

SYSTECH BHD

[Registration No. 201001012883 (897114-T)]
(Incorporated in Malaysia)

Minutes of the Extraordinary General Meeting of the members of the Company conducted entirely on a virtual basis at Unit T05, Tower Block, Plaza Dwtasik, Jalan Tasik Permaisuri 1, Bandar Sri Permaisuri, 56000 Kuala Lumpur on Monday, 10 April 2023 at 10.00 a.m.

Present : Board of Directors

| | |
|----------------------------|---|
| Mr. Robert Koong Yin Leong | Chairman/Independent Non-Executive Director |
| Mr. Tan Hock Ann | Group Chief Executive Officer |
| Mr. Tan Hock Soon | Executive Director |
| Madam Chong Miew Lai | Group Chief Operating Officer |
| Mr. Chuar Sew Tin | Independent Non-Executive Director |
| Ms. Ooi Chaw Ying | Independent Non-Executive Director |
| Mr. Chan Soon Tat | Independent Non-Executive Director |

Invitees

| | |
|------------------------|---|
| Mr. Jason Chan Kai Lok | Malacca Securities Sdn Bhd, Principal Adviser |
| Mr. Lew Choon Meng | Julius Leonie Chai, Solicitors |
| Mr. Tan Kim Hor | T.H. Kuan & Co, External Auditors |

Shareholders

- As per attendance list

Proxies

- As per attendance list

In Attendance : Ms. Wong Youn Kim
Ms. Chew Siok Bee

MINUTES

1. CHAIRMAN

Mr. Robert Koong Yin Leong, the Chairman of the Company took the chair and welcomed all present at the Extraordinary General Meeting (“EGM”) of the Company. The Chairman informed the shareholders that the EGM was conducted in a fully virtual environment to promote greater shareholders’ participation as it facilitates electronic voting and remote shareholders’ participation.

Before proceeding with the agenda of the meeting, the Chairman introduced the Board of Directors’ members, Company Secretaries and Invitees who were present via the online platform to the Meeting.

The Chairman informed that the EGM is conducted in a fully virtual environment in accordance with Section 327 of the Companies Act 2016 (“Act”) and Clause 59 of the Company’s Constitution.

2. QUORUM

The Chairman called the meeting to order at 10.10 a.m. upon the confirmation of the presence of a quorum by the Company Secretary.

3. NOTICE

The Notice, having been properly circulated to all the members on 24 March 2023, was taken as read without any objection from the members and proxies.

The Chairman then invited the poll administrator to brief on the online voting procedure.

The poll administrator, Boardroom Share Registrars Sdn Bhd then proceeded to give a video presentation on the meeting's voting procedure. To facilitate the polling process, the Chairman announced that voting has opened earlier to allow the shareholders to cast and submit their vote anytime from the start of the meeting until the end of polling session.

The Chairman then invited the Secretary to brief the Meeting on the proceedings of the meeting and the voting procedures.

The Secretary, Ms. Wong Youn Kim then proceeded to explain the meeting's proceedings and the requirement for resolutions set out in the notice of the extraordinary general meeting or notice of resolution to be voted by poll pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, before inviting the Chairman to continue with the meeting's proceedings.

4. PROPOSED ACQUISITION OF 240,000 ORDINARY SHARES IN TALENTCLOUD AI SDN BHD ("TCAI"), REPRESENTING 80.0% EQUITY INTEREST IN TCAI, FOR A TOTAL CASH CONSIDERATION OF RM14,400,000

The Meeting move on to approve the proposed acquisition of 240,000 ordinary shares in TCAI, representing 80.0% equity interest in TCAI for a total cash consideration of RM14,400,000.

