

THIS CIRCULAR TO SHAREHOLDERS OF AT SYSTEMATIZATION BERHAD (“ATS” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. This Circular has been reviewed by TA Securities Holdings Berhad, being the Principal Adviser to the Company for the Proposals (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



AT SYSTEMATIZATION BERHAD
(Registration No. 200401006297 (644800-X))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED CONSOLIDATION OF EVERY 30 EXISTING ORDINARY SHARES IN ATS (“ATS SHARES” OR “SHARES”) INTO 1 ATS SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”); AND**
- (II) **PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF ATS PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SHARE CAPITAL REDUCTION”)**

(COLLECTIVELY, THE “PROPOSALS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

 **TA SECURITIES**

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting of the Company (“EGM”) will be conducted on a virtual basis through live streaming and online remote participation and voting 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 Friday, 22 December 2023 at 11.00 a.m. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the Form of Proxy and deposit it at the Company’s share registrar’s office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than 48 hours before the date and time indicated below or at any adjournment thereof. The completion and lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

Last date and time for lodging the Form of Proxy	:	Wednesday, 20 December 2023 at 11.00 a.m.
Date and time of the EGM	:	Friday, 22 December 2023 at 11.00 a.m.
Broadcast Venue of the EGM	:	Lot 4.1, Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

10% Private Placement	: Private placement of 600,062,000 Shares, which was completed on 3 April 2023
Act	: Companies Act 2016, as amended from time to time and includes any re-enactment thereof
ATS or the Company	: AT Systematization Berhad (200401006297 (644800-X))
ATS Group or the Group	: Collectively, ATS and its subsidiaries
ATS Shares or Shares	: Ordinary shares in the Company
Board	: The Board of Directors of ATS
Books Closing Date	: A date to be determined and announced later by the Board, at the close of business on which the Shareholders must be registered in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Share Consolidation
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
By-Laws	: The by-laws governing the ESOS
Circular	: This circular to Shareholders in relation to the Proposals
Consolidated Shares	: Shares that have been consolidated following the completion of the Proposed Share Consolidation
Consolidated Warrants C	: Adjusted Warrants C after the Proposed Share Consolidation
Court	: High Court of Malaya
Deed Poll C	: The deed poll constituting Warrants C dated 26 February 2020
Directors	: Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Companies Act 2016 and Section 2(1) of the Capital Markets and Services Act 2007 and Director shall be construed accordingly
EGM	: Extraordinary general meeting of the Company
EPS	: Earnings per Share
ESOS	: Employees' share option scheme of the Company which took effect on 20 April 2021 for a period of 5 years
ESOS Options	: Options granted or which may be granted under the ESOS pursuant to the By-Laws, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
FPE	: Financial period ended

DEFINITIONS (CONT'D)

FYE	:	Financial year ended / ending, as the case may be
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	:	24 November 2023, being the latest practicable date prior to the printing of this Circular
Market Day	:	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming all the Warrants C are exercised into new Shares prior to the Books Closing Date
Minimum Scenario	:	Assuming none of the Warrants C are exercised into new Shares prior to the Books Closing Date
NA	:	Net assets
Proposals	:	Collectively, the Proposed Share Consolidation and Proposed Share Capital Reduction
Proposed Share Capital Reduction	:	Proposed reduction of the issued share capital of ATS pursuant to Section 116 of the Act
Proposed Share Consolidation	:	Proposed consolidation of every 30 existing ATS Shares held by the Shareholders on the Books Closing Date into 1 Consolidated Share
Record of Depositors	:	A record of securities holders provided by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
RM and sen	:	Ringgit Malaysia and sen respectively
Shareholders	:	Registered holders of ATS Shares
TA Securities or the Principal Adviser	:	TA Securities Holdings Berhad (197301001467 (14948-M))
Warrants C	:	Existing warrants 2020 / 2025 of the Company which will expire on 17 May 2025. Each warrant holder is entitled the right to subscribe for 1 ATS Share at an exercise price of RM0.035

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables between the amounts stated, actual figures and the totals thereof in this Circular are due to rounding.

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EXECUTIVE SUMMARY

This Executive Summary of the Proposals only highlights the key information from other parts of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular for further details before voting at the EGM.

Summary

Summary of the Proposals

Proposed Share Consolidation

Consolidation of every 30 existing Shares held by the Shareholders, whose names appear in the Company's Record of Depositors at the close of business on the Books Closing Date, into 1 Consolidated Share.

