

ATA IMS BERHAD

Reg. No. 198901012846 (190155-M)

(Incorporated in Malaysia)

MINUTES of the 33rd Annual General Meeting of ATA IMS Berhad duly convened and held at the Conference Room, No. 6, Jalan Dewani 1, Kawasan Perindustrian Dewani, 81100 Johor Bahru on Wednesday, 24 August 2022 at 11:05 a.m.

- PRESENT : As per attendance sheet
- Shareholders : Individuals - 7
Proxies - 5
(of which Chairman acted for 5 members)
- Directors : 6
- BY INVITATION : Mr Steven Loh (Group Finance Director)
Mr Benny Lim (Senior Financial Controller of Winsheng Plastic Industry Sdn. Bhd.)
Ms Chan Yen Ing (Representative from Messrs KPMG, PLT)
Ms Bernice Hong (Representative from Messrs KPMG, PLT)
- SCRUTINEER : Ms Chloe Soon Ban Ling (Representative from Asia Securities Sdn Bhd)
- IN ATTENDANCE : Ms Wong Chee Yin, Company Secretary
- CHAIRMAN : Dato' Sri Chairman took the Chair and called the meeting to order after receiving the Company Secretary's confirmation that there was a requisite quorum.
- NOTICE : The Notice was taken as read.

Dato' Sri Chairman informed the meeting that he was a corporate representative for 407,396,307 shares equivalent to 33.7% of total voting rights. He was also appointed by 5 members as their proxies representing a total of 1,049,700 shares which are equivalent to 0.09% of voting rights at this meeting and they have given their individual instruction for the voting to be carried out.

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Before the meeting proceeded, Dato' Sri Chairman took the opportunity to inform the members that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, resolutions which are set out in the notice of general meeting must be voted by poll. The Share Registrars, Tricor Investor & Issuing House Services Sdn. Bhd. was appointed to act as the Poll Administrator and Asia Securities Sdn. Bhd. was appointed to act as Scrutineer to validate the votes casted at this meeting. However, to ensure the smooth conduct of this meeting, the poll on the resolution would be conducted after the meeting has deliberated on the items on the Agenda.

Dato' Sri Chairman further explained to the members present that ordinary resolutions 1 to 7 require a majority of more than 50% votes from those members in person or by proxies and voting at the meeting.

1. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Audited Financial Statements for the financial year ended 31 March 2022 together with the Directors' Report and Auditors' Report thereon were tabled.

Dato' Sri Chairman informed the members that the Company has received The Minority Shareholders Watch Group ("MSWG")'s letter dated 16 August 2022 and all the questions raised were read out by the Secretary and were responded by Dato' Sri Chairman of which are listed in Appendix "A" that is attached to this minutes.

Without further question raised, Dato' Sri Chairman announced that the AFS for the financial year ended 31 March 2022 together with the Directors' Report and Auditors' Report thereon be duly received.

2. DIRECTORS' FEES FOR FINANCIAL YEAR ENDING 31 MARCH 2022

The meeting proceeded to item 2 on the agenda and proposed the motion "to approve the Directors' Fees of RM180,000.00 for the financial year ending 31 March 2023" to the meeting for consideration.

With no question raised, Dato' Sri Chairman proceeded to the next item of the Agenda.

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3. RE-ELECTION OF DIRECTORS PURSUANT TO THE COMPANY'S CONSTITUTION

Dato' Sri Chairman informed the members that under this Agenda, Mr Koh Win Ton was retiring as a Director of the Company in accordance with Clause 76(3) of the Company's Constitution, whilst Ms Elizabeth Shanti a/p Frank Louis and Mr Dharma Rajah Nadarajah were retiring in accordance with Clause 78. All these three Directors had offered themselves for re-election.

(i) RE-ELECTION OF MR KOH WIN TON WHO RETIRES BY ROTATION PURSUANT TO CLAUSE 76(3) OF THE COMPANY'S CONSTITUTION

Dato' Sri Chairman proposed the motion "That Mr Koh Win Ton, retiring pursuant to Clause 76(3) of the Company's Constitution be and is hereby re-elected Director of the Company to hold office until such time he is due to retire" to the meeting for consideration.

With no question raised, Dato' Sri Chairman proceeded to the next item of this Agenda.

