



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

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## THE PROPOSED DISPOSAL OF ASA MULTIPLATE (M) SDN BHD. (“ASAM”)

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### 1 INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Advanced Systems Automation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has on 10 August 2020 entered into a sale and purchase agreement (“**SPA**”) with M and R Integrated Solution Sdn Bhd (the “**Purchaser**”) in relation to the Company’s proposed disposal of its entire interest in ASAM, representing 90% of the issued and paid-up share capital of ASAM (the “**Sale Shares**”) (the “**Proposed Disposal**”) for an aggregate purchase consideration of S\$90,000 (the “**Sale Consideration**”).

### 2 INFORMATION ON ASAM

2.1 ASAM was incorporated on 2 November 2009 with a registered capital of RM1,500,000.

ASAM is principally engaged in the thermal coating and surface finishing of electronics products and the provision of specialised electroplating service for semiconductor components.

2.2 Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”), (i) ASAM has a net tangible liabilities of approximately RM27,094,000 (equivalent to approximately S\$8,902,000 based on an exchange rate of S\$1 = RM3.0437) as at 31 December 2019, (ii) the net loss attributable to ASAM of approximately RM2,796,000 (equivalent to approximately S\$919,000) for FY2019, and (iii) the intercompany loans owing from ASAM to the Company amounts to S\$8,634,000 (based on an exchange rate of S\$1 = RM3.0437) as at the date of the SPA (“**Intercompany Loans**”).

### 3 INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Malaysia with a registered capital of RM1,000,000.

The Purchaser is in the principal business of, *inter alia*, providing manufacturing service in precision machining and sub-assembly of machine components and modules. The industries served cover semiconductor, electronics and medical & life science. The Purchaser is not related to the Company, its Directors or the controlling shareholders of the Company and their respective associates.

## **4 PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

### **4.1 The Sale Consideration and Terms of Payment**

The Sale Consideration shall be satisfied in two instalments in cash by the Purchaser to the Company in the following manner:

- i. Upon execution of the SPA, the Purchaser shall pay the Company an aggregate amount of S\$45,000.00.
- ii. On the date of completion, the Purchaser shall pay the Company the remaining amount of S\$45,000.00.

The Sale Consideration was arrived at after arms' length negotiations between the Company and the Purchaser on a 'willing buyer-willing seller' basis taking into consideration, among other factors, (a) the net liability value of ASAM of approximately RM1,610,000 (equivalent to approximately S\$529,000) (after the waiver of the Intercompany Loans (as further explained below)) as at 31 December 2019, (b) the net loss attributable to ASAM of approximately RM2,796,000 (equivalent to approximately S\$919,000) for FY2019, (c) potential retrenchment cost of RM659,000 (equivalent to approximately S\$217,000) and (d) reinstatement cost of RM250,000 (equivalent to approximately S\$82,000), where (c) and (d) above will be borne by the Purchaser. No valuation was undertaken on ASAM for the purpose of the Proposed Disposal.

The Company intends to utilise the proceeds from the Proposed Disposal for general working capital requirement of the Group.

Pursuant to the SPA, notwithstanding that the completion of the Proposed Disposal has not been completed, the Purchaser shall provide any and all necessary financial support and funding to ASAM for the ASAM's payment of the ASAM's existing indebtedness, borrowings and other such liabilities owed to the trade creditors of ASAM, and the payment of the salaries and wages of the ASAM's employees as and when such financial support is required.

Also, in accordance with the SPA and taking into consideration the above, the Intercompany Loans amounting to S\$8,634,000 (based on an exchange rate of S\$1 = RM3.0437) as at the date of the SPA will be waived by the Company.

As the Sale Consideration represents an excess of approximately S\$566,000 over the negative book value of ASAM of S\$476,000, the Group is expected to record a gain on disposal of S\$566,000 from the Proposed Disposal.

### **4.2 Conditions Precedent**

The completion of the Proposed Disposal ("**Completion**") is subject to:

- a) the Company obtaining all relevant approvals and consents, including approvals from governmental bodies (including but not limited to the Singapore Exchange Securities Trading Limited ("**SGX-ST**")), creditors and third parties necessary for consummation of the transactions contemplated at Completion and that the same shall not have been withdrawn or amended; and

- b) to the extent that any debts, receivables, payables or otherwise exist from the ASAM to the Company and its subsidiaries prior to Completion, any such balances of the ASAM has been validly waived in full (“**Waiver**”) by the Company via the execution of a deed of waiver or such other document as the Purchaser may reasonably require, or any such acts as may be reasonably required to procure the Waiver have been undertaken by the Company.

## 5 RATIONALE FOR THE PROPOSED DISPOSAL

ASAM has been loss-making since the financial year ended (“**FY**”) 31 December 2015 and has recorded losses of RM26.1million, RM0.4million, RM2.4million, RM2.0million and RM2.8million for FY2015, FY2016, FY2017, FY2018 and FY2019 respectively, despite the implementation of cost-cutting measures. ASAM is also in a net tangible liabilities position of RM27,094,000 (equivalent to approximately S\$8,902,000 based on an exchange rate of S\$1 = RM3.0437) as at 31 December 2019 and the Company is expected to require a monthly cash injection of between RM150,000 to RM250,000 (equivalent to approximately S\$33,000 to S\$82,000 based on an exchange rate of S\$1 = RM3.0437) to continue operating as going concern.