Proposed Share Capital Reduction

Reduction of the issued share capital of ATS via the cancellation of the issued share capital which is lost or unrepresented by available assets of RM260.00 million pursuant to Section 116 of the Act.

Please refer to Section 2 of this Circular for further information.

Rationale for the Proposals

Proposed Share Consolidation

The reduction in the number of Shares available in the market may reduce the volatility of the trading price for the Shares and the Company's market capitalisation.

Proposed Share Capital Reduction

It allows the Group to reduce the accumulated losses and enhance both the Company's and the Group's credibility with bankers, customers, suppliers, investors and other stakeholders.

Please refer to Section 3 of this Circular for further information.

Approvals required

- (i) Bursa Securities, the approval of which was obtained on 23 November 2023 for the Proposed Share Consolidation;
- (ii) Shareholders for the Proposals at the forthcoming EGM;
- (iii) the Court pursuant to Section 116 of the Act for the Proposed Share Capital Reduction; and
- (iv) any other relevant parties / authorities, if required.

Please refer to Section 7 of this Circular for further information.

Interests of Directors, major Shareholders, chief executive and/or persons connected with them

None of the Directors, major Shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposals.

Please refer to Section 9 of this Circular for further information.

Board's recommendation

The Board recommends that you VOTE IN FAVOUR of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM, the details of which are set out in this Circular, and the Notice of EGM as enclosed.

Please refer to Section 10 of this Circular for further information.



AT SYSTEMATIZATION BERHAD
(Registration No. 200401006297 (644800-X))
(Incorporated in Malaysia)

Registered Office

1-10, Medan Perniagaan Pauh Jaya
Jalan Baru
13700 Perai
Pulau Pinang
Malaysia

29 November 2023

Board of Directors

Dato' Nik Ismail Bin Dato' Nik Yusoff (Independent Non-Executive Chairman)
Choong Lee Aun (Managing Director)
Mak Siew Wei (Executive Director)
Ong Poh Lin Abdullah (Independent Non-Executive Director)
Tan Lay Chee (Independent Non-Executive Director)
Dr. Ch'ng Huck Khoon (Non-Independent Non-Executive Director)

PROPOSALS

1. INTRODUCTION

On 31 October 2023, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 24 November 2023, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 23 November 2023 granted its approval for the Proposed Share Consolidation.

The approval of Bursa Securities is subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Consolidation

The Proposed Share Consolidation entails the consolidation of every 30 existing Shares held by the Shareholders, whose names appear in the Company's Record of Depositors at the close of business on the Books Closing Date, into 1 Consolidated Share.

As at the LPD, the issued share capital of the Company is RM487,942,699 comprising 6,786,103,899 Shares. The Company does not have any treasury shares. The Company has the following convertible securities:

- (i) 469,053,650 outstanding Warrants C; and
- (ii) up to 78,890,800 ESOS Options which may be granted and exercised pursuant to the maximum allowable amount under the ESOS.

The Company does not intend to grant any ESOS Options prior to the completion of the Proposals. For clarity, there is no outstanding ESOS Option which has been granted but yet to be exercised as at the LPD. For illustration:

- (i) assuming none of the Warrants C are exercised into new Shares prior to the Books Closing Date, the 6,786,103,899 Shares as at the LPD will be consolidated into 226,203,463 Consolidated Shares; and
- (ii) assuming all the 469,053,650 Warrants C are exercised into new Shares prior to the Books Closing Date, the enlarged number of 7,255,157,549 Shares will be consolidated into 241,838,584 Consolidated Shares.

The actual number of Consolidated Shares will be determined based on the total number of issued shares of the Company at the Books Closing Date to be determined later after taking into consideration any new Shares that may be issued arising from the exercise of any outstanding Warrants C.

Fractional entitlements of the Consolidated Shares and Consolidated Warrants C arising from the Proposed Share Consolidation, if any, shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

THE PROPOSED SHARE CONSOLIDATION WILL RESULT IN A REDUCTION IN THE NUMBER OF SHARES AND WARRANTS C AVAILABLE IN THE MARKET AND THE TRADING PRICE OF THE SHARES AND WARRANTS C WILL BE ADJUSTED ACCORDINGLY IN PROPORTION TO THE BASIS OF THE PROPOSED SHARE CONSOLIDATION. YOU ARE STRONGLY ADVISED TO TRADE CAUTIOUSLY TO PREVENT OVERSELLING OF YOUR POSITION IN RESPECT OF YOUR SHARES AND WARRANTS C.

