

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your ordinary shares of RM0.10 each in AE Multi Holdings Berhad (539777-D) ("AEM" or "our Company") ("AEM Shares"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Peti Surat 9150, Pejabat Pos Kelana Jaya, 46785 Petaling Jaya, Selangor Darul Ehsan.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 26 November 2014 ("Entitled Shareholders"). This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renounee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, have also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 11 September 2014. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 25 July 2014 for the admission of the Warrants to the Official List of Bursa Securities and the listing of the Rights Shares (as defined herein) and new AEM Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and quotation of the Rights Shares, Warrants and new AEM Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.**



**AE MULTI HOLDINGS BERHAD**

*(Company No. 539777-D)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 125,834,000 NEW AEM SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 94,375,500 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF FOUR (4) RIGHTS SHARES AND THREE (3) WARRANTS FOR EVERY THREE (3) EXISTING AEM SHARES HELD AT 5.00 P.M. ON 26 NOVEMBER 2014 AT AN ISSUE PRICE OF RM0.18 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE ("RIGHTS ISSUE WITH WARRANTS")**

*Adviser*



**M&A SECURITIES SDN BHD (15017-H)**

*(A Wholly-Owned Subsidiary of Insas Berhad)*

*(A Participating Organisation of Bursa Malaysia Securities Berhad)*

**IMPORTANT RELEVANT DATES AND TIME:**

Entitlement Date	: Wednesday, 26 November 2014, at 5.00 P.M.
Last date and time for sale of provisional allotment of rights	: Wednesday, 3 December 2014, at 5.00 P.M.
Last date and time for transfer of provisional allotment of rights	: Monday, 8 December 2014, at 4.00 P.M.
Last date and time for acceptance and payment	: Thursday, 11 December 2014, at 5.00 P.M.*
Last date and time for excess application and payment	: Thursday, 11 December 2014, at 5.00 P.M. *

\* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

**THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, 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 ADVISERS IMMEDIATELY.**

**INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

## DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

"Abridged Prospectus"	: This Abridged Prospectus dated 26 November 2014 issued by the Company
"Act"	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
"AEM" or "Company"	: AE Multi Holdings Berhad
"AEM Group" or "Group"	: AEM and its subsidiaries, collectively
"AEM Share(s)"	: Ordinary share(s) of RM0.10 each in AEM after the Par Value Reduction
"Board"	: Board of Directors of AEM
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"CDS"	: Central Depository System
"CDS Account"	: A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositors.
"Code"	: Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
"Court"	: High Court of Malaya
"Deed Poll"	: The deed poll governing the Warrants executed by the Company on 11 November 2014
"EGM"	: Extraordinary general meeting
"E&E"	: Electrical and electronics
"Entitled Shareholders"	: Shareholders of AEM whose names appear in the Record of Depositors of the Company as at the Entitlement Date
"Entitlement Date"	: The date as at the close of business on which the shareholders of AEM must be registered in the Record of Depositors of the Company in order to participate in the Rights Issue with Warrants, being 26 November 2014 at 5.00 P.M.
"EPS"	: Earnings per share
"ESOS Options"	: Options issued to the employees and/or Directors of the AEM Group pursuant to AEM's employee share option scheme which have expired on 24 November 2014

**DEFINITIONS (CONT'D)**

"FPE"	:	Financial period ended
"FYE"	:	Financial year ended
"GDP"	:	Gross domestic product
"IMR Report"	:	Independent market overview write-up titled 'Overview of the Malaysia and Thailand printed circuit board markets' dated 18 November 2014 prepared by Protégé
"LAT"	:	Loss after taxation
"LBT"	:	Loss before taxation
"LPD"	:	31 October 2014, being the latest practicable date prior to the printing of this Abridged Prospectus
"LPS"	:	Loss per share
"M&A Securities" or "Adviser"	:	M&A Securities Sdn Bhd
"Market Day"	:	A day which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Warrants
"Minimum Scenario"	:	Assuming only the Undertaking Directors subscribe for 39,000,000 Rights Shares pursuant to the Undertakings
"Minimum Subscription Level"	:	The minimum subscription level of the Rights Issue with Warrants of 39,000,000 Rights Shares together with 29,250,000 Warrants
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
"Par Value Reduction"	:	The reduction in the par value of the ordinary shares of AEM from RM0.50 to RM0.10 via the cancellation of RM0.40 from the par value pursuant to Section 64 of the Act
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PCB"	:	Printed circuit board
"Protégé" or "IMR"	:	Protégé Associates Sdn Bhd, the independent market research consultant
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository

**DEFINITIONS (CONT'D)**

"Rights Shares"	:	Up to 125,834,000 new AEM Shares to be issued pursuant to the Rights Issue with Warrants
"Rights Issue with Warrants"	:	The renounceable rights issue of up to 125,834,000 Rights Shares together with up to 94,375,500 Warrants at an issue price of RM0.18 per Rights Share on the basis of four (4) Rights Shares and three (3) Warrants for every three (3) AEM Shares held on the Entitlement Date
"RM and sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue with Warrants
"THB"	:	Thailand Baht
"SC"	:	Securities Commission Malaysia
"sq m"	:	Square metres
"Undertakings"	:	Irrevocable written undertakings dated 3 June 2014 by the Undertaking Directors to subscribe for their entitlements and excess application of up to 39,000,000 Rights Shares
"Undertaking Directors"	:	Collectively, Yang Wu-Hsiung and Yang Chao-Tung
"USA"	:	United States of America
"USD"	:	United States Dollar
"Warrants"	:	Up to 94,375,500 new free detachable warrants to be issued pursuant to the Rights Issue with Warrants
"5D-WAMP"	:	Five (5)-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name (Designation)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>	<b>Occupation</b>
Yang Wu-Hsiung <i>(Executive Chairman)</i>	72	Lot 87, Persiaran 11 Kawasan Perusahaan Bakar Arang 08000 Sungai Petani Kedah	Taiwanese	Director
Yang Chao-Tung <i>(Managing Director)</i>	49	3, Lorong 28 Taman Patani Jaya 08000 Sungai Petani Kedah	Taiwanese	Director
Yang Chueh-Kuang <i>(Executive Director)</i>	44	Lot 87, Persiaran 11 Kawasan Perusahaan Bakar Arang 08000 Sungai Petani Kedah	Taiwanese	Director
Oon Hock Chye <i>(Independent Non-Executive Director)</i>	46	K-06-3 Jalan Helang Desa Permai Indah 11700 Gelugor Penang	Malaysian	Director
Saffie Bin Bakar <i>(Independent Non-Executive Director)</i>	61	No. 14 Jalan Permai 2 Taman Sena Indah 01000 Kangar Perlis	Malaysian	Director
Teh Beng Soon <i>(Independent Non-Executive Director)</i>	55	68, Lorong 7 Taman Suria 34000 Taiping Perak	Malaysian	Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Oon Hock Chye	Chairman	Independent Non-Executive Director
Saffie Bin Bakar	Member	Independent Non-Executive Director
Teh Beng Soon	Member	Independent Non-Executive Director



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**CORPORATE DIRECTORY (CONT'D)**

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**COMPANY SECRETARIES**

**CHEE WAI HONG (BC/C/1470)**

51-13-E Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

Telephone number: 04-228 9700

**FOO LI LING (MAICSA 7019557)**

No. 40 Jalan Bunga Anggerik 2  
Dataran Ukay  
68000 Ampang  
Selangor Darul Ehsan

Telephone number: 03-7729 5912

**REGISTERED OFFICE**

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

Telephone number: 04-228 9700

**BUSINESS ADDRESS**

Lot 87 Persiaran 11  
Kawasan Perusahaan Bakar Arang  
08000 Sungai Petani  
Kedah Darul Aman

Telephone number: 04-421 3715  
E-mail: ckyang@aemulti.com.my  
Website: <http://www.ae-multi.com>

**PRINCIPAL BANKER**

**Malayan Banking Berhad**

G27, Ground Floor Central Square Complex  
23, Jalan Kampung Baru  
08000 Sungai Petani  
Kedah Darul Aman

Telephone number: 04-425 2128

**AUDITORS/ REPORTING  
ACCOUNTANTS**

**Morison Anuarul Azizan Chew  
Chartered Accountants (AF 001977)**

Jalan 1/64 Off Jalan Kolam Air  
Jalan Ipoh  
51200 Kuala Lumpur

Telephone number: 03-4048 2888

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**CORPORATE DIRECTORY (CONT'D)**

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**SHARE REGISTRAR****Symphony Share Registrars Sdn Bhd**

Level 6 Symphony House  
Pusat Dagangan Dana 1, Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Telephone number: 03-7841 8000

**INDEPENDENT MARKET RESEARCH  
CONSULTANT****Protégé Associates Sdn Bhd**

Suite C-06-06, Plaza Mont' Kiara  
2, Jalan Kiara  
Mont' Kiara  
50480 Kuala Lumpur

Telephone number: 03-6201 9301

**SOLICITORS FOR THE RIGHTS ISSUE  
WITH WARRANTS****Bahari & Bahari**

D4-U3-13, Solaris Dutamas  
Jalan Dutamas 1  
50480 Kuala Lumpur

Telephone number: 03-6205 4777

**ADVISER FOR THE RIGHTS ISSUE  
WITH WARRANTS****M&A Securities Sdn Bhd**

No. 45&47-11, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Telephone number: 03-2284 2911

**STOCK EXCHANGE LISTING**

Main Market of Bursa Securities

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**AE MULTI HOLDINGS BERHAD**  
(Company No. 539777-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

26 November 2014

**Directors:**

Yang Wu-Hsiung (*Executive Chairman*)  
Yang Chao-Tung (*Managing Director*)  
Yang Chueh-Kuang (*Executive Director*)  
Oon Hock Chye (*Independent Non-Executive Director*)  
Saffie Bin Bakar (*Independent Non-Executive Director*)  
Teh Beng Soon (*Independent Non-Executive Director*)

**To: The Entitled Shareholders of AE Multi Holdings Berhad**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 125,834,000 RIGHTS SHARES TOGETHER WITH UP TO 94,375,500 WARRANTS ON THE BASIS OF FOUR (4) RIGHTS SHARES AND THREE (3) WARRANTS FOR EVERY THREE (3) EXISTING AEM SHARES HELD AT 5.00 P.M. ON 26 NOVEMBER 2014 AT AN ISSUE PRICE OF RM0.18 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE**

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**1. INTRODUCTION**

On 11 September 2014, M&A Securities had, on behalf of our Board, announced that our shareholders had, at an EGM held on even date, approved *inter alia*, the Par Value Reduction and Rights Issue with Warrants.

A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 30 September 2014, the Court granted an order permitting our Company to reduce the par value of our AEM shares from RM0.50 to RM0.10 each. The sealed order was lodged with the Companies Commission of Malaysia on 2 October 2014 and accordingly, the par value reduction of AEM shares to RM0.10 each took place on 2 October 2014.

Bursa Securities had vide its letter dated 25 July 2014 approved the following:

- (i) Admission to the Official List of Bursa Securities and the listing of and quotation for up to 94,375,500 Warrants to be issued pursuant to the Rights Issue with Warrants; and
- (ii) Listing of and quotation for:

- (a) Up to 125,834,000 new AEM Shares to be issued pursuant to the Rights Issue with Warrants; and
- (b) Up to 94,375,500 new AEM Shares to be issued arising from the exercise of the Warrants to be issued pursuant to the Rights Issue with Warrants.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:

	<b>Conditions</b>	<b>Status of Compliance</b>
(i)	AEM and M&A Securities must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Rights Issue with Warrants.	To be complied
(ii)	AEM and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be complied
(iii)	AEM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be complied
(iv)	AEM to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
(v)	AEM and M&A Securities to furnish a copy of the court order sanctioning the Par Value Reduction.	Complied
(vi)	To incorporate the comments from Bursa Securities in respect of the draft circular to shareholders.	Complied

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renounees are ready for crediting and notices of allotment have been despatched to them.

On 4 November 2014, M&A Securities, on our behalf, announced that the issue price of the Rights Shares and exercise price of the Warrants have been fixed at RM0.18 and RM0.25 respectively.

On 11 November 2014, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 26 November 2014.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

**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 advisers immediately.**

## **2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS**

### **2.1 Details of the Rights Issue with Warrants**

The Rights Issue with Warrants involves a renounceable rights issue of up to 125,834,000 Rights Shares together with up to 94,375,500 Warrants at an issue price of RM0.18 per Rights Share on the basis of four (4) Rights Shares for every three (3) existing AEM Shares held together with three (3) Warrants for every four (4) Rights Shares subscribed. The Rights Shares with Warrants will be offered to the Entitled Shareholders.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis, more specified under Section 3.8 herein.

Shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the Warrants and shall be deemed to have also renounced their entitlements to the Warrants. Shareholders who accept only part of the Rights Shares shall only be entitled to the Warrants in the proportion to their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the Main Market of Bursa Securities.

The Warrants shall only be issued to those Entitled Shareholders who subscribe for the Rights Shares. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares and Warrants are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

### **2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants**

#### **(i) Rights Shares**

Our Board had on 4 November 2014 fixed the issue price for the Rights Shares at RM0.18 each after taking into consideration the following:

- (a) the historical share price movement of AEM Shares;

- (b) the 5D-WAMP of AEM Shares up to and including 3 November 2014 of RM0.2149, being the Market Day immediately preceding the price-fixing date; and
- (c) the par value of AEM Shares of RM0.10 each.

The issue price of RM0.18 per Rights Share represents a discount of 14.88% from the theoretical ex-all price of AEM Shares of RM0.2115 per AEM Share calculated based on the 5D-WAMP of AEM Shares up to 3 November 2014 of RM0.2149, being the Market Day immediately preceding the price-fixing date.

## **(ii) Warrants**

Our Board had on 4 November 2014 fixed the exercise price for the Warrants at RM0.25 per AEM Share after taking into consideration the following:

- (a) the 5D-WAMP of AEM Shares up to and including 3 November 2014 of RM0.2149, being the Market Day immediately preceding the price-fixing date;
- (b) the theoretical ex-all price of AEM Shares of RM0.2115, calculated based on the 5D-WAMP up to and including 3 November 2014 of RM0.2149; and
- (c) the par value of AEM Shares of RM0.10 each.

The exercise price of the Warrants of RM0.25 represents a premium of 16.33% and 18.22% to the 5D-WAMP of AEM Shares up to 3 November 2014 of RM0.2149 and the theoretical ex-all price of AEM Shares of RM0.2115, respectively.

The Warrants are attached to the Rights Shares without any cost and will be issued only those Entitled Shareholders who subscribe for the Rights Shares.

## **2.3 Ranking of the Rights Shares and new AEM Shares to be issued pursuant to the exercise of the Warrants**

The Rights Shares and new AEM Shares to be issued pursuant to the exercise of the Warrants, if any, shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing AEM Shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the Rights Shares and the new AEM Shares to be issued pursuant to the exercise of the Warrants (as the case may be).

## **2.4 Salient terms of the Warrants**

Please refer to **Appendix II** of this Abridged Prospectus for the salient terms of the Warrants.

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## 2.5 Undertakings by shareholders

The Rights Issue with Warrants will be implemented on a minimum subscription basis. In determining the minimum amount of RM7.02 million to be raised from the Rights Issue with Warrants, our Board has taken into consideration factors which include among others, the funding requirements of our Group, including our Group's working capital requirements and the ability of our Company to raise financing. Details of the proposed utilization of proceeds for the Rights Issue with Warrants are set out in Section 5 of this Abridged Prospectus.

In order to meet the Minimum Subscription Level, our Company had, on 3 June 2014, procured the irrevocable written undertakings from the Undertaking Directors to subscribe in full for their respective entitlements to subscribe or procure the subscription of the remaining Rights Shares under and excess application such that a minimum of 39,000,000 Rights Shares shall be subscribed for, details as follows:

	No. of AEM Shares held as at the LPD	←----Undertakings to subscribe----→		←--Minimum Scenario--→		←--Maximum Scenario--→	
		No. of Rights Shares entitled	No. of excess application	Total of Rights Shares subscribed	Shareholdings after the subscription of Rights Shares <sup>(1)</sup>	Shareholdings after the subscription of Rights Shares <sup>(2)</sup>	%
Yang Wu-Hsiung	183,092	244,123	19,255,877	19,500,000	19,683,092	427,215	0.19
Yang Chao-Tung	855,114	1,140,152	18,359,848	19,500,000	20,355,114	1,995,266	0.91

Notes:

- (1) Based on the Minimum Scenario assuming that save for the Undertakings none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants.
- (2) Based on the Maximum Scenario assuming that all Entitled Shareholders subscribe for the Rights Issue with Warrants, but without exercising their Warrants.

The Undertaking Directors have confirmed that they have sufficient financial resources to take up the 39,000,000 Rights Shares collectively and such confirmations have been verified by M&A Securities. Notwithstanding the above, in the event the Minimum Subscription Level is not achieved, the implementation of the Rights Issue with Warrants will be terminated and all consideration received for the Rights Shares will be immediately returned to all subscribers of the Rights Shares.

The Undertakings is not expected to give rise to any consequences of mandatory offer obligation pursuant to the Code. However, should any of the Undertaking Directors and/or parties acting in concert with them exercise their Warrants, such that their combined or respective resulting shareholdings in AEM increases above 33%, they will be obliged under the Code to undertake a mandatory offer for all the remaining AEM Shares not already held by them respectively after the exercise of the Warrants. In such an event, they will seek the relevant exemptions under the Code if they do not intend to undertake such mandatory offer.

## **2.6 Details of other corporate exercises**

As at the LPD, save for the Rights Issue with Warrants, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion.

## **3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION**

### **3.1 General**

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

### **3.2 NPA**

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository. Entitled Shareholders and/or their renounees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

### **3.3 Last date and time of acceptance and payment**

The last date and time for acceptance and payment for the Rights Shares with Warrants is on 11 December 2014 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

### **3.4 Procedure for full acceptance and payment**

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY**



**PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

You or your renounee(s) (if applicable) accepting the provisionally allotted Rights Shares with Warrants are required to complete Part I(a) and Part II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Symphony Share Registrars Sdn Bhd  
Level 6 Symphony House  
Pusat Dagangan Dana 1, Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor Darul Ehsan  
Peti Surat 9150, Pejabat Pos Kelana Jaya  
46785 Petaling Jaya  
Selangor Darul Ehsan

so as to arrive not later than 5.00 p.m. on 11 December 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renounee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of three (3) Warrants for every four (4) Rights Shares successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is four (4) Rights Shares which will be accompanied with three (3) Warrants. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) (if applicable) is not received by the Share Registrar on 11 December 2014 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renounee(s) (if applicable) and it will be cancelled.

Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renounee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "AE MULTI HOL BHD RIGHT ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPACHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPACHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

### **3.5 Procedure for part acceptance**

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is four (4) Rights Shares which will be accompanied with three (3) Warrants.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to

accept the transfer of the provisional allotment of the Rights Shares with Warrants.

### **3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants**

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you and/or your renouncee(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Accounts. To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

### **3.7 Procedure for acceptance by renouncees**

Renouncees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renouncees who wish to accept the provisionally allotted Rights Shares with Warrants.

**RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

### **3.8 Procedure for excess application**

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Right Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 11 December 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner set out in Section 3.4 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in

Malaysia crossed "**A/C PAYEE ONLY**" should be made payable to "**AE MULTI HOL BHD EXCESS RIGHT ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess Rights Shares with Warrants applied for under Part I(b) of this RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of our Board to allot the excess Rights Shares with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots; and
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lots, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for excess Rights Shares with Warrants on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application.

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.**

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.**

### **3.9 Form of issuance**

Bursa Securities has already prescribed our AEM Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with

Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within eight (8) Market Days from the last date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renounee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account.

### **3.10 Laws of foreign jurisdictions**

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders or their renounees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renounees (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renounees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renounees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renounees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renounees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renounees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renounee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF,

the foreign Entitled Shareholders or their renounees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees (if applicable) are or may be subject to;
- (ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renounees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

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#### **4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS**

The rationale of the Rights Issue with Warrants is as follows:

- (i) To enable our Company to raise the necessary funds required for further growth without incurring additional interest cost associated with traditional bank borrowings;
- (ii) The Rights Issue with Warrants provides an opportunity for our shareholders to further participate in our equity and our future prospects and growth. The Undertakings allow the Undertaking Directors to extend their support for the Rights Issue with Warrants which will facilitate us to raise the minimum necessary funds for the purposes as mentioned in Section 5;
- (iii) The Warrants are issued as sweeteners to the Rights Shares and enhances the attractiveness of the Rights Shares. It provides shareholders with the option to further participate in our equity at a pre-determined price and enable them to benefit from our future growth and any potential capital appreciation arising thereof;
- (iv) The Rights Issue with Warrants will deleverage our balance sheet and improve our financial position with enhanced shareholders' funds and lower bank borrowings. These factors are expected to facilitate our continuous business expansion plans;
- (v) The Rights Issue with Warrants will involve the issuance of new AEM Shares without diluting our shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements; and
- (vi) The Warrants will also provide us with additional capital when they are exercised in the future. This allows us to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

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## 5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.18 per Rights Share, the Rights Issue with Warrants is expected to raise gross proceeds of RM7.02 million (under the Minimum Scenario) and RM22.65 million (under the Maximum Scenario).

The details of the utilisation of gross proceeds from the Rights Issue with Warrants are as follows:

Details	Minimum Scenario RM'000	Maximum Scenario RM'000	Notes	Timeframe of Utilisation (from the listing of the Rights Shares)
Repayment of bank borrowings	4,000	5,000	5.1	Within 6 months
Upgrade of machinery	1,500	8,000	5.2	Within 12 months
Construction of factory	-	4,000	5.3	Within 12 months
Working capital	1,020	5,150	5.4	Within 12 months
Expenses relating to the Proposals	500	500	5.5	Immediately
	<b>7,020</b>	<b>22,650</b>		

### 5.1 Repayment of bank borrowings

Our Group shall utilise up to RM5.0 million of the total gross proceeds from the Rights Issue with Warrants for the repayment of bank borrowings which is expected to result in an annual interest savings of RM0.33 million under Minimum Scenario and RM0.42 million under the Maximum Scenario based on an effective interest rate of 8.35% per annum. The total borrowings of our Group are RM21.39 million as at the LPD. The breakdown of the amount to be repaid are set out below:

Type of bank borrowings	Amount outstanding as at LPD (RM)	Utilisation	Repayment amount (RM)	
			Minimum Scenario	Maximum Scenario
Term loan/ fixed loan	122,307	Construction of the existing factory	-	-
Factoring	3,763,846	Refinancing of trade bills	-	-
Hire purchase	267,977	Financing of motor vehicle	-	-
Overdraft	485,553	Working capital	-	-
Trade line – bankers acceptance and trust receipts	16,748,367	Trade facilities for working capital	4,000,000	5,000,000
	<b>21,388,050</b>		<b>4,000,000</b>	<b>5,000,000</b>



## 5.2 Upgrade of machinery

Our Group shall utilise RM1.5 million under the Minimum Scenario and RM8.0 million under the Maximum Scenario to upgrade the machinery located at our Group's production facility in Thailand. Details of the machinery to be upgraded are set out below:

Minimum Scenario		Maximum Scenario	
Type of machinery	Value (RM'000)	Type of machinery	Value (RM'000)
6 units of auto machines	300	6 units of auto machines	300
1 unit of photo imaging machine	550	1 unit of photo imaging machine	550
1 unit of drilling machine	450	7 units of drilling machine	3,250
Framers and rollers	170	1 unit of air compressor	120
Conveyor belts	30	2 units of automated printing machines	2,080
		Framers and rollers	170
		Conveyor belts	680
		Computers	850
<b>Total</b>	<b>1,500</b>	<b>Total</b>	<b>8,000</b>

## 5.3 Construction of factory

We have in August 2014 commenced the construction of a new factory located at Tambol Prakasa, Amphur Muang Samutprakarn, Samutprakarn Province in Thailand which will comprise a double storey office cum factory with a built-up area of 1,836 sq m occupying land area of 3,400 sq m. The new factory is expected to have a production capacity of 15,000 sq m of PCBs per month. The construction of the factory is expected to cost THB50 million (RM4.95 million based on the exchange rate of THB100:RM10.1062 as at the LPD), and is expected to be completed in April 2015. The construction of the factory is expected to be funded via bank borrowings and/or via the proceeds from the Rights Issue with Warrants of up to RM4.0 million under the Maximum Scenario.

