

AT SYSTEMATIZATION BERHAD (“ATS” OR THE “COMPANY”)
Registration No. 200401006297 (644800-X)
(Incorporated in Malaysia)

Minutes of the Twentieth Annual General Meeting of the Company conducted on a virtual basis from the Broadcast Venue at Lot 4.1, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 24 September 2024 at 2:00 p.m.

Attendance

As per Attendance List

The Meeting commenced at 2:00 p.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN’S ADDRESS

The Chairman, Dato’ Nik Ismail Bin Dato’ Nik Yusoff, welcomed all members present and thanked them for their attendance at the Company’s Twentieth Annual General Meeting (the “Meeting”). Dato’ Chairman then proceeded to introduce the Board members, Company Secretary, management team and the auditors.

Upon the Secretary’s confirmation of a quorum being present, Dato’ Chairman requested Ms. Wong Yuet Chyn, the company secretary to brief the members on the proceedings of the meeting and voting procedure and to go through the agenda of the meeting on his behalf.

2. PROCEDURES OF MEETING AND PRESENTATIONS

The company secretary informed all present that in line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), voting on all the resolutions set out in the notice of the Twentieth Annual General Meeting will be carried out by way of poll. She informed that Workshire Share Registration Sdn. Bhd. has been appointed as the poll administrator and Symphony Corporate Services Sdn. Bhd. has been appointed as the independent scrutineer (“Scrutineer”) for the polling process. The polling will be conducted electronically via the remote participation and voting (“RPV”) facility provided by InsHub Sdn. Bhd. The voting session commenced from 2:00 p.m. and remained open for voting until the announcement of end of the voting session by the Chairman. She further informed shareholders and proxy holders that they could pose their questions in real time during the meeting by using the Query Box in the RPV facility. The system administrator showed a presentation on how to pose questions and vote through the RPV facility.

3. QUESTIONS FROM MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) AND COMPANY’S RESPONSES

The company secretary informed all present that the Company has received a letter dated 18 September 2024 from Minority Shareholders Watch Group (“MSWG”) wherein MSWG sought clarification on certain matters and the Company has replied to MSWG accordingly.

The questions raised by MSWG together with the Company’s response were displayed on screen for ease of reading by all present.

The letter dated 18 September 2024 from the MSWG together with the Company’s replies marked as “Appendix A” is attached hereto, and shall formed part of these minutes.

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4. MEETING AGENDA AND QUESTION AND ANSWER

The company secretary proceeded to table each and every item on the agenda as set out in the notice of the Meeting.

The company secretary informed the shareholders and proxy holders that the Audited Financial Statements for the financial year ended 31 March 2024 (“AFS 2024”) together with the Reports of the Directors and Auditors thereon were laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders’ approval and hence was not put forward for voting.

5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL

The company secretary proceeded to table the resolutions as set out on the agenda. The shareholders and proxy holders of the Company raised the questions and the managing director, Mr. Choong Lee Aun was invited to address questions raised by the shareholders. The questions raised by shareholders together with the Company’s response marked as “Appendix B” is attached hereto, and shall formed part of these minutes, were displayed on screen for ease of reading by all present. The Chairman informed that the remaining questions would be answered to the respective shareholders via email after the Meeting.

The Meeting proceeded to voting by poll on ordinary resolutions 1 to 7 as set out in the notice of Meeting.

The results of the poll, as verified by the Scrutineer, were as follows:-

APPROVAL OF DIRECTORS’ FEES

Ordinary resolution 1

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
17	39,133,757	97.9948	21	800,755	2.0052	Carried

Accordingly, it was resolved that Directors’ fees of up to RM260,000.00 for the financial year ending 31 March 2025 to the Directors of the Company and its subsidiaries be approved for payment.

APPROVAL OF PAYMENT OF BENEFITS OTHER THAN DIRECTORS’ FEES TO NON-EXECUTIVE DIRECTORS

Ordinary resolution 2

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
16	39,133,591	97.9944	22	800,921	2.0056	Carried

Accordingly, it was resolved that benefits other than Directors’ fees of up to RM28,000.00 to the Non-Executive Directors of the Company from 25 September 2024 until the next Annual General Meeting of the Company be approved for payment.

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)**RE-ELECTION OF DR. CH’NG HUCK KHOON AS A DIRECTOR**

Ordinary resolution 3

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
25	39,166, 285	98.0190	14	791,560	1.9810	Carried

Accordingly, it was resolved that Dr. Ch’ng Huck Khoon, who retires in accordance with Clause 131 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.

RE-ELECTION OF MR. CHOONG LEE AUN AS A DIRECTOR

Ordinary resolution 4

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
25	39,166,285	98.0190	14	791,560	1.9810	Carried

Accordingly, it was resolved that Mr. Choong Lee Aun, who retires in accordance with Clause 131 of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.

