

**CIRCULAR DATED 4 DECEMBER 2020**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**This Circular is issued by Advanced Systems Automation Limited (the “Company”). If you are in any doubt in relation to this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or any other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”).

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



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

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO**

- (1) THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MICROFITS PTE. LTD. (“MICROFITS”), (THE “PROPOSED MICROFITS DISPOSAL”).**
- (2) THE PROPOSED ~~RATIFICATION OF THE DISPOSAL~~ OF THE ENTIRE INTEREST IN ASA MULTIPLATE (M) SDN. BHD. (“MULTIPLATE”), (THE “PROPOSED ~~RATIFICATION OF THE MULTIPLATE DISPOSAL~~”).**

**Legal Advisor in relation to the Proposed Resolutions  
SHOOK LIN & BOK LLP**

(Registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A) with limited liability)  
(Unique Entity No. T07LL0924K)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	16 December 2020 at 3 p.m.
Date and time of Extraordinary General Meeting	:	21 December 2020 at 3 p.m.
Place of Extraordinary General Meeting	:	The Extraordinary General Meeting will be held by way of electronic means

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

<b>“Board” or “Board of Directors”</b>	:	The Board of Directors of the Company as at the date of this Circular
<b>“Catalist Rules”</b>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated <b>4 December 2020</b> in relation to the Proposed Microfits Disposal and Proposed <del>Ratification of Multiplate</del> Multiplate Disposal
<b>“Company”</b>	:	Advanced Systems Automation Limited
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time.
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the nominal amount of voting shares in the Company. The SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder; or  (b) in fact exercises control over the Company
<b>“Chairman”</b>	:	The appointed chairman of the Company as at the date of this Circular
<b>“Deferred Microfits Completion”</b>	:	Deferred completion of the Proposed Microfits Disposal subject to the provisions in the Microfits SPA and as set out Section 2.2(e) of this Circular
<b>“Deferred Microfits Completion Date”</b>	:	The deferred date on which Deferred Microfits Completion occurs, further details of which are set in Section 2.2(e) of this Circular
<b>“Deferred Multiplate Completion”</b>	:	Deferred completion of the Multiplate Disposal subject to the provisions in the Multiplate SPA and as set out in Section 3.2(e) of this Circular
<b>“Deferred Multiplate Completion Date”</b>	:	The deferred date on which Deferred Multiplate Completion occurs, further details of which are set in Section 3.2(e) of this Circular
<b>“Directors”</b>	:	The Directors of the Company as at the date of this Circular
<b>“Disposals”</b>	:	The Proposed Microfits Disposal and the Proposed <del>Ratification of the</del> Multiplate Disposal
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on <b>21 December at 3.00 p.m.</b> , the notice of which is set out on pages 30 and 31 of this Circular