The breakdown of the utilisation of proceeds from the Rights Issue with Warrants for the construction of the factory is as follows:

Details	Value (RM'000)
Purchase of furniture and fittings	600
Computers and office equipment	500
Electrical appliances and air conditioning	500
Research and development laboratory	500
Clean room for the final production of PCB	500
Payment to contractors for construction works	1,400
<b>Total</b>	<b>4,000</b>

## 5.4 Working capital

The breakdown of the utilisation of working capital for our Group is as follows:

Description	Minimum Scenario RM'000	Maximum Scenario RM'000
General operating expenses	360	1,200
Staff salaries	300	1,200
Purchase of inventory such as raw materials for production of PCB	360	2,750
	<b>1,020</b>	<b>5,150</b>

## 5.5 Expenses relating to the Proposal

The following summarises the estimated expenses incidental to our Proposals to be borne by our Group as follows:

	<b>RM'000</b>	<b>%</b>
Professional fees *	403	80.6
Fees payable to the authorities	65	13.0
Printing and advertising fees	30	6.0
Contingencies ^	2	0.4
<b>Total</b>	<b>500</b>	<b>100.0</b>

*Notes:*

\* *Includes advisory fees for, amongst others, our adviser, solicitor, reporting accountant and independent market research consultant.*

^ *Other incidental or related expenses in connection with our Proposals.*

In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised as working capital for our Group. If the actual expenses incurred are higher than the allocated amount, the deficit will be funded out of the portion allocated for working capital.

## 5.6 Utilisation of proceeds from the exercise of Warrants

The exact quantum of proceeds that may be raised by our Company from the exercise of the Warrants would depend on the actual number of the Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Based on the exercise price of RM0.25 per Warrant and assuming full exercise of the Warrants, we will raise additional gross proceeds of RM7.31 million (under the Minimum Scenario) and RM23.59 million (under the Maximum Scenario) from the full exercise of the Warrants. Any proceeds arising from the exercise of the Warrants in the future shall be utilised for capital expenditure, investment opportunities and/or working capital of the our Group.

Pending utilisation of the proceeds from the Rights Issue with Warrants including the proceeds from the exercise of Warrants (if any), the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

## **6. RISK FACTORS**

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

### **6.1 Risks relating to our Group's business**

We are exposed to certain risks in the E&E industry. These risks include, without limitation, the following:

#### **(i) Competition**

Our Group is committed to manufacturing and developing products of high quality and would endeavor to maintain and expand our existing market share or position in the future. However, our Group faces competition from various quarters, including sourcing of its raw materials, new technologies and marketing of our products. The introduction of lower priced competition or significant price reductions by our competitors could result in price reductions that would adversely affect our business, financial condition and our operating result. The introduction of new technologies which would render our Group's manufacturing process technology less competitive or obsolete could have a similar adverse effect on our Group. Our Group also faces competition from potential new entrants to the PCB manufacturing industry. The competition from potential new entrants are however, mitigated by the relatively high barriers of entry into the PCB manufacturing industry. This is mainly predicated by the relatively high capital cost required for setting up the facility for PCB manufacturing and the long lead-time and effort required to convince and prove to potential customers of their abilities to produce quality products before they can break into the market as new entrants.

Despite the competition, our Board believe that our Group will be able to maintain our existing competitive edge and market share in the future due to our proven track record, good business relationships with our suppliers and customers, our high quality and precision products coupled with our technical expertise. Furthermore, our Group's increasing automation in the production processes will also increase our competitiveness.

#### **(ii) Business Risks**

Our Group is not insulated from general business risk as well as risks inherent in the manufacturing industry and those specific to PCB industry. For example, our Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian and Thailand economy, entry of new players, constraints in labour supply, changes in law and tax legislations affecting the industry, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and threat of substitute products.

Although our Group seeks to limit these risks through, *inter alia*, maintaining good business relationships with our customers and suppliers, increasing automation to reduce dependency on labour, efficient cost control, increasing product range and

maintain a large and diversified customer base involved in various segments such as computer peripherals, consumer electronics, and telecommunications and office equipment, no assurance can be given that a change in any of these factors will not have a material adverse effect on our Group's business.

**(iii) Foreign Exchange Risks**

Certain transactions of our Group such as purchases of raw materials sourced from Japan, Korea, Taiwan, China, Singapore and the USA are transacted mainly in foreign currencies. Accordingly, any significant fluctuation in foreign currencies in relation to the RM and THB might have an effect on our Group's financial results.

As the RM is currently a managed float since the de-pegging of the RM, this may prevent any extreme fluctuations of the RM vis-à-vis USD, resulting therein, and the effects of any foreign currency risks are less significant and mitigated to a certain extent. If necessary, we will hedge our currency exposure.

Our management will continue to monitor our foreign exchange exposure by keeping abreast with current political and economic conditions in those countries which we have dealing with and Malaysia. Notwithstanding the above, there can be no assurance that this risk would not have an adverse impact on our financial performance.

**(iv) Dependence on Key Personnel**

Our Group believes that its continued success will depend significantly on the abilities and continued efforts of our Directors and senior management. The loss of key members of our Board and senior management could adversely affect our Group's ability to compete in our industry. However, with our Group's human resources strategies to retain competent personnel such as by encouraging participative management, providing competitive and performance based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programs to upgrade their knowledge and capabilities, our Group's management has expanded and strengthened over the years. Thus, our Group is confident that it would not face difficulties when the younger members of our management team eventually take over from their seniors in the future. In addition, every effort is made to recruit and retain skilled personnel to ensure the continued growth of our Group.

**(v) Supply and Costs of Raw Materials**

The long term viability of our Group depends significantly on the long term sustainable supply and cost of copper clad laminates, industrial chemicals and printing ink, being the major raw materials used for the production of our Group's products. At present, the raw materials are readily available from overseas for copper clad laminates and printing ink, and in the local market for industrial chemicals.

Our Board does not foresee any threat in the supply of raw materials in the foreseeable future. At present, there is no shortage of supply of copper clad laminates and printing inks requirements in the global market. In addition, Malaysia is self-sufficient in the supply of industrial chemicals used in the manufacturing process of PCB. Competition amongst suppliers ensures competitive pricing for the raw materials.

Our Group is always looking out for alternative suppliers to broaden our suppliers' base and to ensure cost efficiency. However, no assurance can be given that there will be no shortage in the supply of those mentioned raw materials or that our Group will continue to have available all the necessary raw materials at reasonable prices or that any

shortage in supply and/or increases in the cost of these raw materials would not have a material adverse effect on the profitability of our Group.

**(vi) Environmental Liability**

Our Group's operations are regulated under a number of federal, state, provincial, local and foreign environmental laws and regulations which govern, among other things, the discharge of hazardous materials into the air, soil, water and sewage systems as well as the handling, transport, storage and disposal of such materials. Compliance with these environmental laws is major consideration in the fabrication of PCB because metals, solvents and other hazardous materials are used in the manufacturing process. Various federal, state, provincial, local and foreign laws and regulations impose liability on current or previous real property owners, operations or any person having charge, management or control over a hazardous or toxic substance for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. In addition, because our Group is a generator of hazardous wastes, it, along with any other person who arranges for the disposal of such wastes, may be subject to potential financial exposure for costs associated with the investigation and remediation of sites at which it has arranged for the disposal of hazardous wastes, if such sites become contaminated. Such liability may be imposed without regard to legality of the original actions and without regard to whether our Group knew of, or was responsible for, the presence of such hazardous or toxic substances, and such liability may be joint and several with other parties. If the liability is joint and several, our Group could be responsible for payment of the full amount of the liability, whether or not any other responsible party is also liable. In addition, it is possible that in the future new or more stringent laws and regulations could be imposed, which may have a material effect on our Group's operations. To date, our Group has installed a waste water treatment plant at our Sungai Petani plant and is actively implementing treatment, recycling and disposal procedures in line with standards prescribed by the relevant authorities at both its Sungai Petani and Thailand plants. However, no assurance can be given that any liability arising from non-compliance with any of the applicable environmental laws will not have any adverse effect on the operations of our Group.

**(vii) Political, Economic and Regulatory Considerations**

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia, Thailand and elsewhere could materially and adversely affect the financial and business prospects of our Group and the markets of our end products. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

At present, we have a subsidiary which is operating outside the country, namely Amallion Enterprise (Thailand) Corporation Ltd. By expanding our operations in Thailand, our future growth and level of profitability will be subjected to risks arising from the economic, political, legal, administrative and social conditions of Thailand. During October 2013 till May 2014, there were occurrences of social unrest in Thailand. However, our operations were not affected by the events during those periods. Nevertheless, any unfavorable changes in the abovementioned foreign operation risks in future could, potentially, have an adverse effect on our Group's operations and financial performance.

## 6.2 Risks relating to the Rights Issue with Warrants

### (i) No prior market for the Rights Shares and/or Warrants

There can be no assurance that there will be an active market for the Rights Shares and/or Warrants upon or subsequent to their listing on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid.

### (ii) Market price of the Rights Shares and exercise price of the Warrants

The market price of the Rights Shares and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, *inter-alia*, trades in substantial amount of the Rights Shares and Warrants on the Main Market of Bursa Securities in the future, the market price and volatility of AEM Shares, announcements relating to the business of our Group, the financial performance of our Group, and exercise period of the Warrants.

In addition to the fundamentals of AEM, the future price performance of the Rights Shares and Warrants will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

On the other hand, the market price of AEM Shares will be influenced by, *inter-alia*, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates.

As each Rights Share will be issued at RM0.18, there can be no assurance that the market price of the Rights Shares, upon or subsequent to their listing, will remain at or above the issue price.

In addition, there can be no assurance that the exercise price of the Warrants will be in-the-money during the tenure of the Warrants.

### (iii) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (a) *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc), arising prior to the implementation of the Rights Issue with Warrants; or
- (b) the Undertaking Directors not being able to fulfil its obligation pursuant to the Undertakings.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within fourteen (14) days to the relevant Entitled Shareholders in the event the Rights Issue with Warrants is aborted. Monies not repaid within fourteen (14) days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC. Notwithstanding the above, our Company will exercise its best endeavour to ensure the

successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

**(iv) Potential dilution**

Entitled Shareholders who do not accept their provisional offer of the Rights Shares will have their proportional ownership and voting interest in AEM reduced. Entitled Shareholders who do not exercise the Warrants may also have their ownership and voting interest in AEM reduced in the event of exercise of Warrants by other warrant holders.

**(v) Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, 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. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

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## **7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

The overview and prospects of the Malaysia and Thailand economic overview, overview of the E&E industry in Malaysia and Thailand, as well as the PCB market in Malaysia and Thailand are as follows:

### **7.1 Malaysia economic review**

The Malaysian economy expanded by 4.7 percent in 2013 which was in line with the growth target set by the Malaysian Government. The Malaysian economy expanded by 6.4 percent in the second quarter of 2014 as compared to 6.2 percent registered in the previous quarter. The growth was driven on the back of robust private domestic demand and accommodative monetary policy.

Despite the positive results revealed in most of Malaysia's key economic indicators for 2013, the Malaysian Government is mindful of the downside risks to global growth that may affect the growth in the local economy. In the near future, domestic demand is expected to be the anchor for the growth in the Malaysian economy. Domestic demand is expected to be led by private expenditure that is forecast to register an increase of 7.9 percent and 6.9 percent in 2014 and 2015 respectively. The Malaysian Government has reiterated its intention to continue focusing on accelerating the national transformation process and supporting growth while improving public finance and ensuring fiscal sustainability. The Malaysian economy is expected to grow by 5.5 to 6.0 percent in 2014 and by 5.0 to 6.0 percent in 2015 on the back of expected improving external environment and favourable domestic demand.

*(Source: IMR Report by Protégé)*

### **7.2 Thailand economic review**

Thailand's economy continued to exhibit resilience albeit a slowdown in its economic growth. Thailand's GDP at constant prices registered a moderated 2.9 percent growth in 2013 as compared to 6.5 percent in 2012, attributed to a weaker domestic demand as government's stimulus measures expired, and sluggish recovery in goods exports.

On a closer look, all economic sectors remained on the growing trajectory in 2013. The services and others sector recorded 5.4 percent, the highest growth among all four (4) economic sectors in 2013, attributed to a buoyant tourism sector. The number of foreign tourists in Thailand rose from 22.4 million in 2012 to 26.7 million in 2013.

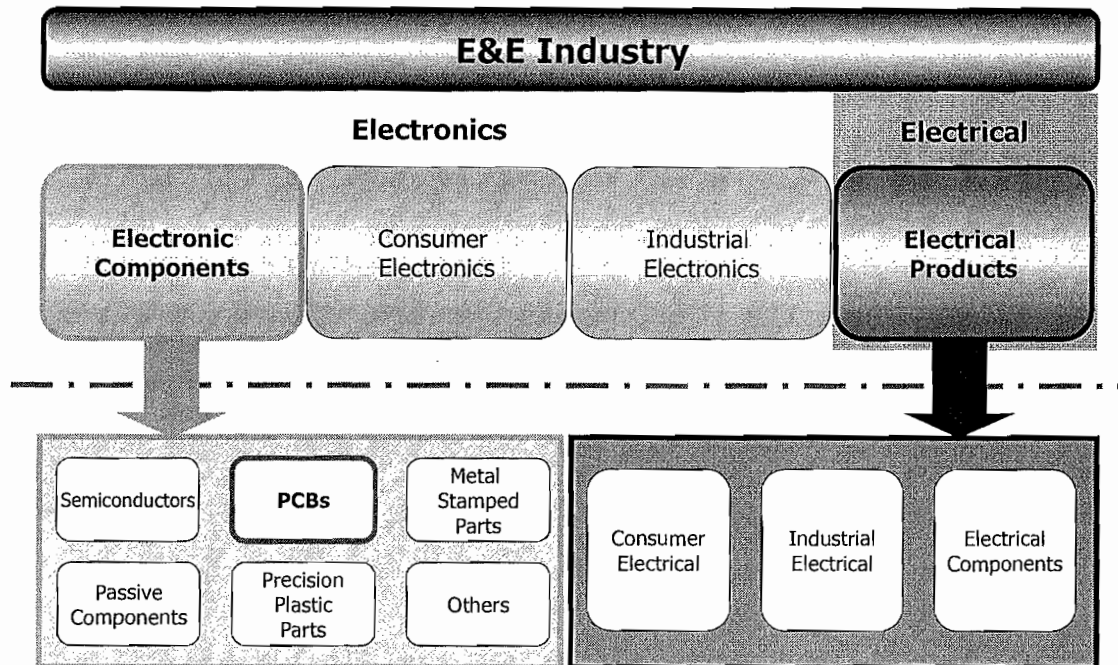
Moving forward, Thailand's economy is anticipated to continue on its growth trend in 2014 in tandem with improvements in trading partners' economies which translate into higher export demand from Thailand. Nevertheless, continued political uncertainty would further dampen private confidence, thus prolonging moderation in consumption and investment. The continued political uncertainty is also expected to cause a further delay in public investment expenditure. Thailand's economy is expected to moderate to 1.0 percent in 2014 in view of the political uncertainty there. The pace of growth in Thailand's economy is expected to pick up to 4.6 percent in 2015.

*(Source: IMR Report by Protégé)*



### 7.3 Overview of the E&E industry in Malaysia

We sell PCBs which are considered electronic components, grouped under the electronics sector, which is a part of the broader E&E. Under the local context, the Malaysian E&E industry comprises four sub-sectors namely industrial electronics, electronic components, consumer electronics and also electrical products.



**Diagram 1: Structure of the E&E Industry in Malaysia**

(Source: IMR Report by Protégé)

The electronic components sub-sector encompasses a wide range of products such as PCBs, semiconductors, passive components, metal stamped parts and precision plastic parts. Meanwhile, the industrial electronics sub-sector covers information, communications and technology ("ICT") products such as computer and computer peripherals, telecommunications equipment and other products such as office equipment and industrial controllers. This is a fast growing sub-sector driven by rapid developments in digital and wireless technologies.

The consumer electronics sub-sector comprise products such as colour television receivers, radios, compact disc ("CD") and video compact disc ("VCD") players, home theatre systems, speakers, multimedia networking devices, digital music players, network music centres, video games, camcorders and digital cameras. This sub-sector has undergone restructuring and consolidation; most low-end and labour-intensive assembly operations have been relocated to lower cost countries and replaced with higher-end production activities like research and development ("R&D") and design and development ("D&D"). Lastly, examples of product group under the electrical sector are control panels, distribution boards, lightings and household appliances.

Malaysia's formula of combining a market-oriented economy and business-friendly environment with a young educated workforce and excellent infrastructure has successfully attracted serious investments into its electronics industry. The influx of investments since 1970 has led to a marked transformation in the stature of the local E&E industry.

The E&E products cluster in Malaysia registered a set of mixed results in terms of production

in 2013. For examples, the production of television sets as well as insulated wires and cables increased while the production of room air-conditioners, semiconductors, electronic transistors, integrated circuits and radios decreased in 2013. Thus far into 2014, there has been a general slowdown in the production of selected E&E products between January to July, with only the production of room air-conditioners and electronic transistors registering positive growth.

<b>Product</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Jan-Jul 2014</b>
Room Air-Conditioners (units)	2,593,647	2,846,511	2,665,326	2,633,717	1,702,172
Semiconductors (million units)	17,997	16,281	19,765	19,281	8,217
Electronic transistors (million units)	34,184	34,189	36,119	35,362	21,203
Integrated circuits (million units)	38,007	33,380	39,391	35,686	14,094
Insulated wires and cables (tonne)	61,046	72,328	69,610	86,382	47,734
Television sets (units)	13,163,257	13,966,508	13,054,444	17,072,420	7,426,709
Radios ('000 units)	57,350	47,889	28,365	18,954	7,525

Table 1: Production of Selected E&E Products in Malaysia, 2010 – July 2014

(Source: IMR Report by Protégé)

In terms of external trade, Malaysia registered an increase in exports and imports of E&E products in 2013. Total exports of E&E products increased from RM231.28 billion in 2012 to RM236.82 billion in 2013. Meanwhile, total imports of E&E products increased from RM175.01 billion in 2012 to RM179.78 billion in 2013.

<b>Year</b>	<b>Exports (RM million)</b>	<b>Imports (RM million)</b>
2009	227,778	159,310
2010	249,907	189,361
2011	237,261	178,147
2012	231,279	175,008
2013p*	236,820	179,779

Table 2: Malaysia's Exports and Imports of E&E Products, 2009-2013

(Source: IMR Report by Protégé)

Note:

\* p denotes provisional

The E&E industry in Malaysia has undergone structural changes over the years. The industry has moved up the industry value chain and it is also becoming increasingly capital-intensive rather than labour-intensive, reflecting the move towards higher value-added activities incorporating R&D, D&D, after sales support and marketing, instead of purely mass assembly and production.

The local E&E industry has also continued to receive favourable attention from investors. In 2013, the size of the E&E industry in Malaysia is estimated to be more than RM400 billion. A total of 118 E&E projects with investments of RM9.8 billion were approved by the Malaysian Government, of which 44 projects were new projects while the remaining 74 projects were expansion or diversification projects. Foreign investments accounted for around 86.7 percent of the total investment amount. This development bodes well for the overall development of the local E&E industry.

*(Source: IMR Report by Protégé)*

#### **7.4 Overview of the E&E industry in Thailand**

The size of the E&E industry in Thailand is around USD60 billion. The industry has played an important role in Thailand's economy as a major export earner and has helped to position the nation as the regional leader for E&E products in the Southeast Asia region.

The industry has contributed almost 24 percent of Thailand's annual export revenue in 2011, generating USD55 billion for the nation. The major export destinations for the industry were Association of Southeast Asian Nations ("ASEAN") (17 percent), the European Union (14 percent), China (14 percent), the USA (13 percent), Hong Kong (12 percent) and Japan (11 percent). The E&E industry in Thailand is expected to register a growth rate of 3 percent in 2014.

As a regional leader in Southeast Asia for E&E products, Thailand has the largest electrical production base in ASEAN for the electrical appliances sector in 2013. The nation is also the world's second largest producer of air conditioning units and fourth largest producer of refrigerators for 2013. As the external economic environment in the Asian region continues to improve, the electrical appliances sector is projected to grow by 1 percent in 2014. Nonetheless, the political uncertainty in the country is expected to weigh on the domestic performance of its electrical sector in Thailand.

On a more positive note, the electronics sector in Thailand is one of the most notable industries within the manufacturing sector in Thailand. The electronics sector is expected to continue to grow by 3 percent on the back of projected increasing demand from the US market in 2014. Hard disk drives and integrated circuits were Thailand's main electronics exports in 2011, accounted for about 34 percent and 26 percent of its total electronics exports respectively. Thailand is commanding around 40-45 percent share of the worldwide hard disk drive ("HDD") production – making the country the world number one manufacturing base for HDD and their components.

*(Source: IMR Report by Protégé)*

#### **7.5 PCB market in Malaysia**

##### **7.5.1 Overview**

The PCB market is part of the important E&E cluster in Malaysia that has helped to drive the local economy over the years. The market registered a gross output value of RM29.21 billion in 2012. The output in PCB market in Malaysia is estimated to grow by 25.7 percent in 2013.

In terms of external trade, Malaysia exported USD1.54 billion and imported USD1.91 billion worth of PCBs in 2013.

Year	Trade Value (USD)	
	Exports	Imports
2010	845,967,767	1,994,111,449
2011	902,596,604	2,026,591,144
2012	1,417,926,088	1,961,290,813
2013	1,538,507,496	1,923,869,286

Table 3: Malaysia's Exports and Imports of PCBs, 2010-2013

(Source: IMR Report by Protégé)

The market has also continued to attract attention from investors. In 2013, the electronic components sector which the PCB market belongs to attracted RM1.8 billion investment in the industry with 43 projects on hand. There was an expansion or diversification project to design, develop and manufacture PCB assemblies and sub-assemblies for industrial and consumer electronics applications involving investments of RM186.6 million approved by the Malaysian Government in 2013.

The PCB market has 61,772 employees throughout Malaysia in 2012. In the same year, the total value of fixed asset in the market amounted to RM2.2 billion. The PCB market in Malaysia is also home to various established market players. Some of these market players are currently listed on the Main Market of Bursa Securities – raising the profile of the market. Examples of listed PCB market players in Malaysia are GUH Holdings Bhd and AEM. Other notable PCB market players in Malaysia include but are not limited to Asia Printed Circuit Sdn Bhd, Ronnie Electronics (J) Sdn Bhd, Elna PCB (M) Sdn Bhd, Bumicircuit PCB (M) Sdn Bhd and MS PCB Sdn Bhd.

## 7.5.2 Demand and supply conditions (2014-2018)

### (i) Expanding global and local economies

Any unfavourable global and local economic conditions may lead to the deterioration of the businesses of PCB end-user markets – leading to the potential delay, cancellation or reduction of local and international orders. However, PCB market players in Malaysia have reasons to be optimistic as both the global and local economies are projected to continue expanding in the near future. On the global front, the world output is projected to grow by 3.3 percent and 3.8 percent in 2014 and 2015 respectively. In Malaysia, the real GDP at 2005 prices is expected to grow by between 5.5 to 6.0 percent in 2014. An expanding economy can help to boost consumer sentiment and fuel demand for electronics products that require PCB.