2.1.1 Theoretical adjusted reference price of the Consolidated Shares and Consolidated Warrants C

The Proposed Share Consolidation will result in an adjustment to the reference price of the Shares and Warrants C as quoted on the ACE Market of Bursa Securities but theoretically shall not have any impact on the total market value of these securities held by the Shareholders and Warrant C holders.

(i) **Consolidated Shares**

For illustration, based on the last transacted market price of the Shares as at the LPD, the theoretical adjusted reference price of the Consolidated Shares upon completion of the Proposed Share Consolidation is as follows:

	No. of Shares	Closing market price / Theoretical adjusted reference price per Share (RM)	Total value⁽¹⁾ (RM)
As at the LPD	6,786,103,899	0.01	67,861,038
After the Proposed Share Consolidation	226,203,463	0.30 ⁽²⁾	67,861,038

Notes:

- (1) The total value is arrived at by multiplying the number of Shares with the closing market price / theoretical adjusted reference price per Share.
- (2) The theoretical adjusted reference price is arrived at based on the following formula:

$$\begin{aligned} \text{Theoretical adjusted reference price} &= \text{Market price per Share} \times \frac{\text{Number of Shares before the Proposed Share Consolidation}}{\text{Number of Shares after the Proposed Share Consolidation}} \\ &= 0.01 \times \frac{6,786,103,899}{226,203,463} \\ &= 0.30 \end{aligned}$$

(ii) **Consolidated Warrants C**

The Proposed Share Consolidation will also result in an adjustment to the reference price of the existing Warrants C. For illustration, based on the last transacted market price of the Warrants C as at the LPD, the theoretical adjusted reference price of the Warrants C upon completion of the Proposed Share Consolidation is as follows:

	No. of Warrants C	Closing market price / Theoretical adjusted reference price per Warrant C (RM)	Total value⁽¹⁾ (RM)
As at the LPD	469,053,650	0.005	2,345,268
After the Proposed Share Consolidation	15,635,121	0.150 ⁽²⁾	2,345,268

Notes:

- (1) The total value is arrived at by multiplying the number of Warrants C with the closing market price / theoretical adjusted reference price per Warrant C.
- (2) The theoretical adjusted reference price is arrived at based on the following formula:

$$\begin{aligned} \text{Theoretical adjusted reference price} &= \text{Market price per Warrant C} \times \frac{\text{Number of Warrants C before the Proposed Share Consolidation}}{\text{Number of Warrants C after the Proposed Share Consolidation}} \end{aligned}$$

$$= 0.005 \quad \times \quad \frac{469,053,650}{15,635,121}$$

$$= 0.150$$

Based on the illustration above, the Proposed Share Consolidation will increase the reference prices of the Shares and Warrants C respectively but it will not have any impact on the total value of these securities.

Further, the Proposed Share Consolidation is expected to result in adjustments to the exercise price and number of Warrants C, further details of which are set out in Section 4.5 of this Circular. As for the ESOS Options, the Company does not intend to grant any ESOS Options prior to the completion of the Proposals and hence no adjustment to exercise price and/or number of ESOS Options is required due to the Proposed Share Consolidation.

2.1.2 Ranking of the Consolidated Shares and Consolidated Warrants C

The Consolidated Shares shall rank equally in all respects with one another.

The Consolidated Warrants C shall rank equally in all respects with one another.

2.1.3 Suspension of trading, listing date and notices of allotment

There will not be any suspension of trading of the Shares and Warrants C on the ACE Market of Bursa Securities pursuant to the Proposed Share Consolidation.

The Consolidated Shares and Consolidated Warrants C will be listed and quoted on the ACE Market of Bursa Securities on the next Market Day after the Books Closing Date.

The notices of allotment of the Consolidated Shares and Consolidated Warrants C will be issued and despatched to the entitled holders within 4 Market Days after the listing and quotation of the Consolidated Shares and Consolidated Warrants C on the ACE Market of Bursa Securities.

