



**AEMULUS HOLDINGS BERHAD**  
(Company No. 1114009-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

- (A) PUBLIC ISSUE OF 87,790,000 NEW ORDINARY SHARES OF RM0.10 EACH IN AEMULUS HOLDINGS BERHAD ("SHARES") COMPRISING:-
- (I) 21,943,000 NEW SHARES AVAILABLE FOR THE MALAYSIAN PUBLIC;
  - (II) 13,167,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES (INCLUDING ANY OTHER PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS); AND
  - (III) 52,680,000 NEW SHARES AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- (B) OFFER FOR SALE OF 43,885,000 SHARES AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS;
- AT AN ISSUE/OFFER PRICE OF RM0.28 PER SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF AEMULUS HOLDINGS BERHAD ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

**Principal Adviser, Sponsor, Managing Underwriter,  
Joint Underwriter and Joint Placement Agent**

TA SECURITIES HOLDINGS BERHAD (14948-M)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)



**Joint Underwriter and Joint Placement Agent**



**AFFIN HWANG INVESTMENT BANK BERHAD** (14389-U)  
(Formerly known as HwangDBS Investment Bank Berhad)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**Joint Underwriters**



**M&A SECURITIES SDN BHD** (15017-H)  
(A Wholly-Owned Subsidiary of Insas Bhd)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 4 OF THIS PROSPECTUS.**

**INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.**

**THIS PROSPECTUS IS DATED 26 AUGUST 2015**



**PROSPECTUS**

[www.aemulus.com](http://www.aemulus.com)

**AEMULUS HOLDINGS BERHAD**  
(Company No. 1114009-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

One Precinct, 1C-06-02  
Lengkok Mayang Pasir  
11950 Penang, Malaysia  
Tel: 604 644 6399  
Fax: 604 646 6799

AEMULUS HOLDINGS BERHAD (Company No. 1114009-H)

PROSPECTUS

## RESPONSIBILITY STATEMENTS

The Directors and Promoters of Aemulus Holdings Berhad ("**Aemulus**" or the "**Company**") and the Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

TA Securities Holdings Berhad ("**TA Securities**"), being our Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriter and Joint Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our initial public offering ("**IPO**").

## STATEMENTS OF DISCLAIMER

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Prospectus should not be taken to indicate the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for our Shares (as defined herein). Admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our securities.

A copy of this Prospectus together with the application form has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

## OTHER STATEMENTS

Companies listed on the ACE Market of Bursa Securities may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, the Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional and/or adviser.

Our IPO is an exempt transaction under Section 213 of the Capital Markets and Services Act, 2007 ("**CMSA**") and is therefore not subject to the approval of the SC. However, we have registered a copy of this Prospectus with the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

### ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at <http://www.bursamalaysia.com>.

The contents of the Electronic Prospectus are as per the contents of the copy of this Prospectus registered with the SC. A copy of this Prospectus so registered is available from the websites of Malayan Banking Berhad at <http://www.maybank2u.com.my>, CIMB Investment Bank Berhad at <http://www.eipocimb.com>, CIMB Bank Berhad at <http://www.cimbclicks.com>, Affin Bank Berhad at <http://www.affinonline.com>, Public Bank Berhad at <http://www.pbebank.com> and RHB Bank Berhad at <http://www.rhb.com.my>.

You are advised to note that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or the integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of the Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the SC shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:-

- (a) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites referred to in this Prospectus, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (c) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the websites of the Internet Participating Financial Institutions, you are advised that:-

- (a) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the content of the Electronic Prospectus on the web servers of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or obtained from the web servers of the Internet Participating Financial Institutions and subsequently, communicated or disseminated in any manner to other parties; and
- (b) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the web sites of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is not intended to be issued, circulated or distributed, and our IPO will not be made in any country or jurisdiction other than Malaysia or to persons who are subject to the laws of any country or jurisdiction other than the laws of Malaysia. Our IPO to which this Prospectus relates is only available to persons receiving this Prospectus electronically or otherwise within Malaysia. We and our Principal Adviser have not authorised and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer or subscription or purchase or invitation to subscribe or purchase, any Shares under our IPO in any jurisdiction in which such offer or invitation in any jurisdiction or in any circumstances in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Public Issue Shares in certain jurisdiction may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not make or be bound to make any enquiry before any acceptance in respect of our IPO as to whether you have a registered address in Malaysia. We will not accept any liability whether or not any enquiry or investigation is made in connection with it. It is your sole responsibility to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any laws or jurisdictions of Malaysia.

Further, it shall also be your sole responsibility to ensure that your application for our Public Issue Shares would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted this IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia connected to it.

Company No: 1114009-H

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our Public Issue Shares are issued in Malaysia solely based on the contents of this Prospectus. We and our Principal Adviser have not authorised anyone to provide you with information, which is not contained in this Prospectus.

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**TENTATIVE TIMETABLE**

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:-

<b>Events</b>	<b>Dates</b>
Issue of Prospectus/Opening date for the Initial Public Offering ("IPO")	26 August 2015
Closing date of the IPO	3 September 2015
Tentative date for balloting of applications	7 September 2015
Tentative date for allotment of IPO shares	11 September 2015
Tentative listing date	15 September 2015

The above dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. The application period will open at 10.00 a.m. on 26 August 2015 and remain open until 5.00 p.m. on 3 September 2015 or such further period or periods as our Directors, Promoters and Offerors, together with our Joint Underwriters may in their absolute discretion mutually decide.

Should the closing date of the application be extended, the dates for the balloting, allotment of the IPO Shares, and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in a widely circulated English and Bahasa Malaysia newspapers in Malaysia.

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**DEFINITIONS**


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Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:-

<b>Acquisition of ACSB</b>	:	Acquisition by Aemulus of the entire issued and paid-up share capital of ACSB comprising 208,478,775 ACSB Shares from the Vendors for a total consideration of RM35,105,998 satisfied entirely via the issuance of 351,059,980 new Shares credited as fully paid-up at an issue price of RM0.10 per Share
<b>ACSB</b>	:	Aemulus Corporation Sdn Bhd (798015-M), a wholly-owned subsidiary of Aemulus
<b>ACSB Share(s)</b>	:	Ordinary share(s) of RM0.10 each in ACSB
<b>Act</b>	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
<b>ADA</b>	:	Authorised Depository Agent
<b>ADA Code</b>	:	ADA (Broker) Code
<b>Aemulus Group or Group</b>	:	Collectively, Aemulus and its subsidiary
<b>Aemulus or Company</b>	:	Aemulus Holdings Berhad (1114009-H)
<b>Aemulus Share(s) or Share(s)</b>	:	Ordinary shares of RM0.10 each in Aemulus
<b>AFFIN Hwang IB</b>	:	AFFIN Hwang Investment Bank Berhad (14389-U) ( <i>formerly known as HwangDBS Investment Bank Berhad</i> )
<b>AGM</b>	:	Annual General Meeting
<b>Application</b>	:	The application for the IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
<b>Application Form</b>	:	The printed application form for the application of the IPO Shares accompanying this Prospectus
<b>ASB</b>	:	Aemulus Sdn Bhd (661297-P)
<b>ATE</b>	:	Automated test equipment
<b>ATM</b>	:	Automated teller machine
<b>Authorised Financial Institution</b>	:	The authorised financial institution participating in the Internet Share Application with respect to payments for the IPO Shares
<b>AVSB</b>	:	Aemulus Venture Sdn Bhd (690672-M)
<b>Beach Capital</b>	:	Beach Capital Sdn Bhd (141587-T)
<b>Board</b>	:	Board of Directors of Aemulus
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (635998-W)

**DEFINITIONS** *(cont'd)*

<b>By-Laws</b>	:	Rules, terms and conditions in relation to the RSP as set out in Section 14 of this Prospectus
<b>CCC</b>	:	Certificate of completion and compliance
<b>CCM</b>	:	Companies Commission of Malaysia
<b>CDS</b>	:	Central Depository System
<b>Central Depositories Act</b>	:	The Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
<b>CEO</b>	:	Chief Executive Officer
<b>CF</b>	:	Certificate of fitness
<b>CFO</b>	:	Chief Financial Officer
<b>China</b>	:	The People's Republic of China
<b>CMSA</b>	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
<b>COO</b>	:	Chief Operating Officer
<b>CTO</b>	:	Chief Technology Officer
<b>Deposited Security</b>	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
<b>Depositor</b>	:	A holder of a Securities Account
<b>EBITDA</b>	:	Earnings before interests, taxation, depreciation and amortisation
<b>ECU</b>	:	Equity Compliance Unit of the SC
<b>Electronic Prospectus</b>	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium, including but not limited to CD-ROMs
<b>Electronic Share Application</b>	:	Application for the IPO Shares through a participating financial institutions' ATM
<b>Eligible Person(s)</b>	:	The employee(s), Executive Director(s) and Non-Executive Director(s) of our Group who meets the criteria of eligibility for participation in By-Law 5 of the RSP as set out in Section 14 of this Prospectus
<b>EPS</b>	:	Earnings per Share
<b>Founders</b>	:	Collectively, Ng Sang Beng and Yeoh Chee Keong
<b>FPE</b>	:	Financial period(s) ended/ending, as the case may be, 30 April



**DEFINITIONS** (cont'd)

<b>FRS</b>	:	Financial Reporting Standards
<b>FYE</b>	:	Financial year(s) ended/ending, as the case may be, 30 September
<b>GDP</b>	:	Gross domestic product
<b>GP</b>	:	Gross profit
<b>Independent Market Researcher or Smith Zander</b>	:	Smith Zander International Sdn Bhd (1058128-V)
<b>Internet Participating Financial Institution(s)</b>	:	Participating financial institution(s) in the Internet Share Application
<b>Internet Share Application</b>	:	The application for the IPO Shares through an Internet Participating Financial Institutions
<b>IPO</b>	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
<b>IPO Price</b>	:	The issue/offer price of RM0.28 per Share pursuant to the IPO
<b>IPO Share(s)</b>	:	The Public Issue Shares and Offer Shares, collectively
<b>Issuing House or Tricor</b>	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H) (formerly known as Equiniti Services Sdn Bhd)
<b>IT</b>	:	Information technology
<b>Joint Placement Agents</b>	:	TA Securities and AFFIN Hwang IB, collectively
<b>Joint Underwriters</b>	:	TA Securities, AFFIN Hwang IB, Mercury Securities and M&A Securities, collectively
<b>Listing</b>	:	Admission to the Official List and the listing of and quotation for our entire enlarged issued and paid up share capital of RM43,885,000 comprising 438,850,000 Shares on the ACE Market of Bursa Securities
<b>Listing Requirements</b>	:	ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made and enacted from time to time
<b>Listing Scheme</b>	:	Collectively, the RCPS Conversion, Acquisition of ACSB, Public Issue, Offer for Sale and Listing
<b>LPD</b>	:	31 July 2015, being the latest practicable date prior to the registration of this Prospectus or as otherwise stated
<b>M&amp;A</b>	:	Memorandum and Articles of Association
<b>M&amp;A Securities</b>	:	M&A Securities Sdn Bhd (15017-H)
<b>Malaysian Public or Public</b>	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia

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**DEFINITIONS** *(cont'd)*


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<b>Managing Underwriter</b>	:	TA Securities
<b>Market Day(s)</b>	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
<b>MATRADE</b>	:	Malaysia External Trade Development Corporation
<b>MAVCAP</b>	:	Malaysia Venture Capital Management Berhad (545446-U)
<b>MDeC</b>	:	Multimedia Development Corporation Malaysia
<b>Mercury Securities</b>	:	Mercury Securities Sdn Bhd (113193-W)
<b>MFRS</b>	:	Malaysian Financial Reporting Standards
<b>MIDA</b>	:	Malaysian Investment Development Authority
<b>MITI</b>	:	Ministry of International Trade and Industry Malaysia
<b>MPPP</b>	:	Majlis Perbandaran Pulau Pinang
<b>MSC</b>	:	Multimedia Super Corridor
<b>NA</b>	:	Net assets
<b>NBV</b>	:	Net book value
<b>Offer for Sale</b>	:	The invitation by the Offerors to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
<b>Offer Shares</b>	:	The 43,885,000 Shares, which are the subject of the Offer for Sale

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**DEFINITIONS** (cont'd)

**Offerors** : Collectively, the following individuals/parties:-

<b>Name</b>	<b>No. of Offer Shares</b>	<b>% of the Enlarged Share Capital After the Listing</b>
Khaw Seng Wei	15,300,200	3.49
Cheah Lay Imm	4,778,600	1.09
Teak Ventures	4,285,700	0.98
Pong Chung Kuan	4,003,600	0.91
Yeoh Chee Keong	3,227,300	0.74
Kan Seow Hua	2,712,000	0.62
Pong Chung Cheng	2,402,700	0.55
Ng Sang Beng	1,601,600	0.36
Wong Shee Kian	1,428,600	0.33
Ong Chuin Tein	1,201,000	0.27
Low Bok Siew	1,071,400	0.24
Moy Shin Fei	1,071,400	0.24
Tan E-Chiang	800,900	0.18
<b>Total</b>	<b>43,885,000</b>	<b>10.00</b>

**Official List** : The list specifying all securities listed on the ACE Market of Bursa Securities

**OSAT** : Outsourced semiconductor assembly and test

**Participating Financial Institution(s)** : The participating financial institution(s) for the Electronic Share Application as listed in Section 16.5(ii) of this Prospectus

**PAT** : Profit after taxation

**PBT** : Profit before taxation

**PE Multiple** : Price-to-earnings multiple

**PEMANDU** : Performance Management Delivery Unit, a unit under the Prime Minister's Department overseeing the implementation of the Economic Transformation Programme

**Philippines** : The Republic of Philippines

**Pink Form Allocations** : 13,167,000 Public Issue Shares representing 3.0% of our enlarged issued and paid-up share capital at the IPO Price to be issued to the eligible Directors, employees and business associates of our Group (including any other persons who have contributed to our success)

**Prescribed Security** : Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules

**Principal Adviser** : TA Securities

**DEFINITIONS** *(cont'd)*

<b>Promoter(s)</b>	:	Collectively, Ng Sang Beng, Yeoh Chee Keong, Wong Shee Kian, Kan Ky-Vern, Beach Capital and AVSB
<b>Prospectus</b>	:	This Prospectus dated 26 August 2015 issued by our Company in respect of our IPO
<b>Public Issue</b>	:	Public issue of 87,790,000 new Shares, representing 20.0% of our enlarged issued and paid up share capital at the IPO Price, subject to the terms and conditions of this Prospectus
<b>Public Issue Shares</b>	:	87,790,000 new Shares to be made available for application pursuant to the Public Issue
<b>R&amp;D</b>	:	Research and development
<b>RCPS</b>	:	Series 'A' redeemable convertible preference shares of RM0.10 each in ACSB
<b>RCPS Conversion</b>	:	Conversion by Teak Ventures of its 20,308,360 RCPS held in ACSB into 20,308,360 new ACSB Shares
<b>Record of Depositors</b>	:	A record provided by Bursa Depository to our Company under Chapter 24.0 of the Rules
<b>Reporting Accountants or Grant Thornton</b>	:	Messrs Grant Thornton (AF: 0042)
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>ROC</b>	:	Registrar of Companies
<b>RSP</b>	:	The plan for the grant of the restricted share award(s) to Eligible Person(s) upon the terms set out in Section 14 of this Prospectus known as the " <b>Aemulus Holdings Berhad Restricted Share Plan</b> "
<b>Rules</b>	:	The Rules of Bursa Depository
<b>SC</b>	:	Securities Commission Malaysia
<b>Securities Account</b>	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
<b>Sponsor</b>	:	TA Securities
<b>Sq Ft or sq ft</b>	:	Square feet
<b>SSA</b>	:	Share sale agreement dated 5 December 2014 entered into between Aemulus and the Vendors pursuant to the Acquisition of ACSB
<b>TA Securities</b>	:	TA Securities Holdings Berhad (14948-T)
<b>Teak Ventures</b>	:	Teak Ventures Sdn Bhd (818346-T)
<b>UK</b>	:	United Kingdom

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**DEFINITIONS** *(cont'd)*

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<b>Underwriting Agreement</b>	:	The underwriting agreement dated 10 August 2015 entered into between Aemulus and the Joint Underwriters pursuant to the IPO
<b>USA or US</b>	:	The United States of America
<b>USD</b>	:	US Dollar
<b>Vendors</b>	:	Collectively, the parties to the Acquisition of ACSB as disclosed in Section 5.4.2 of the Prospectus

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**GLOSSARY OF TECHNICAL TERMS**


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This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings usage of these terms.

<b>Analog signal</b>	:	Analog signal allows for transmission of information by modulating a continuous transmission signal, either through amplifying a signal's strength or varying its frequency. Analog signals are typically used in audio and video transmission
<b>Antenna tuner</b>	:	A device connected between a radio transmitter/transceiver and its antenna, and is used for the purpose of enhancing the transfer of power current between them. An antenna tuner functions like a transformer in which it can adjust the resistance of the electric circuit an antenna presents to match the electric current of the transceiver
<b>Capacitor</b>	:	A device used to store electric charge, and it consists of one (1) or more pairs of conductors separated by an insulator
<b>Digital signal</b>	:	Digital signal refers to an electrical signal which is transmitted in a bit pattern, i.e. either in the state of "0" or "1". An example of a device which uses digital signals is the computer
<b>Digital signal processing or DSP</b>	:	Any signal processing conducted on analog signals by digital means (as opposed to Analog signal processing where the signal processing is carried out by an analog process)
<b>Diode</b>	:	A semiconductor device with two (2) electrodes, i.e. anode and cathode. It conducts electric current in a single direction by blocking electric current flowing from the opposite direction
<b>Discrete semiconductor/device</b>	:	Most basic electronic component with just one circuit element, such as resistor, capacitor, inductor, diode, transistor or vacuum tube
<b>Electronic design automation software or EDA software</b>	:	A type of software tool for designing electronic systems such as PCBs and integrated circuits
<b>Fibreoptic transceiver</b>	:	A devise that allows for the transmission of data using optical fiber rather than electrical wire. Optical fiber, also called fiber optic, refers to the technology associated with the transfer of information in light beams or pulses along solid transparent fibers or cables
<b>Field-programmable-gate-array or FPGA</b>	:	An integrated circuit designed to be configured by a customer or a designer to a desired application or functionality after manufacturing, generally specified using a HDL
<b>Hard-docking testing mechanism</b>	:	Hard-docking testing mechanism connects devices-under-test with automated test equipment through a docking station
<b>HDL</b>	:	Hardware description language

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**GLOSSARY OF TECHNICAL TERMS** (cont'd)

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<b>IEEE</b>	:	Institute of Electrical and Electronics Engineers, a technical professional association dedicated to advancing innovation and technological excellence for the benefit of humanity. It is designed to serve professionals involved in all aspects of the electrical, electronics, and computing fields and related areas of science and technology. Among its scope of offerings and services include the development of international standards that underpin many of today's telecommunications, information technology, and power generation products and services
<b>Inductor</b>	:	A passive electronic component consisting of a wire loop or coil, which is able to temporarily store energy in a magnetic field in the coil
<b>Integrated circuit</b>	:	A set of semiconductor devices on a single thin plate (i.e. chip) of semiconductor material, normal silicon
<b>Light-emitting diode or LED</b>	:	A two (2)-lead semiconductor device that emits visible light when an electric current passes through it
<b>Low-noise amplifier</b>	:	Low-noise amplifier is used to amplify weak signals
<b>Microprocessor</b>	:	Microprocessor incorporates the functions of a computer's central processing unit on a single integrated circuit, or a few integrated circuits, so that it is able to receive and process digital data according to instructions stored in its memory, and provide results as output
<b>Mixed signal</b>	:	Mixed signal refers to a combination of both analog and digital signals in a single integrated circuit
<b>Optocoupler</b>	:	A component which can transfer electrical signals between two (2) isolated circuits through the use of light
<b>Optoelectronics</b>	:	Optoelectronics refer to the use of electronic devices that can source, detect and control light
<b>Packaged devices</b>	:	Packaged devices refers to semiconductor integrated circuits which have been packaged in metal, plastic, glass, or ceramic casing that prevents physical damage and corrosion
<b>PCB</b>	:	A printed circuit board mechanically supports and electrically connects electronic components using conductive tracks, pads and other features etched from copper sheets laminated onto a non-conductive substrate
<b>Peripheral component interconnect extensions for Instrumentation or PXI</b>	:	A modular electronic instrumentation platform used as a basis for developing automated test equipment, as well as other automation systems
<b>Radio frequency or RF</b>	:	Frequency in which radio waves may be transmitted
<b>Resistor</b>	:	A resistor is an electrical component that implements electrical resistance as a circuit element. Resistors act to reduce current flow, and, at the same time, act to lower voltage levels within circuits

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**GLOSSARY OF TECHNICAL TERMS** (cont'd)

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<b>RF front-end devices</b>	:	Consist of components receiving and processing incoming RF signals
<b>RF power amplifier</b>	:	A type of electronic amplifier which is used to convert and amplify a low-power RF signal into a stronger signal
<b>RF switch</b>	:	A device used to route high frequency signals, enabling signals to be routed from multiple instruments into a single or multiple devices under tests
<b>Semiconductor</b>	:	A device made from material which has the electrical conductivity between that of a conductor (such as copper) and an insulator (such as glass). Semiconductors are technology enablers for electronic products such as memory chips, computers, mobile phones, home and personal appliances, as well as medical equipment
<b>Sensor</b>	:	A device which enables the detection of changes in quantities, and is able to measure, record, indicate or otherwise provide a corresponding output
<b>Source-measurement unit or SMU</b>	:	A type of instrument which is capable of sourcing and measuring current and voltage, and is typically used in automated test equipment to perform these functions
<b>Surface mount device</b>	:	Electronic devices (such as resistors, capacitors, transistors, LEDs, integrated circuits, etc) mounted or soldered directly on the surface of PCBs
<b>Time-multiplexed multi-site testing</b>	:	A method of shortening test time by testing multiple devices at once
<b>Transistor</b>	:	A semiconductor device used to regulate electric current or voltage flow, and acts as a switch for electronic signals and electrical power
<b>Turret type automated test handler</b>	:	A test handler which has a rotating or revolving holder for tools
<b>Universal serial bus or USB</b>	:	An industry standard used for transmission of data and power supply between computers and electronic devices
<b>Vacuum tube</b>	:	A device that controls electrical current through a vacuum in a sealed container
<b>Verilog</b>	:	A hardware description language used to design digital circuits at the register level
<b>Wafer</b>	:	A thin slice of semiconductor material, such as crystalline silicon, used in the fabrication of integrated circuits

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## PRESENTATION OF INFORMATION

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Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation.

Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “Aemulus” and “our Company” in this Prospectus are to Aemulus Holdings Berhad, references to “our Group” are to our Company and our subsidiary taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Smith Zander. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, third-party projections, including the projections from Smith Zander, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The word “approximately” used in this Prospectus is to indicate that a number is not exact, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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## FORWARD LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- (a) demand for our products and services;
- (b) our business strategies;
- (c) our plans and objectives for future operations;
- (d) our financial position; and
- (e) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation, the economic, political and investment environment in Malaysia and globally and the government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus. Due to these and other uncertainties, we cannot give any assurance that the forward-looking statements included in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name/ Designation</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Chok Kwee Bee/ <i>Independent Non-Executive Chairman</i>	8B4-7, Prima Damansara 8, Jalan Chempennai 50490 Kuala Lumpur	Venture Capitalist	Malaysian
Ng Sang Beng/ <i>Executive Director/CEO</i>	14, Lorong Gemang 11600 Georgetown Penang	Company Director	Malaysian
Yeoh Chee Keong/ <i>Executive Director/COO</i>	15, Denai Pinang 28 Seri Tanjung Pinang 10470 Penang	Company Director	Malaysian
Wong Shee Kian/ <i>Executive Director/CTO</i>	10, Persiaran Mahsuri 2/1 Sunway Tunas Bayan Lepas 11900 Penang	Company Director	Malaysian
Kan Ky-Vern/ <i>Executive Director/CFO</i>	168-33A-3, The Regency Persiaran Gurney 10250 Penang	Company Director	Malaysian
Ong Chong Chee/ <i>Independent Non-Executive Director</i>	A10-B09, Armanee Terrace Condominium 8, Jalan PJU 8/1 Bandar Damansara Perdana 47820 Petaling Jaya Selangor	Company Director	Malaysian
Friiscor Ho Chii Ssu/ <i>Independent Non-Executive Director</i>	52, Cangkat Minden Jalan 2 11700 Gelugor Penang	Engineering Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ong Chong Chee	Chairman	Independent Non-Executive Director
Chok Kwee Bee	Member	Independent Non-Executive Chairman
Friiscor Ho Chii Ssu	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chok Kwee Bee	Chairman	Independent Non-Executive Chairman
Ong Chong Chee	Member	Independent Non-Executive Director
Friiscor Ho Chii Ssu	Member	Independent Non-Executive Director
Ng Sang Beng	Member	Executive Director/CEO
Kan Ky-Vern	Member	Executive Director/CFO

1. **CORPORATE DIRECTORY** (cont'd)

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chok Kwee Bee	Chairman	Independent Non-Executive Chairman
Ong Chong Chee	Member	Independent Non-Executive Director
Friiscor Ho Chii Ssu	Member	Independent Non-Executive Director

**COMPANY SECRETARY** : Tan She Chia (MAICSA 7055087)  
51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No. : (04) 228 9700

**REGISTERED OFFICE** : 51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No. : (04) 228 9700

**HEAD OFFICE** : ONE PRECINCT  
1C-6-02, Lengkok Mayang Pasir  
11950 Bayan Baru  
Penang  
Tel No. : (04) 6446 399  
Fax No. : (04) 6466 799  
E-mail : enquiry@aemulus.com  
Website : www.aemulus.com

**PRINCIPAL ADVISER,  
SPONSOR, MANAGING  
UNDERWRITER, JOINT  
UNDERWRITER AND JOINT  
PLACEMENT AGENT** : TA Securities Holdings Berhad (14948-M)  
28<sup>th</sup> Floor, Menara TA One  
22, Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel No. : (03) 2072 1277

**JOINT UNDERWRITERS** : AFFIN Hwang Investment Bank Berhad (14389-U)  
(formerly known as HwangDBS Investment Bank Berhad)  
27<sup>th</sup> Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel No. : (03) 2142 3700

M&A Securities Sdn Bhd (15017-H)  
Level 11, No. 45 & 47  
The Boulevard, Mid Valley City  
Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel No. : (03) 2284 2911

Mercury Securities Sdn Bhd (113193-W)  
L-7-2, No.2 Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
Tel No. : (03) 6203 7117

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**1. CORPORATE DIRECTORY** *(cont'd)*

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- JOINT PLACEMENT AGENT** : AFFIN Hwang Investment Bank Berhad (14389-U)  
*(formerly known as HwangDBS Investment Bank Berhad)*  
27<sup>th</sup> Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel No. : (03) 2142 3700
- AUDITORS & REPORTING ACCOUNTANTS FOR THE LISTING** : Grant Thornton (AF: 0042)  
Chartered Accountants  
51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No. : (04) 2287 828
- SOLICITORS FOR THE LISTING** : Allen Chee Ram  
Advocates & Solicitors  
51-13-E, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No. : (04) 2278 999
- PRINCIPAL BANKER** : United Overseas Bank (Malaysia) Bhd (271809-K)  
Bukit Mertajam Branch  
No. 1, Jalan Tembikai  
Taman Mutiara  
14000 Bukit Mertajam  
Penang  
Tel No. : (04) 5488 288
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
*(formerly known as Equiniti Services Sdn Bhd)*  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel No. : (03) 2264 3883
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd (1058128-V)  
Suite 23-3, Level 23, Office Suite  
Menara 1MK  
1, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Tel No. : (03) 6211 2121
- LISTING SOUGHT** : ACE Market of Bursa Securities

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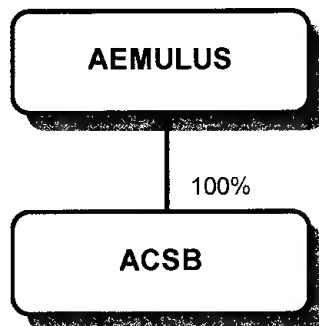


## 2. INFORMATION SUMMARY

THE INFORMATION CONTAINED IN THIS SECTION IS INTENDED ONLY TO BE A SUMMARY OF SOME SALIENT INFORMATION RELATING TO OUR GROUP AND THE IPO. THE INFORMATION CONCERNED IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN OUR SHARES.

### 2.1 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act as a public limited company on 17 October 2014 under our present name as a listing vehicle to undertake the Listing. On 5 December 2014, we entered into a SSA with the Vendors to acquire 100% equity interest in ACSB. As at the LPD, our Group structure is as follows:-



Our Group was co-founded by Ng Sang Beng and Yeoh Chee Keong who have been instrumental and dedicated in contributing to the strategic direction, growth, development, operation and success of our Group.

The history of our business can be traced back to the incorporation of ASB on 30 July 2004 by our Founders who were previously engineers with major US-based multinational electronics companies. Our Founders saw an opportunity for import substitution in the domestic ATE market as, during that time, most ATE used by semiconductor manufacturers and/or test companies in Malaysia were imported.

With this initiation, our Founders developed a tester architecture named "Avalanche", which is the base development platform for our ATE and we commenced operations in 2005 at our first office in Gurney Tower, Penang, primarily focusing on the R&D of our first tester using our "Avalanche" architecture.

We placed emphasis on speed of testing which were critical to the success in the semiconductor testing industry. From this R&D, we launched our first generation of ATE namely Amoeba 1320, under our Amoeba 1000 series in 2006. The Amoeba 1320 tester was designed for high channel count analog testing with simple digital capability. It was also designed with space optimisation in mind, as our customers placed Amoeba 1320 inside the housing of test handlers without occupying additional space on the production floor, and as such was known as a "zero footprint tester".

As a result of the expansion of our business, in the same year, we relocated to a larger office in Krystal Point, Penang.

In 2007, we attained a major breakthrough by developing and launching the Amoeba 1340 which was used for SMU testing of wireless and RF semiconductor devices found in mobile and portable gadgets such as mobile phones and smartphones.

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## 2. INFORMATION SUMMARY (cont'd)

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Within the same year, Aemulus Corporation MSC Sdn Bhd, now known as ACSB was incorporated under the Act on 3 December 2007 and was awarded the MSC-Malaysia status by MDeC on 19 December 2007.

In 2008, we launched the Amoeba 2000 series tester with the objective of diversifying our business into linear device testing for the industrial product market such as automotive sensors, car infotainment, automation machine and wind turbine. At the same time when Amoeba 2000 was launched, our first test development and production software was also launched, namely the "techFlow 1.0".

Within the same year, ASB entered into a Master Transfer of Business Agreement with ACSB for the acquisition by ACSB of the entire business of ASB. The transfer of business was completed on 6 February 2009. ASB ceased to be a shareholder of ACSB with effect from 27 November 2014. As at the LPD, ASB is a dormant company.

In 2009, the occurrence of global financial crisis had adversely affected the global semiconductor industry. Nonetheless, we took the opportunity to re-deploy our resources and stepped up our R&D efforts to develop new products based on suggestions, feedbacks and specifications proposed by our customers and gathered by our market intelligence unit. As a result, we successfully launched the Amoeba 4100 in early 2010, which was specifically designed for the testing of discrete semiconductors. We simultaneously developed our techFlow 2.0 software to ensure compatibility with the different requirements for managing Amoeba 4100. We successfully sold our Amoeba 4100 in the USA in the following year. For FYE 2010, the revenue contributed by Amoeba 4100 constituted approximately 7.71% or RM1.03 million to our Group's total revenue.

In 2011, we began developing ATE that is compliant to PXI protocols, in line with anticipated demand from our customers as PXI is an industry standard used in the development of a wide array of test, measurement and automation application. We launched the Amoeba 4200 in 2012, a platform that could accommodate a wider spectrum of test functions and configurations to cater to a broader spectrum of test requirements.

In 2012 and 2013, we added new or improved test modules, or functionalities, into the Amoeba 4200. The Amoeba 4200 was developed as an upgrade to the Amoeba 2000 and thus also caters to the industrial product market.

Concurrent with the development of Amoeba 4200, we conceptualised the Amoeba 7500 in early 2012 as a full-fledged RF tester, along with an upgrade of our testing software to techFlow 3.0. The Amoeba 7500 was officially launched later that year, followed by its upgrade to the Amoeba 7600 in 2013, which received positive response from our customers, particularly in China and the USA.

Our business growth and increasing presence in the semiconductor marketplace was formally recognised in 2010 when we were awarded a Certificate of Achievement from the Deloitte Technology Fast 500 programme, where we were recognised as a "leading Malaysian technology company in the Deloitte Technology Fast 500 Asia Pacific 2012 programme", which is a ranking of the 500 fastest growing technology companies in Asia Pacific. We subsequently went on to receive this award in 2011 and 2012 as well, making it three (3) years in a row.

In 2013, our R&D effort was recognised under the Entry Point Projects 13: Growing Automation Equipment Manufacturing by PEMANDU, whereby ACSB was named as one of the companies in Southeast Asia with capabilities to produce its own semiconductor tester. In addition, we also received two (2) grants from the government agencies namely MATRADE and MIDA. Please refer to Section 11.4.4 of this Prospectus for further details pertaining to the said grants.

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## 2. INFORMATION SUMMARY *(cont'd)*

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In September 2014, in line with our growth and expansion, we moved our office to a larger premise located at One Precinct in Bayan Lepas, Penang. As at the LPD, we have customers in Malaysia, Singapore, China, USA, South Korea, Philippines, Thailand and Germany. The revenue contributions by our principal markets for the past three (3) FYE 2012 to FYE 2014 and FPE 2015 is disclosed in Section 11.4.2 of this Prospectus.

Please refer to Sections 5 and 6 of this Prospectus for further information on our history, group structure and business.

### 2.2 COMPETITIVE STRENGTHS

Our competitive strengths include the following:-

- (a) we have resilient technologies and expertise to adapt our products to the changing landscape of the semiconductor industry;
- (b) our R&D has been the cornerstone of our growth;
- (c) our customers are primarily large global multinational semiconductor test and assembly companies which is a testament to our product quality, customer service and proven industry track record;
- (d) we have a range of ATE that caters to a wide range of growing consumer and industrial electronics industries;
- (e) we have strong commitment to quality and customer service;
- (f) we have an experienced management team; and
- (g) we have approximately 19.7% of industry revenue share in Malaysia.

Please refer to Section 6.15 of this Prospectus for further details on our competitive strengths.

### 2.3 FUTURE PLANS, STRATEGIES AND PROSPECTS

Our future plans, strategies and prospects include the following:-

- (a) we plan to upgrade our existing products;
- (b) we plan to introduce new ATE into our product line-up;
- (c) we plan to set up a new tester research laboratory to intensify and enhance our R&D activities; and
- (d) we intend to expand our geographical presence.

Further details on our prospects and future plans are set out in Section 6.16 of this Prospectus.

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## 2. INFORMATION SUMMARY (cont'd)

### 2.4 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Our Promoters, substantial shareholders, Directors and key management personnel are as follows:-

Name	Designation
<b><u>Promoters</u></b>	
Ng Sang Beng	Promoter, substantial shareholder and Executive Director/CEO
Yeoh Chee Keong	Promoter, substantial shareholder and Executive Director/COO
Wong Shee Kian	Promoter and Executive Director/CTO
Kan Ky-Vern	Promoter, substantial shareholder and Executive Director/CFO
AVSB	Promoter and substantial shareholder
Beach Capital	Promoter and substantial shareholder
<b><u>Substantial Shareholders</u></b>	
Ng Sang Beng	Promoter, substantial shareholder and Executive Director/CEO
Yeoh Chee Keong	Promoter, substantial shareholder and Executive Director/COO
Kan Ky-Vern	Promoter, substantial shareholder (via Beach Capital) and Executive Director/CFO
AVSB	Promoter and substantial shareholder
Teak Ventures	Substantial shareholder
Beach Capital	Promoter and substantial shareholder
MAVCAP	Substantial shareholder (via Teak Ventures)
Kan Ah Chun	Substantial shareholder (via Beach Capital)
<b><u>Directors</u></b>	
Chok Kwee Bee	Independent Non-Executive Chairman
Ng Sang Beng	Executive Director/CEO
Yeoh Chee Keong	Executive Director/COO
Wong Shee Kian	Executive Director/CTO
Kan Ky-Vern	Executive Director/CFO
Ong Chong Chee	Independent Non-Executive Director
Friiscor Ho Chii Ssu	Independent Non-Executive Director
<b><u>Key Management Personnel</u></b>	
Ong Chuin Tein	Senior R&D Director
Tan E-Chiang	Senior Marketing Director
Moy Shin Fei	Senior Software Director
Ng Chin Wah	Financial Controller
Low Bok Siew	R&D Director

Detailed information on our Promoters, substantial shareholders, Directors and key management personnel are set out in Section 8 of this Prospectus.

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## 2. INFORMATION SUMMARY (cont'd)

### 2.5 FINANCIAL HIGHLIGHTS

#### 2.5.1 Consolidated Statement of Comprehensive Income

The table below sets out the summary of the historical audited consolidated statement of comprehensive income of ACSB for the past three (3) FYE 2012 to FYE 2014 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus and the proforma audited consolidated statement of comprehensive income for FPE 2015, which has been prepared on the assumption that our Group structure has been in existence throughout FPE 2015. You should read the summary below together with the accompanying notes and assumptions included in the proforma consolidated financial information in Section 11.2 of this Prospectus, management's discussion and analysis of financial condition, results of operations and prospects in Section 11.4 of this Prospectus and the Accountants' Report in Section 12 of this Prospectus.

	Historical				Proforma
	Audited			Unaudited	Audited
	FYE 2012 (RM'000)	FYE 2013 (RM'000)	FYE 2014 (RM'000)	<sup>(a)</sup> FPE 2014 (RM'000)	FPE 2015 (RM'000)
Revenue	11,031	10,004	23,307	9,955	16,377
Cost of sales	(3,252)	(3,440)	(8,619)	(3,075)	(6,904)
<b>GP</b>	<b>7,779</b>	<b>6,564</b>	<b>14,688</b>	<b>6,880</b>	<b>9,473</b>
Other income	105	920	1,236	75	1,356
Administrative expenses	(6,420)	(6,204)	(7,790)	(3,998)	(6,055)
<b>Profits from operations</b>	<b>1,464</b>	<b>1,280</b>	<b>8,134</b>	<b>2,957</b>	<b>4,774</b>
Finance costs	(395)	(274)	(108)	(12)	(71)
<b>PBT</b>	<b>1,069</b>	<b>1,006</b>	<b>8,026</b>	<b>2,945</b>	<b>4,703</b>
Tax expense	2	(5)	8	14	8
<b>PAT</b>	<b>1,071</b>	<b>1,001</b>	<b>8,034</b>	<b>2,959</b>	<b>4,711</b>
Attributable to:-					
– Owners of our Company	1,071	1,001	8,034	2,959	4,711
– Non-controlling interest	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>1,071</b>	<b>1,001</b>	<b>8,034</b>	<b>2,959</b>	<b>4,711</b>
Number of Shares in issue ('000) <sup>(b)</sup>	351,060	351,060	351,060	351,060	351,060
EBITDA	1,720	1,567	8,501	3,254	5,027
GP margin (%)	70.52	65.61	63.02	69.11	57.84
PBT margin (%)	9.69	10.06	34.44	29.58	28.72
PAT margin (%)	9.71	10.01	34.47	29.72	28.77
Basic EPS (sen) <sup>(c)</sup>	0.31	0.29	2.29	0.84	1.34
Diluted EPS (sen) <sup>(d)</sup>	0.24	0.23	1.83	0.67	1.07

**Notes:-**

- (a) Unaudited and included for the purpose of comparison only.
- (b) Based on our issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (c) Basic EPS is computed based on PAT attributable to owners of our Company divided by our issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (d) Diluted EPS is computed based on PAT attributable to owners of our Company divided by our issued and paid-up share capital of 438,850,000 Shares after the IPO.