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## DEFINITIONS

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<b>“Microfits Waiver”</b>	: Shall have the meaning ascribed to it in Section 2.2(c) of this Circular
<b>“Multiplate”</b>	: ASA Multiplate (M) Sdn Bhd.
<b>“Multiplate Completion”</b>	: Completion of the Multiplate Disposal in accordance with the Multiplate SPA and as set out in Section 3.2(c) of this Circular
<b>“Multiplate Completion Date”</b>	: The date on which Multiplate Completion occurs, further details of which are set in Section 3.2(e) of this Circular
<b>“Multiplate Conditions Precedent”</b>	: Shall have the meaning ascribed to it in Section 3.2(c)
<b>“Multiplate Disposal”</b>	: The disposal of the Company’s entire interest in Multiplate
<b>“Multiplate First Tranche Amount”</b>	: The first tranche of Multiplate Sale Price payable by Multiplate Purchaser to the Company in accordance with the provisions of SPA, further details of which are set out in Section 3.2(a) of this Circular
<b>“Multiplate Purchaser”</b>	: Refers to the purchaser, M and R Integrated Solution Sdn, Bhd of Multiplate
<b>“Multiplate Sale Price”</b>	: The consideration for the Multiplate Sale Shares payable by Multiplate Purchaser to the Company in accordance with the provisions of the Multiplate SPA, further details of which are set out in Section 3.2(a) of this Circular
<b>“Multiplate Sale Shares”</b>	: The 1,350,000 ordinary shares representing 90% of the total issued and paid-up share capital of Multiplate to be sold to Multiplate Purchaser by the Company in accordance with the provisions of the Multiplate SPA
<b>“Multiplate SPA”</b>	: The sale and purchase agreement dated 11 August 2020 entered into between the Company and Multiplate Purchaser in connection with the Proposed <del>Ratification of</del> Multiplate Disposal
<b>“Multiplate Waiver”</b>	: Shall have the meaning ascribed to it in Section 3.2(c) of this Circular
<b>“NTA”</b>	: Net tangible assets
<b>“Notice of EGM”</b>	: The notice of EGM as set out on pages 30 and 31 of this Circular
<b>“Outstanding Debt”</b>	: Shall have the meaning ascribed to it in Section 6.3.1(b) of this Circular
<b>“Proposed Microfits Disposal”</b>	: The proposed disposal of the entire issued and paid-up share capital of Microfits
<b>“Proposed <del>Ratification of the</del> Multiplate Disposal”</b>	: The proposed <del>ratification of the</del> Multiplate Disposal

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## LETTER TO SHAREHOLDERS

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

### TO SHAREHOLDERS

#### Board of Directors:

Dato' Sri Mohd. Sopiyan bin Mohd. Rashdi  
(Non-Executive Chairman and Independent Director)

Mr. Seah Chong Hoe  
(Executive Director and Chief Executive Officer)

Dr. Kenneth Yu Keung Yum  
(Independent Director)

Mr. Steven Shen Hing  
(Independent Director)

#### Registered Office:

25 Kallang Avenue #06-01  
Kallang Basin Industrial Estate,  
Singapore 339416

4 December 2020

To: The Shareholders of Advanced Systems Automation Limited

Dear Sir/Madam

- (1) THE PROPOSED MICROFITS DISPOSAL
- (2) THE PROPOSED ~~RATIFICATION OF THE~~ MULTIPLATE DISPOSAL

#### 1. INTRODUCTION

##### 1.1. The Proposed Microfits Disposal

The Company had on 2 November 2020 announced that the Company had entered into a sale and purchase agreement dated 31 October 2020 (the “**Microfits SPA**”) with M and R Manufacturing Sdn Bhd (“**Microfits Purchaser**”) in relation to the Company’s proposed disposal of the entire issued and paid-up share capital of Microfits (the “**Microfits Sale Shares**”), a wholly-owned subsidiary of the Company at the sale consideration of S\$100,000 (“**Microfits Sale Price**”). The principal terms of the Microfits SPA are set out in Section 2 of this Circular.

##### 1.2. The Proposed ~~Ratification of the~~ Multiplate Disposal

The Company had on 12 August 2020 announced that the Company had entered into a sale and purchase agreement dated 11 August 2020 (the “**Multiplate SPA**”) with M and R Integrated Solution Sdn Bhd (“**Multiplate Purchaser**”) in relation to the Company’s disposal of its entire interest in Multiplate, representing 90% of the issued and paid-up share capital of Multiplate (“**Multiplate Sale Shares**”) for an aggregate purchase consideration of S\$90,000 (“**Multiplate Sale Price**”). As at the Latest Practicable Date, the Company is currently in the midst of transferring the Multiplate Sale Shares to the Multiplate Purchaser. ~~For completeness, the Multiplate Sale Shares will be transferred to the Multiplate Purchaser by the date of the EGM.~~ The principal terms of the Multiplate SPA are set out in Section 3 of this Circular.

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## LETTER TO SHAREHOLDERS

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### 1.3. Purpose of Circular

The purpose of this Circular is to provide Shareholders with information relating to, and to seek the approval of the Shareholders for the Proposed Microfits Disposal and Proposed ~~Ratification of the~~ Multiplate Disposal (collectively, the “Disposals”) at the forthcoming EGM, notice of which is set out on pages 30 and 31 of this Circular.

