

**AT SYSTEMATIZATION BERHAD**  
(Company No. 644800-X)  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT LEVEL 4, MENARA LIEN HOE, NO. 8 PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON FRIDAY, 13 SEPTEMBER 2019 AT 10.30 A.M.**

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Upon the Secretary's confirmation of a quorum being present, Dato' Chairman declared to all present that in accordance with Rule 8.31A of the ACE Market Listing Requirements, all resolution set out in the notice of general meeting will be voted by poll and the polling process will commence after all the resolutions in the agenda were moved. He further informed all present that Scrutineer Solutions Sdn. Bhd. has been appointed as the independent Scrutineer for the polling exercise.

The Company Secretary informed all present that the Company has received a letter from Minority Shareholders Watch Group ("MSWG") on 3 September 2019 wherein MSWG sought clarification on certain matters and the Company has replied to MSWG accordingly and the Managing Director, Mr. Choong Lee Aun, presented the same to the shareholders. A copy of the reply to MSWG is attached to these minutes.

Below is a summary of further questions posed by shareholders and replies given by Directors/Management at the Fifteenth Annual General Meeting:

1. Is there any expected contribution in financial year 2020 for the Rieter project?

Yes, there will be contribution from Rieter in financial year 2020 as the Company has been progressively producing and shipping orders to Rieter.

2. Is there any representative from Fintec Global Berhad ("Fintec") on the Board of the Company since Fintec is a substantial shareholder of the Company?

There was a board representative from Fintec in the Company previously but currently there is no board representative from Fintec.

All the resolutions tabled at the Fifteenth Annual General Meeting of the Company were voted by poll and were duly passed by the shareholders.

There being no other business to transact the Meeting concluded at 11.09 a.m. with a vote of thanks to the Chair.

The poll results of the Fifteenth Annual General Meeting is attached for reference.

## AT SYSTEMATIZATION BERHAD (644800-X)

Subject : Poll results for the Fifteenth Annual General Meeting

Venue : Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana,  
Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

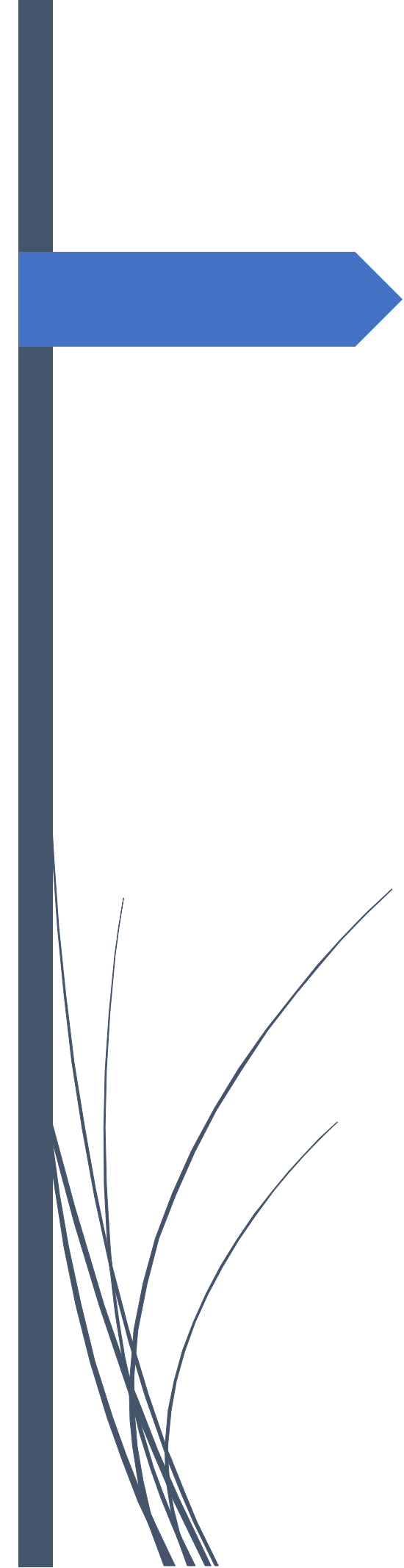
Date & Time : 13 September 2019 at 10.30 a.m.

Poll Administrator : Tricor Investor & Issuing House Services Sdn. Bhd.

Scrutineer : Scrutineer Solutions Sdn. Bhd.

