



## ADVANCED SYSTEMS AUTOMATION LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198600740M)

### ANNOUNCEMENT

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**PROPOSED RENOUNCEABLE PARTIALLY-UNDERWRITTEN RIGHTS ISSUE OF UP TO 13,186,771,715 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0009 FOR EACH RIGHTS SHARE, ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

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#### 1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**” or the “**Directors**”) of Advanced Systems Automation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable partially-underwritten rights issue (the “**Rights Issue**”) of up to 13,186,771,715 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.0009 (the “**Issue Price**”) for each Rights Share, on the basis of five (5) Rights Shares for every one (1) existing ordinary share in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.
- 1.2. The Rights Issue is subject to, *inter alia*, the approval of the Shareholders, which will be sought at the extraordinary general meeting of the Company (the “**EGM**”) to be convened. A circular (the “**Circular**”) to Shareholders containing further information on the Rights Issue, together with the notice of the EGM, will be despatched to Shareholders in due course.
- 1.3. In connection with the above, SAC Capital Private Limited (the “**Manager**”, “**Underwriter**” or “**SAC Capital**”, as the case may be) has been appointed by the Company as manager and underwriter to manage and partially-underwrite the Rights Issue. The Rights Issue will be underwritten by SAC Capital pursuant to a management and underwriting agreement dated 31 March 2017 entered into between the Company and SAC Capital (the “**Management and Underwriting Agreement**”).

#### 2. DETAILS OF THE RIGHTS ISSUE

- 2.1. The Company is proposing to undertake the Rights Issue, at the Issue Price for each Rights Share on a renounceable, partially-underwritten basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the “**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and

documents (the “**Entitled Shareholders**”). Please refer to Paragraph 7 below entitled “Eligibility to Participate in the Rights Issue” for further details.

- 2.2. Fractional entitlements to the Rights Shares, if any, will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.
- 2.3. The Rights Shares are payable in full upon acceptance and/or application and, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. For this purpose, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.
- 2.4. Entitled Shareholders will be at liberty to accept, decline or otherwise renounce, in part or in whole, or, in the case of Entitled Depositors only, trade (during the “nil-paid” rights trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”). For avoidance of doubt, only Entitled Shareholders (and not the Purchasers or the renounees) shall be entitled to apply for additional Rights Shares in excess of their provisional allotments. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for Excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.
- 2.5. In the allotment of Excess Rights Shares applied for from provisional allotments not taken up for any reason, preference will be given to Entitled Shareholders for rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. Unless otherwise stated in this announcement (“**Announcement**”), the Company will also not make any allotments and issuance of any Excess Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.
- 2.6. The Issue Price of S\$0.0009 for each Rights Share represents a discount of approximately:
  - 2.6.1 82.0% to the last transacted price of S\$0.005 per Share on the Catalist Board of the SGX-ST (the “**Catalist**”) on 31 March 2017 (being the last trading day of the Shares on the Catalist prior to the Announcement); and
  - 2.6.2 43.0% to the theoretical ex-rights price of S\$0.00158 per Share.
- 2.7. The terms and conditions of the Rights Issue are subject to such changes as the Directors may, after consultation with the Manager and Underwriter, deem fit. The final terms and conditions of the Rights Issue, including the procedures, acceptances and renunciations of application for the Rights Shares, will be contained in the offer information statement (including the accompanying application forms) to be despatched by the Company to the Entitled Shareholders in due course (the “**Offer Information Statement**”).

- 2.8. The Company will be making an application to the SGX-ST, through its sponsor, SAC Advisors Private Limited (the “**Sponsor**”), for the listing and quotation of the Rights Shares on the Catalist.