## 2. THE PROPOSED MICROFITS DISPOSAL

### 2.1. Information on Microfits and the Microfits Purchaser

Microfits was incorporated in Singapore on 9 July 1994 with a registered capital of S\$2,000,000, and is principally engaged in the business of manufacturing of automated molding machines and other back-ended assembly equipment for the semiconductor assembly process.

Based on the latest unaudited consolidated financial statements of the Group for the financial period ended 30 June 2020 (“H1FY2020”), (i) Microfits has a net tangible liabilities of approximately S\$9,248,000 as at 30 June 2020 and (ii) the net loss attributable to Microfits is approximately S\$530,000 for H1FY2020.

The Microfits Purchaser is a company incorporated in Malaysia on 22 August 1991 with a registered capital of RM6,290,000, and is in the principal business of, *inter alia*, designing and manufacturing high precision machine components, sub-module assembly and system integration and the carrying out of additional business activities in relation to the repair and maintenance of industrial machinery and equipment for wear and tear. The Microfits Purchaser is the parent company of the Multiplate Purchaser.

The shareholders of the Microfits Purchaser are not related to the Company, its Directors, Substantial Shareholders and their respective associates.

### 2.2. Salient Terms of the Microfits SPA

#### (a) Sale Consideration and terms of payment

The Microfits Sale Price shall be an aggregate purchase consideration of S\$100,000, which shall be satisfied in cash by the Microfits Purchaser upon execution of the Microfits SPA.

The Microfits Sale Price and the terms of the Microfits SPA was arrived at after arms' length negotiations between the Company and the Microfits Purchaser on a 'willing buyer-willing seller' basis. The Microfits Sale Price takes into consideration, among other factors, (a) the net tangible liability value of Microfits of \$9,248,000 (before the Microfits Waiver) as at 30 June 2020, (b) the net loss attributable to Microfits of \$530,000 for the period ended 30 June 2020, and (c) potential retrenchment cost of \$528,000, which will be borne by the Microfits Purchaser.

In relation to the terms of the Microfits SPA, the Microfits Purchaser has agreed to undertake that from the date of the Microfits SPA, Microfits Purchaser shall provide any and all necessary financial support and funding to Microfits for Microfits's payment of Microfits's existing indebtedness, borrowings and other such liabilities owed to the trade creditors of Microfits, and the payment of the salaries and wages of the Microfits's employees, as and when such financial support is required, pursuant to the terms of the Microfits SPA.

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## LETTER TO SHAREHOLDERS

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- (iii) subject to the provisions in the Microfits SPA, terminate the Microfits SPA without any liability on their part if the Microfits Completion does not occur on the Microfits Completion Date or, in the event of a Deferred Microfits Completion, on the Deferred Microfits Completion Date.

**(f) Other Conditions**

The Microfits SPA also contains the following terms:

- (i) Before the Microfits Completion, the Company shall ensure the assignment of Mapletree Lease Blk 25 from Microfits to the Company or any of its subsidiaries;
- (ii) Within 30 days from the date of Microfits Completion, the Company and Microfits Purchaser shall procure the termination of the Mapletree Lease Blk 21 and to procure the removal of all equipment and the reinstatement of the Mapletree Lease Blk 21 to its original condition as required under the terms of the Mapletree Lease Blk 21; and
- (iii) Upon the termination of the Mapletree Lease Blk 21, the Microfits Purchaser shall pay to the Company within 7 days the sum of \$24,219.76 (being the equivalent of the aggregate of 3 months' rent and service charge and reinstatement deposit as provided in the terms of the Mapletree Lease Blk 21) to the bank account of the Company.

The completion of these conditions will not be affected by the Deferred Microfits Completion Date.

### 3. THE PROPOSED ~~RATIFICATION OF THE~~ MULTIPLATE DISPOSAL

#### 3.1. Information on Multiplate and the Multiplate Purchaser

Multiplate was incorporated on 2 November 2009 with a registered capital of RM1,500,000, and is principally engaged in the thermal coating and surface finishing of electronics products and the provision of specialised electroplating service for semiconductor components.