### (ii) Technological advancement driving higher electronics content

Technological advancement has facilitated an increasing use of electronics and related devices in both traditional and non-traditional end-user markets. In the modern age, the use of electronics appeals to both manufacturer – as an avenue of innovation – and consumers as a source of greater convenience and value. The development helps to create and drive demand for electronics-based technologies which have proliferated the development of various electronic technologies that can be seamlessly assimilated with consumers' lifestyle needs.

The technological trends that help to push the electronic products to the forefront of the latest consumer's lifestyle trend include but are not limited to convergence of technology, increasing lower consumption of electric power, increasing product capability at a decreasing cost, miniaturisation, shift from analogue to digital and

restriction on the use of hazardous substances. The advancement in technologies in recent years has also led to the increase of electronic content in end-user markets particularly for non-traditional electrical applications. The increase in electronics content paves the way for the demand of PCBs which are primarily used in electronics devices.

### **(iii) Continuing government support for the local E&E**

As participants of the local E&E industry, PCB market players in Malaysia can take heart knowing that the industry has continued to receive the support from the Malaysian Government. The E&E industry has been named as one of the National Key Economic Areas under the Economic Transformation Programme that have been earmarked as the key growth engines to drive the local economy. The local E&E industry can look forward to prioritised investment and policy support from the Malaysian Government for its continuing development. This bodes well for the growth in the local PCB market, which is part of the E&E industry.

### **(iv) Challenging environment for the hiring of relatively low-skilled workers**

PCB market players in Malaysia are dependent to a large extent on the availability of relatively low-skilled workers to ensure the continuity of their operations. However, jobs requiring low-skilled workers are often held in low esteem by the younger population for reasons such as low wages, long hours, shift duties, limited career progression and/or for being viewed as a less glamorous job. As such, PCB market players in Malaysia face an uphill task in recruiting relatively low-skilled workers. In another development, there is a continuing upward pressure on the cost of employing workers with the implementation of the 'Minimum Wage Policy' that increases the cost of doing business.

## **7.5.3 Outlook**

The outlook for the PCB market in Malaysia is expected to be bright. The positive outlook on the PCB market in Malaysia stems mainly from the expanding global and local economies, technological advancement that drives higher electronics content and continuing government support for the local E&E industry. However, PCB market players in Malaysia need to be mindful of the challenging environment for the hiring of relatively low-skilled workers.

Moving forward, exports of E&E products from Malaysia are expected to continue growing on the back of projected improvement in external demand particularly from the advanced economies. The E&E industry in Malaysia is also expected to receive higher investments in 2014 particularly for new technologies.

*(Source: Protégé)*

## **7.6 PCB market in Thailand**

### **7.6.1 Overview**

The PCB market is part of the larger electronics industries in Thailand. Thailand's share of world production was about 2.2 percent in 2012, which amounted to USD1.33 billion. In terms of external trade, Thailand exported USD938.7 million and imported USD1.14 billion worth of PCBs in 2013.

Year	Trade Value (USD)	
	Exports	Imports
2010	955,668,939	1,089,062,897
2011	965,461,671	1,012,510,658

Year	Trade Value (USD)	
	Exports	Imports
2012	610,878,038	1,053,713,763
2013	938,675,107	1,139,222,077

Table 4: Thailand's Exports and Imports of PCBs, 2010-2013

(Source: IMR Report by Protégé)

The PCB market in Thailand is relatively mature and well established with the participation of 172 establishments in 2012, of which 151 of the establishments are public company limited. The PCB market in Thailand is mostly dominated by foreign market players. There are a total of 151 establishments with foreign ownership that accounted for 87.8 percent of the total PCB market players in Thailand in 2012. The PCB market has 76,339 employees throughout Thailand in 2012. Most of the establishments in Thailand are medium to large sized companies with each having an average of more than 1,000 employees. There are a few notable PCB market players in Thailand such as KCE Electronics Public Company Ltd, Elec & Eltek (Thailand) Ltd and Draco PCB Public Company Ltd.

### 7.6.2 Demand and supply conditions (2014-2018)

#### (i) Expanding global and local economies

Any unfavourable global and local economic conditions may lead to the deterioration of the businesses of PCB end-user markets – leading to the potential delay, cancellation or reduction of local and international orders. However, PCB market players in Thailand have reasons to be optimistic as both the global and local economies are projected to continue expanding in the near future. On the global front, the world output is projected to grow by 3.3 percent and 3.8 percent in 2014 and 2015 respectively. On the local front, Thailand's economy is expected to grow by 1.0 percent and 4.6 percent in 2014 and 2015 respectively. An expanding economy can help to boost consumer sentiment and fuel demand for electronics products that require PCB.

#### (ii) Technological advancement driving electronics content

Technological advancement has facilitated an increasing use of electronics and related devices in both traditional and non-traditional end-user markets. In the modern age, the use of electronics appeals to both manufacturer – as an avenue of innovation – and consumers as a source of greater convenience and value. The development helps to create and drive demand for electronics-based technologies that have proliferated the development of various electronic technologies that can be seamlessly assimilated with consumers' lifestyle needs.

The technological trends that help to push the electronic products to the forefront of the latest consumer's lifestyle trend include but are not limited to convergence of technology, increasing lower consumption of electric power, increasing product capability at a decreasing cost, miniaturisation, shift from analogue to digital and restriction on the use of hazardous substances. The advancement in technologies in recent years has also led to the increase of electronic content in end-user markets particularly for non-traditional electrical applications. The increase in electronics content paves the way for the demand of PCBs which are primarily used in electronics devices.

#### (iii) The development of electronics cluster in Thailand

The Thai government has earmarked the development of the electronics cluster as one of its efforts in promoting productivity and efficiency in the E&E industry. It has been encouraging firms and their suppliers to set up their production line within the cluster to

enhance communication and facilitation of the flow of goods. Clustering efforts can go a long way towards helping to reduce logistics cost through improved supply chain management. As one of the markets within the local E&E industry, the PCB market stands to also enjoy the benefits that can be derived from the clustering efforts.

#### **(iv) Uncertainty in the political environment**

The political environment in Thailand is not stable following the nullification of the 2014 election by the Constitutional Court and the intervention from the armed forces in assuming control of national administration on 22 May 2014. The continuing uncertainty in the political environment can dampen the sentiment of consumers, business owners and investors in the country, which do not augur well for the development of the PCB market there.

### **7.6.3 Outlook**

The electronics sector is projected to increase by 3 percent in 2014. The PCB market which is grouped under the electronics sector is expected to register similar growth rate for the year. The positive outlook on the PCB market in Thailand stems mainly from the expanding global and local economies, technological advancement that drives higher electronics content and the development of electronics cluster in the country. However, PCB market players in Thailand need to be mindful of the uncertainty in the political environment.

On another note, the level of fragmentation in the PCB market in Thailand is expected to remain around existing level. Foreign market players are also expected to be the biggest group of PCB market players in Thailand in the near future.

*(Source: IMR Report by Protégé)*

### **7.7 Prospects of our Group**

We demonstrated an improved performance for the FYE 31 December 2013. Despite a decrease in revenue from RM49.73 million in the previous corresponding year to RM43.11 million, a gross profit of RM8.14 million was achieved compared to RM4.97 million during the previous year. This was due to lower material cost arising from a stringent cost control programme implemented by our Group. This has resulted in a turnaround of our Company from a LAT of RM0.77 million in the previous year to a PAT of RM0.67 million for the FYE 31 December 2013. Our Board has taken this sign of improvement into consideration together with the outlook and prospects of the PCB industry in Malaysia as well as Thailand and takes an encouraging view of the future prospects of our Group.

In the medium term, our Group plans to focus on selling PCBs with photo imaging features which are higher in terms of value added features and demand. In this regard, upgrading plans are in place to increase the capacity and capability of our Group's machinery to focus on such products. Over the long term, our Group will focus on expansion in Thailand where customers have indicated increase in orders in future.

Proceeds from the Rights Issue with Warrants when fully utilised, is expected to enhance our production capacity in an effort to capitalise on the current opportunities to grow our business and further improve our profitability.

Further information on our PCB business is set out as follows:

- (i) We produce single sided carbon PCB and double sided silver through hole PCBs. The sub-sectors within the E&E industry that we supply our PCBs to are the home appliances products, telecommunication products, remote controls and power supply.
- (ii) Our top 5 customers who collectively contribute to more than 50% of our Group's revenue for the FYE 31 December 2013 and the duration of their business relationship established with us is as set out in the table below:

<b>Clients</b>	<b>Years</b>
Samsung Malaysia Electronics (SME) Sdn Bhd	10
Panasonic Malaysia Sdn Bhd	13
Toshiba Sales & Services Sdn Bhd	10
Canon Marketing (Malaysia) Sdn Bhd	10
Sharp Electronics (M) Sdn Bhd	12

Generally, our Group does not have secured orders for the coming twelve (12) months apart from existing purchase orders which are generally for a month's orders in advance. However, some customers do provide indicative orders for several months in advance based on the customers' internal forecasts. As at the LPD, the customers' which have provided such forecasts have indicated increasing orders in future especially from Thailand. However, they are not secured.

- (iii) Details of the geographical breakdown of PCBs produced and sold by our subsidiaries are as follows:

<b>Factory</b>	<b>Percentage (%)</b>	<b>Geographical market segment</b>
Amallion Enterprise (Thailand) Corp Ltd	99	Thailand
	1	Vietnam
AE Corporation (M) Sdn Bhd	100	Malaysia

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## (iv) Existing factories

The following are the details of our existing factories:

Address/location	Description	Total land area/built-up area (sq m)	Existing use	Tenure (Years)	Approximate age of building (years)	Net carrying amount (RM'000)	Existing production capacity / Upgraded capacity	Current output
Lot 87, 88 & 89, Persiaran 11, Kawasan Perusahaan Bakar Arang, 08000 Sungai Petani, Kedah.	Industrial; factory complex	14,213/6,864	Office & factory	99 (expiring on 24 March 2089)*	17	*	30,000 sq m / 45,000 sq m	16,000 sq m
707 Moo 4, Bangpoo Ind. Estate Phraksa Muang, Samutprakam, Thailand 10280.	Industrial; double storey factory	5,760/3,432	Office & factory	Freehold	12	4,121	70,000 sq m / 90,000 sq m	55,000 sq m

Note:

\* The factory is currently being leased by our Group from a third-party.

The proceeds from the Rights Issue with Warrants as set out in Section 5 are largely earmarked for the upgrade of factories in Thailand. This is part of our Group's long term expansion plan in Thailand in view of the positive prospects and outlook of the PCB industry as well as the expectation of increased demand for our Group's products based on feedback from our customers.

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## 8. FINANCIAL EFFECTS

The financial effects of the Rights Issue with Warrants are set out in the ensuing subsections.

### 8.1 Share capital

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		Maximum Scenario		Par Value
	No. of AEM shares	RM	No. of AEM shares	RM	
Existing as at the LPD	94,375,500	9,437,550	94,375,500	9,437,550	0.10
To be issued pursuant to the Rights Issue with Warrants	39,000,000	3,900,000	125,834,000	12,583,400	0.10
Enlarged share capital after the Rights Issue with Warrants	133,375,500	13,337,550	220,209,500	22,020,950	0.10
Upon full exercise of all Warrants	29,250,000	2,925,000	94,375,500	9,437,550	0.10
<b>Total enlarged share capital</b>	<b>162,625,500</b>	<b>16,262,550</b>	<b>314,585,000</b>	<b>31,458,500</b>	<b>0.10</b>

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## 8.2 NA and gearing

Based on our latest audited consolidated statement of financial position as at 31 December 2013 adjusted for the Par Value Reduction and on the assumption that the Rights Issue with Warrants had been effected on that date, the proforma effects of the Rights Issue with Warrants on our consolidated NA, NA per Share and gearing are set out in the ensuing tables below:

### Minimum Scenario

	Audited as at 31 December 2013 RM	(I) Adjusted for the Par Value Reduction <sup>(3)</sup> RM	(II) After (I) and the Rights Issue with Warrants RM	(III) After (II) and assuming all Warrants are exercised RM
Share capital	47,187,750	9,437,550	13,337,550	16,262,550
Reserves	2,219,068	2,219,068	2,219,068	2,219,068
(Accumulated losses)	(29,771,561)	(2,723,764)	(2,915,264) <sup>(1)</sup>	(2,915,264)
Capital reserves	-	10,702,403	10,702,403	10,702,403
Share premium	5,765,722	5,765,722	5,944,722 <sup>(1)</sup>	12,964,722
Warrants reserve	-	-	2,632,500 <sup>(2)</sup>	-
Shareholders' equity/ NA	<u>25,400,979</u>	<u>25,400,979</u>	<u>31,920,979</u>	<u>39,233,479</u>
No. of shares ('000)	94,375,500	94,375,500	133,375,500	162,625,500
NA per share	0.27	0.27	0.24	0.24
Interest bearing borrowings	23,977,704	23,977,704	19,977,704	19,977,704
Gearing	0.94	0.94	0.63	0.51

#### Notes:

- (1) In accordance with the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Act, costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and Financial Reporting Standard ("FRS") 132 Financial Instrument : Disclosure of Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expenses off in the period they are incurred. In such circumstances, the estimated expenses of RM500,000 in relation to the corporate exercise were deducted from accumulated losses by RM191,500 and share premium account by RM308,500.
- (2) Recognition of fair value of Warrants of RM0.09 per Warrant pursuant to the Rights Issue with Warrants, offset against the share premium account amounting to RM2.63 million. For illustration purposes, the fair value of Warrants of RM0.09 per Warrant was derived based on the Binomial Option Pricing Model. The warrants reserve will be transferred to the share premium account upon the full exercise of the Warrants.
- (3) The Par Value Reduction was completed on 2 October 2014.

**Maximum Scenario**

	(I) Audited as at 31 December 2013 RM	(I) Adjusted for the Par Value Reduction <sup>(3)</sup> RM	(II) After (I) and the Rights Issue with Warrants RM	(III) After (II) and assuming all Warrants are exercised RM
Share capital	47,187,750	9,437,550	22,020,950	31,458,500
Reserves	2,219,068	2,219,068	2,219,068	2,219,068
(Accumulated losses)	(29,771,561)	(2,723,764)	(2,915,264) <sup>(1)</sup>	(2,915,264)
Capital reserves	-	10,702,403	10,702,403	10,702,403
Share premium	5,765,722	5,765,722	7,030,147 <sup>(1)</sup>	29,680,267
Warrants reserve	-	-	8,493,795 <sup>(2)</sup>	-
Shareholders' equity/ NA	<u>25,400,979</u>	<u>25,400,979</u>	<u>47,551,099</u>	<u>71,144,974</u>
No. of shares ('000)	94,375,500	94,375,500	220,209,500	314,585,000
NA per share	0.27	0.27	0.22	0.23
Interest bearing borrowings (RM'000)	23,977,704	23,977,704	18,977,704	18,977,704
Gearing	0.94	0.94	0.40	0.27

*Notes:*

- (1) In accordance with the FRSIC Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Act, costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and FRS 132 Financial Instrument : Disclosure of Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expenses off in the period they are incurred. In such circumstances, the estimated expenses of RM500,000 in relation to the corporate exercise were deducted from accumulated losses by RM191,500 and share premium account by RM308,500.
- (2) Recognition of fair value of Warrants of RM0.09 per Warrant pursuant to the Rights Issue with Warrants, offset against the share premium account amounting to RM8.49 million. For illustration purposes, the fair value of Warrants of RM0.09 per Warrant was derived based on the Binomial Option Pricing Model. The warrants reserve will be transferred to the share premium account upon the full exercise of the Warrants.
- (3) The Par Value Reduction was completed on 2 October 2014.

**8.3 Earnings and EPS**

The Rights Issue with Warrants is not expected to have any material effect on our Group's consolidated earnings for the current FYE 31 December 2014. However, the Rights Issue with Warrants is expected to contribute to the future earnings of our Group due to the availability of additional funds for investment and working capital of our Group.

Under the Rights Issue with Warrants, our Company shall raise proceeds of between RM7.02 million and RM22.65 million under the Minimum Scenario and Maximum Scenario, respectively. From the total proceeds raised, RM4.0 million (Minimum Scenario) and RM5.0 million (Maximum Scenario) shall be used utilized for the repayment of bank borrowings. Our Group's outstanding borrowing as at LPD are RM21.39 million. The repayment will result in interest savings to our Group in the quantum of RM0.33 million per annum under the Minimum Scenario and up to RM0.42 million per annum under the Maximum Scenario based on an interest rate of 8.35% per annum.

From an operational perspective, the Rights Issue with Warrants is aimed at increasing the production volume and revenue of our Group given that the proceeds raised will be utilized to

upgrade our facilities. This will contribute positively to the future earnings of our Group and consequently our EPS.

#### 8.4 Dividend

The Rights Issue with Warrants is not expected to affect the dividend policy of our Company as future dividend payable by our Company would be dependent on *inter-alia*, the future profitability and cashflow position of our Group.

### 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

#### 9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants, cash in hand, cashflow generated from our operations and available banking facilities, our Group will have adequate working capital to meet our business requirements within a period of twelve (12) months from the date of this Abridged Prospectus.

#### 9.2 Borrowings

As at the LPD, our Group has total outstanding bank borrowings, all of which are interest bearing, as follows:

	THB	RM
Short-term borrowings	214,032,754	26,188
Long-term borrowings	1,719,289	12,270
<b>Total</b>	<b>215,752,043</b>	<b>38,458</b>

After having made all reasonable enquires and to the best knowledge of our Board, there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 31 December 2013 and for the subsequent financial period up to the LPD.

#### 9.3 Material commitments

As at the LPD, save for the expected upgrade of machinery as well as the construction of factory disclosed in Section 5 of this Abridged Prospectus, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group.

#### 9.4 Contingent liabilities

As at the LPD, after having made all reasonable enquires and to the best knowledge of our Board, there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in our ability to meet our obligations as and when they fall due.

### 10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

**11. FURTHER INFORMATION**

You are requested to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board  
**AE MULTI HOLDINGS BERHAD**

A handwritten signature in black ink, appearing to be 'YANG WU-HSIUNG', written over a horizontal line.

**YANG WU-HSIUNG**  
EXECUTIVE CHAIRMAN

APPENDIX I

**CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 11 SEPTEMBER 2014**

*(Prepared for inclusion in this Abridged Prospectus)*

**AE MULTI HOLDINGS BERHAD**  
(Company No.539777-D)  
(Incorporated in Malaysia)



CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON 11 SEPTEMBER 2014

**ORDINARY RESOLUTION**

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 125,834,000 NEW ORDINARY SHARES OF RM0.10 EACH IN AEM ("RIGHTS SHARES") TOGETHER WITH UP TO 94,375,500 NEW FREE DETACHABLE WARRANTS ("WARRANTS") AFTER THE PROPOSED PAR VALUE REDUCTION ON THE BASIS OF FOUR (4) RIGHTS SHARE TOGETHER WITH THREE (3) WARRANTS FOR EVERY THREE (3) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD IN AEM ("AEM SHARES") ON ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT subject the passing of Special Resolutions 1 and 2, and the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for AEM to undertake the Proposed Rights Issue with Warrants as follows:

- (a) To provisionally issue and allot by way of renounceable rights issue of up to 125,834,000 Rights Shares together with up to 94,375,500 free Warrants on the basis of four (4) Rights Shares together with three (3) free Warrants for every three (3) AEM Shares held to the entitled shareholders of the Company whose name appear in the Record of Depositors on the Entitlement Date;
- (b) To issue the Warrants based on the principal terms of which are set out in Section 2.2 of the Circular to Shareholders dated 18 August 2014 and upon the terms and conditions of a deed poll to be executed by AEM ("Deed Poll");
- (c) To fix the issue price of the Rights Shares and exercise price of the Warrants;
- (d) To issue and allot such number of new AEM Shares arising from the exercise of the Warrants during the tenure of the Warrants; and
- (e) To allot and issue such other additional Warrants as maybe required or permitted to be issued as a result of any adjustment under the provision of the Deed Poll;

AND THAT the Directors be and are hereby authorised to allocate the excess Rights Shares and Warrants in a fair and equitable manner on a basis to be determined by the Directors in their absolute discretion;

AND THAT the Directors be and are hereby entitled to deal with all or any of the fractional entitlement of the Rights Shares and Warrants arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Directors may in their absolute discretion deems fit and in the best interest of the Company;

AND THAT the Rights Shares and the new AEM Shares to be issued pursuant to the exercise of the Warrants, shall upon allotment and issue, rank *pari passu* in all respects with the then existing AEM Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the Rights Shares and the new AEM Shares to be issued pursuant to the exercise of the Warrants (as the case may be);

-2-

**AE MULTI HOLDINGS BERHAD**

(Company No.539777-D)

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON 11 SEPTEMBER 2014**

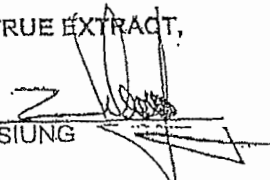
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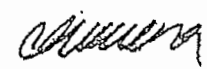
**AND THAT** the proceeds from the Proposed Rights Issue with Warrants will be utilised for such purposes as set out in Section 2.2.5 of the Circular to Shareholders dated 18 August 2014 and the Directors be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;

**AND THAT** the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deemed fit and expedient in order to implement, finalise and give effect to the aforesaid Deed Poll and that the Common of the Company be affixed to the Deed Poll in accordance with the Articles of Association of the Company;

**AND FURTHER THAT** the Directors be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority/authorities to give effect to the Proposed Rights Issue with Warrants, and to take all such steps as they may deem necessary or expedient in the best interests of the Company to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

CERTIFIED TRUE EXTRACT,

  
\_\_\_\_\_  
YANG WU-HSIUNG  
DIRECTOR

  
\_\_\_\_\_  
CHEE WAI HONG (BC/C/1470)  
SECRETARY

Date: 11 September 2014

Stamped for identification for  
the subsequent pages of the  
certified true copy of the main  
page dated:

14 NOV 2014

Name of Chee Wai Hong  
Secretary: BC/C/1470



**SALIENT TERMS OF THE WARRANTS**

<b>Terms</b>	<b>Details</b>
Number of Warrants	: Up to 94,375,500 Warrants to subscribe for up to 94,375,500 new AEM Shares, to be issued for free to the Entitled Shareholders who subscribe for the Rights Shares, on the basis of four (4) Right Shares and three (3) Warrants for every three (3) existing AEM Shares
Detachability	: The Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately
Exercise Price	: The Warrants are exercisable into new AEM Shares at an exercise price of RM0.25.  The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period
Exercise Period	: The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants. Warrants not exercised during the Exercise Period will thereafter become lapse and void
Exercise Rights	: Each Warrant entitles the registered holder to subscribe for one (1) new AEM Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll
Deed Poll	: The Warrants are constituted by the Deed Poll
Board Lot	: The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new AEM Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities
Status of new AEM Shares	: All the new AEM Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing AEM Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the said new AEM Shares
Rights in the Event of Winding Up, Liquidation, Compromise and/or Arrangement	: Where a resolution has been passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then: <ul style="list-style-type: none"> <li>(a) for the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a Special Resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and</li> <li>(b) in any other case, every Warrant holder will be entitled to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by that Warrant to the extent specified in the exercise forms and be</li> </ul>

**Terms**

**Details**

entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly

- Listing : Approval-in-principle has been obtained from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities as well as for the listing of and quotation for the Warrants and new AEM Shares to be issued arising from the exercise of the Warrants
- Adjustment in the Exercise Price and/or the number of Warrants : Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors of AEM, in the event of alteration to the share capital of the Company
- Rights of Warrants : The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new AEM Shares
- Further Issues : Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder by exercising his/her Exercise Rights or otherwise resolved by the Company in a general meeting
- Governing Law : Laws of Malaysia

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**INFORMATION ON OUR COMPANY****1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia on 20 February 2001 under the Act as a public limited company under its present name. On 19 March 2001, we obtained our Certificate of Commencement of Business from the Companies Commission of Malaysia (formerly known as the Registrar of Companies), and in accordance with Section 142 of the Act, held a statutory meeting on 4 May 2001.

