

AT SYSTEMATIZATION BERHAD (“AT” or the “Company”)

Company No. 200401006297 (644800-X)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY CONDUCTED ON A FULLY VIRTUAL BASIS FROM THE BROADCAST VENUE AT LEVEL 18, MENARA LIEN HOE, NO. 8 PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON MONDAY, 12 APRIL 2021 AT 11.00 A.M.

Upon the Secretary’s confirmation of a quorum being present the meeting commenced. The Company Secretary informed all present that in line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting on all the resolutions set out in the notice of the Extraordinary General Meeting will be carried out by way of poll. The polling will be conducted electronically via the remote participation and voting (“RPV”) facility provided by Mlabs Research Sdn. Bhd. Shareholders and proxy holders were informed that they could pose their questions in real time during the meeting by using the Query Box in the RPV facility. He further informed that ShareWorks Sdn. Bhd. has been appointed as the poll administrator and Sharepolls Sdn. Bhd. has been appointed as the independent scrutineer (“Scrutineer”) for the polling process. The polling administrator showed a presentation on how to vote through RPV facility.

The Managing Director, Mr. Choong Lee Aun then proceeded to give a presentation on updates in respect of the Group’s business which included the progress of the new factory for the glove business under AT Glove Engineering Sdn. Bhd.

The Company Secretary informed all present that the Company has received a letter dated 6 April 2021 from Minority Shareholders Watch Group (“MSWG”) wherein MSWG sought clarification on certain matters and the Company has replied to MSWG accordingly. The Managing Director, Mr. Choong Lee Aun and Chief Financial Officer, Mr. Yong Man Chai presented the questions posted by MSWG and the Company’s response to the queries from MSWG. The said questions from MSWG and the Company’s response were also displayed on screen for ease of reading by the shareholders.

The shareholders and proxy holders of the Company have also raised the questions using the Query Box in the PRV facility and the Board of Directors, due to the time constraints provided the answers for selected questions.

Summary of queries from MSWG (Question 1 to 3), shareholders and proxy holders and the Company’s response as below:-

Q1. We note that Non-Executive Directors will be eligible to participate in the Proposed Employees’ Share Option Scheme (“ESOS”).

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.

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.

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.

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.

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Q2. The Proposed ESOS will be administered and managed by the ESOS Committee in accordance with the By-Laws.

(i) Who are the members of the ESOS Committee?

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:-

- a) Dato' Nik Ismail Bin Dato' Nik Yusoff (*Independent Non-Executive Chairman*)
- b) Choong Lee Aun (*Managing Director*)
- c) Mak Siew Wei (*Executive Director*)
- d) Yong Man Chai (*Chief Financial Officer*)

(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?

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.

As such, the board members shall not be determining their ESOS allocation.

Q3. 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).

What value did the Board see in Asdion Berhad, a loss-making company for the past 5 years?

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 (“**Asdion**”) and its subsidiaries (“**Asdion Group**”) will reduce the Group's reliance on its existing businesses.

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.

Furthermore, pursuant to the Project Development Unincorporated Joint Venture Agreement entered into between Asdion and Kingdom Infra Holdings Sdn Bhd dated 6 May 2019 (“**PDUJVA**”), 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.

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Q4. Could you pls provide us overall picture of the glove operations of AT?

Mr. Choong briefed:-

Phase 1: Dipping Line 1 to 6

1st dipping line was completed by December 2020, whereas the 2nd & 3rd dipping line were completed by February 2021. Currently there are 3 lines running production. Additional 3 lines to be completed by April 2021 and the capacity to reach is 1.17 billion pieces per annum.

Phase 2: Dipping Line 7 to 13

For phase 2, currently in the progress of preparing the foundation and structural work both for the dipping lines and utilities.

New 4 Storey Office Building

The new 4 storey office building is targeted to be completed by end of this month, April 2021.

- Ground Floor: Receptionist, Meeting room, sample room, office room (sales, purchase & human resource)
- 1st Floor: Office room (operation), meeting room, document room
- 2nd Floor: Control room, lab room, training
- 3rd Floor: Document room and office room for engineers

Q5. What are the risks associated with the sourcing of raw materials for gloves?

Mr. Choong explained that due to the high demand for nitrile, the Group is aware of the shortage of raw material and the Group has suppliers from Taiwan and China. The Group has performed test in ensuring that the quality of the raw materials from these suppliers are in line with their requirement in terms of quality. For the past few months, the Company has managed to get 200 tons supply from these suppliers and will continue engaging them.

Q6. What is the progress status of the second factory in Kamunting?

The Group has completed acquiring the Kamunting Land 18 acres plot of industrial land on 26 March 2021 for setting up Plant 2.

Moving forward, the Group plans to build another 48 glove dipping lines and target capacity output to add by another 14.5 billion pieces per annum upon completion of 48 glove dipping lines.

Currently, soil test is conducted on the land. The architect and the machine dipping line vendor are working on drawing of the building plan and designing on dipping line respectively.

Q7. Why did AT raise so much monies in the past 12 months? How did AT use these funds?

Mr. Yong briefed that during the last 12 months, AT has raised approximately RM322 mil from shareholders via rights issues, private placements and share issuance scheme to employees.

These amounts were utilised towards business expansion of fabrication business, diversification into glove business, working capitals to support the Group's business and settlement of bank borrowings.

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Q8. Why did AT place so much monies into money market funds. What will happen if AT is not able to redeem it.

Mr. Yong explained that pending utilisation of the proceeds, AT has put the excess funds into interest-bearing deposits and money market funds. This is in line with the disclosures made in the circulars to shareholders previously.

With regards to the placement of money market funds, the trust funds that the Company have invested are low risk, ie:

- redemption can be made within T+1 day;
- the Company has selected to invest in trust fund that are shariah-based deposits and did not invest in equity securities.

The money market funds provide tax exempted income (average 2.3%) as compared to conventional fixed deposit interest which is taxable.

On behalf of the Chairman, the Secretary tabled all the items on the agenda as set out in the notice of the Extraordinary General Meeting.

The meeting proceeded to voting by poll on all the resolutions on the agenda and all the resolutions were duly passed by the shareholders.

There being no further matters to discuss, the Meeting concluded at 12.10 p.m. with a vote of thanks to the Chair.

Poll results of the Extraordinary General Meeting is attached for reference.

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Resolutions	Vote For			Vote Against			Results
	No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)	
<u>Ordinary Resolution No. 1</u> Proposed ESOS	19	662,181,848	97.1407	48	19,491,400	2.8593	Carried
<u>Ordinary Resolution No. 2</u> Proposed Allocation to Dato' Nik Ismail Bin Dato' Nik Yusoff	22	663,389,482	97.3178	45	18,283,766	2.6822	Carried
<u>Ordinary Resolution No. 3</u> Proposed Allocation to Choong Lee Aun	25	664,044,482	97.4139	42	17,628,766	2.5861	Carried
<u>Ordinary Resolution No. 4</u> Proposed Allocation to Mak Siew Wei	23	663,684,482	97.3682	43	17,938,766	2.6318	Carried
<u>Ordinary Resolution No. 5</u> Proposed Allocation to Dr. Ch'ng Huck Khoon	24	655,018,482	96.0926	42	26,634,766	3.9074	Carried
<u>Ordinary Resolution No. 6</u> Proposed Allocation to Tan Lay Chee	21	654,528,482	96.0179	46	27,144,766	3.9821	Carried