Based on the latest audited consolidated financial statements of the Group for FY2019, (i) Multiplate 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 Multiplate 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 Multiplate SPA ("**Intercompany Loans**").

The Multiplate Purchaser is a company incorporated in Malaysia with a registered capital of RM1,000,000. The Multiplate 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 shareholders of Multiplate Purchaser are not related to the Company, its Directors or the Controlling Shareholders and their respective associates.

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## LETTER TO SHAREHOLDERS

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### (d) Representations and Warranties

Pursuant to the terms of the Multiplate SPA, the parties have furnished to each other various representations and warranties customary for transactions of a similar nature such as the Multiplate Disposal.

### (e) Completion

Subject to the terms and conditions of the Multiplate SPA, the Multiplate Completion shall take place on such date and time as the parties may mutually agree, but shall be no later than 31 December 2020 unless the parties agree in writing otherwise (“**Multiplate Completion Date**”).

The Multiplate Completion of the Multiplate Disposal is conditional upon, *inter alia*, the Multiplate Purchaser fulfilling the obligations set out in the Multiplate SPA and the Company and Mr. Sunny Tan Kah Wei fulfilling the obligations set out in the Multiplate SPA.

Without prejudice to any other rights and remedies a party may have, if by the Multiplate Completion Date, the Company or Mr. Sunny Tan Kah Wei does not comply with their obligations pursuant to the terms of the Multiplate SPA; the Multiplate Purchaser may:

- (i) proceed to the Multiplate Completion as far as practicable;
- (ii) subject to the provisions in the Multiplate SPA, defer the Multiplate Completion to such date and time as the Multiplate Purchaser may specify (“**Deferred Multiplate Completion**” and the “**Deferred Multiplate Completion Date**”); or
- (iii) subject to the provisions in the Multiplate SPA, terminate the Multiplate SPA without any liability on their part if the Multiplate Completion does not occur on the Multiplate Completion Date or, in the event of a Deferred Multiplate Completion, on the Deferred Multiplate Completion Date.

Please note, at the Latest Practicable Date, the Company is currently in the midst of transferring the Multiplate Sale Shares to the Multiplate Purchaser. ~~For completeness, the Multiplate Sale Shares will be transferred to the Multiplate Purchaser before the EGM.~~

## 4. RATIONALE FOR THE DISPOSALS

Microfits has been loss making since FY2013 and has recorded losses of S\$1.8 million, S\$0.2 million, S\$1.2 million, S\$2.6 million and S\$0.7 million for FY2015, FY2016, FY2017, FY2018 and FY2019 respectively despite the implementation of cost cutting measures. Microfits is also in a net tangible liabilities position of S\$9,248,000 as at 30 June 2020 and the Company expects to incur a net cash outflow of S\$100,000 to S\$200,000 on Microfits per month.

Multiplate has been loss-making since FY2015 and has recorded losses of RM26.1 million, RM0.4 million, RM2.4 million, RM2.0 million and RM2.8 million for FY2015, FY2016, FY2017, FY2018 and FY2019 respectively, despite the implementation of cost-cutting measures. Multiplate 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.



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## LETTER TO SHAREHOLDERS

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The Disposals 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.

### 5. USE OF PROCEEDS AND GAIN ON THE DISPOSALS

The Group is expected to record an overall gain of S\$527,000 from the Disposals.

#### 5.1. Use of Proceeds and Loss on the Proposed Microfits Disposal

Based on the latest unaudited consolidated financial statements of the Group for H1FY2020, the net asset value and net tangible assets of Microfits is S\$139,000. There is no open market value for the shares in Microfits as they are not publicly traded. As at the date hereof, the book value of the shares to be transferred to the Proposed Microfits Disposal is S\$139,000.