### 3. **UNDERWRITING AND SUB-UNDERWRITING**

#### 3.1. Management and Underwriting Agreement

Pursuant to the Management and Underwriting Agreement, SAC Capital, as the Manager and Underwriter of the Rights Issue, has agreed to:

- 3.1.1. manage the Rights Issue and to partially underwrite up to 5,644,444,444 Rights Shares (the “**Underwritten Rights Shares**”) comprising 42.80% of the Rights Shares; and
- 3.1.2. procure subscription of a portion of the Underwritten Rights Shares amounting to a maximum of 4,444,444,444 Rights Shares comprising 33.70% of the Rights Shares from Dato’ Michael Loh Soon Gnee (“**Dato’ Michael Loh**”),

subject to the terms and conditions of the Management and Underwriting Agreement. For the avoidance of doubt, SAC Capital’s underwriting obligations will cease in the event that by the closing date of the Rights Issue, valid acceptances and/or applications for 10,478,437,719 Rights Shares have been received.

Pursuant to the Management and Underwriting Agreement, the Company will pay the Underwriter an underwriting fee of 3% of the aggregate Issue Price of the Underwritten Rights Shares (the “**Underwriting Commission**”).

#### 3.2. Sub-Underwriting Agreement

3.2.1. On 31 March 2017, SAC Capital and Dato’ Michael Loh had entered into a sub-underwriting agreement (the “**Sub-Underwriting Agreement**”), whereby Dato’ Michael Loh has undertaken to, *inter alia*, apply and subscribe for and/or procure applications and subscriptions for up to 4,444,444,444 Rights Shares (the “**Sub-Underwriting Rights Shares**”) comprising 33.70% of the Rights Shares under the Rights Issue.

3.2.2. Further, under the Sub-Underwriting Agreement, Dato’ Michael Loh has undertaken, *inter alia*, to:

- (a) transfer an amount of S\$4,000,000 (being the aggregate Issue Price for the Sub-Underwriting Rights Shares) to the Company’s bank account, as a form of confirmation of financial resources, such amounts to be received by the Company in its bank account no later than 30 April 2017;
- (b) procure confirmation by the Company to SAC Capital that (i) S\$1,500,000 will be used only for the purposes of drawdown by the Company under the Director’s Loan (as defined and described below); and (ii) the remaining S\$2,500,000 will be maintained in the Company’s bank account until the completion of the Rights Issue, or the termination of the Sub-Underwriting Agreement, whichever is earlier.

3.2.3. The Sub-Underwriting Agreement is conditional upon the following:

- (a) the Whitewash Waiver (as defined below) having been granted by the SIC and not having been withdrawn or revoked as at the date of completion of the Rights Issue;

- (b) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM to be convened;
  - (c) the listing and quotation notice having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing and quotation of the Rights Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
  - (d) the Whitewash Resolution (as defined below) being approved by the independent Shareholders at the EGM to be convened;
  - (e) the allotment of any Sub-Underwriting Rights Shares (if applicable) under the Rights Issue to Dato' Michael Loh as a director of the Company being approved by the Shareholders at the EGM to be convened;
  - (f) the Possible Transfer of Controlling Interest (as defined below) being approved by the Shareholders at the EGM to be convened; and
  - (g) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.
- 3.2.4. Dato' Michael Loh is a director of the Company and does not hold any shares (directly or indirectly) in the Company, other than through his 19.89% direct and deemed shareholding interests in ASTI Holdings Limited ("**ASTI**"), which in turn holds a 36.66% direct shareholding interest in the Company as at the date hereof. Under the Companies Act (Cap. 50) of Singapore, Dato' Michael Loh is not deemed interested in the shares of the Company through his shareholding in ASTI.
- 3.2.5. The Company had on 31 March 2017 entered into a loan agreement (the "**Loan Agreement**") with Dato' Michael Loh pursuant to which Dato' Michael Loh has agreed to extend an unsecured loan of S\$1,500,000 to the Company upon the terms and subject to the conditions of the Loan Agreement (the "**Director's Loan**"). The Director's Loan will be repaid or partially repaid (as the case may be) by the allotment and issuance of the Sub-Underwriting Rights Shares to Dato' Michael Loh. Please refer to paragraph 6 below for more details on the Director's Loan.
- 3.2.6. Pursuant to the Sub-Underwriting Agreement, SAC Capital will pay to Dato' Michael Loh a sub-underwriting commission of 2.5% of the aggregate Issue Price of the Sub-Underwriting Rights Shares (the "**Sub-Underwriting Commission**"). The Sub-Underwriting Commission will be paid by SAC Capital out of its Underwriting Commission and will not lead to any additional cost to the Company.
- 3.2.7. Taking into account the fact that the Sub-Underwriting Commission will not lead to any additional cost for the Company since it is paid by SAC Capital out of its Underwriting Commission and the sub-underwriting of the Rights Issue by Dato' Michael Loh will likely result in an increased take up of the Rights Issue, the Directors (other than Dato' Michael Loh who has abstained from the deliberation) consider the terms of the Sub-Underwriting Agreement fair and not prejudicial to the Company or to other Shareholders.
- 3.2.8. The Directors (other than Dato' Michael Loh who has abstained from the deliberation in respect of the Sub-Underwriting Agreement) further confirm that the terms agreed between the Company and SAC Capital in relation to the Rights Issue (including the payment of the Underwriting Commission to SAC