## 2. INFORMATION SUMMARY (cont'd)

### 2.5.2 Proforma Consolidated Statement of Financial Position

The proforma consolidated statement of financial position of our Group as at 30 April 2015 as set out below had been prepared solely for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of our Group had the Listing Scheme and the utilisation of proceeds been effected on that date. The proforma consolidated statement of financial position should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 11.2 of this Prospectus.

	Audited as at 30.04.2015 (RM'000)	Proforma I After Acquisition of ACSB (RM'000)	Proforma II After Proforma I and IPO (RM'000)
<b>ASSETS</b>			
Property, plant and equipment	-	3,543	3,543
Intangible assets	-	13,686	13,686
<b>Total non-current assets</b>	-	17,229	17,229
Inventories	-	12,686	12,686
Trade receivables	-	9,925	9,925
Other receivables, deposits and prepayments	-	2,317	2,317
Other investment	-	637	637
Fixed deposits with licensed banks	-	1,408	1,408
Cash and bank balances	*	3,472	25,553
<b>Total current assets</b>	-	30,445	52,526
<b>TOTAL ASSETS</b>	-	<b>47,674</b>	<b>69,755</b>
<b>EQUITY</b>			
Share capital	*	35,106	43,885
Share premium	-	1,304	15,932
Merger deficit	-	(14,258)	(14,258)
(Loss)/Retained profits	(68)	17,712	16,386
<b>Total equity</b>	(68)	39,864	61,945
<b>LIABILITIES</b>			
Borrowings	-	124	124
<b>Total non-current liabilities</b>	-	124	124
Trade payables	-	6,123	6,123
Other payables and accruals	68	1,301	1,301
Provision for warranty	-	250	250
Borrowings	-	12	12
<b>Total current liabilities</b>	68	7,686	7,686
<b>TOTAL EQUITY AND LIABILITIES</b>	-	<b>47,674</b>	<b>69,755</b>
No. of shares in issue ('000)	*	351,060	438,850
NA per Share attributable to the equity holder of the Company (RM)	(3,400)	0.11	0.14

Note:-

\* RM2/Comprises 20 ordinary shares of RM0.10 each.

## 2. INFORMATION SUMMARY *(cont'd)*

### 2.5.3 Dividend Policy

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any distribution of the final dividends for the year is subject to our shareholders' approval.

It is our Board's policy to recommend dividends in the future to allow our shareholders to participate in the profits of our Group. However, our ability to declare dividends or make other distributions to our shareholders in the future years will depend upon various factors, including but not limited to, our Group's cash flows requirements for operations, financing commitments and capital expenditure, availability of adequate distributable reserves, financial performance and any other factors considered relevant by our Board.

Detailed information on our dividend policy is set out in Section 11.5 of this Prospectus.

### 2.5.4 Audit Qualifications

None of the financial statements of the companies within our Group were subject to any audit qualification for the FYE 2012 to FYE 2014 and FPE 2015.

## 2.6 PRINCIPAL STATISTICS RELATING TO OUR IPO

	No. of Shares	(RM)
<b>Authorised share capital</b>	<b>1,000,000,000</b>	<b>100,000,000</b>
Existing issued and fully paid-up share capital	351,060,000	35,106,000
New Shares to be issued pursuant to the Public Issue	87,790,000	8,779,000
<b>Enlarged issued and paid-up share capital upon Listing</b>	<b>438,850,000</b>	<b>43,885,000</b>
New Shares to be issued pursuant to the RSP	43,885,000	4,388,500
<b>Enlarged issued and paid-up share capital upon RSP</b>	<b>482,735,000</b>	<b>48,273,500</b>
<b>Offer for Sale</b>	<b>43,885,000</b>	<b>4,388,500</b>
<b>IPO Price per Share (RM)</b>		<b>0.28</b>
<b>Market capitalisation upon Listing based on IPO Price</b>		<b>122,878,000</b>
<b>Proforma NA based on the proforma consolidated statement of financial position as at 30 April 2015</b>		
– Proforma NA upon Listing (RM)		* 61,945,000
– Proforma NA per Share upon Listing (RM)		* 0.14

Note:-

\* Computed based on our enlarged issued and paid up share capital of 438,850,000 Shares upon Listing and after deducting the estimated listing expenses of approximately RM2.50 million.

Further details on the Listing Scheme are set out in Sections 3.4 and 5.4 of this Prospectus.

## 2. INFORMATION SUMMARY (cont'd)

### 2.7 UTILISATION OF PROCEEDS

Based on the IPO Price, the total cash proceeds to be raised from our Public Issue amounting to approximately RM24.58 million shall be utilised in the following manner:-

Description	Timeframe for Utilisation Upon Listing	( <sup>1</sup> ) Amount (RM'000)	Percentage of Gross Proceeds (%)
Working capital	Within 24 months	12,881	52.40
R&D expenditure	Within 24 months	6,000	24.41
Purchase of property, plant and equipment	Within 24 months	2,000	8.14
Marketing, branding and promotion	Within 24 months	1,200	4.88
Estimated listing expenses <sup>(2)</sup>	Immediate	2,500	10.17
<b>Total cash proceeds</b>		<b>24,581</b>	<b>100.00</b>

Notes:-

- (1) Pending the utilisation of the proceeds for the abovementioned purposes, the proceeds from the Public Issue, save for the estimated listing expenses of RM2.50 million, will be placed with licensed banks and/or financial institutions.
- (2) If the actual listing expenses are higher than estimated, the shortfall will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than estimated, the excess will be utilised for working capital purposes.

Detailed information on our utilisation of proceeds is set out in Section 3.10 of this Prospectus.

### 2.8 RISK FACTORS

Before applying for our IPO Shares, you should carefully consider the following material risk factors in addition to the other information contained elsewhere in this Prospectus:-

#### (a) Risks Relating to Our Business and Operations

- Dependence on Directors and key management personnel
- Dependence on suppliers
- Dependence on major customers
- Absence of long term contractual agreement with customers
- Failure to meet demand for our products
- Risk in infringing intellectual property of third parties
- Adequacy of insurance coverage on assets
- Change or loss of our MSC-Malaysia status
- Credit risk
- Foreign exchange risk
- Political, economic and regulatory risk



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**2. INFORMATION SUMMARY** *(cont'd)*

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**(b) Risks Relating to the Industry in Which Our Group Operates**

- Failure to adopt new technologies
- Inability to anticipate changes in consumer preferences
- Infringement of our intellectual property rights
- Consolidation of businesses within the semiconductor industry
- Competition risk

**(c) Risks Relating to the Investment in Our Shares**

- No prior market for our Shares
- Delay in or abortion of our Listing
- Continued control by our Promoters
- Forward looking statements

For a more detailed commentary on risk factors, please refer to Section 4 of this Prospectus.

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### **3. PARTICULARS OF THE IPO**

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#### **3.1 INTRODUCTION**

This Prospectus is dated 26 August 2015.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC and neither the SC nor the ROC takes any responsibility for contents of this Prospectus.

We have obtained Bursa Securities' approval vide its letter dated 25 May 2015 and 29 May 2015 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for the listing of and quotation of our Company's entire issued and paid-up share capital, including the IPO Shares which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applications and the notices of allotment have been issued and despatched to all successful applicants.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares and/or our IPO.

Pursuant to Section 14(1) of the Securities Industries (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealing in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

Person submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the IPO Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your electronic Share Application require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institutions can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application. Please refer to Section 16 of this Prospectus for further details on the procedure for Application for the IPO Shares.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of Listing. We expect to meet this public shareholding spread requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

### 3. PARTICULARS OF THE IPO (cont'd)

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorized anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMA.

The distribution of this Prospectus and the offer of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to buy any IPO Share in any jurisdiction or circumstance in which such invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such invitation.

#### 3.2 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 26 August 2015 and will remain open until 5.00 p.m. on 3 September 2015 or such further period or periods as our Directors, Promoters and Offerors together with our Managing Underwriter may in their absolute discretion mutually decide. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

#### 3.3 INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Events	Dates
Issue of Prospectus/Opening date for the IPO	26 August 2015
Closing date of the IPO	3 September 2015
Tentative date for balloting of applications	7 September 2015
Tentative date for allotment of IPO Shares	11 September 2015
Tentative listing date	15 September 2015

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors, Promoters and Offerors together with our Joint Underwriters may mutually decide, at their absolute discretion.

Our Directors, Promoters and Offerors together with our Joint Underwriters may mutually decide, at their absolute discretion, to extend the closing date and time of application of our IPO to any later date or dates. Should the closing date of the application of our IPO be extended, we will advertise a notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of applications for our IPO. Following this, the dates for the balloting of applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

### 3. PARTICULARS OF THE IPO (cont'd)

#### 3.4 DETAILS OF OUR IPO

##### 3.4.1 Public Issue

Our Public Issue comprises an initial public offering of 87,790,000 new Shares at the IPO Price, payable in full on application, is subject to the terms and conditions of this Prospectus and will be allocated in the following manner:-

**(a) Malaysian Public**

21,943,000 Public Issue Shares representing 5.0% of our enlarged issued and fully paid-up share capital will be offered to the Malaysian Public by way of balloting.

The basis of allocation for the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants in view of broadening the Group's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for the Shares.

**(b) Eligible Directors, Employees and Business Associates/Persons Who Have Contributed to the Success of Our Group**

In recognition of the contributions by the eligible Directors, employees and business associates/persons to the success of our Group, we have reserved 13,167,000 Public Issue Shares (being the Pink Form Allocation) representing 3.0% of the Company's enlarged issued and paid-up share capital for subscription by the eligible Directors, employees and business associates/persons who have contributed to the success of the Group as follows:-

Category	No. of Persons	Aggregate No. of Pink Form Allocation
Directors	4	2,250,000
Employees and business associates (including any other persons who have contributed to our success)	78	10,917,000
<b>Total</b>	<b>82</b>	<b>13,167,000</b>

The criteria of allocation of the Pink Form Allocation to our eligible Directors and eligible employees (as approved by our Board) are based on, *inter-alia*, the following factors:-

- (i) our employee must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) the number of Shares allocated to our eligible employees are based on their seniority, position, their length of service and their respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) full time employee of at least eighteen (18) years of age.

**3. PARTICULARS OF THE IPO (cont'd)**

The criteria of allocation of the Pink Form Allocation to our business associate (as approved by our Board) are based on, amongst others, current and past contributions to our Group, length of business relationship, value of transactions with our Group and other criteria deemed fit by our management.

Details of the Pink Form Allocation to eligible Directors of our Group are as follows:-

<b>Directors</b>	<b>Designation</b>	<b>No. Pink Form Allocation</b>
Chok Kwee Bee	Independent Non-Executive Chairman	1,000,000
Wong Shee Kian	Executive Director/CTO	100,000
Ong Chong Chee	Independent Non-Executive Director	1,100,000
Friiscor Ho Chii Ssu	Independent Non-Executive Director	50,000
<b>Total</b>		<b>2,250,000</b>

Any Pink Form Allocation which are not taken up by our eligible Directors, employees, business associates/persons who have contributed to the success of our Group will be re-offered to our Group's other eligible Directors, employees, business associates/persons who have contributed to the success of our Group before being allocated to the Malaysian Public and/or selected investors via private placement.

**(c) Private Placement to Identified Investors**

52,680,000 Public Issue Shares representing 12.0% of our enlarged issued and fully paid-up share capital will be placed out to identified investors by our Placement Agent.

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### 3. PARTICULARS OF THE IPO (cont'd)

#### 3.4.2 Offer For Sale

The Offerors are offering an aggregate of 43,885,000 Offer Shares at the IPO Price, representing approximately 10.0% of our enlarged issued and paid-up share capital, for application by way of private placement to identified investors payable in full upon application. The 43,885,000 Offer Shares reserved for placement to identified investors will be placed out by our Joint Placement Agents.

Details of the Offerors are set out below:-

Offerors	Address	Position/ Relationship With Our Group for the Past 3 Years	Before IPO		Offer for Sale		After IPO	
			No. of Shares	( <sup>1</sup> ) (%)	No. of Shares	( <sup>2</sup> ) (%)	No. of Shares	( <sup>2</sup> ) (%)
Ng Sang Beng	14, Lorong Gemang, 11600 Georgetown, Penang	Executive Director/ CEO	79,937,200	22.77	1,601,600	0.36	78,335,600	17.85
Yeoh Chee Keong	15, Denai Pinang 28, Seri Tanjung Pinang, 10470 Penang	Executive Director/COO	54,402,200	15.50	3,227,300	0.74	51,174,900	11.66
Wong Shee Kian	10, Persiaran Mahsuri 2/1, Sunway Tunas, Bayan Lepas, 11900 Penang	Executive Director/CTO	16,059,800	4.57	1,428,600	0.33	14,731,200	3.36
Teak Ventures <sup>(3)</sup>	Level 11, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50300 Kuala Lumpur	Substantial shareholder	34,197,500	9.74	4,285,700	0.98	29,911,800	6.82
Kan Seow Hua	157, Jalan Atas, 14300 Nibong Tebal, Penang	Shareholder	15,300,200	4.36	2,712,000	0.62	12,588,200	2.87
Khaw Seng Wei	157, Jalan Atas, 14300 Nibong Tebal, Penang	Shareholder	15,300,200	4.36	15,300,200	3.49	-	-
Pong Chung Kuan <sup>(4)</sup>	25, Jalan Sungai Ramal 32/55C, Bukit Rimau Section 32, 40460 Shah Alam, Selangor	Shareholder	9,622,100	2.74	4,003,600	0.91	5,618,500	1.28

## 3. PARTICULARS OF THE IPO (cont'd)

Offeror	Address	Position/ Relationship With Our Group for the Past 3 Years	Before IPO		Offer for Sale		After IPO	
			No. of Shares	(1) (%)	No. of Shares	(2) (%)	No. of Shares	(2) (%)
Pong Chung Cheng	14, Lorong Gemang, 11600 Georgetown, Penang	Shareholder	6,316,400	1.80	2,402,700	0.55	3,913,700	0.89
Tan E-Chiang	28, Lintang Sepakat, Taman Bandar Jaya, 14000 Bukit Mertajam, Penang	Senior Marketing Director	5,301,000	1.51	800,900	0.18	4,500,100	1.03
Cheah Lay Imm	20-A, Jalan Shaik Madar, 11500 Ayer Itam, Penang	Shareholder	5,238,600	1.49	4,778,600	1.09	460,000	0.10
Low Bok Siew	2B-11-6, Regency Heights, Cangkat Kenari Sungai Ara, 11900 Bayan Lepas, Penang	R&D Director	5,221,200	1.49	1,071,400	0.24	4,542,800	1.04
Ong Chuin Tein	10, Tingkat Bukit Jambul 2, Metro Residences, 11900 Bayan Lepas, Penang	Senior R&D Director	4,746,500	1.35	1,201,000	0.27	3,715,500	0.85
Moy Shin Fei	100-2B, Mewah Court, Jalan Tan Sri Teh Ewe Lim, 11600 Penang	Senior Software Director	4,155,200	1.18	1,071,400	0.24	3,278,800	0.75
<b>Total</b>			<b>255,798,100</b>	<b>72.86</b>	<b>43,885,000</b>	<b>10.00</b>	<b>212,771,100</b>	<b>48.48</b>

## Notes:-

- (1) Based on our issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (2) Based on our enlarged issued and paid-up share capital of 438,850,000 Shares upon completion of the IPO and includes their respective entitlements pursuant to the Pink Form Allocation.
- (3) The substantial shareholders of Teak Ventures are disclosed in Section 8.1.3(a) of this Prospectus and the ultimate shareholders of Teak Ventures includes, amongst others, Chok Kwee Bee, our Independent Non-Executive Chairman.
- (4) Pong Chung Kuan is the brother in-law of Ng Sang Beng.

Based on the IPO Price, the entire proceeds of approximately RM12.29 million arising from the Offer for Sale will accrue entirely to the Offerors and not to the Company. All expenses relating to the Offer for Sale will be fully borne by the Offerors.

**3. PARTICULARS OF THE IPO (cont'd)****3.4.3 Underwriting and Allocation of the IPO Shares**

In summary, the IPO Shares will be allocated in the following manner:-

	Public Issue		Offer for Sale		Total	
	No. of Shares	% of Enlarged Share Capital	No. of Shares	% of Enlarged Share Capital	No. of Shares	% of Enlarged Share Capital
Malaysian Public	21,943,000	5.00	-	-	21,943,000	5.00
Our eligible Directors, employees and business associates	13,167,000	3.00	-	-	13,167,000	3.00
Selected investors (via private placement)	52,680,000	12.00	43,885,000	10.00	96,565,000	22.00
<b>Total</b>	<b>87,790,000</b>	<b>20.00</b>	<b>43,885,000</b>	<b>10.00</b>	<b>131,675,000</b>	<b>30.00</b>

The 21,943,000 Public Issue Shares made available for application by the Malaysian Public under Section 3.4.1(a) of this Prospectus have been fully underwritten by our Joint Underwriters.

All the 13,167,000 Public Issue Shares made available to our Group's eligible Directors, employees and/or business associates pursuant to the Pink Form Allocation and 96,565,000 IPO Shares made available to selected investors by way of private placement under Sections 3.4.1(b) and 3.4.1(c) respectively are not underwritten. Irrevocable undertakings have been obtained from selected investors to subscribe for the IPO Shares available under the private placement.

Any unsubscribed Public Issue Shares by the Malaysian Public will be made available for application by way of private placement to selected investors. Any unsubscribed Pink Form Allocations will be re-offered to our other Group's eligible Directors, employees and/or business associates before being re-allocated to the Malaysian Public on a fair and equitable manner and/or selected investors via the private placement.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the identified investors, pursuant to their irrevocable undertakings or fully underwritten by our Joint Underwriters.

The number of IPO Shares will not increase via any over-allotment or "greenshoe" option.

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### 3. PARTICULARS OF THE IPO (cont'd)

#### 3.5 SHARE CAPITAL

	No. of Shares	(RM)
<b>Authorised share capital</b>	<b>1,000,000,000</b>	<b>100,000,000</b>
Existing issued and fully paid-up share capital	351,060,000	35,106,000
New Shares to be issued pursuant to the Public Issue	87,790,000	8,779,000
<b>Enlarged issued and paid-up share capital upon Listing</b>	<b>438,850,000</b>	<b>43,885,000</b>
New Shares to be issued pursuant to the RSP	43,885,000	4,388,500
<b>Enlarged issued and paid-up share capital upon RSP</b>	<b>482,735,000</b>	<b>48,273,500</b>
<b>Offer for Sale</b>	43,885,000	4,388,500
<b>IPO Price per Share (RM)</b>		0.28
<b>Market capitalisation upon Listing based on IPO Price</b>		122,878,000
<b>Proforma NA based on the proforma consolidated statement of financial position as at 30 April 2015</b>		
– Proforma NA upon Listing (RM)		* 61,945,000
– Proforma NA per Share upon Listing (RM)		* 0.14

Note:-

\* Computed based on our enlarged issued and paid up share capital of 438,850,000 Shares upon Listing and after deducting the estimated listing expenses of approximately RM2.50 million.

Presently, we have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another. The IPO Shares will upon allotment and issue, rank *pari passu* in all respects with our existing issued and fully paid-up ordinary shares, including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special right attaching to any of our Shares which we may issue in future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the whole of the profits paid out by us in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

At any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney, or being a corporation, by a duly authorised representative. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

In conjunction with the Listing, we also proposed to establish a RSP of up to 10% of the issued and paid-up capital of the Company at any point in time during the duration of the RSP to be governed by the By-Laws for the RSP. Further details on the RSP and the By-Laws governing the RSP are set out in Section 14 of this Prospectus.

### 3. PARTICULARS OF THE IPO (cont'd)

#### 3.6 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:-

- (a) to facilitate our business expansion as the listed status of our Company enhances our corporate profile, which in turn enables our Group to tap into new customers, form strategic alliances with our business affiliates and expand our business locally and regionally with the prestigious profile;
- (b) to enable our Group to gain access to the capital market and allow us to generate an optimal capital structure for our anticipated future expansion and growth as elaborated in Section 6.16 of this Prospectus;
- (c) to enable our Group to raise funds to finance the growth opportunities of the Group as elaborated in Section 6.16 of this Prospectus;
- (d) to provide an opportunity for Malaysian investors to participate in our equity and growth in our Company; and
- (e) to enable us to attract and retain qualified and experienced employees and align the interests of our employees with our Group through our profile as a listed company via participation in the Pink Form Allocation and RSP.

#### 3.7 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors together with TA Securities had determined and agreed on the IPO Price, after taking into consideration the following factors:-

- (a) The PE Multiple of approximately 15.30 times and 15.22 times based on our Group's proforma EPS of 1.83 sen for the FYE 2014 and annualised proforma EPS of 1.84 sen for the FPE 2015 respectively based on our issued and paid-up share capital of RM43,885,000 comprising 438,850,000 Shares;
- (b) Our operating history, financial performance and financial position as elaborated in the following sections of the Prospectus:-
  - (i) Section 11.1 of the Prospectus, which describes the summary of our Group's proforma consolidated financial statements, together with the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus; and
  - (ii) Section 11.4 of the Prospectus, which provides the management's discussion and segmental analysis of the audited financial results for the past three (3) FYE 2012 to FYE 2014 and FPE 2015; and
- (c) Our Group's future plans and prospects as set out in Section 6.16 of this Prospectus.

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding to invest in our Shares.

**3. PARTICULARS OF THE IPO (cont'd)****3.8 MARKET CAPITALISATION**

Based on the IPO Price and our enlarged issued and paid-up share capital of 438,850,000 Shares, our total market capitalisation will be approximately RM122.88 million upon Listing.

**3.9 DILUTION**

Dilution is computed as the difference between the IPO Price paid by our investors for our IPO Shares and the proforma consolidated NA per Share of our Group immediately after our IPO.

Pursuant to our IPO, our proforma consolidated NA per Share as at 30 April 2015 after adjusting for the utilisation of gross proceeds to be raised from our IPO and based on the enlarged issued and paid-up share capital upon our Listing would have been RM0.14. This represents an immediate increase in the proforma consolidated NA per Share of RM0.03 to our existing shareholders and an immediate dilution in the NA per Share of RM0.14, representing approximately 50% dilution to our new investors.

The table below illustrates such dilution on a per Share basis:-

	(RM)
IPO Price	0.28
Proforma consolidated NA per Share as at 30 April 2015, after the Acquisition of ACSB	0.11
Proforma consolidated NA per Share attributable to the existing shareholders, after the IPO (before the utilisation of proceeds)	0.18
Proforma consolidated NA per Share attributable to the existing shareholders, after the IPO (after the utilisation of proceeds)	0.17
Proforma consolidated NA per Share attributable to the shareholders, after the IPO (after the utilisation of proceeds)	0.14
Dilution in proforma consolidated NA per Share to new investors (after utilisation of proceeds)	0.14
Dilution in proforma consolidated NA per Share to new investors as a percentage of our IPO Price	50%

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**3. PARTICULARS OF THE IPO (cont'd)**

The following table summarises the total number of Shares received by our substantial shareholders, Directors, key management personnel and persons connected to them from the date of our incorporation to the date of this Prospectus and the average cost per Share to them and to the investors who subscribe for our IPO Shares pursuant to the IPO:-

<b>Substantial Shareholders, Directors, Key Management and Persons Connected to Them</b>	<b><sup>(a)</sup> No. of Shares Before IPO</b>	<b><sup>(b)</sup> No. of Shares From IPO</b>	<b>Total Consideration (RM)</b>	<b>Average Cost Price Per Share (RM)</b>
Chok Kwee Bee	-	1,000,000	280,000	0.28
Ng Sang Beng	<sup>(c)</sup> 79,937,200	-	<sup>(c)</sup> 7,993,200	0.10
Yeoh Chee Keong	54,402,200	-	5,440,220	0.10
Wong Shee Kian	16,059,800	100,000	1,633,980	0.10
Kan Ky-Vern	-	-	-	-
Ong Chong Chee	-	1,100,000	308,000	0.28
Friisor Ho Chii Ssu	5,419,800	50,000	555,980	0.10
AVSB	35,375,000	-	3,537,500	0.10
Teak Ventures	34,197,500	-	3,419,750	0.10
Beach Capital	30,223,500	-	3,022,350	0.10
Pong Chung Cheng	6,316,400	-	631,640	0.10
Tan E-Chiang	5,301,000	-	530,100	0.10
Cheah Lay Imm	5,238,600	-	523,860	0.10
Low Bok Siew	5,221,200	393,000	632,160	0.11
Ong Chuin Tein	4,746,500	170,000	522,250	0.11
Moy Shin Fei	4,155,200	195,000	470,120	0.11
Ng Chin Wah	495,600	305,000	134,960	0.17
May Ong Chin Hoon	121,900	-	12,190	0.10
MAVCAP	-	-	-	-
Kan Ah Chun	-	-	-	-
<b><u>New Investors</u></b>				
• Public Issue	-	<sup>(d)</sup> 84,477,000	23,653,560	0.28
• Offer for Sale	-	43,885,000	12,287,800	0.28

Notes:-

- (a) Issued pursuant to the Acquisition of ACSB, save for the subscribers' shares which were issued upon incorporation of Aemulus on 17 October 2014.
- (b) Assuming full subscription of their respective entitlements pursuant to the Pink Form Allocations.
- (c) Issued pursuant to the Acquisition of ACSB and pursuant to the transfer of 20 subscribers' Shares to Ng Sang Beng.
- (d) Excluding 3,313,000 Public Issue Shares allocated to our eligible Directors and employees pursuant to the Pink Form Allocation.

Apart from the Shares received by our substantial shareholders, Directors and key management personnel pursuant to the Acquisition of ACSB, there is no material acquisition of any existing Shares that involved cash in our Group by our substantial shareholders, Directors, key management personnel or persons connected with them, or in which they have the right to acquire, since the Acquisition of ACSB and prior to the date of this Prospectus.

**3. PARTICULARS OF THE IPO (cont'd)****3.10 IPO PROCEEDS****3.10.1 Utilisation of IPO Proceeds**

Based on the IPO Price, we expect to raise gross proceeds of RM24,581,200 from the Public Issue and each principal intended use of the proceeds is set out below:-

	Description	Timeframe for Utilisation Upon Listing	Amount (RM'000)	Percentage of Gross Proceeds (%)
(a)	Working capital	Within 24 months	12,881	52.40
(b)	R&D expenditure	Within 24 months	6,000	24.41
(c)	Purchase of property, plant and equipment	Within 24 months	2,000	8.14
(d)	Marketing, branding and promotion	Within 24 months	1,200	4.88
(e)	Estimated listing expenses	Immediate	2,500	10.17
	<b>Total cash proceeds</b>		<b>24,581</b>	<b>100.00</b>

Pending the utilisation of the proceeds for the abovementioned purposes, the proceeds from the Public Issue, save for the estimated listing expenses of RM2.50 million, will be placed with licensed banks and/or financial institutions.

Our Offer for Sale is expected to raise gross proceeds of approximately RM12.29 million, which will accrue entirely to our Offerors and we will not receive any of the proceeds. Our Offerors shall bear all the expenses such as placement fee and share transfer fee relating to the Offer Shares estimated to be approximately RM0.15 million.

Further details of the utilisation of our Public Issue proceeds are as set out below:-

**(a) Working Capital**

Our requirement for working capital is expected to increase in line with our expected expansion and business growth as set out in Section 6.16 of this Prospectus. Therefore, our Group proposes to allocate approximately RM12.88 million for our working capital requirements for the following:-

Details of the Working Capital		(RM'000)
(i)	Expansion of workforce	2,880
(ii)	Registration of intellectual properties	450
(iii)	Other working capital requirements	9,551
<b>Total</b>		<b>12,881</b>

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**3. PARTICULARS OF THE IPO (cont'd)**

Notes:-

- (i) In line with the Group's expansion plans as set out in Section 6.16 of this Prospectus, the Group expects to utilise approximately RM2.88 million for payments of staff salaries for the additional staff to be recruited for the following:-

<b>Expansion of Workforce</b>	<b>* No. of Employees</b>
(aa) Technical staff to undertake the core functions of Aemulus such as R&D, field applications, new product development, software development and product application	18
(bb) Sales staff for the Group's marketing, branding and promotion activities	1
(cc) Sales staff for the Group's expansion into overseas markets	1
<b>Total</b>	<b>20</b>

Note:-

\* The actual number of staff to be employed by the Group is dependent on the vacancies available at any point in time.

- (ii) In anticipation of our expansion into foreign markets, such as further export penetration into the USA and China and the roll-out of new products and services such as the production of the advanced RF tester and Amoeba 4600, we expect to incur approximately RM0.45 million for the registration of our intellectual properties with the relevant local and/or foreign authorities.
- (iii) The detailed breakdown of the estimated IPO proceeds earmarked for other working capital requirements is set out below:-

<b>Other Working Capital Requirements</b>	<b>(RM'000)</b>
(aa) Purchase of raw materials and supplies	7,000
(bb) Day-to-day operating costs	551
(cc) Payment of staff salaries	2,000
<b>Total</b>	<b>9,551</b>

Notes:-

- (aa) In line with the Group's expected expansion and business growth, the Group expects to utilise more raw materials and supplies for its R&D and assembly activities which include, but not limited to, electronics and discrete components, wires, cables, racks, enclosures, power supplies, soldering products and others.
- (bb) As the Company seeks to expand its business, the Board has reserved a total of RM0.55 million for its daily operating costs such as shipment fees, insurance premiums, utilities, relevant taxes and duties fees, general maintenance and upkeep of office premise, office supplies, printing fees, freight charges, travelling expenses and others.
- (cc) The Group's payroll expenses are expected to increase in tandem with the increase of its scale of operations.

**3. PARTICULARS OF THE IPO (cont'd)****(b) R&D Expenditure**

As part of our continuing R&D efforts, we intend to allocate approximately RM6.0 million from the proceeds of the Public Issue to finance our new tester research laboratory and our future R&D on new products and services as well as for upgrades and modifications of our existing products and services in line with our R&D plans and strategies as set out in Section 6.16 of this Prospectus. The detailed breakdown of the estimated IPO proceeds earmarked for R&D expenditures is set out below:-

<b>R&amp;D Expenditure</b>	<b>(RM'000)</b>
(i) Advanced RF tester	2,150
(ii) Wafer probe tester	1,900
(iii) Advanced analog tester	450
(iv) Tester research laboratory	*1,500
<b>Total</b>	<b>6,000</b>

Note:-

\* *The tester research laboratory will be equipped with the necessary testing environment such as ambient temperature control and electrical/RF signals control in order to qualify the design of the Group's tester platform and test modules which is currently not in the existing laboratory.*

The expenses relating to the R&D expenditure is expected to include, amongst others, the R&D staff salaries, hardware, software licences, trainings and other related R&D expenses.

**(c) Purchase of Property, Plant and Equipment**

We intend to allocate approximately RM2.0 million from the proceeds of the Public Issue to fund our capital expenditure expenses comprising mainly acquisition of office furniture and fittings, safety tools, equipment and instruments for application testing, upgrade of internal communication systems and data storage (non-R&D) and computers, software and hardware (non-R&D) to ensure the smooth running of our operations.

**(d) Marketing, Branding and Promotion**

Leveraging on our competitive strengths as set out in Section 6.15 of this Prospectus and our status as one of the listed issuers in Malaysia, we intend to allocate approximately RM1.20 million from the proceeds of the Public Issue to fund our market and business expansion including branding and promoting our Company and our products and services in our existing as well as potential markets in the future.

Please refer to Section 7 of this Prospectus for details pertaining to the outlooks and prospects of the said targeted markets.

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**3. PARTICULARS OF THE IPO (cont'd)****(e) Estimated Listing Expenses**

Our estimated listing expenses for our Listing are as follows:-

Details	(RM'000)
Professional advisory fees	1,000
Fees to authorities	230
Underwriting, placement and brokerage fees	370
Printing, advertisement and other incidental charges relating to the Listing	900
<b>Total</b>	<b>2,500</b>

In the event if the actual listing expenses are higher than budgeted, the shortfall will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the surplus will be utilised for general working capital purposes.

**3.10.2 Financial Impact from Utilisation of Proceeds**

Our utilisation of proceeds from our IPO is expected to enhance our working capital position. We intend to utilise approximately RM12.88 million from our IPO proceeds for our working capital requirements which will be used for purchase of inventories, payment of staff salaries, defrayment of operating expenses as well as other overheads deemed necessary for the smooth running of our operations. Our cash and cash equivalents will be approximately RM26.58 million after our Listing based on our proforma consolidated cash flow statement for the FPE 2015. This will allow us to internally fund our daily operational activities without being overly dependent on external funding.

**3.11 BROKERAGE, PLACEMENT FEE AND UNDERWRITING COMMISSION****(a) Brokerage Fee**

Brokerage fee is payable in respect of the 87,790,000 IPO Shares at the rate of 1.0% of the IPO Price in respect of successful applicants which bear the stamp of participating organisations of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

**(b) Placement Fees**

Our Joint Placement Agents has agreed to place out 96,565,000 IPO Shares to be offered to identified investors. We are obliged to pay our Joint Placement Agents a placement fee at the rate of between 0.25% and 1.0% of the value of Shares placed out to investors identified by our Promoters, Directors and our Joint Placement Agents respectively at the IPO Price. The Offerors will bear the expenses incurred in relation to the Offer for Sale.

**(c) Underwriting Commission**

Our Joint Underwriters have agreed to underwrite 21,943,000 Public Issue Shares made available for application by the Malaysian public. We are obligated to pay our Joint Underwriters the underwriting commission at the rate of 2.0% of the total value of the underwritten Shares at the IPO Price and the Managing Underwriter a managing underwriting fee of 0.50% of the total value of the Public Issue Shares underwritten.



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**3. PARTICULARS OF THE IPO (cont'd)**

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**3.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

The following terms are reproduced from the Underwriting Agreement including terms which allow the Underwriters to withdraw from the underwriting obligation after the opening of our IPO. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:-

**"2.2 Conditions Precedent**

*The obligations of the Underwriters under this Agreement shall be conditional upon the following conditions precedent being fulfilled to the satisfaction of the Underwriters:-*

- (a) *the SC having approved the registration and issuance of the Prospectus;*
- (b) *Bursa Securities having agreed and approved in-principle on or prior to the issuance of the Prospectus to the admission to the Official List of ACE Market of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of the Company on the ACE Market of Bursa Securities on terms satisfactory to the Underwriters and the Underwriters being reasonably satisfied that such listing and quotation will be granted two (2) clear Market Days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants/Placees have been duly credited and notices of allotment have been despatched to all successful applicants/Placees;*
- (c) *confirmation of the proceeds and/or irrevocable undertakings from the Placees to subscribe for all shares described in Recitals C(1)(i),(ii) and (iii) having been fully subscribed and/or received by the placement agent of the Company prior to the issuance of the Prospectus;*
- (d) *the delivery to the Underwriters prior to the date of issuance of the Prospectus of:-*
  - (i) *a certified true copy by an authorised officer of the Company of the Memorandum and Articles of Association of the Company and all the resolutions of the directors of the Company and the shareholders in general meeting (where applicable) approving this Agreement, the Prospectus, the IPO, the Public Issue and authorising the execution of this Agreement and the registration and issuance of the Prospectus; and*
  - (ii) *a certificate dated the day of the Prospectus signed by the duly authorized officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.2(g) hereof;*
- (e) *the delivery to the Underwriters on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriters may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company or any of its subsidiary;*

**3. PARTICULARS OF THE IPO (cont'd)**

- (f) *the Underwriters having been satisfied that adequate arrangements have been made by the Company to ensure payment of the Management Fee and the Underwriting Commission referred to in Clause 6 and the expenses referred to in Clause 8;*
- (g) *the public shareholding spread as required pursuant to the Listing Requirements being met upon listing of and quotation for the enlarged issued and paid-up Shares of the Company;*
- (h) *there not having been, on or prior to the Closing Date, any adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the IPO, nor the occurrence of any event rendering untrue or incorrect to an extent which is material in the opinion of the Underwriters as aforesaid any representation or warranty contained in this Agreement and in the Prospectus as though they have been given or made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;*
- (i) *the acceptance for registration by the SC of the Prospectus together with copies of all requisite documents in accordance with CMSA and the Prospectus Guidelines issued by the SC and lodgement of the Prospectus with the Registrar of Companies;*
- (j) *the Prospectus being in the form and substance satisfactory to the Underwriters having been issued within sixty (60) days from the date of this Agreement or such later date as the Underwriters may from time to time agree in writing;*
- (k) *all necessary approvals and consents required in relation to the IPO including but not limited to governmental approvals having been obtained and are in full force and effect on the Closing Date and the Underwriters being reasonably satisfied that the same will be in force on the Closing Date and the Underwriters being reasonably satisfied that all conditions to the approvals and consents (to the extent that can be complied with prior to the Closing Date) have been complied with;*
- (l) *The IPO, in accordance with the provisions hereof not being prohibited or impeded by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia including but not limited to Bursa Securities and SC;*
- (m) *the Underwriters having been satisfied that the Company have complied with and that the IPO is in compliance with CMSA, policies, guidelines and requirements of the relevant authorities (including Bursa Securities and/or SC) and all revisions, amendments and/or supplements thereto; and*
- (n) *this Agreement having been duly executed by all Parties and stamped.*

*If any of the conditions set forth above is not satisfied on or before the Closing Date, the Underwriters shall thereupon be entitled to terminate this Agreement by notice in writing to the Company and in that event the Parties hereto shall be released and discharged from their respective obligation hereunder PROVIDED THAT the Company shall remain liable for the payment of the Underwriting Commission and of all other costs and expenses including but not limited to those referred in Clause 8 hereof.*

### 3. PARTICULARS OF THE IPO (cont'd)

#### 7. TERMINATION

##### 7.1 **Reasons for Termination**

On or before the Closing Date, the Underwriters shall thereupon be entitled to terminate this Agreement by notice in writing delivered to the Company, if:-

- (a) any of the conditions precedent referred to in Clause 2.2 is not satisfied, provided that the Underwriters may at its discretion and subject to such conditions precedent as the Underwriters may impose, waive compliance with the provisions of Clause 2.2; or
- (b) any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Company and its subsidiary from that set forth in the Prospectus which is material in the context of the Public Issue, or the occurrence of any event rendering untrue or incorrect to an extent which is material any representations or warranties contained in Clause 3.1 as though they had been given or made on such date; or
- (c) there is withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company and its subsidiary and related companies, the success of the Public Issue, or the distribution or sale of the new Shares pursuant to the Public Issue; or
- (d) there is failure on the part of the Company to perform any of its obligations herein contained; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would prejudice materially the success of the Public Issue; or
- (f) any of the approvals referred to in Clauses 2.2(a), 2.2(b) and 2.2(l) is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a material adverse effect; or
- (g) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters by reason of Force Majeure events which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company and its subsidiary or the success of the Public Issue, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms. "**Force Majeure**" means causes which are unpredictable and beyond the reasonable control of the party claiming Force Majeure which could not have been avoided or prevented by reason of foresight, planning and implementation including but not limited to:-
  - (i) any material change in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

**3. PARTICULARS OF THE IPO (cont'd)**

- (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage or acts of war) which, (in the reasonable opinion of the Underwriters), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (iii) *if in the reasonable opinion of the Underwriters that the success of the Public Issue is seriously and/or materially jeopardised by the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day, on or after the date of this Agreement and prior to the Closing Date, lower than 85% of the level of the said Index at the last close of normal trading on Bursa Securities on the Market Day preceding the date of this Agreement or remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or*
- (iv) *trading of all securities on Bursa Securities has been suspended or limited or minimum prices shall have been established on Bursa Securities or other material form of general restriction in trading of all securities on Bursa Securities for three (3) consecutive Market Days or more; or*
- (h) *any material statements contained in the Prospectus and Application Form (where the context permits) has become or been discovered to be untrue, inaccurate or misleading in any respects.*

**7.2** *Upon any such notice(s) being given pursuant to Clause 7.1, the Underwriters shall be released and discharged from its obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable for the payment and in respect of its obligation and liabilities under Clause 8 for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.*

**7.3 Effects of Termination**

*In the event of termination pursuant to Clause 7.1, the Underwriters hereto shall be released and discharged from its obligations hereunder, except for the liabilities of the Company for the payment of the Underwriting Commission and costs and expenses as provided for in this Agreement, which had been incurred prior to or in connection with such termination. Provided always that the parties hereto agree that in the event of termination of this Agreement pursuant to a Force Majeure event, the Underwriters and the Company may confer with a view to deferring the Public Issue or amending its terms or the terms of this Agreement and/or entering into a new underwriting agreement as the case may be with the mutual consent of the parties hereto."*

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#### **4. RISK FACTORS**

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**YOU SHOULD EVALUATE AND CONSIDER CAREFULLY, ALONG WITH OTHER MATTERS IN THIS PROSPECTUS, THE RISKS (WHICH MAY NOT BE EXHAUSTIVE) BELOW. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON US OR THE MARKET PRICES OF OUR SHARES**

##### **4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS**

###### **4.1.1 Dependence on Directors and Key Management Personnel**

The technology industry is a growing and fast changing sector and the management and operation of the business requires the employment of high skilled knowledge workers, whether in technology or non-technology related fields. Our Board recognises and believes that our Group's continuing success depends, to a significant extent, on the abilities and continuing efforts of our existing CEO, Executive Directors and key management personnel as disclosed in Section 8 of this Prospectus as well as the ability to attract new personnel and retain its existing skilled personnel. The labour market for skilled personnel in this field is competitive.