RE-APPOINTMENT OF AUDITORS

Ordinary resolution 5

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
26	39,168,919	98.0256	13	788,926	1.9744	Carried

Accordingly, it was resolved that Messrs UHY be and is hereby re-appointed as Auditors of the Company for the ensuing year and that the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS**RETENTION OF DATO’ NIK ISMAIL BIN DATO’ NIK YUSOFF AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY**

Ordinary resolution 6

Voting on ordinary resolution 6 to approve Dato’ Nik Ismail bin Dato’ Nik Yusof who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, but less than 12 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. The proposed retention of Dato’ Nik Ismail bin Dato’ Nik Yusof as an Independent Non-Executive Director of the Company will be voted through a two-tier voting process.

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5. RESOLUTIONS, POLLING AND RESULTS OF THE POLL (CONTINUED...)**SPECIAL BUSINESS (CONTINUED...)****RETENTION OF DATO’ NIK ISMAIL BIN DATO’ NIK YUSOFF AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY (CONTINUED...)**

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
1	Tier 1 12,933,000	100.00	0	0	0.00	Carried
20	Tier 2 26,209,130	97.0672	16	791,882	2.9328	

Accordingly, it was resolved that the following resolution be passed as an ordinary resolution:-

THAT authority be and is hereby given to Dato’ Nik Ismail bin Dato’ Nik Yusof who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.

AUTHORITY TO ISSUE SHARES

Ordinary Resolution No. 7

Vote For			Vote Against			Results
No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
23	39,165,434	98.0169	16	792,411	1.9831	Carried

Accordingly, it was resolved that the following resolution be passed as an Ordinary Resolution:-

“THAT subject always to the Companies Act 2016 (“Act”), Constitution of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

AND THAT pursuant to Section 85 of the Act read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.”

6. CONCLUSION

Dato' Chairman informed the Meeting that the Company has not received any notice of motion from the shareholders of the Company since the dispatch of the notice of Meeting.

There being no further matters to discuss, it was resolved that the Meeting be concluded at 2:56 p.m. with a vote of thanks to the Chair.

Confirmed as a correct record

SIGNED

Dato' Nik Ismail Bin Dato' Nik Yusoff
Chairman

Questions from Minority Shareholders Watch Group (“MSWG”) and the Company’s response

Appendix A

Operational & Financial Matters

Q1. In reply to MSWG’s question dated 25 September 2023, it was mentioned that the Company had implemented or planned to implement key strategies such as expanding market share and market reach by developing new products, entering new segments and exploring new opportunities.

(a) What action has the Company taken to increase its market share and market reach? Has the Company secured any new customers during the FYE 2024?

In increasing its market share and market reach, the Company has prioritised enhancing customer engagement and support by providing tailored solutions to meet specific needs of customer. This strategy has not only strengthened existing relationships but also attracted new customers.

We have expanded our capabilities to include engineering plastic fabrication & die fabrication and sheet metal for electrical panel, in addition to aluminium. As a result of these initiatives, we have successfully secured several new customers in the vacuum valve, medical, and electrical panel industries.

(b) Despite the efforts to increase efficiency and increase customer satisfaction and loyalty, the Group reported a loss before tax of RM85.47 million (FYE 2023: RM82.70 million). What is the Board’s view on the overall effectiveness of these strategies?

The table below shows the loss before tax by respective business segments for the past two (2) financial years:

Business segment	FY2024	FY2023	<----- Variance----->	
			RM	%
Fabrication & Automation Renewable Energy & Property	(7.62)	(8.44)	0.82	10%
Gloves	(39.41)	(56.31)	16.90	30%
Others	(39.05)	(18.64)	(20.41)	-109%
	<u>(85.47)</u>	<u>(82.70)</u>	(2.77)	3%

- Further to the response given in Q1 (a) above, the above table shown that fabrication segment has improved by 10%, indicating the strategies adopted by the Group starting to show favorable results. The Group shall monitor and continue the on-going evaluation of the measures taken and make necessary changes if required.
- The glove segment has been loss making for the past 3 years. After due consideration, the Group has decided to cease its glove-making business, and this resulted in an improvement of 30%.
- Other segment’s loss before tax increased by RM20.4 million mainly due to impairment loss on quoted investment in D’nonce Technology Berhad (“D’nonce”). The impairment loss in D’nonce was mainly arising from its lower market prices, hence the Group shall continue to monitor the overall performance of D’nonce and market conditions.

Q2. “In recent years, the Group has successfully entered the medical and healthcare industry, particularly in the field of medical gloves. This strategic penetration allows the Group to contribute to healthcare advancements while ensuring sustainable growth and maximising shareholder value.” (Page 10 of Annual Report 2024).

