



Advanced Systems Automation Limited

(Incorporated in the Republic of Singapore)
Company Registration Number: 198600740M

PROPOSED ISSUANCE OF 5.0% REDEEMABLE CONVERTIBLE NOTES - SECOND SUPPLEMENTAL LETTER

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Advanced Systems Automation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements on 28 October 2023, 31 October 2023, 28 May 2024, and 14 June 2024 (collectively, the “**Announcements**”), as well as circular to shareholders of the Company (“**May 2024 Circular**”) dated 16 May 2024 in relation to, *inter alia*, the proposed issuance of the 5.0% redeemable convertible notes of up to S\$20,000,000 to Advance Opportunities Fund I (“**AOF I**”) and Advance Opportunities Fund VCC (acting for and on behalf of and for the account of AOF Singapore Opportunities Fund) (“**AOF VCC**”) (the “**Subscribers**” and each a, “**Subscriber**”) (“**Proposed RCN Issuance**”). Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcements and the May 2024 Circular.
- 1.2 As announced on 14 June 2024, the Company and the Subscribers have, via a supplemental letter to the Subscription Agreement entered into on 14 June 2024 (“**First Supplemental Letter**”), mutually agreed that: (a) the Company will undertake the issuance of T1 Notes and T2 Notes for an aggregate nominal value of up to S\$5.0 million; and (b) the Company will not undertake any proposed issuance of T3. The T1 and T2 Conversion Shares arising from the exercise of the T1 Notes and T2 Notes would be allotted and issued by the Company pursuant to the general share issue mandate approved by Shareholders at the Company’s annual general meeting held on 28 June 2023 (“**General Mandate**”). Please refer to the Company’s announcement 14 June 2024 for more information on the First Supplemental Letter.
- 1.3 The Company had, through its Sponsor, on 14 June 2024 submitted the additional listing application to SGX-ST for the listing and quotation for up to 171,722,656 T1 and T2 Conversion Shares.
- 1.4 Subsequently, after consultation with the SGX-ST by the Company through its Sponsor, the Company has been encouraged to, notwithstanding the General Mandate, seek Shareholders’ approval at an extraordinary general meeting (“**EGM**”) to be convened in due course for (a) the ratification of the issuance of T1 Notes (which has been issued on 31 October 2023), (b) the issuance of T2 Notes, and (c) the allotment and issue of up to 171,722,656 T1 & T2 Maximum Conversion Shares (as defined herein).

- 1.5 Following the consultation with SGX-ST, the Company and the Subscribers had on 2 July 2024 entered into a second supplemental letter to amend the terms of the Subscription Agreement (“**Second Supplemental Letter**”).
- 1.6 Pursuant to the Second Supplemental Letter and in accordance with Catalist Rule 803, the Company will also be seeking Shareholders’ approval at the EGM for the potential transfer of controlling interests in the Company to the Subscribers, following the allotment and issuance of the T1 & T2 Maximum Conversion Shares pursuant to the Proposed RCN Issuance (“**Potential Transfer of Controlling Interest**”). Please refer to paragraph 2.1 below for further information on the Potential Transfer of Controlling Interest.
- 1.7 The (a) ratification of the issuance of T1 Notes, (b) issuance of T2 Notes, (c) allotment and issue of up to 171,722,656 T1 & T2 Maximum Conversion Shares, and (d) the Potential Transfer of Controlling Interest, shall collectively be referred to as the “**RCN Resolutions**”. A circular relating to, *inter alia*, the RCN Resolutions will be issued and despatched to Shareholders in due course.

2. SECOND SUPPLEMENTAL LETTER

- 2.1 Pursuant to the terms of the Second Supplemental Letter, the terms of the T1 Notes and T2 Notes shall be amended as follows:

| | | |
|-----------------------------------|---|---|
| Specific Mandate | : | The allotment and issuance of T1, T2, and T1 & T2 Maximum Conversion Shares arising therefrom upon exercise of the Conversion Right by the Subscribers, will be subject to approval of the Shareholders at the EGM. |
| T1 & T2 Maximum Conversion Shares | : | The maximum number of Conversion Shares which may be issued pursuant to the conversion of all the T1 Notes and T2 Notes shall be 171,722,656 Conversion Shares. |
| T1 & T2 Conversion Price | : | The price at which each Conversion Share shall be issued upon conversion of T1 & T2 Notes shall be: 80.0% of the average of the Closing Prices per Share on any three (3) consecutive Business Days, to be determined at the sole discretion of the Noteholder during the forty-five (45) Business Days immediately preceding the relevant Conversion Date of the outstanding T1 Notes and T2 Notes PROVIDED ALWAYS THAT the Conversion Price shall be a minimum of S\$0.01 (“ Minimum Conversion Price ”). |
| T2 Fulfilment Date | : | The date falling one (1) month from the date of the Company obtaining its Shareholders’ approval for the RCN Resolutions at the EGM. |
| Events of Default of T1 Notes | : | In addition to the Events of Default of the Notes as set out in the May 2024 Circular, the following shall be deemed as additional Events of Default of T1 Notes: |

- (i) the Company does not obtain Shareholders' approval for all the RCN Resolutions within one (1) month from the date of the Second Supplemental Letter; and
- (ii) the Company does not obtain the listing and quotation notice in respect of the T1 & T2 Maximum Conversion Shares within fourteen (14) days following receipt of Shareholders' approval of the RCN Resolutions.