The Proposed Disposal will allow the Group to realise its value by preventing further losses and deterioration of shareholders’ equity, and to streamline its existing business to focus more on its businesses and investment in Singapore and Malaysia.

## 6 FINANCIAL EFFECTS

The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the Completion. The financial effects of the Proposed Disposal set out below have been prepared based on the Group’s audited consolidated financial statements for FY2019, on the assumptions that the expenses incurred for the Proposed Disposal are assumed to be insignificant and have been ignored for the purposes of computing the financial effects.

For the avoidance of doubt, these financial effects do not take into account (i) any other corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 January 2020.

### 6.1 Net Tangible Assets (“**NTA**”)

The effects of the Proposed Disposal on the audited consolidated NTA per share of the Group as at 31 December 2019, assuming that the Proposed Disposal had been effected on 31 December 2019, are summarised below:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Consolidated NTA <sup>(1)</sup> (S\$’000)	(2,202)	(1,636)
Number of shares	22,324,126,058	22,324,126,058
Consolidated NTA per share (Singapore cents)	(0.01)	(0.01)

**Notes:**

(1) NTA is computed based on total assets less total liabilities and intangible assets.

## 6.2 Loss Per Share (“LPS”)

The effects of the Proposed Disposal on the audited consolidated LPS of the Group for FY2019, assuming that the Proposed Disposal had been effected at the beginning of FY2019, are summarised below:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Loss attributable to equity holders of the Company (S\$'000)	4,394	3,775
Weighted average number of Shares	22,324,126,058	22,324,126,058
LPS (cents)	0.02	0.02

## 7 RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006 OF THE CATALIST RULES

7.1 The relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the SGX-ST based on the latest announced consolidated financial statements of the Group for FY2019 are as follows:

<b>Catalist Rule</b>	<b>Bases of Calculation</b>	<b>Size of Relative Figures</b>
<b>Rule 1006(a)</b>	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	(77.6%) <sup>(1)</sup>
<b>Rule 1006(b)</b>	The net profits <sup>(2)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profits.	20.9% <sup>(3)</sup>
<b>Rule 1006(c)</b>	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	37.9% <sup>(4)</sup>
<b>Rule 1006(d)</b>	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as this is a disposal.
<b>Rule 1006(e)</b>	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

**Notes:**

- (1) For purposes of calculating the relative figure under Rule 1006(a) of the Catalist Rules, the net liabilities value of ASAM as at 31 December 2019 had been adjusted to take into account the Waiver amounting to S\$8,373,000 for amounts owing to the Company as of 31 December 2019, resulting in an adjusted net liabilities value of RM1,610,000 representing S\$529,000 (based on an exchange rate of S\$1 = RM3.0437). The net asset value of the Group as at 31 December 2019 is S\$682,000.
- (2) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on the net loss attributable to ASAM for FY2019 amounting to RM2,796,000, which is equivalent to approximately S\$919,000 (based on an exchange rate of S\$1 = RM3.0437) and the net loss attributable to the Group amounting to S\$4,394,000.
- (4) The aggregate value of the consideration received, for purposes of calculating the relative figure under Rule 1006(c) of the Catalist Rules, had been calculated based on the aggregate of (i) the Sale Consideration, and (ii) the Waiver of S\$8,373,000 as of 31 December 2019. The Company's market capitalization of S\$22,324,126 was computed based on the Company's existing issued and paid-up capital of 22,324,126,058 shares ("Shares") and the volume-weighted average price of S\$0.001 per Share on 11 August 2020, being the last trading day preceding the date of the SPA.

**7.2** As the relative bases calculated under Rule 1006(a) and Rule 1006(b) of the Catalist Rules involves negative figures, the Company will be consulting the SGX-ST via the Sponsor in accordance with Rule 1007(1) on the treatment of the Proposed Disposal. According to paragraph 4.6 of Practice Note 10A of the Catalist Rules, if the transaction does not fall within all the situations in paragraphs 4.3 and 4.4, Rule 1014 shall apply to the transaction. Notwithstanding that ASAM is loss-making with negative net asset value, the Proposed Disposal does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules. Accordingly, the Company will be seeking a waiver from Rule 1014 of the Catalist Rules, and will update shareholders accordingly.

## **8 DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors and/or the controlling shareholders of the Company or any of their respective associates have any interest or are deemed to be interested in the Proposed Disposal, save for their respective directorship and/or shareholding interest in the Company.

## 10 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 Proposed Disposal 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.

## 11 MISCELLANEOUS

A copy of the SPA is available for inspection at the registered office of the Company at 25 Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416, during normal business hours for three (3) months from the date of this announcement.

**Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers**

By Order of the Board

Dato' Sri Sopiyan B. Mohd. Rashdi  
Chairman  
Advanced Systems Automation Limited  
12 August 2020

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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.*

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