

CIRCULAR DATED 5 JULY 2024

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 DOUBTS AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled "Definitions".

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("CDP"), you do not need to forward this Circular together with the Notice of Extraordinary General Meeting ("**Notice of EGM**") and the accompanying Proxy Form (as defined below) to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular together with the Notice of EGM and the attached Proxy Form to be sent to the purchaser or the transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of EGM and the accompanying Proxy Form to the purchaser or the transferee or to the 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, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

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.



ADVANCED SYSTEMS AUTOMATION LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to:

- (1) PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF LSO ORGANIZATION HOLDINGS PTE. LTD. AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES;**
- (2) PROPOSED ALLOTMENT AND ISSUANCE OF 184,615,385 CONSIDERATION SHARES TO THE VENDORS AT THE ISSUE PRICE OF S\$0.065 FOR EACH CONSIDERATION SHARE;**
- (3) PROPOSED RATIFICATION OF THE ISSUANCE OF TRANCHE 1 REDEEMABLE CONVERTIBLE NOTES OF A PRINCIPAL AMOUNT OF S\$2,500,000 PURSUANT TO THE CONDITIONAL SUBSCRIPTION AGREEMENT DATED 24 OCTOBER 2023 (AS AMENDED, SUPPLEMENTED AND MODIFIED FROM TIME TO TIME) WITH ADVANCE OPPORTUNITIES FUND I AND ADVANCE OPPORTUNITIES FUND VCC (ACTING FOR AND ON BEHALF OF AND FOR THE ACCOUNT OF AOF SINGAPORE OPPORTUNITIES FUND);**

- (4) **PROPOSED ISSUANCE OF TRANCHE 2 REDEEMABLE CONVERTIBLE NOTES OF A PRINCIPAL AMOUNT OF UP TO S\$2,500,000 PURSUANT TO THE CONDITIONAL SUBSCRIPTION AGREEMENT DATED 24 OCTOBER 2023 (AS AMENDED, SUPPLEMENTED AND MODIFIED FROM TIME TO TIME) WITH ADVANCE OPPORTUNITIES FUND I AND ADVANCE OPPORTUNITIES FUND VCC (ACTING FOR AND ON BEHALF OF AND FOR THE ACCOUNT OF AOF SINGAPORE OPPORTUNITIES FUND);**
- (5) **PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 171,722,656 CONVERSION SHARES UPON CONVERSION OF TRANCHE 1 AND TRANCHE 2 REDEEMABLE CONVERTIBLE NOTES;**
- (6) **PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO ADVANCE OPPORTUNITIES FUND I AND ADVANCE OPPORTUNITIES FUND VCC (ACTING FOR AND ON BEHALF OF AND FOR THE ACCOUNT OF AOF SINGAPORE OPPORTUNITIES FUND);**
- (7) **PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE COMPANY TO INCLUDE THE PROPOSED NEW BUSINESS;**
- (8) **PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTOR UPON COMPLETION OF THE PROPOSED ACQUISITION;**
- (9) **PROPOSED ALLOTMENT AND ISSUANCE OF 15,384,615 INTRODUCER SHARES TO THE INTRODUCER IN CONNECTION WITH THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.065 FOR EACH INTRODUCER SHARE;**
- (10) **PROPOSED ALLOTMENT AND ISSUANCE OF 7,692,308 ZICAP SUCCESS SHARES TO ZICO CAPITAL PTE. LTD. AS THE FINANCIAL ADVISER FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.065 FOR EACH ZICAP SUCCESS SHARE; AND**
- (11) **PROPOSED ALLOTMENT AND ISSUANCE OF 6,153,846 ILAW SUCCESS SHARES TO INSIGHTS LAW LLC AS THE LEGAL ADVISER FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.065 FOR EACH ILAW SUCCESS SHARE**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	17 July 2024 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	20 July 2024 at 3.00 p.m.
Place of Extraordinary General Meeting	:	77 Robinson Road, #06-03 Robinson 77, Singapore 068898

TABLE OF CONTENTS

1. INTRODUCTION	14
2. THE PROPOSED ACQUISITION AND PROPOSED ALLOTMENT OF CONSIDERATION SHARES.....	20
3. DETAILS OF THE PROPOSED RCN ISSUANCE	34
4. THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE SUBSCRIBER(S) PURSUANT TO THE PROPOSED ISSUANCE OF MAXIMUM CONVERSION SHARES.....	54
5. THE PROPOSED DIVERSIFICATION.....	55
6. THE PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTOR.....	66
7. THE PROPOSED ALLOTMENT OF INTRODUCER SHARES.....	70
8. THE PROPOSED ALLOTMENT OF ZICAP SUCCESS SHARES	71
9. THE PROPOSED ALLOTMENT OF ILAW SUCCESS SHARES	71
10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS.....	72
11. DIRECTORS' RECOMMENDATION	72
12. EXTRAORDINARY GENERAL MEETING	73
13. ACTION TO BE TAKEN BY SHAREHOLDERS	73
14. DIRECTORS' RESPONSIBILITY STATEMENT	73
15. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT.....	73
16. CONSENTS.....	73
17. DOCUMENTS AVAILABLE FOR INSPECTION	74
APPENDIX A: VALUATION SUMMARY LETTER	A-1
APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE FOR T1 AND T2	B-1
APPENDIX C: EVENTS OF DEFAULT OF THE NOTES.....	C-1
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	EGM-1
PROXY FORM	