We were listed on the Main Market of Bursa Securities on 15 July 2002.

We are an investment holding company. The principal activities of our subsidiaries are set out in Section 5 of this Appendix.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised	1,000,000,000	0.10	100,000,000
Issued and fully paid-up	94,375,500	0.10	9,437,550

**Changes in Issued and Paid-Up Share Capital**

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

Date of allotment	No. of Shares	Par value (RM)	Consideration	Total (RM)
20.02.2001	2	1.00	Cash, subscribers	2
25.03.2002	4	0.50	Subdivision of par value to RM0.50 per share	2
09.05.2002	61,943,848	0.50	Issued at approximately RM0.56 per share pursuant to the acquisition of AE Corporation (M) Sdn Bhd	30,971,926

<b>Date of allotment</b>	<b>No. of Shares</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Total (RM)</b>
24.05.2002	6,056,148	0.50	Rights issue of new ordinary shares at par on the basis of approximately 98 new ordinary shares for every 1,000 ordinary shares held	34,000,000
01.07.2002	12,000,000	0.50	Public issue	40,000,000
08.02.2005	495,000	0.50	ESOS	40,247,500
22.09.2006	4,000,000	0.50	Private placement	42,247,500
05.02.2010	956,000	0.50	ESOS	42,725,500
10.02.2010	8,449,500	0.50	Private placement	46,950,250
12.02.2010	162,000	0.50	ESOS	47,031,250
25.02.2010	313,000	0.50	ESOS	47,187,750
02.10.2014	-	0.10	Par Value Reduction	9,437,550

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### 3. SUBSTANTIAL SHAREHOLDERS / UNDERTAKING DIRECTORS

Based on our Record of Depositors as at the LPD, the proforma effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are as follows:

#### Minimum Scenario (Pursuant to the Undertakings and assuming none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants)

Name of Substantial Shareholder	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%
Yang Wu-Hsiung	183,092	0.19	2,579,398 <sup>(1)</sup>	2.73	19,683,092	14.76	2,579,398 <sup>(1)</sup>	1.93	34,308,092	21.10	2,579,398 <sup>(1)</sup>	1.59
Yang Chao-Tung	855,114	0.91	-	-	20,355,114	15.26	-	-	34,980,114	21.51	-	-

#### Maximum Scenario (Assuming all Entitled Shareholders subscribe for the Rights Issue with Warrants)

Name of Substantial Shareholder	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%
Yang Wu-Hsiung	183,092	0.19	2,579,398 <sup>(1)</sup>	2.73	427,215	0.19	6,018,595 <sup>(1)</sup>	2.73	610,307	0.19	8,597,993 <sup>(1)</sup>	2.73
Yang Chao-Tung	855,114	0.91	-	-	1,995,266	0.91	-	-	2,850,380	0.91	-	-

Note:

(1) Deemed interested by virtue of his shareholdings of more than 15% equity interest in Stanza Corporation Sdn Bhd pursuant to Section 6A(4) of the Act.

#### 4. BOARD OF DIRECTORS

The age, designation, nationalities and addresses of our Board are set out under the Corporate Directory on page (vi) of this Abridged Prospectus. The proforma effects of the Rights Issue with Warrants on the shareholding of our Directors are as follows:

##### Minimum Scenario (Pursuant to the Undertakings and assuming none of the other Entitled Shareholders subscribe for the Rights Issue with Warrants)

Name of Director	As at the LPD			(I) After the Rights Issue with Warrants			(II) After (I) and assuming full exercise of Warrants				
	Direct		Indirect	Direct		Indirect	Direct		Indirect		
	No. of AEM Shares	%	No. of AEM Shares	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%		
Yang Wu-Hsiung	183,092	0.19	2,579,398 <sup>(1)</sup>	19,683,092	14.76	2,579,398 <sup>(1)</sup>	1.93	34,308,092	21.10	2,579,398 <sup>(1)</sup>	1.59
Yang Chao-Tung	855,114	0.91	-	20,355,114	15.26	-	-	34,980,114	21.51	-	-
Saffie Bin Bakar	105,580	0.11	-	105,580	0.08	-	-	105,580	0.06	-	-
Yang Chueh-Kuang	22,018	0.02	-	22,018	0.02	-	-	22,018	0.01	-	-
Oon Hock Chye	-	-	-	-	-	-	-	-	-	-	-
Teh Beng Soon	-	-	-	-	-	-	-	-	-	-	-

##### Maximum Scenario (Assuming all Entitled Shareholders subscribe for the Rights Issue with Warrants)

Name of Director	As at the LPD			(I) After the Rights Issue with Warrants			(II) After (I) and assuming full exercise of Warrants				
	Direct		Indirect	Direct		Indirect	Direct		Indirect		
	No. of AEM Shares	%	No. of AEM Shares	No. of AEM Shares	%	No. of AEM Shares	%	No. of AEM Shares	%		
Yang Wu-Hsiung	183,092	0.19	2,579,398 <sup>(1)</sup>	427,215	0.19	6,018,595 <sup>(1)</sup>	2.73	610,307	0.19	8,597,993 <sup>(1)</sup>	2.73
Yang Chao-Tung	855,114	0.91	-	1,995,266	0.91	-	-	2,850,380	0.91	-	-
Saffie Bin Bakar	105,580	0.11	-	246,353	0.11	-	-	351,933	0.11	-	-
Yang Chueh-Kuang	22,018	0.02	-	51,375	0.02	-	-	73,393	0.02	-	-
Oon Hock Chye	-	-	-	-	-	-	-	-	-	-	-
Teh Beng Soon	-	-	-	-	-	-	-	-	-	-	-

Note:

(1) Deemed interested by virtue of his shareholdings of more than 15% equity interest in Stanza Corporation Sdn Bhd pursuant to Section 6A(4) of the Act.

**5. SUBSIDIARY AND ASSOCIATED COMPANIES**

Our subsidiaries as at the LPD are as follows:

<b>Subsidiaries</b>	<b>Date / Country of incorporation</b>	<b>Issued and paid-up share capital</b>	<b>Effective ownership (%)</b>	<b>Principal activities</b>
AE Corporation (M) Sdn Bhd	15.10.1987/ Malaysia	10,000,000 ordinary shares of RM1.00 each	100	Manufacture and sale of PCB and its related products and provision of technical services
AE Multi Industries Sdn Bhd	02.09.2003/ Malaysia	1,000,000 ordinary shares of RM1.00 each	100	Sourcing and reselling of PCB and related products, electronic and telecommunication components
Amillion Enterprise (Thailand) Corporation Ltd*	03.08.1999/ Thailand	THB220,000,000	100	Manufacture and sale of PCB and its related products and provision of technical services

*Note:*

\* *Subsidiary of AE Corporation (M) Sdn Bhd*

We do not have any associated company as at LPD.

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## 6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYEs 31 December 2011 to 2013 and the unaudited consolidated financial statements for the six (6) months FPEs 30 June 2013 and 2014 are as follows:

	←-----Audited-----→			←-----Unaudited-----→	
	FYE 31.12.2011 RM'000	FYE 31.12.2012 RM'000	FYE 31.12.2013 RM'000	FPE 30.06.2013 RM'000	FPE 30.06.2014 RM'000
Revenue	46,290	49,736	43,115	21,973	24,085
Gross profit	3,868	4,970	8,142	3,718	4,652
Other income share of profits of associates	-	-	-	-	-
Other operating income	365	612	1,080	942	303
Administrative expenses	(3,965)	(3,331)	(3,584)	(1,749)	(3,671)
Selling and distribution costs	(1,496)	(1,429)	(1,352)	(742)	(660)
Finance costs	(2,501)	(1,562)	(3,829)	(1,813)	(2,096)
(LBT)/PBT	(3,729)	(741)	457	356	(1,472)
Tax (LAT)/PAT	(64)	(25)	215	-	-
	<u>(3,793)</u>	<u>(766)</u>	<u>672</u>	<u>356</u>	<u>(1,472)</u>
EBITDA	3,076	4,297	6,963	3,505	1,980
Gross profit margin (%)	8.36	9.99	18.88	16.92	19.31
Net profit/ (loss) margin (%)	(8.19)	(1.54)	1.56	1.62	(6.11)
Number of ordinary shares in issue net of treasury shares ('000)	94,376	94,376	94,376	94,376	94,376
Net (LPS)/EPS (sen)	(4.02)	(0.81)	0.71	0.38	(1.56)
Outstanding ESOS Options	961	1,081	1,055	1,055	1,055
Diluted EPS/ (LPS) (sen)*	(3.98)	(0.80)	0.70	0.37	(1.54)
Dividend per share (sen)	N/A	N/A	N/A	N/A	N/A

Notes:

N/A Not available

\* Assuming all ESOS Options during each respective financial year are exercised

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## **Commentary on Financial Performance**

### **FYE 31 December 2011**

For the FYE 31 December 2011, we recorded a consolidated revenue of RM46.29 million, representing 6.67% lower than the preceding financial year. The drop in revenue was mainly due to the extended flood in Bangkok as this natural disaster severely disrupted the supply chain for manufacturers thereby causing the reduced production and delivery of our PCB products. In particular, orders for PCBs amounting to approximately RM3.0 million were unable to be delivered.

As a result of the lower revenue, we recorded a higher LBT of RM3.73 million as compared to the previous financial year's LBT of RM2.41 million. The increased LBT was mainly due to the flood in Bangkok which impacted our delivery of PCBs to our customers in Thailand. Additionally, we realized foreign exchange losses of RM1.45 million compared to RM0.17 million in the preceding financial year. Finance costs also increased to RM2.50 million compared to RM1.56 million in the preceding financial year due to higher utilisation of trade facilities for to meet our operational demands whilst facing of cash flow restraints from non-delivery of our products due to the flood.

Despite the losses, we expanded our manufacturing capacity and facilities in Thailand which is in line with the development of our "Double Sided Silver Through Hole" PCB in year 2010 to cater to new orders from our clients which were only delivered in the following financial year.

### **FYE 31 December 2012**

For the FYE 31 December 2012, our Group's revenue increased from RM46.29 million to RM49.74 million, representing an increase of 7.4% as compared to the preceding financial year. The growth was mainly due to the expansion in customer base and the contribution from higher value products, namely the "Double Sided Silver Through Hole" PCB. Additionally, back orders of these PCBs from 2011 which were not delivered due to the flooding situation in Bangkok were met during this financial year.

In tandem with the increase in revenue, we recorded a lower LBT of RM0.74 million as compared to preceding year's LBT of RM3.73 million. This was due to the normalization of the sage of trade facilities throughout the year, resulting in our finance costs returning to RM1.56 million compared to RM2.5 million in the preceding year. Additionally, we have also reduced our administrative and overhead costs by lowering our staff headcount, which resulted in a RM0.63 reduction in our general administrative expenses.

### **FYE 31 December 2013**

For the FYE 31 December 2013, our Group's revenue reduced from RM49.74 million to RM43.12 million representing a reduction of 13.3% as compared to the preceding financial year. The lower revenue recorded was mainly due to lower demand caused by uncertainty over the recovery pace of global economy. This caused a reduction in general pricing of PCBs. In order to remain competitive, we had to match the reduced pricing of our competition. Despite the price reduction, we maintained a consistent volume of production to meet our customers' demands.

However, we managed to record a PBT of RM0.46 million as compared to LBT of RM0.74 million incurred in the preceding year.

This was mainly due to the improved gross profit margin of our PCBs to 18.88% compared to 9.99% in the preceding year. The improvement is a result of lower material costs. These material comprises mainly glass fibers, resins as well as conducting material.

Finance costs more than doubled to RM3.83 million during this financial year as we needed to lease new machinery for cutting, etching, drilling, printing and packaging. However, this is offset by other income of RM1.08 million during the financial year which was mainly contributed by the disposal of property, plant and equipment.

#### **6 month FPE 30 June 2014**

For the current six months ended 30 June 2014, our Group's revenue increased from RM21.97 million to RM24.06 million, representing an increase of 9.51% as compared to the preceding financial year's corresponding six months. This was mainly due to the successful capturing of orders from our competitors in line with a more aggressive marketing strategy.

However, we recorded a LBT of RM1.47 million as compared to the preceding year's corresponding quarter PBT of RM0.36 million. This was mainly due to a loss on disposal of fixed assets on 30 April 2014 amounting to RM1.83 million. This is further exacerbated by unfavourable and volatile currency fluctuations of the THB as well as an increase in marketing costs in line with our new marketing strategy to capture new orders and market share.

Moving forward, we intend to expand our capacity further as provided in Section 5 of this Abridged Prospectus. The Board is confident that the Company can capitalise on the growing demand for PCB after taking into account the positive outlook of the PCB market in Malaysia and Thailand as set out in Section 7.5 and 7.6 of this Abridged Prospectus as well as the prospects of our Group as set out in Section 7.7 of our Group.

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## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of AEM's shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	High (RM)	Low (RM)
<b>2013</b>		
November	0.225	0.205
December	0.210	0.200
<b>2014</b>		
January	0.215	0.195
February	0.235	0.190
March	0.225	0.200
April	0.245	0.200
May	0.215	0.185
June	0.240	0.190
July	0.230	0.200
August	0.260	0.210
September	0.240	0.220
October	0.235	0.180

The last transacted price of AEM Shares on 8 May 2014 being the date immediately prior to the announcement of the Rights Issue with Warrants was RM0.215 per Share.

The last transacted price of AEM Shares as at LPD was RM0.210 per share.

The last transacted price of AEM Shares on 21 November 2014, being the Market Day prior to the ex-date of the Rights Issue with Warrants was RM0.200 per share.

*(Source: Bursa Securities)*

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**APPENDIX IV**

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**

*(Prepared for inclusion in this Abridged Prospectus)*



**Morison Anuarul Azizan Chew** (AF 001977)  
Chartered Accountants

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Off Jalan Kolam Air / Jalan Ipoh  
51200 Kuala Lumpur, Malaysia

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F +603 4048 2999  
E [general@morisonaac.com](mailto:general@morisonaac.com)  
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Date: 17 NOV 2014

The Board of Directors  
**AE Multi Holdings Berhad**  
Lot 87, Persiaran 11  
Kawasan Perusahaan Bakar Arang  
08000 Sungai Petani  
Kedah Darul Aman

Dear Sirs,

**AE MULTI HOLDINGS BERHAD (“AEM” or the “Company”)  
REPORTING ACCOUNTANTS’ LETTER ON THE COMPILATION OF PRO FORMA  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN THE  
ABRIDGED PROSPECTUS TO SHAREHOLDERS OF AEM**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of AEM as at 31 December 2013, together with the accompanying notes thereto. The pro forma consolidated statements of financial position, as set out in Appendix A of this letter (which we have stamped for the purpose of identification), have been compiled by the Board of Directors for the inclusion in the Abridged Prospectus to shareholders of AEM in relation to renounceable rights issue of up to 125,834,000 new AEM Shares (“Rights Shares”) together with up to 94,375,500 free detachable warrants (“Warrants”) on the basis of four (4) Rights Shares for every three (3) AEM Shares held together with three (3) free Warrants for every four (4) Rights Shares subscribed by the rights entitled shareholders, at an issue price of RM0.18 per Rights Share (“Rights Issue with Warrants”).

The pro forma consolidated statements of financial position has been compiled by the Board of Directors to illustrate the impact of the Corporate Exercise (as defined in the Note 2 of the notes to pro forma consolidated statements of financial position as at 31 December 2013), as set out in Note 2 to 4 of the pro forma consolidated statements of financial position, on AEM’s financial position as at 31 December 2013.

As part of this process, information about AEM’s financial position has been extracted by the Board of Directors from AEM’s audited consolidated financial statements for the financial year ended 31 December 2013, on which the audited report was dated 29 April 2014.

***Directors’ responsibilities for the pro forma consolidated statements of financial position***

The Board of Directors of AEM is solely responsible for compiling the pro forma consolidated statements of financial position on the basis set out in Note 2 to 4 of the pro forma consolidated statements of financial position.

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**AE MULTI HOLDINGS BERHAD**

Page 2

*Our responsibilities*

Our responsibility is to express an opinion, as required by Bursa Securities Malaysia Berhad, on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis set out in Note 2 to 4 of the pro forma consolidated statements of financial position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires us to comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis set out in Note 2 to 4 of the pro forma consolidated statements of financial position.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in the Abridged Prospectus to Shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis set out in Note 2 to 4 of the pro forma consolidated statements of financial position involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of AEM, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**AE MULTI HOLDINGS BERHAD**

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***Opinion***

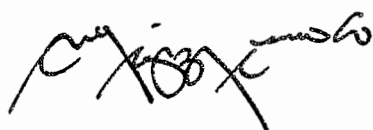
In our opinion,

- (a) The pro forma consolidated statements of financial position of AEM, which have been prepared by the Directors of AEM, have been prepared on the basis of assumptions as set out in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by AEM; and
- (b) Each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

***OTHER MATTERS***

This letter is issued solely for the purpose of inclusion in the Abridged Prospectus to Shareholders in connection with the Rights Issue with Warrants. As such, this letter should not be reproduced, referred to in any other document or used for any other purpose without our prior written consent.

Yours faithfully



**MORISON ANUARUL AZIZAN CHEW**  
(AF001977)  
CHARTERED ACCOUNTANTS



**SATHIEA SEELEAN A/L MANICKAM**  
1729/05/16 (J/PH)  
CHARTERED ACCOUNTANTS

**AE MULTI HOLDINGS BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31**  
**DECEMBER 2013**

**Minimum Scenario**

(Page 1 of 2)

MINIMUM SCENARIO	Audited statements of financial position of AEM as at 31.12.13	Pro forma (I) After the Par Value Reduction	Pro forma (II) After (I) and the Rights Issue with Warrants	Pro forma (III) After (II) and assuming full exercise of the Warrants
	RM	RM	RM	RM
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	14,881,611	14,881,611	14,881,611	14,881,611
Investment property	600,000	600,000	600,000	600,000
	15,481,611	15,481,611	15,481,611	15,481,611
<b>Current assets</b>				
Assets held for sale	5,858,392	5,858,392	5,858,392	5,858,392
Inventories	19,326,962	19,326,962	19,326,962	19,326,962
Trade receivables	9,601,977	9,601,977	9,601,977	9,601,977
Other receivables	5,694,777	5,694,777	5,694,777	5,694,777
Fixed deposits with licensed banks	2,703,507	2,703,507	2,703,507	2,703,507
Cash and bank balances	1,072,852	1,072,852	3,592,852	10,905,352
	44,258,467	44,258,467	46,778,467	54,090,967
<b>Current liabilities</b>				
Trade payables	6,215,328	6,215,328	6,215,328	6,215,328
Other payables	3,977,093	3,977,093	3,977,093	3,977,093
Finance lease liabilities	107,921	107,921	107,921	107,921
Bank borrowings	23,667,670	23,667,670	19,667,670	19,667,670
Tax payables	66,577	66,577	66,577	66,577
	34,034,589	34,034,589	30,034,589	30,034,589
<b>Net Current Assets</b>	10,223,878	10,223,878	16,743,878	24,056,378
	25,705,489	25,705,489	32,225,489	39,537,989

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**AE MULTI HOLDINGS BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31**  
**DECEMBER 2013**

**Minimum Scenario**

(Page 2 of 2)



MINIMUM SCENARIO	Audited statements of financial position of AEM as at 31.12.13	Pro forma (I)	Pro forma (II)	
		After the Par Value Reduction	After (I) and the Rights Issue with Warrants	After (II) and assuming full exercise of the Warrants
		RM	RM	RM

**Equity**

Share capital	47,187,750	9,437,550	13,337,550	<sup>(4)</sup> 16,262,550
Share premium	5,765,722	5,765,722	<sup>(2)</sup> 5,944,722	12,964,722
Reserves	2,219,068	2,219,068	2,219,068	2,219,068
Capital Reserve	-	10,702,403	10,702,403	10,702,403
Warrant Reserve	-	-	<sup>(3)</sup> 2,632,500	-
Accumulated losses	(29,771,561)	<sup>(1)</sup> (2,723,764)	<sup>(2)</sup> (2,915,264)	(2,915,264)
	25,400,979	25,400,979	31,920,979	39,233,479
<b>Total equity</b>	<b>25,400,979</b>	<b>25,400,979</b>	<b>31,920,979</b>	<b>39,233,479</b>

**Non-Current Liabilities**

Finance lease liabilities	202,113	202,113	202,113	202,113
Deferred taxation	102,397	102,397	102,397	102,397
	304,510	304,510	304,510	304,510

**Total Equity and Liabilities**

	25,705,489	25,705,489	32,225,489	39,537,989
Number of ordinary share	94,375,500	94,375,500	133,375,500	162,625,500
Net assets per ordinary share (RM)	0.27	0.27	0.24	0.24
Borrowings	23,977,704	23,977,704	19,977,704	19,977,704
Gearing (times)	0.94	0.94	0.63	0.51

Notes:

- (1) Assuming the credit arising from the Par Value Reduction (as defined in the Note 2.1 of the notes to the pro forma consolidated statements of financial position as at 31 December 2013), amounting to RM27,047,797 is set-off against the accumulated losses of the Company and the excess credit after the offset shall be transferred into capital reserve account.
- (2) In accordance with the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Companies Act, 1965 ("Act"), costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and Financial Reporting Standard ("FRS") 132 Financial Instrument : Disclosure of Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expenses off in the period they are incurred.  
  
In such circumstances, the estimated expenses of RM500,000 in relation to the Corporate Exercise were deducted from accumulated losses by RM191,500 and share premium account by RM308,500.
- (3) Recognition of fair value of Warrants of RM0.09 per Warrant pursuant to the Rights Issue with Warrants, offset against the share premium account amounting to RM2,632,500.
- (4) Based on the exercise price of the Warrants of RM0.25 each for the exercise of one (1) Warrant into one (1) AEM Share.