Ordinary Resolution	Vote For		Vote Against		Results
	No. of shares	Percentage (%)	No. of shares	Percentage (%)	
<u>Ordinary Resolution 1</u> To approve the payment of Directors' Fees of up to RM260,000.00 for the financial year ending 31 March 2020 and payment of such fees to the Directors of the Company and its subsidiaries.	53,128,748	100.00	-	-	Carried
<u>Ordinary Resolution 2</u> To approve the payment of benefits other than Directors' fees of up to RM28,000.00 to the Non-Executive Directors of the Company from 14 September 2019 until the next Annual General Meeting of the Company.	53,128,748	100.00	-	-	Carried
<u>Ordinary Resolution 3</u> To re-elect Dr. Ch'ng Huck Khoon who retires in accordance with Article 132 of the Company's Constitution as a Director of the Company.	53,128,748	100.00	-	-	Carried
<u>Ordinary Resolution 4</u> To re-elect Chang Vun Lung who retires in accordance with Article 132 of the Company's Constitution as a Director of the Company.	53,128,748	100.00	-	-	Carried

Ordinary Resolution	Vote For		Vote Against		Results
	No. of shares	Percentage (%)	No. of shares	Percentage (%)	
<u>Ordinary Resolution 5</u> To re-appoint Messrs Ong & Wong as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	53,128,748	100.00	-	-	Carried
<u>Ordinary Resolution 6</u> To empower the Directors to issue and allot up to 10% of the total number of issued shares of the Company.	53,128,748	100.00	-	-	Carried
<u>Special Resolution 1</u> To approve the proposed adoption of new Constitution.	53,128,748	100.00	-	-	Carried



# Replies to Minority Shareholders Watch Group

AT Systematization Berhad  
15TH ANNUAL GENERAL MEETING

- Q1.** In the new Basic Purchase Agreement (new BPA) entered into between AT Precision Sdn Bhd (ATP) and Rieter Machine Works Ltd on 5 July 2019 with agreement terms valid for a period of 3 years and renewable for additional year for ATP to manufacture and supply high quality machined components exclusively for Rieter for a period of at least 10 years where the new BPA supersedes the old BPA signed with an external intermediary. Please advise if there are any new terms or obligations required from ATP that was not prevalent in the old BPA such as listed below and the potential impact on profits, if any, from this contract pursuant to fulfilling these terms?
- (a)** *ATP to guarantee the availability of spare parts and documentation for 10 years after ATP discontinues production of the Contractual Products (Point 3.7 new BPA)? What is the obligation to fulfil this requirement should either party terminate this agreement by giving six months' notice any time during the tenure of the new BPA (Point 3.10 new BPA)?*
  - (b)** *ATP to maintain employers and product liability insurance as part of its product liability listed in Point 3.9 new BPA*

- A1.** *For further clarification, the main intention of moving into signing new BPA (which has agreed by 3 parties, ie Rieter, Fong's and our Group) is to provide better service and quality to customer (Rieter) based on the following factors:*
- (i) Easier to do business via direct dealing*
  - (ii) Simplify communication*
  - (iii) Focus on customer's need directly*

*As a result, there is no major new terms or major differences in obligations required from ATP arising from these contracts between old and new BPA.*

*Pertaining to the product liability coverage, it is to cover Insured's legal liability for the damages which may cause to a 3rd party (bodily injury, personal injury or property damage) due to Insured's products:*

- (i) Defective product design*
- (ii) Wrongful ingredients used in product manufacturing*
- (iii) Mislabelling on packaging of product*
- (iv) Wrongful advice given on maintenance of product*
- (v) Loss of use (consequential loss as a result of physical damage to, destruction of or loss of tangible property)*

**Q2. As part of the rationale for entering into direct contract with Rieter, the Company cited possibly higher profit margins since the contract no longer involves an intermediary party (Point 4 new BPA). What is the additional profit the Company anticipates to derive from the direct contract compared to previous contract? Since entering the old BPA in 2016, has the Company commenced commercial production for Reiter? Based on the first set of Rieter's forecast in new BPA, annual sales will amount to USD 2.6 million. Which financial year will this revenue accrue to?**

**A2. By dealing directly with Rieter, the Group anticipated additional profit margin ranging from 10% - 18% from new BPA as compared to the old BPA.**

*Since entering old BPA in 2016, the Company has commenced production for selected approved contractual products and some are under first article approval stages. The revenue contribution are as follows:*

<b>Period:</b> <b>31/03/2016 - 31/03/2019</b>	<b>TOTAL INVOICED</b>
	<b>RM</b>
<i>Rieter Parts - Ordered</i>	73,842
<i>First Article Submission</i>	74,779
<i>Fixture</i>	193,385
<i>Inspection Cost</i>	23,568
<i>Moulding</i>	129,259
<i>Packing</i>	22,049
<i>Tooling Cost</i>	63,600
<i>Standard Parts</i>	4,615
<b>TOTAL REVENUE (OLD BPA)</b>	<b>585,097</b>

*Based on the new BPA, sale contribution from Rieter will be in increasing trend and the estimated annual sale of USD2.6 mil or more will be achieved by FY2021.*