Capital as well as the payment of the Sub-Underwriting Commission to Dato' Michael Loh) are on arm's length and normal commercial terms.

- 3.2.9. As Dato' Michael Loh is a director of the Company, Shareholders' approval for the allotment of the Sub-Underwriting Rights Shares to him will be sought at an EGM pursuant to Rule 804 of the the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").
- 3.2.10. Further, as the subscription by Dato' Michael Loh of the Sub-Underwriting Rights Shares may result in his aggregate voting rights crossing 15% in the entire enlarged share capital of the Company, Shareholders' approval will be sought at the EGM pursuant to Rule 803 of the Catalist Rules in view of the possible transfer of a controlling interest in the Company to Dato' Michael Loh (the "**Possible Transfer of Controlling Interest**").

#### 4. IRREVOCABLE UNDERTAKING AND WHITEWASH WAIVER

##### 4.1. ASTI Undertaking

- 4.1.1. ASTI, a controlling shareholder of the Company, holds 966,798,655 Shares as at the date of this Announcement, representing approximately 36.66% of the Company's issued share capital. To show its support for the Rights Issue and to demonstrate its commitment to and confidence in the prospects of the Group, ASTI has provided an irrevocable undertaking dated 31 March 2017 (the "**ASTI Undertaking**") to the Company to subscribe for its *pro rata* entitlement of 4,833,993,275 Rights Shares under the Rights Issue (the "**ASTI Undertaken Rights Shares**").
- 4.1.2. Over the years, ASTI has provided cash advances in the form of shareholder's loan to the Company substantially for purposes of working capital. The amount of shareholder's loan (including interest) outstanding and payable on demand, as at the date of this Announcement, is approximately S\$8,261,353 (the "**ASTI Shareholder Loan**"). The proposed subscription for the ASTI Undertaken Rights Shares by ASTI shall be settled by a set-off against the ASTI Shareholder Loan which would be reduced by an amount of S\$4,350,594. Accordingly, ASTI will not be required to provide any confirmation of financial resources in connection with its Irrevocable Undertaking to the Company.
- 4.1.3. Under the ASTI Undertaking, ASTI has undertaken to the Company and SAC Capital to, among others:
- (a) apply and subscribe for and/or procure applications and subscriptions for the whole of their *pro rata* entitlement of 4,833,993,275 Rights Shares under the Rights Issue;
  - (b) provide confirmation in writing that the ASTI Shareholder Loan extended by them to the Company, with an outstanding amount of S\$8,261,353 as of the date of the ASTI Undertaking, has been reduced by an amount equal to S\$4,350,594 in settlement of the subscription of their *pro rata* entitlement of 4,833,993,275 Rights Shares under the Rights Issue; and
  - (c) ensure that on or prior to the Books Closure Date, they will not sell, transfer, or otherwise dispose of, encumber or part with, the ownership of any of the 966,798,655 Shares in which they currently have an interest (directly or indirectly) in, without the prior written consent of the Company.