Potential Transfer of Controlling Interest : The Subscriber's undertaking in the Subscription Agreement and Conditions to not cross 15% shareholding interest in the Company, and the limitations placed on the Subscribers' Conversion Rights to ensure no exercise will cause it to cross 15% shareholding in the Company, shall be deleted in their entirety.

Potential Transfer of Controlling Interest

For illustrative purposes only, based on the terms of the Second Supplemental Letter, assuming the T1 & T2 Maximum Conversion Shares are issued, the Subscribers will hold an aggregate of 171,722,656 Conversion Shares, representing approximately 23.56% of the Enlarged Share Capital¹ of the Company.

Accordingly, pursuant to Catalyst Rule 803, the Company will be seeking Shareholders' approval at the EGM for the Potential Transfer of Controlling Interest.

Subscriber(s) not crossing general mandatory offer threshold : Where pursuant to an exercise of Conversion Right, the aggregate Conversion Shares held by the Noteholder and its concert parties (as defined under The Singapore Code on Take-overs and Mergers) after the allotment and issue of such Conversion Shares will require the Noteholder and its concert parties to make a general mandatory offer for all the issued Shares in the Company, the Noteholder shall not be entitled to such exercise.

Save as otherwise set out above, there are **no other changes** to the commercial terms of the T1 and T2 Notes. Please refer to the May 2024 Circular and the Company's announcement dated 14 June 2024 for further details on the salient terms of the T1 and T2 Notes.

2.2 The Subscribers' entry into the Second Supplemental Letter is without prejudice to, and the Subscribers do not waive any of, their rights under the Subscription Agreement and the Conditions of T1 existing prior to the entry into the Second Supplemental Letter.

¹ The enlarged issued and paid-up share capital of the Company will be 729,014,123 Shares following completion of the proposed acquisition of LSO Organization Holdings Pte Ltd, and the allotment and issuance of the T1 & T2 Maximum Conversion Shares, comprising (a) 343,445,313 existing Shares; (b) 184,615,385 Consideration Shares; (c) 171,722,656 T1 & T2 Maximum Conversion Shares; (d) 15,384,615 Introducer Shares; (e) 7,692,308 ZICAP Success Shares; and (f) 6,153,846 ILAW Success Shares.

- 2.3 The Company continues to engage in dialogue with the Subscribers who are desirous of exercising their Conversion Right for T1, albeit not having formally issued the Company with any Conversion Notice. Under the Conditions of T1, the Company's failure to issue and allot the T1 Conversion Shares to the Subscribers within three (3) Business Days upon the Company's receipt of the Conversion Notice from the Subscribers is an Event of Default.
- 2.4 The Board would like to highlight that, in the event the (i) Subscribers exercise their Conversion Right of T1 before the RCN Resolutions are approved by the Company and SGX-ST grants the listing and quotation notice for the T1 & T2 Maximum Conversion Shares, or (ii) Shareholders do not vote in favour of the RCN Resolutions or SGX-ST does not grant the listing and quotation notice for the T1 & T2 Maximum Conversion Shares, **an Event of Default under T1 will occur**. In an Event of Default, the Company is obliged to immediately redeem T1 in cash at 118% of the aggregate principal amount of T1 (being S\$2.5 million), together with accrued interest. The whole outstanding amount shall be subject to a default interest daily at the rate of 3.0% per month until the Subscribers are repaid in full.

3. RATIONALE

- 3.1 The Board believes the Proposed RCN Issuance (comprising the standalone T1 and T2 Notes) is in the best interest of the Company, in view that:
- (a) upon Shareholders' approval, and subject to the receipt of the listing and quotation notice from the SGX-ST for the T1 & T2 Maximum Conversion Shares, the Company will be able to issue the Conversion Shares for T1 instead of repaying T1 in cash at a premium, thus enabling the Company to preserve its cash flow and financial resources; and
 - (b) the Group recorded negative working capital as at 31 December 2023 and the option to issue T2 to the Subscribers to raise S\$2.5 million will enable the Company to improve the Group's current financial position.

4. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of the Board: (a) none of the Directors (other than in his capacity as Director or Shareholder of the Company, as the case may be) of the Company has any interest, direct or indirect in the abovementioned matters, other than through their respective shareholding interests in the Company (if any); and (b) there are no substantial shareholders in the Company who have any interest, direct or indirect, in the abovementioned matters.

5. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement, the First Supplemental Letter and the Second Supplemental Letter will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

6. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed RCN Issuance, and all other transactions in connection therewith and incidental thereto, are subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed RCN Issuance, and all other transactions in connection therewith and incidental thereto, 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 are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

7. 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 Proposed RCN Issuance, 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.

**BY ORDER OF THE BOARD
ADVANCED SYSTEMS AUTOMATION LIMITED**

**DATO' SRI MOHD SOPIYAN B. MOHD RASHDI
CHAIRMAN**

2 July 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.