DEFINITIONS

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

- “Administrative Fee”* : Has the meaning ascribed to it in Section 3.2 of this Circular
- “Aggregated Transactions”* : Has the meaning ascribed to it in Section 5.6 of this Circular
- “AOF I”* : Advance Opportunities Fund I (Cayman Islands Company Registration No. 308364)
- “AOF VCC”* : Advance Opportunities Fund VCC (UEN: T22VC0307), an umbrella variable capital company incorporated in Singapore (acting for and on behalf of and for the account of AOF Singapore Opportunities Fund (Sub-Fund No.: T22VC0307-SF005))
- “Board”* : The board of Directors of the Company for the time being
- “Bridging Loan”* : The bridging loan granted to the Vendors by the Company pursuant to the terms of the Bridging Loan Agreement of up to an aggregate amount of S\$2.0 million for the purpose of the Target Group’s working capital
- “Bridging Loan Agreement”* : The bridging loan agreement dated 24 October 2023 entered between the Company and the Vendors for the Bridging Loan
- “Business Day”* : A day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in Singapore
- “Cash Consideration”* : Has the meaning ascribed to it in Section 2.2.1 of this Circular
- “Catalist”* : The Catalist board of the SGX-ST
- “Catalist Rules”* : The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended, modified or supplemented from time to time
- “CDP”* : The Central Depository (Pte) Limited
- “CEO”* : Chief Executive Officer
- “Circular”* : This circular to Shareholders dated 5 July 2024
- “Closing Date”* : Means, in respect of the Notes, the date on which such sub-tranche of the Notes is subscribed for and issued pursuant to the Subscription Agreement
- “Closing Price”* : Means, in respect of a Share, on any particular Business Day, the closing price of the Shares on SGX-ST for one (1) Share on that day PROVIDED THAT in the event that there has been no trading of the Shares on that day the **“Closing Price”** shall mean the closing price of

DEFINITIONS

- the Shares on the preceding Business Day on which there was trading of the Shares and provided further that in the event that trading of the Shares is suspended, the “**Closing Price**” means the last reported trading price of the Shares on the day immediately prior to such suspension
- “*Companies Act*” : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “*Company*” : Advanced Systems Automation Limited (UEN: 198600740M)
- “*Completion*” : Has the meaning ascribed to it in Section 2.2.6 of this Circular
- “*Completion Date*” : Subject to all the SPA Conditions Precedent being satisfied, fulfilled or waived (as the case may be), the date falling no more than fourteen (14) Business Days after the satisfaction or waiver of the last SPA Conditions Precedent, or such other date as the Parties may agree in writing, but in any event such date being no later than the Long-Stop Date
- “*Conditions*” : The terms and conditions of the Notes as set out in Schedule 3C of the Subscription Agreement as may from time to time be modified in accordance with the provisions set out therein, and “Condition” followed by a number refers to the relative numbered paragraph of the Conditions
- “*Consideration*” : Has the meaning ascribed to it in Section 1.1 of this Circular
- “*Consideration Shares*” : 184,615,385 new Shares to be allotted and issued at the Issue Price to the Vendors as part satisfaction of the Consideration
- “*Controlling Interest*” : The interest of the Controlling Shareholder(s)
- “*Controlling Shareholder*” : A person who:
- (a) holds directly or indirectly 15% or more of all voting shares in the Company, unless determined by the SGX-ST that such person is not a controlling shareholder; or
 - (b) in fact exercises control over the Company
- “*Conversion Date*” : The date on which the Company is in receipt of the Conversion Notice
- “*Conversion Notice*” : The notice to be provided by the Noteholder(s) in regard to the exercise of its Conversion Right, the form of which is agreed upon and set out in the Subscription Agreement

DEFINITIONS

- “Conversion Price”* : 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(s) 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 not be lower than the Minimum Conversion Price
- “Conversion Right”* : The right granted to the Noteholder to convert the Notes in accordance to the terms and conditions of the Subscription Agreement
- “Conversion Shares”* : The Shares to be issued by the Company to the Subscriber(s) upon the conversion of the Notes in accordance with the provisions of the Subscription Agreement and the Conditions
- “CPF”* : Central Provident Fund Investment Scheme
- “Director(s)”* : The director(s) of the Company for the time being
- “Encumbrances”* : Any mortgage, assignment of receivables, debenture, lien, charge, pledge, security interest, title retention, right to acquire, option, restriction on transfer and any other encumbrance or condition whatsoever and any other arrangement having substantially the same or similar economic effect over or in respect of the relevant asset, security or right or the use thereof
- “EGM” or “Extraordinary General Meeting”* : The extraordinary general meeting of the Company, notice of which is set out on pages EGM - 1 to EGM - 8 of this Circular
- “Enlarged Group”* : The enlarged group of companies comprising the Company and the Target upon Completion, and the term **“Enlarged Group Company”** shall be construed accordingly
- “Enlarged Share Capital”* : The enlarged issued and paid-up share capital of the Company of 729,014,123 Shares on Completion, comprising (a) 343,445,313 existing Shares; (b) 171,722,656 Maximum Conversion Shares; (c) 184,615,385 Consideration Shares; (d) 15,384,615 Introducer Shares; (e) 7,692,308 ZICAP Success Shares; and (f) 6,153,846 ILAW Success Shares
- “EPS” or “LPS”* : Earnings per Share or loss per Share, as the case may be
- “Existing Business”* : Has the meaning ascribed to it in Section 5.1 of this Circular
- “First Major Transaction”* : Has the meaning ascribed to it in Section 5.6 of this Circular
- “First Supplemental SA”* : The first supplemental letter to the Subscription Agreement entered into between the Company and the Subscribers dated 14 June 2024
- “FY”* : Financial year ended or ending 31 December (as the case may be)