We have currently put in place a management succession plan which includes taking a proactive approach towards addressing talent management in order to ensure our Group is managed by personnel with the requisite experience and capability. Our key management personnel are constantly exposed to various aspects of our business activities to ensure they have adequate understanding on their respective responsibilities and decision-making process.

In addition to our key management personnel, our success and earnings growth are also substantially dependent on our skilled personnel particularly those from our R&D team. For the purpose of continuous motivation to our skilled personnel, we have in place a competitive remuneration package to reward our performing personnel and to retain their services in our Group.

On top of the above, in conjunction with our IPO, our Company is also implementing a RSP to allow the Eligible Person(s) to participate in our future growth and to align their interests with our Group's interests. We also believe that by enhancing our corporate profile as a listed issuer in Malaysia, we will be able to attract more qualified personnel to continuously play an active role in the growth and success of our Group. However, no assurance can be given that these reasonable measures would result in the successful retention and/or motivation of our employees.

###### **4.1.2 Dependence on Suppliers**

Our Group relies on our suppliers, with whom we work closely with to support our business activities. Any severance of these relationships will have a negative impact on our Group's ability to supply our products to our customers. We have been dealing with our major suppliers for more than two (2) years and as at the LPD, we have not encountered any major problems in sourcing for our supplies and raw materials. Although our Group seeks to mitigate this risk by continuously maintaining good relationships with our suppliers to ensure minimal disruptions to our supply chain and operations, no assurance can be given that any future changes in the relationships with these will not have an impact on our business.

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#### **4. RISK FACTORS (cont'd)**

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##### **4.1.3 Dependence on Major Customers**

Our major customers comprise mainly semiconductor manufacturers and OSAT companies who provide assembly and testing services to semiconductor chip manufacturers. The loss of these major customers may adversely impact our Group's operating results.

However, our Group will continue to enhance our value-added service proposition such as provision of on-site technical assistance, improve our service levels and maintain our competitiveness including broadening our product range and developing a more diversified portfolio of customers and markets in the future, both locally and internationally. In addition, our Group has maintained and will continue to maintain close business relationships with our customers and will continuously strive to meet our customers' expectations by paying closer attention to their feedback and working in tandem with their requirements to improve our product and service quality.

Nevertheless, notwithstanding that these measures have been our practice throughout our existence, there can be no assurance that these reasonable measures would continue to remain successful in securing continued business from to these major customers in the future.

##### **4.1.4 Absence of Long Term Contractual Agreement With Customers**

Our Group does not have any long term contracts with our customers. The absence of long-term contracts is an industry practice where end-user customers would purchase products by way of purchase order on project-to-project basis or as-needed basis.

Notwithstanding the absence of long-term contractual agreements with customers, we have established close working relationships with our customers, particularly our major customers with whom we have established more than three (3) years of working relationship. Our Group will continuously seek to establish long standing and stronger relationships with our customers in order to ensure business continuity and growth. However, no assurance can be given that these reasonable measures would successfully create long term working relationships with our existing and potential customers.

##### **4.1.5 Failure to Meet Demand for Our Products**

The growth in the global semiconductor market and subsequently for ATE is dependent on the global demand for electronic products. If the market for electronics and semiconductors were to suddenly expand, our Group would require significant increases in production capabilities, including personnel as well as supplies and raw materials, in order to fully capitalise on such expansions in demand. The failure to adjust to such unanticipated increases in demand for our products could result in our Group losing existing customers or losing the opportunity to establish strong relationships with potential customers with whom we currently have little or no business. Such failures may adversely affect our Group's future financial results and market share.

##### **4.1.6 Risk in Infringing Intellectual Property of Third Parties**

Our Group may unknowingly infringe upon the intellectual property rights of third parties and may be held responsible for such infringements. As at the LPD, we have not been the subject of any intellectual property claims. However, any future litigation regarding patents or other intellectual property infringements could be costly and time consuming and divert our management and key personnel away from our core business operations. If our Group loses a claim, we may suffer significant liabilities, litigation costs or licensing expenses or be prevented from selling our products if the products infringe upon the intellectual property of third parties.

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**4. RISK FACTORS** *(cont'd)*

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We will take reasonable measures to conduct white paper and literature searches to ensure that our product designs do not infringe the intellectual property of third party. In addition, we will engage qualified lawyers to assist us to file for the registration of our intellectual properties and to provide related searches and advisory services.

**4.1.7 Adequacy of Insurance Coverage on Assets**

Our Group believes that we have adequate coverage on our tangible assets. Although our Group reviews our insurance policies on a regular basis to ensure that there is adequate insurance coverage on our assets, there can be no assurance that the said coverage would be sufficient for the replacement cost of our assets or from any consequential losses arising therefrom.

**4.1.8 Change or Loss of Our MSC-Malaysia Status**

ACSB was granted the MSC-Malaysia status on 19 December 2007 by MDeC and was granted an extension of its pioneer status which expired on 7 September 2013 for an additional five (5) years up to and including 7 September 2018.

MDeC is the body responsible for monitoring all MSC-Malaysia status companies in Malaysia and has the right to revoke our MSC-Malaysia status at any time at its discretion. Presently, all MSC-Malaysia status are granted certain financial and non-financial incentives, rights and privileges provided for under the "Bill of Guarantee" issued by MDeC.

Although we mitigated this risk by fulfilling the conditions as disclosed in Section 9.1.4 of this Prospectus, there can be no assurance that we will be able to continue to retain our MSC-Malaysia status or enjoy the benefits as an MSC-Malaysia status company.

If we lose our MSC-Malaysia status, we will cease to be entitled to the benefits associated with the MSC-Malaysia status, which may have an adverse effect on our business, operating results and financial conditions. In addition, there can also be no assurance that these MSC incentives including the criteria for entitlement will not be changed or modified in any way in the future.

**4.1.9 Credit Risk**

We grant our customers credit periods of between thirty (30) days and ninety (90) days and as such we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our Group's control. In the event of significant delays or defaults in payment by our customers or where our customers face significant financial difficulties, we will have to make allowance for impairment on uncollectible trade receivables or may be required to write-off uncollectible trade receivables as bad debts, which may adversely affect our financial performance.

During the past three (3) FYE 2012 to FYE 2014 and FPE 2015, our Group has written off bad debts amounting to RM280,880 and RM51,600 for the FYE 2012 and FYE 2013 respectively. We will continue to closely monitor the ageing of our trade receivables and to keep close relationships with our customers to ensure timely collection of our trade receivables.

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**4. RISK FACTORS (cont'd)**

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**4.1.10 Foreign Exchange Risk**

We are exposed to foreign exchange risk as part of our sales and purchases are transacted in foreign currencies. Moving forward, we expect to derive more revenue denominated in USD in view of our growing presence in the overseas markets in the past three (3) FYE 2012 to FYE 2014 and FPE 2015, and our future plan to expand our geographical presence. Any significant fluctuations in exchange rates, particularly the USD, may have a significant impact, whether positively or negatively, on the revenue and earnings of our Group. At present, we do not use any financial instruments to hedge our exposure against transactions in foreign currencies. However, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as the foreign currency involved, exposure periods and transaction costs. Our Group's financial results in the past three (3) FYE 2012 to FYE 2014 and FPE 2015 have not been materially affected by the fluctuations in the exchange rate between RM and USD.

**4.1.11 Political, Economic and Regulatory Risk**

Our business is subject to risks associated with conducting business internationally as we sell our products overseas and purchase some supplies and raw materials from foreign suppliers. We are therefore susceptible to changes in legal, regulatory, political and economic conditions as well as operational risks in the countries where we have business dealings with these parties.

As we continue to expand our business in foreign markets, our financial condition and results of operations could be affected by a variety of factors, including:-

- Political and economic instability, including global and regional macroeconomic disruptions, natural calamities, epidemics or other such risks;
- Trade protection measures and import or export licensing requirements;
- Changes in import and/or export duties;
- Difficulty in staffing and managing widespread operations and the increased travel, infrastructure and legal compliance costs associated with multiple international locations;
- Differences in intellectual property laws;
- Difficulties in enforcing contracts and collecting trade receivables as a result of physical distance and different legal rules; and
- Risks with respect to social and political crises resulting from terrorism and war, amongst others.

Notwithstanding that our Group will continue to adopt prudent management and efficient operating procedures to mitigate these factors, there can be no assurance that any adverse economic, political and regulatory factors will not materially affect our Group's future financial results.

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#### **4. RISK FACTORS (cont'd)**

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### **4.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES**

#### **4.2.1 Failure to Adopt New Technologies**

Our Group operates in a dynamic market where our products and services are prone to evolving industry standards and frequent new product introductions and enhancements. Our Group's future growth and success would significantly depend on continuing market acceptance of the portfolio of our products and services and our ability to develop new products and services to meet the needs of our customers.

Our products have an average life span of between 2.5 years to 5 years. In the event where our products become outdated or obsolete, these products will be upgraded or a new product with enhanced functionalities will be developed to cater for the market demand. The development of new or enhanced products and services is a complex and uncertain process. Furthermore, we may also experience design, marketing and other operational difficulties that could delay or prevent the development of our new products and services and the introduction and marketing of our products and services.

Our Group seeks to limit these risks through our continuous investment in R&D activities and to actively engage in the industry's corporate and marketing activities in order to remain technologically relevant and to gauge and project market expectations. Additionally, we will constantly seek to improve our customer service in order to obtain feedback from our customers for our R&D initiation and marketing strategies.

However, there can be no assurance that we will be able to successfully anticipate technological changes and to develop new products and services in a timely manner and/or cost effectively. Such circumstances may in turn adversely affect our business operations and financial performance. Additionally, there can be no assurance that our R&D activities will be successful. Unsuccessful R&D activities may have a negative impact on our financial performance as the R&D expenses incurred may be substantial vis-a-vis our revenue for the relevant financial years.

#### **4.2.2 Inability to Anticipate Changes in Consumer Preferences**

Our Group's continued success is dependent to a certain extent, on our ability to anticipate and to rapidly design and develop ATE for our targeted market segments, particularly the wireless application market, specifically in mobile wireless communications, that is characterised by fast changing consumer preferences and demands. Should our Group be unable to anticipate and identify new consumer trends and development in wireless application products, the demand for our products may be affected which will then have an impact on our Group's operating results.

Additionally, our Group may incur significant costs relating to the development and marketing of new products, or improving or improvising existing products in response to what our Group perceives to be consumer preferences and demands. Such development or marketing efforts may not necessarily result in the desired level of market acceptance, volume of sales or profitability as anticipated by our Group.

#### **4.2.3 Infringement of Our Intellectual Property Rights**

Our commercial success is dependent to a certain degree on our ability to protect our intellectual property rights. Whilst relying on certain trade secrets pertaining to our products and services, as at the LPD, we have registered certain trade marks and industrial designs with the Intellectual Property Corporation of Malaysia with the details as set out in Section 6.11 of this Prospectus. The registration of our trade marks and industrial designs will confer instant protection for our Group such that subsequent third party users are prevented from using trade marks or industrial designs that are similar to ours. As an owner/assignee of registered trade marks and industrial designs, we may commence legal proceedings for any infringements under the Trade Marks Act 1976 against third party users of trade marks or industrial designs that are similar to ours and which may be confusing and misleading.

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#### **4. RISK FACTORS** *(cont'd)*

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In addition, we may also file applications for our trade marks and patents, if necessary, in the countries in which we intend to expand our business presence to in the future. However, existing copyright, trade marks, trade secret laws and other intellectual and industrial property laws can only offer limited practical protection. There may also be delays in the trade marks and patent registration process and there can be no assurance that such applications will be successful. Even if successfully registered, there can be no assurance that our Company will be able to effectively and expeditiously protect our intellectual property rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on our Company's business and financial conditions.

Further thereto, our Group employs modularised design and development frameworks as the additional way to protect our intellectual property rights, which means that during the R&D, supply chain and production processes, the respective teams will only have access to certain parts of the data and analyses, blueprints and security codes as to minimise the risk of misappropriation.

In addition, our Group has implemented and will continue to enforce our current policy of requiring our employees to enter into confidentiality and non-disclosure agreements relating to the distribution of our proprietary information and information of our customers, to further mitigate the risk of misappropriation.

##### **4.2.4 Consolidation of Businesses Within the Semiconductor Industry**

The global ATE industry is concentrated, with a relatively small number of large semiconductor manufacturers and OSAT companies accounting for a large portion of total semiconductor sales. This market concentration could become even more acute in the future if further industry consolidations take place, as larger semiconductor manufacturers and OSAT companies acquire smaller industry participants and as corporate restructuring such as elimination and consolidation of businesses progress.

Any consolidation in the industry may impact the business processes of the affected companies, and as a result, affect our position as a supplier to these customers. As our Group's ability to increase sales will depend mainly upon our ability to obtain or increase orders from these customers, we face additional risks of losing sales opportunities should business conditions change in the event of industry consolidations.

##### **4.2.5 Competition Risk**

Notwithstanding our competitive strengths, we continue to face competition from existing and prospective competitors which may be capable of offering similar products and services. Additionally, consolidation of market players within the ATE industry may heighten competition.

Nevertheless, we will leverage on our investments in our R&D activities to enhance our competitiveness. Our past and on-going R&D activities will provide us with the necessary knowledge base and the technology know-how for the design and development of new or enhanced test solutions.

Additionally, through our IPO, we expect to establish a stronger corporate profile and enhanced market presence in the industry both locally and internationally, through our enhanced marketing, branding and promotional activities.

Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

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**4. RISK FACTORS** (cont'd)

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Notwithstanding the foregoing, our business and financial results depend, in significant part, upon capital expenditures of manufacturers of semiconductors and OSAT companies, which in turn depend upon the current and anticipated market demand for our products. Disruption or deterioration in economic conditions may reduce customer purchases of our products, thereby reducing our revenues and earnings. In addition, such adverse changes in economic conditions, and resulting slowdowns in the market for our products, may, among other things, result in increased price competition for our products, increased risk in the collectability of our accounts receivable from our customers, potential reserves for doubtful accounts and write-offs of accounts receivable, increased risk of restructuring charges and higher operating costs as a percentage of revenues, which, in each case and together, adversely affect our operating results.

Our Group's business is subject to the cyclicity of the semiconductor industry and we had been adversely affected by slowdowns in semiconductor sales in the past. Our Group's revenue decreased by 17.32% or RM2.31 million to RM11.03 million in FYE 2012 from RM13.34 million in FYE 2011 which was in tandem with the impact of the slowdown in the overall Semiconductor Industry in 2012 whereby the global semiconductor sales decreased by 2.64% during the corresponding period (*Source: Independent Market Research Report by Smith Zander*). Nevertheless, we believe that our Group's continuous R&D efforts will be able to support our growth and demand for our products and services in the future.

We have taken actions to address the effects of general economic variability and recurring industry cyclicity, including implementing cost control and reduction measures. If our businesses experience downturns in the future, whether due to a deterioration in global economic conditions or slowdowns in specific markets we serve, we may need to take further cost control and reduction measures. However, no assurance can be given whether these measures will be sufficient to offset global or market-specific disruptions that might affect our business and profits.

**4.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES****4.3.1 No Prior Market for Our Shares**

Prior to this Public Issue, there has been no prior market for our Shares. The listing of and quotation for our Shares listed and quoted on the ACE Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop.

There also can be no assurance that the IPO Price which has been determined after taking into consideration the factors as set out in Section 3.7 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing.

**4.3.2 Delay In or Abortion of Our Listing**

Our IPO is exposed to the risk of potential failure or delay should the following events, amongst others, occur:-

- (a) our Company or the Joint Underwriters fails to honour its obligations under the Underwriting Agreement;
- (b) identified investors fail to subscribe for the portions of the IPO Shares allotted to them; and/or
- (c) we are unable to meet the public spread requirements of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of Listing.

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#### **4. RISK FACTORS** *(cont'd)*

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In the event that we fail to fulfil any of the events above, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

Nevertheless, we will endeavour to ensure compliance of the various listing requirements for our successful listing on the ACE Market of Bursa Securities.

##### **4.3.3 Continued Control by Our Promoters**

Upon completion of our IPO, our Promoters will collectively hold an aggregate of 209,840,200 Shares, representing approximately 47.82% of our enlarged issued and paid-up share capital. As a result, these shareholders, acting together, will be our controlling shareholders and have voting control over our Company and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/or by the relevant authorities.

Nevertheless, our Company has appointed Chok Kwee Bee, Ong Chong Chee and Friisor Ho Chii Ssu as our Independent Directors and they will play an active role in our Board's deliberations to ensure future transactions involving related parties are entered into on an arms-length basis, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

##### **4.3.4 Forward Looking Statements**

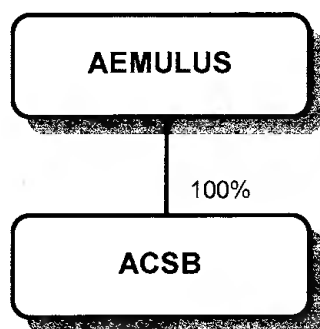
This Prospectus contains forward-looking statements, which are statements other than statements of historical facts. Although our Company believes that the expectations and assumptions which are deemed by our Directors to be reasonable at this point of time, there can be no assurance that such expectations will be realised. In addition, statements which are forward-looking in nature are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. The inclusion of a forward looking statement in this Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Company will be achieved. Any deviations from the expectations may have material effect on the financial and business performance of our Group.

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## 5. GENERAL INFORMATION ON OUR GROUP

### 5.1 INCORPORATION AND HISTORY

Our Company was incorporated in Malaysia under the Act as a public limited company on 17 October 2014 under our present name as a listing vehicle to undertake the Listing. On 5 December 2014, we entered into a SSA with the Vendors to acquire 100% equity interest in ACSB. As at the LPD, our Group structure is as follows:-



Our Group was co-founded by Ng Sang Beng, our Executive Director/CEO and Yeoh Chee Keong, our Executive Director/COO, who have been instrumental and dedicated in contributing to the strategic direction, growth, development, operation and success of our Group.

The history of our business can be traced back to the incorporation of ASB under the Act as a private limited company on 30 July 2004 by our Founders who were previously engineers with major US-based multinational electronics companies. Our Founders saw an opportunity for import substitution in the domestic ATE market as, during that time, most ATE used by semiconductor manufacturers and/or testing companies in Malaysia were imported. With their background in electronics engineering, specifically knowledge in analog and digital design, coupled with their expertise in programmable logic, our Founders developed a flexible and scalable tester architecture named "Avalanche", which is the base development platform for our ATE.

We commenced operations in 2005 at our first office in Gurney Tower, Penang by focusing on the R&D of our first tester using our "Avalanche" architecture. We placed emphasis on speed of testing which were critical to the success in the semiconductor testing industry. From this R&D, we launched our first generation of ATE namely Amoeba 1320, under our Amoeba 1000 series in 2006. The Amoeba 1320 was a small, lightweight tester that utilised the USB interface and protocols. The USB was, at the time, a relatively new standard used for connecting computer devices and peripherals. The Amoeba 1320 tester was designed for high channel count analog testing with simple digital capability. It was also designed with space optimisation in mind, as our customers placed Amoeba 1320 inside the housing of test handlers without occupying additional space on the production floor, and as such was known as a "zero footprint tester". As a result of the expansion of our business, in the same year, we relocated to a larger office in Krystal Point, Penang.

In 2007, we attained a major breakthrough by developing and launching the Amoeba 1340 which was used for SMU testing of wireless and RF semiconductor devices found in mobile and portable gadgets such as mobile phones and smartphones.

Within the same year, Aemulus Corporation MSC Sdn Bhd, now known as ACSB was incorporated under the Act on 3 December 2007 and was awarded the MSC-Malaysia status by MDeC on 19 December 2007. As a MSC-Malaysia status company, ACSB is allowed to benefit from certain financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantee for MSC status companies.

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**5. GENERAL INFORMATION ON OUR GROUP (cont'd)**

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In 2008, we launched the Amoeba 2000 series tester with the objective of diversifying our business into linear device testing for the industrial product market such as automotive sensors, car infotainment, automation machine and wind turbine. At the same time when Amoeba 2000 was launched, our first test development and production software was also launched, namely the "techFlow 1.0". The "tech" in "techFlow" is an acronym for "test equipment control hub". techFlow allows our customers to write test programmes to verify their semiconductor devices and to define the flow of testing.

Prior to the development of techflow 1.0, we utilised third party testing software on our ATE. However, after the launching of Amoeba 2000 and techFlow 1.0 in 2008, our ATE were then designed in a way that enables the integration of the two, allowing us to sell complete test solutions to our customers. The compatibility of our proprietary software with our ATE have proven to be successful, enabling our Group to secure many global multinational semiconductor companies as our cornerstone customers.

Within the same year, ASB entered into a Master Transfer of Business Agreement with ACSB for the acquisition by ACSB of the entire business of ASB. The transfer of business was completed on 6 February 2009. ASB ceased to be a shareholder of ACSB with effect from 27 November 2014. As at the LPD, ASB is a dormant company.

In 2009, the occurrence of global financial crisis had adversely affected the global semiconductor industry. Nonetheless, we took the opportunity to re-deploy our resources and stepped up our R&D efforts to develop new products based on suggestions, feedbacks and specifications proposed by our customers and gathered by our market intelligence unit. As a result, we successfully launched the Amoeba 4100 in early 2010, which was specifically designed for the testing of discrete semiconductors. We simultaneously developed our techFlow 2.0 software to ensure compatibility with the different requirements for managing Amoeba 4100. We successfully sold our Amoeba 4100 in the USA in the following year. For FYE 2010, the revenue contributed by Amoeba 4100 constituted approximately 7.71% or RM1.03 million to our Group's total revenue.

In 2011, we began developing ATE that is compliant to PXI protocols, in line with anticipated demand from our customers as PXI is an industry standard used in the development of a wide array of test, measurement and automation application. We launched the Amoeba 4200 in 2012, a platform that could accommodate a wider spectrum of test functions and configurations to cater to a broader spectrum of test requirements.

In 2012 and 2013, we added new or improved test modules, or functionalities, into the Amoeba 4200. The Amoeba 4200 was developed as an upgrade to the Amoeba 2000 and thus also caters to the industrial product market.

Concurrent with the development of Amoeba 4200, we conceptualised the Amoeba 7500 in early 2012 as a full-fledged RF tester, along with an upgrade of our testing software to techFlow 3.0. The Amoeba 7500 was officially launched later that year, followed by its upgrade to the Amoeba 7600 in 2013, which received positive response from our customers, particularly in the China and the USA.

Our business growth and increasing presence in the semiconductor marketplace was formally recognised in 2010 when we were awarded a Certificate of Achievement from the Deloitte Technology Fast 500 programme, where we were recognised as a "leading Malaysian technology company in the Deloitte Technology Fast 500 Asia Pacific 2012 programme", which is a ranking of the 500 fastest growing technology companies in Asia Pacific. We subsequently went on to receive this award in 2011 and 2012 as well, making it three (3) years in a row.

**5. GENERAL INFORMATION ON OUR GROUP (cont'd)**

In 2013, our R&D effort was recognised under the Entry Point Projects 13: Growing Automation Equipment Manufacturing by PEMANDU, a unit under the Prime Minister's Department overseeing the implementation of the Economic Transformation Programme, whereby ACSB was named as one of the companies in Southeast Asia with capabilities to produce its own semiconductor tester. In addition, we also received two (2) grants from the government agencies namely MATRADE and MIDA. Please refer to Section 11.4.4 of this Prospectus for further details pertaining to the said grants.

In September 2014, in line with our growth and expansion, we moved our office to larger premises located at One Precinct in Bayan Lepas, Penang. As at the LPD, we have customers in Malaysia, Singapore, China, USA, South Korea, Philippines, Thailand and Germany. The revenue contributions by our principal markets for the past three (3) FYE 2012 to FYE 2014 and FPE 2015 is disclosed in Section 11.4.2 of this Prospectus.

**5.2 SHARE CAPITAL**

As at the LPD, our Company's authorised share capital is RM100,000,000 comprising 1,000,000,000 Shares of which 351,060,000 Shares have been issued and fully paid-up.

The changes in our Company's issued and fully paid-up share capital since incorporation were as follows:-

Date of Allotment	No. of Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued and Fully Paid-Up Share Capital (RM)
17.10.2014	20	0.10	Subscribers' shares	2
24.07.2015	351,059,980	0.10	Shares issued pursuant to the Acquisition of ACSB	35,106,000

Upon completion of the Public Issue, our Company's issued and fully paid-up share capital will increase to RM43,885,000 comprising 438,850,000 Shares.

None of our Shares as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the LPD, our Company does not have any warrant, option or convertible securities in issue or any uncalled capital.

**5.3 SUBSIDIARY**

As at the LPD, we do not have any associated companies. Details of our subsidiary are summarised as follows:-

Subsidiary	Date/ Place of Incorporation	Effective Equity Interest (%)	Issued and Paid-up Share Capital (No. of Shares)	Principal Activities
ACSB	03.12.2007/ Malaysia	100.0	208,478,775	Design and assembly of automated test equipment and test and measurement instruments and the provision of its related services and design consultancy services.

## 5. GENERAL INFORMATION ON OUR GROUP (cont'd)

### 5.3.1 ACSB

#### (a) Background and History

ACSB was incorporated in Malaysia under the Act on 3 December 2007 as a private limited company under the name of Aemulus Corporation MSC Sdn Bhd and ACSB changed its name to Aemulus Corporation Sdn Bhd on 14 February 2008. ACSB converted into a public limited company on 4 April 2008 and changed its name to Aemulus Corporation Berhad. ACSB converted into a private limited company on 15 April 2013 and assumed its present name.

ACSB was granted the MSC-Malaysia status company on 19 December 2007 by MDeC and was granted an extension of its pioneer status which expired on 7 September 2013 for an additional five (5) years up to and including 7 September 2018.

#### (b) Share Capital

As at the LPD, ACSB's authorised share capital is RM50,000,000 comprising 479,691,640 ACSB Shares and 20,308,360 RCPS, of which 208,478,775 ACSB Shares have been issued and fully paid-up.

The changes in the issued and fully paid-up ordinary shares and RCPS in the share capital of ACSB since its incorporation on 3 December 2007 up to the LPD are as follows:-

Date of Allotment	No. of ACSB Shares/ RCPS Allotted	Par Value (RM)	Consideration	Issued and Paid-Up Share Capital (RM)
03.12.2007	2	1.00	Cash	2.00
01.04.2008	-	0.10	Subdivision of two (2) existing ordinary shares of RM1.00 each into 20 ordinary shares of RM0.10 each	2.00
06.02.2009	180,000,000	0.10	Other than cash	18,000,002.00
28.09.2009	4,786,949	0.10	Cash	18,478,696.90
28.09.2009	3,383,446	0.10	Cash	18,817,041.50
30.04.2010	7,237,324	0.10	Cash	19,540,773.90
28.09.2010	7,237,324	0.10	Cash	20,264,506.30
01.07.2013	5,833,712	0.10	Other than cash	20,847,877.50
21.07.2015	-	0.10	Conversion of RCPS into ACSB Shares	20,847,877.50

Save as disclosed above, as at the LPD, there are no warrants, options, convertible securities or uncalled capital in ACSB. In addition, there is no discount, special term or instalment payment term payable to the payment of the consideration for the allotment of the ordinary shares of RM0.10 each in ACSB and the RCPS.



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**5. GENERAL INFORMATION ON OUR GROUP (cont'd)**

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**(c) Substantial Shareholders**

ACSB is our wholly-owned subsidiary.

**(d) Subsidiary or Associated Company**

As at the LPD, ACSB does not have any subsidiary or associated company.

**5.4 LISTING SCHEME**

In conjunction with and as an integral part of our Listing, we undertook the Listing Scheme as follows:-

**5.4.1 RCPS Conversion**

Pursuant to the IPO, Teak Ventures had on 21 July 2015 converted 20,308,360 RCPS held in ACSB into 20,308,360 new ACSB Shares.

All the new ACSB Shares issued pursuant to the RCPS Conversion rank *pari passu* in all respect with the existing ACSB Shares except that the new ACSB Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment of the ACSB Shares issued pursuant to the RCPS Conversion.

**5.4.2 Acquisition of ACSB**

Subsequent to the RCPS Conversion, Aemulus had pursuant to the SSA acquired the entire issued and paid-up share capital of ACSB comprising 208,478,775 ACSB Shares for a total purchase consideration of RM35,105,998 satisfied via the issuance of 351,059,980 new Shares at an issue price of RM0.10 per Share. The purchase consideration of RM35,105,998 was arrived at based on the audited NA of ACSB as at 30 September 2014 of RM35,105,692 after adjusting for the RCPS Conversion.

The new Shares issued pursuant to the Acquisition of ACSB rank *pari passu* in all respects with the existing Shares except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment of the Shares.

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**5. GENERAL INFORMATION ON OUR GROUP (cont'd)**

The 351,059,980 Aemulus Shares were issued to the vendors of ACSB ("Vendors") are tabulated as follows:-

Vendors	* No. of ACSB Shares Held	Equity Interest Held in ACSB (%)	Total Consideration (RM)	No. of Aemulus Shares Issued
Ng Sang Beng	47,471,012	22.77%	7,993,718	79,937,180
Yeoh Chee Keong	32,306,993	15.50%	5,440,220	54,402,200
AVSB	21,007,603	10.08%	3,537,500	35,375,000
Teak Ventures	20,308,360	9.74%	3,419,750	34,197,500
Beach Capital	17,948,360	8.61%	3,022,350	30,223,500
Wong Shee Kian	9,537,182	4.57%	1,605,980	16,059,800
Khaw Seng Wei	9,086,115	4.36%	1,530,020	15,300,200
Kan Seow Hua	9,086,115	4.36%	1,530,020	15,300,200
Sim Ah Yoong	9,000,117	4.32%	1,515,540	15,155,400
Pong Chung Kuan	5,714,159	2.74%	962,210	9,622,100
Pong Chung Cheng	3,751,026	1.80%	631,640	6,316,400
Friiscor Ho Chii Ssu	3,218,549	1.54%	541,980	5,419,800
Tan E-Chiang	3,148,042	1.51%	530,100	5,301,000
Cheah Lay Imm	3,110,946	1.49%	523,860	5,238,600
Low Bok Siew	3,100,609	1.49%	522,120	5,221,200
Ong Chuin Tein	2,818,736	1.35%	474,650	4,746,500
Moy Shin Fei	2,467,558	1.18%	415,520	4,155,200
Teoh Hoay Ming	1,699,797	0.82%	286,230	2,862,300
Tan Tze Sin	899,944	0.43%	151,540	1,515,400
Yeoh Poh Thiam	654,429	0.31%	110,200	1,102,000
Ng Chin Wah	294,333	0.14%	49,560	495,600
Khor Chin Kwang	253,307	0.12%	42,650	426,500
Chai Shook Foon	217,119	0.10%	36,560	365,600
Gan Wei Wah	200,000	0.10%	33,680	336,800
Sebastian Lee Zhen Siang	147,656	0.07%	24,860	248,600
Lim Chong Soon	144,746	0.07%	24,370	243,700
Ng Mooi Leng	144,746	0.07%	24,370	243,700
Lim Ai Phing	144,746	0.07%	24,370	243,700
Tan Chuen Ming	144,746	0.07%	24,370	243,700
Beh Soon Kock	143,622	0.07%	24,180	241,800
May Ong Chin Hoon	72,373	0.03%	12,190	121,900
Foo Kwok-Ping	71,728	0.03%	12,080	120,800
Yeoh Cheen Nee	54,050	0.03%	9,100	91,000
Koay Li Li	36,187	0.02%	6,090	60,900
Yeap Soo Cheng	36,187	0.02%	6,090	60,900
Tan Chan Poul	23,164	0.01%	3,900	39,000
Tan Hooi Huang	14,413	0.01%	2,430	24,300
<b>Total</b>	<b>208,478,775</b>	<b>100.00%</b>	<b>35,105,998</b>	<b>351,059,980</b>

Note:-

\* Shareholdings and issued and paid-up share capital after the RCPS Conversion.

The Acquisition of ACSB was completed on 24 July 2015. Pursuant to the Acquisition of ACSB, our issued and paid-up share capital increased from RM2 comprising 20 Shares to RM35,106,000 comprising 351,060,000 Shares.

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## 5. GENERAL INFORMATION ON OUR GROUP *(cont'd)*

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### 5.4.3 IPO

We will undertake an IPO, the details of which is disclosed in Section 3.4.1 of this Prospectus.

### 5.4.4 Listing and Quotation

Upon completion of our IPO, our Company will be admitted to the Official List and our entire enlarged issued and paid-up share capital of RM43,885,000 comprising 438,850,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

### 5.4.5 RSP

In conjunction with our Listing, we will implement a RSP of up to 10% of our enlarged issued and paid-up share capital at any time during the existence of the RSP, to be granted to the Eligible Persons of our Group.

The RSP will be administered by the scheme committee of our Company ("**Scheme Committee**") and will be governed by the By-Laws for the RSP. The salient features of the RSP are as follows:-

- (a) the maximum number of Shares which may be made available under the RSP shall not at any point in time in aggregate exceed 10% of the issued and paid-up share capital of the Company;
- (b) only Eligible Persons who fulfill the following conditions shall be eligible to participate in the scheme:-
  - (i) in respect of an employee, he/she must be employed full time by and on the payroll of any company in our Group and his/her employment has been confirmed in writing;
  - (ii) in respect of a Non-Executive Director, Executive Director or CEO, he/she must have been appointed as a Non-Executive Director, Executive Director or CEO of any company in our Group and specific allocation of Shares and Restricted Share Awards to him/her have been approved by our shareholders in a general meeting; or
  - (iii) in respect of an Eligible Person who is employed by a company which is acquired by the Group during the duration of the Proposed RSP, he/she must fulfil the following criteria:-
    - (aa) he/she must be at least eighteen (18) years of age;
    - (bb) employed full time by and on the payroll of the newly acquired company and has been confirmed in service in writing by the acquiree company; and
    - (cc) be an employee of the acquiree company for a continuous period of at least twelve (12) months;
- (c) the Scheme Committee will ensure that not more than 10% (or such percentage as allowable by the relevant authorities) of the Shares available under the RSP shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person (as defined in the Listing Requirements), holds 20% or more of the issued and paid-up share capital of the Company;

**5. GENERAL INFORMATION ON OUR GROUP** (cont'd)

- (d) the RSP shall be in force for a period of five (5) years from the effective date and may at the discretion of the Board at the advice of the Scheme Committee be extended for a period in aggregate not exceed a duration of ten (10) years;
- (e) in implementing the RSP, the Scheme Committee may in its discretion decide that the Shares to be granted and/or issued to the Eligible Person(s) may be satisfied by way of:-
  - (i) the issuance of new Shares;
  - (ii) the purchase of existing Shares from the market by the trustee and the subsequent transfer of such Shares by the trustee to the participants;
  - (iii) payment of the equivalent cash value of such new Shares and/or existing Shares; or
  - (iv) a combination of the above.

In determining whether to issue new Shares or to deliver existing Shares or to pay the equivalent cash value to participants or a combination thereof, the Scheme Committee will take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of the various modes of settlement. The implementation of the RSP will be facilitated through the establishment of a trust to be administered by the trustee in accordance with the trust deed and shall, at all times, be under the direction of the Scheme Committee;

- (f) a participant who is a Non-Executive Director must not sell, transfer or assign any Shares obtained through the RSP within one (1) year from the date of offer;
- (g) where new Shares are issued as Restricted Share Award pursuant to the RSP, the reference price shall be determined at the discretion of the Scheme Committee based on a discount of not more than 10% or such higher limit as may be permitted from time to time by Bursa Securities or any other relevant authorities to the volume-weighted average market price ("**VWAMP**") of the Shares transacted on the Bursa Securities for the five (5) Market Days immediately preceding the offer date and the reference price shall be the higher of the 5-Day VWAMP or the par value of the Shares at the material time;
- (h) a participant is not required to pay for the Restricted Share Award they are entitled to receive upon granting or vesting of the new Shares pursuant to the Restricted Share Award; and
- (i) the new Shares to be allotted pursuant the RSP shall upon allotment and issue, rank *pari passu* in all respects with our existing issued Shares except that the new Shares so issued shall not be entitled for any dividends, rights, allotment and/or other distribution declared, made or paid to our shareholders prior to the date of allotment;

Further details of the RSP are set-out in the By-Laws of the RSP in Section 14 of this Prospectus.