4.2. Whitewash Waiver

- 4.2.1. As Dato' Michael Loh is a director and controlling shareholder of ASTI, under the Singapore Code on Take-overs and Mergers (the "**Code**"), he is presumed to be acting in concert with ASTI in relation to the subscription of the Rights Shares.
- 4.2.2. Pursuant to Rule 14 of the Code, where any person who, together with parties acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any party acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.
- 4.2.3. The Sub-Underwriting Rights Shares to be issued to Dato' Michael Loh pursuant to the Sub-underwriting Agreement may result in an obligation on the part of ASTI, Dato' Michael Loh and their respective concert parties (the "**Concert Party Group**") to make a mandatory general offer under Rule 14 of the Code.
- 4.2.4. On 28 March 2017, the Securities Industry Council ("**SIC**") granted a waiver of ASTI and Dato' Michael Loh's obligations to make a mandatory general offer under the Code, for all the Shares not owned or controlled by ASTI and Dato' Michael Loh and parties acting in concert with each of them (the "**Whitewash Waiver**"). The Whitewash Waiver was granted subject to the satisfaction of, amongst others, the following conditions:
- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Rights Issue, a resolution (the "**Whitewash Resolution**") by way of a poll to waive their right to receive a general offer from ASTI and Dato' Loh or their concert parties;
  - (b) the Whitewash Resolution is separate from other resolutions;
  - (c) The Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution;
  - (d) the Concert Party Group did not acquire or is not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which will be disclosed in the Circular):
    - (i) during the period between the date of this Announcement and the date Shareholders' approval is obtained for the Whitewash Resolution; and
    - (ii) in the six (6) months prior to this Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to such issue;
  - (e) the Company appoints an independent financial advisor to advise independent Shareholders on the Whitewash Resolution;

- (f) the Company sets out clearly in the Circular:
    - (i) details of the Rights Issue;
    - (ii) the possible dilution effect of the Rights Issue, and the Management and Underwriting Agreement (including the Sub-Underwriting Agreement);
    - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of the shares in the Company held by the Concert Party Group as at the latest practicable date;
    - (iv) the number and percentage of voting rights in the Company to be issued to each of ASTI and Dato' Michael Loh as a result of their subscription for the Rights Shares pursuant to the ASTI Undertaking and the Sub-Underwriting Agreement;
    - (v) specific and prominent reference to the fact that the subscription by ASTI and Dato' Michael Loh pursuant to the ASTI Undertaking and the Sub-Underwriting Agreement may result in the Concert Party Group holding Shares carrying over 49% of the voting rights of the Company, and the fact that the Concert Party Group would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
    - (vi) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from ASTI and Dato' Michael Loh at the highest price paid by the Concert Party Group for Shares in the past six (6) months preceding the commencement of the Rights Issue;
  - (g) the Circular states that the Whitewash Waiver is subject to the conditions stated in paragraphs (a) to (f) above;
  - (h) ASTI and Dato' Michael Loh obtain the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
  - (i) to rely on the Whitewash Resolution, the acquisition of the Rights Shares by ASTI and Dato' Michael Loh pursuant to the ASTI Undertaking and the Sub-Underwriting Agreement respectively must be completed within three (3) months of the date of the approval of the Whitewash Resolution,
- (collectively, the "**SIC Conditions**").

4.2.5. The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to advise the Directors who are deemed independent for the purpose of making recommendations to the independent Shareholders in respect of the Whitewash Resolution. The advice of the independent financial adviser shall be included in the Circular to Shareholders to be despatched in due course.