DEFINITIONS

<i>“Group”</i>	:	The Company and its subsidiaries
<i>“ILAW”</i>	:	Insights Law LLC (UEN: 201536995N)
<i>“ILAW Success Shares”</i>	:	6,153,846 new Shares to be allotted and issued at the Issue Price to ILAW (and/or its nominees) equivalent to an aggregate value of S\$400,000, as part satisfaction of ILAW’s professional fee for its legal services rendered to the Company in connection with the Proposed Acquisition
<i>“Independent Valuer”</i> or <i>“FHMH”</i>	:	FHMH Corporate Advisory Sdn. Bhd. (Malaysia Company Registration No. 200701016946 (774955-D))
<i>“Introducer”</i>	:	Advance Capital Partners Pte. Ltd. (UEN: 200506044H)
<i>“Introducer Shares”</i>	:	15,384,615 new Shares to be allotted and issued at the Issue Price to the Introducer in consideration for its introductory services rendered to the Company in connection with the Proposed Acquisition
<i>“Issue Price”</i>	:	S\$0.065 per Share
<i>“Latest Practicable Date”</i>	:	1 July 2024, being the latest practicable date prior to the date of this Circular
<i>“Long-Stop Date”</i>	:	Means twelve (12) months from the date of the SPA, or such other date as may be agreed by the Parties in writing
<i>“LSO BVI”</i>	:	Lim Shrimp Organization Limited (BVI Company Registration No.: 1433257)
<i>“LTCP”</i>	:	LTCP Agriculture Sdn. Bhd. (Malaysia Company Registration No.: 202201032632 (1478329-P))
<i>“MAS”</i>	:	Monetary Authority of Singapore
<i>“Maximum Conversion Shares”</i>	:	Refers to the maximum number of Conversion Shares which may be issued pursuant to the conversion of all the T1 Notes and T2 Notes, being 171,722,656 Conversion Shares
<i>“May 2024 EGM”</i>	:	Extraordinary general meeting held by the Company on 31 May 2024
<i>“Minimum Conversion Price”</i>	:	Means S\$0.01 per Conversion Share for purposes of computing the number of Conversion Shares to be issued by the Company to the Subscribers upon their conversion of the T1 Notes and T2 Notes
<i>“Mr. Tan”</i>	:	Mr. Tan Choon Wee

DEFINITIONS

- “Notes” or “RCN”* : The 5.0% redeemable convertible notes with an aggregate nominal value of up to S\$5,000,000 to be issued pursuant to the Subscription Agreement and as supplemented by the First Supplemental SA and Second Supplemental SA
- “Noteholder(s)”* : Means holder(s) of the Notes who are at the time being the beneficial owners of the Notes as reflected in the Register of Noteholders of the Company
- “Notice of Extraordinary General Meeting” or “Notice of EGM”* : The notice of the EGM as set out in pages EGM - 1 to EGM – 1 of this Circular
- “NTA” or “NTL”* : Net tangible assets or net tangible liabilities, as the case may be, attributable to owners of the Company
- “Parties”* : The Company and the Vendors collectively, and **“Party”** shall mean any one of them
- “Proposed Acquisition”* : The proposed acquisition of 100% of the issued and paid-up share capital of LSO by the Company on terms and conditions set out in the SPA
- “Proposed Allotment of Consideration Shares”* : The proposed allotment and issuance of Consideration Shares to the Vendors at the Issue Price, as described in Section 2 of this Circular
- “Proposed Allotment of ILAW Success Shares”* : The proposed allotment and issuance of ILAW Success Shares to ILAW at the Issue Price, as described in Section 9 of this Circular
- “Proposed Allotment of Introducer Shares”* : The proposed allotment and issuance of Introducer Shares to the Introducer at the Issue Price, as described in Section 7 of this Circular
- “Proposed Allotment of ZICAP Success Shares”* : The proposed allotment and issuance of ZICAP Success Shares to ZICAP at the Issue Price, as described in Section 8 of this Circular
- “Proposed Appointment of the Proposed New Director”* : The proposed appointment of the Proposed New Director to the Board upon Completion, as described in Section 6 of this Circular
- “Proposed Diversification”* : The proposed diversification of the Group’s Existing Business to include, and expansion by the Group into the Proposed New Business, as described in Section 5 of this Circular
- “Proposed Issuance of Maximum Conversion Shares”* : The proposed allotment and issuance of Maximum Conversion Shares to the Subscribers upon the conversion of all the T1 Notes and T2 Notes, as described in Section 3 of this Circular
- “Proposed New Business”* : The proposed new core business of the Enlarged Group, which has the meaning ascribed to it in Section 5.2 of this Circular

