instruments		
Financial assets	**2,524,639**	550,769
Floating rate instruments		
Financial liabilities	**7,138,618**	2,361,111

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point would have increase loss/decreased profit before tax by **RM4,871** (2018: RM6,286) 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.

34.6 Foreign currency risk

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

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

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have reduced 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.

34. FINANCIAL INSTRUMENTS (Cont'd)

34.6 Foreign currency risk (Cont'd)

	GROUP	
	2019 RM	2018 RM
USD	**(1,326,792)**	(1,796,924)
SGD	**(14)**	(1,230)
TWD	**1,254**	(5,242)
Reduction in profit before tax	**(1,325,552)**	(1,803,396)

35. 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.

The carrying amounts of the non-current portion of trade receivables are reasonable approximation of their fair values due to the insignificant impact of discounting.

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					
2019					
Financial assets					
Other investments					
- Unit trusts	**8,854,307**	**-**	**-**	**8,854,307**	**8,854,307**
- Unquoted shares	**-**	**-**	**-**	**356,424**	**356,424**
Financial liabilities					
Forward foreign exchange contracts	**-**	**100,308**	**-**	**100,308**	**100,308**

35. 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
2018					
Financial assets					
Other investments					
- Unit trusts	16,531,325	-	-	16,531,325	16,531,325
- Unquoted shares	-	-	-	356,424	356,424
Financial liabilities					
Forward foreign exchange contracts	-	101,134	-	101,134	101,134
COMPANY					
2019					
Financial assets					
Other investments					
- Unit trusts	**8,635,820**	**-**	**-**	**8,635,820**	**8,635,820**
2018					
Financial assets					
Other investments					
- Unit trusts	14,309,493	-		14,309,493	14,309,493

The investment in unit trusts and it is carried at fair value by reference to its quoted closing bid price at the end of the reporting period. The fair value of the investment in unquoted shares approximates its cost due to reasons disclosed in Note 8 to the financial statements.

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

Policy on transfer between levels

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

36. 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
2019						
13.07.17	I	**337,000**	**-**	**(273,450)**	**(63,550)**	**-**
07.09.18	II	**940,000**	**-**	**(303,700)**	**(220,600)**	**415,700**
		1,277,000	**-**	**(577,150)**	**(284,150)**	**415,700**
2018						
13.07.17	I	786,800	-	(337,000)	(112,800)	337,000
07.09.18	II	-	940,000	-	-	940,000
		786,800	940,000	(337,000)	(112,800)	1,277,000

* Lapsed due to resignation.

36. 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 with the following inputs:

	RSP I	RSP II
Share price at grant date (RM)	**0.5238**	**0.345**
Fair value of share price (RM)	**0.5238**	**0.345**
Risk-free interest rate (% p.a.)	**3.69**	**3.69**
Expected life of RSP (years)	**2**	**2 - 3**
Dividend yield	**-**	**-**
Expected volatility	**55.68%**	**58.47%**

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the RSP is indicative of future trends, which may not necessarily be the actual outcome.

37. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	**4,870,126**	5,223,853	**42,165,377**	21,464,092
Singapore	**10,459,519**	14,497,935	**-**	-
China	**3,306,142**	3,622,350	**-**	-
USA	**2,516,293**	5,011,537	**-**	-
Korea	**4,466,955**	6,907,120	**-**	-
Taiwan	**2,633,410**	801,106	**75,930**	90,667
Others	**581,354**	894,097	**-**	-
	28,833,799	36,957,998	**42,241,307**	21,554,759

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

37. SEGMENTAL REPORTING (Cont'd)

Geographical Information (Cont'd)

	2019 RM	2018 RM
Property, plant and equipment	**24,226,131**	6,504,183
Intangible assets	**13,686,335**	13,686,335
Development costs	**3,972,417**	1,007,817
Other investments	**356,424**	356,424
	42,241,307	21,554,759

Information about major customers

Total revenue from **2** (2018: 3) major customers which individually contributed more than 10% of the Group's revenue amounted to **RM14,831,708** (2018: RM24,637,434).

38. 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	
	2019 RM	2018 RM
Total borrowings	**7,138,618**	2,361,111
Less: Other investments	**8,854,307**	16,531,325
Fixed deposits with licensed banks	**2,524,639**	550,769
Cash and bank balances	**837,730**	6,528,372
	(12,216,676)	(23,610,466)
Net cash surplus	**(5,078,058)**	(21,249,355)
Total equity	**74,044,895**	78,503,258
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 2019 RM
	Aemulus Corporation Sdn Bhd							
1	B-2-4, Krystal Point, 303, Jalan Sultan Azlan Shah, 11900 Penang	02.05.2008	One (1) unit at the 2nd floor of a 5-storey commercial building	Freehold	22	1,049	Rented to third-party	167,300

Note:

Aemulus Corporation Sdn Bhd has on 4 December 2019 disposed this property (“Disposal”). Pending completion of the Disposal.