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**5. GENERAL INFORMATION ON OUR GROUP (cont'd)****5.5 MAJOR APPROVALS, LICENCES AND PERMITS**

Save as disclosed below, as at the LPD, there are no other major approvals, licenses and permits held by or issued to ACSB in order for our Group to carry out our operations:-

No.	Issuing Authority	Effective Date/ Date of Expiry	Nature of Approval/Licence	Major Conditions	Compliance Status
1.	MPPP	05.02.2015/ 31.12.2015	General business license	Nil.	Not applicable.
2.	MIDA and MITI	04.09.2012/ Not applicable	Manufacturing licence for the manufacturing of ATE	(a) Site: Krystal Point, B-2-4 – B-2-7, 303, Jalan Sultan Azlan Shah, 11900 Pulau Pinang, subject to the approval from the relevant state government and Environmental Department. *  (b) MITI and MIDA must be notified on any disposal of shares in the company.  (c) ACSB shall train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all levels of employment.  (d) ACSB shall implement its projects as approved and in accordance with the laws and other regulations of Malaysia.	Complied.  Noted.  Complied.  Complied.
3.	Royal Customs and Excise Malaysia	01.07.2015/ 30.06.2017	Licensed warehouse under Section 65 Customs Act 1967	Nil.	Not applicable.
4.	MDeC	19.12.2007/ Not applicable	MSC-Malaysia status	Please refer to Section 9.1.4 of this Prospectus.	Please refer to Section 9.1.4 of this Prospectus.
5.	MDeC	08.09.2008/ 07.09.2018	Pioneer status for research, design and development services of testers and provision of related technical support and services	Please refer to Section 9.1.4 of this Prospectus.	Please refer to Section 9.1.4 of this Prospectus.

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**5. GENERAL INFORMATION ON OUR GROUP (cont'd)**

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*Note:-*

- \* *MIDA had vide its letter dated 13 November 2014 approved the change of manufacturing premise of ACSB from Krystal Point, B-2-4 to B-2-7, 303, Jalan Sultan Azlan Shah, 11900 Penang to One Precinct, 1C-6-02, Lengkok Mayang Pasir, 11950 Bayan Baru, Penang. As at the LPD, the issuance of a replacement manufacturing licence from MIDA is still pending.*

In September 2014, we relocated our head office from Krystal Point, B-2-4 to B-2-7, 303, Jalan Sultan Azlan Shah, 11900 Penang to One Precinct, 1C-6-02, Lengkok Mayang Pasir, 11950 Bayan Baru, Penang.

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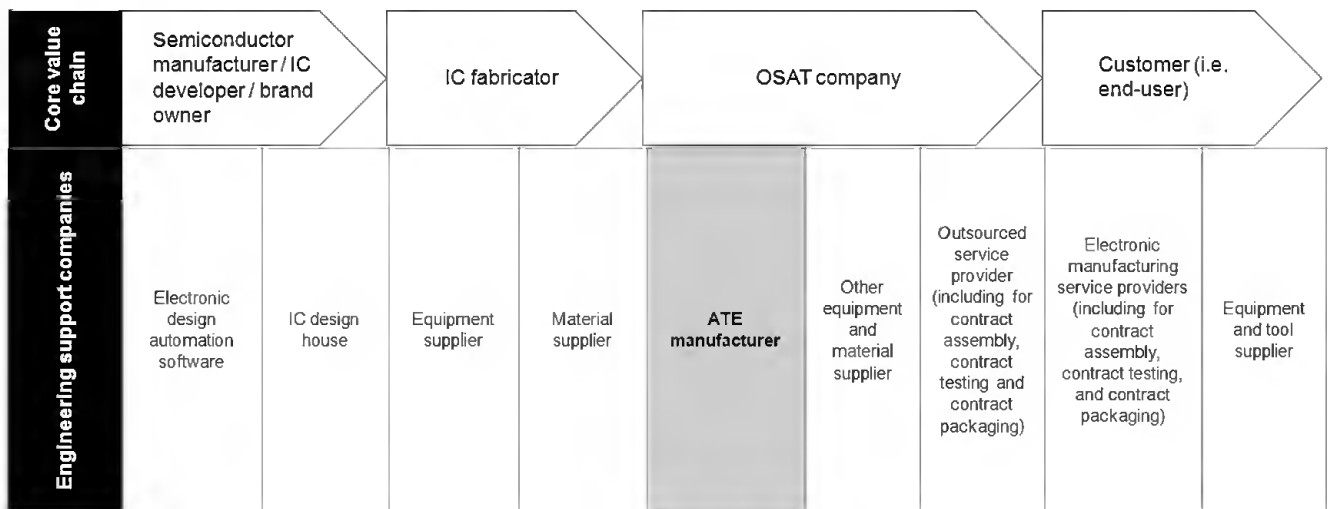
**6. BUSINESS OVERVIEW**

**6.1 OVERVIEW OF OUR GROUP'S BUSINESS ACTIVITIES AND SERVICES**

We are principally involved in the design, engineering and development of ATE, where our products are used by semiconductor manufacturers and OSAT companies to test semiconductor wafer and packaged devices, before they are shipped for final assembly into various electronic devices and gadgets.

Our ATE are designed to test the functionality of semiconductor devices, including functionalities such as power levels, electrical behaviour, analog signals, digital signals and RF signals. We provide different testing platforms to cater for a wide range of semiconductor devices and markets.

In the value chain of the semiconductor industry as illustrated below, semiconductor testing is carried out at the assembly, test and packaging stage of the value chain, where semiconductor devices undergo testing before being shipped or distributed to end-users.



*(Source: Independent Market Research Report by Smith Zander)*

Our core expertise is in the design and development of ATE for the testing of RF front-end devices, which are used in wireless applications such as mobile phones, tablets, wireless networking devices such as wireless routers and other wireless-enabled products. The RF front-end devices encompass RF power amplifiers, low-noise amplifiers, RF switches and antenna tuners. With the growth in the wireless application market, specifically in mobile wireless communications, our RF test equipment are well-positioned to meet global market demand for cellular and wireless devices.

Our products are also capable of testing sensors, optocouplers and fibreoptic transceivers. Some of the sensors that we test include proximity sensors used in mobile phones and tablets; and reverse sensors and rain sensors used in vehicles. An optocoupler is an interface between two (2) electrical circuits operating at different voltage levels and is widely used for industrial process control equipment where it is important to have good electrical isolation between the two (2) circuits. Fibreoptic transceivers are used for high-speed electronic data transfer.

Our product range also includes ATE for the testing of discrete devices. A discrete device is the most basic electronic component with just one (1) circuit element, such as resistor, capacitor, inductor, diode, transistor or vacuum tube. Discrete devices appear in almost all electronic circuits in electronic devices and gadgets.

**6. BUSINESS OVERVIEW (cont'd)**

Our ATE used for catering testing solutions for the RF front-end devices, non-RF devices and discrete devices has contributed approximately 56.55%, 35.71% and 4.51% respectively of our Group's revenue in FYE 2014 and 57.06%, 35.01% and 4.80% for FPE 2015.

Please refer to Section 6.3 of this Prospectus for further details in relation to our products.

**6.2 KEY ACHIEVEMENTS, AWARDS AND RECOGNITION****6.2.1 Key Achievements**

The table below sets out our Group's key development and achievement milestones over the years:-

<b>Year</b>	<b>Milestones</b>
2004	Incorporation of ASB as a private limited company on 30 July 2004 by our Founders.
2005	Commenced operations in 2005 at our first office in Gurney Tower, Penang by focusing on the R&D of our first tester.
2006	<ul style="list-style-type: none"> <li>• Launched first generation of our ATE, known as Amoeba 1320, under our Amoeba 1000 series.</li> <li>• Relocated to a larger office in Krystal Point, Penang.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Developed the Amoeba 1340 which was a SMU for testing of wireless and RF semiconductor devices found in mobile and portable gadgets such as mobile phones and smartphones.</li> <li>• ACSB awarded the MSC-Malaysia status by MDeC on 19 December 2007.</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Launched the Amoeba 2000 series tester for the testing of industrial products.</li> <li>• Launched our first test development and production software, namely techFlow 1.0.</li> <li>• ASB entered into a Master Transfer of Business Agreement.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Launched the Amoeba 4100, which was designed for the testing of discrete semiconductors.</li> <li>• Developed our techFlow 2.0 software.</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Launched the Amoeba 4200, a PXI-compliant scalable platform developed as an upgrade to the Amoeba 2000.</li> <li>• Launched the Amoeba 7500 as a full-fledged RF tester.</li> <li>• Launched upgrade of our testing software to techFlow 3.0.</li> </ul>
2013	Launched the Amoeba 7600, an upgrade of the Amoeba 7500.
2014	Moved to a larger premises located at One Precinct in Bayan Lepas, Penang.

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**6. BUSINESS OVERVIEW** (cont'd)

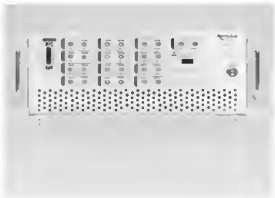

**6.2.2 Awards, Accreditation and Recognition**

Over the years, we have been awarded with the following awards and recognitions:-


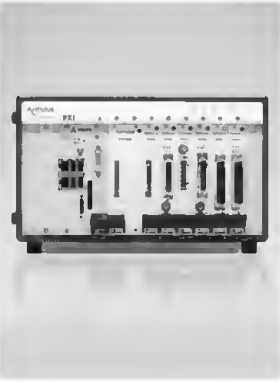

No.	Award and Recognition	Awarding Body	Year
1.	Technology Fast 500™ Asia Pacific 2010	Deloitte	2010
2.	Technology Fast 500™ Asia Pacific 2011	Deloitte	2011
3.	Technology Fast 500™ Asia Pacific 2012	Deloitte	2012
4.	Recognised under Entry Point Project 13: Growing Automation Equipment Manufacturing	PEMANDU	2013

**6.3 OVERVIEW OF OUR GROUP'S PRODUCTS, SERVICES AND OPERATIONS**

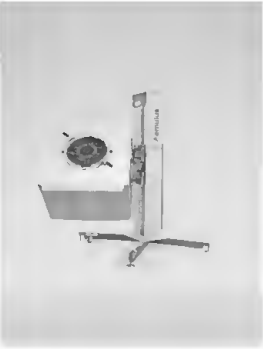
Our product line-up is set out below:-

No.	Tester	Models	Description	Application
1.	<p><b>AMOEBAs 1340c</b></p> 	<p>AMB1340c-06 AMB1340c-08 AMB1340c-081</p>	<p>High-density SMU with fast communication protocol using high-speed USB. Can be combined with multiple units to increase channel density for increased testing capacity.</p>	<p>Used as a power source for an electronic device or circuit and to measure the voltage and current accurately. Suitable for RF front-end devices, sensors, optocouplers and fibreoptic transceivers.</p>
2.	<p><b>AMOEBAs 2000</b></p> 	<p>Not applicable</p>	<p>Customised test system that allows customers to configure the tester to integrate with other third party instruments in order to cater for greater test functionalities.</p>	<p>Used for testing of optocouplers and electronic sensors.</p>

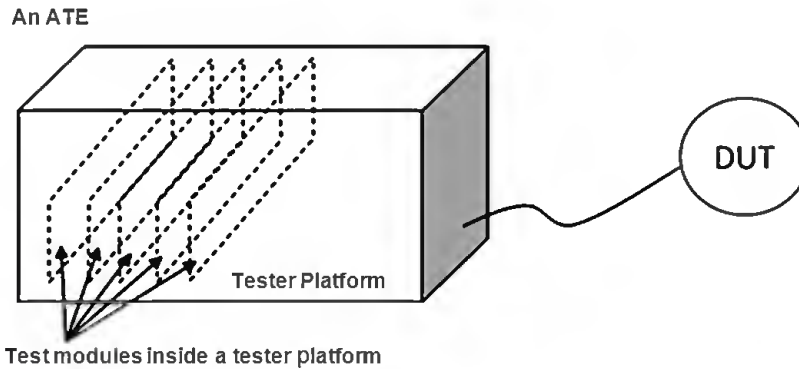
6. BUSINESS OVERVIEW (cont'd)

No.	Tester	Models	Description	Application
3.	<p><b>AMOEBAs 4100</b></p> 	<p>AMB4100 AMB4100-D</p>	<p>Test equipment designed specifically for high-speed testing of discrete devices. Small in size and supports dual-site, time-multiplexed testing feature.</p>	<p>Used for testing of discrete devices such as transistors, diodes, inductors and resistors. Usually hooked up with turret type automated test handlers for multi-site testing.</p>
4.	<p><b>AMOEBAs 4200</b></p> 	<p>AMB4200</p>	<p>A PXI-compliant test platform with the capability to mix-and-match test modules in order to cater for different test requirements and configurations. These modules are also sold separately to our customers.</p>	<p>A scalable and flexible platform used for testing a wide range of semiconductor devices at a broad spectrum of frequencies, for the industrial product market such as power management ICs, sensors, optocouplers, fibreoptic transceivers and mixed-signal devices.</p>
5.	<p><b>AMOEBAs 7600</b></p> 	<p>Amoeba 7500 Amoeba 7600</p>	<p>Full-fledged RF test system for RF frequency of up to 13GHz. It comes with the time-multiplexed multi-site test feature.</p>	<p>Used for the testing of semiconductors used in wireless applications such as mobile phones, tablets, wireless networking devices such as wireless routers, and other wireless-enabled products.</p>

6. BUSINESS OVERVIEW (cont'd)

No.	Tester	Models	Description	Application
6.	<p><b>AMOEBA 4600</b></p> 	AMB4600	Testers using hard-docking mechanism and are widely deployed at the front-end of semiconductor testing or wafer level testing. This is the first product by Aemulus which is capable of performing hard-docking testing method.	Used for the testing of mixed-signal semiconductor at wafer level and for the semiconductor needing precise and high-speed digital signal, high-resolution timing measurement and precise direct current sourcing and measurement.

A typical ATE system comprises individual test modules which determine the specific functionalities and test requirements of the system, and runs on our techFlow software. We also sell these modules separately to our customers, primarily as replacement modules for ATE systems purchased from us. An illustration of an ATE system, with test modules placed inside the system, and connected to the Device-Under-Test ("DUT"), is shown below:-



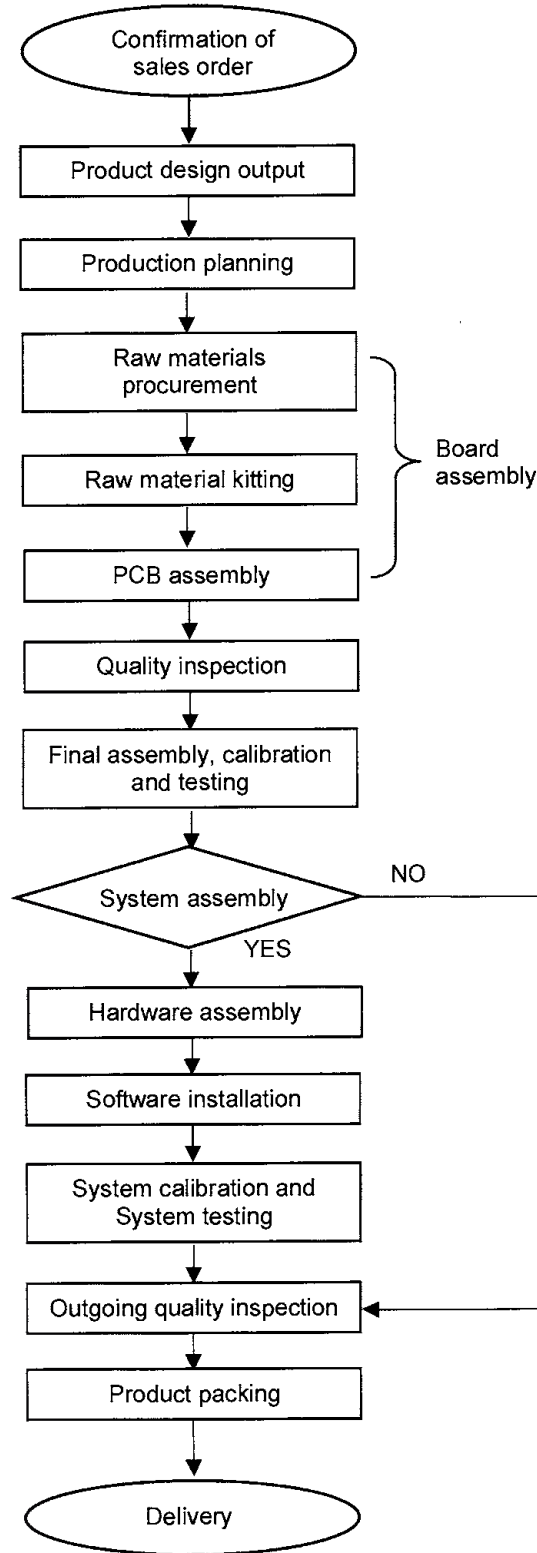
An ATE system in operation is shown below, whereby the DUT is physically connected to the ATE by robotic machines called handlers (H1 and H2):-



6. BUSINESS OVERVIEW (cont'd)

6.4 BUSINESS PROCESS FLOW

The overall process flow for the design and engineering of our ATE is as depicted below:-



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**6. BUSINESS OVERVIEW** *(cont'd)*

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The following are illustrations of our production flow upon the receipt of confirmation of a sales order:-

**(a) Product Design Output**

Our R&D team is responsible for the product designs. Designs are first developed by our R&D team using circuit design tools and subsequently converted into data, commonly referred to as design output. This design data is also used to test our final products on the production floor.

**(b) Production Planning**

A production plan is formalised prior to production run. Production planning involves detailing the materials required for production, timeline for production and resources required.

**(c) Board Assembly****(i) Raw Material Procurement**

Raw materials are procured based on the product design. We have in place sufficient personnel to manage our inventory of raw materials. In the event that there is a shortage of raw materials, we will purchase and stock up the raw materials from our list of qualified suppliers.

**(ii) Raw Material Kitting (i.e. Preparation)**

We prepare our raw materials in a production kit according to the product design and specifications. As each unit of our product consists of potentially thousands of components, it is important that all of the raw materials are set out systematically in a production kit to ensure that production progresses smoothly.

**(iii) PCB Assembly**

The heart of our testing equipment rests in the integrated circuits and electronic devices on the PCB, as a major part of the functionality is specified within the interconnection of components on the PCB. Our assembly process is automated, as the components, comprising mainly surface mount devices, are mounted and soldered onto the bare PCBs using surface mount machines.

We employ a combination of in-house assembly and third party contract manufacturing assembly. Our contract assemblers are based in Penang, mostly within the Bayan Lepas Free Industrial Zone.

**(d) Quality Control and Inspection**

Please refer to Section 6.5 of this Prospectus for further details on quality control and inspection.

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## 6. BUSINESS OVERVIEW *(cont'd)*

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### (e) Final Testing and Calibration

Upon completion of quality control and inspection, we carry out final assembly, calibration and testing of the circuit board to ensure all components are in proper working order and that all testing functionalities are as per the product design. All final assembly, calibration and testing are done in-house, while assembly may be carried out by our third party contract assembler or performed in-house.

At the end of this stage, testers that are to be produced as part of a system will undergo the next stage of our production process, i.e. hardware assembly, software installation, and system test and calibration, before undergoing outgoing quality inspection. On the other hand, testers that are to be delivered to our customers as standalone modules will immediately undergo outgoing quality inspections.

### (f) Hardware Assembly, Software Installation and System Test and Calibration

For our system-based test equipment, a combination of our module-based PCBs are assembled and integrated by way of hardware and software into a system. We assemble these modules within an enclosure together with software installation to integrate these modules to form a functional ATE. These modules are then calibrated, followed by system testing to ensure that the system is in proper working order and that all testing functionalities are as per the product design. Upon calibration and system testing, the system undergoes outgoing quality inspection.

### (g) Outgoing Quality Inspection

Outgoing quality inspection check comprises final visual inspection and electrical inspection of the test boards, electrical wiring and connections, mechanical parts and enclosures, whichever is applicable, to ensure that there are no electrical and physical defects or faults.

### (h) Product Packing

Once the ATE has passed the outgoing quality inspection, it is then packed into boxes and properly secured with wooden crates before delivery to our customers.

## 6.5 QUALITY ASSURANCE MANAGEMENT

As we are committed to R&D and product development, we place importance on our quality control and assurance processes. We adopt the following approaches in our production to ensure that quality standards are maintained.

### 6.5.1 Quality Policy

We are committed to ensuring that our customers are satisfied with our product quality and deliveries on a timely basis. This is supported by an organisational culture of continuous improvements across all disciplines and commitment by all employees.

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## 6. BUSINESS OVERVIEW *(cont'd)*

### 6.5.2 Quality Objectives

Our quality objectives are as follows:-

- (a) Fulfilment of our customer expectations regarding product quality according to product specification and delivery efficiency;
- (b) Continuous improvement, commitment and efficiency throughout our organisation;
- (c) Reduction in internal process rejections; and
- (d) Training of employees.

### 6.5.3 Quality Management System

We have adopted a stringent internal quality management assurance policy to ensure that the products we manufacture are of high quality and meet the specifications and requirements of our customers, as well as to our internal quality specifications. Our testers adhere to IPC-A-610 and IPC-A-620, which are standards set by IEEE.

Our quality control and inspection is carried out once our products have been assembled, and before final testing and calibration. Our in-house QC team will carry out the quality control and inspection process. The inspections and tests carried out by our QC team are described below:

Quality Control Tests	Description
Solder joint visual inspection	<ul style="list-style-type: none"> <li>• Solder joints of the components, such as transistors, resistors and diodes, that have been mounted on the PCB are visually inspected to ensure all the terminals of the components have been correctly soldered.</li> <li>• Any solder joints that are incomplete or faulty will have to be re-worked.</li> </ul>
Mechanical inspection	<ul style="list-style-type: none"> <li>• Mechanical inspection is carried out on the PCBs to ensure that the wire harness, heatsinks, nuts and bolts are installed according to specifications.</li> <li>• Mechanical faults will be rectified and faulty components replaced.</li> </ul>
Basic electrical test	<ul style="list-style-type: none"> <li>• The PCB is tested with a power measurement instrument to ensure that sufficient and appropriate electrical current is running through the circuit.</li> <li>• Non-functional units are sent for debugging, repairing and re-testing.</li> </ul>
RF Test	<ul style="list-style-type: none"> <li>• Critical parameters such as power range, frequency range, s-parameters and harmonics are tested to ensure that the RF performance of the ATE meets specifications.</li> </ul>
Full electrical test	<ul style="list-style-type: none"> <li>• Extensive test on the design circuitries is performed to validate the integrity of circuits and components in the ATE.</li> </ul>
Functional test	<ul style="list-style-type: none"> <li>• Functional test is performed on the ATE to determine that the behaviour of the ATE conform to all functional requirements in the design specifications.</li> </ul>
Load test	<ul style="list-style-type: none"> <li>• The ATE is tested under load conditions to ensure that the behaviour of the ATE is in compliance with the product specifications.</li> </ul>

**6. BUSINESS OVERVIEW** (cont'd)

Quality Control Tests	Description
Calibration and report	<ul style="list-style-type: none"> <li>The ATE is calibrated and tested to verify that the performance and accuracy of the ATE are in conformity with design specifications.</li> <li>A calibration certificate and measurement report is generated for all ATE which had pass the calibration and electrical test.</li> </ul>
Full electrical test and report	<ul style="list-style-type: none"> <li>The ATE is calibrated and tested to verify that the functionality of the ATE is in conformity with the design specifications.</li> <li>A calibration certificate and measurement report is generated for all products which pass the calibration and electrical test.</li> </ul>
Label visual inspection	<ul style="list-style-type: none"> <li>All system, components and accessories to be delivered to customers are labelled and verified against an outgoing product checklist.</li> </ul>

**6.6 R&D AND TECHNOLOGY****6.6.1 R&D Policy**

We are cognisant that our investment in R&D will sustain our competitive advantages and continuous growth. Hence, our Group has continuously invested in R&D since our incorporation.

Our R&D direction is guided by the following policies:-

- (a) Continuous development of relevant circuit design technologies to meet evolving market needs, customer demands and emerging technologies to remain competitive and commercially relevant;
- (b) Create marketable and cost competitive ATE products; and
- (c) Build on strengths, competencies and domain knowledge of existing ATE in developing future products.

**6.6.2 R&D Initiatives and Activities**

Our R&D team constantly explores and keeps abreast of the latest technology trends and market development. Our R&D team encompasses the digital design group, analog design group, PCB design group, software group and new product introduction group.

The development of a new product within our Group typically goes through the following phases:-

- (a) Marketing product plan (“MPP”);
- (b) New product development (“NPD”); and
- (c) New product introduction (“NPI”).

A MPP is drafted out by our Sales and Marketing team, based on feedback from our customers and market intelligence gathering. Based on the MPP, a demand list is given to our R&D team to determine the technology to be employed and/or new features to be designed. Our R&D team will update the request list with any new results based on past R&D work before finalising the product specifications. Based on these specifications, our Sales and Marketing team produces a final MPP.



**6. BUSINESS OVERVIEW (cont'd)**

Based on the MPP, the design and development of the new product begins. This is the NPD stage, whereby the platform of the new product, the associated functional modules, the software tools and the design verification programmes are developed. Towards the end of the NPD, the platform, modules and software are verified to ensure the specifications in the MPP are met.

Following the NPD stage, the new product moves into the NPI stage. A test programme is created to detect design bugs or manufacturing defects. A set of test programmes called production test programmes are also developed and handed over to our Production team for production testing use. The NPI stage bridges the gap between our R&D and Production teams.

Our constant involvement in the R&D of new technology or features is the key to our Group's future revenue growth. Our on-going and future R&D projects are set out below, with details provided in Section 6.16 of this Prospectus:-

Product/Solution	Description	R&D Commencement Year	Expected Completion Year	Fund Allocated (RM'000)
<b>On-Going and Future R&amp;D Projects</b>				
Advanced RF tester	Upgrade of Amoeba 7600 with improved features and functionalities such as wider frequency coverage and additional software utilities.	2013	2016	2,150
Wafer probe tester	New ATE for testing during semiconductor wafer fabrication	2014	2015	1,900
Advanced analog tester	Upgrade of Amoeba 4200 with wider test spectrum such as new analog and digital modules.	2015	2016	450

As at the LPD, our Group has incurred R&D expenses of RM1.83 million on related R&D activities for the designing and development of our Advanced RF tester and RM1.75 million on wafer probe tester, which were funded via our internally-generated funds.

We were awarded a Domestic Investment Strategic Grant from MIDA for the funding of our R&D activities on the upgrading of the RF tester and related training expenses in the use of technology pertaining to RF testing and the fund from this grant has been utilised for our R&D activities in relation to our RF tester between 2013 and 2015. Please refer to Section 11.4.4 of this Prospectus for further details on the said grant.

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**6. BUSINESS OVERVIEW (cont'd)****6.6.3 R&D Facilities and Personnel**

We currently have a R&D facility in our present headquarters where we carry out R&D.

The divisions which are involved in the R&D activities include the R&D, NPI Software and Product Applications. As at the LPD, we have 37 personnel who are engaged in R&D activities. We will deploy other operational personnel to the R&D activities as and when required.

As at the LPD, the current breakdown of our staff engaged in the R&D activities is as follows:-

	R&D Division	NPI Division	Software Division	Product Applications Division
Staff engaged in R&D activities	12	8	6	11

Please refer to Section 6.16(c) of this Prospectus for further details on our future plans of R&D facilities.

**6.6.4 R&D Expenditure**

Our R&D expenses during the past three (3) FYE 2012 to FYE 2014 and FPE 2015, including expenses that have led to the development of our current products are set out below:-

R&D Expenditures	* Our Group's Total R&D Expenditure (RM'000)	Total R&D Expenditure as Proportion of Our Group's Total Revenue (%)
FYE 2012	1,351	12.25
FYE 2013	2,618	26.17
FYE 2014	3,024	12.97
FPE 2014	2,011	20.20
FPE 2015	2,526	15.42

Note:-

\* Details of our R&D expenses that have led to the development of our current products are set out below:-

R&D Expenses	FYE 2012 (RM'000)	FYE 2013 (RM'000)	FYE 2014 (RM'000)	FPE 2014 (RM'000)	FPE 2015 (RM'000)
R&D staff costs	1,054	1,273	1,599	718	1,430
R&D material costs	260	247	768	639	474
R&D capital expenditures ^	37	1,098	657	654	622
<b>Total</b>	<b>1,351</b>	<b>2,618</b>	<b>3,024</b>	<b>2,011</b>	<b>2,526</b>

Note:-

^ Capitalised under property, plant and equipment for the FYE 2012 to FYE 2014 and FPE 2015 as these expenditures relate to purchases of test instruments, office equipment and software.

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**6. BUSINESS OVERVIEW (cont'd)**

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**6.7 RELEVANT TECHNOLOGIES**

The primary technology that we use in the design of our testers is circuit design technology which is implemented in the FPGA. FPGA are ICs designed to be configured to required specifications after manufacturing, hence "field-programmable". FPGAs are generally written in a HDL which is different from software programming languages as they include ways of describing the propagation time and signal strengths.

We use a HDL called Verilog in our circuit designs, whereby the circuit design is carried out by describing the hardware using Verilog. In other words, the circuit designs are in the form of Verilog design files which are converted into hardware logic in FPGAs. The FPGAs are assembled together with other electronic ICs on a PCB and act as the main controller for the PCB to work as intended. The Verilog code is compiled into design files through EDA software.

**6.8 RAW MATERIALS AND MAJOR SUPPLIERS/SUB-CONTRACTORS**

**6.8.1 Key Types, Sources and Availability of Supplies**

The key supplies for our operations include semiconductor components such as PCBs, ICs, FPGAs, transistors, resistors, diodes, fuses, relays, connectors, RF instruments and other accessories. As at the LPD, our Group has not experienced any difficulties in sourcing for our major raw materials and supplies as they are readily available from both local and international markets.

The prices of other raw materials and supplies used by our Company are fairly stable. Save for the IC and FPGA which are indirectly affected by the fluctuations in foreign exchange. In the past, the price movements of our major raw materials and supplies varied in the range between 1% and 10%. Nonetheless, our Board and management are of the view that such fluctuations will not have any material impact on our future profitability.

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**6. BUSINESS OVERVIEW (cont'd)****6.8.2 Major Suppliers**

Our major suppliers contributing more than 10% of our purchases for the past three (3) FYE 2012 to FYE 2014 and FPE 2015 are as follows:-

Suppliers	FYE 2012		FYE 2013		FYE 2014		FPE 2015		Length of Business Relationship (Years)
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	
Kentzy International INC ("Kentzy")	-	-	86	2.50	694	6.61	2,397	20.76	3
Aeroflex Wichita Inc. ("Aeroflex Wichita")	750	18.45	-	-	2,383	22.71	1,989	17.23	2
AEI Electronics Sdn Bhd ("AEI")	33	0.81	103	2.99	877	8.36	1,179	10.21	7
Digi-Key Corporation ("Digi-Key")	195	4.80	498	14.47	1,073	10.23	873	7.56	10
Element14 Sdn Bhd ("Element14")	75	1.84	379	11.01	867	8.26	499	4.32	5
NSW Automation Sdn Bhd ("NSW Automation")	419	10.30	272	7.90	261	2.49	-	-	3
BI Technologies Corp Sdn Bhd ("BI Technologies")	511	12.57	80	2.32	-	-	-	-	3
<b>Total Purchases</b>	<b>4,066</b>		<b>3,442</b>		<b>10,492</b>		<b>11,546</b>		

Our major suppliers are suppliers of semiconductor components such as transistors, resistors, fuses, ferrite beads, diodes, connectors and other accessories, which are generic semiconductor components and peripherals widely available from local and international suppliers. At times, we may choose to procure our supplies in bulk as this allows us to negotiate for better pricing and achieve cost savings from bulk purchases.

Kentzy and Aeroflex Wichita contributes approximately 20.76% and 17.23% of our total purchases in the FPE 2015 respectively. We are not dependent on Kentzy and Aeroflex Wichita as the semiconductor components we purchase from them, such as RF instruments, are readily available from other suppliers.

NSW Automation and BI Technologies were our major suppliers in the FYE 2012, contributing 10.30% and 12.57% of our total purchases respectively, while Digi-Key and Element14 were our major suppliers in the FYE 2013, contributing 14.47% and 11.01% of our total purchases respectively. We purchased generic equipment and instruments from these suppliers. These supplies are considered generic products and are readily available from other suppliers. As such, we are not dependent on these suppliers.

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**6. BUSINESS OVERVIEW** (cont'd)

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**6.9 MARKETING STRATEGIES AND MAJOR CUSTOMERS**

**6.9.1 Marketing Strategies**

We market our products through direct approach, our Aemulus website and international trade shows as set out below:-

**(a) Direct Approach**

As the sales and marketing of our products require in-depth knowledge of our products, the direct approach is the most effective method as it allows us to deliver the required technical information and detailed explanations and descriptions accurately.

During the MPP stage of our R&D process, our Sales and Marketing team gathers new product demands and requirements from our customers and potential customers, through regular discussions, meetings and information exchange sessions.

**(b) Corporate Website**

Corporate website, <http://www.aemulus.com>, is another means of introducing and broadcasting information on our products to potential customers and provides immediate searchable information on our Group.

The current widespread use of the internet as a source of information enables us to cross geographical borders and facilitates access from any part of the world, enhancing our potential market reach and exposure.

**(c) Trade Exhibitions and Events**

International trade shows are an effective way to showcase our products and our capabilities. We typically contact our potential customers prior to these events to invite them to visit our booths, where we engage them and provide detailed explanations on our products.

Visitors and participants to these trade shows are generally potential customers sourcing for alternative solutions to their existing test equipment, or those looking for testers for upcoming projects. The early engagement with these groups of potential customers is important as once they have identified the right testers that meet their requirements and have qualified the testers at this early stage, there is an increased likelihood that they will incorporate the same ATE into their manufacturing process.

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**6. BUSINESS OVERVIEW (cont'd)**

The major trade exhibitions and events that we have participated in the past three (3) FYE 2012 to FYE 2014, FPE 2015 up to the LPD are as follows:-

Year	Name of Exhibition/ Trade Show/ Event	Organiser	Location
June 2013	Exhibition for the PXI Show at Silverstone	PXI Systems Alliance	Silverstone, UK
June 2013	International Test Conference 2013	International Test Conference	Washington, US
June 2013	SEMICON WEST 2013	Semiconductor Equipment and Materials International	California, US
April 2014	Exhibition for the PXI Show During National Electronics Week	PXI Systems Alliance	Birmingham, US
August 2014	Exhibition for the PXI Show	PXI Systems Alliance	Beijing and Shanghai, China
April 2015	SEMICON Southeast Asia 2015	Semiconductor Equipment and materials International	Penang, Malaysia
July 2015	SEMICON WEST 2015	Semiconductor Equipment and Materials International	California, US

Such participation also allows us to remain up-to-date on relevant market trends and technical information, expand our business networking within the industry as well as provide significant opportunities to meet new customers. Additionally, participation in these trade shows and exhibitions greatly enhances our brand visibility as it enables us to showcase our products and solutions.

**6.9.2 Principal Markets for Products and Services**

In the past three (3) FYE 2012 to FYE 2014 and FPE 2015, our testers have been sold to customers in Malaysia, Singapore, China, USA, South Korea, Philippines, Thailand, Germany and Hong Kong.

The breakdown of our sales revenue by our principal markets for the past three (3) FYE 2012 to FYE 2014 and FPE 2015 are as follows:-

Principal Markets	FYE 2012		FYE 2013		FYE 2014		FPE 2015	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	8,209	74.42	5,960	59.57	8,579	36.81	6,873	41.97
<b><u>Overseas</u></b>								
Singapore	1,567	14.20	2,275	22.74	5,722	24.55	3,807	23.25
China	806	7.31	1,249	12.49	5,310	22.78	3,315	20.24
USA	223	2.02	486	4.86	2,287	9.81	1,808	11.04
Others	<sup>(a)</sup> 226	2.05	<sup>(a)</sup> 34	0.34	<sup>(a)</sup> 1,409	6.05	<sup>(b)</sup> 574	3.50
<b>Total Revenue</b>	<b>11,031</b>	<b>100.00</b>	<b>10,004</b>	<b>100.00</b>	<b>23,307</b>	<b>100.00</b>	<b>16,377</b>	<b>100.00</b>

**6. BUSINESS OVERVIEW (cont'd)**

Notes:-

- (a) Other overseas market include South Korea, Philippines, Thailand, Germany and Hong Kong.  
 (b) Other overseas market include South Korea, Philippines, Thailand and Germany.

Based on our Group's revenue of approximately RM23.3 million for the FYE 2014 and the local ATE industry size of RM79.4 million as estimated by Smith Zander, our Group garnered an industry revenue share of 29.3%. (Source: Independent Market Research Report by Smith Zander).

**6.9.3 Major Customers**

Our Group's major customers which have contributed more than 10% of our total revenue for the past three (3) FYE 2012 to FYE 2014 and FPE 2015 are as follows:-

Customers	FYE 2012		FYE 2013		FYE 2014		FPE 2015		Length of Business Relationship (Years)
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	
Avago Technologies (Malaysia) Sdn Bhd ("Avago Malaysia")	7,108	64.43	3,041	30.40	6,214	26.66	3,278	20.02	8
Carsem Semiconductor (SuZhou) Co Ltd ("Carsem Suzhou")	741	6.72	1,217	12.17	5,305	22.76	3,277	20.01	3
Avago Technologies Manufacturing Singapore Pte Ltd ("Avago Singapore")	1,273	11.54	1,464	14.63	4,942	21.20	2,897	17.69	5
Dominant Opto Technologies Sdn Bhd ("Dominant Opto")	489	4.43	1,939	19.38	497	2.13	507	3.10	4
<b>Total Revenue</b>	<b>11,031</b>		<b>10,004</b>		<b>23,307</b>		<b>16,377</b>		

Our customers mainly comprise semiconductor manufacturers and OSAT companies which provide assembly and testing services to semiconductor manufacturers. A large majority of these companies are multinational companies, and as a result, we supply our ATE to established multinational companies in both the local and international markets.

Avago Malaysia remains as one of our major customers in the FYE 2012 to FYE 2014 and FPE 2015 as we have a strong and established business relationship with them. Nonetheless, our sales to Avago Malaysia has reduced as a percentage of our total revenue in the past three (3) FYE 2012 to 2014 from approximately 64.43% in the FYE 2012 to approximately 26.66% in the FYE 2014, as we have diversified our customer base.

In the FYE 2013, FYE 2014 and FPE 2015, Carsem Suzhou, which is based in Suzhou, China, was one of our major customer with contributions of approximately 12.17%, 22.76% and 20.01% respectively. As we aim to penetrate further into the China market, our increased sales to Carsem Suzhou will provide us with a credible customer reference to potential new customers in China.

Avago Singapore was also our major customer in the FYE 2012 to FYE 2014 and FPE 2015. Due to our successful business relationship with Avago Malaysia, our sales to Avago Singapore has also increased from approximately 11.54% in the FYE 2012 to approximately 21.20% in the FYE 2014.

## 6. BUSINESS OVERVIEW (cont'd)

As our ATE is designed to cater to a wide range of multinational semiconductor manufacturers and OSAT companies, there are potential customers and an addressable market for our products that we have yet to explore, and as such, we do not have dependencies on our existing major customers. Nonetheless, we have built strong, trusted and mutually beneficial relationships with our major customers, and this has provided our Group with a strong platform for future growth.

### 6.10 CYCLICALITY/SEASONALITY

Our business is subject to the cyclical nature of the global semiconductor and electronics industry, which is caused by variations in supply and demand for semiconductors and economic cycles. In addition, demand for our products and services are subject to new electronic products launches and seasonal variations particularly in the fourth quarter of our financial year. Demand for our products and services usually increase during this period in tandem with our customers' production schedule to fulfil holiday season orders.