DEFINITIONS

- “Proposed New Director”* : Mr. Lim Chen Chong as the proposed new Director to be appointed to the board of the Company upon Completion
- “Proposed Ratification of T1 RCN Issuance”* : The proposed ratification of the issuance of the Tranche 1 Notes in aggregate principal amount of S\$2,500,000 comprising of one (1) sub-tranche of S\$2,500,000 issued on 31 October 2023 to the Subscribers
- “Proposed RCN Issuance”* : The proposed issuance of 5.0% redeemable convertible notes in aggregate principal amount of up to S\$5,000,000 pursuant to the Subscription Agreement and as supplemented by the First Supplemental SA and Second Supplemental SA
- “Proposed Transfer of Controlling Interest”* : The potential transfer of Controlling Interest in the Company to the Subscribers arising from the allotment and issuance of the Maximum Conversion Shares pursuant to the conversion of all the T1 Notes and T2 Notes
- “Proposed Resolutions”* : Has the meaning ascribed to it at Section 1.2 of this Circular
- “Proposed T2 RCN Issuance” or “T2”* : Proposed issuance of the Tranche 2 Notes in aggregate principal amount of up to S\$2,500,000 comprising of five (5) equal sub-tranches of S\$500,000 each
- “Proxy Form”* : The proxy form sent with the Notice of EGM, as set out in this Circular
- “Register of Members”* : The register of Members of the Company
- “Register of Noteholders”* : The register of Noteholders of the Company
- “Relevant Authorities”* : All relevant government bodies, stock exchange and other regulatory authorities having jurisdictions or authority over the Proposed Acquisition and all transactions contemplated in the SPA, including but not limited to SGX-ST or such other Singapore regulatory authorities or governmental agencies or departments, and each a **“Relevant Authority”**
- “Requisite Regulatory Approvals”* : All necessary consents, approvals, confirmations and waivers of the Relevant Authorities or any other person required in connection with the transactions contemplated in the SPA or the entry into and completion of the SPA
- “SCS”* : Structured Capital Solutions Inc. (BVI Company Registration No.: 1566077)
- “Second Supplemental SA”* : The second supplemental letter to the Subscription Agreement entered into between the Company and the Subscribers dated 1 July 2024
- “Securities Account”* : The securities sub-accounts maintained by a Depositor with the Depository (but does not include Sub-Accounts)

DEFINITIONS

“SFA”	: The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGXNet”	: The online announcement platform hosted by SGX-ST
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share(s)”	: Ordinary share(s) in the capital of the Company
“Shareholders”	: Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“Share Consolidation”	: The consolidation of every sixty-five (65) shares held by Shareholders into one (1) Share (fractional entitlements disregarded) which was completed and announced on SGXNET on 11 June 2024
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte. Ltd.
“Singapore”	: The Republic of Singapore
“SPA”	: The share purchase agreement entered between the Parties dated 24 October 2023, as supplemented, modified and/or amended by the Supplemental SPA and otherwise from time to time
“SPA Conditions Precedent”	: Has the meaning ascribed to it in Section 2.2.4 of this Circular
“Sponsor” or “Financial Adviser” or “ZICAP”	: ZICO Capital Pte. Ltd. (UEN: 201613589E)
“SRS”	: Supplementary Retirement Scheme
“Sub-Account”	: The securities sub-accounts maintained by each Depository Agent for its own account and for the account of its clients
“Subscription Agreement”	: The subscription agreement dated 24 October 2023 (as amended, supplemented or modified from time to time) between the Company, AOF I and AOF VCC for the subscription of the Notes
“Subscriber(s)”	: AOF I and AOF VCC shall collectively be referred to as the “ Subscribers ” and each a “ Subscriber ”
“Substantial Shareholder”	: A Shareholder who has an interest in not less than 5% of the issued voting Shares in the Company
“Supplemental SPA”	: The supplemental agreement to the SPA entered into between the Parties dated 1 July 2024

DEFINITIONS

<i>“S\$” or “SGD”</i>	:	Singapore dollars, being the lawful currency of Singapore
<i>“The Takeover Code”</i>	:	The Singapore Code on Take-overs and Mergers
<i>“T1 RCN Issuance” or “T1”</i>	:	Tranche 1 Notes in aggregate principal amount of up to S\$2,500,000 comprising of one (1) sub-tranche of S\$2,500,000
<i>“T1 Conditions Precedent”</i>	:	Refers to the conditions precedent to the closing of the T1 RCN Issuance as provided for in the Subscription Agreement
<i>“T2 Conditions Precedent”</i>	:	Refers to the conditions precedent to the closing of the Proposed T2 RCN Issuance as provided for in the Subscription Agreement
<i>“T3 RCN Issuance” or “T3”</i>	:	Proposed issuance of the Tranche 3 Notes in aggregate principal amount of up to S\$15,000,000 comprising of 30 equal sub-tranches of S\$500,000 each, which previously formed part of the Proposed RCN Issuance. As announced by the Company on 14 June 2024, the Company will not undertake any issuance of the T3 Notes
<i>“Target” or “LSO”</i>	:	LSO Organization Holdings Pte. Ltd. (UEN: 202333996N)
<i>“Target Group”</i>	:	Means (a) the Target; and (b) LSO BVI; and each a “Target Group Company”
<i>“Target Shares”</i>	:	All (and not part of) three hundred (300) ordinary shares representing the entire issued and paid-up share capital of the Target, to be acquired by the Company on Completion in accordance with the terms and conditions of the SPA
<i>“Undertaking Shareholder(s)”</i>	:	Shareholders who have undertaken that they shall exercise or procure the exercise of all voting rights attached to the Shares that they hold, at the upcoming EGM, in favour of the Proposed Acquisition and all other transactions in connection therewith and incidental thereto
<i>“Undertakings”</i>	:	The undertakings provided by the Undertaking Shareholders to the Vendors
<i>“US\$” or “USD”</i>	:	United States dollars, being the lawful currency of the United States of America
<i>“Valuation Report”</i>	:	The valuation report in respect of the independent business valuation of 100% equity interest of the Target prepared by the Independent Valuer, which is a document available for inspection at the registered address of the Company
<i>“Valuation Summary Letter”</i>	:	Has the meaning ascribed to it in Section 2.1.5 of this Circular and is set out in Appendix A to this Circular