ANALYSIS OF SHAREHOLDINGS

AS AT 12 DECEMBER 2019

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	310	6.736	14,594	0.003
100 – 1,000	273	5.932	109,585	0.020
1,001–10,000	1,471	31.964	8,692,564	1.582
10,001 – 100,000	2,203	47.871	72,317,799	13.161
100,001 – 27,473,831 (*)	340	7.388	222,404,707	40.476
27,473,832 and above (**)	5	0.109	245,937,398	44.758
Total	**4,602**	**100.000**	**549,476,647**	**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	91,444,499	16.642	51,170,874 *	9.313
BOMBALAI HILL VENTURES SDN BHD	76,799,275	13.977	-	-
KHAZANAH NASIONAL BERHAD	-	-	76,799,275 #	13.977
YEOH CHEE KEONG	62,174,875	11.315	575,000 ^	0.105
AEMULUS VENTURE SDN BHD	42,128,749	7.667	-	-

Notes:

* Deemed interested by virtue of his shareholdings of not less than 20% in Aemulus Venture Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act"), being the founder, council member and beneficiary of Crystal Clear (L) Foundation and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

Deemed to have interest pursuant to Section 8 of the Act through its wholly-owned subsidiary, Bombalai Hill Ventures Sdn Bhd.

^ 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	91,444,499	16.642	51,170,874 *	9.313
YEOH CHEE KEONG	62,174,875	11.315	575,000 ^	0.105
WONG SHEE KIAN	18,181,094	3.309	-	-
CHOK KWEE BEE	1,250,000	0.227	-	-
ONG CHONG CHEE	1,400,000	0.255	-	-
FRIISCOR HO CHII SSU	6,899,750	1.256	75,000^	0.014
NG CHIN WAH	378,235	0.069	-	-

Notes:

* Deemed interested by virtue of his shareholdings of not less than 20% in Aemulus Venture Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act"), being the founder, council member and beneficiary of Crystal Clear (L) Foundation and other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

^ Other interest held through his spouse pursuant to Section 59(11)(c) of the Act.

E. THIRTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1.	BOMBALAI HILL VENTURES SDN BHD	76,799,275	13.976
2.	NG SANG BENG	55,987,500	10.189
3.	YEOH CHEE KEONG	45,974,875	8.367
4.	NG SANG BENG	35,456,999	6.452
5.	AEMULUS VENTURE SDN. BHD.	31,718,749	5.772
6.	BEACH CAPITAL SDN. BHD.	26,179,375	4.764
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR YEOH CHEE KEONG (PBCL-0G0495)*	16,200,000	2.948
8.	WONG SHEE KIAN	15,914,000	2.896
9.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TERENCE WONG @ HUANG THAR-REARN*	15,000,000	2.729
10.	AEMULUS VENTURE SDN. BHD.	10,410,000	1.894
11.	RHB NOMINEES (TEMPATAN) SDN BHD *TAN AH LOY @ TAN MAY LING*	8,000,000	1.455
12.	FRIISCOR HO CHII SSU	6,899,750	1.255
13.	PONG CHUNG CHENG	4,892,125	0.890
14.	KEOH BENG HUAT	4,381,525	0.797
15.	CYRSTAL CLEAR (L) FOUNDATION	4,150,000	0.755
16.	LOW BOK SIEW	4,016,750	0.731
17.	MOY SHIN FEI	4,016,125	0.730

E. THIRTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
18.	RHB NOMINEES (TEMPATAN) SDN BHD *CHAN SHOOK FUN*	3,300,000	0.600
19.	ONG CHUIN TEIN	2,736,375	0.497
20.	WONG SHEE KIAN	2,267,094	0.412
21.	TEOH HOAY MING	1,938,150	0.352
22.	TAN E-CHIANG	1,665,225	0.303
23.	TAN ENG @ TAN CHIN HUAT	1,584,300	0.288
24.	LEW SHYH SHYONG	1,461,225	0.265
25.	TAN TZE SIN	1,425,500	0.259
26.	ONG CHONG CHEE	1,400,000	0.254
27.	OOI CHENG HUAT @ OOI PENG HUAT	1,400,000	0.254
28.	CHOK KWEE BEE	1,250,000	0.227
29.	NG MAN LEONG	1,110,625	0.202
30.	WONG CHEN YEW	1,095,000	0.199

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting **("AGM")** of the Company will be held at The Olive, Level 6, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Penang, Malaysia on Thursday, 20 February 2020 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 2019 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM160,000 for the financial year ending 30 September 2020. **Ordinary Resolution 1**