2.2 Proposed Share Capital Reduction

The Proposed Share Capital Reduction entails the reduction of the issued share capital of the Company via the cancellation of the issued share capital which is lost or unrepresented by available assets of RM260.00 million pursuant to Section 116 of the Act.

The credit arising from such share capital reduction would be utilised to set-off against the accumulated losses of the Company and the remaining balance (if any) will be credited to the retained earnings of the Company, which shall be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the Listing Requirements.

For the avoidance of doubt, the Proposed Share Capital Reduction will not result in any adjustment to the reference share price of the Company or the number of ATS Shares held by the Shareholders.

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For illustrative purposes only, the pro forma effects of the Proposed Share Capital Reduction on the Company's and the Group's accumulated losses based on the latest audited consolidated financial statements of the Group for the FYE 31 March 2023 and the unaudited consolidated financial statements of the Group for the 3-month FPE 30 June 2023 are as follows:

	Audited as at 31 March 2023		Unaudited as at 30 June 2023	
	Company	Group	Company	Group
Accumulated losses	(134,152,398)	(239,283,394)	(133,941,207)	(249,018,679)
Add: Credit arising from the Proposed Share Capital Reduction	260,000,000	260,000,000	260,000,000	260,000,000
Less: Estimated expenses for the Proposals	(300,000)	(300,000)	(300,000)	(300,000)
Resultant retained earnings	125,547,602	20,416,606	125,758,793	10,681,321

Subject to and subsequent to the approval of the Proposed Share Capital Reduction by the Shareholders at the forthcoming EGM, an order by the Court will be sought to confirm the Proposed Share Capital Reduction pursuant to Section 116 of the Act.

The effective date of the Proposed Share Capital Reduction will be the date of the lodgement of a sealed copy of the order of the Court with the Companies Commission of Malaysia confirming the cancellation of the share capital of the Company.

The Proposed Share Capital Reduction will be implemented after the Proposed Share Consolidation.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Consolidation

The Proposed Share Consolidation is part of the Company's proactive capital management plan to improve the Company's capital structure.

As the Company has a large number of Shares in issue and a relatively low trading price range, the Board noted that a small movement in the Share price may result in a high corresponding percentage movement in the Share price. The Proposed Share Consolidation would lead to a reduction in the number of Shares available in the market and may reduce the magnitude of fluctuation of the Company's market capitalisation.

Following the completion of the Proposed Share Consolidation, the theoretical market price of each Share will increase by 30 times and the total number of Shares in issue will be reduced by the corresponding ratio. Notwithstanding this, Shareholders should note that the Proposed Share Consolidation is not expected to alter the total value of the Consolidated Shares held by them.

3.2 Proposed Share Capital Reduction

The Proposed Share Capital Reduction will enable the Company and the Group to rationalise their financial positions by reducing the accumulated losses to more appropriately reflect the value of the underlying assets and the financial position of the Company. In addition, the reduction of accumulated losses is expected to enhance the credibility of both the Company and the Group with the bankers, customers, suppliers, investors and other stakeholders.

4. EFFECTS OF THE PROPOSALS

4.1 Share capital

The pro forma effects of the Proposals on the issued share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	6,786,103,899	487,942,699	6,786,103,899	487,942,699
To be issued assuming full exercise of Warrants C	-	-	469,053,650	(⁽¹⁾)25,678,186
After full exercise of the Warrants C	6,786,103,899	487,942,699	7,255,157,549	513,620,885
Resultant issued share capital upon completion of the Proposed Share Consolidation	226,203,463	487,942,699	241,838,584	513,620,885
Reduction of issued share capital pursuant to the Proposed Share Capital Reduction	-	(260,000,000)	-	(260,000,000)
Issued share capital after the Proposals	226,203,463	227,942,699	241,838,584	253,620,885

Note:

(1) Assuming full exercise of 469,053,650 outstanding Warrants C at the exercise price of RM0.035 each and after accounting for the reversal of warrants reserve.