## AE MULTI HOLDINGS BERHAD

## PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Maximum Scenario

(Page 1 of 2)



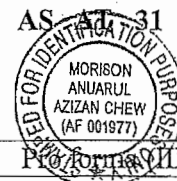
MAXIMUM SCENARIO		Pro forma (I)	Pro forma (II)	Pro forma (III)
	Audited statements of financial position of AEM as at 31.12.13 RM	After the Par Value Reduction RM	After (I) and the Rights Issue with Warrants RM	After (II) and assuming full exercise of the Warrants RM
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	14,881,611	14,881,611	14,881,611	14,881,611
Investment property	600,000	600,000	600,000	600,000
	15,481,611	15,481,611	15,481,611	15,481,611
<b>Current assets</b>				
Assets held for sale	5,858,392	5,858,392	5,858,392	5,858,392
Inventories	19,326,962	19,326,962	19,326,962	19,326,962
Trade receivables	9,601,977	9,601,977	9,601,977	9,601,977
Other receivables	5,694,777	5,694,777	5,694,777	5,694,777
Fixed deposits with licensed banks	2,703,507	2,703,507	2,703,507	2,703,507
Cash and bank balances	1,072,852	1,072,852	18,222,972	41,816,847
	44,258,467	44,258,467	61,408,587	85,002,462
<b>Current liabilities</b>				
Trade payables	6,215,328	6,215,328	6,215,328	6,215,328
Other payables	3,977,093	3,977,093	3,977,093	3,977,093
Finance lease liabilities	107,921	107,921	107,921	107,921
Bank borrowings	23,667,670	23,667,670	18,667,670	18,667,670
Tax payables	66,577	66,577	66,577	66,577
	34,034,589	34,034,589	29,034,589	29,034,589
<b>Net Current Assets</b>	10,223,878	10,223,878	32,373,998	55,967,873
	25,705,489	25,705,489	47,855,609	71,449,484

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**AE MULTI HOLDINGS BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31**  
**DECEMBER 2013**

**Maximum Scenario**

(Page 2 of 2)

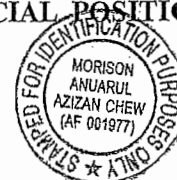


MAXIMUM SCENARIO	Audited statements of financial position of AEM as at 31.12.13	Pro forma (I)	Pro forma (II)	Pro forma (III)
	After the Par Value Reduction	After (I) and the Rights Issue with Warrants	After (II) and assuming full exercise of the Warrants	
	RM	RM	RM	RM
<b>Equity</b>				
Share capital	47,187,750	9,437,550	22,020,950	<sup>(4)</sup> 31,458,500
Share premium	5,765,722	5,765,722	<sup>(2)</sup> 7,030,147	29,680,267
Reserves	2,219,068	2,219,068	2,219,068	2,219,068
Capital Reserve	-	10,702,403	10,702,403	10,702,403
Warrant Reserve	-	-	<sup>(3)</sup> 8,493,795	-
Accumulated losses	(29,771,561)	<sup>(1)</sup> (2,723,764)	<sup>(2)</sup> (2,915,264)	(2,915,264)
	25,400,979	25,400,979	47,551,099	71,144,974
<b>Total equity</b>	25,400,979	25,400,979	47,551,099	71,144,974
<b>Non-Current Liabilities</b>				
Finance lease liabilities	202,113	202,113	202,113	202,113
Deferred taxation	102,397	102,397	102,397	102,397
	304,510	304,510	304,510	304,510
<b>Total Equity and Liabilities</b>	25,705,489	25,705,489	47,855,609	71,449,484
Number of ordinary share	94,375,500	94,375,500	220,209,500	314,585,000
Net assets per ordinary share (RM)	0.27	0.27	0.22	0.23
Borrowings (RM)	23,977,704	23,977,704	18,977,704	18,977,704
Gearing (times)	0.94	0.94	0.40	0.27

Notes:

- (2) Assuming the credit arising from the Par Value Reduction (as defined in the Note 2.1 of the notes to the pro forma consolidated statements of financial position as at 31 December 2013), amounting to RM27,047,797 is set-off against the accumulated losses of the Company and the excess credit after the offset shall be transferred into capital reserve account.
- (2) In accordance with the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Companies Act, 1965 ("Act"), costs attributable to the issue of shares shall be written off against the share premium account in accordance with Section 60 sub-section (3) of the Act and Financial Reporting Standard ("FRS") 132 Financial Instrument : Disclosure of Presentation if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expenses off in the period they are incurred.
- In such circumstances, the estimated expenses of RM500,000 in relation to the Corporate Exercise were deducted from accumulated losses by RM191,500 and share premium account by RM308,500.
- (3) Recognition of fair value of Warrants of RM0.09 per Warrant pursuant to the Rights Issue with Warrants, offset against the share premium account amounting to RM8,493,795.
- (4) Based on the exercise price of the Warrants of RM0.25 each for the exercise of one (1) Warrant into one (1) AEM Share.

**AE MULTI HOLDINGS BERHAD**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**



**1. Basis of preparation**

The pro forma consolidated statements of financial position, for which the Directors of AE Multi Holdings Berhad (“AEM” or the “Company”) are solely responsible, set out below have been prepared for illustrative purpose only to show the effects of the following events as set out in paragraph 2 below, on the assumption that they were effected on 31 December 2013 and based on the bases and accounting principles consistent with those adopted by the Company and its subsidiaries (the “Group”) in the preparation of their respective audited financial statements.

The pro forma consolidated statements of financial position of the Group have been prepared based on the audited financial statements of the Group as at 31 December 2013 which have been prepared in accordance with the Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

**2. Details of the Corporate Exercise**

The Company is undertaking the following Corporate Exercise:-

**2.1 Par Value Reduction**

The Company has undertaken a Par Value Reduction that the existing issued and paid-up share capital of AEM of RM47,187,750 comprising 94,375,500 ordinary shares of RM0.50 each be reduced (pursuant to Section 64(1) of the Companies Act, 1965 (“Act”)) to RM9,437,550 comprising 94,375,500 ordinary shares of RM0.10 (“AEM Shares”) each by way of cancellation of RM0.40 of the par value of each existing ordinary share of RM0.50 each of AEM in issue.

The reduction of RM0.40 for each existing ordinary shares of RM0.50 each in AEM gives rise to a credit of RM37,750,200 (based on the existing issued and paid-up share capital), which is utilised to offset the Company’s accumulated losses of RM27,047,797 based on the audited financial statements of AEM for the financial year ended (“FYE”) 31 December 2013. In the event of excess credit after the offset of the accumulated losses, such excess credit shall be transferred into a non-distributable capital reserve account.

The Company has been granted the Court Order from High Court of Malaya on the Par Value Reduction and subsequently lodged the Court Order with the Companies Commission of Malaysia on 02 October 2014. Therefore, the par value of each ordinary share in AEM is effectively reduced from RM0.50 per share to RM0.10 per share on 02 October 2014.

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**AE MULTI HOLDINGS BERHAD**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**



**2. Details of the Corporate Exercise – (Continued)**

**2.2 Rights Issue with Warrants**

The Rights Issue with Warrants entails a renounceable rights issuance of up to 125,834,000 new ordinary shares of RM0.10 each in AEM (“**Rights Share(s)**”) together with up to 94,375,500 free detachable new warrants (“**Warrant(s)**”) on the basis of four (4) Rights Shares for every three (3) ordinary shares of RM0.10 each in AEM (“**AEM Shares**” or “**Shares**”) held together with three (3) free Warrants for every four (4) Rights Shares successfully subscribed by the shareholders of the Company whose names appear in the Records of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholders**”). The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by a deed poll executed by the Company.

The Rights Issue with Warrants is renounceable in full or in part. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements.

**2.3 Amendment**

The Amendment involves the consequential amendment to the Memorandum of Association of AEM to facilitate the implementation of the Par Value Reduction.

**3. Scenarios**

The Pro forma Consolidated Statements of Financial Position have been presented based on the following two scenarios:-

- |                        |   |
|------------------------|---|
| a) Minimum Scenario :- | The scenario that assumes the Rights Issue with Warrants will be subscribed based on the minimum subscription level.                              |
| b) Maximum Scenario :- | The scenario that assumes all the Entitled Shareholders subscribe for their respective entitlements in full under the Rights Issue with Warrants. |

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**AE MULTI HOLDINGS BERHAD**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

**4. The Pro forma Consolidated Statements of Financial Position**

4.1 Pro forma I – Par Value Reduction

Pro forma I incorporates the effects of the Par Value Reduction.

Table 1: Pro forma effect of the Par Value Reduction

	Par Value RM	No. of AEM Shares	Share Capital
Existing issued and paid-up share capital	0.50	94,375,500	47,187,750
After the Par Value Reduction	0.10	94,375,500	9,437,550



Table 2: Pro forma effects of the Par Value Reduction on the reserves of the Group

As at 31 December 2013	Group Level (RM)	Company Level (RM)
Accumulated losses	29,771,561	27,047,797
Credit arising from the Par Value Reduction	(27,047,797)	(27,047,797)
Accumulated losses after the Par Value Reduction	(2,723,764)	-

As at 31 December 2013	Group Level (RM)	Company Level (RM)
Capital reserve	-	-
Excess credit arising from the Par Value Reduction	10,702,403	10,702,403
Resultant reserves after the Par Value Reduction	10,702,403	10,702,403

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**AE MULTI HOLDINGS BERHAD**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**



**4. The Pro forma Consolidated Statements of Financial Position – Continued**

**4.2 Pro forma II – Rights Issue with Warrants**

Pro forma II incorporates the effects of Pro forma I and the effects of the Rights Issue with Warrants. The issue price for the Rights Shares is fixed at RM0.18 for each Rights Shares.

**Minimum Scenario**

Representing the scenario where the Board has decided on a minimum level of subscription for the Rights Issue with Warrants of 39,000,000 of Rights Shares together with 29,250,000 Warrants based on the undertakings letter procured from Mr Yang Wu-Hsiung and Mr Yang Chao-Tung.

The total allocated fair value of the Warrants amounting to RM2,632,500 will be transferred to warrant reserves upon the issue of the Warrants. Correspondingly, the same amount will be set-off against the share premium account of the Company.

**Maximum Scenario**

Representing the scenario where the Rights Issue with Warrants entails an issue of up to 125,834,000 Rights Shares together with up to 94,375,500 Warrants.

The total allocated fair value of the Warrants amounting to RM8,493,795 will be transferred to warrant reserves upon the issue of the Warrants. Correspondingly, the same amount will be set-off against the share premium account of the Company.

The Rights Issue with Warrants is expected to raise an estimated gross proceeds of up to RM22,650,120 based on the issue price of RM0.18 per Rights Share. The following is the proposed utilisation of proceeds from the Rights Issue with Warrants (The repayment of bank borrowings and the estimated expenses relating to the Corporate Exercise were reflected in the pro forma.) :-

Details	Minimum Scenario	Maximum Scenario	Timeframe of Utilisation (from the listing of the Rights Shares)
	RM'000	RM'000	
Repayment of bank borrowings <sup>@</sup>	4,000	5,000	Within 6 months
Upgrade of machinery*	1,500	8,000	Within 12 months
Construction of factory <sup>#</sup>	-	4,000	Within 12 months
Working capital**	1,020	5,150	Within 12 months
Expenses relating to the Corporate Exercise <sup>^</sup>	500	500	Immediately
	<b>7,020</b>	<b>22,650</b>	

**AE MULTI HOLDINGS BERHAD**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

**4. The Pro forma Consolidated Statements of Financial Position – Continued**

4.2 Pro forma II – Rights Issue with Warrants – (Continued)



Notes:

- @ Our Group's outstanding borrowings as at the date of this AP is RM21.39 million. The repayment will save us RM0.33 million per annum under the Minimum Scenario to RM0.42 million per annum under the Maximum Scenario in interest based on an interest rate of 8.35% per annum.
- \* The upgrade of machinery located in Thailand comprises amongst others the addition and/or replacement of 1 auto machine and 1 photo imaging machine, as well as parts for printing, shearing, drilling and punching sections of machinery such as frames, rollers and conveyor belts.
- # Consists of construction of new factories for our Thailand operations, addition of tools and equipment, as well as purchase of furniture and fittings and facilities such as computers and air conditioning. We have in August 2014 commenced the construction of a new factory located at Tambol Prakasa, Amphur Muang Samutprakarn, Samutprakarn Province in Thailand which will comprise a double storey office cum factory with a built-up area of 1,836 sq m occupying land area of 3,400 sq m. The new factory is expected to have a production capacity of 15,000 sq m. The construction of the factory is expected to cost THB50 million, and is expected to be completed in April 2015.
- \*\* Working capital comprises mainly general operating expenses, staff salaries as well as purchase of inventory which includes mainly raw materials used in manufacturing of PCBs such as are copper clad laminates, industrial chemicals and printing ink.
- ^ In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised as working capital for our Group.

The actual proceeds to be raised from the Rights Issue with Warrants are dependent on the subscription level of the Rights Issue with Warrants. Any variation in the actual proceeds raised will be adjusted to or from the amount allocated for the working capital purposes of the Group. The proceeds from the Rights Issue with Warrants (excluding any proceeds from any exercise of Warrants) are expected to be utilised over a period of one (1) year.

Pro forma II also incorporates the fair value of the Warrants which will be transferred to warrant reserves upon issue of the Rights Shares together with the Warrants pursuant to the Rights Issue with Warrants. The Board has allocated a fair value of RM0.09 per Warrant estimated using Binomial Option Pricing Model and the key assumptions are as follow :-

Indicative exercise price	RM0.25
Underlying price	RM0.1988
Days to expiration	1825 (5years)
Risk free interest rate	3.77% pa
Expected volatility	58.17%
Expected dividend yield	-

The underlying price represents the theoretical ex-rights price and five (5) day volume weighted average market price of AEM Shares up to 03 November 2014.

The estimated expenses in relation to the Corporate Exercise of RM500,000 will be deducted from the share premium account of the Group.

**AE MULTI HOLDINGS BERHAD  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

**4. The Pro forma Consolidated Statements of Financial Position – Continued**

**4.3 Pro forma III – Assuming full exercise of Warrants**

Based on the assumption of full exercise of Warrants, Pro forma III incorporates the effects of Pro forma I, Pro forma II, and the effects of assuming full exercise of the Warrants at an exercise price of RM0.25 per Warrant for one (1) new AEM Share.

The warrant reserves will be transferred to share premium account upon the full exercise of the Warrants.

The quantum of proceeds to be received by the Company pursuant to the exercise of the Warrants would depend upon the actual number of Warrants exercised and the final exercise price of the Warrants. Such proceeds will be utilised for capital expenditure, investment opportunities and/or working capital purposes.

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**AE MULTI HOLDINGS BERHAD**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**



**5. Share Capital**

The movements in the issue and fully paid up share capital of the Company after the Corporate Exercise.

	Par Value RM	Minimum scenario		Maximum scenario	
		No. of AEM Shares	RM	No. of AEM Shares	RM
<b>Authorised Share Capital</b>					
Before the Amendment	0.50	200,000,000	100,000,000	200,000,000	100,000,000
After the Amendment	0.10	1,000,000,000	100,000,000	1,000,000,000	100,000,000
<b>Issued and paid-up Share Capital</b>					
As at 31 December 2013	0.50	94,375,500	47,187,750	94,375,500	47,187,750
To be issued pursuant to the Par Value Reduction	0.50	94,375,500	47,187,750	94,375,500	47,187,750
	(0.40)	-	(37,750,200)	-	(37,750,200)
	0.10	94,375,500	9,437,550	94,375,500	9,437,550
To be issued pursuant to the Rights Issue with Warrants	0.10	39,000,000	3,900,000	125,834,000	12,583,400
	0.10	133,375,500	13,337,550	220,209,500	22,020,950
To be issued pursuant to the full exercise of the Warrants	0.10	29,250,000	2,925,000	94,375,500	9,437,550
<b>Enlarged issued and paid up share capital</b>	0.10	162,625,500	16,262,550	314,585,000	31,458,500

**APPENDIX V**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON**

*(Prepared for inclusion in this Abridged Prospectus)*



CERTIFIED TRUE COPY

A handwritten signature in black ink, appearing to read 'S. Manickam', written over a dotted line.

SATHIEA SEELEAN MANICKAM  
CA(M), B. ACC(Hons), AICA ATII

**AE MULTI HOLDINGS BERHAD**

(Company No. 539777-D)

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

**Registered office:-**

**51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang**

**Principal place of business:-**

**Lot 87, Persiaran 11  
Kawasan Perusahaan Bakar Arang  
08000 Sungai Petani  
Kedah Darul Aman**

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

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**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

**Principal Activities**

The principal activities of the Company are those of investment holding and the provision of management services to its group of companies.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

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

**Financial Results**

	Group RM	Company RM
Net profit/(loss) for the financial year attributable to:-		
Owners of the parent	<u>672,200</u>	<u>(177,025)</u>

**Dividend**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year under review.

**Reserves and Provisions**

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

**Issue of Shares and Debentures**

There were no issues of shares or debentures during the financial year under review.

### Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

### Employee Share Option Scheme

The Company's Employee Share Option Scheme ("ESOS") is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 28 June 2004. The ESOS which expired on 24 November 2009 was extended for another five years expiring on 24 November 2014 pursuant to By-Law 19 of the Scheme. The details of options over unissued shares of the Company granted under the ESOS during the financial year are as follows:-

Grant date	Expiry date	Exercise price	<----- Options over ordinary shares of RM0.50 each ----->				Balance at 31.12.2013
			Balance at 1.1.2013	Granted and accepted	Exercised	Lapsed due to resignation	
24.11.2004	24.11.2014	RM0.65	961,000	-	-	-	961,000

The salient features of the ESOS are disclosed in Note 18 to the financial statements.

There are no share options granted and exercised during the financial year.

Details of options granted to Directors are disclosed in the section on Directors' Interests in this report.

### Directors

The Directors who served since the date of the last report are as follows:-

Yang Wu-Hsiung	
Yang Chao-Tung	
Yang Chueh-Kuang	
Oon Hock Chye	
Saffie Bin Bakar	
Teh Beng Soon	(Appointed on 19.9.2013)
Goh Hock Hai	(Retired on 20.6.2013)
Tan Tee Beng	(Resigned on 31.12.2013)

**Directors' Interests**

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in share and options over share in the Company are as follows:-

	Numbers of ordinary shares of RM0.50 each			
	As at 1.1.2013	Acquired	Disposed	As at 31.12.2013
<b>Shares in the Company</b>				
<b>Direct interest:-</b>				
Yang Wu-Hsiung	183,092	-	-	183,092
Yang Chao-Tung	855,114	-	-	855,114
Yang Chueh-Kuang	22,018	-	-	22,018
Saffie Bin Bakar	105,580	-	-	105,580
<b>Deemed interest:-</b>				
Yang Wu-Hsiung	8,691,398	-	-	8,691,398
<b>Other interest:-</b>				
* Yang Wu-Hsiung	616,078	-	-	616,078
* Yang Chao-Tung	151,900	-	151,900	-
<b>Numbers of options over ordinary shares of RM0.50 each</b>				
	As at 1.1.2013	Granted	Exercised	As at 31.12.2013
Yang Wu-Hsiung	214,000	-	-	214,000
Yang Chao-Tung	214,000	-	-	214,000

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year under review.

**Directors' Benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those related party transactions disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted under the Company's ESOS.

### Other Statutory Information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:-
- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
  - (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.
- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:-
- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) any contingent liability in respect of the Group or the Company or its subsidiary companies which has arisen since the end of the financial year.

- (e) In the opinion of the Directors:-
- (i) the results of the operations of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

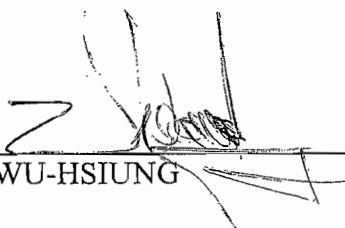
### Significant Event

The significant event is disclosed in Note 31 to the financial statements.

### Auditors

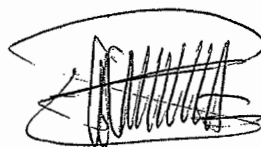
The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.



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YANG WU-HSIUNG



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YANG CHAO-TUNG

PENANG  
29 APR 2014

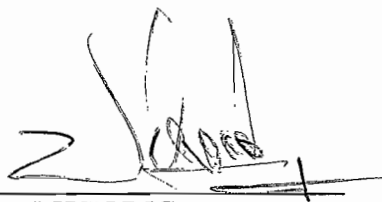


**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

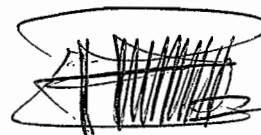
**STATEMENT BY DIRECTORS**  
**Pursuant to Section 169(15) of the Companies Act, 1965**

We, YANG WU-HSIUNG and YANG CHAO-TUNG, being two of the Directors of AE MULTI HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 66 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors.



YANG WU-HSIUNG



YANG CHAO-TUNG

PENANG  
29 APR 2014

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**  
Pursuant to Section 169(16) of the Companies Act, 1965

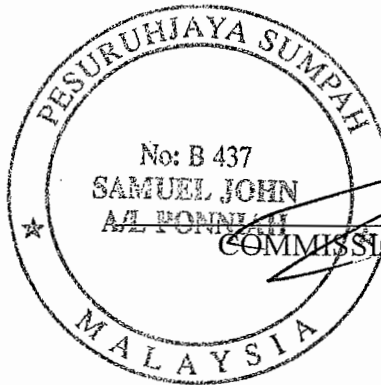
I, YANG CHAO-TUNG, being the Director primarily responsible for the financial management of AE MULTI HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 11 to 66 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Subscribed and solemnly declared by the )  
abovenamed YANG CHAO-TUNG at )  
PENANG this 29 APR 1971 )  
PUCHONG, SELANGOR

\_\_\_\_\_  
YANG CHAO-TUNG

Before me,



\_\_\_\_\_  
COMMISSIONER FOR OATHS

No. 3C, 2nd Floor,  
Jalan TK 1/11A, Taman Kinrara  
47100 Puchong, Selangor

**MORISON ANUARUL AZIZAN CHEW**  
CHARTERED ACCOUNTANTS

18 Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur.  
Tel : 603-40482888 Fax : 603-40482999

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AE MULTI HOLDINGS BERHAD**

(Company No: 539777 -D)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of AE Multi Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 66.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the independent auditors' report of the subsidiary companies of which we have not acted as auditors, which are indicated in Note 5(b) to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The independent auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

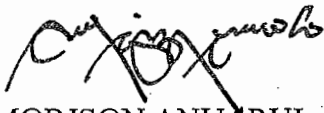
### **Other Reporting Responsibilities**

The supplementary information set out in Note 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

### Other Matters

The financial statements of the Company for the financial year ended 31 December 2012 were audited by another firm of Chartered Accountants, whose report dated 26 April 2013, expressed an unqualified opinion on those statements.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MORISON ANUARUL AZIZAN CHEW  
Firm Number: AF 001977  
Chartered Accountants



SATHIEA SEELEAN A/L MANICKAM  
Approved Number: 1729/05/14 (J/PH)  
Partner of Firm

KUALA LUMPUR  
29 APR 2014

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	3	14,881,611	20,500,019	-	-
Investment property	4	600,000	600,000	-	-
Investment in subsidiary companies	5	-	-	9,239,688	9,253,000
		<u>15,481,611</u>	<u>21,100,019</u>	<u>9,239,688</u>	<u>9,253,000</u>
<b>Current Assets</b>					
Assets held for sale	6	5,858,392	-	-	-
Inventories	7	19,326,962	18,667,053	-	-
Trade receivables	8	9,601,977	9,824,816	-	-
Other receivables	9	5,694,777	2,360,187	2,281	3,237
Amount owing by subsidiary companies	10	-	-	17,219,107	17,339,136
Fixed deposits with licensed banks	11	2,703,507	2,250,922	-	-
Cash and bank balances	12	1,072,852	3,220,031	3,045	19,653
		<u>44,258,467</u>	<u>36,323,009</u>	<u>17,224,433</u>	<u>17,362,026</u>
<b>Current Liabilities</b>					
Trade payables	13	6,215,328	5,807,633	-	-
Other payables	14	3,977,093	4,222,530	243,706	352,586
Amount owing to subsidiary companies	10	-	-	314,740	179,740
Finance lease liabilities	15	107,921	58,066	-	-
Bank borrowings	16	23,667,670	16,819,694	-	-
Tax payables		66,577	30,111	-	-
		<u>34,034,589</u>	<u>26,938,034</u>	<u>558,446</u>	<u>532,326</u>
Net current assets		<u>10,223,878</u>	<u>9,384,975</u>	<u>16,665,987</u>	<u>16,829,700</u>
		<u>25,705,489</u>	<u>30,484,994</u>	<u>25,905,675</u>	<u>26,082,700</u>