3. To approve the payment of benefits payable to the Directors of the Company up to an amount of RM70,000 from 23 February 2019 until the conclusion of the next AGM of the Company. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring in accordance with Article 95 of the Company's Constitution:

   (i) Ms Chok Kwee Bee **Ordinary Resolution 3**

   (ii) Mr Ng Chin Wah **Ordinary Resolution 4**

5. To re-appoint Messrs Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS:

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

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES
   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad **("Bursa Securities")** for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

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

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
TAN SHE CHIA (MAICSA 7055087)
Company Secretaries

Penang

Date : 22 January 2020

Notes :

1. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.

2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting.

3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.

4. 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.

5. 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.

6. 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.

7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 13 February 2020 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.

8. All resolutions as set out in this notice of Fifth AGM are to be voted by poll.

Explanatory Notes on Ordinary Business

Resolution 1 – Payment of Directors' fees
Resolution 1 is to facilitate payment of Directors' fees on current financial year basis, calculated based on the number of non-executive directors and the role and responsibilities undertaken by the non-executive directors for financial year 2020 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees proposed are insufficient (e.g. due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Resolution 2 – Payment of Directors' benefits
Resolution 2 is to approve the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the Companies Act 2016 for the period from 23 February 2019 until the conclusion of the next AGM of the Company.

Explanatory Notes on Special Business

Resolution 6 – Authority to issue shares
The proposed Ordinary Resolution 6, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

As at the date of this Notice, the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act 2016 under the general authority which was approved at the Fourth AGM held on 22 February 2019 and which will lapse at the conclusion of the Fifth AGM to be held on 20 February 2020. A renewal of this authority is being sought at the Fifth AGM under proposed Ordinary Resolution 6.

This authority if granted will provide flexibility to the Company for any possible 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).

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with the Rule 6.04(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed ordinary resolution 6 as stated in the Notice of Annual General Meeting of the Company for the details.

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PROXY FORM

CDS Account No.	
No. of ordinary shares held	

Aemulus Holdings Berhad
[Company No.: 201401037863 (1114009-H)] (Incorporated in Malaysia)

*I / We...NRIC No. / Company No. ....
(Full Name in Block Letters)

of ....being a *Member/ Members of
(Full Address)

Aemulus Holdings Berhad hereby appoint...NRIC
(Full Name in Block Letters)

No. / Company No...of..
(Full Address)

or failing him/ her,...NRIC No. / Company No...
(Full Name in Block Letters)

of...as *my/ our proxy/ proxies to
(Full Address)

attend and vote for *me/ us and on *my/ our behalf at the Fifth Annual General Meeting ("AGM") of the Company to be held at The Olive, Level 6, Olive Tree Hotel Penang, 76, Jalan Mahsuri, Bandar Sunway Tunas, 11950 Penang, Malaysia on Thursday, 20 February 2020 at 10:00 am, and at any adjournment thereof to vote as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Approval of payment of Directors' fees for the financial year ending 30 September 2020		
Ordinary Resolution 2	Approval of payment of Directors' benefits from 23 February 2019 until the conclusion of the next AGM of the Company		
Ordinary Resolution 3	Re-election of Ms Chok Kwee Bee as Director		
Ordinary Resolution 4	Re-election of Mr Ng Chin Wah as Director		
Ordinary Resolution 5	Re-appointment of Messrs Grant Thornton as Auditors and to authorise the Directors to fix Auditor's remuneration		
Ordinary Resolution 6	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)

The proportion of *my/our holdings to be represented by *my/our proxies are as follows:

First named Proxy	%
Second named Proxy	%
	100%

In case of a vote taken by a show of hands, the *First named Proxy / Second named Proxy shall vote on *my/ our behalf.

As witness my hand this .... day of ....2020.

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

* Strike out whichever is not desired

Contact No. : ....

Notes :

1. There shall be no restriction as to the qualification of the proxy, a proxy may but need not be a member of the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. 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.
5. 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.
6. 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.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 13 February 2020 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.
8. All resolutions as set out in this notice of Fifth AGM are to be voted by poll.

Fold this flap for sealing

Then fold here

STAMP HERE

To

The Company Secretaries
AEMULUS HOLDINGS BERHAD
Company No. 201401037863 (1114009-H)
51-13-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown, Penang

1st fold here

Headquarters
Aemulus Holdings Berhad
Company No. 201401037863 (1114009-H)

1C-06-02, One Precinct,
Lengkok Mayang Pasir, 11950 Bayan Baru, Penang.
Tel (604) 6846 000   Fax (604) 6466 799

www.aemulus.com