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4.2 NA and gearing

The pro forma effects of the Proposals on the NA and gearing of the Group are as follows:

Minimum Scenario

	Audited as at 31 March 2023 (RM'000)	(I) After subsequent events ⁽¹⁾ (RM'000)	(II) After (I) and the Proposed Share Consolidation ⁽²⁾ (RM'000)	(III) After (II) and the Proposed Share Capital Reduction (RM'000)
Share capital	480,444	487,943	487,943	227,943
Warrant reserve	9,261	9,261	9,261	9,261
Revaluation reserve	5,630	5,630	5,630	5,630
Translation reserve	1,191	1,191	1,191	1,191
ESOS reserve	35	35	35	35
(Accumulated losses)/Retained earnings	(239,283)	(239,761)	(239,761)	(3)19,939
Shareholders' equity / NA / Total equity	257,278	264,299	264,299	263,999
No. of Shares in issue ('000)	6,000,622	6,786,104	226,203	226,203
NA per Share (RM)	0.04	0.04	1.17	1.17
Total borrowings (RM'000)	43,093	43,093	43,093	43,093
Gearing (times)	0.17	0.16	0.16	0.16

Notes:

(1) After accounting for the following:

- (i) issuance of 600,062,000 new Shares at an issue price of RM0.0091 each on 3 April 2023 pursuant to the 10% Private Placement;
- (ii) deducting remaining actual expenses incurred in relation to the 10% Private Placement of approximately RM0.11 million; and
- (iii) grant of 185,420,000 ESOS Options on 5 April 2023 and subsequent issuance of 185,420,000 new Shares arising from the exercise of ESOS Options at an exercise price of RM0.0090 each on 13 April 2023. After the exercise of the aforementioned ESOS Options and up to the LPD, there is no outstanding ESOS Option which has been granted but yet to be exercised.

(2) Based on the consolidation of every 30 existing Shares into 1 Consolidated Share pursuant to the Proposed Share Consolidation.

(3) After deducting estimated expenses of RM0.30 million for the Proposals.

Maximum Scenario

	Audited as at 31 March 2023 (RM'000)	(I) After subsequent events ⁽¹⁾ (RM'000)	(II) After (I) and assuming full exercise of Warrants C ⁽²⁾ (RM'000)	(III) After (II) and the Proposed Share Consolidation ⁽³⁾ (RM'000)	(IV) After (III) and the Proposed Share Capital Reduction (RM'000)
Share capital	480,444	487,943	513,621	513,621	253,621
Warrant reserve	9,261	9,261	-	-	-
Revaluation reserve	5,630	5,630	5,630	5,630	5,630
Translation reserve	1,191	1,191	1,191	1,191	1,191
ESOS reserve	35	35	35	35	35
(Accumulated losses)/Retained earnings	(239,283)	(239,761)	(239,761)	(239,761)	(4)19,939
Shareholders' equity / NA / Total equity	257,278	264,299	280,716	280,716	280,416
No. of Shares in issue ('000)	6,000,622	6,786,104	7,255,158	241,839	241,839
NA per Share (RM)	0.04	0.04	0.04	1.16	1.16
Total borrowings (RM'000)	43,093	43,093	43,093	43,093	43,093
Gearing (times)	0.17	0.16	0.15	0.15	0.15

Notes:

- (1) After accounting for the following:
- (i) issuance of 600,062,000 new Shares at an issue price of RM0.0091 each on 3 April 2023 pursuant to the 10% Private Placement; deducting remaining actual expenses incurred in relation to the 10% Private Placement of approximately RM0.11 million; and
 - (ii) grant of 185,420,000 ESOS Options on 5 April 2023 and subsequent issuance of 185,420,000 new Shares arising from the exercise of ESOS Options at an exercise price of RM0.0090 each on 13 April 2023. After the exercise of the aforementioned ESOS Options and up to the LPD, there is no outstanding ESOS Option which has been granted but yet to be exercised.
 - (iii) Assuming full exercise of 469,053,650 outstanding Warrants C at the exercise price of RM0.035 each and after accounting for the reversal of warrants reserve.
- (2) Based on the consolidation of every 30 existing Shares into 1 Consolidated Share pursuant to the Proposed Share Consolidation.
- (3) After deducting estimated expenses of RM0.30 million for the Proposals.
- (4)

4.3 Substantial Shareholder's shareholdings

The Proposed Share Capital Reduction will not have any effect on the group structure and substantial Shareholder's shareholdings in the Company.

The pro forma effects of the Proposed Share Consolidation on the substantial Shareholder's shareholdings in the Company based on the register of substantial Shareholders of the Company as at the LPD are as follows:

Minimum Scenario

Substantial Shareholder	As at the LPD				(1) After the Proposed Share Consolidation			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Mak Siew Wei	453,645,666	6.68	-	-	15,121,522	6.68	-	-

Notes:

(1) Computed based on 6,786,103,899 Shares as at the LPD.