DEFINITIONS

“VCC Act”	:	The Variable Capital Companies Act 2018 of Singapore, as amended, modified or supplemented from time to time
“Vendors”	:	Mr. Lim Chen Chong, Ms. Victoria Lim Yu and SCS, collectively the “Vendors” and each a “Vendor”
“ZICAP Success Shares”	:	7,692,308 new Shares to be allotted and issued at the Issue Price to ZICAP (and/or its nominees) equivalent to an aggregate value of S\$500,000, as part satisfaction of ZICAP’s professional fee for its financial advisory services rendered to the Company in connection with the Proposed Acquisition
“ZICOAM”	:	ZICO Asset Management Pte. Ltd. (UEN: 201600706M)
“%”	:	Per centum or percentage

Depositor, Depository Agent and Depository Register. The terms “*Depositor*”, “*Depository Agent*” and “*Depository Register*” shall have the same meanings ascribed to them respectively in Section 81SF of SFA.

Subsidiary. The term “*subsidiary*” shall have the same meanings ascribed to them in the Catalist Rules and the Companies Act, as the case may be.

Gender. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules, or any modification thereof, as the case may be, unless the context requires otherwise.

Shares. Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

Time and Date. Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Rounding. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

[the remainder of this page has been intentionally left blank.]

LETTER TO SHAREHOLDERS OF THE COMPANY

ADVANCED SYSTEMS AUTOMATION LIMITED

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

Directors

Mr. Seah Chong Hoe
(Executive Director and CEO)
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
(Independent and Non-Executive Chairman)
Mr. Mandie Chong Man Sui
(Independent Director)
Mr. Steven Shen Hing
(Independent Director)

Registered Office:

3014 Ubi Road 1 #02-282,
Kampong Ubi Industrial Estate
Singapore 408702

5 July 2024

To: The Shareholders

Dear Sir/Madam,

LETTER TO SHAREHOLDERS IN RELATION TO:

- (1) **PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF LSO ORGANIZATION HOLDINGS PTE. LTD. AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES;**
- (2) **PROPOSED ALLOTMENT AND ISSUANCE OF 184,615,385 CONSIDERATION SHARES TO THE VENDORS AT THE ISSUE PRICE OF S\$0.065 FOR EACH CONSIDERATION SHARE;**
- (3) **PROPOSED RATIFICATION OF THE ISSUANCE OF TRANCHE 1 REDEEMABLE CONVERTIBLE NOTES OF A PRINCIPAL AMOUNT OF S\$2,500,000 PURSUANT TO THE CONDITIONAL SUBSCRIPTION AGREEMENT DATED 24 OCTOBER 2023 (AS AMENDED, SUPPLEMENTED AND MODIFIED FROM TIME TO TIME) WITH ADVANCE OPPORTUNITIES FUND I AND ADVANCE OPPORTUNITIES FUND VCC (ACTING FOR AND ON BEHALF OF AND FOR THE ACCOUNT OF AOF SINGAPORE OPPORTUNITIES FUND);**
- (4) **PROPOSED ISSUANCE OF TRANCHE 2 REDEEMABLE CONVERTIBLE NOTES OF A PRINCIPAL AMOUNT OF UP TO S\$2,500,000 PURSUANT TO THE CONDITIONAL SUBSCRIPTION AGREEMENT DATED 24 OCTOBER 2023 (AS AMENDED, SUPPLEMENTED AND MODIFIED FROM TIME TO TIME) WITH ADVANCE OPPORTUNITIES FUND I AND ADVANCE OPPORTUNITIES FUND VCC (ACTING FOR AND ON BEHALF OF AND FOR THE ACCOUNT OF AOF SINGAPORE OPPORTUNITIES FUND);**

LETTER TO SHAREHOLDERS OF THE COMPANY

- (5) PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 171,722,656 CONVERSION SHARES UPON CONVERSION OF TRANCHE 1 AND TRANCHE 2 REDEEMABLE CONVERTIBLE NOTES;
- (6) PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO ADVANCE OPPORTUNITIES FUND I AND ADVANCE OPPORTUNITIES FUND VCC (ACTING FOR AND ON BEHALF OF AND FOR THE ACCOUNT OF AOF SINGAPORE OPPORTUNITIES FUND);
- (7) PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE COMPANY TO INCLUDE THE PROPOSED NEW BUSINESS;
- (8) PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTOR UPON COMPLETION OF THE PROPOSED ACQUISITION;
- (9) PROPOSED ALLOTMENT AND ISSUANCE OF 15,384,615 INTRODUCER SHARES TO THE INTRODUCER IN CONNECTION WITH THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.065 FOR EACH INTRODUCER SHARE;
- (10) PROPOSED ALLOTMENT AND ISSUANCE OF 7,692,308 ZICAP SUCCESS SHARES TO ZICO CAPITAL PTE. LTD. AS THE FINANCIAL ADVISER FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.065 FOR EACH ZICAP SUCCESS SHARE; AND
- (11) PROPOSED ALLOTMENT AND ISSUANCE OF 6,153,846 ILAW SUCCESS SHARES TO INSIGHTS LAW LLC AS THE LEGAL ADVISER FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.065 FOR EACH ILAW SUCCESS SHARE