As the Microfits Sale Price represents a loss of approximately S\$39,000 of the net assets value of Microfits, the Proposed Microfits Disposal is expected to result in a loss on disposal to the Group.

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

#### 5.2. Use of Proceeds and Gain on the Proposed ~~Ratification of the~~ Multiplate Disposal

Based on the unaudited consolidated financial statement of the Group for H1FY2020, the net asset value and net tangible assets of Multiplate is -S\$476,000. There is no open market value for the shares in Multiplate as they are not publicly traded. As at the date hereof, the negative net assets value of the shares to be transferred to the Proposed ~~Ratification of the~~ Multiplate Disposal is S\$476,000.

The Multiplate Sale Price represents an excess of approximately S\$566,000 over the negative net assets value of Multiplate of S\$476,000, the Proposed ~~Ratification of the~~ Multiplate Disposal is expected to result in a gain to the Group. The Group is expected to record a gain on disposal of S\$566,000 from the Proposed ~~Ratification of the~~ Multiplate Disposal.

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

### 6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

#### 6.1. Relative Figures for the Disposals

For the purposes of Chapter 10 of the Catalist Rules of the SGX-ST, and in particular Rule 1005 of the Catalist Rules, under which separate transactions completed within the last twelve (12) months may be required to be aggregated and treated as if they were one transaction, the aggregated relative figures for the Proposed Microfits Disposal and the Multiplate Disposal, computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced consolidated financial statements of the Group for H1FY2020 are as follows:

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## LETTER TO SHAREHOLDERS

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- (6) The aggregate value of 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 consideration of S\$100,000, and (ii) the waiver of \$9,387,000 as of 30 June 2020. 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 and the volume weighted average price of S\$0.001 per Share on 30 October 2020, being the last trading day preceding the date of the Microfits SPA.
- (7) The aggregate value of 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 Consideration of S\$90,000, and (ii) the waiver of S\$8,513,000 (based on an exchange rate of S\$1 = RM3.07607) as of 30 June 2020. 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 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 Multiplate SPA.
- (8) The aggregate value of 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 total consideration for the Proposed Microfits Disposal and Multiplate Disposal of S\$190,000, and (ii) the total waiver of S\$17,901,000 as of 30 June 2020. 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 and the volume weighted average price of S\$0.001 per Share on 30 October 2020, being the last trading day preceding the date of the Microfits SPA.

As the relative figure computed pursuant to Rule 1006(c) in respect of the Disposals is more than 50% threshold in the Catalist Rules, the Disposals constitute a "major transaction" as defined under Chapter 10 of the Catalist Rules. Further, as stated in the Company's announcement dated 5 October 2020 in relation to the SGX-ST Waivers, the Company is required to obtain Shareholders' approval for the Multiplate Disposal by way of ratification at an EGM. Please refer to Section 6.2 of this Circular for more details. Accordingly, the Company intends to seek the approval of its Shareholders for the Proposed Microfits Disposal and Proposed ~~Ratification of the~~ Multiplate Disposal at the EGM. ~~because while t~~The Microfits Disposal has not completed as at the Latest Practical Date, ~~and~~ the Company is currently in the midst of transferring the Multiplate Sale Shares to the Multiplate Purchaser ~~and the transfer of the Multiplate Sale Shares is expected to complete by the date of the EGM.~~

### 6.2. Waiver from Rule 1014(2) and 1014(5) of the Catalist Rules for the Multiplate Disposal

As announced by the Company on 5 October 2020, the Company had submitted the SGX-ST Waivers to SGX RegCo in relation to the Multiplate Disposal and the Company had, on 2 October 2020, received a letter from the SGX RegCo informing the Company that the SGX RegCo had no objections to granting the SGX-ST Waivers subject to the following conditions:

- (a) the Company announcing the SGX-ST Waivers granted, the reasons for seeking the SGX-ST Waivers, the conditions as required under Rule 106 of the Catalist Rules and if the conditions for the SGX-ST Waivers have been satisfied. If the conditions for the SGX-ST Waivers have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- (b) the Company obtaining Shareholders' approval of the Multiplate Disposal by way of ratification at the EGM to be convened within 3 months from the Multiplate Completion; and

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## LETTER TO SHAREHOLDERS

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- (c) the shareholders (namely ASTI Holdings Limited, Dato' Michael Loh Soon Gnee, and Mr. Seah Chong Hoe) providing undertakings to the Company to: -
  - (i) vote in favour of the Multiplate Disposal during the ratification EGM, and
  - (ii) not decrease their shareholdings in the Company as at the point of providing the undertakings until the conclusion of the EGM.