"Ordinary Resolution 1

- **Proposed Acquisition of 240,000 Ordinary Shares in TCAI, Representing 80.0% Equity Interest in TCAI, for a total cash consideration of RM14,400,000 ("Purchase Consideration") ("Proposed Acquisition")**

THAT subject to the approvals of all relevant authorities and/or parties being obtained and the fulfilment of the conditions precedent set out in the conditional share sale agreement dated 13 February 2023 ("TCAI SSA") entered into between Systech Bhd ("Systech") and Sea Capital Holdings Sdn Bhd, approval be and is hereby given for Systech to acquire 80.0% equity interest in TCAI for the Purchase Consideration, in accordance with the terms and conditions of the TCAI SSA including any modifications, variations, amendments and/or additions thereto;

AND THAT the Board of Directors of the Company ("Board") be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or caused to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Acquisition, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Acquisition.

5. PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE EQUITY INTERESTS IN SYSCATECH SDN BHD, MOBYSYS SDN BHD, TECHCASYS SDN BHD, SYSCATECH INC., AND SYSCODE SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM6,604,605

The Meeting move on to approve the proposed disposal of the Company's entire equity interests in Syscotech Sdn Bhd, Mobysys Sdn Bhd, Techcasys Sdn Bhd, Syscotech Inc., and Syscode Sdn Bhd for a total cash consideration of RM6,604,605.

“Ordinary Resolution 2

- **Proposed Disposal of the Company's Entire Equity Interests in Syscotech Sdn Bhd, Mobysys Sdn Bhd, Techcasys Sdn Bhd, Syscotech Inc., and Syscode Sdn Bhd (Collectively, referred to as “e-Business Subsidiaries”) for a total cash consideration of RM6,604,605 (“Disposal Consideration”) (“Proposed Disposal”)**

THAT subject to the approvals of all relevant authorities and/or parties being obtained and the fulfilment of the conditions precedent set out in the conditional share sale agreement dated 13 February 2023 (“**Disposal SSA**”) entered into between Systech and Bill Tham Kok Weng, approval be and is hereby given for Systech to dispose the entire equity interest in the e-Business Subsidiaries for the Disposal Consideration to be satisfied entirely by cash, in accordance with the terms and conditions of the Disposal SSA including any modifications, variations, amendments and/or additions thereto;

THAT the proceeds arising from the Proposed Disposal be utilised for the purposes set out in Section 3.6 of the circular to shareholders in relation, amongst other, the Proposed Disposal dated 24 March 2023, and the Board be authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient in the best interest of the Company;

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and such things and to execute, enter into, sign and deliver or caused to be signed, executed or delivered on behalf of the Company, all necessary documents, agreements or arrangements to give effect and complete the Proposed Disposal, including without limitation, with full power to assent to or make any modifications, variations and/or amendments as may be required or imposed by the relevant authorities and/or parties or as may be deemed necessary and/or expedient and/or appropriate by the Board in their absolute discretion and to take such steps as may be necessary or expedient to finalise, implement, give full effect and to complete the Proposed Disposal.

6. QUESTIONS AND ANSWERS SESSEION

Since all the resolutions have been tabled, the Chairman proceeded to the Questions and Answers session.

The following questions were raised by the shareholders to the Company prior to the Meeting and typed online and the answers provided in response to those questions by the Board are as follows:-

Answers to Questions Submitted During the EGM

Q1 Will The Board consider giving door gift such e-voucher or e-wallets for those participating in this EGM as a token of appreciation?

A1 The Management replied that the Company does not practice provision of any door gifts such as e-voucher or e-wallets for all meetings.