### 6.11 BRAND NAMES, TRADE MARKS, LICENCE AGREEMENT AND TECHNICAL AGREEMENT

As at the LPD, save for the trade marks disclosed in Section 6.11.1 of this Prospectus which we are currently using in our day-to-day business, our Group does not presently hold any brand names, patents, trade marks, licences, technical assistance agreements, franchises and other intellectual property rights.

#### 6.11.1 Trade Marks Registered

As at the LPD, our Company has filed applications to register the following trade marks with the Registrar of Trade Marks, Intellectual Property Corporation of Malaysia ("MyIPO"):-

No.	Registered Owner	Representation of Trade Mark	Issuing Authority/ Trade Marks No.	Date of Certificate/ Effective Date/ Expiry/ Renewal Date	Classification
1.	ASB *	Amoeba	MyIPO/ 08050110	12.05.2008/ 12.05.2018	09
2.	ASB *	Navigatus	MyIPO/ 08050111	12.05.2008/ 12.05.2018	09
3.	ASB *	Aemulus (Series 2 trade marks)	MyIPO/ 08050114	12.05.2008/ 12.05.2018	09
4.	ACSB	aVEC	MyIPO/ 2010050197	11.03.2010/ 11.03.2020	09
5.	ACSB	Semiconductor Tester	MyIPO/ MY10-00274-0101	17.03.2011/ 12.03.2020	14-02

Note:-

\* We had on 31 October 2014 entered into a Deed of Assignment with ASB whereby ASB had unconditionally assigned to ACSB all its benefits, rights, title and interest together with the goodwill of the business attaching to each trade mark with an assignment consideration of RM1.00.

#### 6.11.2 Licence Agreement

As at the LPD, our Company has not entered into any Licence Agreement with any parties.



**6. BUSINESS OVERVIEW** (cont'd)**6.12 OUR GROUP'S PROPERTY, PLANT AND EQUIPMENT****6.12.1 Own Properties**

As at the LPD, the details of the property owned by our Group are as follows:-

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Restriction in Interest/Major Encumbrances	Tenure of Property/ Date of Expiry of Lease	Built-up Area (Sq Ft)	Date of CF/ Date of Sale and Purchase Agreement	Audited NBV as at 30.09.2014 (RM'000)
ACSB	<b>Master Title</b> Lot No. 12033, Mukim 12, Daerah Barat Daya held under Geran Mukim No. GM 1333 (formerly forming part of Lot No. 9561, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Geran Mukim No. GM1166) <b>Address:</b> B-2-4, Krystal Point, 303, Jalan Sultan Azlan Shah, 11900 Penang	One (1) unit at the 2 <sup>nd</sup> floor of a 5-storey commercial building/ Rented to third-party	Nil	Freehold	1,049	02.10.1998/ 02.05.2008	188

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**6. BUSINESS OVERVIEW (cont'd)****6.12.2 Rented Properties**

As at the LPD, the details of properties rented by our Group are as follows:-

No.	Tenant	Landlord	Title/ Address	Description/ Existing Use	Period of Tenancy	Approximate Land Area/ Built-Up Area (Sq Ft)	Annual Rental (RM)	Date of CF or CCC/Date of Tenancy or Notice of Extension
1.	ACSB	Capital Assets Sdn Bhd	<u>Title</u> Lot PT No. 17335, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang held under HS(D) 23167  <u>Address:</u> One Precinct, 1C-6-02, Lengkok Mayang Pasir, 11950 Penang	One (1) unit at the 6 <sup>th</sup> floor of Block 1C of a 7-storey commercial building/ Corporate head office, marketing office, R&D facilities and storage	01.09.2014 to 28.02.2017	-/ 10,117	400,633	09.10.2012/ 16.06.2014
2.	ACSB	CHRB Utara Sdn Bhd	<u>Title</u> Lot No. 12033, Mukim 12, Daerah Barat Daya held under Geran Mukim No. GM 1333 (formerly forming part of Lot No. 9561, Mukim 12, Daerah Barat Daya, Pulau Pinang held under Geran Mukim No. GM1166)  <u>Address:</u> B-2-11, Krystal Point, 303, Jalan Sultan Azlan Shah, 11900 Penang	One (1) unit at the 2 <sup>nd</sup> floor of a 5-storey commercial building/ Vacant	16.08.2013 to 15.08.2015	-/ 1,049	19,200	02.10.1998/ 03.08.2013

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**6. BUSINESS OVERVIEW (cont'd)**

No.	Tenant	Landlord	Title/ Address	Description/ Existing Use	Period of Tenancy	Approximate Land Area/ Built-Up Area (Sq Ft)	Annual Rental (RM)	Date of CF or CCC/Date of Tenancy or Notice of Extension
3.	ACSB	Elsoft Systems Sdn Bhd	<u>Title</u> Lot 85(c), Daerah Barat Daya, Mukim 12, Penang  <u>Address:</u> Plant 2, Unit 4, Plot 85(c), Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Penang	Factory building/ Manufacturing and warehouse	01.06.2015 to 31.05.2017	-/ 10,780	279,840	29.04.2015/ 01.06.2015

Our Board confirmed that the properties disclosed in Sections 6.12.1 and 6.12.2 of this Prospectus:-

- (a) have not breached any of the land use conditions/permissible land use;
- (b) comply with current statutory requirements, land rules or building regulations; and
- (c) all the buildings for our production and business facilities have been issued with CF/CCC.

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**6. BUSINESS OVERVIEW (cont'd)****6.12.3 Material Plant and Equipment**

As at the LPD, a summary of the material plant and equipment owned and used by us are set out below:-

No.	Machinery	No of Units	Audited NBV as at 30.04.2015 (RM'000)
1.	RF instruments with sub-20 Gigahertz Source, Analyzer and Test Accessories	3	1,322
2.	High Precision Direct Current and Alternative Current Sources and Meters	9	72
3.	High Speed Digital Oscilloscopes and Timing Analyzers	16	216
4.	Digital Multimeters	38	91
5.	PCB Assembly and Process Machines and Tools	8	33
<b>Total Material Plant and Equipment</b>			<b>1,734</b>

**6.12.4 Production Capacities and Output**

The maximum annual capacity of our Group is defined by the capacity of final assembly, testing and calibration of our Amoeba systems. Our maximum annual capacity, actual production volumes and utilisation rates for the past three (3) FYE 2012 to FYE 2014 and FPE 2015 are as depicted below:-

	<sup>(1)</sup> Annual Capacity (units combined for all products)	<sup>(2)</sup> Actual Production (units combined for all products)	<sup>(3)</sup> Average Utilisation Rate (%)
<b>FYE 2012</b>	255	196	76.9
<b>FYE 2013</b>	255	108	42.4
<b>FYE 2014</b>	<sup>(4)</sup> 232	131	56.5
<b>FPE 2015</b>	<sup>(5)</sup> 410	291	71.0

Notes:-

- (1) Combined annual capacity of Amoeba 1340, Amoeba 2000/4200, Amoeba 4100 and Amoeba 7600, based on 10-hour working day, 300 working days per year. Annual capacity is different for each Amoeba system, based on our production configurations, which are in turn designed based on market demand for our products.
- (2) Total combined actual production of Amoeba 1340, Amoeba 2000/4200, Amoeba 4100 and Amoeba 7600.
- (3) Average utilisation rates based on respective utilisation rates of Amoeba 1340, Amoeba 2000/4200, Amoeba 4100 and Amoeba 7600.
- (4) Annual capacity reduced as capacity for Amoeba 1340 was lowered to cater for increase in capacity for Amoeba 2000/4200 and Amoeba 7600.
- (5) Annual capacity has increased due to the introduction of Amoeba 4600 and the increase in capacity for Amoeba 2000/4200.

**6. BUSINESS OVERVIEW (cont'd)**

Our Group's total actual production and average utilisation rate do not correspond with the trend of the Group's revenue during the financial years under review due to the higher selling price of Amoeba 4200 and Amoeba 7600 vis-à-vis Amoeba 1300c, Amoeba 2000 and Amoeba 4100.

**6.12.5 Material Capital Expenditures and Divestures**

Save as disclosed below, we did not incur any material capital expenditure for the past three (3) FYE 2012 to FYE 2014, FPE 2015 and up to the LPD:-

Description	Transaction Value (at Cost)				01.05.2015 up to LPD (RM'000)
	FYE 2012 (RM'000)	FYE 2013 (RM'000)	FYE 2014 (RM'000)	FPE 2015 (RM'000)	
<b><u>Investments</u></b>					
Purchase of property, plant and equipment <sup>(a)</sup>	(b) 128	(c) 1,060	(d) 1,099	(d) 1,266	(e) 1,736
<b><u>Divestments</u></b>					
Property, plant and equipment written off <sup>(f)</sup>	-	32	17	17	185
Divestment of subsidiaries	-	-	(g)	-	-

Notes:-

- (a) The property, plant and equipment invested by our Company were primarily held locally at our corporate office and were financed through internally-generated funds of the Group.
- (b) Comprising testing and measurement instruments, motor vehicle, furniture and fittings.
- (c) Comprising testing and measurement instruments, laptops, furniture and fittings.
- (d) Comprising testing and measurement instruments, laptops, renovation, furniture and fittings.
- (e) Comprising testing and measurement instruments, software, office equipment, laptops, renovation, furniture and fittings.
- (f) The property, plant and equipment divested by our Company were held locally at our corporate office prior to the divestment.
- (g) In order to streamline our business, we had struck-off our wholly-owned subsidiary, namely Aemulus Photovoltaik Pte Ltd, on 19 February 2014 and divested our entire equity interest in our wholly-owned subsidiary, namely Aemulus Marketing Sdn Bhd on 11 September 2014 for a disposal consideration of RM2 as disclosed in Section 10.1.1 of this Prospectus. Aemulus Photovoltaik Pte Ltd and Aemulus Marketing Sdn Bhd were dormant companies since their incorporation.

The capital expenditures incurred by our Group are based on the cost incurred and funded via our internally-generated funds. Our capital expenditures during the past three (3) FYE 2012 to FYE 2014 and FPE 2015 were incurred on testing instruments, office equipment, furniture and fittings, motor vehicles and renovation.

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## 6. BUSINESS OVERVIEW *(cont'd)*

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### 6.12.6 Material Plans to Construct, Expand or Improve Facilities

As at the LPD, save as disclosed in Sections 6.16(c) of this Prospectus, we have no immediate plans to construct, expand or improve on existing facilities.

### 6.13 DEPENDENCY ON CONTRACTS/ARRANGEMENTS/LICENCES/PATENTS

As at the LPD, save as disclosed below, our Group is not dependent on any other contracts/arrangements/licences/patents:-

- (a) approvals, major licences and permits as set out in Section 5.5 of this Prospectus; and
- (b) registered trade marks, licence agreement and technical collaboration agreement as set out in Section 6.11 of this Prospectus.

### 6.14 INTERRUPTIONS IN BUSINESS OPERATIONS

We have not experienced any interruption in our business which had a significant effect on our operations during the past twelve (12) months prior to the date of this Prospectus.

### 6.15 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive strengths are important in sustaining our business as well as providing us with future business growth.

- (a) **We have resilient technologies and expertise to adapt our products to the changing landscape of the semiconductor industry**

Since the commencement of our business in 2005, we have developed ATE for use in the consumer and industrial electronics industries, and we have adapted our products and our technologies to suit the evolving nature of the semiconductor and electronics industry.

One of our earlier products, the Amoeba 1340c, was developed for the mobile wireless market, in particular during the early days of the smartphone market. The Amoeba 2000 was subsequently developed for the industrial product market and the Amoeba 4100 for the discrete semiconductor market. Thereafter, with the increasing importance of PXI-based platforms, we developed the Amoeba 4200 series to cater for this market. One of our current flagship products, the Amoeba 7600, was then developed in response to the increasing demand for wireless applications testing, as the worldwide smartphone and tablet market grew significantly, leading to a rise in a wide range of wireless communication products.

We have demonstrated that our technologies are adaptable across multiple industry segments and they are resilient through time as we have been able to develop new products with the changing landscape in the semiconductor industry. With our emphasis on R&D, we have been able to respond rapidly to these evolving requirements. The adaptability and resilience of our technologies have been fundamental to the growth of our business to-date, and will continue to ensure that we remain sustainable over the long term.

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**6. BUSINESS OVERVIEW** (cont'd)

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**(b) Our R&D has been the cornerstone of our growth**

Our entry into the ATE business in 2005 was founded on developing locally-made products to substitute foreign imports, and thus we have, at all times since the commencement of our operations, placed focus and emphasis on our R&D activities. Our R&D activities have enabled us to develop all of our products in-house and have served as the foundation for our growth and success in new product development.

Our commitment to R&D has seen our R&D team developed five (5) ATE platforms, namely the Amoeba 1340c, Amoeba 4100, Amoeba 4200, Amoeba 4600 and Amoeba 7600. These are used for the testing of semiconductor components used in a wide variety of applications, such as mobile communication devices, automotive LEDs, industrial products, discrete devices and semiconductor wafer testing. Our success in securing multinational customers across several countries is largely driven by the capabilities and expertise of our R&D team.

As at the LPD, approximately 41% of our total headcount were involved in R&D activities, comprising personnel from our R&D, NPI, Software and Product Applications divisions, which is evidence of the priority we place on developing new improved products for our customers. Furthermore, in the past three (3) FYE 2012 to FYE 2014 and FPE 2015, we incurred R&D expenses amounting to RM1.35 million, RM2.62 million, RM3.02 million and RM2.53 million respectively, accounting for approximately 12.25%, 26.17%, 12.97% and 15.42% of our total revenue respectively. This substantial amount spent is further testament to our commitment to R&D.

As we grow our business and market presence, we will continue to place strong emphasis on our R&D, as it will continue to drive our product development activities. Our proven success in new product development will help us to continuously introduce new ATE to meet evolving global market needs.

**(c) Our customers are primarily large global multinational semiconductor test and assembly companies**

Most of our customers are large multinational semiconductor manufacturers and semiconductor test and assembly companies.

Our success in securing and retaining these globally renowned semiconductor companies is a testament to our product quality, customer service and proven industry track record. Since securing these customers, we have managed to retain many of them over the years. These companies have stringent supplier selection processes, whereby they conduct detailed audits on their suppliers prior to selection to ensure that their product quality and operating standards have been met, and many of these evaluation processes can take up to one (1) year to complete. Many customers also carry out regular follow-up assessments to ensure compliance have been maintained. As a supplier to these multinational companies, we have had to undergo these audits and assessments, which is evidence of our standing as a proven industry player.

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**6. BUSINESS OVERVIEW (cont'd)**

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**(d) We have a range of ATE that caters to a wide range of growing consumer and industrial electronics industries**

We have a product line-up that consists of ATE used for the testing of discrete devices, analog-digital components, automotive LEDs, RF front-end devices and semiconductor wafer components. These cater to a wide range of end-user industries such as general consumer and industrial electronics, automotive and wireless communications.

Our Amoeba 4100 series is a small-signal discrete tester, designed for testing the most basic semiconductor components such as transistors and diodes, also known as discrete devices. These components are used in all integrated circuit designs and are therefore used in all semiconductor and electronics applications. As such, our testing capability begins from the start of the semiconductor product value chain. In addition, our Amoeba 4200 product series cater to analog and mixed signal testing, which are applicable to most types of general consumer and industrial electronics. According to the Independent Market Research report by Smith Zander, the global market for electronic products was estimated to have grown from USD1.8 trillion (RM6.3 trillion) in 2009 to USD2.3 trillion (RM7.3 trillion) in 2013, registering a CAGR of 6.3%.

Furthermore, our Amoeba 1340 and 7600 series are specially designed to test RF front-end devices, which are used in wireless communication devices such as mobile phones and tablets. Amoeba 1340 and 7600 series contributed a combined revenue of RM7.31 million, RM4.31 million, RM7.45 million and RM6.84 million to our Group for the FYE 2012, FYE 2013, FYE 2014 and FPE 2015 respectively. Over the last decade, mobile communications has radically transformed the global communications industry, including changing the lives of billions of consumers worldwide. According to the Independent Market Research report by Smith Zander, in just five (5) years, the number of smartphones shipped globally has grown almost six-fold, increasing from 172.0 million units in 2009 to over 1.0 billion units in 2013, at a CAGR of 55.4%. Demand for tablets has also grown strongly, at a CAGR of 85.4% between 2010 and 2013, from 16.0 million units to 102.0 million units. Notebooks/laptops grew from 135.0 million units in 2009 to 232.0 million units in 2013, at a CAGR of 14.5%.

In addition, our latest product, the Amoeba 4600, is catered for semiconductor wafer testing.

Over the last three (3) financial years, we have served multinational customers across Malaysia, Singapore, China, USA, South Korea, Philippines, Thailand, Germany and Hong Kong. As our range of ATE is utilised for the testing of semiconductors used in many industry segments, we are able to serve a wide range of customers, and our product range also helps us diversify our orders from the same customers.

**(e) We have strong commitment to quality and customer service**

We place strong emphasis on product quality and have strong commitment to consistently develop products and services that meet the requirements of our customers. As such, we have made efforts to implement stringent quality control procedures at each stage of our development and implementation processes. Our Quality Management Programme encompasses our entire R&D and product development processes. We are thorough in carrying out stringent evaluation on each stage of our design and development processes as well as final assembly to ensure the quality of our products and services.



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**6. BUSINESS OVERVIEW** *(cont'd)*

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In addition, our track record of providing quality products and services has allowed us to maintain strong relationships with our customers. As a result, we have been able to secure recurring orders from our key customers as well as derive sales from referrals by these customers. Since our establishment, we have built a strong customer base consisting of several longstanding customers, with more than three (3) years of working relationship with many of our customers.

We believe that our commitment on strict and uncompromising quality control standards and our emphasis on providing efficient customer service has been instrumental in building our industry reputation amongst our customers in the industry.

**(f) We have an experienced management team**

We have been operating our business for more than ten (10) years, and we are led by an experienced and technically strong senior management team. Collectively, our key senior management personnel have exposure across a broad spectrum of business activities, including engineering, operations, sales and marketing and finance. More importantly, most of our key management are technically experienced as they are qualified and professionally-trained engineers, and have hands-on input into R&D and product development.

Since our inception, we have built an established reputation in the industry through our management's engineering experience and expertise, as well as our ability to provide quality products and consistent levels of customer service. In 2013, our R&D effort was recognised under the Entry Point Projects 13: Growing Automation Equipment Manufacturing by the PEMANDU, whereby ACSB was named as one of the companies in Southeast Asia with capabilities to produce its own semiconductor tester.

The competencies of our key management team will enable us to sustain our future growth and improve the overall financial performance of our Group. Please refer to Sections 8.1.2, 8.2.2 and 8.4.2 of this Prospectus for further details on the profiles of our Directors and key management personnel.

**(g) We have approximately 29.3% of industry revenue share in Malaysia**

Based on the independent market research report by Smith Zander as enclosed in Section 7 of this Prospectus, the local ATE industry size has been computed based on revenues of local industry players whose principal activities are in the manufacturing and sale of ATE for functionality tests. Foreign industry players involved in the manufacturing and sale of ATE for functionality tests have been excluded in the computation of the ATE industry size as revenues of these foreign industry players include revenues from other types of ATE and/or test-related products and/ or non-test-related products and/ or support services which include training, installation, maintenance, upgrades and trouble-shooting services. Furthermore, segmental revenue related to ATE for functionality tests of the foreign industry players are not publicly available.

As such, based on our Group's revenue of approximately RM23.3 million for the FYE 2014 and the local ATE industry size of RM79.4 million as estimated by Smith Zander, our Group garnered an industry revenue share of 29.3%. *(Source: Independent Market Research Report by Smith Zander).*

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**6. BUSINESS OVERVIEW** (cont'd)

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**6.16 FUTURE PLANS, STRATEGIES AND PROSPECTS**

Our future plans are focused in the following key areas:-

**(a) We plan to upgrade our existing products**

Our current product line-up consists of six (6) range of testers, namely the Amoeba 1340, Amoeba 2000, Amoeba 4100, Amoeba 4200, Amoeba 4600 and Amoeba 7600. These are used for the testing of analog-digital components, discrete devices, automotive LEDs and RF front-end devices.

To keep up with the evolution in technological advances, we plan to progressively introduce new models of our current products. As consumer electronic devices continue to get more powerful and contain increasingly more functions, the semiconductor components that control these devices will likewise evolve. Our R&D team will continue to work on upgrading our testers with the following improved features and functionalities:-

- Greater number of devices to be covered under the range of our test capabilities
- Increase in spectrum of testing, i.e. wider range of frequencies, voltages, electrical currents and speeds

As at the LPD, our R&D team is in the midst of developing an upgrade for our Amoeba 7600, which commenced in 2013. We intend to launch this upgrade in 2016. We also plan to commence work on the upgrading of our Amoeba 4200 in 2015, with expected completion also in 2016. Further, we are in the midst of on-going upgrades and enhancement to our latest product, the Amoeba 4600. We commercialised Amoeba 4600 in FYE 2014 and have committed to carrying out further R&D to enhance its features and functionalities to cater to demand from our customers. These proposed upgrades are budgeted to cost RM4.5 million, and we intend to fund these upgrades through our proceeds from the Public Issue. Please refer to Section 6.6 of this Prospectus for further details on our on-going and future R&D programmes.

With these systematic planned upgrades of our current products, we will be well-positioned to remain competitive in the industry and to continue serving our customers, as well as secure new ones. Our success to-date has been founded on our R&D capabilities and our continuous emphasis on product development. We will continue to adhere to these policies and practices, as they will enable us to maintain our competitive edge and help improve our overall financial performance.

**(b) We plan to introduce new ATE into our product line-up**

Our current product line-up caters to a wide range of market applications, such as testing of analog-digital components, discrete devices, automotive LEDs and RF front-end devices. To continue growing our market presence and secure an even wider selection of customers, we intend to introduce new ATE to serve new market applications.

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**6. BUSINESS OVERVIEW** (cont'd)

Our Group, subject to the adoption rate by our customers to our products, the supply of raw materials and overall market demand for semiconductor products, targets to increase our revenue in FYE 2015 by approximately 50% from the revenue recorded in FYE 2014 in the light of the confirmed orders for our existing products and the expected increase in sales with the introduction of Amoeba 4600 alongside with our existing flagship products, Amoeba 4200 and Amoeba 7600. Based on the unaudited financial statements for the 10-month financial period ended 31 July 2015, our Group has achieved approximately 76% of our revenue target for FYE 2015. As at LPD, our confirmed orders (i.e. orders which are pending delivery), represent approximately 6.67% of our revenue target for FYE 2015. Notwithstanding the above, our revenue target for the FYE 2015 is based on our expectations developed under current market conditions. Any adverse changes to market conditions, including the prospects and outlook of the semiconductor industry, could result in a consequential impact on the financial and business performance of our Group.

The development of new ATE will broaden our product portfolio, thus enabling us to serve an even wider market and larger customer segments. This will be crucial to the future growth of our Group, as we aim to increase our competitiveness in the industry by growing our market presence and our market share. Our success in penetrating new application markets will help ensure our long term expansion and sustainability, and contribute towards further growth in our financial performance.

**(c) We plan to set up a new tester research laboratory to intensify and enhance our R&D activities**

As we continue to place emphasis and commitment towards R&D, we intend to set up a new tester research laboratory to facilitate and enhance our product development activities. The setting up of this tester research laboratory will involve the purchase of equipment for the purpose of testing, calibration and verification, as well as the expansion of our R&D team to operate the laboratory.

Our on-going and planned R&D activities, as outlined in Sections 6.6 and 6.16(a) and 6.16(b) of this Prospectus, will be first to benefit from this tester research laboratory, as these activities will be supported by adequate infrastructure and resources, and will facilitate our goal of completing these R&D activities and rolling out our upgraded and new test systems by 2016.

The setting up of this tester research laboratory is expected to cost approximately RM1.5 million and will be funded through the proceeds from our Public Issue.

This tester research laboratory will be the platform to intensify and enhance our R&D activities, with the aim to continuously develop and commercialise new products to ensure our Group's long term growth and sustainability.

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**6. BUSINESS OVERVIEW** *(cont'd)*

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**(d) We intend to expand our geographical presence**

As at the LPD, we have exported our testers to a total of seven (7) countries, namely Singapore, China, USA, South Korea, Philippines, Thailand and Germany. As part of our expansion efforts, we plan to further increase our export sales and our geographic footprint.

In particular, we plan to focus on further export penetration into the USA and China. The USA and China are among the key markets for consumer electronics and subsequently is a base for many semiconductor manufacturers and OSATs. The growth in these markets are expected to be driven by continued growth in the global electronics and semiconductor industry, as stated in the Independent Market Research Report by Smith Zander and Section 6.15(d) of this Prospectus. As the USA and China are key global markets, our enhanced presence in these markets is an important step towards further recognition of our Group as a global ATE company.

At present, we have customers in the USA and China, and we presently visit these customers periodically and/or place our engineers on-site to assist these customers on a regular basis. However, we intend to increase our footprint in these markets, and we are putting in place appropriate sales and marketing strategies to realise these expansion plans. Specifically, we plan to increase our frequency of visits to our customers in the USA and China to continuously understand their needs and requirements as well as to keep abreast of market trends. We also intend to place more engineers on our customers' premises for longer periods of time and with greater regularity to work more closely with our customers and provide real-time on-site technical support.

In addition to our planned expansion within the USA and China, we will continue to explore opportunities in other countries, amongst others, Japan and Taiwan. To this end, we plan to increase our global visibility by increasing our participation in major global electronics trade shows such as International Test Conference, The PXI Show and Semicon West. These are the most prominent trade shows in the ATE industry and are regularly attended by the major semiconductor manufacturers and OSATs.

While we have primarily focused on our R&D and product development activities in the past, as we grow into an internationally-recognised player, we will now also place greater emphasis on our sales and marketing efforts. We are cognisant that increased investments and commitment to sales and marketing will help us realise our overall growth and expansion plans, and will be key to our success in expanding our presence in our key growth markets.

Furthermore, the expansion of our geographic footprint will enable us to grow our business and revenues further, which will help contribute to higher profitability for the Group, as well as strengthen our product and corporate branding.

Leveraging on our competitive advantages and key strengths, our Board is positive over our future plans and strategies.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT**

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*(Prepared for the inclusion in this Prospectus)*

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
Suite 23-3, Level 23, Office Suite, Menara 1MK,  
1 Jalan Kiara, Mont' Kiara,  
50480 Kuala Lumpur, Malaysia.  
T +603 6211 2121

SMITH ZANDER

17 AUG 2015

The Board of Directors

AEMULUS HOLDINGS BERHAD  
51-3-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

Dear Sirs/Madam,

**Executive Summary of the Independent Market Research Report on the Electronics and Semiconductor Industry, Automated Test Equipment Industry, and Mobile and Wireless Devices Market**

This Executive Summary of the Independent Market Research Report on the Electronics and Semiconductor Industry, Automated Test Equipment Industry, and Mobile and Wireless Devices Market has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Aemulus Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:

  
\_\_\_\_\_  
DENNIS TAN  
MANAGING PARTNER

## INTRODUCTION

### Objective of the Study

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This independent market research (IMR) report has been prepared in conjunction with the listing of Aemulus Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad. The objective of this IMR report is to provide an independent view of the industry and market(s) in which Aemulus Holdings Berhad operates in and to offer a clear understanding of the industry and market dynamics.

### Rationale and Scope of Work

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Aemulus Holdings Berhad is principally involved in the design, engineering and development of ATE, whereby the ATE are designed to test the functionality of semiconductor devices. Aemulus Holdings Berhad's core expertise is in the design and development of ATE for the testing of Radio Frequency ("RF") front-end devices, which are used in wireless applications such as mobile phones, tablets, wireless networking devices such as wireless routers and other wireless-enabled products. The RF front-end devices encompass RF power amplifiers, low-noise amplifiers, RF switches and antenna tuners.

The scope of work for this IMR report will thus address the following three (3) areas:

- (i) The Electronics and Semiconductor industry, which is the broader sector in which Aemulus Holdings Berhad operates in;
- (ii) The ATE industry in Malaysia, which is the specific industry Aemulus Holdings Berhad operates in and is a sub-sector of the Electronics and Semiconductor industry; and
- (iii) The mobile and wireless devices market, which is a key end-user market served by Aemulus Holdings Berhad.

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# 1 DEFINITION AND SEGMENTATION

## The Semiconductor Industry

The semiconductor industry encompasses companies involved in the design, fabrication and processing as well as marketing and sale of semiconductor chips or semiconductor integrated circuits ("ICs"). A semiconductor IC is an assembly and integration of more than one (1) semiconductor device on a single thin semiconductor material (i.e. "wafer"). There are two (2) types of semiconductor devices, namely active and passive components. Active semiconductor devices refer to components with the ability to control electric current, and examples of some of these components include diodes and transistors. On the other hand, passive semiconductor devices are supplementary components to active semiconductor devices which are incapable of manipulating electric current flow and do not require electric current to function. Passive semiconductor devices include electronic components such as resistors and capacitors.

Semiconductor ICs are technology enablers for electrical and electronics ("E&E") products used in various industries including consumer electronics, information and communications technology ("ICT"), automotive, medical and manufacturing industries. Hence, the semiconductor industry is highly correlated with the growth of the E&E industry as the demand for E&E products reflects the market for its raw materials, namely semiconductor ICs.

The birth of the semiconductor industry can be traced back to 1906 when it was discovered that two (2) electrical meshes placed between two (2) electrodes in a vacuum could amplify electrical current and act as a switch. This technology was known as a vacuum tube, and was widely used in radios and telephones during the time. The vacuum tube technology also enabled the first digital computer, called Electronic Numerical Integrator and Computer ("ENIAC"), to be built in 1946 for the United States of America ("United States") Army's Ballistic Research Laboratory. ENIAC weighed 30 metric tonnes and comprised 100,000 parts including 18,000 vacuum tubes. Ultimately however, vacuum tube technology consumed an immense amount of power and had to be replaced frequently.

Solid-state devices emerged in 1948 with the introduction of transistors by a team of scientists at the American Telephone and Telegraph Company's Bell Laboratories. Solid-state devices are electronic components in which electrons are confined within a solid material. While this technology substantially reduced the power required to generate these electronic circuits, the solid-state electronic components needed to be interconnected utilising wires and solder, and thus they were susceptible to faulty connections. The solid-state technology later evolved, and semiconductor ICs were invented when Jack Kilby, an engineer in Texas Instruments Inc., introduced the idea of integrating these components with a single flat block of semiconductor material such as silicon or germanium, allowing electronic circuits to be even more compact in size. Almost simultaneously, Robert Noyce also developed another version of IC from semiconductor materials. Robert Noyce was one of the founders of Intel Corporation, one of the largest global semiconductor companies today, and it was his semiconductor IC technology which was utilised in the personal computers manufactured by Intel Corporation. Intel Corporation created the first commercially available microprocessor in 1971, and the first microcomputer in 1972. Prior to that, Texas Instruments Inc., which was then focused on developing equipment for the seismic and defence industries, had built the first semiconductor IC or chip-based computer for the United States Air Force in 1961.

The introduction of semiconductor ICs has revolutionised the E&E industry to create smaller and more powerful E&E products. An example of this technology revolution can be seen through the invention of the hand-held calculator in the 1960s by Texas Instruments Inc. Before the hand-held calculators were introduced, calculators were typically bulky electronic devices which required power from main electrical power sources. However the evolution of semiconductor ICs has transformed calculators to small electronic devices which can be adequately powered by batteries.

Today, semiconductor ICs can have up to and over 20 million semiconductor devices integrated into a single electronic circuit, and are progressively reducing in size and increasing in performance. The range of applications for semiconductor ICs in the industry has also broadened dramatically over the last decades, and

they now play an essential role in almost every aspect of our lives. At present, the applications for semiconductor ICs are no longer limited to computers, industrial or scientific equipment as well as military and aerospace hardware, but also consumer E&E products which form an integral part of society today such as mobile phones, tablet computers, electronic game systems, televisions, kitchen appliances, as well as electronic systems used in the automotive industry.

In the past, the semiconductor industry comprised integrated device manufacturers ("IDMs"), which are typically brand owners or intellectual property owners of semiconductor ICs for various E&E products. These IDMs were vertically integrated, where its principal activities involved the design, fabrication, assembly, packaging, marketing and sale of these products, as well as the manufacturing of equipment and tools required in manufacturing semiconductor electronic devices. Over the years, as contract outsourcing partners began to emerge, many of these IDMs began to outsource activities such as assembly and packaging as well as electronic equipment manufacturing, placing greater emphasis on design and fabrication in order to achieve economies of scale and reduce manufacturing costs. Examples of IDMs include Intel Corporation, Freescale Semiconductor Inc., and Samsung Electronics Co. Ltd.

For the most part, IDMs are involved in the design of their own semiconductor IC products, though there may be instances where they outsource the semiconductor IC design process to IC design houses which are able to develop innovative semiconductor IC design solutions. In turn, some IDMs provide these IC design houses with fabrication services. Thus, the IC design houses rely on IDMs to fabricate their semiconductor IC design solutions due to the capital intensive nature of the semiconductor IC fabrication process. As companies solely involved in semiconductor IC fabrication such as Taiwan Semiconductor Manufacturing Company Limited ("TSMC"), Semiconductor Manufacturing International Corporation ("SMIC") and United Microelectronics Corporation ("UMC"), commonly known as "foundries", began to emerge, this provided the more established IC design houses with the opportunity to partner with these foundries in growing their business further in the semiconductor industry. The business model of these IC design houses, in which the semiconductor IC fabrication process is outsourced, is commonly known as the "fab-less" business model. Some of the key fab-less semiconductor device companies include, but are not limited to, Qualcomm Technologies Inc., Semtech Corporation, Nvidia Corporation, and Advanced Micro Devices Inc. ("AMD").

With the emergence of fab-less semiconductor companies, IDMs are increasingly faced with cost pressures as these fab-less semiconductor companies have lower capital expenditure and are able to reduce product prices. In light of adapting to changing industry requirements, an increasing number of IDMs are shifting towards outsourcing most or part of their fabrication process to foundries to reduce fixed costs in order to increase competitiveness. Companies which are still involved in the design of semiconductor ICs and outsource a significant part of their fabrication activities to foundries are known as "fab-lite" companies. Examples of these fab-lite companies include Texas Instruments Inc., Infineon Technologies AG, Avago Technologies Limited and Analog Devices Inc.

#### **Value chain of the electronics and semiconductor industry**

Presently, these three (3) types of semiconductor industry players, namely IDMs, fab-less companies and fab-lite companies, form the backbone of the semiconductor industry. All three (3) types of companies are involved in the design of semiconductor solutions. These design solutions are then fabricated in-house or by a foundry. Fabrication typically refers to the manufacturing of ICs where semiconductor devices are formed on a semiconductor wafer, which is a thin silicon-based material, based on a pre-defined circuit pattern. Once fabricated, semiconductor ICs are then sent for assembly, packaging and testing. The assembly process is necessary to protect the semiconductor ICs and enable the dissipation of heat from the semiconductor ICs, as well as facilitate the integration of ICs into electronic systems to manufacture E&E products. After the assembly process, the products created will be packaged in a plastic moulding or ceramic case. Thereafter, the final products manufactured will undergo a series of testing. IDMs generally engage outsourced semiconductor assembly and test ("OSAT") companies to undertake this process. Examples of major global OSATs include ASE Group, Stats ChipPac Ltd, Vishay Intertechnology Inc., Carsem (M) Sdn Bhd and Unisem (M) Berhad.



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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT** *(cont'd)*

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**SMITH ZANDER**

Electronic product companies are ultimately the customers of the semiconductor industry players and examples of these companies include mobile and wireless device companies, automobile manufacturers, as well as other consumer electronic product manufacturers. These companies may also engage electronic manufacturing service providers to undertake the manufacturing, assembly, packaging and/or testing of the final E&E products.

Most IDMs ceased the manufacturing of equipment and tools used in their manufacturing processes when engineering support companies specialising in manufacturing such equipment began to emerge in the industry. Different equipment and tools are required at each stage of the value chain. At the design and development stage, design automation tools and equipment supplies are required by IDMs in the design of ICs. Industry players involved in the fabrication stage also require the necessary automated equipment for the manufacture of semiconductor ICs. The OSATs require automated test equipment ("ATE") in order to facilitate their testing services, as well as equipment to undertake assembly and packaging services.

The manufacturing of electronics and semiconductor products has become an automated process where precision, speed and quality are critical success factors. As such, the required equipment and tools are regarded as highly important components in the manufacturing process as they must allow industry players to meet these three (3) success factors. Due to the intense competition present amongst semiconductor manufacturers, industry players must meet the stipulated delivery time while ensuring the quality of products manufactured.

The testing of semiconductor devices is an important process in the semiconductor value chain. The process of testing semiconductor devices is carried out using ATE. This brings into light the importance of ATE in the semiconductor value chain.

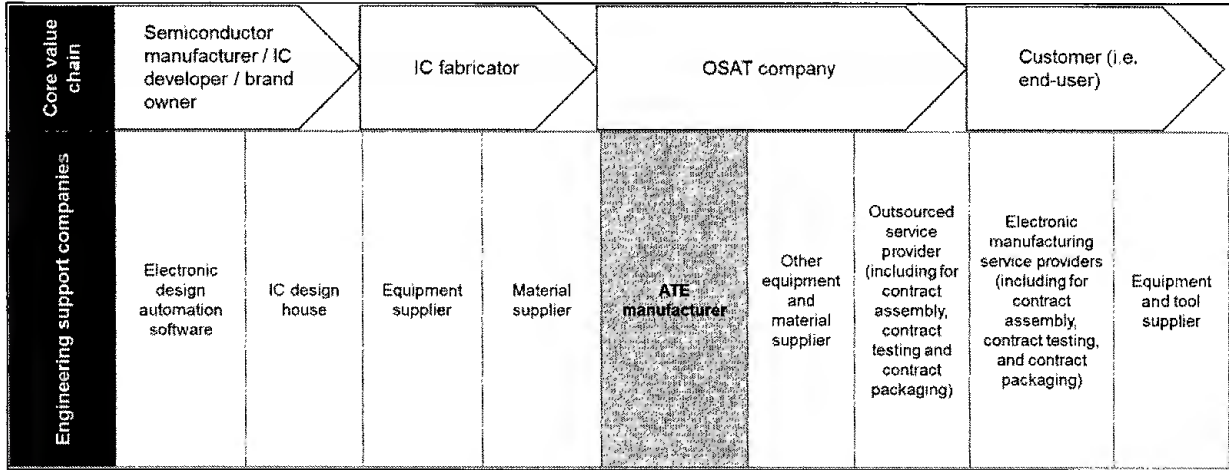
Aemulus Holdings Berhad is principally involved in the design, engineering and development of ATE, and as such, this is the segment which will be of interest in this report.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)

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Value Chain of the Electronics and Semiconductor Industry (Global), 2014



Notes:

1.   Industry segment in which Aemulus Holdings Berhad is principally involved in.
2. Companies involved in the above value chain may have overlapping principal activities and thus, may have multiple roles in the semiconductor value chain.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

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### **The Automated Test Equipment Industry**

An ATE refers to an apparatus which performs tests on electronics and semiconductor products. A typical ATE comprises an industrial computer which acts as a system controller, as well as a test handler or probe which connects the tested product to the system controller, and is built upon a test equipment platform such as PCI eXtensions for Instrumentation ("PXI") and VME eXtensions for Instrumentation ("VXI") which configures the testing parameters.