(ii) RE-ELECTION OF MS ELIZABETH SHANTI A/P FRANK LOUIS WHO RETIRES PURSUANT TO CLAUSE 78 OF THE COMPANY'S CONSTITUTION

Dato' Sri Chairman proposed the motion "That Ms Elizabeth Shanti a/p Frank Louis retiring pursuant to Clause 78 of the Company's Constitution be and is hereby re-elected Director of the Company to hold office until such time she is due to retire" to the meeting for consideration.

With no question raised, Dato' Sri Chairman proceeded to the next item of this Agenda.

(ii) RE-ELECTION OF MR DHARMA RAJAH NADARAJAH WHO RETIRES PURSUANT TO CLAUSE 78 OF THE COMPANY'S CONSTITUTION

Dato' Sri Chairman proposed the motion "That Mr Dharma Rajah Nadarajah retiring pursuant to Clause 78 of the Company's Constitution be and is hereby re-elected Director of the Company to hold office until such time he is due to retire" to the meeting for consideration.

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3. RE-ELECTION OF DIRECTORS PURSUANT TO THE COMPANY'S CONSTITUTION
(cont'd)

(ii) **RE-ELECTION OF MR DHARMA RAJAH NADARAJAH WHO RETIRES PURSUANT TO CLAUSE 78 OF THE COMPANY'S CONSTITUTION** *(cont'd)*

With no question raised, Dato' Sri Chairman proceeded to the next item of the Agenda.

4. RE-ELECTION OF AUDITORS

Dato' Sri Chairman proposed the motion "That Messrs KPMG PLT be and are hereby re-appointed as Auditors of the Company for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration" to the meeting for consideration.

With no question raised, Dato' Sri Chairman proceeded to the next item of the Agenda.

SPECIAL BUSINESS

5. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Dato' Sri Chairman informed the members that the Company did not issue any shares after obtaining the shareholders' mandate granted to the Directors at the last Annual General Meeting of the Company held on 23 September 2021.

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5. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (cont'd)

Dato' Sri Chairman proposed the motion "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorized to issue and allot shares in the capital of the Company, grant rights to subscribe or shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022.

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;

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5. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (cont'd)

- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorized to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

With no question raised, Dato' Sri Chairman proceeded to the next item of the Agenda.

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 4.3 OF THE CIRCULAR TO SHAREHOLDERS

Dato' Sri Chairman informed the shareholders that Dato' Sri Foo Chee Juan and Dato' Fong Chiu Wan are interested parties in the Proposed Renewal of Shareholders' Mandate. Therefore, they and persons connected to them shall abstain from voting on this resolution.

Dato' Sri Chairman elected Mr Koh Win Ton to Chair the meeting for this Agenda. Mr Koh then took over the Chair and proceeded with the Agenda. He proposed the following motion to the meeting for consideration:

"THAT approval be and is hereby given pursuant to Paragraph 10.09, Chapter 10 of the Listing Requirements, the Company may seek a shareholders' mandate for related party transactions involving RRPT, subject to the following:

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the related party(ies) than those generally available to the public;
- (b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the Company in respect of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year, where:
 - (i) The consideration, value of the assets, capital outlay or costs of the RRPTs is RM1,000,000 or more; or
 - (ii) Any one of the percentage ratios of such aggregated transactions is one percent (1%) or more.

Whichever is the higher;

- (c) The issuance of a circular to the shareholders of the Company, which includes information as may be presented by Bursa Securities;

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 4.3 OF THE CIRCULAR TO SHAREHOLDERS (cont'd)

- (d) In a meeting to obtain in the shareholders' mandate, the interested Director(s), interested Major Shareholder(s) or interested Person(s) connected with the Director(s) or Major Shareholder(s), such Director(s) or Major Shareholder(s), must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that Person(s) connected with him abstain from voting on the resolution approving the transactions; and
- (e) An immediate announcement shall be made to Bursa Securities when the actual value of the RRPT entered into by the Company exceeds the estimated value of the RRPT disclosed in the circular by ten percent (10%) or more."

With no question raised, Mr Koh handed over the meeting back to Dato' Sri Chairman to proceed with the next item of the Agenda.

7. ANY OTHER BUSINESS

Dato' Sri Chairman informed that the last item of the Agenda was to transact any other business and the Company Secretary informed that the Company did not received any notice to deal with any other business for which due notice was required to be given, pursuant to the Companies Act 2016.