**Q3. Other than Rieter, what are the near-term prospects to grow the customer base for ATS' fabrication business as the number of major customers has reduced from 3 in FY2018 to 2 in FY2019 (AR2019 Note 28 (c) page 144)? The past few years have seen repeated share issuances to fund its aspiration to establish a one-stop centre for sheet metal fabrication amid past four years of financial losses. When does the Company anticipate a financial turnaround?**

**A3. The Group is expanding the business coverage to global customers like Jabil, Boston Scientific, Stanley Black & Decker, Escatec and other MNC companies.**

*At the moment, Jabil is the fastest growing customer we are having. Jabil contributed a total of RM1.87 mil in FY2019 revenue. In the first 5 months of FY2020, we have achieved RM1.91 mil revenue from Jabil, and the Group's on-hand open order from Jabil come close to RM2.29 mil which is to be invoiced in the coming months. This increasing trend is largely attributed to on-going trade war which has impacted products to move back to SEA.*

*Looking at total on-hand open order (over RM5 mil at the moment), we strive to continue maintaining this momentum, we are looking at a break even and small profit in FY2021.*

**Q4. Trade receivables ageing analysis (Note 13(a)(II) AR2019 page 111) showed receivables that are past due but not impaired increasing to RM856,405 in FY2019 from RM288,275 in FY2018. What is the anticipated impaired amount in FY 2020?**

**A4. As of 31 March 2019, the ageing of the trade receivables of the Group is as follow:**

	<b>RM</b>	
Neither past due no impaired	3,916,734	
1 to 30 days past due but not impaired	544,762	}
31 to 120 days past due but not impaired	248,416	
More than 121 days past due but not impaired	63,227	
Impaired	66,107	
<b>Total</b>	<b>4,839,246</b>	<b>RM856,405</b>

*Although receivables that are past due but not impaired increasing to RM856,405 in FY2019 from RM288,275 in FY2018, the Group has collected substantially these amounts subsequent to the 31 March 2019, ie RM790K. About RM66K remain not collected and this represent approximately 1.3% of the total trade receivables as of 31 March 2019.*

*Premise on this, the Group anticipated impairment on trade receivables in FY2020 to be within 1.5%.*

**Q5. The Company started to produce fabrication orders for 2 additional new medical customers in FY2019 (AR2019 MD&A page 14). What is the revenue contribution from these new customers and the future prospects of acquiring new medical customers?**

**A5. For FY2019, revenue contribution from new medical customers is minimum. Moving into FY2020, the forecast contribution is targeted at 5% of the Group revenue and it will be mainly contributed by Boston Scientific, KLS Martin and Jabil medical business unit.**

**Q6. What is the solar energy rate contracted by ATS with TNB and the tenure of the contract? What is the pricing expectation for FY2020 and the strategic direction on this business segment? What are the working arrangements to benefit ATS' solar business through the acquisition in February 2019 of 9.09% in Trive Property Group Berhad shares?**

**A6. The Group is currently operating 2 solar photovoltaic plants at our manufacturing plants and details of contracts with TNB are as follows:**

	<b>Contracted Feed-in Tariff Rate with TNB RM/kWh</b>	<b>Tenure of the Contract with TNB</b>
(1) Plot 82 – 425 kW	0.7308	21 years starting 29 January 2016
(2) Plot 49 – 300kW	0.7980	21 years starting 31 December 2016

*When the Group first tapped into renewable energy, it is the Group's intention to fully utilise the Group's available area in the existing manufacturing plants (mainly roof top and car park area) for Feed-in-Tariff program to earn solar recurring income. It is not the Group main intention to pursue actively in building solar photovoltaic plants.*

*Having said this, from time to time, the Group received proposals from various parties on constructing solar photovoltaic plants under the Net Energy Metering (NEM) Scheme and Large Scale Solar (LSS) Scheme. The Group has not proceeded further as the return from the proposals did not meet the Group's expectation. Hence, for the coming FY2020, the Group has no plan to expand building new solar photovoltaic plants.*

*Barring unpredictable weather conditions, the Group expects revenue contribution from the existing 2 solar photovoltaic plants remain consistent with that of FY2019.*

*With regards to the Group's investment in Trive Property Group Berhad (Trive), at the moment there is no active working arrangements between both parties. The Group did not discount for possibility in sourcing solar panels and related products for periodic maintenance of our existing solar photovoltaic plants from Trive in the future. This is because the existing solar panels are still within the warranty periods given by the existing suppliers.*

*For future proposal on installing solar panels under NEM Scheme and LSS Scheme, the Group may look to Trive for the supply of solar panels and related products at reasonable pricing to support the construction of new solar photovoltaic plants.*