- Q2 What is the order book and historical winning rate of TCAI?
- A2 Mr. Tan Hock Soon replied that the order book of TCAI currently recorded at about RM5 million. The Company rarely tender for projects as mostly projects obtained are from direct negotiation.
- Q3 What is the business model for TCAI? Do they have any recurring income and how much is the contribution from this? Following the acquisition, what are the plans for Systech to broaden its income stream?
- A3 Mr. Tan Hock Soon replied that referring to page 40 of the circular, the Company's recurring income comes from subscription fee which constituted about 30 - 40% of its revenue per year.
- Q4 Is TalentCloud be able to record Profit After Tax ("PAT") margin of 23% going forward? Why and why not?
- A4 Mr. Tan Hock Soon replied that the Company expects the PAT margin to be improved when there are more projects entered and the administrative cost will be lowered.
- Q5 Following disposal of the loss-making businesses, what is the expectation and/or guidance for financial performance going ahead? Will the company return to black in FY2024? What are the drivers behind it?
- A5 Mr. Tan Hock Soon replied that the main reason for the acquisition was to remove the loss-making business and replace with a profit-making business. With the profit guarantee provided by TCAI together with the financial results of the CyberSecurity and e-Logistics segments, hopefully the Group will be able to turnaround in the coming financial year.
- Q6 What is the potential revenue growth in FY2024? What are the plans the company has to improve profitability and sustainability ahead?
- A6 Mr. Tan Hock Soon replied that the expected overall revenue will be lowered with the disposal of e-Business Subsidiaries, but the profit margin will be improved as the profit margin of TCAI is higher as compared to the e-Business Subsidiaries. The Company will integrate the business of TCAI together with Cybersecurity segment to improve profitability. In terms of sustainability, the Group should be in a firmer footing upon the disposal of loss-making business.
- Q7 Was it a change of Company's direction after the Proposed Acquisition and Disposal?
- A7 Mr. Tan Hock Soon replied that the Group will continue to be in the Information Technology ("IT") industry but will be in a different segment in IT subsequent to the acquisition and disposal.

7. ANY OTHER BUSINESS

As no notice had been received to transact any other business, the Chairman invited the Poll Administrator to brief the Meeting on the online polling procedures again where the whole polling process would be conducted in approximately 20 minutes followed by the declaration of the poll results. Boardroom Share Registrars Sdn. Bhd. was the Poll Administrator conducting the polling process and Sky Corporate Services Sdn. Bhd. was the appointed Independent Scrutineer to supervise polling process and verify the poll results.

8. ADJOURNMENT OF MEETING FOR POLL VOTING

The meeting was adjourned at 10.30 a.m. for the poll voting to commence immediately.

9. RE-CONVENING OF MEETING AND ANNOUNCEMENT OF POLL RESULTS

The meeting was re-convened at 10.48 a.m. for the announcement of the results of the poll voting by the Chairman of the Company.

The results of the poll were as follow:-

Ordinary Resolution 1: Proposed Acquisition of 240,000 Ordinary Shares in TCAI, Representing 80.0% Equity Interest in TCAI, for a total cash consideration of RM14,400,000

| Ordinary Resolution | Votes For | | Votes Against | |
|---------------------|---------------|---------|---------------|--------|
| | No. of Shares | % | No. of Shares | % |
| Resolution 1 | 182,950,782 | 99.9095 | 165,701 | 0.0905 |

Ordinary Resolution 1 was carried by majority votes.

Ordinary Resolution 2: Proposed Disposal of the Company's Entire Equity Interests in Syscatech Sdn Bhd, Mobysys Sdn Bhd, Techcasys Sdn Bhd, Syscatech Inc., and Syscode Sdn Bhd for a total cash consideration of RM6,604,605

| Ordinary Resolution | Votes For | | Votes Against | |
|---------------------|---------------|---------|---------------|--------|
| | No. of Shares | % | No. of Shares | % |
| Resolution 2 | 182,950,782 | 99.9095 | 165,701 | 0.0905 |

Ordinary Resolution 2 was carried by majority votes.

10. CLOSURE OF MEETING

As there was no other matter to be discussed, for which due notice had been given in accordance with the Act, the meeting concluded at 10.50 a.m. with a vote of thanks to the Chairman and the Board of Directors.

Confirmed as a correct record,

ROBERT KOONG YIN LEONG
CHAIRMAN