1. INTRODUCTION

1.1. Overview

(A) Proposed Acquisition

The Company had vide an announcement dated 27 October 2023, announced that it had, on 24 October 2023, entered into a share purchase agreement (“**SPA**”) with Mr. Lim Chen Chong, Ms. Victoria Lim Yu and Structured Capital Solutions Inc. (“**SCS**”) (collectively the “**Vendors**”, and each a “**Vendor**”), pursuant to which the Company will acquire from the Vendors, 100% of the shares (the “**Target Shares**”) in the issued and paid-up share capital of Singapore-incorporated LSO Organization Holdings Pte. Ltd. (the “**Target**” or “**LSO**”) for an aggregate consideration of S\$20.0 million (“**Consideration**”) (“**Proposed Acquisition**”).

On 31 May 2024, the resolutions proposing, *inter alia*, the Proposed Acquisition, were put to vote by way of poll at the extraordinary general meeting held by the Company on 31 May 2024 (“**May 2024 EGM**”) and were not passed by the Shareholders.

Subsequent to the May 2024 EGM, Shareholders collectively representing a higher percentage of shareholdings compared to Shareholders who voted against the Proposed Acquisition during the May 2024 EGM (in respect of their 48.58% of the voting rights of

LETTER TO SHAREHOLDERS OF THE COMPANY

the Company in aggregate) (“**Undertaking Shareholders**”) have provided undertakings to the Vendors, pursuant to which the Undertaking Shareholders have undertaken that they shall exercise or procure the exercise of all voting rights attached to the Shares that they hold, at the upcoming extraordinary general meeting of the Company (“**EGM**”), in favour of the Proposed Acquisition and all other transactions in connection therewith and incidental thereto (“**Undertakings**”).

On 1 July 2024, the Parties entered into a supplemental agreement (the “**Supplemental SPA**”, and together with the SPA, the “**Amended SPA**”), to take into consideration the developments following the signing of the SPA on 24 October 2023 and the May 2024 EGM and consequential amendments arising therefrom. The key amendments to the SPA as agreed by the Company and the Vendors under the Supplemental SPA are as follows:

- (a) the Company and Vendors’ mutual intention to reconvene the EGM to allow all Shareholders to re-consider and vote on the Proposed Acquisition, have been duly reflected;
- (b) specific Conditions Precedent in relation to (i) the Share Consolidation; (ii) the T3 Notes; and (iii) the bonus issue of up to 103,034,428 free warrants in registered form to be allotted and issued by the Company (“**Bonus Warrants**”) on the basis of three (3) Bonus Warrants for every ten (10) Shares held by Shareholders (“**Bonus Warrants Issue**”), have been removed in view of the completion of the Share Consolidation, as announced by the Company on 11 June 2024, as well as the cancellation of the issuance of the T3 Notes and the Bonus Warrants Issue, as announced by the Company on 14 June 2024; and
- (c) “Enlarged Share Capital” in the SPA has been amended to reflect the (i) completion of the Share Consolidation, as announced by the Company on 11 June 2024; (ii) removal of T3 Conversion Shares arising from conversion of T3 Notes; and (iii) removal of new Shares arising from exercise of the Bonus Warrants, as announced by the Company on 14 June 2024.

For the avoidance of doubt, there are no changes to the commercial terms of the Proposed Acquisition set out in the SPA arising from the Supplemental SPA.

The Board believes that the reconvening of an EGM is in the best interest of the Company, in view of the following:

- (a) the Board having considered and reviewed, *inter alia*, the terms of the SPA and the Supplemental SPA, the rationale for the Proposed Acquisition, the risk factors and other investment considerations, and all other relevant facts set out in this Circular and the circular to shareholders of the Company dated 16 May 2024, maintains the view that the Proposed Acquisition is in the best interest of the Company and its Shareholders;
- (b) the Undertaking Shareholders have undertaken to vote in favour of the Proposed Acquisition and all other transactions in connection therewith and incidental thereto. The aggregate shareholdings of the Undertaking Shareholders represents a higher

LETTER TO SHAREHOLDERS OF THE COMPANY

percentage of shareholdings compared to the Shareholders who voted against the Proposed Acquisition during the May 2024 EGM, who in aggregate controlled 48.58% of the voting rights of the Company. As such, the Board views that there is greater certainty that the relevant resolutions relating to the Proposed Acquisition will be carried through at the reconvened EGM; and

- (c) the reconvened EGM will provide an opportunity for all Shareholders to re-consider and vote on the Proposed Acquisition and related/ancillary requisitions.