CONDUCT OF POLL

Having dealt with all the items on the Agenda, the meeting proceeded to vote on Resolutions 1 to 7. The members and proxies present then proceeded to cast their votes at 11:37 a.m.

ADJOURNMENT OF MEETING

Dato' Sri Chairman adjourned the meeting at 11:40 a.m. to await the poll results from the Scrutineer.

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RESUMPTION OF MEETING

The Meeting resumed at 11:55 a.m. after the counting of votes had been completed and the Scrutineer was invited to read out the poll results.

POLL RESULT

The Scrutineer proceeded with reading out the poll results as follows:

Resolution(s)	Vote For		Vote Against	
	No. of Units	%	No. of Units	%
Ordinary Resolution 1	725,810,064	100.0000	0	0.0000
Ordinary Resolution 2	724,760,464	99.8554	1,049,600	0.1446
Ordinary Resolution 3	725,810,064	100.0000	0	0.0000
Ordinary Resolution 4	725,810,064	100.0000	0	0.0000
Ordinary Resolution 5	725,728,164	99.9887	81,900	0.0113
Ordinary Resolution 6	725,810,064	100.0000	0	0.0000
Ordinary Resolution 7	2,347,600	100.0000	0	0.0000

Based on the poll results, Dato' Sri Chairman declared that all the resolutions were duly carried. The Company Secretary was authorized to make the relevant announcement on the outcome of the meeting to Bursa Malaysia Securities Berhad after the trading hours today.

CLOSE OF MEETING

There being no other business, the meeting closed at 11:58 a.m. with a vote of thanks to the Chair.

CONFIRMED AS A CORRECT RECORD

DATO' SRI FOO CHEE JUAN

Chairman

Date:

Questions and Answers

The following questions from the Minority Shareholders Watch Group (“MSWG”), which were received on 16/08/2022, and the answers were expressed therein.

Operational & Financial Matters:

Q1. The Company’s revenue decreased significantly from RM4.2 billion in FYE 2021 to RM2.6 billion in FYE 2022 or by 38%. Profit after Tax (“PAT”) plummeted from RM150.3 million in FYE 2021 to a Loss after Tax (“LAT”) position of RM12.1 million in FYE 2022. The adverse performance of the Company in FYE 2022 was mainly attributable to the pull-out of one of its main customers, Dyson, which contributed some 81% of its revenue.

One of the main reasons cited for the pull-out by Dyson was because of the alleged forced labour issues surrounding the Company.

- (a) Have the labour issues been resolved?**
- (b) As the Company has lost a major source of revenue with the departure of Dyson, what are the Company’s strategies to make up for the loss?**

Board’s Response:

- (a) The company engaged Messrs KPMG to conduct an audit, and the results of the audit, which were published on 11 April 2022 on the Bursa website, indicated that the Company has upheld and complied with all Human Rights Principles, Laws, and Industry Best Practices. There are only a few small areas that could be improved, but not a forced labour problem. The third-party independent assessment confirms that the Company’s activities are governed by the Human Rights Principles, Laws, and Industry Best Practices and Standards to manage impacts in its areas of operation.**

- (b) The Company must first downsize operations as a result of losing a significant customer in order to cut expenses and losses. Closing some of its factories is one of the initiatives. The business is actively acquiring new clients to make the most of machinery and equipment that are excess to present production requirements, the Company is also thinking about the possibilities of establishing production facilities in neighbouring nations. The Company also serves new customers outside of Malaysia. The US and Europe are currently being considered by the Company as potential markets for new customers.

Mr Ranjit Singh A/L Joginder Singh of MSWG wanted to know whether there had been any negotiations with Dyson about coming back to the Company now that the labour issue had been resolved. Chairman said that although ATA Industrial (“AIM”) and Dyson are just terminating their business relationship, two of the Group's subsidiaries, Winsheng Plastic Industry Sdn Bhd (“WSP”) and Jabco Filter System Sdn Bhd (“Jabco”), continue to do business with Dyson. Right now, Dyson isn't providing any clear direction. Due to the current conditions of unstable supply of Malaysian labour, they are shifting some of their operations out of Malaysia to other countries like Mexico, China and USA. ATA Group will definitely be looking for new customers in the Southeast Asia region, particularly Indonesia and Vietnam, in order to make full use of all those excess machines.