(collectively, the “**Undertakings**”)

The SGX-ST Waivers will not be valid if any of the abovementioned conditions have not been fulfilled, and the Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the constitution of the Company (or the equivalent in the Company's country of incorporation) arising from the SGX-ST Waivers.

As at the Latest Practicable Date, the SGX-ST Waivers conditions (a) and (c) have been fulfilled. In view of the above, it is Company's intention to convene an EGM to seek the Shareholders' approval concurrently for the Proposed Microfits Disposal and the Proposed Multiplate Disposal ~~by way of ratification~~.

### 6.3. Reasons for seeking the SGX-ST Waivers

#### 6.3.1. Reasons for seeking Rule 1014(2) Waiver

The Company had sought the Rule 1014(2) Waiver for the following reasons:

- (a) Expediting the process of the Multiplate Disposal

The Company believes that if the Rule 1014(2) Waiver is granted, such that the approval of the Shareholders at a general meeting does not have to be sought for the Multiplate Disposal, it will expedite the process of the Multiplate Disposal and hence reduce the further losses incurred by the Group because Multiplate is a loss-making asset.

Multiplate has been loss-making since the FY2015 and requires a monthly cash injection of between RM150,000 to RM250,000 from the Company, for its day-to-day operations. Given that the Company will be obtaining the Undertakings from ASTI Holdings Limited, Dato' Michael Loh Soon Gnee and Mr. Seah Chong Hoe (who collectively hold approximately 75.01% of the Shares in the Company), having a general meeting for the purposes of obtaining approval of the Shareholders will be merely a formality as the Company would already have the requisite majority to approve the Multiplate Disposal once the letters of Undertakings have been obtained. Accordingly, if the Rule 1014(2) Waiver is granted, the Company will be able to complete the Multiplate Disposal sooner and this will remove the need for the monthly capital injections to be made into Multiplate. This will in turn help ease the cash flow issues faced by the Company and improve the financial results of the Group.

- (b) Poor financial results of Multiplate

Despite the various cost cutting measures implemented, Multiplate has been loss-making since FY2015. Furthermore, the Company's management does not foresee the situation turning around in the near future for Multiplate.

Based on the financial effect of the Multiplate Disposal, as provided for below, the Company also believes that the Multiplate Disposal will not cause a material impact to the Group.

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## LETTER TO SHAREHOLDERS

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### 8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	-	-	-	-	-	-
Dr. Kenneth Yu Keung Yum	-	-	-	-	-	-
Mr. Steven Shen Hing	-	-	-	-	-	-
Seah Chong Hoe	6,500,000,000	29.12	-	-	6,500,000,000	29.12
<b>Substantial Shareholder (other than Directors)</b>						
Dato' Michael Loh Soon Gnee	4,444,444,444	19.91	-	-	4,444,444,444	19.91
ASTI Holdings Limited	5,800,791,930	25.98	-	-	5,800,791,930	25.98

**Note:**

<sup>(1)</sup> Based on the share capital at the Latest Practicable Date.

None of the Directors, Substantial Shareholders 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 Disposals, save for their respective directorship and/or shareholding interest in the Company.

### 9. SERVICE AGREEMENT

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

### 10. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale and benefits for the Proposed Microfits Disposal and Proposed ~~Ratification of the~~ Multiplate Disposal, are of the opinion that the Disposals are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions relating to the Proposed Microfits Disposal and Proposed ~~Ratification of the~~ Multiplate Disposal, as set out in the Notice of EGM.