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)**

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Financed by:-</b>					
Share capital	17	47,187,750	47,187,750	47,187,750	47,187,750
Share premium	18	5,765,722	5,765,722	5,765,722	5,765,722
Reserves	19	2,219,068	2,516,377	-	-
Accumulated losses		(29,771,561)	(30,446,385)	(27,047,797)	(26,870,772)
		<u>25,400,979</u>	<u>25,023,464</u>	<u>25,905,675</u>	<u>26,082,700</u>
<b>Non-Current Liabilities</b>					
Finance lease liabilities	15	202,113	111,946	-	-
Bank borrowings	16	-	5,008,424	-	-
Deferred taxation	20	102,397	341,160	-	-
		<u>304,510</u>	<u>5,461,530</u>	<u>-</u>	<u>-</u>
		<u>25,705,489</u>	<u>30,484,994</u>	<u>25,905,675</u>	<u>26,082,700</u>

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

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	21	43,114,674	49,736,319	100,000	100,000
Cost of sales		(34,972,511)	(44,766,765)	-	-
Gross profit		<u>8,142,163</u>	<u>4,969,554</u>	<u>100,000</u>	<u>100,000</u>
Other operating income	22	1,080,342	611,777	-	17,067
Administrative expenses		(3,584,110)	(3,331,353)	(277,025)	(26,746,050)
Selling and distribution costs		(1,351,828)	(1,429,434)	-	-
Finance costs	23	(3,829,391)	(1,562,030)	-	-
Profit/(Loss) before taxation	24	<u>457,176</u>	<u>(741,486)</u>	<u>(177,025)</u>	<u>(26,628,983)</u>
Taxation	25	215,024	(24,639)	-	-
Net profit/(loss) for the financial year		<u>672,200</u>	<u>(766,125)</u>	<u>(177,025)</u>	<u>(26,628,983)</u>



**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Other comprehensive income, net of tax:-					
Foreign currency translation differences for foreign operation		(294,685)	83,817	-	-
Realisation of revaluation surplus upon depreciation		(2,624)	(14,334)	-	-
Transfer of reserve to accumulated losses		2,624	14,334	-	-
Other comprehensive (loss)/income for the year, net of tax		(294,685)	83,817	-	-
Total comprehensive income/(loss) for the year		<u>377,515</u>	<u>(682,308)</u>	<u>(177,025)</u>	<u>(26,628,983)</u>
Profit/(Loss) per share attributable to owners of the parent (sen)					
Basic	26(a)	<u>0.71</u>	<u>(0.81)</u>		
Diluted	26(b)	<u>-</u>	<u>-</u>		

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

**AE MULTI HOLDINGS BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Group	Attributable to Equity Holders of the Parent				Total RM
	Share Capital RM	Non-Distributable Share Premium RM	Reserves RM	Distributable Accumulated Losses RM	
At 1 January 2013	47,187,750	5,765,722	2,516,377	(30,446,385)	25,023,464
Realisation of revaluation surplus upon depreciation	-	-	(2,624)	2,624	-
Total comprehensive (loss)/income	-	-	(294,685)	672,200	377,515
At 31 December 2013	<u>47,187,750</u>	<u>5,765,722</u>	<u>2,219,068</u>	<u>(29,771,561)</u>	<u>25,400,979</u>
At 1 January 2012	47,187,750	5,765,722	2,446,894	(29,694,594)	25,705,772
Realisation of revaluation surplus upon depreciation	-	-	(14,334)	14,334	-
Total comprehensive income/(loss)	-	-	83,817	(766,125)	(682,308)
At 31 December 2012	<u>47,187,750</u>	<u>5,765,722</u>	<u>2,516,377</u>	<u>(30,446,385)</u>	<u>25,023,464</u>

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

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

<b>Company</b>	<b>Share Capital RM</b>	<b>Non- Distributable Share Premium RM</b>	<b>Distributable Accumulated Losses RM</b>	<b>Total RM</b>
At 1 January 2013	47,187,750	5,765,722	(26,870,772)	26,082,700
Total comprehensive loss	-	-	(177,025)	(177,025)
At 31 December 2013	<u>47,187,750</u>	<u>5,765,722</u>	<u>(27,047,797)</u>	<u>25,905,675</u>
At 1 January 2012	47,187,750	5,765,722	(241,789)	52,711,683
Total comprehensive loss	-	-	(26,628,983)	(26,628,983)
At 31 December 2012	<u>47,187,750</u>	<u>5,765,722</u>	<u>(26,870,772)</u>	<u>26,082,700</u>

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

**AE MULTI HOLDINGS BERHAD**  
(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Cash Flows From Operating Activities</b>				
Profit/(Loss) before taxation	457,176	(741,486)	(177,025)	(26,628,983)
Adjustments for:-				
Depreciation of property, plant and equipment	2,763,163	3,529,550	-	-
(Gain)/Loss on disposal of property, plant and equipment	(369,940)	41,873	-	-
Impairment loss for investment in subsidiary companies	-	-	13,312	26,358,924
Impairment loss for trade receivables	21,593	123,216	-	-
Impairment loss for other receivables	956	-	956	-
Interest expense	3,829,391	1,562,030	-	-
Interest income	(86,766)	(54,183)	-	-
Unrealised (gain)/loss on foreign exchange	(196,706)	-	15,746	(17,067)
Operating profit/(loss) before working capital changes	6,418,867	4,461,000	(147,011)	(287,126)
(Increase)/Decrease in working capital				
Inventories	(934,840)	39,711	-	-
Trade and other receivables	(3,056,537)	(499,551)	(108,880)	-
Trade and other payables	259,528	5,163,874	-	184,526
	(3,731,849)	4,704,034	(108,880)	184,526
Cash generated from/(used in) operations	2,687,018	9,165,034	(255,891)	(102,600)
Interest paid	(3,829,391)	(1,562,030)	-	-
Tax refund/(paid)	12,796	(504)	-	-
	(3,816,595)	(1,562,534)	-	-
Net cash (used in)/generated from operating activities	(1,129,577)	7,602,500	(255,891)	(102,600)

**AE MULTI HOLDINGS BERHAD**  
(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Cash Flows From Investing Activities</b>					
Interest received		86,766	54,183	-	-
Proceeds from disposal of property, plant and equipment		4,043,906	1,358,691	-	-
Purchase of property, plant and equipment	3(d)	(6,821,734)	(3,388,864)	-	-
Placement of fixed deposits with licensed banks		(485,612)	-	-	-
Net cash used in investing activities		<u>(3,176,674)</u>	<u>(1,975,990)</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>					
Drawdown/(Repayment) of trust receipts		4,502,917	(1,882,652)	-	-
Net change in subsidiaries' balances		-	-	239,283	80,737
Repayment of bankers acceptance		(39,388)	(27,000)	-	-
Repayment of factoring facility		(724,190)	(94,177)	-	-
Repayment finance lease liabilities		(139,229)	(268,581)	-	-
Repayment of term loans		(1,417,628)	(1,856,557)	-	-
Net cash generated from/(used in) financing activities		<u>2,182,482</u>	<u>(4,128,967)</u>	<u>239,283</u>	<u>80,737</u>

**AE MULTI HOLDINGS BERHAD**  
(Incorporated In Malaysia)

**STATEMENTS OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONT'D)**

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,123,769)	1,497,543	(16,608)	(21,863)
<b>Effect of foreign exchange rates changes on cash and cash equivalents</b>	(16,578)	9,625	-	-
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>2,945,584</u>	<u>1,438,416</u>	<u>19,653</u>	<u>41,516</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>805,237</u>	<u>2,945,584</u>	<u>3,045</u>	<u>19,653</u>
<b>Cash and cash equivalents at end of the financial year comprises:-</b>				
Cash and bank balances	1,072,852	3,220,031	3,045	19,653
Bank overdrafts	(267,615)	(274,447)	-	-
	<u>805,237</u>	<u>2,945,584</u>	<u>3,045</u>	<u>19,653</u>

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

**AE MULTI HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Corporate Information**

The principal activities of the Company are those of investment holding and the provision of management services to its group of companies.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

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

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

The principal place of business of the Company is located at Lot 87, Persiaran 11, Kawasan Perusahaan Bakar Arang, 08000 Sungai Petani, Kedah.

**2. Basis of Preparation and Significant Accounting Policies**

**(a) Basis of accounting**

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Accounting standards, amendments to accounting standards and interpretations that are effective for the Group and the Company’s financial year beginning on or after 1 January 2013 are as follows:-

- MFRS 10, “Consolidated Financial Statements”
- MFRS 11 “Joint arrangements”
- MFRS 12, “Disclosures of Interests in Other Entities”
- MFRS 13, “Fair Value Measurement”
- The revised MFRS 127, “Separate Financial Statements”
- The revised MFRS 128, “Investments in Associates and Joint Ventures”
- Amendments to MFRS 101 “Presentation of items of other comprehensive income”

- Amendment to MFRS 119, “Employee benefits”
- Amendment to MFRS 7, “Financial Instruments: Disclosures”
- Amendments to MFRS 10, 11 & 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”
- Annual improvements 2009 – 2011 Cycle
- IC Interpretation 20 “Stripping costs in the production phase of a surface mine”

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the Group and the Company.

Accounting standards, amendments to accounting standards and interpretations that are applicable for the Group and the Company in the following periods but are not yet effective:-

- (i) Financial year beginning on/after 1 January 2014

Amendments to MFRS 132 Financial Instruments: Presentation

These amendments clarifies the meaning of “currently has a legally enforceable right of set-off” that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business and is not contingent on a future event. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of assets

These Amendments removed certain disclosures of the recoverable amount of CGUs which had been included in MFRS 136 by the issuance of MFRS 13.

IC Interpretation 21 Levies

This Interpretation provides guidance that accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.



## (ii) Financial year beginning on/after 1 January 2015

MFRS 9 Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified into two measurement categories: those measured as at fair value and those measured at amortised cost at initial recognition. This classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the instrument. The Standard retains most of the MFRS 139 requirements for financial liabilities. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch.

The impact of MFRS 9 is still being assessed. Aside from the above mentioned, the adoption of the accounting Standards, amendments to accounting standards and interpretations are not expected to have a material impact to the financial statements of the Group and the Company.

Accounting standards, amendments to accounting standards and interpretations that are not relevant and not yet effective for the Group and the Company are as follows:-

- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment Entities"

The Group and the Company plans to adopt the abovementioned MFRSs, IC Interpretations and amendments to MFRSs which are relevant to the Group's and to the Company's operations when they become effective.

The Directors of the Group and of the Company anticipate that the application of the above MFRSs, IC Interpretations and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company.

## (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:-

(i) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:-

- (a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts) adjusted to reflect those differences; or
- (b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy stated in Note 2(h) to the financial statements. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment as disclosed in Note 2(e)(iii) to the financial statements. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iv) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

(v) Deferred tax asset

Deferred tax asset is recognised for unutilised tax losses to the extent that is probable that taxable profit will be available in future against which tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Impairment of non financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

(vii) Allowance for inventory write down

Allowance for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices, useful lives of vehicle models and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, which are made up to the end of the financial year.

Subsidiary companies are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the statements of profit or loss and other comprehensive income.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interest. Any cost directly attributable to the acquisition is included in administrative expenses in profit and loss as incurred.

The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:-

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's assets in the event of liquidation are measured at either the fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests should be measured at their acquisition date fair values. The choice of measurement basis is made on a transaction-by-transaction basis. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date when the Group attains control and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

When increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on acquisition date. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(e) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for the land and buildings of the Group which are stated at valuation less accumulated depreciation and any accumulated impairment losses.

Land and buildings shown at valuation are based on valuation reports by external independent valuers. Revaluations are performed at least once in every five years.

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Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised in statement of profit or loss and other comprehensive income.

The policy of recognition and measurement of impairment losses is in accordance with Note 2(h) to the financial statements.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of profit or loss and other comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statements of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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The estimated useful lives for the current and comparative periods are as follows:-

Buildings	2% - 5%
Hostels	2%
Building improvements	2% - 10%
Machinery and factory equipment	10% - 20%
Furniture, fixtures and office equipment	10% - 20%
Motor vehicles	20%

Construction in progress is not depreciated. Leasehold land is amortised on a straight line method over the period of the lease. Freehold land is not amortised as it has infinite life.

The depreciable amount is determined after deducting the residual value.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method of depreciation are the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are recognised in the statements of profit or loss and other comprehensive income. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(f) Investment property

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is derived based on Director's valuation by reference to the existing market condition.

Gains or losses arising from changes in the fair values of investment property are recognised in statements of profit or loss and other comprehensive income in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or for both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in statements of profit or loss and other comprehensive income in the year in which they arise.

(g) Leases

(i) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight line basis over the lease period.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(h) Impairment of non financial assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. An impairment loss is charged to the statements of profit or loss and other comprehensive income immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of profit or loss and other comprehensive income immediately.



(i) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the weighted average method. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the stocks to its present location and condition.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

The Group classifies its financial assets as loan and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statements of financial position.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statements of profit or loss and other comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of profit or loss and other comprehensive income.

(k) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statements of profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statements of profit or loss and other comprehensive income.

(l) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the statements of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Financial liabilities

Borrowings, trade and other payables are classified as financial liabilities in the statements of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Group designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:-

- (i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
- (ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
- (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(n) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(o) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Borrowing costs

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the statements of profit or loss and other comprehensive income in the period in which they are incurred.

(q) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of profit or loss and other comprehensive income.

Translation differences on non-monetary items, such as financial assets held for trading held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the exchange fluctuation reserve in the equity.

The closing exchange rates used for each unit of the main foreign currency in the Group are:-

	2013 RM	2012 RM
United States Dollar ("USD")	3.2815	3.0583
Singapore Dollar ("SGD")	2.5943	2.5030
Japanese Yen ("JPY")	0.0313	0.0356
Thailand Baht ("THB")	<u>0.0983</u>	<u>0.1000</u>

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:-

(i) Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in the statements of profit or loss and other comprehensive income when significant risks and rewards of the ownership have been transferred to the customers.

(ii) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(iii) Management fee income

Management fee income is recognised on the accrual basis.

(s) Employee benefits

(i) Short term employee benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing, and other staff related expenses are charged to the statements of profit or loss and other comprehensive income as and when incurred.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the statements of profit or loss and other comprehensive income as incurred.

(iii) Share-based compensation

The Company’s Employee Share Option Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Group’s employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the statements of profit or loss and other comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(t) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the statements of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statements of profit or loss and other comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(u) Earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period and ordinary shares that will be issued upon the conversion of mandatorily convertible instruments from the date the contract is entered into.

(v) Operating segments

For management purposes, the Group is organised into operating segment based on their business activities. An operating segment’s operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

## 3. Property, Plant and Equipment

Group	At valuation			At cost					Total RM
	Freehold land RM	Short term leasehold land RM	Factory buildings RM	Hostels RM	Machinery and factory equipment RM	Furniture, fixtures and office equipment RM	Motor vehicle RM	Construction in progress RM	
<b>Cost</b>									
At 1 January 2013	2,016,907	1,530,000	7,351,147	748,000	71,987,441	5,932,471	2,189,661	-	91,755,627
Additions	-	-	-	-	3,618,049	46,254	388,109	2,769,322	6,821,734
Reclassified to asset held for sale	-	(1,530,000)	(4,800,000)	-	-	-	-	-	(6,330,000)
Disposal	-	-	-	(295,000)	(3,237,173)	-	(229,698)	-	(3,761,871)
Foreign currency translation	(7,304)	-	(85,764)	-	(503,056)	(12,459)	(15,786)	34,394	(589,975)
At 31 December 2013	2,009,603	-	2,465,383	453,000	71,865,261	5,966,266	2,332,286	2,803,716	87,895,515
<b>Accumulated depreciation</b>									
At 1 January 2013	-	74,298	363,453	33,381	63,318,573	5,541,139	1,924,764	-	71,255,608
Charge for the financial year	-	38,337	362,937	17,405	2,163,027	73,972	107,485	-	2,763,163
Reclassified to asset held for sale	-	(112,635)	(358,973)	-	-	-	-	-	(471,608)
Disposal	-	-	-	(17,404)	(47,624)	-	(22,877)	-	(87,905)
Foreign currency translation	-	-	(42,927)	-	(375,140)	(10,617)	(16,670)	-	(445,354)
At 31 December 2013	-	-	324,490	33,382	65,058,836	5,604,494	1,992,702	-	73,013,904
<b>Carrying amount</b>									
At 31 December 2013	2,009,603	-	2,140,893	419,618	6,806,425	361,772	339,584	2,803,716	14,881,611

## 3. Property, Plant and Equipment (Cont'd)

Group	At valuation <----->				At cost ----->				Total RM
	Freehold land RM	Short term leasehold land RM	Factory buildings RM	Hostels RM	Machinery and factory equipment RM	Furniture, fixtures and office equipment RM	Motor vehicle RM		
<b>Cost</b>									
At 1 January 2012	2,006,767	1,530,000	7,338,321	748,000	64,978,660	5,863,865	2,053,460	84,519,073	
Reclassified from assets held for sale	-	-	-	-	5,156,946	-	-	5,156,946	
Additions	-	-	-	-	3,263,609	58,027	132,507	3,454,143	
Disposal	-	-	-	-	(1,531,209)	-	-	(1,531,209)	
Foreign currency translation	10,140	-	12,826	-	119,435	10,579	3,694	156,674	
At 31 December 2012	2,016,907	1,530,000	7,351,147	748,000	71,987,441	5,932,471	2,189,661	91,755,627	
<b>Accumulated depreciation</b>									
At 1 January 2012	-	35,961	112,819	15,976	57,708,913	5,356,644	1,847,714	65,078,027	
Reclassified from assets held for sale	-	-	-	-	2,664,909	-	-	2,664,909	
Charge for the financial year	-	38,337	251,538	17,405	2,972,857	176,364	73,049	3,529,550	
Disposal	-	-	-	-	(130,645)	-	-	(130,645)	
Foreign currency translation	-	-	(904)	-	102,539	8,131	4,001	113,767	
At 31 December 2012	-	74,298	363,453	33,381	63,318,573	5,541,139	1,924,764	71,255,608	
<b>Carrying amount</b>									
At 31 December 2012	2,016,907	1,455,702	6,987,694	714,619	8,668,868	391,332	264,897	20,500,019	



### 3. Property, Plant and Equipment (Cont'd)

- (a) The landed properties were revalued by Raine & Horne, International Zaki & Partners Sdn. Bhd., an independent professional valuer on 15 December 2006. The valuation was updated by another independent valuers, CH Williams Talhar & Wong Sdn. Bhd. and World Valuation Co., Ltd. on 31 January 2011 and 29 December 2011 respectively. Fair value is determined by reference to the open market values on an existing use basis.

Had the revalued landed properties been included in the financial statements at historical cost, the carrying amount of the landed properties would have been as follows:-

	Group	
	2013	2012
	RM	RM
<b>At carrying amount</b>		
Freehold land	175,000	175,000
Short term leasehold land	-	189,951
Factory buildings	1	5,735,925
Hostels	507,059	521,167
	<u>507,059</u>	<u>521,167</u>

The remaining period of the lease term is 37 (2012: 38) years.

- (b) The carrying amount of property, plant and equipment of the Group have been pledged to licensed banks as securities for credit facilities granted to subsidiary companies as disclosed in Note 16 to the financial statements are as follows:-

	Group	
	2013	2012
	RM	RM
Freehold land	2,009,603	2,016,907
Short term leasehold land	-	1,455,702
Factory buildings and hostels	7,217,972	7,274,726
	<u>9,227,575</u>	<u>10,747,335</u>

- (c) The carrying amount of property, plant and equipment of the Group acquired under finance lease liabilities and have been pledged to licensed banks as securities for credit facilities granted to subsidiary companies as disclosed in Note 15 to the financial statements are as follows:-

	Group	
	2013	2012
	RM	RM
Motor vehicles	147,760	213,983
	<u>147,760</u>	<u>213,983</u>

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- (d) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase and cash payment are as follows:-

	Group	
	2013 RM	2012 RM
Aggregate costs	6,821,734	3,454,143
Hire purchase financing	-	(65,279)
Cash payments	<u>6,821,734</u>	<u>3,388,864</u>

#### 4. Investment Properties

	Group	
	2013 RM	2012 RM
Short term leasehold land, at fair value At 1 January/31 December	<u>600,000</u>	<u>600,000</u>

The short term leasehold land is pledged to a licensed bank as security for banking facilities granted to subsidiary companies.

Short term leasehold land refers to a land with an unexpired lease period of less than fifty years determined as at the end of the reporting date.

The investment property has not been rented out and the related direct operating expenses are insignificant.

The short term leasehold land was revalued on 31 January 2011 by CH Williams Talhar & Wong, an independent valuer based on the open market value basis.

#### 5. Investment in Subsidiary Companies

- (a) Investment in subsidiary companies

	Company	
	2013 RM	2012 RM
In Malaysia		
Unquoted shares, at cost	35,971,924	35,971,924
Accumulated impairment losses:-		
At 1 January	<u>26,718,924</u>	<u>360,000</u>
Impairment loss during the year	<u>13,312</u>	<u>26,358,924</u>
At 31 December	<u>(26,732,236)</u>	<u>(26,718,924)</u>
	<u>9,239,688</u>	<u>9,253,000</u>

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(b) The subsidiary companies and shareholdings therein are as follows:-

Name of company	Country of incorporation	Effective interest		Principal activities
		2013 %	2012 %	
<b>Direct holding:-</b>				
AE Corporation (M) Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of printed circuit boards and its related products and provision of technical services.
AE Multi Industries Sdn. Bhd.	Malaysia	100	100	Sourcing and reselling of printed circuit boards and related products, electronic and telecommunication components.
<b>Indirect holding:-</b>				
<i>Subsidiary company of AE Corporation (M) Sdn. Bhd. :-</i>				
* Amallion Enterprise (Thailand) Corporation Ltd.	Thailand	100	100	Manufacture and sale of printed circuit boards and its related products and provision of technical services.

\* Audited by another member firm of Morison International which is a separate and independent legal entity from Morison Anuarul Azizan Chew.

## 6. Assets Held For Sale

	Note	Group	
		2013 RM	2012 RM
At carrying amount			
At 1 January		-	2,492,037
Transfer from property, plant and equipment	3	5,858,392	-
Transfer back to property, plant and equipment	3	-	(2,492,037)
At 31 December		<u>5,858,392</u>	<u>-</u>

During the financial year, a sale and purchase agreement was entered into to dispose off the leasehold land and factory buildings of the Group for a total consideration of RM4,000,000. This disposal is expected to complete within next twelve months upon fulfillment of all conditions precedent of the sale and purchase agreement. Leasehold land and factory buildings amounted to RM1,417,365 and RM4,441,027 respectively have been held for sale. Accordingly, these assets are classified as asset held for sale.

Asset held for sale of the Group have been pledged to licensed banks as securities for credit facilities granted to subsidiary companies as disclosed in Note 16 to the financial statements.

## 7. Inventories

	Group	
	2013 RM	2012 RM
At cost:-		
Raw materials	11,779,660	12,223,626
Work-in-progress	2,845,576	2,857,973
Finished goods	4,522,909	3,282,437
Consumables	178,817	303,017
	19,326,962	18,667,053

## 8. Trade Receivables

	Group	
	2013 RM	2012 RM
Trade receivables	9,746,786	9,948,032
Impairment for trade receivables	(144,809)	(123,216)
Trade receivables, net	9,601,977	9,824,816

The Group's normal trade credit term range from 30 to 90 days (2012: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables except for the amount owing by 1 major customer amounting to RM2,462,381 (2012: RM1,293,244) which accounts for 25% (2012: 13%) of the total trade receivables of the Group.