(a) Please clarify how the Group’s venture into the glove industry has enabled it to contribute to advancements in healthcare. Please provide some examples of such contributions.

(b) The table below sets forth the revenue and results for the glove segment for the past four (4) financial years:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Revenue (RM)	8,091,595	41,871,554	9,761,339	1,627,422
Segment (loss)/ profit (RM)	325,950	(46,876,353)	(56,305,576)	(39,417,160)

The glove segment has not reported any profits since its inception, except for FYE 2021. Please clarify how the venture into the glove segment has contributed to sustainable growth and shareholders’ value.

Response to the Q2 (a) & (b) as follows:

- The Group started venturing into glove industry since year 2020 and throughout these years, the Group has set up 10 production lines in its glove manufacturing plant at Chemor, Perak.
- During the pandemic era, the Group has obtained relevant qualifications and certifications including ISO 9001, ISO 13485, CE marking certification and US FDA 510(k) certification, ensuring our commitment to quality and safety in the advancement of healthcare.
- The Group also secured the Halal certificate from JAKIM and this certification provides added confidence level to Muslim community on how we handle control in all aspects of manufacturing, from strategy planning to research & development to raw material sourcing until delivery of the gloves, ensuring our commitment to the compliance of Shariah laws.
- Throughout these periods, the Group has completed the production of more than 5 million boxes of gloves and created more than 400 employment opportunities for glove workers of various categories. Furthermore, as highlighted, the glove segment reported profit in Year 1 of production (FY2021).
- Unfortunately, subsequent to Year 1, the glove business outlook turns to be challenging in view of the normalisation of gloves demand, declining glove average selling prices and rising production cost structure. The Group has not been able to secure sufficient orders from customers to sustain its operation.
- In view of this, the Group has decided to cease its glove-making operation in FY2024 to prevent further operation losses from the glove segment.

(c) “The Group has since refocused efforts on optimising its production facilities through rental arrangements.”

Has the Group secured any tenants or lease agreements for its production facilities? If the Group has yet to secure any lease arrangements, please provide an update on the Group’s effort in this regard. What other alternatives has the Group explored to date?

For update, the Group has yet to secure tenant for its production facilities. No other alternatives are being explored by the Group for now.

Q3. The Group’s other segment experienced a loss before tax of RM39.05 million in FY2024, compared to a loss before tax of RM18.64 million in FY2023. This change was primarily driven by several factors, including a higher mark-to-market loss on quoted investments of RM35.05 million (FY2023: RM Nil), a higher share of losses in associates amounting to RM13.08 million (compared to a share of losses in associates of RM2.75 million in FY2023).

(a) In view of the losses incurred from various investments undertaken by the Group, please elaborate on the measures the Company has in place to assess and manage risks associated with its investments

- For information, the mark-to-market loss on quoted investment of RM35.05 million is in relation to the investment in D’nonce Technology Berhad (“D’nonce”).
- D’nonce was previously an associate of the Group and during the year, following the dilution of equity interest in D’nonce to 14.6%, the Group changed its accounting treatment from associate to normal investment. Accordingly, the Group recognised one-off mark-to-market loss based on the quoted market price of D’nonce.
- In terms of managing risks associated with investments, the Group continuously monitors the overall performance of its associates. This includes exercising influence through board representation, allowing for proactive engagement in decision-making and strategic direction. By maintaining close oversight, the Group can better identify potential issues early and take appropriate measures to mitigate risks.

(b) An investment committee has been set up to assist the Board in fulfilling its oversight responsibilities. In addition to Mr Chong Lee Aun and Mr Mak Siew Wei, who are the other members of the said investment committee? Please provide the name, position, years of experience in investment and the specific contributions each member brings to the Group as a part of the investment committee

The Group’s Investment Committee comprises Mr. Mak Siew Wei as chairman of the Committee while Mr. Choong Lee Aun serves as a member of the Committee. The previous chief financial officer Mr. Yong Man Chai was a member of the Committee but he has resigned on 10 May 2024. The Group is still in the midst of looking for a new member to join the Committee to enhance its strategic decision-making process.

Mr. Mak Siew Wei is an Executive Director of the Group and he has been with the Group for past 11 years and his contribution to the Committee includes:

- review the potential projects and investments proposed by the management to achieve the Group’s strategic plan including any corporate exercises, change of business model, restructuring plans, major capital expenditure, funding requirements and the salient terms of agreements of the proposed acquisitions/disposals;
- Identify and mitigate risks within the investment proposals;
- assess the performance of the Group’s investments in the context of business and operational performance as well as changing market environment.