In general, a device is tested at several points throughout the semiconductor value chain, and there are various types of semiconductor testing or inspection processes, namely functionality tests, in-circuit tests, and visual inspections. Functionality tests verify that devices are able to correctly perform their intended functions in terms of power level, electrical behaviour, analog signals, digital signals and radio frequency signals, while in-circuit tests are when ICs are tested for connectivity, capacitance and resistance to ensure that they have been properly fabricated. Visual inspections refer to inspections made on final semiconductor products to scan for physical defects, which could either be visible or hidden from view such as scratches, stains, open circuits, thinning of solder, as well as missing, incorrect or misplaced components. ATE vary according to the type of testing or inspection procedure as different technology is required to test different aspects of the semiconductor ICs.

Aemulus Holdings Berhad is principally involved in the design, engineering and development of ATE used for functionality tests.

Semiconductor industry players constantly face challenges from increasing customer expectations on product quality standards. Frequent product failures could damage industry reputation and cause detrimental impact to the brand and company. As such, the testing process is regarded as an essential activity for the manufacture of electronics and semiconductor products. As the ATE is the main tool in the testing stage of the value chain, it is thus vital to the semiconductor industry.

ATE industry players work closely with the OSATs as most semiconductor industry players (i.e. IDMs, fab-less companies and fab-lite companies) outsource their testing activities to OSATs. Even so, semiconductor industry players still place high importance on the testing stage and are often involved in their selection of ATE utilised in the testing of their products. This is due to the fact that the onus of maintaining product quality falls on these semiconductor industry players as the failure of maintaining product quality standards would directly impact their brand reputation. As a result, ATE industry players service both OSATs as well as IDMs, fab-less companies and fab-lite companies.

Historically, ATE was largely manufactured in-house by semiconductor manufacturers primarily for their own internal manufacturing activities. Many of the ATE today arose predominantly from the designs of these legacy equipment. With the rapid advancement in product development in the semiconductor industry, semiconductor manufacturers began to use this opportunity to focus on developing and designing new electronics and semiconductor products while leaving the enhancement and adaptation of ATE to specialist ATE players. Since then, ATE industry players have entered the industry and the technology for ATE has advanced in terms of its precision and speed.

## 2 THE ELECTRONICS AND SEMICONDUCTOR INDUSTRY

### Introduction

The global semiconductor industry has significant economic contribution to most regions around the world, with significant interlinkages to the global E&E industry. The electronics and semiconductor industry emerged from the invention of transistors in the 1940s and since then, its technology has been constantly evolving in terms of speed, performance and size of semiconductor devices in order to meet the increasing demand for lighter and more powerful semiconductor products. For instance, the advancement of semiconductor IC technology can be illustrated through the evolution of computers. From the first semiconductor IC-based mainframe computer developed by Texas Instruments Inc. for the United States Air Force in 1961, computers were able to be mass produced and made commercially available to consumers by Intel Corporation about a decade later when the first microprocessor was developed. Over the years, computers have progressed in performance and reduced in weight and size, and today, there are not only desktops, but also notebooks/laptops and tablets available in the market.

Being the point of origination of electronics and semiconductors, and home to most large semiconductor industry players such as Texas Instruments Inc., Intel Corporation and Freescale Semiconductor Inc., United States has one of the oldest and most established electronics and semiconductor industry. The Asia Pacific region has also been expanding, with global semiconductor industry players emerging in Japan and Korea such as Toshiba Corporation and Samsung Electronics.

The outsourcing of various manufacturing support functions is common industry practice amongst semiconductor industry players as it is a means for them to focus on their core activities to achieve better cost effectiveness and greater economies of scale. Semiconductor industry players are increasingly outsourcing the manufacturing of electronics and semiconductor products. In particular, the fabrication of semiconductor ICs, and assembly, testing and packaging services are typically outsourced to companies in China, Taiwan and Southeast Asia. Also in light of lowering capital expenditure and operational costs, another common practice in the semiconductor industry is the relocation of manufacturing facilities to developing economies. Developing economies such as countries in Southeast Asia have relatively lower labour costs and thus, are a viable option for semiconductor industry players to lower operational costs while gaining access to the growing market for electronics and semiconductor products in these developing countries.

In the context of Malaysia, the booming global E&E industry has spurred the growth of the domestic electronics and semiconductor industry. The E&E industry is the largest manufacturing sub-segment of Malaysia's economy, contributing about 25.0% to the manufacturing sector gross domestic product ("GDP") and 6.0% of Malaysia's total GDP in 2013.

The year 1969 was a significant milestone in the history of the electronics and semiconductor industry in Malaysia, as the Penang Development Corporation was established to promote foreign direct investments ("FDI") in the Free Industrial Zone (then known as Free Trade Zone) in Penang. Beginning in 1972, major electronics and semiconductor industry players began setting up manufacturing facilities in the Free Industrial Zone in Penang. Among the first few local representatives of multinational electronics and semiconductor industry players to set up manufacturing facilities in Malaysia were Intel (M) Sdn Bhd, Advanced Micro Devices Products Sdn Bhd, Clarion (M) Sdn Bhd and Fairchild Semiconductor Sdn Bhd (then known as National Semiconductor Sdn Bhd). These companies still operate their manufacturing facilities in Malaysia, and many other major multinational electronics and semiconductor industry players have since established their manufacturing activities in Malaysia.

The electronics and semiconductor industry in Malaysia has been developing since its early years, as the country offered global industry players lower labour costs, competent and skilled engineers and technicians as well as a stable political environment. As talent within the industry began to grow, local Malaysian companies began to emerge as OSATs and engineering support companies such as electronic equipment manufacturers, ATE manufacturers and electronic manufacturing service ("EMS") providers. These local companies began to grow to support the multinational electronics and semiconductor industry players, and

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

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some of these local companies have also expanded overseas to support the manufacturing facilities of their multinational clients located in other parts of the world. Examples of some of the larger local companies include Carsem (M) Sdn Bhd, Unisem (M) Berhad, Globetronics Technology Berhad and Inari Amertron Berhad. In the 1990s, the electronics and semiconductor industry in Malaysia began to develop to include design and development activities as local engineers developed technical capabilities in design and engineering, and local companies ventured into the design of their own proprietary equipment.

At present, Malaysia's ability to develop talent and resources with technical capabilities and skills to undertake activities in various segments of the electronics and semiconductor value chain has led to a strong foundation for its electronics and semiconductor industry. The development of the electronics and semiconductor industry in Malaysia has transformed Malaysia into a major player in the global E&E industry. Malaysia has built a reputation as a producer and assembler of parts and components of manufactured E&E products with good product quality, as can be seen by the continuous demand from export markets such as United States and Singapore. Malaysia's exports of E&E products contributed about 32.9% of total exports in Malaysia, and was valued at RM236.8 billion in 2013, growing from RM231.3 billion in 2012. Meanwhile, a total of 118 projects were approved in the E&E industry in Malaysia in 2013, amounting to investments worth RM9.8 billion. A significant percentage of these investments were FDIs (86.7%), and FDIs in the country grew from RM3.3 billion in 2012 to RM8.5 billion in 2013.

**Industry Size, Outlook and Prospects**

Semiconductors are integral components used in the manufacture of E&E products used in various industries including consumer electronics, ICT, automotive, medical and manufacturing industries. Consequently, the growth in the semiconductor industry has a direct correlation with the demand for E&E products and thus, any rise or fall in sales of E&E products will likewise be reflected in the market for its raw materials, namely semiconductors.

**Electronics Industry****Global**

The global market for electronic products is estimated to have grown from USD1.8 trillion (RM6.3 trillion<sup>1</sup>) in 2009 to USD2.3 trillion (RM7.3 trillion<sup>2</sup>) in 2013, registering a compounded annual growth rate ("CAGR") of 6.3% during this period. Of the total worldwide E&E product sales, computers and other consumer electronics comprised the largest proportion, at an estimated 36.5%. Meanwhile, telecommunications, radio and radar equipment comprised 21.2%, control and instrument equipment comprised 7.2%, medical and industrial equipment comprised 4.7%, office equipment comprised 0.6%, and the remaining 29.8% of E&E product sales consisted of semiconductor components. The global market for electronic products is forecast to grow from an estimated USD2.5 trillion (RM7.9 trillion<sup>3</sup>) in 2014 to USD2.6 trillion (RM8.2 trillion<sup>4</sup>) in 2015.

<sup>1</sup> Exchange rate from USD to RM in 2009 was converted based on average annual exchange rates in 2009 extracted from published information from Bank Negara Malaysia at USD1 = RM3.5236

<sup>2</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511

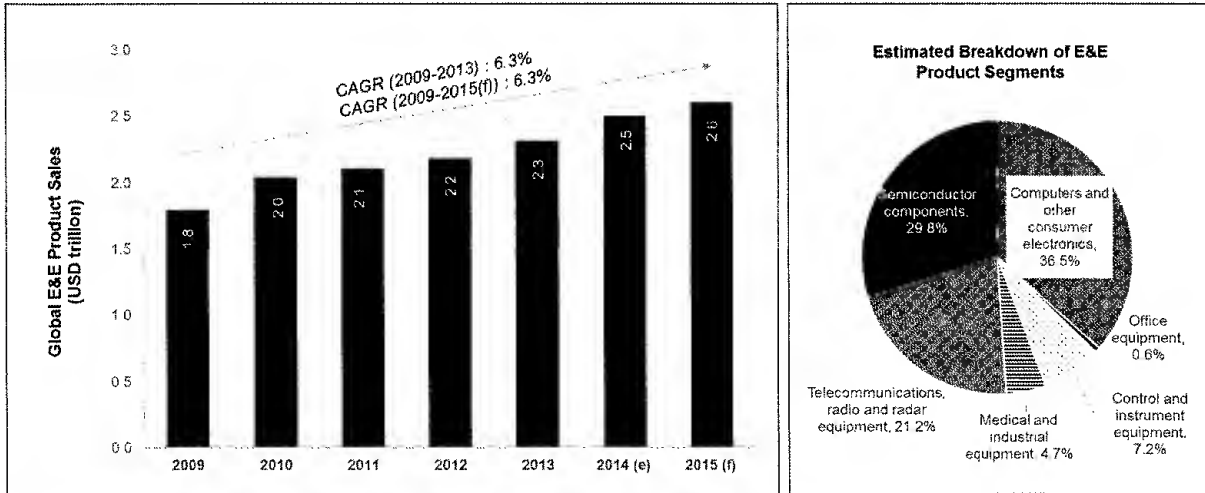
<sup>3</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511

<sup>4</sup> Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)

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E&E Product Sales and the Breakdown of E&E Product Sales by Region (Global), 2009-2015(f)



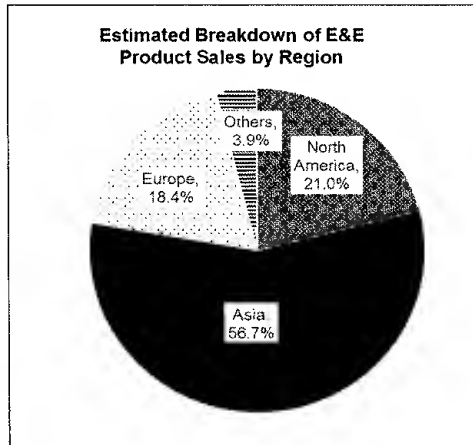
Note:

E&E product sales refer to the sales of selected E&E products for electronic data processing, office use, control and instrumentation equipment, medical and industrial equipment, communications and radar equipment, telecommunication, semiconductor components as well as other consumer electronics including video equipment, audio equipment and personal consumer electronics (e.g. electronic watches, musical instruments, and clocks).

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

In 2012, Asia constituted more than half (i.e. 56.7%) of the E&E market size, of which a majority of sales was estimated to be from China. The North America region contributed about 21.0% to the total market size, while the Europe region contributed about 18.4% to the total market size.

Estimated breakdown of E&E Product Sales by Region (Global), 2012



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

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**Malaysia**

In Malaysia, the E&E industry has been acknowledged as a pillar of the nation's economy, as it is one of the five (5) largest economic sectors in the country and contributes to about a third of the nation's export income. The industry accounted for 6.0% of Malaysia's GDP in 2013, where its GDP was valued at RM47.4 billion, growing by 5.8% from RM44.8 billion in 2011.

**E&E industry – Economic Statistics (Malaysia), 2011-2013**

Year	National GDP (RM billion)	E&E Industry GDP (RM billion)	E&E industry contribution to national GDP (%)
2011	711.4	44.8	6.3
2012	751.5	45.8	6.1
2013p	786.7	47.4	6.0

Notes:

p Preliminary

GDP data is at constant 2005 prices

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Over the years, Malaysia has built a reputation as a producer and assembler of parts and components of manufactured goods with good product quality. This has led to continuous demand for Malaysia's E&E products from various end-user industries such as consumer electronics, telecommunications and automotive for both the domestic and export market. In light of this, Malaysia's exports of E&E products grew from RM231.3 billion in 2012 to RM236.8 billion in 2013. Meanwhile, a total of 118 projects were approved in the E&E industry in Malaysia, amounting to investments worth RM9.8 billion in 2013. A significant percentage of these investments in 2013 were FDIs (86.7%), and FDIs in the E&E industry in the country grew from RM3.3 billion in 2012 to RM8.5 billion in 2013.

**E&E Industry – Investments and Export Values (Malaysia), 2012-2013**

Year	No. of Projects	Total Investments (including FDI) (RM billion)	FDI (RM billion)	E&E Product Export Value (RM billion)
2012	112	4.0	3.3	231.3
2013	118	9.8	8.5	236.8

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Malaysia's production of most major E&E products including televisions and air-conditioners have been growing over the years. Between 2009 and 2013, the production of televisions increased from 6.4 million units to 17.1 million units, registering a CAGR of 28.0% during the time period. Meanwhile, the production of air-conditioners grew from 1.9 million units in 2009 to 2.6 million units in 2013 at a CAGR of 7.9%.

**Production of Selected Major E&E Products (Malaysia), 2009-2013**

Product (units)	2009	2010	Year 2011	2012	2013	CAGR (2009 - 2013)
Televisions	6,361,787	13,163,257	13,966,508	13,054,444	17,072,420	28.0%
Air-conditioners	1,940,966	2,593,647	2,846,511	2,665,326	2,633,717	7.9%

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

## Semiconductor Industry

### *Global*

The semiconductor industry is highly correlated to the demand for E&E products, and the growth of the industry over the last two (2) decades was primarily driven by continuous demand for personal computers and other consumer electronic products.

The semiconductor industry is typically cyclical, characterised by periods of growth and decline caused by variations in supply and demand for semiconductors and economic cycles. The global semiconductor industry rose steadily in the early 1990s, driven by the widespread adoption of computers in businesses and homes during the period. This growth was augmented by the introduction of the Windows 3.0 operating system in 1990, which was the first operating system to gain popularity due to its ease of use and improved graphics and virtual memory. In 1995, the growth in demand for personal computers was propelled when the Windows 95 operating system was introduced. Windows 95 enhanced compatibility and user-friendliness, as well as marked the change from 16-bit to 32-bit computers that enabled better performance processors. Accordingly, the semiconductor industry experienced a strong spike in sales of 41.8% between 1994 and 1995. The market for personal computers entered into a correction phase in 1996 as inventories of computer parts were excessive due to the accelerated trend of office automation and personal computers in the previous years. As a result, the industry experienced a decline of 4.6% between 1995 and 1996, but recovered in the following year.

During the Asian financial crisis in 1998, the market fell by 8.1% in the year but quickly rebounded with a growth of 15.7% in 1999. As a result of the Internet boom in 2000, the semiconductor industry increased significantly by 38.3% from 1999 to 2000 due to the expanding demand from the computer and telecommunication industries. However, the semiconductor market once again underwent a market correction of excess inventory stocks for semiconductors in 2001 and 2002, causing a slowdown in those years. Nevertheless, the market recovered in 2003 with a year-on-year growth of 17.8% from 2002 and has since illustrated an upward trend, save for declines in 2008 and 2009 due to the global financial crisis, from which the industry recovered strongly with a growth of 31.8% in 2010.

In 2012, the semiconductor industry experienced a dip of 2.6% due to the fall in demand for personal computers. This was exacerbated by the onset of the European financial crisis which lowered consumer spending on personal computers and other consumer electronics such as mobile phones and televisions which are one of the largest components of E&E product sales. Meanwhile, the global semiconductor industry continued to face challenges of decreasing average selling prices from suppliers in China. Nevertheless, as the European economy recovered and with the substantial rise in demand for mobile and wireless devices such as smartphones and tablets, the semiconductor industry rebounded and grew to a record breaking level of USD296.7 billion (RM934.9 billion<sup>5</sup>) in 2013.

Despite several troughs occurring over the last two (2) decades, global semiconductor sales have proven to be resilient with speedy recoveries occurring in the following years, with each recovery pushing semiconductor sales higher than previous peaks. Overall, the global semiconductor industry registered a CAGR of 8.0% between the period 1990 and 2013, indicating the sustainability of the industry's growth in the long term.

The semiconductor industry is expected to post all-time high sales in 2014 with the increase in demand for consumer electronics, particularly for smartphones and tablets. Consumer spending on smartphones is projected to increase predominantly in emerging markets, due to the declining average selling prices of smartphones and introduction of new products from major mobile and wireless device brands such as in the case of Apple and Samsung. In addition, this growth is also expected to be fuelled by emerging consumer electronic products such as smart watches, three (3)-dimension printers, Ultra High Definition ("Ultra HD") television displays, and health and fitness devices.

<sup>5</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

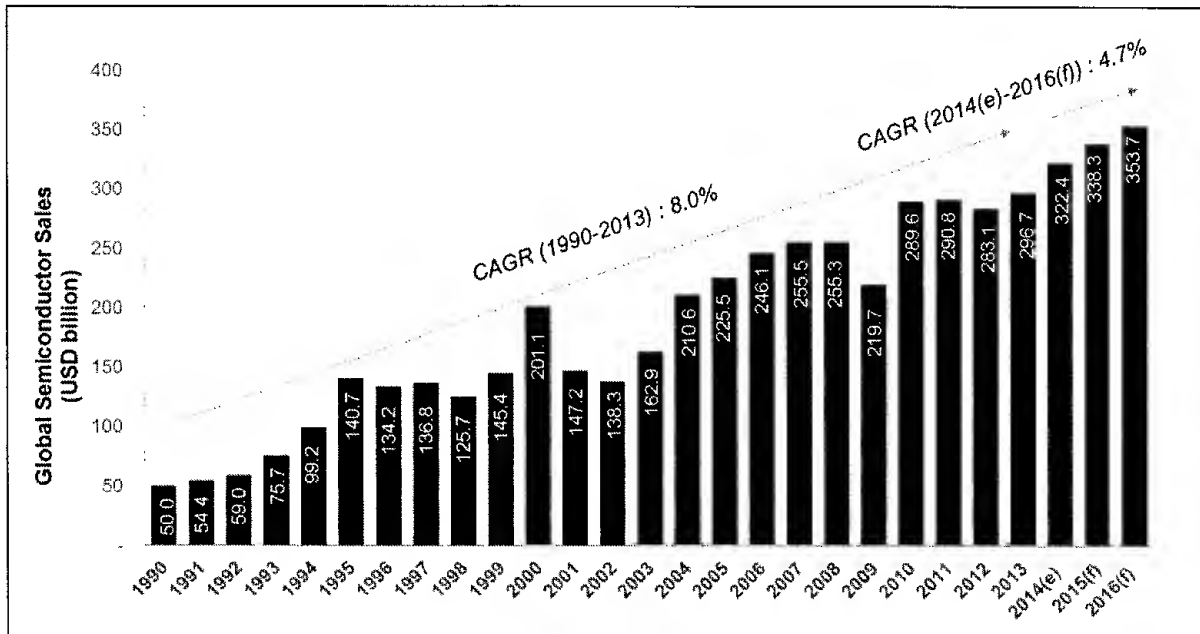


## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)

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Worldwide sales of semiconductors reached USD78.5 billion (RM247.4 billion<sup>6</sup>) in the first quarter of 2014, which is the industry's highest-ever first quarter sales. The second quarter of 2014 saw a further increase in sales of semiconductors of 5.4% from the first quarter of 2014 to USD82.7 billion (RM260.6 billion<sup>7</sup>), bringing the half-yearly sales in 2014 to 11.1% higher than the half-yearly sales recorded in 2013.

In line with the promising prospects of the semiconductor industry, global semiconductor sales is expected to grow to an estimated USD322.4 billion (RM1.0 trillion<sup>8</sup>) in 2014. Further, semiconductor sales is projected to grow at a CAGR of 4.7% to approximately USD353.7 billion (RM1.1 trillion<sup>9</sup>) in 2016.

**Semiconductor Sales (Global), 1990 – 2016(f)**

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

**Malaysia**

The semiconductor industry in Malaysia grows in tandem with global semiconductor market trends. Overall, the semiconductor industry in Malaysia witnessed positive growth over the last five (5) years, boosted by the increasing production of E&E products during the same period. Production of semiconductor ICs grew from 23.3 billion units in 2009 to 24.6 billion units in 2014, registering a CAGR of 1.1% between 2009 and 2014. During the same period, Malaysia's production of other semiconductor components also increased, from 44.2 billion units in 2009 to 51.6 billion units in 2014, growing at a CAGR of 3.2%.

<sup>6</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>7</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>8</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>9</sup> Exchange rate from USD to RM in 2016 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

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**Production of Semiconductor ICs and Semiconductor Devices (Malaysia), 2009-2014**

Product (million units)	Year						CAGR (2009 - 2014)
	2009	2010	2011	2012	2013	2014	
Semiconductor ICs	23,279	38,007	33,380	39,391	35,686	24,613	1.1%
Semiconductor devices including diodes and transistors	44,156	52,181	50,470	55,884	54,643	51,594	3.2%

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The Government of Malaysia (or the Government) plays an active role in driving the electronics and semiconductor industry, with aims of growing gross national income ("GNI") contribution from the semiconductor industry by an additional RM53.4 billion by 2020. In an effort to reach this goal, the Government of Malaysia intends to shift the local semiconductor industry further up the value chain through emphasis on mature technology fabrication and expanding into advanced packaging and design of ICs, as well as supporting the growth of substrate manufacturers. In summary, among some of the Economic Transformation Programme ("ETP") initiatives which are expected to drive the growth of the semiconductor industry in Malaysia include:

- Executing a Smart Follower Strategy for Mature Technology Fabrication**  
Semiconductor fabrication plants are high value-added manufacturing plants which anchor the entire semiconductor chain, and the Government of Malaysia estimates that the establishment of this segment of the semiconductor industry in Malaysia would provide an incremental GNI of RM4.2 billion, alongside creating 6,500 jobs. The Government intends to pursue a smart follower strategy in which emphasis is placed on establishing fabrication plants which use mature technology (i.e. defined as 90 nanometer or larger transistor feature size) and are focused on niche applications (e.g. analog, power).
- Developing Assembly and Test using Advanced Packaging Technology**  
Despite the fact that Malaysia's semiconductor assembly and test segment is an established industry, very few firms offer advanced packaging services such as bumping or wafer level packaging. The Government of Malaysia intends to provide financial assistance to selected local assembly and test companies to bring advanced packaging services to Malaysia, and the learnings from this can be applied to other industry players in Malaysia. The Government aims to attract foreign companies to establish advanced semiconductor packaging services in Malaysia.
- Developing IC Design Firms**  
The Government of Malaysia is committed to identifying and encouraging IC design firms to set up in Malaysia, with the intention for 50 additional IC design firms to be set up by 2020. Amongst some of the initiatives the Government is working on in order to meet this target are shared services and laboratories for electronic design automation, prototyping and testing, financial assistance to train local talent and incentives for multinational companies ("MNCs") to outsource IC design to local IC design companies.
- Increasing the Number of Silicon Producers**  
The growth of the core semiconductor industry value chain is expected to increase Malaysia's silicon production from 6,000 metric tonnes to 170,000 metric tonnes by 2020. The Government intends to establish one (1) MNC and two (2) domestic silicon manufacturers each year till 2020 to achieve this target. At present, Tokuyama Corporation has invested approximately RM3.0 billion to build its first polycrystalline silicon plant in Sarawak, and is also building a second plant in Sarawak which is supposed to be operational by early 2015 with a capacity of 13,800 metric tonnes.

As the Government continues to drive and support the growth of the semiconductor industry, the growth prospects for the semiconductor industry in Malaysia appear to be positive. Moreover, the semiconductor industry in Malaysia is also expected to benefit from increasing worldwide demand.

## Demand Conditions: Key Demand Drivers

### Importance of E&E products in multiple industries

The range of applications for electronics and semiconductors has broadened dramatically over the last couple of decades, and E&E products developed today play essential roles in consumer retail, medical, manufacturing, and telecommunications industries. Many of these industries cannot function without the use of E&E products. For instance, the medical industry requires the use of electronic medical equipment to perform diagnosis, monitoring and treatment of patients. The manufacturing industry today also largely consists of fully or semi-automated manufacturing facilities, and thus electronic machinery and equipment form an integral component of manufacturing activities.

Consumer electronics such as mobile and wireless devices, televisions and home appliances are now the largest contributors to E&E product sales, comprising 36.5% of total E&E product sales worldwide. Mobile and wireless devices, which comprise mobile feature phones, smartphones and tablets have become a necessity as a means of communication and connectivity, particularly in urban areas. In 2013, the penetration of mobile phones reached 73.0% of the global population, while smartphones had a 22.0% penetration rate. While mobile cellular subscriptions illustrated a healthy growth of 105.3% in a span of eight (8) years between 2007 and 2014, active mobile broadband (which enables the use of smartphones and tablets) grew seven (7) times faster with a growth of 763.8% during the same time period, from 268.0 million subscriptions in 2007 to an estimated 2.3 billion subscriptions in 2014 and thus, much of the growth of the electronics and semiconductor industry is expected to be driven by the rapidly increasing uptake of smartphones and tablets. (Please refer to **Chapter 4 – Overview of the Mobile and Wireless Devices Market (Market Size and Growth Prospects)** for further information on the potential of the mobile and wireless devices market).

Computers have become one of the most used technological items today. In fact, computers enable information technology ("IT") which is the application of computers and other equipment to store, retrieve, transmit and manage digital data. As an increasing volume of digital data is managed and stored globally, IT is increasingly integrated with consumers' lifestyle and business operations. In other words, consumers and businesses have become increasingly dependent on computers for connectivity as well as to perform daily tasks such as accessing information and preparing business documents. The market potential for computers can be depicted through total worldwide IT expenditure, which is valued at USD3.7 trillion (RM11.7 trillion<sup>10</sup>) in 2013, an increase of 15.6% from USD3.2 trillion (RM11.3 trillion<sup>11</sup>) in 2009.

### Rapid technological advancements in E&E drive electronics and semiconductor sales

Moving forward, it is expected that the number of E&E products which are integrated with the lifestyle of today's society will only increase further. Rapid technological developments within the electronics and semiconductor industry will also continue to promote new product advancements in the market as industry players need to ensure their products remain competitive and are not obsolete.

The electronics and semiconductor industries have seen developments in terms of performance, size and technology of various products. For instance, computers have transformed from when it was first introduced in 1961 as mainframe computers, to the current portable size of notebooks/laptops today. Even just within the last few years, new computer models are constantly introduced to the market with advancements made in terms of its processor performance and reductions in weight and size. Likewise, mobile phones have experienced similar advancements in the 21<sup>st</sup> century, in terms of design, performance, features and reductions in weight. Mobile phones are no longer just a telecommunication tool for making telephone calls and sending and receiving messages; more advanced smartphones now have functions for Internet access, photography, data storing, entertainment and social media networking.

<sup>10</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>11</sup> Exchange rate from USD to RM in 2009 was converted based on average annual exchange rates in 2009 extracted from published information from Bank Negara Malaysia at USD1 = RM3.5236.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT** *(cont'd)*

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**SMITH ZANDER**

Consumers are highly receptive to these new product innovations, resulting in relatively shorter product lifecycles for most E&E products, especially consumer electronics. As a result, new and enhanced versions of products are constantly introduced to the market, and these new introductions have been the key driving factor for electronics and semiconductor sales.

One of the most prevalent trends in the electronics and semiconductor industry is the rise of mobile and portable engineering designs which promote convenience. With the increase in demand for mobile and wireless devices, industry players are constantly developing newer electronic and semiconductor components to meet market requirements for smaller, and more lightweight products. In addition, this trend has also led to greater demand for wireless-enabled electronic components (e.g. Wi-Fi connections and bluetooth adaptors) and power management ICs (e.g. batteries). This is expected to result in a further increase in the demand for semiconductor devices for the manufacture of these electronic components, thus further driving the growth of the industry.

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### 3 THE AUTOMATED TEST EQUIPMENT INDUSTRY IN MALAYSIA

#### Introduction

The ATE industry in Malaysia is a niche and specialist industry, which supports the electronics and semiconductor industry. Many industry players in this industry segment are able to undertake the design, engineering and development of ATE.

The ATE industry in Malaysia comprises both local and foreign industry players. Foreign players have local representatives to represent their respective global offices in Malaysia and support their local customers with after-sales services such as maintenance, upgrades and trouble-shooting services. Some of these foreign players also have local manufacturing facilities for the design and engineering of ATE. Local industry players have their own local manufacturing facilities which serve both local and international markets. Although foreign players have been in the industry relatively longer than local players, the ATE industry in Malaysia is not dependent on foreign technology as most of the local industry players have the ability to undertake their own design and engineering of ATE.

ATE industry players began to emerge in Malaysia to cater for the rising demand from OSATs, which have grown in line with the increasing outsourcing trend. As the semiconductor industry undergoes rapid technological advancement, ATE industry players have to constantly remain relevant in the industry by developing their products in terms of speed, precision and performance.

#### Demand Conditions: Key Demand Drivers

##### Strong global demand for E&E products supports and increases demand for ATE

Historically, Malaysia's E&E industry has been acknowledged as a pillar of the nation's economy, contributing to more than a third of the nation's export income. Malaysia's reputation as a producer and assembler of parts and components of manufactured goods with good product quality has led to continuous demand for Malaysia's E&E products from various end-user industries such as consumer electronics, telecommunications and automotive for both the domestic and export market. In light of this, Malaysia's exports of E&E products increased by 2.4% from RM231.3 billion in 2012 to RM236.8 billion in 2013.

The global market for electronic products is estimated to have grown from USD1.8 trillion (RM6.3 trillion<sup>12</sup>) in 2009 to USD2.3 trillion (RM7.3 trillion<sup>13</sup>) in 2013, registering a CAGR of 6.3% during this period. In line with the growth of the E&E market worldwide, global semiconductor sales also depicted a positive growth trend, growing at a CAGR of 7.8% from USD219.7 billion (RM774.1 billion<sup>14</sup>) in 2009 to USD296.7 billion (RM934.9 billion<sup>15</sup>) in 2013. The half-yearly sales in 2014 recorded an increase of 11.1% from the half-yearly sales recorded in 2013, with 2014 on track to being a record year in global semiconductor sales.

A major driving factor of the growth of the global demand for E&E and semiconductor industries is the rapid technological advancement of E&E products in the market. Rapid technological developments within the electronics and semiconductor industry have, and will continue to, propel the introduction of new product advancements to the market as industry players need to ensure their products remain competitive and are not obsolete. Supported by healthy economic conditions, consumers are also highly receptive to these new product introductions, resulting in relatively shorter product lifecycles for most E&E products, especially consumer electronics.

<sup>12</sup> Exchange rate from USD to RM in 2009 was converted based on average annual exchange rates in 2009 extracted from published information from Bank Negara Malaysia at USD1 = RM3.5236.

<sup>13</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>14</sup> Exchange rate from USD to RM in 2009 was converted based on average annual exchange rates in 2009 extracted from published information from Bank Negara Malaysia at USD1 = RM3.5236.

<sup>15</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

As a result, new and enhanced versions of products are constantly introduced to the market, and these new introductions have been the key driving factor of electronics and semiconductor sales.

These shorter product lifecycles have led to semiconductor industry players reducing turnaround periods of semiconductor manufacturing, by introducing new products quicker, in order to remain relevant with the latest products to market. As such, electronic devices and equipment including ATE have to be constantly upgraded in order to keep pace with new developments in the market.

As a supporting industry to the electronics and semiconductor industry, the ATE industry in Malaysia is supported by the strong prospects of the E&E and semiconductor industries. The ATE industry also stands to benefit from the importance of E&E products in multiple industries, and increased E&E product sales as a result of rapid technological changes and rising consumer income levels.

#### **Government support and initiatives in light of promoting the E&E and related industries**

The Government of Malaysia plays an active role in driving the E&E industry. Government bodies such as MIDA facilitate the provision of land, infrastructure and financial incentives to existing MNCs to encourage expansion while simultaneously attracting new foreign firms to set up operations in Malaysia.

Under the 9th Malaysia Plan ("9MP"), the Government aimed to shift the E&E industry further up the value chain through the development of existing talent and technological capabilities. These efforts continued to be intensified in the 10th Malaysia Plan ("10MP") through the following initiatives:

- To focus incentives on activities such as design, testing and precision machining, which are strategic segments of the value chain
- To form industry and academia collaboration, especially in the areas of research and development ("R&D") and training, in an effort to develop centres of engineering
- To develop state level skills training centres and co-funding postgraduate programmes in critical areas
- To strengthen incubators and shared services centres for knowledge based SMEs

Additionally, the Ministry of International Trade and Industry ("MITI") and Malaysia External Trade Development Corporation ("MATRADE") actively promote local electronics manufacturers. These agencies offer tax incentives to foreign companies in encouraging them to utilise the services of local manufacturers, including EMS or electronic contract manufacturing providers. As a result of these policies, Malaysia's FDIs grew from RM3.3 billion in 2012 to RM8.5 billion in 2013.

While the country has focused on assembly in the lower end of the value chain in the past, the Government now aims to revitalise the industry by focusing on higher value added activities such as R&D, design and manufacturing, in an effort to maintain growth and compete effectively against other nations globally. This is particularly seen in the Government's plans under the ETP.

Under the ETP, the Government intends to grow the E&E industry to increase its GNI contribution to RM53.4 billion by 2020, create an additional 157,000 highly skilled and medium skilled jobs and place more emphasis on the development of regional clusters in the Northern Corridor, Klang Valley, Johor, Sabah and Sarawak. The achievement of RM53.4 billion GNI is expected to be accomplished via the execution of a total of 20 entry point projects in the semiconductor, solar, light emitting diodes ("LED"), industrial electronics and home appliances sector.

Particularly in the semiconductor sector, the ETP outlines a plan to build a strong foundation in the areas of mature technology fabrication, expansion into advanced packaging and design of integrated circuits, promoting the growth of substrate and silicon manufacturers, building a test and measurement hub, and growing automation equipment manufacturers.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT** *(cont'd)*

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The Government's plan to develop the industrial electronics and home appliances sector involves moving towards developing the testing and measurement sector which includes the ATE industry, amongst other sectors such as wireless communication, transmission and distribution, and automation.

The outlook for the ATE industry in Malaysia is positive in line with the Government's plan under the 10MP and ETP to further spur the E&E industry and other industries involved in the semiconductor industry value chain.

**Increase in outsourcing to engineering support companies, and relocation of manufacturing activities to lower cost countries**

Most IDMs have ceased or reduced design and engineering of ATE and tools since the emergence of engineering support companies. With the rapid advancement in products developed in the semiconductor industry, IDMs are more focused on developing and designing new products while leaving the enhancement and adaptation of ATE to engineering support companies. This has allowed IDMs to remain competitive in the industry by managing cost effectiveness and limiting capital expenditure.

Furthermore, IDMs are increasingly relocating their manufacturing facilities to lower cost regions such as countries within Asia in order to achieve better cost effectiveness and economies of scale. This is due to the substantially lower operating costs as well as the availability of talent in these markets. The shift towards the Asia region also has an added benefit of allowing IDMs to tap into the growing demand for E&E products in Asia. In the context of Malaysia, this outsourcing trend has resulted in many local and multinational OSATs emerging in the country.

In light of this, ATE industry players have also emerged in Malaysia in order to cater to the growing need of the market. As such, the outsourcing and relocation trend has, and is expected to continue to, support the growth of the ATE industry in Malaysia.

**Industry Size, Outlook and Prospects**

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The ATE industry grows in tandem with the semiconductor industry as it is an engineering support industry to the semiconductor industry. The industry size for ATE can be measured in terms of the revenues of major industry players which are involved in the design, engineering and development of ATE.

In general, ATE industry players can be segmented by the type of ATE manufactured, namely ATE for functionality tests, in-circuit tests and visual inspection. Aemulus Holdings Berhad is principally involved in the design, engineering and development of ATE that test the functionality of semiconductor devices, including functionalities such as power levels, electrical behaviour, analogue signals, digital signals and radio frequency signals. As such in this report, the industry players which are of interest are industry players which are involved in ATE for functionality tests.

Based on the above premise, the ATE industry in Malaysia comprises local companies such as Aemulus Holdings Berhad, Elsoft Research Berhad and MMS Ventures Berhad, and foreign MNCs including Advantest (M) Sdn Bhd (formerly known as Advantest Engineering (M) Sdn Bhd), Circuit Check Asia Sdn Bhd, Keysight Technologies Malaysia Sdn Bhd (formerly known as Agilent Technologies Microwave Products (M) Sdn Bhd), LTX Credence Sdn Bhd, NI Southeast Asia Sdn Bhd (formerly known as Virtual Instruments Sdn Bhd), Tektronix Instruments Malaysia Sdn Bhd (formerly known as Keithley Instruments Sdn Bhd), Teradyne Malaysia Sdn Bhd and Tesec (M) Sdn Bhd. Revenues of these industry players, collectively, amounted to RM542.3 million in 2009, and grew at a CAGR of 6.5% to reach RM697.2 million in 2013. However, it should be noted that the revenues of many of these foreign industry players include revenues from other types of ATE and/ or other test-related products and/ or non-test-related products and/ or support services which include training, installation, maintenance, upgrades and trouble-shooting services.

