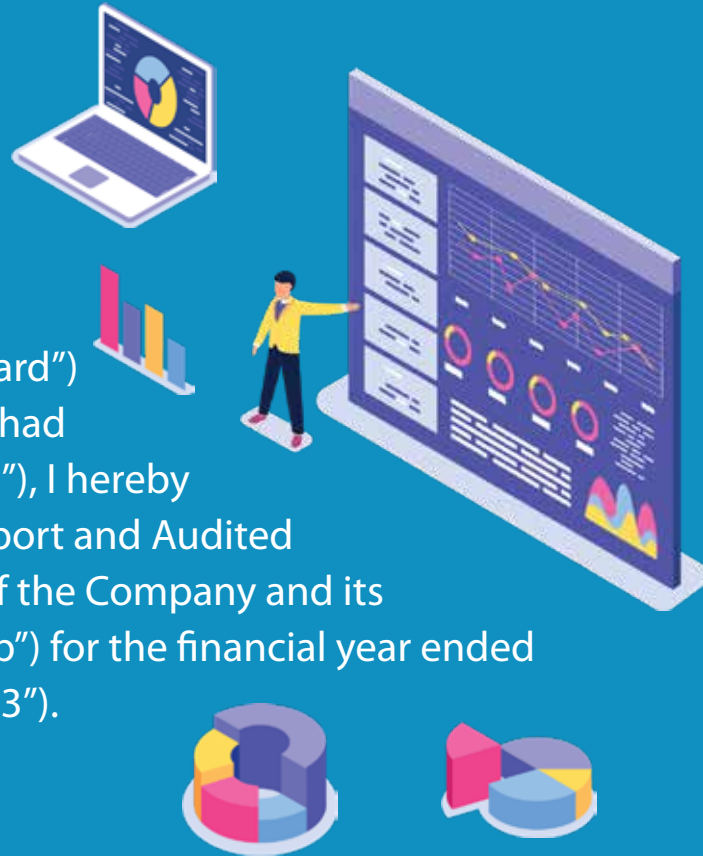


# CHAIRMAN'S STATEMENT

*Dear  
Shareholders,*

On behalf of the Board of Directors of (the "Board") AT Systematization Berhad ("ATS" or the "Company"), I hereby present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2023 ("FY2023").



## Overview

The Malaysia's economy recorded a strong growth of 8.7% in 2022 (3.1% in 2021), driven by domestic demand and improved labour market in line with the transition to the endemic phase. Encouraging expansion in all economic sectors primarily the services and manufacturing have also contributed to the significant economic growth in 2022. Easing of COVID-19 restrictions in early 2022 helped to drive a rebound in private consumption whereas exports also posted strong growth, boosted by rising world commodity prices and growth in manufacturing exports. The Malaysian economy further expanded by 5.6% in Q1 2023 comparing favourably with regional growth such as Indonesia (5%), China (4.5%) and Vietnam (3.3%).

Notwithstanding this, Bank Negara Malaysia ("BNM") has shifted to monetary policy normalisation by gradually increasing the Overnight Policy Rate ("OPR") from the low of 1.75% to 2.75% in 2022 before another 25-bps hike in May 2023, bringing the OPR back to pre-pandemic levels of 3.00%. The rise in interest rates and financing costs have impacted the earnings of many business sectors.

## Financial Highlights

On a full year basis FY2023, Group's revenue registered at RM60.80 million, down by 22% as compared to RM78.13 million in the preceding FY2022. The primary reason for the decline in revenue was decrease in orders for the sale of medical gloves, attributed to both lower average selling prices and reduced demand from customers. However, the decrease in gloves revenue was partially mitigated by higher revenue generated from the fabrication and automation segment. Notably, there was an increase in orders from textile customers, as well as revenue from the design and assembly of vending machines.

In addition to experiencing decreased revenue, the Group continues to face challenges such as higher-cost environment due to supply chain pressures affecting the industry and inflation, the normalisation of glove demand,



## CHAIRMAN'S STATEMENT (cont'd)

and the impact of losses from associates. These factors, coupled with impairment losses on the Group's assets, have significantly impacted the Group's financial performance, resulting in a net loss for FY2023. Capitalising the fund-raising exercises in previous financial years, the Group has managed to maintain a reasonably healthy balance sheet. As of March 31, 2023, the Group's net gearing stands at 0.18 times. This solid financial position provides the Group with the necessary resilience to navigate future challenges.

### Outlook

The Malaysia's economic growth is projected to ease to 4%-5% in 2023 as slowing global growth is anticipated to weigh on exports while concern about rising costs of living and input costs is expected to lower the spending of households and businesses. Nevertheless, the easing of the COVID-19 restrictions in mainland China is expected to boost exports and restore global supply chain, which in turn curb inflation. Domestic demand, particularly private sector spending, will remain the anchor of growth for the Malaysian economy in 2023. Demand for industrial electronics is also expected to grow rapidly over the medium term, helped by major technological developments like 5G rollout and Industry 4.0 driving demand such as industrial automation and the Internet of Things.

Manufacturers within the industry are expected to experience on-going challenges such as instability in the supply chain, higher inflation, the need for sustainable production practices, and a shortage of skilled workforce. We remain cautious of the Group's outlook for the year ahead with prospects remaining uncertain in light of these challenges.

### Annual General Meeting

Despite the COVID-19 approaching an endemic, the Group shall continue to adhere to strict standard operating procedures and will maintain an online channel participation for this year's Annual General Meeting ("AGM") of the Company which has been scheduled on Tuesday, 26 September 2023 at 2.00 p.m. All shareholders are welcome to participate in our AGM in which the notice is enclosed in this annual report for your reference and guidance.

### Welcome to New Board Member

We extend a warm welcome to Madam Ong Poh Lin Abdullah to the Board and we believe her expertise and perspectives will contribute to the strength of the Group.

### Appreciations

On behalf of the Board, I would like to thank all our business partners, financiers, suppliers, relevant government authorities and regulators for their unwavering cooperation and trust in the Group over the years. My gratitude to fellow board members for their advice and support which have collectively helped the Group through the difficulties. Last but not least, my appreciation and heartfelt gratitude to our dedicated management team and employees for their contribution and commitments. The Board and I look forward to achieving greater height of success with the current leadership and add values to our shareholders.

Yours sincerely,  
Dato' Nik Ismail bin Dato' Nik Yusoff  
Chairman  
25 July 2023