4.3. The ASTI Undertaking is conditional upon the following:

- 4.3.1. the Whitewash Waiver having been granted by the SIC and not having been withdrawn or revoked as at the date of completion of the Rights Issue;

- 4.3.2. the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM to be convened;
  - 4.3.3. the listing and quotation notice having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing and quotation of the Rights Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
  - 4.3.4. the Whitewash Resolution being approved by the independent Shareholders at the EGM to be convened;
  - 4.3.5. the allotment of any Sub-Underwriting Rights Shares (if applicable) under the Rights Issue to Dato' Michael Loh as a director of the Company being approved by the Shareholders at the EGM to be convened;
  - 4.3.6. the Possible Transfer of Controlling Interest being approved by the Shareholders at the EGM to be convened; and
  - 4.3.7. the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.
- 4.4. Depending on the level of subscription for the Rights Shares, the Company will, if necessary, and upon approval of the Sponsor and/or the SGX-ST, scale down the subscription for the Rights Shares by any Shareholder to:
- 4.4.1. avoid placing the relevant Shareholder and the parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully; or
  - 4.4.2. avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting.

For the avoidance of doubt, the possibility of scaling down a Shareholder's application to subscribe for the Rights Issue shall not apply to the ASTI Undertaking to subscribe for the ASTI Undertaken Rights Shares.

## **5. PURPOSE OF RIGHTS ISSUE AND USE OF PROCEEDS**

- 5.1. The Rights Issue is undertaken to pro-actively strengthen the Group's financial position by enlarging the Company's working capital base and enhancing its financial flexibility to acquire plant and equipment and capitalise on potential growth opportunities.

As set out in paragraph 4.1.2 above, ASTI, a controlling shareholder of the Company, had been providing cash advances in the form of shareholder's loan to the Company for purposes of its working capital. As at the date of this Announcement, the ASTI Shareholder Loan is approximately S\$8,261,353 and represents a significant part of the total liability of the Company. The Company intends to set off a portion of the ASTI Shareholder Loan against an amount equivalent to the aggregate price of the Rights Shares to be subscribed by ASTI as set out in paragraph 4.1.2 above. With a portion of the ASTI Shareholder Loan being repaid, the Company would thereby reduce its borrowing costs and will be able to enhance its financial flexibility to capitalise on potential growth opportunities.



- 5.2. Assuming that the Rights Issue is fully subscribed by all Shareholders (the “**Maximum Scenario**”), based on the existing share capital of the Company of 2,637,354,343 Shares at the date of this Announcement (the “**Existing Share Capital**”), up to 13,186,771,715 Rights Shares may be issued pursuant to the Rights Issue.
- 5.3. Assuming that (i) none of the Shareholders other than ASTI, Dato’ Michael Loh and SAC Capital subscribes for the Rights Shares; (ii) ASTI subscribes fully for their entitlements to the Rights Shares pursuant to the ASTI Undertaking; and (iii) SAC Capital and Dato’ Michael Loh together subscribe for the Underwritten Rights Shares in full (the “**Minimum Scenario**”), up to 10,478,437,719 Rights Shares may be issued pursuant to the Rights Issue.
- 5.4. There are no treasury shares, outstanding share options, share awards, other convertibles or any other unissued reserve shares held by the Company as at the date of this Announcement.
- 5.5. The table below sets out the Minimum Scenario and Maximum Scenario, assuming that the share capital of the Company as at the Books Closure Date is the Existing Share Capital.