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

	Group	
	2013 RM	2012 RM
Neither past due or impaired	3,936,881	5,780,237
1 - 90 days past due but not impaired	5,490,514	3,371,172
91 - 180 days past due but not impaired	319,391	796,623
	5,809,905	4,167,795
Fully impaired	(144,809)	(123,216)
	9,601,977	9,824,816

The trade receivables that are impaired

	Group	
	2013 RM	2012 RM
Individually	<u>(144,809)</u>	<u>(123,216)</u>
<u>Allowance for impairment</u>		
At 1 January	123,216	-
Allowance made	<u>21,593</u>	<u>123,216</u>
At 31 December	<u>144,809</u>	<u>123,216</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables of RM5,809,905 (2012: RM4,167,795) that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored. None of the trade receivables that are past due but not impaired have been renegotiated during the financial year.

The currency exposure profiles of trade receivables are as follows:-

	Group	
	2013 RM	2012 RM
Ringgit Malaysia	755,767	1,554,210
Thai Baht	5,803,946	5,981,762
United States Dollar	<u>3,042,264</u>	<u>2,288,844</u>
	<u>9,601,977</u>	<u>9,824,816</u>

9. **Other Receivables**

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	2,132,359	879,738	3,237	3,237
Deposits	980,193	497,825	-	-
Prepayments	2,394,844	924,691	-	-
Value added tax recoverable	<u>188,337</u>	<u>57,933</u>	<u>-</u>	<u>-</u>
	<u>5,695,733</u>	<u>2,360,187</u>	<u>3,237</u>	<u>3,237</u>
Less: Impairment loss	<u>(956)</u>	<u>-</u>	<u>(956)</u>	<u>-</u>
	<u>5,694,777</u>	<u>2,360,187</u>	<u>2,281</u>	<u>3,237</u>

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The currency exposure profiles of other receivables are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	3,884,012	1,056,548	2,281	3,237
Thai Baht	1,810,765	1,208,481	-	-
United States Dollar	-	95,158	-	-
	<u>5,694,777</u>	<u>2,360,187</u>	<u>2,281</u>	<u>3,237</u>

#### 10. Amount Owning by/(to) Subsidiary Companies

These represent unsecured interest free advances which are repayable on demand.

The currency exposure profiles of amount owing by/(to) subsidiary companies are as follows:-

	Company	
	2013 RM	2012 RM
Amount owing by subsidiary companies:-		
Ringgit Malaysia	13,107,631	13,211,914
Thai Baht	4,111,476	4,127,222
	<u>17,219,107</u>	<u>17,339,136</u>
Amount owing to subsidiary companies:-		
Ringgit Malaysia	<u>314,740</u>	<u>179,740</u>

#### 11. Fixed Deposits with Licensed Banks

The currency exposure profiles of fixed deposit with a licensed bank is as follows:-

	Group	
	2013 RM	2012 RM
Thai Baht	<u>2,703,507</u>	<u>2,250,922</u>

The fixed deposits interests range between 1.25% and 2.25% (2012: 1.25% to 2.25%) per annum with a maturity of 3 to 6 months (2012: 3 to 6 months).

The carrying amount of fixed deposit of the Group has been pledged to licensed banks as securities for credit facilities granted to the subsidiary company as disclosed in Note 16 to the financial statements.

## 12. Cash and Bank Balances

The currency exposure profiles of cash and bank balances are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	301,842	155,396	3,045	19,653
Thai Baht	632,919	819,085	-	-
United States Dollar	138,091	2,245,550	-	-
	<u>1,072,852</u>	<u>3,220,031</u>	<u>3,045</u>	<u>19,653</u>

## 13. Trade Payables

The currency exposure profiles of trade payables are as follows:-

	Group	
	2013 RM	2012 RM
Ringgit Malaysia	42,922	122,221
Thai Baht	5,287,569	2,297,936
United States Dollar	814,719	3,234,033
Singapore Dollar	30,206	46,804
Japanese Yen	39,912	106,639
	<u>6,215,328</u>	<u>5,807,633</u>

The normal trade credit terms granted to the Group range from 30 to 90 days (2012: 30 to 90 days).

## 14. Other Payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Other payables	3,097,521	3,319,948	30,953	62,390
Accruals	879,572	902,582	212,753	290,196
	<u>3,977,093</u>	<u>4,222,530</u>	<u>243,706</u>	<u>352,586</u>

Included in the other payables of the Group is an amount of RMNil (2012: RM1,348,679) due to a Director of the Company. The amount owing to a Director is unsecured, interest free advances which are repayable on demand.

The currency exposure profiles of other payables are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	1,666,332	2,130,074	243,706	352,586
Thai Baht	1,299,930	1,759,699	-	-
United States Dollar	1,010,831	170,691	-	-
Singapore Dollar	-	124,860	-	-
Japanese Yen	-	37,206	-	-
	<u>3,977,093</u>	<u>4,222,530</u>	<u>243,706</u>	<u>352,586</u>

#### 15. Finance Lease Liabilities

	Group	
	2013 RM	2012 RM
(a) Minimum finance lease liabilities payments		
Within one year	118,140	66,457
Between one and five years	220,495	118,124
	<u>338,635</u>	<u>184,581</u>
Future finance charges	(28,601)	(14,569)
Present value of finance lease liabilities	<u>310,034</u>	<u>170,012</u>
(b) Present value of finance lease liabilities		
Within one year	107,921	58,066
Between one and five years	202,113	111,946
	<u>310,034</u>	<u>170,012</u>
Analysed as:-		
Repayable within twelve months	107,921	58,066
Repayable after twelve months	202,113	111,946
	<u>310,034</u>	<u>170,012</u>

The effective interest rates of the Group are between 2.35% and 2.63% (2012: 2.35% and 2.63%) per annum.

The finance lease liabilities are secured over the leased assets as disclosed in Note 3(c) to the financial statements.

The currency exposure profiles of finance lease liabilities are as follows:-

	Group	
	2013 RM	2012 RM
Ringgit Malaysia	64,646	94,649
Thai Baht	245,388	75,363
	<u>310,034</u>	<u>170,012</u>



16. **Bank Borrowings**

	Group	
	2013 RM	2012 RM
<b>Secured</b>		
Term loans	5,959,836	7,377,463
Bank overdraft	267,615	274,447
Banker acceptance	-	206,000
Factoring	354,727	1,107,121
Promissory note	2,457,725	2,501,125
Trust receipts	14,627,767	10,361,962
<b>Total bank borrowings</b>	<u>23,667,670</u>	<u>21,828,118</u>

Analysed as follows:-

**Repayable within twelve months****Secured**

Term loans	5,959,836	2,369,039
Bank overdraft	267,615	274,447
Banker acceptance	-	206,000
Factoring	354,727	1,107,121
Promissory note	2,457,725	2,501,125
Trust receipts	14,627,767	10,361,962
	<u>23,667,670</u>	<u>16,819,694</u>

**Repayable after twelve months****Secured**

Term loans	-	5,008,424
	<u>23,667,670</u>	<u>21,828,118</u>

The bank borrowings are secured on the following:-

- (i) legal charges over the land, factory buildings and certain hostels;
- (ii) debenture by way of fixed and floating charges over the assets, both present and future;
- (iii) corporate guarantee by the Company;
- (iv) facility agreement for RM6,000,000 and RM9,000,000;
- (v) joint and several guarantee of certain Directors of the Company; and
- (vi) pledge of fixed deposit.

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Maturity of borrowings is as follows:-

	Group	
	2013 RM	2012 RM
Within one year	23,667,670	16,819,694
Between one and two years	-	2,810,715
Between two and five years	-	2,197,709
	<u>23,667,670</u>	<u>21,828,118</u>

The weighted average effective interest rate is as follows:-

	Group	
	2013 %	2012 %
Term loans	4.79 - 8.35	8.10 - 8.35
Bank overdraft	7.38 - 7.75	8.60
Banker acceptance	-	5.39 - 5.50
Factoring	7.25 - 8.38	3.75 - 8.38
Promissory note	6.75 - 7.25	7.13
Trust receipts	4.12 - 4.79	3.15

The currency exposure profiles of bank borrowings are as follows:-

	Group	
	2013 RM	2012 RM
Ringgit Malaysia	6,227,451	7,952,560
Thai Baht	2,812,452	3,911,002
United States Dollar	14,627,767	9,964,556
	<u>23,667,670</u>	<u>21,828,118</u>

## 17. Share Capital

	Number of ordinary shares of RM0.50 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised share capital				
At 1 January/31 December	<u>200,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid				
At 1 January/31 December	<u>94,375,500</u>	<u>94,375,500</u>	<u>47,187,750</u>	<u>47,187,750</u>

18. **Share Premium**

	Group/Company	
	2013 RM	2012 RM
Share premium	<u>5,765,722</u>	<u>5,765,722</u>

**Employee Share Option Scheme (“ESOS”)**

The Company’s Employee Share Option Scheme (“ESOS”) is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 28 June 2004. The ESOS which expired on 24 November 2009 was extended for another five years expiring on 24 November 2014 pursuant to By-Law 19 of the scheme.

The salient features of the ESOS are as follows:-

- (i) Eligible employees are those employees who are at least eighteen years of age on the date of offer. Eligible employees also include executive Directors who have been confirmed and employed full-time by and on the payroll of any company in the Group. Whilst for non-executive Directors, they must be a member of the Board of Directors of a company(ies) comprised in the Group.
- (ii) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the duration of ESOS.
- (iii) The option is personal to the grantee and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- (iv) The exercise price shall be at a discount of not more than 10% from the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five market days preceding the date of offer or the par value of the ordinary shares, whichever is higher.
- (v) The ESOS is for a period of five years from the date of the last approval of the relevant authorities subject however to any extension or renewal of the ESOS for another five years only at the discretion of the Option Committee.

There are no share options granted and exercised during the financial year.

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## 19. Reserves

	Group	
	2013 RM	2012 RM
<b>Non-distributable:-</b>		
<b>Asset revaluation reserve</b>		
At 1 January	2,105,419	2,116,561
Realisation upon depreciation	(2,624)	(14,334)
Foreign currency translation difference	-	3,192
At 31 December	<u>2,102,795</u>	<u>2,105,419</u>
<b>Foreign currency translation reserve</b>		
At 1 January	410,958	330,333
Current year's exchange fluctuation	(294,685)	80,625
At 31 December	<u>116,273</u>	<u>410,958</u>
	<u>2,219,068</u>	<u>2,516,377</u>

The movements in the reserves are reflected in the statements of changes in equity.

## 20. Deferred Taxation Liabilities

	Group	
	2013 RM	2012 RM
At 1 January	341,160	347,334
Recognised in statements of profit or loss and other comprehensive income	(238,763)	-
Over provision in prior year	-	(6,190)
Foreign currency translation difference	-	16
At 31 December	<u>102,397</u>	<u>341,160</u>

## 21. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Manufacturing sales	43,114,674	47,304,393	-	-
Provision of technical services	-	2,431,926	-	-
Management fee from subsidiaries	-	-	100,000	100,000
	<u>43,114,674</u>	<u>49,736,319</u>	<u>100,000</u>	<u>100,000</u>

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## 22. Other Income

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	369,940	-	-	-
Interest income	86,766	54,183	-	-
Miscellaneous income	36,000	80,896	-	-
Realised gain on foreign exchange	182,349	19,248	-	-
Scrap sales	208,581	457,450	-	-
Unrealised gain on foreign exchange	196,706	-	-	17,067
	<u>1,080,342</u>	<u>611,777</u>	<u>-</u>	<u>17,067</u>

## 23. Finance Costs

	Group	
	2013	2012
	RM	RM
Interest expense on:-		
Bank overdrafts	20,409	30,635
Banker acceptance and trust receipts	2,425,424	406,152
Factoring	6,149	115,438
Finance lease liabilities	21,827	11,467
Promissory note	167,839	179,690
Term loans	1,019,511	696,550
Others	168,232	122,098
	<u>3,829,391</u>	<u>1,562,030</u>

24. **Profit/(Loss) Before Taxation**

Profit/(Loss) before taxation is derived after charging/(crediting):-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration:-				
- current year	40,200	54,200	20,000	34,000
- other services	-	10,000	-	10,000
- other auditors	10,173	8,665	-	-
Bad debt written off	9,667	-	-	-
Depreciation of property, plant and equipment	2,763,163	3,529,550	-	-
Impairment loss for trade receivables	21,593	123,216	-	-
Impairment loss for other receivables	956	-	956	-
Impairment loss for investment in subsidiary companies	-	-	13,312	26,358,924
Lease expenses	-	1,074,050	-	-
Loss on disposal of property, plant and equipment	-	41,873	-	-
Realised loss on foreign exchange	9,761	102,930	-	-
Rental of plant and equipment	19,181	12,442	-	-
Rental of premises	16,471	9,126	-	-
Research and development expenses	11,833	15,009	-	-
Unrealised loss on foreign exchange	-	-	15,746	-
	<u>-</u>	<u>-</u>	<u>15,746</u>	<u>-</u>

## 25. Taxation

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
<b>Current income tax</b>				
Current financial year				
- Foreign	65,759	30,829	-	-
Over provision in prior year				
- Malaysia	(42,020)	-	-	-
	<u>23,739</u>	<u>30,829</u>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences				
- Malaysia	(238,763)	(4,427)	-	-
- Foreign	-	(1,763)	-	-
	<u>(238,763)</u>	<u>(6,190)</u>	<u>-</u>	<u>-</u>
Tax (saving)/expense for the financial year	<u>(215,024)</u>	<u>24,639</u>	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit/(loss) for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit/(Loss) before taxation	<u>457,176</u>	<u>(741,486)</u>	<u>(177,025)</u>	<u>(26,628,983)</u>
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	114,294	(185,372)	(44,256)	(6,657,246)
Expenses not deductible for tax purposes	262,423	320,375	44,256	6,661,513
Income not subject to tax	-	(4,267)	-	(4,267)
Crystallisation of deferred tax liabilities on amortisation on revalued properties	-	(6,189)	-	-

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	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Utilisation of previously unrecognised deferred tax assets	(535,994)	(96,255)	-	-
Over provision of current taxation in prior year	(42,020)	-	-	-
Deferred tax asset not recognised	2,713	-	-	-
Effect of different tax rates in other countries	<u>(16,440)</u>	<u>(3,653)</u>	<u>-</u>	<u>-</u>
Tax (saving)/expense for the financial year	<u>(215,024)</u>	<u>24,639</u>	<u>-</u>	<u>-</u>

The Company has unabsorbed tax losses amounting to approximately RM10,495,000 (2012: RM10,944,000), unutilised capital allowances amounting to approximately RM6,692,000 (2012: RM9,084,000) and unabsorbed reinvestment allowances amounting approximately RM16,938,000 (2012: RM16,938,000) available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

## 26. Profit/(Loss) Per Share

### (a) Basic profit/(loss) per share

The basic profit/(loss) per share has been calculated based on the consolidated profit/(loss) after taxation for the financial year attributable to owners of the parent of RM672,200 (2012: RM766,125) for the Group and the weighted average number of ordinary shares in issue during the financial year of 94,375,500 (2012: 94,375,500) are as follows:-

	Group	
	2013 RM	2012 RM
Net profit/(loss) for the financial year attributable to owners of the parent	<u>672,200</u>	<u>(766,125)</u>
Weighted average number of ordinary shares in issue	<u>94,375,500</u>	<u>94,375,500</u>

### (b) Fully diluted profit/(loss) per share

Diluted profit/(loss) per share has not been computed as the effect of the share options under ESOS is anti-dilutive in nature.



27. **Staff Costs**

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Staff costs (excluding Directors)	<u>4,519,761</u>	<u>6,784,856</u>	<u>-</u>	<u>56,047</u>

Included in the staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company amounting to RM168,940 and RM Nil (2012: RM185,130 and RM3,840) respectively.

28. **Key Management Personnel Compensation**

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits				
- Fees	-	138,333	110,000	138,333
- Salaries and other emoluments	236,374	436,322	19,500	12,000
- Estimated monetary value of benefits-in-kinds	-	35,281	-	-
	<u>236,374</u>	<u>609,936</u>	<u>129,500</u>	<u>150,333</u>
Post employment benefits				
- Defined contribution plan	4,440	4,371	-	-
	<u>240,814</u>	<u>614,307</u>	<u>129,500</u>	<u>150,333</u>

Key management personnel comprise Directors and Executives of the Company, who have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

29. **Contingent Liabilities**

	Company	
	2013 RM	2012 RM
Unsecured corporate guarantees in respect of banking facilities granted to subsidiary companies	<u>15,100,000</u>	<u>14,303,000</u>

30. **Capital Commitments**

	Company	
	2013 RM	2012 RM
Authorised and contracted but not provided for:- Property, plant and equipment	-	<u>1,485,787</u>

31. **Significant Event**

On 27 June 2013, a subsidiary company of AE Multi Holdings Berhad (“AEM”), namely Amallion Enterprise (Thailand) Corporation Ltd. entered into a sale and purchase agreement with Mr. Pisit Phichiensaveatthara to purchase a piece of industrial land and factory building known as No. 673 located under the Title Deed No. 85428 Serial No. 365 covering 2-0-88 rais, in Bangpoo Industrial Estate Soi 4E, (EPZ) Plot no. E-24 Sukhumvit Road, Tambol Prakasa, Amphur Muang Samutprakarn, Samutprakarn Province, covering the building area of 15 metre x 33 metre approximately 495 square metres and land area of 50,770 square feet for a total consideration of THB18,000,000 equivalent to approximately RM1,800,000.

32. **Segment Information – Group**

Segment information is primarily presented in respect of the Group’s business segment which is based on the Group’s management and internal reporting structure.

The reportable business segments of the Group comprise the following:-

Printed circuit boards : Manufacture and sale of printed circuit boards and its related products and provision of technical services.

Electronic products : Assembly and trading of electronic products and telecommunication components and accessories.

Investment holding : Investment holding and the provision of management services.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors.

The accounting policies of the segments are consistent with the accounting policies of the Group.

## 32. Segment Information – Group (Cont'd)

2013	Printed Circuits Boards RM	Electronic Products RM	Investment Holding RM	Inter – segment Eliminations RM	Total RM
<b>Revenue</b>					
Total Revenue	43,114,674	589,391	100,000	(689,391)	43,114,674
<b>Results</b>					
Segment profit/(loss)	849,850	(13,937)	(163,713)	-	672,200
Included in the segment profit/(loss) are:-					
Depreciation of property, plant and equipment	(2,758,074)	(5,089)	-	-	(2,763,163)
Impairment loss for trade receivables	(21,593)	-	-	-	(21,593)
Impairment loss for other receivables	-	-	(956)	-	(956)
Loss on disposal of property, plant and equipment	369,940	-	-	-	369,940
Interest income	86,766	-	-	-	86,766
Finance costs	(3,805,217)	(24,174)	-	-	(3,829,391)
Taxation	215,024	-	-	-	215,024
<b>Assets</b>					
Segment assets	79,646,538	797,423	26,464,121	(47,168,004)	59,740,078
<b>Segment liabilities</b>					
Segment liabilities	53,271,955	532,735	558,446	(20,024,037)	34,339,099

## 32. Segment Information – Group (Cont'd)

2012	Printed Circuits Boards RM	Electronic Products RM	Investment Holding RM	Inter – segment Eliminations RM	Total RM
<b>Revenue</b>					
Total Revenue	52,880,282	1,315,220	100,000	(4,559,183)	49,736,319
<b>Results</b>					
Segment profit/(loss)	(252,918)	(243,148)	(270,059)	-	(766,125)
Included in the segment profit/(loss) are:-					
Depreciation of property, plant and equipment	(3,524,461)	(5,089)	-	-	3,529,550
Impairment loss for trade receivables	(123,216)	-	-	-	(123,216)
Loss on disposal of property, plant and equipment	(41,873)	-	-	-	(41,873)
Interest income	54,183	-	-	-	54,183
Finance costs	(1,528,440)	(33,590)	-	-	(1,562,030)
Taxation	(24,639)	-	-	-	(24,639)
<b>Assets</b>					
Segment assets	79,232,371	820,589	52,973,950	(75,603,882)	57,423,028
Segment liabilities	51,635,256	541,964	532,326	(20,309,982)	32,399,564

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(a) Major Customer

The revenue from a major customer which individually contributed more than 10% of the Groups' revenue amounted to RM5,746,704 (2012: RM6,191,599).

(b) Geographical segments

The Group's printed circuit boards business operates in two principal geographical areas, Malaysia and Thailand, while the investment operates in Malaysia only.

	Revenue		Non-current assets	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysia	12,458,616	15,606,822	9,737,244	11,341,794
Thailand	30,656,058	34,129,497	11,602,759	9,758,225
	<u>43,114,674</u>	<u>49,736,319</u>	<u>21,340,003</u>	<u>21,100,019</u>

33. Related Party Disclosures

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Related party transaction</b>				
Management fee from a subsidiary company	-	-	100,000	100,000
	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>

34. **Financial Instruments**

## (a) Financial risk management objectives and policies

The Group and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

## (b) Foreign currency exchange risk

The Group and the Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar, Thai Baht and Japanese Yen. The Group and the Company maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

<b>Functional Currency</b>	<b>United States Dollar RM</b>	<b>Singapore Dollar RM</b>	<b>Japanese Yen RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>2013</b>				
Trade and other receivables	3,042,264	-	-	3,042,264
Cash and bank balances	138,091	-	-	138,091
Trade and other payables	(1,825,550)	(30,206)	(39,912)	(1,895,668)
Bank borrowings	(14,627,767)	-	-	(14,627,767)
	<u>(13,272,962)</u>	<u>(30,206)</u>	<u>(39,912)</u>	<u>(13,343,080)</u>
<b>2012</b>				
Trade and other receivables	2,384,002	-	-	2,384,002
Cash and bank balances	2,245,550	-	-	2,245,550
Trade and other payables	(3,404,724)	(171,664)	(143,845)	(3,720,233)
Bank borrowings	(9,964,556)	-	-	(9,964,556)
	<u>(8,739,728)</u>	<u>(171,664)</u>	<u>(143,845)</u>	<u>(9,055,237)</u>

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<b>Functional Currency</b>	<b>Thai Baht RM</b>
<b>Company</b>	
<b>2013</b>	
Amount due from a subsidiary company	<u>4,111,476</u>
<b>2012</b>	
Amount due from a subsidiary company	<u>4,127,222</u>

Currency risk sensitivity analysis

The following shows the sensitivity of the Group's and of the Company's equity and profit/(loss) net of tax to a reasonably possible change in the USD, SGD, JPY and THB exchange rates against the functional currency of the affected Group of Companies ("RM"), with all other variables remain constant.

## Group

	<b>Loss net of tax RM</b>
USD/RM – weakening 5%	(498,411)
SGD/RM – weakening 5%	(1,133)
JPY/RM – weakening 5%	<u>(1,497)</u>

## Company

	<b>Profit net of tax RM</b>
THB/RM – strengthening 5%	<u>154,180</u>

## (c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings and deposits. The Group does not hedge the interest rate risk.



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Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	Group	
	2013 RM	2012 RM
<b>Floating rate instruments</b>		
Bank overdraft	267,615	274,447
Bankers acceptance	245,388	206,000
Factoring	354,727	1,107,121
Promissory note	2,457,725	2,501,125
Term loans	5,959,836	2,369,039
Trust receipts	14,627,767	10,361,962

Interest rate risk sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increase/decrease equity and loss net of tax by the amounts shown below, assuming all other variables remain constant.

Group	Loss net of tax 100bp Increase
Floating rate instruments:-	
Bank overdraft	2,007
Bankers acceptance	1,840
Factoring	2,660
Promissory note	18,433
Term loans	44,699
Trust receipts	109,708
	<u>179,347</u>

## (d) Credit risk

Exposure to credit risk

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

Credit risk concentration profile

At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 8 to the financial statements. The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

## (e) Liquidity and cash flow risk

The Group seeks to achieve a flexible and cost effective borrowing structure to ensure that the projected net borrowing needs are covered by available committed facilities. Debt maturities are structured in such a way to ensure that the amount of debt maturing in any one year is within the Group's ability to repay and/or refinance.