Subject to the terms and conditions of the SPA, the Consideration shall be payable by the Company through a combination of (a) S\$12.0 million by way of allotment and issuance of 184,615,385 Consideration Shares at the Issue Price of S\$0.065 per Consideration Share; and (ii) S\$8.0 million in cash, comprising a S\$2.0 million Bridging Loan (as defined in Section 2.2.5 of this Circular), and S\$6.0 million balance cash payment within six (6) months from the date of completion of the Proposed Acquisition (“**Completion Date**”).

Pursuant to the terms of the SPA, the Company will also allot and issue:

- (i) 15,384,615 new Shares, credited as fully paid-up, at the Issue Price (“**Introducer Shares**”) to Advance Capital Partners Pte. Ltd. (the “**Introducer**”) in consideration for the introductory services rendered by the Introducer to the Company in connection with the Proposed Acquisition;
- (ii) 7,692,308 new Shares, credited as fully paid-up, at the Issue Price to ZICAP as part satisfaction of ZICAP’s professional fee for the financial advisory services rendered by ZICAP to the Company in connection with the Proposed Acquisition (“**ZICAP Success Shares**”); and
- (iii) 6,153,846 new Shares, credited as fully paid-up, at the Issue Price to ILAW as part satisfaction of ILAW’s professional fee for the legal services rendered by ILAW to the Company in connection with the Proposed Acquisition (“**ILAW Success Shares**”).

The Proposed Acquisition constitutes a “Major Transaction” as defined under Chapter 10 of the Catalist Rules and will result in the diversification of the Group’s Existing Business to include, and expansion by the Group into the Proposed New Business, which has the meaning ascribed to it in Section 5.2 of this Circular (“**Proposed Diversification**”).

The Company will be seeking the approval of Shareholders for, *inter alia*, the (a) Proposed Acquisition, (b) Proposed Allotment of Consideration Shares, (c) Proposed Diversification, (d) Proposed Appointment of the Proposed New Director, (e) Proposed Allotment of Introducer Shares, (f) Proposed Allotment of ZICAP Success Shares, and (g) Proposed Allotment of ILAW Success Shares (collectively, the “**Proposed Acquisition Resolutions**”) at the EGM.

LETTER TO SHAREHOLDERS OF THE COMPANY

(B) Proposed RCN Issuance

The Company had vide an announcement dated 27 October 2023 announced that it had, on 24 October 2023, entered into a conditional subscription agreement (“**Subscription Agreement**”) with Advanced Opportunities Fund 1 (“**AOF I**”) and Advanced Opportunities Fund VCC (“**AOF VCC**”) (acting for and on behalf of and for the account of AOF Singapore Opportunities Fund), for the issuance of 5.0% redeemable convertible notes, which are convertible into new Shares (“**Conversion Shares**”) with an aggregate nominal value of up to S\$20.0 million (“**Notes**”), subject to terms and conditions set out in the Subscription Agreement (“**Earlier RCN Issuance**”).

The issuance of the Notes were structured in three (3) sequential tranches (each a “**Tranche**”), namely Tranche 1 (“**T1 RCN Issuance**” or “**T1**”) of S\$2.5 million, Tranche 2 (“**Proposed T2 RCN Issuance**” or “**T2**”) of S\$2.5 million, and Tranche 3 (“**T3 RCN Issuance**” or “**T3**”) of S\$15.0 million. As announced by the Company on 28 May 2024, all three (3) tranches of the Earlier RCN Issuance, comprising (i) the proposed issuance of T1, T2 and T3 Notes, and (ii) the proposed allotment and issuance of the maximum number of Conversion Shares arising from the conversion of T1, T2 and T3 Notes would be subject to Shareholders’ approval.

During the May 2024 EGM, the resolutions proposing, *inter alia*, the Proposed Acquisition, were put to vote by way of poll and were not passed by the Shareholders. In accordance with the Subscription Agreement, the issuance of T3 Notes is conditional upon, *inter alia*, the approval of Shareholders for the Proposed Acquisition and the requisite resolutions in relation to the Proposed Acquisition being obtained by the Company.

In view that the Proposed Acquisition was not approved by Shareholders, the conditions precedent for the issuance of T3 Notes were not met, and the Company and Subscribers mutually agreed and acknowledged in the First Supplemental SA that (i) the Company will undertake the issuance of T1 Notes and T2 Notes for an aggregate nominal value of up to S\$5.0 million, on a standalone basis, and (ii) the Company will not undertake any proposed issuance of the T3 Notes. The Company intended to proceed with the allotment and issuance of the T1 and T2 Conversion Shares arising from the exercise of the T1 Notes and T2 Notes pursuant to the general share issue mandate approved by Shareholders at the Company’s annual general meeting held on 28 June 2023 (“**General Mandate**”).

Subsequently, after consultation with the SGX-ST by the Company through its Sponsor, the Company had been encouraged to notwithstanding its General Mandate, seek Shareholders’ approval at the EGM 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 maximum Conversion Shares which may be issued pursuant to the conversion of all the T1 Notes and T2 Notes (“**Maximum Conversion Shares**”).

Following the consultation with SGX-ST, the Company and the Subscribers had on 1 July 2024 entered into the Second Supplemental SA to amend the terms of the Subscription Agreement and the Terms and Conditions of the T1 Notes and T2 Notes. The

LETTER TO SHAREHOLDERS OF THE COMPANY

Subscribers' entry into the Second Supplemental SA 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 their entry into the First Supplemental SA and Second Supplemental SA.