<b>Table (based on the Existing Share Capital)</b>	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>
Total number of Shares in issue as at the Books Closure Date	2,637,354,343	2,637,354,343
Total number of Rights Shares Issued	10,478,437,719	13,186,771,715
Total number of Shares in issue following the completion of the Rights Issue	13,115,792,062	15,824,126,058
Total number of Shares held by ASTI following the completion of the Rights Issue	5,800,791,930	5,800,791,930
Total percentage shareholding of ASTI in the Company following the completion of the Rights Issue	44.23%	36.66%
Total number of Shares held by Dato’ Michael Loh in the Company following the completion of the Rights Issue	4,444,444,444	Nil
Total percentage shareholding of Dato’ Michael Loh in the Company following the completion of the Rights Issue	33.89%	Nil
Total number of Shares held by ASTI and Dato’ Michael Loh (collectively) following the completion of the Rights Issue	10,245,236,374	5,800,791,930
Total percentage shareholdings of ASTI and Dato’ Michael Loh (collectively) in the Company following the completion of the Rights Issue	78.11%	36.66%

- 5.6. Based on the illustrations in the table above:
- 5.6.1. where the share capital of the Company as at the Books Closure Date is the Existing Share Capital, based on the Maximum Scenario, the shareholding interest of ASTI will remain at 36.66% of the total enlarged share capital of the Company following the completion of the Rights Issue. For the avoidance of doubt, Dato' Michael Loh will not hold any Shares under the Maximum Scenario;
- 5.6.2. where the share capital of the Company as at the Books Closure Date is the Existing Share Capital, based on the Minimum Scenario, the collective shareholding interest of ASTI and Dato' Michael Loh will increase from an aggregate of 36.66% to 78.11% of the total enlarged share capital of the Company following the completion of the Rights Issue.
- 5.7. In the event of the Maximum Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price will raise approximately S\$11.87 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.53 million, will amount to approximately S\$11.34 million. As the amounts payable by ASTI for the subscription of its *pro rata* entitlement to the Rights Shares will be set off against the ASTI Shareholder Loan, the net cash proceeds will be approximately S\$6.99 million.
- 5.8. In the event of the Minimum Scenario, the Rights Issue, based on the Existing Share Capital and the Issue Price will raise approximately S\$9.43 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.51 million, will amount to approximately S\$8.92 million. As the amounts payable by ASTI for the subscription of its *pro rata* entitlement to the Rights Shares will be set off against the ASTI Shareholder Loan, the net cash proceeds will be approximately S\$4.57 million.
- 5.9. The table below sets out the scenarios for the proposed utilisation of the net proceeds by the Company, based on two different assumptions: (1) Maximum Scenario and (2) Minimum Scenario and based on the Existing Share Capital:

**Based on Existing Share Capital**

Use of Proceeds	Maximum Scenario		Minimum Scenario	
	Amount (\$'000,000)	Percentage of Proceeds	Amount (\$'000,000)	Percentage of Proceeds
To partially repay loans by way of set-off of ASTI's subscription monies for its <i>pro rata</i> entitlement to the Rights Shares against the ASTI Shareholder Loan	4.35	38.4%	4.35	48.8%
To partially repay the amount of the ASTI Shareholder Loan outstanding after the set-off of ASTI's subscription monies for its <i>pro rata</i> entitlement to the Rights Shares against the ASTI Shareholder Loan	1.00	8.8%	1.00	11.2%
Acquisition of plant and equipment	2.00	17.6%	2.00	22.4%
General working capital purposes	3.99	35.2%	1.57	17.6%
<b>Total</b>	<b>11.34</b>	<b>100.0%</b>	<b>8.92</b>	<b>100.0%</b>

- 5.10. Pending the deployment of the net proceeds for the purposes mentioned above, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Group.
- 5.11. The Directors are of the opinion that:
- 5.11.1. after taking into consideration the Group's internal resources, operating cash flows and present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the reasons for undertaking the Rights Issue are set out in paragraph 5.1 of this Announcement; and
- 5.11.2. after taking into consideration the Group's internal resources, operating cash flows, present credit facilities and the net proceeds from the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.
- 5.12. The Company will make periodic announcements on the utilisation of the net proceeds of the Rights Issue, as and when the funds from the Rights Issue are materially disbursed or utilised and provide the status of the use of proceeds in the annual report until such time when the net proceeds have been fully utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report. Where there is a material deviation in the use of the net proceeds, the Company will announce the reasons for such deviation.