Thus for the purpose of this report, the ATE industry size in Malaysia has been calculated based on key identified local industry players involved in the manufacturing and sale of ATE for functionality tests, namely

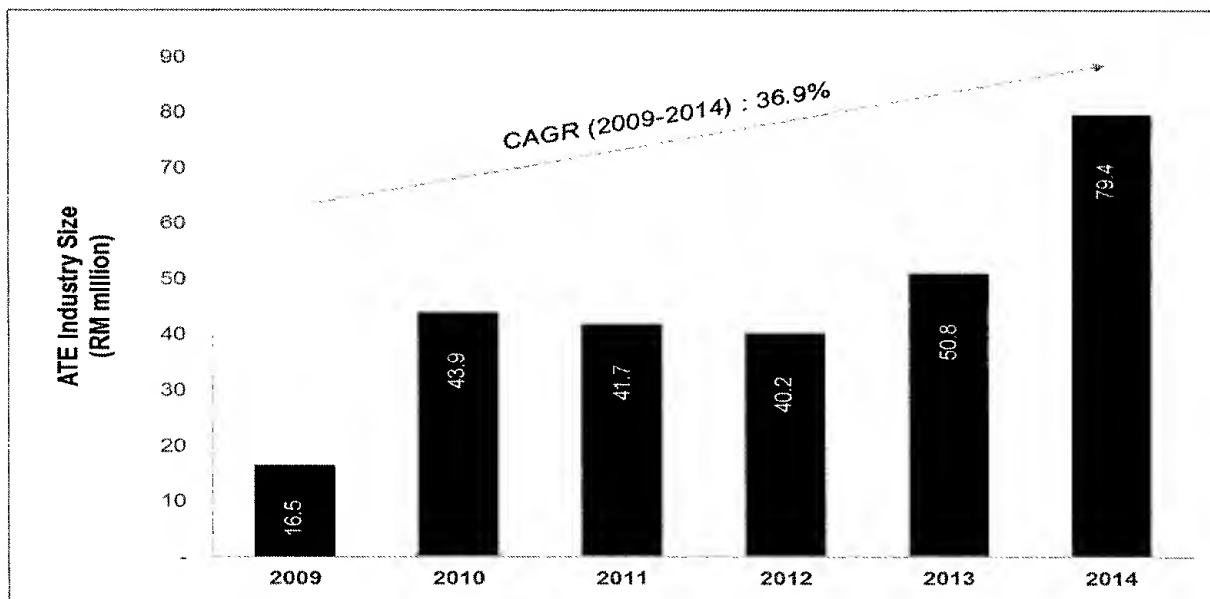
## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)

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Aemulus Holdings Berhad, Elsoft Research Berhad and MMS Ventures Berhad. These three (3) local industry players have local manufacturing facilities and are involved in the design, engineering and development of ATE. As the segmental revenue of the foreign industry players are not publicly available, and hence, revenues related to the manufacture and/or sale of ATE for functionality tests cannot be determined, the foreign industry players have been excluded in the industry size calculation.

Based on these key identified local industry players, the ATE industry in Malaysia grew from RM16.5 million in 2009 to RM79.4 million in 2014, at a CAGR of 36.9%, with growth trends virtually mirroring the global semiconductor market (as seen in **Chapter 2 – The Electronics and Semiconductor Industry (Industry Size, Outlook and Prospects)**). The growth of the ATE industry is expected to be driven by the continued demand for E&E products, which are supported by the importance of E&E products in multiple industries as well as rapid technological advancements in the electronics and semiconductor industry.

## ATE Industry (Malaysia), 2009-2014



## Notes:

1. ATE industry size is computed based on the revenues of key identified local industry players who are involved in the manufacturing and sale of ATE for functionality tests, as listed in **Chapter 3 – The Automated Test Equipment Industry in Malaysia (Competitive Landscape)**.
2. Revenues of Elsoft Research Berhad includes revenues from test and burn-in systems only, though this may include other types of ATE and/ or test related products.
3. Segmental revenues for test and burn-in systems of Elsoft Research Berhad in the FYE 2009 and FYE 2010 do not take into account inter-company eliminations, as these figures are not publicly available.
4. Revenues from MMS Ventures Berhad may include revenues from other types of ATE and/ or other test-related products and/ or non-test-related products as segmental revenue are not available.
5. Industry size is computed based on key identified industry players, and may not be exhaustive.
6. Latest available data is as at 2014 as 2014 is the latest year where financial information of the identified industry players are available.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The outlook for the ATE industry is positive as IDMs continue to outsource product testing to OSAT companies, which are in turn supported by ATE manufacturers. This allows IDMs to have access to the latest technology in ATE while being able to focus on the design and development of semiconductor products. In addition, IDMs are also able to enjoy lower operational costs and economies of scale from not having to manufacture its own equipment. Countries in the Southeast Asia region, including Malaysia, have built reputations as producers



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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT** *(cont'd)*

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and assemblers of parts and components of manufactured goods with lower operational costs and good product quality over the years, and this has led to an increase in the outsourcing and relocation of manufacturing activities to these countries.

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**Key Supply Conditions and Dependencies**

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**Availability of skilled personnel**

The ATE industry is constantly faced with rapid technological developments and thus, one of the key supplies of the industry is the talent involved in the design and engineering of ATE products. In order to remain competitive in the industry, these personnel must be capable in designing equipment with higher precision, speed and performance. As such, it is necessary to hire personnel with the required technical skills and engineering capabilities.

Generally, Malaysia has an adequate supply of skilled personnel with backgrounds in E&E, where employment in the E&E industry grew from 296,870 persons in 2008 to 326,209 persons in 2011. This has been largely driven by the 10MP where efforts have been undertaken to form industry and academia collaborations, especially in the areas of R&D and training, in an effort to develop centres of engineering, as well as to develop state level skills training centres and co-funding post graduate programmes in critical areas.

Looking ahead, under the ETP, the Government aims to create an additional 157,000 highly skilled and medium skilled jobs in the E&E industry.

**Availability of raw materials, supplies and resources**

The raw materials and supplies used in the manufacturing of ATE are primarily semiconductor devices such as diodes, transistors and resistors as well as printed circuit boards. As most of the large global semiconductor manufacturing companies currently have operations in Malaysia, an established value chain of semiconductor device and component manufacturers exists in Malaysia and as such, these products can be sourced locally. Many of these semiconductor devices and components are generally readily available, and do not experience any major fluctuations in prices.

In addition, outsourced assembly services in the electronics and semiconductor industry, including for ATE, are also easily available. There are many outsourced assembly service providers available in Malaysia, particularly in and around Penang due to the presence of many of the global semiconductor manufacturing companies in the Free Trade Zone in Penang.

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**Product / Service Substitution**

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ATE are essential for performing test functions in the manufacturing of semiconductor products, and as such there is no available product substitute for ATE. Without the implementation of proper quality control procedures which include testing procedures on products, IDMs are susceptible to damages in their reputations due to the ineffectiveness in maintaining product quality.

Although semiconductor manufacturers or IDMs may have the capability to manufacture their own internal ATE, most have ceased or reduced activities in the design, engineering and development of such equipment in order to focus on their core business of semiconductor manufacturing. Owing to the pressures to remain competitive in the industry, these semiconductor manufacturers strive to effectively manage cost effectiveness and limit capital expenditure, and thus are expected to continue to purchase ATE from test equipment providers and manufacturers.

### **Reliance and Vulnerability to Imports**

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The ATE industry in Malaysia is not reliant on imports, as it is an industry that is sustained by both local players as well as foreign MNCs. Imports of ATE declined at a CAGR of 3.8% between 2010 and 2013, while revenues generated by the key identified local ATE industry players increased at a CAGR of 36.9% between 2009 and 2014. Furthermore, it should also be noted that exports of ATE grew at a CAGR of 10.6% between 2010 and 2013, indicating Malaysia's growing importance as a producer and exporter of ATE in the global semiconductor market.

### **Relevant Laws and Regulations**

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Save for the laws and regulations generally applicable to all companies carrying out business activities in Malaysia, there are no special or industry-specific laws and regulations governing the ATE industry.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

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**Competitive Landscape**

The ATE industry in Malaysia is a niche and specialist industry within the broader electronics and semiconductor industry. Industry players in this segment are able to undertake the entire process of manufacturing ATE, including the design, engineering and development processes.

In general, ATE industry players can be segmented by the type of ATE manufactured, namely ATE for functionality tests, in-circuit tests and visual inspection. The industry players which are of interest in this report are companies involved in the design, engineering and development of ATE for functionality tests, i.e. to test the functionality of semiconductor devices such as power levels, electrical behaviour, analog signals, digital signals and radio frequency signals, as this is the segment in which Aemulus Holdings Berhad is principally involved in.

**Key Industry Players**

The competitive landscape in Malaysia comprises both local and foreign multinational industry players. Foreign multinational players have local representatives in Malaysia, and some have local manufacturing facilities for the design and engineering of ATE while others are local representative offices for sales and/ or support services for ATE.

**Local industry players**

Local industry players have manufacturing facilities in Malaysia which cater for both local and international markets. A summary of identified key local industry players include:

Industry Player	Products/ Services	Manufacturing Facility Location
Aemulus Holdings Berhad	ATE	Penang
Elsoft Research Berhad	ATE Measuring instruments and peripherals	Penang
MMS Ventures Berhad	ATE Test and measurement software Manufacturing automation equipment Other instruments and peripherals	Penang

*Note:*

*The table above includes key identified local industry players, and may not be exhaustive.*

*Source: Extracted from the Independent Market Research Report by SMITH ZANDER*

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)****SMITH ZANDER****Foreign industry players**

Foreign industry players consist of MNCs which have presence in many countries globally. Many of these companies have local representative offices to manage the sales of ATE and/ or offer support services such as training, installation and after-sales services including maintenance, upgrades and trouble-shooting services, while several of these foreign multinational players have local manufacturing facilities established in Malaysia.

A summary of identified key foreign multinational industry players include:

Industry Player	Base Country	Products/ Services	Location of Operations in Malaysia
Advantest (M) Sdn Bhd (formerly known as Advantest Engineering (M) Sdn Bhd)	Japan	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Measuring instruments</li> <li>• Other instruments</li> <li>• Training, maintenance and other support services</li> </ul>	Penang
Circuit Check Asia Sdn Bhd	United States	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Test and measurement software</li> </ul>	Penang
Keysight Technologies Malaysia Sdn Bhd (formerly known as Agilent Technologies Microwave Products (M) Sdn Bhd)	United States	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Measuring instruments and peripherals</li> <li>• Support services including maintenance and repair services</li> </ul>	Penang
LTX Credence Sdn Bhd	United States	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Training, maintenance and other support services</li> </ul>	Kuala Lumpur
NI Southeast Asia Sdn Bhd (formerly known as Virtual Instruments Sdn Bhd)	United States	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Measuring instruments</li> <li>• Test and measurement software</li> </ul>	Selangor
Tektronix Instruments Malaysia Sdn Bhd (formerly known as Keithley Instruments Sdn Bhd)	United States	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Measuring instruments</li> <li>• Other instruments and peripherals</li> <li>• Test and measurement software</li> </ul>	N/A
Teradyne Malaysia Sdn Bhd	United States	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Test and measurement software</li> </ul>	Penang
Tesec (M) Sdn Bhd	Japan	<ul style="list-style-type: none"> <li>• ATE</li> <li>• Test and measurement software and platform</li> <li>• Test and measurement peripherals</li> </ul>	Kuala Lumpur

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

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**Notes:**

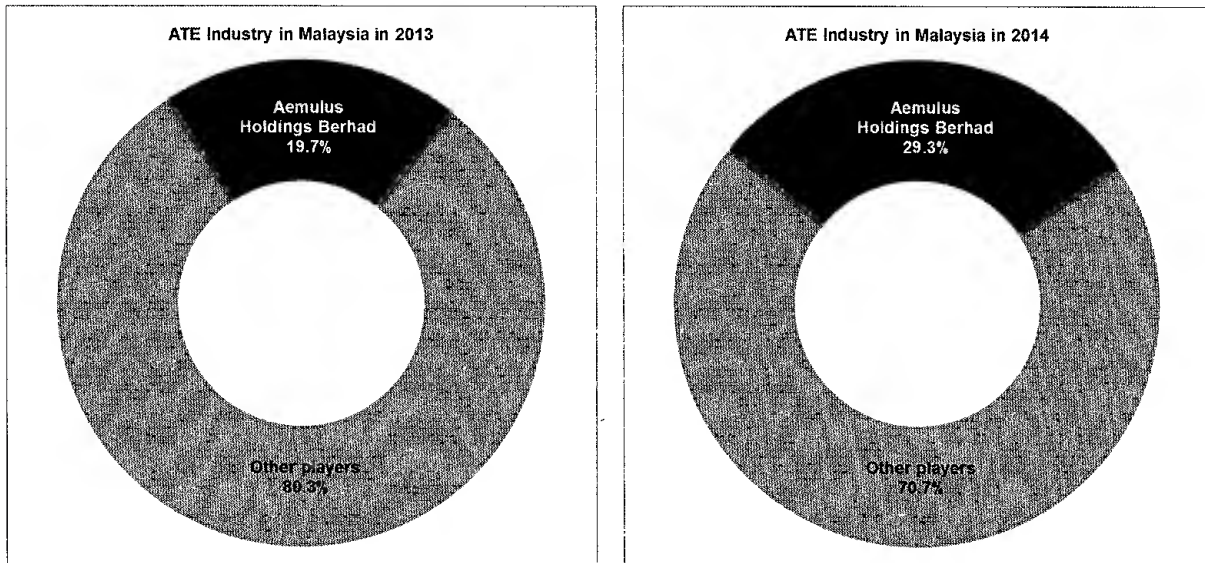
1. N/A – No local representative office or manufacturing facility in Malaysia that is publicly disclosed.
2. The table above includes key identified foreign multinational industry players, and may not be exhaustive.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

**Market (i.e. Industry Revenue) Share**

In 2013, the size of the ATE industry in Malaysia, based on revenues of key identified local industry players in FYE 2013, was RM50.8 million. Aemulus Holdings Berhad garnered an industry revenue share of 19.7% based on its revenue of RM10.0 million in the FYE 30 September 2013. Aemulus Holdings Berhad's industry revenue share increased to 29.3% in 2014, based on its revenue of RM23.3 million in the FYE 30 September 2014 and the ATE industry size in Malaysia of RM79.4 million in the year.

**ATE Industry in Malaysia – Industry Revenue Share, 2013-2014**



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

## 4 OVERVIEW OF THE MOBILE AND WIRELESS DEVICES MARKET

### Introduction

Mobile and wireless devices comprise consumer electronic devices which are relatively smaller in size as compared to other consumer electronics to allow for portability, such as mobile feature phones, smartphones, tablets, and notebooks/laptops. Mobile and wireless devices currently available include efficient mobile connectivity and power management features, allowing for easy access to communication and Internet connectivity at any given time and place. Thus, these devices form an integral part of the society today, and consumers and businesses have become increasingly dependent on mobile and wireless devices for connectivity as well as to perform daily tasks such as accessing information, communication and social media networking.

One of the earliest mobile and wireless devices to be introduced was the notebook/laptop, which emerged in the market in the 1980s with the invention of "Osborne1", a portable microprocessor-based computer the size of a sewing machine, and a five (5)-inch monitor. Since then, notebooks/laptops have advanced in terms of weight, size, data storage ability, as well as improved power management technology and connectivity features, over the last three (3) decades, becoming useful and popular devices amongst consumers and businesses today.

Similarly, mobile phones have also developed from the first mobile phone released in the market in the early 1980s, the Motorola DynaTAC 8000x which only allowed for 30 minutes of call time and eight (8) hours of standby mode. Mobile phones are commonly used telecommunication devices today. At present, there are two (2) types of mobile phones, namely mobile feature phones and smartphones. Mobile feature phones are mobile phones with voice-call and text messaging functions, and may include basic Internet and multimedia capabilities. Smartphones, on the other hand, are advanced mobile phones which can perform many of the functions of a computer, with Internet accessibility and operating systems capable of running downloaded applications.

Smartphones were introduced late in the 20<sup>th</sup> century, when the "Ericsson GS88" (also known as "Penelope") which had a touchscreen interface and was equipped with a stylus pen, was released. In 2002, Blackberry Limited (formerly known as Research In Motion Limited) entered the smartphone market with its "Blackberry 5810" device, a smartphone which enabled email and Internet functions. Apple Inc.'s introduction of its first smartphone in 2007, called the "iPhone", marked a new beginning for smartphones as it appealed to consumers while earlier smartphones were heavily focused on targeting business users. The Android operating system, which is an open-source mobile operating system developed by Google Inc. was launched not long after, enabling several other smartphone brands to be launched thereafter. HTC Corporation was the first to manufacture Android smartphones, and soon after, the operating system was used as a platform for other smartphone brands, including Samsung and LG.

Around the same time, tablets emerged in the market after Intel Corporation released "WebPAD" (which was later rebranded as "Intel Web Tablet") in 1999. In the late 1990s and early 2000s, tablet computers failed to gain as much popularity as smartphones because they were deemed too heavy and software features were not as user-friendly at the time. The market for tablets was invigorated though the introduction of Apple's "iPad" in 2010 as it addressed these issues, and since then there have been launches of other tablet brands such as "Samsung Galaxy Tab", "HP TouchPad" and "Blackberry Playbook".

The last two (2) to three (3) years has seen the introduction of higher speed mobile Internet connections such as mobile 4G (or Fourth Generation) technology and Long Term Evolution ("LTE"), enabling mobile and wireless devices such as smartphones and tablets to access high speed Internet. Today, smartphones and tablets have high-performance processors which are almost on-par with the performance of processors available in gaming consoles or personal computers. These advancements in the market have encouraged the proliferation of mobile and wireless devices as "devices of choice" among large segments of consumers.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT** *(cont'd)*

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Active mobile broadband which enables the use of mobile and wireless devices to access the Internet, illustrated exponential growth of 763.8% in a time span of just eight (8) years, from 268.0 million subscriptions in 2007 to an estimated 2.3 billion subscriptions in 2014. Developments in other aspects of mobile and wireless devices have also been constantly improving, as can be seen by the evolving engineering designs and improvements in features. For instance, smartphones displays are trending towards touchscreen interfaces instead of physical keyboards, and resolution of displays have surpassed 1,000 pixels. In addition, features such as speaker quality, data storage and power management are also constantly improving.

As semiconductors are technology enablers for mobile and wireless devices, the constant product advancements of these devices have created demand for more powerful semiconductors. As such, the constant releases of new and advanced mobile and wireless devices have been the key driving factor for growth in the semiconductor industry. In particular, the market for smartphones has witnessed phenomenal growth since its introduction, through frequent product releases by new and existing smartphone brands. Brands such as Apple, Samsung, Xiaomi, Lenovo and LG place continuous demands on semiconductor manufacturers to produce more advanced semiconductor technology in order for them to release new enhanced products into the market, in a bid to outdo their competition and stay relevant to consumers.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)**

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**Market Size and Growth Prospects**

The market size and growth prospects of the mobile and wireless device market is shown through shipment volumes of these devices. In just five (5) years, the number of smartphones shipped globally has grown almost six (6)-fold, increasing from 172.0 million units in 2009 to over 1.0 billion units in 2013, at a CAGR of 55.4%. Demand for tablets have also grown strongly, at a CAGR of 85.4% between 2010 and 2013, from 16.0 million units to 102.0 million units. Notebooks/laptops grew from 135.0 million units in 2009 to 232.0 million units in 2013, at a CAGR of 14.5%.

**Number of Shipments for Selected Mobile and Wireless Devices (Global), 2009-2013**

Number of Shipments (million units)	2009	2010	2011	2012	2013	CAGR (2009-2013)
Mobile feature phones	1,039	1,298	1,299	1,214	1,162	2.8%
Smartphones	172	299	524	725	1,004	55.4%
Notebooks/laptops	135	164	189	210	232	14.5%
Tablets	-	16	55	85	102	85.4%*

Note:

\* CAGR for tablets is calculated between 2010 and 2013.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

As one of the fast growing segments in the mobile and wireless device market, demand for smartphones has illustrated positive growth trends on a quarterly basis in 2014. In the second quarter of 2014, global shipments of smartphones reached a record of 301.3 million units, increasing to an all-time high of 327.6 million units in the third quarter of 2014. The third quarter growth is an increase of 25.2% from 261.7 million units of smartphone shipments in the third quarter of 2013. Growth in demand for smartphones was largely driven by new smartphone releases as well as the increasing demand from developing and emerging markets. Apple, as one of the largest global smartphone brands, is reaping strong sales from the release of its iPhone 6 and iPhone 6 Plus, as well as sustained demand for its older iPhone 5S and iPhone 5C models. Other smartphone brands such as Xioami, Lenovo and LG also contributed to the growth in demand for smartphones through focusing their marketing strategies on developing and emerging markets such as countries in the Asia Pacific and Middle East and Africa regions.

Furthermore, it is anticipated that the price pressures on tablets, and newer tablet designs with smaller screen sizes and increased usage will fuel the demand for tablets in the emerging markets. In the Asia Pacific region in particular, shipments for tablets with built-in options for cellular network functions (i.e. voice calls) increased in the second quarter of 2014, indicating that there are consumers in this region seeking a single device for voice communication and media consumption, and thus bringing with it opportunities for tablet manufacturers to meet this need.

This can be illustrated through the fast growing active mobile broadband subscriptions which allow for the use of mobile and wireless devices. Globally, the penetration rate of active mobile broadband subscriptions grew from 268 million subscriptions in 2007 to an estimated 2.3 billion subscriptions in 2014, translating to a penetration rate of 4.0% and 32.0%, respectively.



## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (cont'd)

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## Active Mobile Broadband Subscriptions and Fixed Broadband Subscriptions (Global), 2007-2014(e)

	2007	2008	2009	2010	2011	2012	2013	2014e	CAGR (2007-2014e)
<b>Active mobile broadband subscriptions</b>									
Subscriptions (million)	268	422	615	807	1,182	1,554	1,930	2,315	36.1%
Penetration rate (%)	4.0	6.3	9.0	11.5	16.7	21.7	26.7	32.0	-
<b>Fixed broadband subscriptions</b>									
Subscriptions (million)	346	411	468	526	588	635	673	711	10.8%
Penetration rate (%)	5.2	6.1	6.9	7.6	8.4	9.0	9.4	9.8	-

Note:

e Estimate

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

In addition, future growth in mobile and wireless devices is also expected to be fuelled by emerging products such as wearable computing devices, which includes smartwatches (e.g.: Pebble Smartwatch and Sony Smartwatch 2), sport accessories (e.g.: Nike+, FuelBand, Jawbone UP, and Fitbit) and other smart accessories (e.g. Google Glass). These devices are increasingly becoming more functional lifestyle accessories, and the total global shipments is estimated to exceed 19.0 million units by the end of 2014.

The proliferation of mobile and wireless devices in the global market today is mainly due to the growing consumer preference for mobile and portable engineering designs which promote convenience. These devices provide consumers with access to communication and media consumption at any given time, and this lifestyle concept has become integral in society today.

As mobile and wireless devices become increasingly integrated with consumer lifestyles, product advancements are constantly introduced into the market. Consumers are also highly receptive to these new product introductions, resulting in relatively shorter product lifecycles for mobile and wireless devices. These new product introductions have been the key driving factor for growth in mobile and wireless device sales.

In addition, the demand for mobile and wireless devices is expected to be directly driven by overall economic growth and rising urbanization rates. In 2014, the average world urbanisation rate, which is used here as an indicator for wealth, was estimated to be approximately 54.0%. The forecast average world urbanisation rate in 2050 is 66.0%, an increase of approximately 12.0 percentage points from 2014. Further, the growth in per capita income worldwide is expected to drive greater consumer income growth, leading to more affluent populations with increasing spending power.

## 5 PROSPECTS AND OUTLOOK FOR AEMULUS HOLDINGS BERHAD

The global electronics industry had an industry size of USD1.8 trillion (RM6.3 trillion<sup>16</sup>) in 2009, and this grew to USD2.3 trillion (RM7.3 trillion<sup>17</sup>) in 2013. Meanwhile, the global semiconductor industry grew at a CAGR of 8.0% between the period 1990 and 2013 from USD50.0 billion (RM135.2 billion<sup>18</sup>) in 1990 to reach USD296.7 billion (RM934.9 billion<sup>19</sup>) in 2013. The healthy CAGR illustrated by the global electronics and semiconductor industries are driven by the importance of electronic products in various applications and industries today, whereby the range of applications for electronics and semiconductors has broadened dramatically over recent decades, and electronic products developed today play essential roles among consumers and in industries such as consumer electronics, ICT, automotive, medical and manufacturing industries. In addition, rapid technological advancements within the electronics and semiconductor industry have driven, and is also expected to continue, to promote new product advancements in the market as E&E manufacturers need to ensure their products remain competitive and are not obsolete. Consumers are highly receptive to these new product introductions, resulting in relatively shorter product lifecycles for most electronic products, especially consumer electronics such as mobile and wireless devices. As a result, new and enhanced versions of products are constantly introduced to the market, and these new introductions have been the key driving factor for electronics and semiconductor sales. In line with these promising prospects, the global semiconductor industry is expected to grow from an estimated USD322.4 billion (RM1.0 trillion<sup>20</sup>) in 2014 to approximately USD353.7 billion (RM1.1 trillion<sup>21</sup>) in 2016, at a CAGR of 4.7%.

Over the years, Malaysia has built a reputation as a producer and assembler of parts and components of manufactured goods with good product quality. This has led to a continuous demand for Malaysia's semiconductor products from various industries such as consumer electronics, ICT, automotive, medical and manufacturing industries for both the domestic and export markets. In light of this, Malaysia's production of semiconductor ICs grew from 23.3 billion units in 2009 to 24.6 billion units in 2014, registering a CAGR of 1.1%. During the same time period, Malaysia's production of other semiconductor components also increased from 44.2 billion units in 2009 to 51.6 billion units in 2014, growing at a CAGR of 3.2%.

The ATE industry in Malaysia is a niche and specialist industry, which supports the electronics and semiconductor industry, and ATE are important components in the semiconductor manufacturing process. The ATE industry in Malaysia, based on key identified local industry players, grew from approximately RM16.5 million in 2009 to RM79.4 million in 2014, registering a CAGR of 36.9%. The broader industry, consisting of key foreign MNCs in addition to the key local industry players, increased from RM542.3 million in 2009 to RM697.2 million in 2013, at a CAGR of 6.5%.

Aemulus Holdings Berhad, as one of the industry players in the ATE industry, is well-positioned to benefit from opportunities arising from the growing E&E and semiconductor industry globally. With their track record and technical capabilities, as well as their portfolio of multinational clients, Aemulus Holdings Berhad is poised to increase its presence in the ATE industry with new and enhanced products, and more intensive sales and marketing activities. The continued global demand for electronics and semiconductor products which will positively impact the ATE industry as well as Aemulus Holdings Berhad's future growth.

<sup>16</sup> Exchange rate from USD to RM in 2009 was converted based on average annual exchange rates in 2009 extracted from published information from Bank Negara Malaysia at USD1 = RM3.5236.

<sup>17</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>18</sup> Exchange rate from USD to RM in 1990 was converted based on average annual exchange rates in 1990 extracted from published information from OANDA Corporation at USD1 = RM2.7035.

<sup>19</sup> Exchange rate from USD to RM in 2013 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>20</sup> Exchange rate from USD to RM in 2014 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

<sup>21</sup> Exchange rate from USD to RM in 2016 was converted based on average annual exchange rates in 2013 extracted from published information from Bank Negara Malaysia at USD1 = RM3.1511.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and substantial shareholders, all of whom are either Malaysians (in the case of individuals) or incorporated in Malaysia (in the case of corporations), and their respective shareholdings in our Company before and after the IPO are set out below:-

#### 8.1.1 Shareholdings of Promoters and Substantial Shareholders

The details of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after the IPO are as follows:-

Promoters/Substantial Shareholders	<sup>(a)</sup> Before the IPO				<sup>(b)</sup> After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
<b>Promoters</b>								
Ng Sang Beng	79,937,200	22.77	<sup>(c)</sup> 41,691,400	11.88	78,335,600	17.85	<sup>(c)</sup> 39,288,700	8.95
Yeoh Chee Keong	54,402,200	15.50	<sup>(d)</sup> 5,238,600	1.49	51,174,900	11.66	<sup>(d)</sup> 460,000	0.10
AVSB	35,375,000	10.08	-	-	35,375,000	8.06	-	-
Beach Capital	30,223,500	8.61	-	-	30,223,500	6.89	-	-
Wong Shee Kian	16,059,800	4.57	-	-	14,731,200	3.36	-	-
Kan Ky-Vern	-	-	<sup>(e)</sup> 30,345,400	8.64	-	-	<sup>(e)</sup> 30,345,400	6.91
<b>Substantial Shareholders</b>								
Ng Sang Beng	79,937,200	22.77	<sup>(c)</sup> 41,691,400	11.88	78,335,600	17.85	<sup>(c)</sup> 39,288,700	8.95
Yeoh Chee Keong	54,402,200	15.50	<sup>(d)</sup> 5,238,600	1.49	51,174,900	11.66	<sup>(d)</sup> 460,000	0.10
AVSB	35,375,000	10.08	-	-	35,375,000	8.06	-	-
Teak Ventures	34,197,500	9.74	-	-	29,911,800	6.82	-	-
Beach Capital	30,223,500	8.61	-	-	30,223,500	6.89	-	-
MAVCAP	-	-	<sup>(f)</sup> 34,197,500	9.74	-	-	<sup>(f)</sup> 29,911,800	6.82
Kan Ky-Vern	-	-	<sup>(e)</sup> 30,345,400	8.64	-	-	<sup>(e)</sup> 30,345,400	6.91
Kan Ah Chun	-	-	<sup>(g)</sup> 30,223,500	8.61	-	-	<sup>(g)</sup> 30,223,500	6.89

Notes:-

- (a) Based on our issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (b) Based on our enlarged issued and paid-up share capital of 438,850,000 Shares after the IPO and including their respective entitlements pursuant to the Pink Form Allocation.
- (c) Deemed interested by virtue of his shareholdings of not less than 15% in AVSB pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- (d) Other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- (e) Deemed interested by virtue of being a substantial shareholder of Beach Capital pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- (f) Deemed interested by virtue of its shareholdings of not less than 15% in Teak Ventures pursuant to Section 6A of the Act.
- (g) Deemed interested by virtue of his shareholdings of not less than 15% in Beach Capital pursuant to Section 6A of the Act.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL** *(cont'd)*

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**8.1.2 Profiles of Promoters**

The profiles of our Promoters are as follows:-

- (a) **Ng Sang Beng**, a Malaysian, aged 39, is our Executive Director/CEO. He was appointed to our Board on 8 December 2014. He is responsible for the strategic operations, business development activities and R&D roadmap of our Group.

He graduated with a Bachelor of Electrical Engineering from Universiti Teknologi 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 ASB with Yeoh Chee Keong in the same year.

He has been involved in the semiconductor industry for more than fifteen (15) years and has vast knowledge in the area of design and development of semiconductor tester which focuses on RF, analogue/digital/mixed-signals, IBIS, BSDL, signal integrity and custom FPGA designs.

He was recognised as one of the Endeavour Entrepreneurs by Endeavour Global at its 55<sup>th</sup> international selection panel 2014.

He currently sits on the board of several private limited companies as disclosed in Section 8.5 of this Prospectus.

- (b) **Yeoh Chee Keong**, a Malaysian, aged 47, is our Executive Director/COO. He was appointed to our Board on 8 December 2014. He is responsible for the overall operations of our Group as well as our manufacturing and test department.

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

He has more than fourteen (14) years of design and management experience in the electronics test industry with an extensive experience in 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 ASB with Ng Sang Beng.

He currently sits on the board of several private limited companies as disclosed in Section 8.5 of this Prospectus.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL** (cont'd)

- (c) **Wong Shee Kian**, a Malaysian, aged 37, is our Executive Director/CTO. He was appointed to our Board on 8 December 2014. He is responsible for overseeing the overall R&D roadmap and R&D activities of our Group. He is the head of all divisions categorised under our Group's R&D activities (i.e. R&D, NPI, Software and Product Application divisions). He plays a significant role in the product application division of our Group whereby he provides technical support to our 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 supports 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 I/O buffers and developing specific simulation models, e.g. IBIS. He has an 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 CTO in 2006.

He currently sits on the board of several private limited companies as disclosed in Section 8.5 of this Prospectus.

- (d) **Kan Ky-Vern**, Malaysian, aged 33, is our Executive Director/CFO. He was appointed to our Board on 8 December 2014. He is responsible for the overall finance and accounts as well as investors relation functions of our Group.

He graduated with a Bachelor of Commerce, majoring in Accounts & Finance from the University of Melbourne in 2002. He started his career in the auditing profession with Ernst & Young, Kuala Lumpur in 2003 covering sectors of consumer services and telecommunications. He subsequently joined the Corporate Finance department of Alliance Investment Bank Berhad in 2004. He was primarily involved in initial public listing initiatives, financial modelling, business analytics and valuation in various technology and manufacturing companies. In 2005, he joined Accenture Malaysia where he was involved in project management and performance management in the financial services industry. He left Accenture Malaysia in 2006 and during the same year he joined GA Blue International Bhd (now known as Yen Global Bhd) as the financial controller and left in May 2009.

He was appointed as Director of ACSB on 14 March 2008 and subsequently assumed the position of CFO in June 2009, a position he holds until now. He currently sits on the board of several private limited companies as disclosed in Section 8.5 of this Prospectus.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)**
**(e) AVSB**

AVSB was incorporated in Malaysia under the Act on 6 May 2005 as a private limited company under its present name. As at the LPD, AVSB does not have any subsidiary or associate company.

The principal activity of AVSB is that of investment holding.

As at the LPD, the authorised share capital of AVSB is RM100,000 comprising 1,000,000 ordinary shares of RM0.10 each of which 150,000 ordinary shares of RM0.10 each have been issued and fully paid-up.

As at the LPD, the directors and substantial shareholders of AVSB and their respective shareholdings in AVSB are as follows:-

Directors/ Substantial Shareholders	Nationality	Direct		Indirect	
		No. of Ordinary Shares of RM0.10 Each	(%)	No. of Ordinary Shares of RM0.10 Each	(%)
<b>Directors</b>					
Ng Sang Beng	Malaysian	76,500	51.00	-	-
Wong Shee Kian	Malaysian	17,117	11.41	-	-
<b>Substantial Shareholders</b>					
Ng Sang Beng	Malaysian	76,500	51.00	-	-
Wong Shee Kian	Malaysian	17,117	11.41	-	-
Tan E-Chiang	Malaysian	14,484	9.66	-	-
Low Bok Siew	Malaysian	13,167	8.78	-	-
Ong Chuin Tein	Malaysian	14,484	9.66	-	-
Moy Shin Fei	Malaysian	13,167	8.78	-	-

**(f) Beach Capital**

Beach Capital was incorporated in Malaysia under the Act on 3 July 1985 as a private limited company under the name of Joo Kee Cold Room Sdn Bhd and assumed its present name on 16 June 1994. As at the LPD, Beach Capital has a wholly-owned subsidiary, namely Oriental Tiara Development Sdn Bhd which is an investment holding company. Beach Capital does not have any associate company.

The principal activity of Beach Capital is that of investment holding.

As at the LPD, the authorised share capital of Beach Capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

As at the LPD, the directors and substantial shareholders of Beach Capital and their respective shareholdings in Beach Capital are as follows:-

Directors/ Substantial Shareholders	Nationality	Direct		Indirect	
		No. of Ordinary Shares of RM1.00 Each	(%)	No. of Ordinary Shares of RM1.00 Each	(%)
Kan Ah Chun	Malaysian	90,000	90.00	-	-
Kan Ky-Vern	Malaysian	10,000	10.00	-	-

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

### 8.1.3 Profiles of Substantial Shareholders

The profiles of our substantial shareholders, Ng Sang Beng, Yeoh Chee Keong, Kan Ky-Vern, AVSB and Beach Capital who are also our Promoters have been disclosed in Section 8.1.2 of this Prospectus. The profiles of our other substantial shareholders are as follows:-

#### (a) Teak Ventures

Teak Ventures was incorporated in Malaysia under the Act on 21 May 2008 as a private limited company under its present name and commenced operations in 2008. Teak Ventures does not have any subsidiary or associate company.

The principal activity of Teak Ventures is that of venture capital fund/investment holding.

As at the LPD, the authorised share capital of Teak Ventures is RM100,000 comprising 50,000 ordinary shares of RM1.00 each and 500,000 redeemable preference shares of RM0.10 each in Teak Ventures, of which 22,280 ordinary shares of RM1.00 each and 121,302 redeemable preference shares of RM0.10 each in Teak Ventures have been issued and fully paid-up.

As at the LPD, the directors and substantial shareholders of Teak Ventures and their respective shareholdings in Teak Ventures are as follows:-

	Nationality/ Place of Incorporation	Direct		Indirect	
		No. of Ordinary Shares of RM1.00 Each	(%)	No. of Ordinary Shares of RM1.00 Each	(%)
<b><u>Directors</u></b>					
Chok Kwee Bee	Malaysian	183	0.82	-	-
Shahril Anas Hasan Aziz	Malaysian	-	-	-	-
Mustapha Kamil Ismail	Malaysian	-	-	-	-
Yong Kar Seng Peter	Singaporean	-	-	<sup>(a)</sup> 2,750	12.34
<b><u>Substantial Shareholders</u></b>					
MAVCAP	Malaysia	16,500	74.06	-	-
Central Paradigm Sdn Bhd	Malaysia	2,750	12.34	-	-
Minister of Finance (Incorporated)	Malaysia	-	-	<sup>(b)</sup> 16,500	74.06
Yong Kar Seng Peter	Singaporean	-	-	<sup>(a)</sup> 2,750	12.34
Normah binti Raja Nong Chik	Malaysian	-	-	<sup>(a)</sup> 2,750	12.34

Notes:-

- (a) Deemed interested under Section 6A(4) of the Act by virtue of his/her substantial shareholdings in Central Paradigm Sdn Bhd.
- (b) Deemed interested under Section 6A of the Act by virtue of its substantial shareholdings in MAVCAP.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)**

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**(b) MAVCAP**

MAVCAP, a company owned by the Minister of Finance (Incorporated), was incorporated in Malaysia under the Act on 19 April 2001. MAVCAP is a venture capital firm which focuses on investments in the information and communication technology and high growth sectors and was established to realise the Malaysian Government's vision to develop the local venture capital industry and encourage entrepreneurship in the technology sector.

As at the LPD, the directors of MAVCAP are Abdul Rahim Bin Abdul Hamid, Datuk Abdul Wahab bin Abdullah, Shaifubahrim bin Mohd Saleh, Professor Dr Wilson Tay Chuan Hui, Jamaludin bin Bujang, Mohamed Rashdi bin Mohamed Ghazalli and Hazim bin Jamaluddin.

**(c) Kan Ah Chun**

Kan Ah Chun, Malaysian, aged 61, is a director and substantial shareholder of Beach Capital. He graduated from the University of Malaya with a Bachelor of Science (Honours) in 1977 and a Diploma of Education in 1978. He started his teaching profession from 1978 to 1982. In 1982, he left the academia to join a commercial bank where he spent thirteen (13) years holding various senior positions in his career as a banker. In 1996, he joined Malpac Securities Sdn Bhd as the CEO where he was subsequently appointed as the Executive Director of Malpac Holdings Berhad, a position he still holds at present.