The Group also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

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

	<b>On demand or within one year RM</b>	<b>One to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Financial liabilities:-				
Trade and other payables	10,192,421	-	-	10,192,421
Bank borrowings	23,667,670	-	-	23,667,670
Finance lease liabilities	107,921	202,113	-	310,034
	<u>33,968,012</u>	<u>202,113</u>	<u>-</u>	<u>34,170,125</u>

## (f) Fair values

The aggregate fair values of the financial liabilities as at 31 December 2013 are as follows:-

	<b>2013</b>		<b>2012</b>	
	<b>Carrying amount RM</b>	<b>Fair value RM</b>	<b>Carrying amount RM</b>	<b>Fair Value RM</b>
<b>Group</b>				
<b>Financial liabilities</b>				
Hire purchase payables	<u>202,113</u>	<u>188,686</u>	<u>111,946</u>	<u>100,818</u>

- (i) The carrying amounts of cash and cash equivalents, current portion of trade and other receivables, inter-company loans and advances, current portion of trade and other payables, short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.

- (ii) The carrying amount of long term bank borrowing carried on the statements of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.
- (iii) The aggregate fair value of the other financial assets and liabilities carried on the statements of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:-

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The fair value of long term hire purchase payables carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

Interest rates used to determined fair value:-

	2013 % p.a.	2012 % p.a.
Hire purchase payables	<u>4.97</u>	<u>4.97</u>

### 35. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

### 36. Realised and Unrealised Profits/Losses (Supplementary Information)

The breakdown of the retained earnings of the Group and of the Company as of 31 December into realised and unrealised amounts is as follows:-

	Group	
	2013 RM	2012 RM
Total accumulated losses of the Company and its subsidiary companies:-		
Realised profits	(43,319,377)	(43,643,334)
Unrealised losses	44,681	341,160
	<u>(43,274,696)</u>	<u>(43,302,174)</u>
Add: consolidation adjustments	13,503,135	12,855,789
	<u>(29,771,561)</u>	<u>(30,446,385)</u>
	Company	
	2013 RM	2012 RM
Total accumulated losses of the Company:-		
Realised profits	(27,032,051)	(26,888,379)
Unrealised losses	(15,746)	17,607
	<u>(27,047,797)</u>	<u>(26,870,772)</u>

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

37. **Comparative Figures**

The financial statements of the previous financial year which are presented for comparative purposes were examined and reported on by another firm of auditors.

38. **Date of Authorisation for Issue**

The financial statements of the Group and of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2014.

## APPENDIX VI

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE SIX (6) MONTHS FPE 30 JUNE 2014***(Prepared for inclusion in this Abridged Prospectus)***AE MULTI HOLDINGS BERHAD****Condensed Consolidated Statement of Financial Position****As at 30 June 2014 - Unaudited**

	<b>Unaudited as at 30-6-2014 RM'000</b>	<b>Audited as at 31-12-2013 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,098	14,882
Investment property	600	600
	<u>15,698</u>	<u>15,482</u>
<b>Current assets</b>		
Inventories	21,649	19,327
Trade receivables	14,107	9,602
Other receivables, deposits and prepayments	3,170	5,695
Fixed deposits with a licensed bank	2,274	2,704
Cash and bank balances	1,091	1,073
	<u>42,291</u>	<u>38,401</u>
Non-current assets classified as held for sale	-	5,858
	<u>42,291</u>	<u>44,259</u>
<b>TOTAL ASSETS</b>	<u><u>57,989</u></u>	<u><u>59,741</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	47,188	47,188
Share premium	5,765	5,765
Asset revaluation reserve	2,103	2,103
Foreign currency translation reserve	595	120
Accumulated losses	(31,246)	(29,774)
<b>Total equity</b>	<u>24,405</u>	<u>25,402</u>
<b>Non-current liabilities</b>		
Borrowings	456	202
Deferred tax liabilities	102	102
	<u>558</u>	<u>304</u>
<b>Current liabilities</b>		
Trade payables	4,904	6,216
Other payables and accruals	5,487	3,977
Borrowings	22,635	23,776
Provision for taxation	-	66
	<u>33,026</u>	<u>34,035</u>
<b>Total liabilities</b>	<u>33,584</u>	<u>34,339</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>57,989</u></u>	<u><u>59,741</u></u>
<b>Net assets per share (RM)</b>	0.26	0.27

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013.



**AE MULTI HOLDINGS BERHAD**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For the 6 months period ended 30 June 2014 - Unaudited**

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30-6-14	30-6-13	30-6-14	30-6-13
	RM'000	RM'000	RM'000	RM'000
Revenue	10,511	10,821	24,085	21,973
Cost of sales	(8,322)	(8,728)	(19,433)	(18,255)
<b>Gross profit</b>	2,189	2,093	4,652	3,718
Other income	107	269	303	942
Administrative expenses	(2,486)	(948)	(3,671)	(1,749)
Selling and marketing expenses	(338)	(384)	(660)	(742)
<b>Operating (loss)/profit</b>	(528)	1,030	624	2,169
Finance costs	(1,024)	(965)	(2,096)	(1,813)
<b>(Loss)/Profit before taxation</b>	(1,552)	65	(1,472)	356
Taxation	-	-	-	-
<b>(Loss)/Profit for the period</b>	(1,552)	65	(1,472)	356
<b>Other comprehensive income/(loss), net of tax</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operation	264	646	475	(274)
<b>Total comprehensive (loss)/income for the period</b>	(1,288)	711	(997)	82
<b>(Loss)/Earnings per share (sen)</b>				
- Basic/Diluted	(1.64)	0.07	(1.56)	0.38

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013.



**AE MULTI HOLDINGS BERHAD**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the 6 months period ended 30 June 2014 - Unaudited**

	----- Attributable to Owners of the Parent -----					Total Equity RM'000
	----- Non-distributable -----		Asset Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Accumulated Losses RM'000	
	Share Capital RM'000	Share Premium RM'000				
<b>As at 1-1-2014</b>	47,188	5,765	2,103	120	(29,774)	25,402
Foreign exchange differences in translation	-	-	-	475	-	475
Loss for the period	-	-	-	-	(1,472)	(1,472)
Total comprehensive income/(loss) for the period	-	-	-	475	(1,472)	(997)
<b>As at 30-6-2014</b>	<b>47,188</b>	<b>5,765</b>	<b>2,103</b>	<b>595</b>	<b>(31,246)</b>	<b>24,405</b>
<b>As at 01-01-2013</b>	47,188	5,765	2,103	414	(30,446)	25,024
Foreign exchange differences in translation	-	-	-	(294)	-	(294)
Profit for the year	-	-	-	-	672	672
Total comprehensive (loss)/income for the year	-	-	-	(294)	672	378
<b>As at 31-12-2013</b>	<b>47,188</b>	<b>5,765</b>	<b>2,103</b>	<b>120</b>	<b>(29,774)</b>	<b>25,402</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013.





**AE MULTI HOLDINGS BERHAD**  
**Condensed Consolidated Statement of Cash Flows**  
**For the 6 months period ended 30 June 2014 - Unaudited**

	<b>30-6-14</b>	<b>30-6-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(1,472)	356
Adjustments for:		
Bad debts	-	10
Depreciation	1,385	1,368
Loss/(Gain) on disposal of property, plant and equipment	1	(262)
Loss on disposal of non-current assets held for sale	1,858	-
Interest expense	2,096	1,813
Interest income	(29)	(32)
Operating profit before working capital changes	3,839	3,253
Increase in inventories	(1,805)	(1,307)
(Increase)/Decrease in receivables	(1,728)	662
Increase/(Decrease) in payables	28	(1,442)
Cash generated from operations	334	1,166
Interest paid	(2,096)	(1,813)
Income tax paid	(68)	(29)
Net cash used in operating activities	(1,830)	(676)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	29	32
Proceeds from disposal of property, plant and equipment	1,356	2,005
Proceeds from disposal of non-current assets held for sale	4,000	-
Purchase of property, plant and equipment	(2,623)	(2,662)
Net cash from/(used in) investing activities	2,762	(625)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net change in borrowings	(1,166)	730
<b>Net decrease in cash and cash equivalents</b>	(234)	(571)
Effects of changes in exchange rates	28	14
<b>Cash and cash equivalents at beginning</b>	1,297	2,946
<b>Cash and cash equivalents at end</b>	1,091	2,389
<b>Represented by:</b>		
Cash and bank balances	1,091	2,485
Bank overdraft	-	(96)
	1,091	2,389

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013.



# AE MULTI HOLDINGS BERHAD

(Company No. 539777-D)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

### Part A - Explanatory Notes Pursuant To MFRS 134

#### 1. Basis of Preparation

The condensed consolidated interim financial statements ("Report") have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

#### 2. Significant Accounting Policies

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2014.

##### 2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

##### 2.2 Standards issued but not yet effective

At the date of authorisation of this condensed consolidated interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group:

##### Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

**2.2 Standards issued but not yet effective (cont'd)****Effective date to be announced by MASB**

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standards is issued.

**3. Audit Report of Preceding Annual Financial Statements**

The auditors' report of the Group's most recent annual audited financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

**4. Seasonal or Cyclical Factors**

The Group normally sees higher demand from their customers in the second half of the financial year to cater for the year end holiday seasons.

**5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year under review.

**6. Material Changes in Estimates of Amount Reported**

There were no changes in estimates of amount reported in prior financial year that have a material effect on current financial year.

**7. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter to date under review.

**8. Dividends Paid**

No dividend was paid during the current financial year under review.

**9. Segmental Information****(i) Analysis by business segments**

	6 months ended	
	30-6-14 RM'000	30-6-13 RM'000
<b>Segment Revenue</b>		
Printed Circuit Board (PCB)	21,898	21,973
Electronic Products	-	397
Investment Holding	50	50
Total revenue including inter-segment sales	21,948	22,420
Elimination of inter-segment sales	(50)	(447)
External sales	24,085	21,973
<b>Segment Results</b>		
Printed Circuit Board (PCB)	(1,257)	486
Electronic Products	(53)	(7)
Investment Holding	(162)	(123)
	(1,472)	356
Elimination	-	-
Profit before taxation	(1,472)	356

## (ii) Analysis by geographical segments

	<u>Revenue</u>		<u>Non-current Assets</u>	
	6 months ended			
	30-6-14	30-6-13	30-6-14	30-6-13
	RM'000	RM'000	RM'000	RM'000
Malaysia	6,118	6,270	3,157	10,655
Thailand	15,780	15,703	12,541	9,839
	<u>24,085</u>	<u>21,973</u>	<u>15,698</u>	<u>20,494</u>

**10. Valuation of Property, Plant and Equipment**

The valuation of the Group's landed properties was updated by independent professional valuers, namely CH Williams Talhar & Wong Sdn. Bhd. and World Valuation Co., Ltd. in January and December 2011 respectively.

**11. Subsequent Events**

There were no material events subsequent to the end of the reporting period that have not been reflected in the quarterly financial statements.

**12. Contingent Liabilities and Contingent Assets**

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

**13. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current period under review.

**14. Capital Commitments**

There were no capital commitment for the Group as at the end of the current reporting period.

**Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad****1. Performance Review**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		6 months ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30-6-14	30-6-13	30-6-14	30-6-13
	RM'000	RM'000	RM'000	RM'000
Revenue	10,511	10,821	24,085	21,973
Profit before taxation	(1,552)	65	(1,472)	356

**Comparison with Previous Year Corresponding Quarter**

For the current quarter ended 30 June 2014, the Group's revenue has decreased from RM10.82 million to RM10.51 million, representing a marginal decline of 2.86% as compared to the preceding year corresponding quarter.

The Group posted a loss before taxation of RM1.55 million as compared to the preceding year's corresponding quarter profit before taxation of RM0.065 million which was mainly due to loss on disposal of fixed assets on 30 April 2014 for a total amount of RM1.83 million.

**Comparison with Previous Year Corresponding Financial Period to Date**

As for the 6 months period ended 30 June 2014, the Group recorded revenue of RM24.08 million, an increase of 9.61% as compared to the preceding year to date revenue of RM21.97 million. This was mainly due to the higher sales demand in the first quarter of the year.

The Group recorded a loss before taxation of RM1.47 million for the 6 months period mainly resulted from disposal of fixed assets. However, if not for the loss of the disposal the Group would registered a profit before taxation of RM0.361 million which is 1.4% higher than previous corresponding year.

**2. Comparison with Preceding Quarter's Results**

	<b>Individual Quarter</b>	
	<b>3 months ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>30-6-14</b>	<b>31-3-14</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	10,511	13,574
(Loss)/Profit before taxation	(1,552)	80

During the current quarter under review, the Group reported total revenue of RM10.51 million, which is 22.56% lower than the immediate preceding quarter of RM13.57 million. The revenue decreased as a result of factory shutdown one week for Songkran Festival in Thailand.

**3. Prospects**

In view of the uncertainties of the market demand in the industry, the Board foresees the remaining quarters for the current year remain challenging. The Group will continue to devote its efforts on cost control and expanding market share in the industry and with the extensive experience in the industry the Board believes that the Group can overcome the temporary challenges in the market and remain competitive for the coming period.

**4. Profit Forecast**

This section is not applicable as no profit forecast was published.

**5. Profit from Operations**

	<b>Current period</b>
	<b>(Unaudited)</b>
	<b>30-6-14</b>
	<b>RM'000</b>
This is derived after charging/(crediting) the following:	
Depreciation	1,385
Loss on disposal of non-current assets	1,858
Loss on disposal of property, plant and equipment	1
Interest expense	2,096
Interest income	(29)
Realised loss on foreign exchange	179
Rental expenses	80

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments, provisions for and write off of receivables and inventories, gain or loss on derivatives as well as other exceptional items.

**6. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>30-6-14</b>	<b>30-6-13</b>	<b>30-6-14</b>	<b>30-6-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax	-	-	-	-
Deferred tax	-	-	-	-

**7. Status of Corporate Proposals and Status of Utilisation of Proceeds Raised**

On 30 December 2013, a wholly-owned subsidiary of the Company, AE Corporation (M) Sdn. Bhd. ("AEC") had entered into a conditional sale and purchase agreement to dispose of a leasehold land together with a building (collectively referred to as "Property") to Hong Seng Housing Sdn. Bhd. ("Purchaser") for RM4,000,000. On even date, AEC had also entered into a tenancy agreement to rent the said Property from the Purchaser. This transaction has been completed on 30 April 2014.

**8. Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2014 are as follows:

	Denominated in		Total borrowings RM'000
	RM RM'000	Thai Baht RM'000	
<b>Secured short-term borrowings</b>			
Factoring	-	3,945	3,945
Trade finance	-	15,858	15,858
Promissory notes	-	2,527	2,527
Finance lease liabilities	17	38	55
Term loans	250	-	250
	<u>267</u>	<u>22,368</u>	<u>22,635</u>
<b>Secured long-term borrowings</b>			
Finance lease liabilities	32	174	206
Term loans	250	-	250
	<u>282</u>	<u>174</u>	<u>456</u>
<b>Total borrowings</b>	<b><u>549</u></b>	<b><u>22,542</u></b>	<b><u>23,091</u></b>

**9. Changes in Material Litigation**

The Group is not engaged in any material litigation as at the date of this report.

**10. Dividend Payable**

No dividend has been proposed for the current quarter.

**11. (Loss)/Earnings Per Share****(i) Basic (Loss)/Earnings Per Share**

The basic (loss)/earnings per share has been calculated based on the Group's (loss)/profit after taxation attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30-6-14	30-6-13	30-6-14	30-6-13
(Loss)/Profit After Taxation Attributable to owners of the parent (RM'000)	<u>(1,552)</u>	<u>65</u>	<u>(1,472)</u>	<u>356</u>
Weighted average number of ordinary shares of RM0.50 each ('000)	<u>94,376</u>	<u>94,376</u>	<u>94,376</u>	<u>94,376</u>
Basic (Loss)/Earnings Per Share (sen)	<u>(1.64)</u>	<u>0.07</u>	<u>(1.56)</u>	<u>0.38</u>

**(ii) Diluted (Loss)/Earnings Per Share**

Diluted (Loss)/Earnings Per Share (sen)	<u>(1.64)</u>	<u>0.07</u>	<u>(1.56)</u>	<u>0.38</u>
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There is no diluted (loss)/earnings per share as the Company does not have any convertible financial instruments as at the current financial period ended 30 June 2014.

**12. Realised and Unrealised Accumulated Losses**

	<b>As at 30-6-14 RM'000</b>	<b>Audited As at 31-12-2013 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(44,851)	(43,322)
- Unrealised	102	45
	(44,749)	(43,277)
Add: Consolidation adjustments	13,503	13,503
Total accumulated losses of the Group	<u>(31,246)</u>	<u>(29,774)</u>

Date: 29 August 2014

**DIRECTORS' REPORT**

*(Prepared for inclusion in this Abridged Prospectus)*



**AE MULTI HOLDINGS BERHAD** (539777-D)  
**新揚工業控股有限公司**

Date **17 NOV 2014**

**Registered Office:**

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

**To: The Entitled Shareholders of AE MULTI HOLDINGS BERHAD**

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of AE Multi Holdings Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries ("Group") during the period between 31 December 2013, being the date on which the latest audited consolidated statements have been made up, and the date hereof, being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no any contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;
- (e) since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,

For and on behalf of the Board  
**AE MULTI HOLDINGS BERHAD**

**YANG WU-HSIUNG**  
EXECUTIVE CHAIRMAN



**ADDITIONAL INFORMATION**

**1. SHARE CAPITAL**

- (i) Save for the Rights Shares, Warrants and the new AEM Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (iii) All the Rights Shares and the new AEM Shares to be issued pursuant to the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up ordinary share capital, save and except that such new AEM Shares will not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of such AEM Shares.
- (iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.
- (v) Save for the Rights Issue with Warrants and as disclosed in Section 2 of Appendix III of this Abridged Prospectus, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within the two (2) years immediately preceding the date of this Abridged Prospectus.

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## 2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

### ***Remuneration of Directors***

#### ***Article 24.3***

Subject to these Articles, the remuneration of Directors (other than salaries and emoluments payable to executive Directors) shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- 24.3.1 fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- 24.3.2 salaries payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover;
- 24.3.3 fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.
- 24.3.4 any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
- 24.3.5 all remuneration payable to Directors shall be deemed to accrue from day to day.

### ***Alternate Directors***

#### ***Article 25***

- 25.1 Any Director (other than an alternate Director) may appoint any person approved by a majority of his co-Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him provided that any fee paid by the Company to the alternate Director shall be deducted from that Director's remuneration.
- 25.2 An alternate Director shall be entitled:
  - 25.2:1 to receive notice of all meetings of Directors and of all meeting of committees of Directors and of all meetings of committee of Directors of which his appointor is a member;
  - 25.2:2 to attend and vote at any such meeting at which the Director appointing him is not personally present;
  - 25.2:3 (in his appointor's absence from Malaysia) to sign any resolution In Writing under Article 34.8 and documents to be or which may be signed by him and to sign on his appointor's behalf, documents to be signed by his appointor as a Director;
  - 25.2:4 to generally perform all the functions of his appointor as a Director

in his absence from Malaysia.

- 25.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director, but, if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately before his retirement shall continue after his reappointment.
- 25.4 Any appointment or removal of an alternate Director shall be by notice to the Company (deposited at the Office) signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

***Director may act himself or by his firm in professional capacity***  
**Article 33.1:4**

May act by himself or his firm in a professional capacity for the Company, and he or his firm (as the case may be) shall be entitled to remuneration for professional service but nothing in these Articles shall authorize a Director or his firm to act as auditor of the Company.

***Managing and executive directors***  
**Article 32**

- 32.1 Subject to the Act, the Directors may appoint 1 or more of their number to any executive office (by whatever title it is known) including (without limitation) that of managing director, joint, deputy or assistant managing director and may procure the Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such terms as to remuneration and otherwise as the Directors think fit except that any appointment of a managing director for a fixed term shall not be for a term exceeding 3 years such that his period of engagement to executive office expire on his retirement by rotation in accordance with Article 29.1. A managing director shall be subject to the control of the Directors. A Director may be appointed to hold more than one executive office at a time.
- 32.2 The appointment of a managing director or joint, deputy or assistant managing director shall terminate if he ceases to be a Director, but without prejudice to any claim for damages which he may have for breach of any contract of service. The tenure by a Director of any other executive office or appointment shall not terminate on his ceasing to be a Director unless the terms of his appointment expressly otherwise provide.

**3. MATERIAL CONTRACTS**

Save for the Deed Poll and as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

- (a) Sale and Purchase Agreement dated 30 December 2013 between AE Corporation (M) Sdn Bhd ("Vendor") and Hong Seng Housing Sdn Bhd ("Purchaser") whereby the Vendor agrees to sell and the Purchaser agrees to purchase the property known as No. Lot 87-89, Persiaran 11, Kawasan Perusahaan Bakar Arang, 08000 Sungai Petani, Kedah Darul Aman (hereinafter referred to as "the said Property") at a total purchase

price of RM4,000,000.00. The agreement is conditional upon the Vendor obtaining the written consent of Perbadanan Kemajuan Negeri Kedah for the sale of the said Property. Further, upon completion of the sale, the Vendor shall rent the said Property from the Purchaser for an initial term of 3 years at an agreed rental of RM40,000.00 per month. The sale was completed on 30 April 2014.

- (b) On 8 March 2013, our subsidiary, namely Amallion Enterprise (Thailand) Corporation Ltd. entered into a sale and purchase agreement with Mr. Pisit Phichiensaveatthara to purchase a piece of industrial land and factory building known as No. 673 located under the Title Deed No. 85428 Serial No. 365 covering 2-0-88 rais in Bangpoo Industrial Estate Soi 4E, (EPZ) Plot No. E-24 Sukhumvit Road, Tambol Prakasa, Amphur Muang Samutprakarn, Samutprakarn Province for a total consideration of THB18,000,000 equivalent to approximately RM1,800,000.00. The sale was completed on 28 June 2014.
- (c) On 15 September 2014, our wholly-owned subsidiary, AE Corporation (M) Sdn Bhd entered into a Sale and Purchase Agreement with Jyoto Works (M) Sdn ("Jyoto") Bhd to acquire a piece of industrial land and building comprising Single Storey Office, Warehouses, Factory Building and Ancillary buildings bearing postal address Lot 43, Jalan 6, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah Darul Aman for a total cash consideration of RM10,000,000. The agreement is conditional upon Jyoto obtaining the written consent of Perbadanan Kemajuan Negeri Kedah for the sale and transfers the said property.

#### **4. MATERIAL LITIGATION**

Our Board confirms that neither our Company nor any of our subsidiaries is engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

#### **5. GENERAL**

- (i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Rights Issue with Warrants including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM500,000 will be borne by our Company.
- (iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.
- (iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
  - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income; and
  - (e) substantial increase in revenue.

## **6. WRITTEN CONSENTS**

The written consents of the Adviser, Company Secretaries, Principal Banker, Share Registrar, Independent Market Research Consultant and the Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors/Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 31 December 2011 to 2013 and the proforma consolidated statement of financial position of our Group as at 31 December 2013 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

## **7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are made available for inspection at our Registered Office at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the FYE 31 December 2011 to 2013;
- (iii) Our unaudited consolidated financial results for the 6-month FPE 30 June 2014;
- (iv) The proforma consolidated statement of financial position of the our Group as at 31 December 2013 together with the Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;
- (v) The Deed Poll;

- (vi) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;
- (vii) The consent letters referred to in Section 6 of this Appendix;
- (viii) The Undertakings as referred to in Section 2.5 of this Abridged Prospectus;
- (ix) The material contracts referred to in Section 3 of this Appendix; and
- (x) The independent market overview of the Malaysia and Thailand PCB markets issued by Protégé.

## **8. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

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