(2) Computed based on 226,203,463 Consolidated Shares following the completion of the Proposed Share Consolidation.

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Maximum Scenario

Substantial Shareholder	As at the LPD				(I) Assuming full exercise of Warrants C			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Mak Siew Wei	453,645,666	6.68	-	-	713,745,666	9.84	-	-

Substantial Shareholder	(II) After (I) and the Proposed Share Consolidation			
	Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%
Mak Siew Wei	23,791,522	9.84	-	-

Notes:

- (1) Computed based on 6,786,103,899 Shares as at the LPD.
- (2) Computed based on 7,255,157,549 Shares assuming full exercise of the Warrants C.
- (3) Computed based on 241,838,584 Consolidated Shares following the completion of the Proposed Share Consolidation.

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4.4 Earnings and EPS

The Proposals will not have any effect on the consolidated earnings of the Group for the FYE 31 March 2024, except that the lower number of ATS Shares in issue upon completion of the Proposed Share Consolidation will result in a corresponding increase in the EPS of the Group.

4.5 Convertible securities

Save for the following, the Company does not have any other outstanding convertible securities as at the LPD:

4.5.1 Warrants C

As at the LPD, there are 469,053,650 outstanding Warrants C, which have an exercise price of RM0.035 each and are expiring on 17 May 2025.

Consequential to the Proposed Share Consolidation, the exercise price and/or number of Warrants C may be adjusted in accordance with the provisions of the Deed Poll C ("**Adjustments**") to ensure that the status of the Warrant C holders is not prejudiced as a result of the Proposed Share Consolidation.

For illustrative purposes, the adjustments to the exercise price and number of the 469,053,650 outstanding Warrants C are set out below based on the assumption that the Books Closing Date has been fixed on the LPD.

Under the Deed Poll C, the exercise price and the number of outstanding Warrants C which are not exercised prior to the Books Closing Date will be adjusted based on the following formula:

$$\text{Adjusted exercise price of warrants} = \frac{\text{Existing exercise price of warrants} \times Y}{Z}$$

$$\text{Adjusted number of warrants} = \frac{\text{Existing number of warrants} \times Z}{Y}$$

where:

Y = The aggregate number of issued ATS Shares as at the Books Closing Date

Z = The aggregate number of issued ATS Shares on the next Market Day after the Books Closing Date

Following the above, the Adjustments are as follows:

$$\begin{aligned} \text{Adjusted exercise price of Warrants C} &= \frac{\text{RM0.035} \times 6,786,103,899}{226,203,463} \\ &= \mathbf{RM1.05} \end{aligned}$$

$$\begin{aligned} \text{Adjusted number of Warrants C} &= \frac{469,053,650 \times 226,203,463}{6,786,103,899} \\ &= \mathbf{15,635,121} \end{aligned}$$

Such Adjustments will only be finalised on the Books Closing Date and will be effective on the next Market Day after the Books Closing Date. The rights and obligations of the holders of the existing Warrants C will remain unchanged, save for the aforesaid Adjustments.

The holders of the outstanding Warrants C will be officially notified in due course on the effective Adjustments arising from the Proposed Share Consolidation.

The Proposed Share Capital Reduction will not result in any adjustment to the exercise price and number of Warrants C.

4.5.2 ESOS Options

As at the LPD, there is no outstanding ESOS Option which has been granted but yet to be exercised, and up to 78,890,800 ESOS Options may be granted and exercised pursuant to the maximum allowable amount under the ESOS. Nonetheless, the Company does not intend to grant any ESOS Options prior to the completion of the Proposals and hence no adjustment to exercise price and/or number of ESOS Options is required due to the Proposals.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of ATS Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:

	High RM	Low RM
<u>2022</u>		
November	0.015	0.010
December	0.020	0.010
<u>2023</u>		
January	0.020	0.010
February	0.015	0.010
March	0.015	0.005
April	0.015	0.005
May	0.015	0.005
June	0.010	0.005
July	0.015	0.005
August	0.015	0.005
September	0.015	0.005
October	0.015	0.005
Last transacted market price on 30 October 2023, being the last market day immediately prior to the first announcement of the Proposals	0.010	
Last transacted market price on the LPD (RM)	0.010	