Q2. *In a move to rein-in cost, the Company will continue to accelerate its transformation plans by undertaking cost cutting measures and work towards downsizing whereby significant changes have been implemented throughout the organization by merging the exiting subsidiaries, discontinuing some warehouses and reducing production capacity by selling excess plant and machineries (page 9 of AR 2022).*

How much cost savings has the Company made from its transformation plans to date?

Board's Response:

The Company has implemented some major changes and cost-cutting and other measures. These include vacating and returning 7 factories to the landlords, another 8 factories are underway to be returned before the end of the financial year 2023. Total rental savings are estimated to be around RM5 million for financial year 2023. For the excess machines, they will be utilized in operations overseas.

The Company is currently restructuring and transferring part of the equipment to Winsheng Plastic Industry Sdn. Bhd. (“WSP”) because their business with Dyson has expanded. This is because WSP still conducts business with Dyson. To increase efficiency, 5 factories will be transferred from ATA Industrial (M) Sdn. Bhd. to WSP, together with 230 injection molding machines. This is in addition to ongoing departmental and employee mergers within the Group.

Additionally, by selling some extra machinery and equipment, the Company has generated some money.

Q3 *The Company has been engaging with new potential customers from United States and Europe to expand its business (page 9 of AR 2022). Are there any updates on any new wins by the Company?*

Board’s Response:

The Company is still actively interacting with about 7-8 potential customers, while some confirmed on a smaller scale. In order to be prepared for any significant projects, the Company has begun hiring sales representatives and engineers in the United States and Europe rather than waiting for customers to arrive. The Company has plans to begin its sales activities in the United States.

Q4. *The Company has been investing in upgrading its production capabilities which include prototyping (page 9 of AR 2022).*

(a) How much has been spent to date on enhancing its production capabilities to date?

(b) How much has been earmarked for this activity in FYE 2023?

Board’s Response:

The business has been making investments to improve its production capabilities, including prototyping (page 9 of AR 2022).

- (a) The Company has just begun working on a prototype for a new project and for early customer engagement. Only roughly USD15,000 has been invested so far. The Company will thereafter upgrade the Group's IT infrastructure to SAP in order to better position itself for potential operational capabilities in the future.
- (b) The cost of the prototype will depend on new projects with potential customers, and the Company anticipates paying about USD50,000. Estimated cost for SAP upgrading is RM1 million.

Q5. Other expenses increased significantly in FYE 2022 to RM16.6 million compared to RM1.7 million in FYE 2021 (page 66 of AR 2022). What were the reasons for the sharp increase?

Board's Response:

The provision for PPE impairment and factory restoration costs when the factories are returned to the landlord accounts for the majority of the other expenditure increase of RM14.2 million.

Q6. Allowances for slow moving inventory rose sharply in FYE 2022 to RM9.3 million from RM506k in FYE 2021 (page 70 of AR 2022).

- (a) **How much of this amount has been written off to date?**
- (b) **Do you foresee a spike in this allowance for FYE 2023 as economic conditions remain challenging?**

Board's Response:

The increase is due to a provision of RM7 million for the stock that might be unable to be depleted or sold in accordance with the agreement between the Company and Dyson. Nothing has been written off to date, and the Company does not foresee a spike in this allowance for FYE 2023.

Corporate Governance Matters

Q7. Practice 5.2 of the Malaysian Code of Corporate Governance (“MCCG”) 2021 stipulates at least half of the Board should be made up to independent directors. AIM’s response in page 22 of the Corporate Governance Report FYE 2022 stated as “Departure”. MSWG commented that Non-Large Companies are required to have a 50% composition of independent directors under the MCCG. The Company’s Board composition of independent directors as at the end of FYE 2022 is in line with the MCCG as it is 50% and as such, it may not be a departure. Kindly seek further clarification from the Company Secretary.

Board’s Response:

Currently, there are 3 independent and 3 non-independent directors on the board of the Company. The Secretary commented that ATA IMS Berhad was classify as a Large Company at the beginning of its financial year before Dyson terminated the contract. Once a company is under the category of Large Companies, it will remain as one for the entire financial year regardless of the change in its status during the financial year. For Large Companies, under Practice 5.2, the board comprises of a majority independent directors.

In his capacity as the representative of MSWG, Mr Ranjit Singh suggested that the Company show the questions at future general meetings. The Chairman and the Board acknowledged and appreciated Mr Ranjit Singh's suggestion.