## 6. DIRECTOR'S LOAN

- 6.1 The Company had on 31 March 2017 entered into the Loan Agreement with Dato' Michael Loh pursuant to which Dato' Michael Loh had agreed to extend an unsecured, interest-free loan of S\$1,500,000 to the Company upon the terms and subject to the conditions of the Loan Agreement.
- 6.2 The Director's Loan is available for drawdown during the period beginning on the date falling three (3) days from and including the date of the Loan Agreement, to and including 5 June 2017, but in any event no later than immediately prior to the date that the Rights Issue is completed and the Rights Shares are listed on Catalist (the "**Availability Period**").
- 6.3 Salient terms of the Loan Agreement
- 6.3.1 The tenure of the Loan shall be from the date of the Loan Agreement up to the date falling six (6) months from the date of the Loan Agreement, or such other term as the Company and Dato' Michael Loh may otherwise agree in writing (the "**Maturity Date**").
- 6.3.2 No interest is payable on the Director's Loan.
- 6.3.3 No prepayment is allowed unless agreed to by Dato' Michael Loh (such consent not to be unreasonably withheld).
- 6.3.4 The Company may, during the Availability Period, draw on the whole or a part of the Loan by submitting a drawdown request to Dato' Michael Loh, following which he shall disburse the requested amount by depositing the same into the Company's bank account.

6.3.5 Any amounts outstanding on the Director's Loan shall be satisfied through the issue and allotment of the Sub-Underwriting Rights Shares to Dato' Michael Loh. Any amounts outstanding on the Director's Loan after such issue and allotment of the Sub-Underwriting Rights Shares shall be repaid in full on the Maturity Date.

6.3.6 if, *inter alia*, any of the proposed resolutions relating to the Rights Issue that will be tabled at the EGM (i.e. the resolutions to approve the Rights Issue, the issuance of the Sub-Underwriting Rights Shares to Dato' Michael Loh as a director of the Company, the Whitewash Resolution and the Possible Transfer of Controlling Interest) are not approved, the Director's Loan will immediately become due and payable without any demand.

6.3.7 No guarantees have been provided pursuant to the Director's Loan.

#### 6.4 Rationale for the Director's Loan

The Director's Loan was extended to the Company for working capital purposes and in conjunction with the Rights Issue. The Director's Loan will be used for such working capital purposes and in accordance with the use of proceeds as set out in paragraph 5.9 of this Announcement relating to the Minimum Scenario.

#### 6.5 Interested Person Transaction

Dato' Michael Loh is a director of the Company and is therefore an "**Interested Person**" pursuant to Chapter 9 of the Catalist Rules. Transactions between the Group and any Interested Persons are known as "**Interested Person Transactions**". Accordingly, the Loan Agreement entered into between the Company and Dato' Michael Loh is an Interested Person Transaction for the purposes of Chapter 9 of the Catalist Rules.

#### 6.6 Value of the Interested Person Transaction

As stated in paragraph 6.3.2 above, the Director's Loan extended to the Company by Dato' Michael Loh under the Loan Agreement is interest-free. Accordingly, Loan Agreement entered into between the Company and Dato' Michael Loh is a non-discloseable Interested Person Transaction pursuant to Rules 905 and 909(3) of the Catalist Rules. In addition, the Company is not, pursuant to Rule 906 of the Catalist Rules, required to obtain the approval of its Shareholders for its entry into the Loan Agreement with Dato' Michael Loh.

#### 6.7 Financial Effects

The Director's Loan is not expected to have any material impact on the earnings per Share and net tangible assets per Share of the Company for the current financial year ending 31 December 2017.

#### 6.8 Statement of the Audit Committee of the Company

The audit committee of the Company, having considered the terms and conditions of the Director's Loan, is of the view that the Director's Loan is not prejudicial to the interests of the Company and its minority Shareholders.