(Source: Bloomberg)

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6. ESTIMATED TIMEFRAME FOR COMPLETION

The tentative timeline for the implementation of the Proposals is as follows:

Date	Events
22 December 2023	EGM for the Proposals
Mid-January 2024	Books Closing Date Completion of the Proposed Share Consolidation
Early February 2024	Submission of documents to the Court for the Proposed Share Capital Reduction
Early April 2024	Order by the Court for the Proposed Share Capital Reduction
Mid-April 2024	Effective date of the Proposed Share Capital Reduction

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following being obtained:

- (i) the approval from Bursa Securities for the following:
 - (a) Proposed Share Consolidation;
 - (b) listing and quotation of up to 241,838,584 Consolidated Shares (assuming all of the 469,053,650 outstanding Warrants C are exercised into new ATS Shares prior to the implementation of the Proposed Share Consolidation); and
 - (c) listing and quotation of up to 15,635,121 Consolidated Warrants C (assuming none of the 469,053,650 outstanding Warrants C are exercised prior to the implementation of the Proposed Share Consolidation).

The approval of Bursa Securities was obtained vide its letter dated 23 November 2023 and subject to the condition that ATS or TA Securities making the relevant announcements pursuant to Rules 6.57(2)(ii) and (iii) of the Listing Requirements;

- (ii) the approval from Shareholders at the forthcoming EGM;
- (iii) an order of the Court pursuant to Section 116 of the Act for the Proposed Share Capital Reduction; and
- (iv) the approvals / consents from any other relevant parties / authorities, if required.

The Proposed Share Consolidation and Proposed Share Capital Reduction are not inter-conditional.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion as at the date of this Circular.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major Shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposals apart from their respective entitlements as Shareholders and/or Warrant C holders under the Proposed Share Consolidation, which all other Shareholders and Warrant C holders are similarly entitled to.

10. BOARD'S RECOMMENDATION

The Board, having considered all aspects of the Proposals, including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

11. EGM

The EGM, the notice of which is enclosed in this Circular, will be conducted on a virtual basis through live streaming and online remote participation and voting from a 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 the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposals.

Date and time of the EGM : Friday, 22 December 2023 at 11.00 a.m.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy via hardcopy in accordance with the instructions contained therein as soon as possible, so as to arrive at the Company's share registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than 48 hours before the date and time for the EGM as indicated above or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting at the virtual EGM should you subsequently decide to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

12. FURTHER INFORMATION

You are requested to refer to the appendix for further information.

Yours faithfully,
For and on behalf of the Board of
AT SYSTEMATIZATION BERHAD

Mak Siew Wei
Executive Director

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

TA Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest that exists or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its role as the Principal Adviser for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

Save as disclosed below, as at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:

Capital expenditure for the Group's glove business	RM'000
Contracted but not provided for	1,042

Contingent liabilities

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group.

4. MATERIAL CONTRACTS

As at the LPD, the Board confirmed that there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Group within 2 years immediately preceding the date of this Circular.

5. MATERIAL LITIGATION

As at the LPD, save as disclosed below, the Group is not involved in any material litigation, claims or arbitration and the Board confirmed that there are no proceedings pending or threatened involving the Group, or of any facts likely to give rise to any such proceedings which might materially affect the business or financial position of the Group:

APPENDIX I – FURTHER INFORMATION (CONT'D)

On 26 June 2020, AT Glove Engineering Sdn Bhd (“**AGESB**”) entered into a share sale agreement with Hai Hong Capital Sdn Bhd, P’ng Sim Guan, P’ng Lai Heng, Hai Hong Holdings Sdn Bhd and Aaron Khoo Teng Soon (collectively the “**Vendors**”) for the acquisition by AGESB of the entire issued share capital of Pearl Glove (Malaysia) Sdn Bhd (“**Pearl Glove**”) (“**SSA**”), pursuant to which AGESB had paid a deposit and advances totalling RM4,400,000.00. Due to the non-fulfilment of the conditions precedent under the SSA, AGESB had on 11 November 2020 issued a notice of termination to the Vendors, and requested for the refund of the deposit and advancement. As at the LPD, the Vendors have yet to refund the deposit and advancement to AGESB.

