

**AT SYSTEMATIZATION BERHAD**  
**QUERIES FROM THE MINORITY SHAREHOLDERS WATCH GROUP DATED 6 APRIL 2021**

*(Unless otherwise stated, the abbreviations used herein shall have the same meaning as those stated in the “Definitions” section of the circular to shareholders of the company dated 26 March 2021 (“Circular”))*

No	Queries	Response
1.	<p>We note that Non-Executive Directors will be eligible to participate in the Proposed Employees’ Share Option Scheme (“ESOS”).</p> <p>MSWG does not encourage the practice of giving ESOS options to Independent Directors. Independent Directors are required to be impartial. Receiving shares under the ESOS may compromise their independence and/or impartiality or at least create such a perception.</p> <p>Independent Directors should be paid a fee that is commensurate with their roles and responsibilities according to the skills and experience they bring to the Company. The ESOS Scheme, by definition, is meant for employees.</p>	<p>As set out in Section 3 of the Circular, the allocation of Options to non-executive directors is to recognise the contributions and efforts made by the non-executive Directors as they play a constructive role in contributing towards the growth and performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decision-making of the Group.</p> <p>As such, the Company would like to have the flexibility to allocate Options to independent directors in the future and to use ESOS as one of the means to recognise the contributions and efforts made by its Independent Directors.</p>
2.	<p>The Proposed ESOS will be administered and managed by the ESOS Committee in accordance with the By-Laws.</p> <p>(i) Who are the members of the ESOS Committee?</p> <p>(ii) Please explain how the ESOS Committee can function impartially as every Board member will be allocated shares under the ESOS. Would it not be a conflict of interest as board members will be determining their ESOS allocation?</p>	<p>(i) The Board plans to set up the ESOS committee upon approval from Shareholders at the EGM for the Proposed ESOS. The composition of the ESOS committee shall be as follows:-</p> <p>a) Dato’ Nik Ismail Bin Dato’ Nik Yusoff (<i>Independent Non-Executive Chairman</i>)</p> <p>b) Choong Lee Aun (<i>Managing Director</i>)</p> <p>c) Mak Siew Wei (<i>Executive Director</i>)</p> <p>d) Yong Man Chai (<i>Chief Financial Officer</i>)</p> <p>(ii) As set out in Section 8, page 10 of the Circular, the Directors have abstained and will continue to abstain from all deliberations and voting in relation to any specific allocation of Options to themselves respectively as well as any specific allocation of Options to persons connected to them, if any, at all relevant Board meetings.</p> <p>As such, the board members shall not be determining their ESOS allocation.</p>

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<b>No</b>	<b>Queries</b>	<b>Response</b>
3.	<p>Included in the material commitment is an amount of RM 63.9 million allotted for the conditional voluntary take-over offer by the Company to acquire all the ordinary shares in Asdion Berhad for a cash offer price of RM0.50 per Offer Share (page 12 of the Circular).</p> <p>What value did the Board see in Asdion Berhad, a loss-making company for the past 5 years?</p>	<p>As mentioned in pages 3 and 4 of the Company’s announcement dated 11 March 2021, the additional income stream from the businesses of Asdion Berhad (“<b>Asdion</b>”) and its subsidiaries (“<b>Asdion Group</b>”) will reduce the Group’s reliance on its existing businesses.</p> <p>The Asdion Group is principally involved in the logistics business. The Group believes that the logistics business has growth potential particularly in view that the demand in the logistics sector is expected to remain strong, supported by, amongst others, the increased e-commerce activities amidst the on-going coronavirus disease 2019 (COVID-19) pandemic as well as improved logistics infrastructure, with increased route networks and connectivity across Malaysia.</p> <p>Furthermore, pursuant to the Project Development Unincorporated Joint Venture Agreement entered into between Asdion and Kingdom Infra Holdings Sdn Bhd dated 6 May 2019 (“<b>PDUJVA</b>”), the Asdion Group will participate in the development and operation of the support base located at Tumpat, Kelantan. The PDUJVA is expected to transform Asdion from a traditional logistics service provider into a full-fledged logistics service provider and operator in the logistics sector.</p>

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