### 7. **ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE**

7.1 The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders, as defined below) under the Rights Issue.

### 7.1.1 Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the "**Entitled Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588 with their registered addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

### 7.1.2 Entitled Scripholders

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the "**Entitled Scripholders**") will be provisionally allotted Rights Shares on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with registered addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

### 7.1.3 Foreign Shareholders

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, by 5.00 p.m. (Singapore Time) on the date being three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, with registered addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by the Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold “nil-paid” on the Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds from all such sales after deducting all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement. If such provisional allotments of Rights Shares cannot be or are not sold on the Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be aggregated and allotted to satisfy Excess Rights Shares applied for or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP, the Share Registrar, the Sponsor or the Manager and Underwriter in connection therewith.

To this end, Shareholders with registered addresses outside Singapore are encouraged to provide a registered address in Singapore to the Share Registrar or CDP, as the case may be, at least three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, in order to receive the provisional allotment of Rights Shares under the Rights Issue.

- 7.1.4 Persons who bought their Shares previously using their central provident fund (“CPF”) ordinary account savings (“CPF Funds”) under the CPF Investment Scheme may use their CPF Funds for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF investment accounts, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

## **8. INDEPENDENT FINANCIAL ADVISER**

The Company has appointed the IFA to advise the Directors who are deemed independent for the purpose of making recommendations to the independent Shareholders in respect of the Whitewash Resolution. The advice of the independent financial adviser shall be included in the Circular to Shareholders to be despatched in due course.

## **9. APPROVALS**

- 9.1. The Rights Issue is subject to, *inter alia*, the following conditions:
- 9.1.1. the Whitewash Waiver having been granted by the SIC and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- 9.1.2. the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM to be convened;
- 9.1.3. the listing and quotation notice having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation of the Rights Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;

- 9.1.4. the Whitewash Resolution being approved by the independent Shareholders at the EGM to be convened;
  - 9.1.5. the allotment of any Sub-Underwriting Rights Shares (if applicable) under the Rights Issue to Dato' Michael Loh as director of the Company being approved by the Shareholders at the EGM to be convened;
  - 9.1.6. the Possible Transfer of Controlling Interest being approved by the Shareholders at the EGM to be convened;
  - 9.1.7. the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore; and
  - 9.1.8. all other necessary consents, approvals and waivers required from any person, government whether Singapore or foreign, any department, ministry or agency of any government, financial institution and any other governmental, regulatory, administrative, fiscal, monetary or judicial body and all agreements applicable to the Company, its subsidiaries or associated company and/or applicable laws, rules and regulations for the Rights Issue and are necessary to implement the transactions contemplated pursuant to the Rights Issue having been obtained either unconditionally or on conditions satisfactory to the Company acting in the best interests of the Shareholders and not having been withdrawn or revoked.
- 9.2. The Circular, containing further information on the Rights Issue, will be despatched to Shareholders in due course.
  - 9.3. The Company will be making an application to the SGX-ST, through the Sponsor, for the permission to deal in and for the listing of and quotation of the Rights Shares on the Catalyst.
  - 9.4. The Offer Information Statement will also be lodged with the SGX-ST and despatched to Entitled Shareholders in due course after, *inter alia*, obtaining the listing and quotation notice from the SGX-ST.
  - 9.5. Announcements in relation to the above application, lodgement and despatch will be made in due course, as and when appropriate.

## **10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this Announcement, none of the Directors and substantial Shareholders, as well as their respective associates, has any interest, direct or indirect, in the Rights Issue and the Director's Loan (other than through their respective shareholdings in the Company, if any).

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Director's Loan and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

## 12. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this Announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.

Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

### BY ORDER OF THE BOARD

MOHD. SOPIYAN B. MOHD. RASHDI  
Lead Independent Director  
Advanced Systems Automation Limited  
31 March 2017

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*This Announcement has not been examined or approved by the SGX-ST and the SGXST assumes no responsibility for the contents of this Announcement, including the correctness of any of the statements or opinions made, or reports contained in this Announcement.*

*The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.*