Mr. Choong Lee Aun is the Managing Director of the Group and he has been with us for past 6 years and his contribution to the Committee includes:

- analyse market trends to identify high growth opportunity and due diligence on potential investments;
- review progress of due diligence and implementation of the potential investments/divestments;
- review emerging risks and opportunities, market outlook (i.e. market study and market analysis), economic indicators, currency market, industry / regulatory developments as well as key business developments.

Corporate Governance Matters

- Q4. Practice 5.9 of the Malaysian Code on Corporate Governance (“MCCG”) stipulates that the Board comprises at least 30% women directors.**

The Board currently comprises five (5) male Directors and one (1) female Director.

According to the CG Report 2024, the Nominating Committee (“NC”) plans to identify additional female candidates and the Board has affirmed that in the event any board seat becomes available, gender diversity shall be one of the criteria to be considered by the NC during its evaluation process on the potential candidate(s) for Board’s membership.

- (a) Does the Company intend to adopt Practice 5.9 of the MCCG? If so, what is the timeframe for the Company to adopt Practice 5.9?**

The Company intends to adopt Practice 5.9 of the MCCG. However, no prescribed timeframe has been set and its outcome will be very much depending on the availability of the board seat and the availability of additional female candidate.

Sustainability Matters

- Q5. AT has invested in solar photovoltaic plants since 2015. Does the Company have any further plans to expand its sustainability initiatives and how this contributes to the Company’s sustainability targets?**

No further plans to expand the sustainability initiatives. Nevertheless, the Group can potentially look into matter related to carbon credit by taking advantage of the existing solar photovoltaic plants.

Questions from shareholders of the Company and the Company’s response

Appendix B

- Q1. Page 12 to the Annual Report - It is stated that there has been a drop in demand in the textile market which has resulted in excess inventory at Rieter, leading to a postponement of demand fulfilment to FY2025. How much worth of orders had been postponed to FY2025 and whether the Group can demand for any compensation thereon?**

Postponement amount is approximately RM2.1 million. No demand for any compensation by the Group as we are receiving order back from the customer, ie approximately 60 crates per month with an estimated revenue of RM1.2 million per month.

- Q2. Page 12 to the Annual Report - It is stated that there was no vending machine delivered in FY2024. As of current, is there any revenue from this stream for FY2025, and any order in hand for fabricating the vending machines?**

The vending project has ended last year, and we are now focusing on the EMS business, aligning with current trends in the Penang market. We are currently collaborating with several contract manufacturing companies in the semiconductor and hard disk sectors. Additionally, we are providing support for jigs and fixtures in the medical industry. All of this is made possible through utilising our sheet metal machines.

- Q3. Please further explain about the RM2.06 million gain on waiver from settlement with a previous gas supplier. Why did the supplier waive such amounts and why did the Group not pay for such amounts?**

- In previous years, as part of the initiatives to bring down the glove production costs, the Group has changed its gas supplier in year 2022. Arising from this, the ex-gas supplier is seeking claims from the Group due to early termination of the gas supply contract.
- The gain on waiver arose when ex gas supplier is willing to waive the remaining claims after several rounds of close negotiations.

- Q4. Page 16 to the Annual Report - The Group has a total market capitalisation of RM35.06 million as at 31 March 2024. Comparing the market capitalisation to the total equity of RM161.9 million as at 31 March 2024, the total equity is almost five times higher than the market capitalisation. Whilst the share price is determined by the market forces, it is clearly indicating that the Group’s assets are not as worth as per stated in the accounts. Question to the Board, Management, and Auditors - How robust had the various impairment assessments being carried out to appropriately write-down the value of assets to their recoverable amount as the market valuation of the Group is way below the book amount?**

- The impairment assessment has been carried out consistently with the applicable accounting standards.
- Impairment loss was made to write-down the value of assets when there is indication of impairment. During the year, impairment loss of RM34.9 million was in respect of the assets of the glove business based on valuation determined by independent valuer. The write-down of the glove assets value was in line with the non-favourable performance and outlook of the glove business.

Q5 Why did the auditors' remuneration for statutory audit increase so significantly (increased by RM117k for the Group and RM129k for the Company)? What are the additional scope, work done, or audit procedures performed by the auditors that commensurate the increase in audit fees?

The increase mainly relates to the:

- Under provision of audit fee of RM32K in prior year as this amount has contributed to the current increase as it needed to be adjusted.
- Cost overrun in prior year due to the scope of work in relation to the additional work performed at the Group level on the associate components; additional time cost incurred and internal specialist to review the impairment of the Glove Segment. Thus, this year auditor had revised the fee based on the actual time cost spent.

Q6. Please give us some door gifts/e-vouchers/e-wallet for attending this RPV as token of appreciation.

Company will be giving out the door gifts for all shareholders who attended the AGM. The door gifts are:-

- 1 pieces XOX prepaid Sim Card
- Product vouchers worth RM80 from online Shopee store (Pack 'n' Back).