He was the former Executive Chairman of Yen Global Berhad from 2004 to 2009. He currently sits on the board of several private limited companies.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)****8.1.4 Changes in Promoters' and Substantial Shareholders' Shareholdings**

Save as disclosed below, there has been no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 17 October 2014 and up to LPD:-

Promoters/ Substantial Shareholders	Date	No. of Shares		Transfer/ (Disposal)	Balance Held			Reason for Change
		Allotment/ Acquisition	No. of Shares		Direct		Indirect	
					No. of Shares	(%)		
Lee Beng San	17.10.2014	10	10	-	50.00	-	-	Incorporation of Aemulus Disposed to Ng Sang Beng
	29.07.2015	-	-	10	-	-	-	
Ch'ng Kai Jun	17.10.2014	10	10	-	50.00	-	-	Incorporation of Aemulus Disposed to Ng Sang Beng
	29.07.2015	-	-	10	-	-	-	
Ng Sang Beng	24.07.2015	79,937,180	79,937,180	-	(a) 22.77	41,691,400	(a)(b) 11.88	Acquisition of ACSB Acquired from Lee Beng San Acquired from Ch'ng Kai Jun
	29.07.2015	10	79,937,190	-	(a) 22.77	41,691,400	(a)(b) 11.88	
	29.07.2015	10	79,937,200	-	(a) 22.77	41,691,400	(a)(b) 11.88	
Yeoh Chee Keong	24.07.2015	54,402,200	54,402,200	-	(a) 15.50	5,238,600	(a)(c) 1.49	Acquisition of ACSB
Wong Shee Kian	24.07.2015	16,059,800	16,059,800	-	(a) 4.57	-	-	Acquisition of ACSB
Kan Ky-Vern	24.07.2015	-	-	-	-	30,345,400	(a)(c) 8.64	Acquisition of ACSB
AVSB	24.07.2015	35,375,000	35,375,000	-	(a) 10.08	-	-	Acquisition of ACSB
Beach Capital	24.07.2015	30,223,500	30,223,500	-	(a) 8.61	-	-	Acquisition of ACSB

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)**

Promoters/ Substantial Shareholders	Date	No. of Shares		Balance Held				Reason for Change
		Allotment/ Acquisition	Transfer/ Disposal	Direct		Indirect		
				No. of Shares	(%)	No. of Shares	(%)	
Teak Ventures	24.07.2015	34,197,500	-	34,197,500	(a) 9.74	-	-	Acquisition of ACSB
Kan Ah Chun	24.07.2015	-	-	-	-	30,223,500	(a)(e) 8.61	Acquisition of ACSB
MAVCAP	24.07.2015	-	-	-	-	34,197,500	(a)(f) 9.74	Acquisition of ACSB

**Notes:-**

- (a) Based on the issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (b) Deemed interested by virtue of his shareholdings of not less than 15% in AVSB pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- (c) Other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- (d) Deemed interested by virtue of him being a substantial shareholder of Beach Capital pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.
- (e) Deemed interested by virtue of his shareholdings of not less than 15% in Beach Capital pursuant to Section 6A of the Act.
- (f) Deemed interested by virtue of its shareholdings of not less than 15% in Teak Ventures pursuant to Section 6A of the Act.

**8.1.5 Persons Exercising Control Over the Corporation**

Save for our Promoters who collectively hold approximately 47.82% of our enlarged issued and paid-up share capital upon our Listing, as disclosed in the Section 8.1.1 of this Prospectus, we are not aware of any other person who are able to, directly or indirectly, joint or severally, exercise control over our Company.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)****8.2 DIRECTORS****8.2.1 Particulars and Shareholdings of Directors**

The details of our Directors and their shareholding before and after the IPO are as follows:-

Directors	Designation	(a) Before the IPO		(b) After the IPO	
		Direct	Indirect	Direct	Indirect
		No. of Shares (%)	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)
Chok Kwee Bee	Independent Non-Executive Chairman	-	-	1,000,000	-
Ng Sang Beng	Executive Director/CEO	79,937,200 22.77	41,691,400 (c) 11.88	78,335,600	39,288,700 (c) 8.95
Yeoh Chee Keong	Executive Director/COO	54,402,200 15.50	5,238,600 (d) 1.49	51,174,900	460,000 (d) 0.10
Wong Shee Kian	Executive Director/CTO	16,059,800 4.57	-	14,731,200	-
Kan Ky-Vern	Executive Director/CFO	-	30,345,400 (e) 8.64	-	30,345,400 (e) 6.91
Ong Chong Chee	Independent Non-Executive Director	-	-	1,100,000	-
Friiscor Ho Chii Ssu	Independent Non-Executive Director	5,419,800 1.54	-	5,469,800	-

Notes:-

(a) Based on the issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.

(b) Based on our enlarged issued and paid-up share capital of 438,850,000 Shares after the IPO and their respective entitlements pursuant to the Pink Form Allocation.

(c) Deemed interested by virtue of his shareholdings of not less than 15% in AVSB pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.

(d) Other interest held through his spouse pursuant to Section 134(12)(c) of the Act.

(e) Deemed interested by virtue of being a substantial shareholder of Beach Capital pursuant to Section 6A of the Act and other interest held through his spouse pursuant to Section 134(12)(c) of the Act.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL** *(cont'd)*


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**8.2.2 Profiles of Directors**

The profiles of our Directors, Ng Sang Beng, Yeoh Chee Keong, Wong Shee Kian and Kan Ky-Vern who are also our Promoters are disclosed in Section 8.1.2 of this Prospectus. The profiles of our other Directors are as follows:-

- (a) **Chok Kwee Bee**, a Malaysian, aged 63, is our Independent Non-Executive Chairman and was appointed to our Board on 8 December 2014. She holds a Bachelor of Arts (Honours) degree in Business Studies from Kingston University, UK and she is also an Associate of the Chartered Institute of Bankers, UK.

She is currently a director and shareholder of Teak Ventures. She is also the Managing Director of Teak Capital Sdn Bhd, a venture capital management company. 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 AmlInvestment Bank Berhad and has wide experience in all aspects of corporate advisory, initial public offering, mergers and acquisitions and corporate restructuring. She previously held positions as Director of Malaysian Exchange of Securities Dealing & Automated Quotation Bhd (MESDAQ), the Chairman of the Corporate Finance Sub-Committee of Association of Merchant Banks, a member of the Securities Commission Capital Market Advisory Council, the Chairman of the Malaysian Venture Capital and Private Equity Association and a member of the Exchange Committee of Labuan International Financial Exchange.

She is currently a member of the Malaysian Venture Capital Development Council of the SC, a non-executive Board member of the Audit Oversight Board, a non-executive Board member of Hong Leong Bank Berhad, a non-executive Board member of Frontier Novatur Sdn Bhd (a wholly-owned subsidiary by MIMOS Berhad) and a Management Committee Member of the Malaysian Venture Capital and Private Equity Association.

She was appointed as Director of ACSB on 26 May 2010, a position she holds until now. She also sits on the board of several private limited companies as disclosed in Section 8.5 of this Prospectus.

- (b) **Ong Chong Chee**, a Malaysian, aged 38, is our Independent Non-Executive Director. He was appointed to our Board on 20 July 2015.

He started his career as a tax consultant in Deloitte in 1998 and was promoted to senior manager in 2005. He left Deloitte in 2005 and subsequently, he set up Advent MS Tax Consultants Sdn Bhd ("**Advent**") in 2005. He is one of the founders and an executive director of Advent. Advent is currently the tax division of Moore Stephens Malaysia. He has more than 15 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 council member and a chartered tax practitioner of the Chartered Tax Institute of Malaysia, a chartered accountant of the Malaysian Institute of Accountants, 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 as disclosed in Section 8.5 of this Prospectus.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

- (c) **Friiscor Ho Chii Ssu**, a Malaysian, age 43, is our Independent Non-Executive Director. He was appointed to our Board on 20 July 2015.

He graduated with a Master of Business Administration from the University of Bath, UK in 2002. In 1995, he obtained a Bachelor of Science in Electrical Engineering from Washington University, USA in May 1995 and a Bachelor of Arts in Physics from Ohio Wesleyan University, USA in September 1995.

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 a R&D engineering department. He left Altera in 2005 and joined Jaalaa Malaysia Sdn Bhd (a RF IC start-up company based in San Diego, USA) as the Director of Engineering where he assisted to set up a R&D and operations engineering center. In 2006 he left to join an advanced miniature camera module developer, Vista Point Technologies (M) Sdn Bhd, before re-joining Altera in 2008 as the Director of Engineering for Software and Intellectual Property Engineering. He left Altera in 2012 and joined Motorola Solutions Malaysia Sdn Bhd ("**Motorola**") as the Director of Engineering for 2-way radio products at Motorola, a position he still hold until today. He has approximately 20 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 RF products development, in addition to the management of supply chain partners, extensive involvement in operations and engagements with customers.

### 8.2.3 Directors' Remuneration and Benefits

The aggregate remuneration (including any benefits-in-kind) paid in FYE 2014 and proposed to be paid in FYE 2015 to our Directors for services rendered in all capacities to our Group in the band of RM50,000 are as follows:-

Directors	FYE 2014	FYE 2015
	Remuneration Band (RM'000)	Proposed Remuneration Band (RM'000)
Chok Kwee Bee	0 - 50	0 - 50
Ng Sang Beng	350 - 400	350 - 400
Yeoh Chee Keong	150 - 200	150 - 200
Wong Shee Kian	350 - 400	350 - 400
Kan Ky-Vern	100 - 150	100 - 150
Ong Chong Chee	0 - 50	0 - 50
Friiscor Ho Chii Ssu	0 - 50	0 - 50

Remuneration, which includes salaries, bonuses, fees, allowances and other benefits-in-kind, must be considered and recommended by the Remuneration Committee and subsequently, be approved by the Board of our Company. The Directors' fees must be further approved and endorsed by our shareholders at a general meeting.

The above excludes the restricted share award to be offered and, if accepted, granted to our eligible Directors pursuant to the RSP as set out in Section 14 of this Prospectus.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

### 8.3 BOARD PRACTICE

#### 8.3.1 Directors' Terms of Office

According to our Articles, at the first AGM of our Company, all our Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the AGM of our Company where one third (1/3) of our 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 our 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 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 Articles of Association of our Company. Any Director so appointed shall hold office only until the next following AGM 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.

As at the LPD, the details of the date of expiration of the current term of office for each and every Director of our Company and the period for which our Directors have served in that office are as follows:-

Directors	Designation	Length of Years in Service in Our Group	Length of Years in Service as Director of Aemulus	Date of Expiration of the Current Term of Office
Chok Kwee Bee	Independent Non-Executive Chairman	More than 5 years	Less than 1 year	Shall retire at our first AGM
Ng Sang Beng	Executive Director/CEO	More than 7 years	Less than 1 year	Shall retire at our first AGM
Yeoh Chee Keong	Executive Director/COO	More than 7 years	Less than 1 year	Shall retire at our first AGM
Wong Shee Kian	Executive Director/CTO	More than 7 years	Less than 1 year	Shall retire at our first AGM
Kan Ky-Vern	Executive Director/CFO	More than 7 years	Less than 1 year	Shall retire at our first AGM
Ong Chong Chee	Independent Non-Executive Director	Less than 1 year	Less than 1 year	Shall retire at our first AGM
Friisor Ho Chii Ssu	Independent Non-Executive Director	Less than 1 year	Less than 1 year	Shall retire at our first AGM

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## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

### 8.3.2 Audit Committee

The main functions of our Audit Committee include, amongst others, the following:-

- (a) to review matter concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
- (b) to review with external auditors the audit plan, their evaluation of the system of internal controls, their audit reports, the results and scope of any audit and other services provided by the external auditors;
- (c) review and evaluate our Group's internal audit and control functions;
- (d) to review the quarterly financial results and year end financial statements of our Group before submission to the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments resulting from the audit, the going-concern assumption, compliance with accounting standards and other statutory or legal requirements and significant and unusual events;
- (e) to review any related party transactions and conflict of interest situation that may arise within our Group; and
- (f) to review the assistance given by the employees to the external auditors.

The Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

The members of our Audit Committee are as follows:-

Name	Designation	Directorship
Ong Chong Chee	Chairman	Independent Non-Executive Director
Chok Kwee Bee	Member	Independent Non-Executive Chairman
Friiscor Ho Chii Ssu	Member	Independent Non-Executive Director

### 8.3.3 Remuneration Committee

The main functions of our Remuneration Committee, include, amongst others, the following:-

- (a) determine and agree with our Board of the framework or broad policy for the remuneration of our Chief Executive, the Executive Directors and such other members of the executive management as it is designated to consider which align with business strategy and long term objectives of the company and are reflective of their responsibilities and expertise; and
- (b) in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of our executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of our Company.

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)**

The members our Remuneration Committee are as follows:-

Name	Designation	Directorship
Chok Kwee Bee	Chairman	Independent Non-Executive Chairman
Ong Chong Chee	Member	Independent Non-Executive Director
Friiscor Ho Chii Ssu	Member	Independent Non-Executive Director
Ng Sang Beng	Member	Executive Director/CEO
Kan Ky-Vern	Member	Executive Director/CFO

**8.3.4 Nomination Committee**

The main functions of our Nomination Committee include, amongst others, the following:-

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

The members of our Nomination Committee are as follows:-

Name	Designation	Directorship
Chok Kwee Bee	Chairman	Independent Non-Executive Chairman
Ong Chong Chee	Member	Independent Non-Executive Director
Friiscor Ho Chii Ssu	Member	Independent Non-Executive Director

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## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

### 8.4 KEY MANAGEMENT PERSONNEL

#### 8.4.1 Shareholdings of Key Management Personnel

Our key management personnel, all of whom are Malaysians and their respective shareholdings in our Company before and after the IPO are as follows:-

Key Management	Designation	(a) Before the IPO				(b) After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Ong Chuin Tein	Senior R&D Director	4,746,500	1.35	-	-	3,715,500	0.85	-	-
Tan E-Chiang	Senior Marketing Director	5,301,000	1.51	-	-	4,500,100	1.03	-	-
Low Bok Siew	R&D Director	5,221,200	1.49	-	-	4,542,800	1.04	-	-
Moy Shin Fei	Senior Software Director	4,155,200	1.18	-	-	3,278,800	0.75	-	-
Ng Chin Wah	Financial Controller	495,600	0.14	-	-	800,600	0.18	-	-

Notes:-

- (a) Based on the issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (b) Based on our enlarged issued and paid-up share capital of 438,850,000 Shares after the IPO and their respective entitlements pursuant to the Pink Form Allocation.

#### 8.4.2 Profiles of Key Management Personnel

The profiles of our key management personnel are as follows:-

- (a) **Ong Chuin Tein**, a Malaysian, age 36, is our Senior R&D Director. 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 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.

He joined our Group in 2005 as the Project Manager and was subsequently promoted to Senior R&D Director. He is responsible for the operations of our R&D department.

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**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL** *(cont'd)*

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- (b) **Tan E-Chiang**, a Malaysian, age 37, is our Senior Marketing Director. He graduated from Universiti Teknologi Malaysia with 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 road mapping the division's long term strategic plan and strategic product definition activities. He's 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 a Marketing Manager and was promoted to Senior Marketing Director in 2010. He is responsible for the operations of our Sales and Marketing department as well as the marketing activities of our Group

- (c) **Low Bok Siew**, a Malaysian, age 36, is our R&D Director. He graduated from Universiti Malaya with 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 has an extensive working experience in the RF-related field in particularly, the signal source production support. He also has an in-depth knowledge in RF and analogue designs, various test and measurement devices such as signal generators, spectrum analyzers, network analyzers and power sensors.

He joined our Group in 2005 as a Project Manager and was promoted to R&D Director in 2013. He is responsible for defining and designing the hardware for our testers.

- (d) **Moy Shin Fei**, a Malaysian, age 36, is our Senior Software Director. He graduated from Universiti 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 and was promoted to Senior Manager of Software Engineering in 2009, Software Director in 2010 and Senior Software Director in 2014. He is responsible in defining our software roadmap and in designing our scalable software architecture.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

- (e) **Ng Chin Wah**, a Malaysian, age 36, is our Financial Controller. 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 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, trading. He has extensive exposures in FRS of Malaysia and Singapore, US GAAP's reporting, initial public offerings and compliance requirement pursuant to the Sarbanes Oxley Act, 2002 of the USA.

He joined our Group in 2009 as the Finance Manager. He was promoted to Finance Director in 2012 and Senior Finance Director in 2014. He was promoted to his current position in April 2015. He is responsible for the overall finance and accounts functions of our Group.

### 8.5 INVOLVEMENT OF OUR DIRECTORS AND/OR KEY MANAGEMENT PERSONNEL IN OTHER BUSINESSES/CORPORATIONS OUTSIDE OUR GROUP

Save as disclosed below, our Directors and/or key management personnel do not have any other principal directorship held or principal business activities performed by them in other corporations outside our Group within the past five (5) years up to the LPD:-

Name	Company	Principal Activities	Designation	Date of Appointment/Resignation
Chok Kwee Bee	BIB Insurance Brokers Sdn Bhd	Insurance brokers, insurance consultants, commission agent and investment holding company	Director	14.09.2013/ -
	Easyuni Sdn Bhd	Online higher education information aggregation portal	Director	20.05.2013/ -
	forYou Telecom SL	Technology provider of cloud telephone services for telecoms	Director	11.02.2013/ -
	Frontier Novatur Sdn Bhd	Wholly-owned by MIMOS Berhad to undertake technology monetisation and investment activities	Director	17.10.2013/ -
	Hong Leong Bank Berhad	Commercial banking business and provision of related services	Independent Non-Executive Director	02.12.2013/ -
	Intres Capital Partners Sdn Bhd	Venture capital management	Director	19.11.2014/ -
	Ledzworld B.V.	Light-emitting diode light source for retrofit market	Director	30.12.2011/ 13.02.2015
	Teak Capital Sdn Bhd	Venture capital management	Managing Director	26.03.2008/ -
Teak Ventures	Venture capital fund company	Director	21.05.2008/ -	

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)**

Name	Company	Principal Activities	Designation	Date of Appointment/Resignation
Chok Kwee Bee (cont'd)	Web Bytes Sdn Bhd	Dealing in business software solution and other related activities	Director	23.05.2013/ -
	Xentral Methods Sdn Bhd	Trading and supplying of IT devices, portal development and electronic books	Director	07.12.2012/ -
	Youth Asia Sdn Bhd	Investment holding	Director	05.02.2010/ 05.03.2015
	Groupon Sdn Bhd	e-Commerce site	Director	14.02.2011/ 15.06.2012
	Microlink Solutions Berhad	Investment holding and provision of R&D on IT solutions to financial services industry	Independent Non-Executive Director	27.08.2004/ 02.09.2013
	Rev Social Malaysia Sdn Bhd	Market research, survey and web development services and online media platform provider	Director	30.07.2010/ 10.04.2014
Ng Sang Beng	ASB	Investment holding	Director	30.07.2004/ -
	AVSB	Investment holding	Director	06.05.2005/ -
	Aemulus Marketing Sdn Bhd	Not applicable <sup>(1)</sup>	Director	17.01.2011/ -
	Aemulus Photovoltaik Pte Ltd	Not applicable <sup>(2)</sup>	Director	14.09.2009/ -
Yeoh Chee Keong	ASB	Investment holding	Director	30.07.2004/ -
	AVSB	Investment holding	Director	06.05.2005/ 12.11.2014
	Aemulus Photovoltaik Pte Ltd	Not applicable <sup>(2)</sup>	Director	14.09.2009/ -
Wong Shee Kian	ASB	Investment holding	Director	12.06.2006/ -
	AVSB	Investment holding	Director	11.11.2014/ -
	Aemulus Photovoltaik Pte Ltd	Not applicable <sup>(2)</sup>	Director	14.09.2009/ -

**8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)**

Name	Company	Principal Activities	Designation	Date of Appointment/Resignation
Kan Ky-Vern	ASB	Investment holding	Director	14.03.2008/ -
	Beach Capital	Investment holding	Director	16.03.2004/ -
	Oriental Tiara Development Sdn Bhd	Investment holding	Director	18.12.2013/ -
	Aemulus Marketing Sdn Bhd	Not applicable <sup>(1)</sup>	Director	17.01.2011/ -
	Aemulus Photovoltaik Pte Ltd	Not applicable <sup>(2)</sup>	Director	14.09.2009/ -
Ong Chong Chee	Advent Consulting Group Sdn Bhd	Provision of consultation, training and advisory services for business management, finance, human resource development, intellectual property and other related fields	Director	7.12.2006/ -
	Advent MS Tax Consultants Sdn Bhd	Provision of taxation advisory services, taxation agency services and other related services	Director	25.10.2005/ -
	Advent Pavilion Sdn Bhd	Letting of property and provision of property management and maintenance	Director	31.10.2006/ -
	Chartered Tax Institute of Malaysia	To provide an organisation for persons interested in or concerned with taxation matters in Malaysia	Director	16.06.2012/ -
	Silver Digest Sdn Bhd	Property investment	Director	29.07.2011/ -

Notes:-

(1) Disposed of.

(2) Struck off.

Our Executive Directors believe that their involvement in other principal activities outside of our Group will not affect their respective contribution and responsibilities to the Aemulus Group.

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## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

### 8.6 INTERESTS AND DIRECTORSHIPS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN OTHER BUSINESSES/CORPORATIONS WHICH CARRY ON A SIMILAR TRADE OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, or directorship in other businesses or corporations carrying on a similar or related trade as our Group, or are the customers and/or suppliers of the Group.

### 8.7 RELATIONSHIPS OR ASSOCIATIONS BETWEEN THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Save as disclosed below and in the relationships and association between the Company's Promoters, substantial shareholders, Directors and key management personnel as described in Section 8.1 of this Prospectus, there is no other family relationships (as defined under Section 122A of the Act) or association between our Promoters, substantial shareholders, Directors and key management personnel:-

- (a) Pong Chung Cheng, a shareholder and an Offeror of Aemulus, is the spouse of Ng Sang Beng, our Executive Director/CEO.
- (b) Cheah Lay Imm, a shareholder and an Offeror of Aemulus, is the spouse of Yeoh Chee Keong, our Executive Director/COO.
- (c) May Ong Chin Hoon, a shareholder of Aemulus, is the spouse of Kan Ky-Vern, our Executive Director/CFO.
- (d) Kan Ah Chun, a substantial shareholder of Aemulus (via Beach Capital), is the father of Kan Ky-Vern, our Executive Director/CFO.

### 8.8 SERVICE AGREEMENTS

Save as disclosed below, we had not entered into any other service agreements with any of our Directors and/or key management personnel.

As at LPD, our Group has entered into individual executive service agreement ("**Service Agreement**") with our Executive Directors as set out below:-

No.	Names	Designation	Specific Role Stated in the Service Agreement
1.	Ng Sang Beng	Executive Director	Chief Executive Officer
2.	Yeoh Chee Keong	Executive Director	Chief Operating Officer
3.	Wong Shee Kian	Executive Director	Chief Technology Officer
4.	Kan Ky-Vern	Executive Director	Chief Financial Officer

The Service Agreement with Ng Sang Beng, Yeoh Chee Keong, Wong Shee Kian and Kan Ky-Vern (collectively, the "**Executive Directors**") commenced on 1 October 2009. The Service Agreement may be terminated by either party by giving the other party prior written notice of termination of not less than six (6) months, and such termination to take effect on the day immediately following expiry of the notice period, or immediately upon the party terminating the service contract delivering to the other party an amount equal to six (6) monthly instalments of the Executive Director's salary in lieu of such notice.

All other terms and conditions in the contractual employment are similar to that as enjoyed by any similar management executive in the Group.

## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

### 8.9 DECLARATIONS FROM THE PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the LPD, none of our Promoters, Directors or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):-

- (a) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) any judgment that was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

### 8.10 EMPLOYEES

#### 8.10.1 Category of Employees

As at the LPD, our Group has a total of 91 employees (including our Executive Directors) all of whom are Malaysians. The detailed breakdown of our Group's employees is as follows:-

Category	No. of Employees As At				
	30.09.2012	30.09.2013	30.09.2014	30.04.2015	LPD
Field applications	5	5	7	7	7
R&D	7	6	11	12	12
NPI	2	2	4	4	8
Software	6	5	6	6	6
Product applications	6	6	8	10	11
Finance	4	4	5	5	6
Manufacturing	11	11	11	15	16
Sales and marketing	7	7	6	7	8
Tactical operations	3	4	11	17	17
<b>Total</b>	<b>51</b>	<b>50</b>	<b>69</b>	<b>83</b>	<b>91</b>

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue in the future. As at the LPD, there has been no industrial dispute pertaining to our employees.

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## 8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

### 8.10.2 Training and Development

We recognise the importance of human resources as a central element to our success. All new employees which we recruit are required to undergo in-house orientation conducted by the respective division heads to familiarise themselves with our corporate vision, culture and policies. New technical personnel are also provided with training to equip them with the necessary working knowledge and skills in order for them to carry out their job responsibilities efficiently. We hold regular in-house training sessions to ensure that all of our personnel are familiar with the latest technology, market trends, technical and functional course for our employees. We also observe the safety and precaution practices.

Our employees have had the opportunity to participate in training programmes to develop industry knowledge to enhance proficiency in their daily tasks. Some of the training programmes attended by our employees in 2013 and 2014 are as follows:-

Month/Year	Programme	Facilitator/Organiser	Location
February 2013	C++/CLI Programming Training	G.C. Training Centre Sdn Bhd	In-house
February 2014	GEMS 2.0	Dream Catcher (Supported by Talent Corp)	Penang
September 2014	IPC-CID Certified Interconnect designer (PCB Designer)	Selangor Human Resource Development Centre	Singapore
September 2014	IPC Advanced Designer Certification (CID+) Workshop	Selangor Human Resource Development Centre	Penang
November 2014	"Human Resources" Recruitment Interactive 2014	Lighthouse Independent Media	Singapore

### 8.10.3 Management Succession Plan

The management of our Group recognises the importance of succession planning for business continuity, and maintaining the level of our competencies and competitiveness in the industry. In view thereof, our Group has taken the appropriate steps to ensure the implementation of succession planning in every department. We encourage senior management to groom the lower and middle management staff, who will be groomed to gradually assume higher responsibilities. In addition, the middle management are continually involved in various operations of the company, and actively participate in the discussion for decision-making to ensure better understanding of the operations and to equip themselves with the necessary knowledge and skills to succeed in senior management roles. This forms part of our employees' career development plan.

Our Board are involved in the process of reviewing the potential successor's readiness, and in identifying key competencies and requirements for managerial and key senior positions for succession planning. Appropriate job functions and candidate profiles are reviewed and matched for management positions, in line with our business goals, strategies and culture. As part of our Group's management succession plan, we have identified middle management personnel across our Group to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group.



## 9. APPROVALS AND CONDITIONS

### 9.1 APPROVALS AND CONDITIONS

#### 9.1.1 Bursa Securities

The Bursa Securities had via its letter dated 25 May 2015 and 29 May 2015 approved the admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital and additional Shares to be issued pursuant to the RSP on the ACE Market of Bursa Securities, subject to compliance with the following conditions:-

No.	Conditions Imposed by the Bursa Securities	Status of Compliance
1.	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied.
2.	Submission of the following information in respect of the moratorium on the shareholdings of the Promoters to the Bursa Depository:- (a) Name of shareholders; (b) Number of Shares; and (c) Date of expiry of the moratorium for each block of Shares;	Complied.
3.	Approvals from other relevant authorities have been obtained for the implementation of the listing proposal;	Complied.
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied.
5.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of Aemulus on the first day of listing;	To be complied.
6.	In relation to the public offering to be undertaken by Aemulus, to announce at least two (2) Market Days prior to the listing date, the result of the offering including the following:- (a) Level of subscription of public balloting and placement; (b) Basis of allotment/allocation; (c) A table showing the distribution for placement tranche; and (d) Disclosure of places who become substantial shareholder of Aemulus arising from the public offering, if any.	To be complied.
	TA Securities to ensure that the overall distribution of Aemulus' Shares is properly carried out to provide trading in the secondary market; and	Noted.
7.	Aemulus/TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied.
8.	Aemulus and TA Securities are to ensure that the Company is in compliance with Rule 3.19(1) of the Listing Requirements in respect of Shares to be granted to Promoters under the RSP.	Noted.

**9. APPROVALS AND CONDITIONS (cont'd)****9.1.2 SC**

Our IPO is an exempt transaction under Section 213 of the CMSA and is therefore not subjected to the approval of the SC.

The SC had, via its letter dated 26 June 2015, taken note of the Listing pursuant to the equity requirements for public companies.

**9.1.3 MITI**

The MITI had via its letter dated 3 April 2015 approved the IPO, subject to compliance with the following conditions:-

No.	Conditions Imposed by MITI	Status of Compliance
1.	MITI is to be notified of any changes to the Listing Scheme involving the number of Shares and the public shareholding spread prior to the Listing.	Noted.
2.	Aemulus is required to inform MITI on the completion of the Listing.	To be complied.

**9.1.4 MDeC**

ACSB was granted the MSC-Malaysia status by the MDeC via its letter dated 19 December 2007. To maintain its preferential status, ACSB is expected to operate according to certain conditions imposed by MDeC as set out below:-

Conditions Imposed by MDeC	Status of Compliance
<p>The MSC Malaysia Status Company hereby agrees to:-</p> <p>(a) complete business registration of the proposed entity as a locally incorporated company under the Act within one (1) month from the date of the MDeC's letter, commence operations of the proposed entity within six (6) months from the date of the MDeC's letter, and undertake such activities specified in the MSC Malaysia Status Company's business plan ("<b>Business Plan</b>") as approved by MDeC below ("<b>MSC Malaysia Qualifying Activities</b>") within six (6) months from the date of the MDeC's letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the written consent of MDeC) and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC Malaysia Qualifying Activities are as follows:-</p> <p>(i) provision of research, design and development services of testers, precise measurement and dynamic digital systems for testing semiconductor devices used within the ATE industry.</p> <p>(ii) provision of technical support and services in relations to the above.</p> <p>(b) any changes proposed to the above MSC Malaysia Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;</p>	<p>Complied.</p> <p>Complied.</p>

**9. APPROVALS AND CONDITIONS** (cont'd)

Conditions Imposed by MDeC	Status of Compliance
(c) locate the implementation and operation of the MSC Malaysia Qualifying Activities in a designated zone in Cybercity with minimum office space of 2,000 sq ft, within six (6) months from the date of the MDeC's letter. The MSC Malaysia Status Company shall obtain MDeC's prior written approval in the event of any changes in the location or address of the company;	Complied.
(d) ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC Malaysia Status Company shall be "knowledge workers" (as defined by MDeC). "Knowledge workers" shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC Malaysia Qualifying activities. The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of the MSC Malaysia Status Company and MDeC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;	Complied.
(e) ensure that any products produced pursuant to the MSC Malaysia Qualifying Activities are original, and that no part or portion of such Product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of know-how belonging to any third party;	Complied.
(f) submit to MDeC a copy of the MSC Malaysia Status Company's Annual Report and audited statements in parallel with submission to the CCM;	Complied and will ensure continued compliance.
(g) ensure that all information and/or documents furnished by the MSC Malaysia Status Company to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;	Complied.
(h) inform and obtain the prior approval of MDeC for any proposed change in the name of the MSC Malaysia Status Company;	Noted.
(i) inform MDeC of any change in the equity structure or shareholding structure of the MSC Malaysia Status Company, or such other changes that may affect the direction or operation of the MSC Malaysia Status Company. MDeC must be informed of any change before steps are taken to effect such change; and	Noted.
(j) comply with all such statutory regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such other amendments as may be applicable from time to time.	Noted.
(k) The MSC Malaysia Status granted to the MSC Malaysia Status Company shall not be transferable or assignable in any way whatsoever without the prior written consent of MDeC.	Noted.

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**9. APPROVALS AND CONDITIONS** (cont'd)**9.2 MORATORIUM**

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (a) the moratorium shall be imposed on our Promoters' entire shareholdings for a period of six (6) months from the date of our admission to the Official List;
- (b) upon expiry of the six (6) months period stated above, we shall ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our Company's issued and paid-up share capital remain under moratorium for another period of six (6) months; and
- (c) thereafter, our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of our Shares held under moratorium.

The moratorium shall be imposed on our Promoters are set out as follows:-

Promoters	Held Under Moratorium for the First 6 Months Upon Listing		Held Under Moratorium for the Subsequent 6 Months	
	No of Shares	(a) (%)	No of Shares	(a) (%)
Ng Sang Beng	78,335,600	17.85	78,335,600	17.85
Yeoh Chee Keong	51,174,900	11.66	51,174,900	11.66
AVSB	35,375,000	8.06	35,375,000	8.06
Beach Capital	30,223,500	6.89	30,223,500	6.89
Wong Shee Kian	14,731,200	3.36	14,731,200	3.36
Kan Ky-Vern	-	(b)	-	(b)
<b>Total</b>	<b>209,840,200</b>	<b>47.82</b>	<b>209,840,200</b>	<b>47.82</b>

Notes:-

- (a) Based on our enlarged issued and paid-up share capital of 438,850,000 Shares after the IPO.
- (b) Moratorium to be imposed on his shareholdings in Beach Capital, a Promoter and substantial shareholder of our Company.

The moratorium restriction, which is fully accepted by the above Promoters, are specifically endorsed on the share certificates representing the Shares held by our Promoter which are under moratorium to ensure that our share registrar does not register any transfer that contravenes such restrictions.

Our Promoters have provided written undertaking that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period. The moratorium condition is also applicable to the shareholders and/or beneficial shareholders of the following Promoters:-

- (i) AVSB, namely Ng Sang Beng, Wong Shee Kian, Tan E-Chiang, Low Bok Siew, Ong Chuin Tein, Moy Shin Fei, Ng Chin Wah, Yeoh Cheen Nee and Tan Chan Poul, who have provided written undertakings that they shall not sell, transfer or assign their respective shareholdings in AVSB during the moratorium period; and
- (ii) Beach Capital, namely Kan Ah Chun and Kan Ky-Vern, who have provided written undertakings that they shall not sell, transfer or assign their shareholdings in Beach Capital during the moratorium period.

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## 10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

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### 10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTION

#### 10.1.1 Non-Recurrent Related Party Transactions

Save as disclosed below, there are no other material related party transaction or other subsisting contracts or arrangement, existing or potential, entered or to be entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them for the past three (3) FYE 2012 to FYE 2014 and FPE 2015:-

- (a) ACSB had on 11 September 2014 divested its entire interest in its wholly-owned subsidiary, namely Aemulus Marketing Sdn Bhd comprising two (2) ordinary shares of RM1.00 each equally to our Directors, Ng Sang Beng and Kan Ky-Vern, for an aggregate consideration of RM2. The transaction was completed on 11 September 2014.

Our Directors are of the opinion that the above transactions, which involve the interests of our Directors were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and not be detriment to our minority shareholders.

#### 10.1.2 Recurrent Related Party Transactions

We have not entered into any recurrent related party transaction with any of our Directors, substantial shareholders, key management personnel and/or persons connected with them during the past three (3) FYE 2012 to FYE 2014 and FPE 2015 which are significant in relation to the business of our Group.

#### 10.1.3 Recurrent Related Party Transactions of A Revenue or Trading Nature

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading in nature which are necessary for its day to day operations subject to, inter-alia, the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;
- (c) the circular to our shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and
- (d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group may, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described as related party transactions set out in Section 10.1 of this Prospectus, with persons who are considered "related parties" as defined in the Listing Requirements.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**

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Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such related party transactions are made at arm's length and on normal commercial terms.

Upon Listing, our Audit Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed related-party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related-party transactions.

In the event there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

**10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Save as disclosed in Section 10.1 of this Prospectus, our Board has confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or our subsidiary was a party in respect of the past three (3) FYE 2012 to FYE 2014 and FPE 2015.

**10.3 OUTSTANDING LOANS MADE FOR THE BENEFIT OF THE RELATED PARTIES**

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) made by us or our subsidiary to or for the benefit of our related parties in respect of the past three (3) FYE 2012 to FYE 2014, FPE 2015 and the subsequent financial period up to the LPD.

**10.4 INTEREST IN SIMILAR BUSINESS**

As at the LPD, none of our Directors or substantial shareholders of have any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as our Company.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST** *(cont'd)*

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**10.5 PROMOTION OF MATERIAL ASSETS**

Save for the SSA as disclosed in Section 5.4.2 of this Prospectus, none of the Directors or substantial shareholders of our Company had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past three (3) FYE 2012 to FYE 2014 and FPE 2015, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us.

**10.6 INTERESTS IN CONTRACTS OR ARRANGEMENT**

Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholders of our Company have any interest in any contracts or arrangements, existing or potential, which is significant in relation to the business of our Group.

**10.7 DECLARATION BY THE ADVISERS FOR OUR IPO**

- (a) TA Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Managing Underwriter, Joint Underwriters and Joint Placement Agents for the Listing.
- (b) Messrs Allen Chee Ram has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (c) Messrs Grant Thornton has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for the Listing.
- (d) Smith Zander International Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for the Listing.
- (e) AFFIN Hwang IB has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Joint Underwriter and Joint Placement Agent for the Listing.
- (f) Mercury Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Joint Underwriter for the Listing.
- (g) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Joint Underwriter for the Listing.

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## 11. HISTORICAL FINANCIAL INFORMATION

### 11.1 HISTORICAL AND PROFORMA FINANCIAL INFORMATION

The table below sets out the summary of the historical audited consolidated statement of comprehensive income of ACSB for the past three (3) FYE 2012 to FYE 2014 which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus and the proforma audited consolidated statement of comprehensive income for FPE 2015 which has been prepared based on the assumption that the current structure of our Group has been in existence throughout FPE 2015. You should read the summary below together with the accompanying notes and assumptions included in the proforma consolidated financial information in Section 11.2 of this Prospectus, management's discussion and analysis of financial condition, results of operations and prospects in Section 11.4 of this Prospectus and the Accountants' Report in Section 12 of this Prospectus.

	Historical				Proforma
	Audited			Unaudited	Audited
	FYE 2012 (RM'000)	FYE 2013 (RM'000)	FYE 2014 (RM'000)	<sup>(a)</sup> FPE 2104 (RM'000)	FPE 2015 (RM'000)
Revenue	11,031	10,004	23,307	9,955	16,377
Cost of sales	(3,252)	(3,440)	(8,619)	(3,075)	(6,904)
<b>GP</b>	<b>7,779</b>	<b>6,564</b>	<b>14,688</b>	<b>6,880</b>	<b>9,473</b>
Other income	105	920	1,236	75	1,356
Administrative expenses	(6,420)	(6,204)	(7,790)	(3,998)	(6,055)
<b>Profits from operations</b>	<b>1,464</b>	<b>1,280</b>	<b>8,134</b>	<b>2,957</b>	<b>4,774</b>
Finance costs	(395)	(274)	(108)	(12)	(71)
<b>PBT</b>	<b>1,069</b>	<b>1,006</b>	<b>8,026</b>	<b>2,945</b>	<b>4,703</b>
Tax expense	2	(5)	8	14	8
<b>PAT</b>	<b>1,071</b>	<b>1,001</b>	<b>8,034</b>	<b>2,959</b>	<b>4,711</b>
Attributable to:-					
– Owners of our Company	1,071	1,001	8,034	2,959	4,711
– Non-controlling interest	-	-	-	-	-
<b>Total Comprehensive income for the year</b>	<b>1,071</b>	<b>1,001</b>	<b>8,034</b>	<b>2,959</b>	<b>4,711</b>
Number of Shares in issue ('000) <sup>(b)</sup>	351,060	351,060	351,060	351,060	351,060
EBITDA	1,720	1,567	8,501	3,254	5,027
GP margin (%)	70.52	65.61	63.02	69.11	57.84
PBT margin (%)	9.69	10.06	34.44	29.58	28.72
PAT margin (%)	9.71	10.01	34.47	29.72	28.77
Basic EPS (sen) <sup>(c)</sup>	0.31	0.29	2.29	0.84	1.34
Diluted EPS (sen) <sup>(d)</sup>	0.24	0.23	1.83	0.67	1.07

**Notes:-**

- (a) Unaudited and included for the purpose of comparison only.
- (b) Based on our issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (c) Basic EPS is computed based on PAT attributable to owners of our Company divided by our issued and paid-up share capital of 351,060,000 Shares after the Acquisition of ACSB.
- (d) Diluted EPS is computed based on PAT attributable to owners of our Company divided by our issued and paid-up share capital of 438,850,000 Shares after the IPO.