Following the above, a civil suit (Case No. WA-22NCC-3-01/2021) was commenced by AGESB (as Plaintiff) against the Vendors (as Defendants) on 31 December 2020 at the Court. The civil suit was subsequently transferred to the High Court of Penang following an application made by the Vendors which was heard on 11 March 2021 at the Court. Following the transfer, the suit number has been changed to PA-22NCC-12-04/2021. The High Court of Penang has initially fixed the trial for the case from 5 December 2022 to 7 December 2022. The trial dates for the case was subsequently changed to 12 August 2024 to 14 August 2024 by the High Court of Penang.

Based on the legal advice received from AGESB’s appointed legal counsel, the directors are of the view that there is a reasonably good chance of succeeding in the claim above against the Vendors.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 1-10, Medan Perniagaan Pauh Jaya, Jalan Baru, 13700 Perai, Pulau Pinang, Malaysia during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of ATS for the FYE 31 March 2022 and FYE 31 March 2023 as well as the unaudited consolidated financial statements of the Company for the 3-month FPE 30 June 2023;
- (iii) the letter of consent referred to in Section 2 of Appendix I above;
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 5 of Appendix I above; and
- (v) the Deed Poll C.

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AT SYSTEMATIZATION BERHAD
(Registration No. 200401006297 (644800-X))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of AT Systematization Berhad (“**ATS**” or the “**Company**”) will be conducted on a virtual basis through live streaming and online remote participation and voting 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 Friday, 22 December 2023 at 11.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION

PROPOSED CONSOLIDATION OF EVERY 30 EXISTING ORDINARY SHARES IN ATS (“ATS SHARES” OR “SHARES”) INTO 1 ATS SHARE (“CONSOLIDATED SHARE”) (“PROPOSED SHARE CONSOLIDATION”)

“**THAT** upon the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every 30 Shares into 1 Consolidated Share;

THAT the Consolidated Shares shall, upon allotment and issuance, rank equally in all respects with one another **AND THAT** the fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board of Directors of the Company (“**Board**”) in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby authorised with full power to do all such acts, deeds and things and to execute and deliver on behalf of the Company all such documents and/or agreements as the Board may deem fit, necessary or expedient or appropriate in the best interest of the Company, in order to finalise, implement and/or give effect to the above transactions with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or required by the relevant authorities.”

SPECIAL RESOLUTION

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF ATS PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SHARE CAPITAL REDUCTION”)

“**THAT** subject to and conditional upon the confirmation by the High Court of Malaya pursuant to Section 116 of the Act, the Board be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital of RM260.00 million and that the credit arising from such share capital reduction to be utilised to set-off against the accumulated losses of ATS and the remaining balance (if any) will be credited to the retained earnings of the Company, which shall be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws as well as the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents, do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Capital Reduction in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board.”

By Order of the Board

**ADELINE TANG KOON LING (LS 0009611)
(SSM PC NO. 202008002271)**

**WONG YUET CHYN (MAICSA 7047163)
(SSM PC NO. 202008002451)**

Company Secretaries

Penang
29 November 2023

Notes:

- (1) Only a member whose name appear in the Record of Depositors as at 15 December 2023 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Extraordinary General Meeting.
- (2) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.
- (3) Subject to Paragraph (4) below, a member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (4) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- (6) The instrument appointing a proxy and the power of attorney or other authority (if any), which is signed or a notarially certified copy thereof, must be deposited with the Company's share registrar's office at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W. P. Kuala Lumpur or fax to 03-6413 3270 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (7) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, the resolutions set out above will be put to vote by way of poll.
- (8) The EGM will be conducted on a virtual basis at the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

Notes:

- (1) Only a member whose name appear in the Record of Depositors as at 15 December 2023 shall be regarded as a member entitled to attend, speak and vote or to appoint a proxy or proxies to attend, speak and vote at the Extraordinary General Meeting.
- (2) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without restriction as to the qualification of the proxy.
- (3) Subject to Paragraph (4) below, a member entitled to attend and vote is entitled to appoint two (2) or more proxies to attend and vote instead of him. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
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- (8) The EGM will be conducted on a virtual basis at the Broadcast Venue. The members are advised to refer to the Administrative Guide on the registration and voting process for the said meeting.

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AFFIX
STAMP

THE SHARE REGISTRAR OF
AT SYSTEMATIZATION BERHAD
Registration No. 200401006297 (644800-X)

c/o WORKSHIRE SHARE REGISTRATION SDN BHD
A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

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