Pursuant to the Second Supplemental SA and in accordance with Rule 803 of the Catalyst Rules, the Company will also be seeking Shareholders' approval at the EGM for the potential transfer of controlling interest in the Company to the Subscribers, following the allotment and issuance of the Maximum Conversion Shares pursuant to the Proposed RCN Issuance ("**Potential Transfer of Controlling Interest**").

The (a) Proposed Ratification of T1 RCN Issuance, (b) Proposed T2 RCN Issuance, (c) Proposed Issuance of Maximum Conversion Shares, and (d) Potential Transfer of Controlling Interest, shall collectively be referred to as the "**RCN Resolutions**".

1.2. EGM

The Board proposes to convene the EGM, to be held on 20 July 2024 at 3.00 p.m. (Singapore Time) at 77 Robinson Road, #06-03 Robinson 77, Singapore 068898 to seek the approval of the Shareholders for the following resolutions:

- (a) the Proposed Acquisition;
- (b) the Proposed Allotment of Consideration Shares;
- (c) the Proposed Ratification of T1 RCN Issuance;
- (d) the Proposed T2 RCN Issuance;
- (e) the Proposed Issuance of Maximum Conversion Shares;
- (f) the Proposed Transfer of Controlling Interest;
- (g) the Proposed Diversification;
- (h) the Proposed Appointment of the Proposed New Director;
- (i) the Proposed Allotment of Introducer Shares;
- (j) the Proposed Allotment of ZICAP Success Shares; and
- (k) the Proposed Allotment of ILAW Success Shares,

(collectively, the "**Proposed Resolutions**").

LETTER TO SHAREHOLDERS OF THE COMPANY

1.3. Conditionalities of the Proposed Resolutions

Shareholders should note that:

- (a) (i) the Proposed Acquisition, (ii) the Proposed Allotment of Consideration Shares and (iii) the Proposed Diversification are inter-conditional upon the passing of one another. This means that if any of them is not passed, all three of them will not be passed;
- (b) (i) the Proposed Ratification of T1 RCN Issuance, (ii) the Proposed T2 RCN Issuance, (iii) the Proposed Issuance of Maximum Conversion Shares and (iv) the Proposed Transfer of Controlling Interest are inter-conditional upon the passing of one another. This means that if any of them is not passed, all four of them will not be passed; and
- (c) (i) the Proposed Appointment of the Proposed New Director, (ii) the Proposed Allotment of Introducer Shares, (iii) the Proposed Allotment of ZICAP Success Shares and (iv) the Proposed Allotment of ILAW Success Shares are conditional upon the passing of the Proposed Acquisition, but not *vice versa*. This means that if (i) the Proposed Appointment of the Proposed New Director, (ii) the Proposed Allotment of Introducer Shares, (iii) the Proposed Allotment of ZICAP Success Shares and (iv) the Proposed Allotment of ILAW Success Shares are not passed, the Proposed Acquisition may still be passed. But if the Proposed Acquisition is not passed, (i) the Proposed Appointment of the Proposed New Director, (ii) the Proposed Allotment of Introducer Shares, (iii) the Proposed Allotment of ZICAP Success Shares and (iv) the Proposed Allotment of ILAW Success Shares will not be passed.

1.4. Purpose of Circular

The purpose of this Circular is to provide Shareholders with the relevant information relating to, and to explain the rationale for, the Proposed Resolutions and to seek Shareholders' approval for the Proposed Resolutions at the EGM to be held at 77 Robinson Road, #06-03 Robinson 77, Singapore 068898 on 20 July 2024 at 3.00 p.m.. The Notice of EGM is set out on pages EGM - 1 to EGM - 1 of this Circular.

Shareholders who have any doubt as to the action they should take, should consult their stockbrokers or other professional advisors immediately.

1.5. Financial Adviser

The Company has appointed ZICAP as its Financial Adviser in relation to the Proposed Acquisition.

1.6. Legal Adviser

Insights Law LLC is the legal adviser to the Company as to Singapore law in relation to the subject matter of this Circular.

LETTER TO SHAREHOLDERS OF THE COMPANY

2. THE PROPOSED ACQUISITION AND PROPOSED ALLOTMENT OF CONSIDERATION SHARES

The details of the Proposed Acquisition and Proposed Allotment of Consideration Shares are set out in the ensuing Section 2 of this Circular.

2.1. Information of the Vendors and the Target Group

2.1.1. Information relating to the Vendors

As at the Latest Practicable Date, the Vendors, namely, Mr. Lim Chen Chong, Ms. Victoria Lim Yu and SCS each holds one hundred (100) ordinary shares in the capital of the Target, representing approximately 33.3% of the Target Shares respectively.

As at the Latest Practicable Date, the shareholders of SCS are Mr. Chong Chee Hoong (50.0%) and Mr. Ong Lee Shian (50.0%), and the directors of SCS are Mr. Chong Chee Hoong and Mr. Ong Lee Shian.

The Vendors, and the shareholders and directors of SCS are not related to the Company, the Group, the Directors or Substantial Shareholders of the Company and their respective associates. As at the Latest Practicable Date, the Vendors, and the shareholders and directors of SCS do not have any interest in the Shares of the Company.

2.1.2. Information relating to the Target Group

The Target Group comprises:

- (a) **LSO Organization Holdings Pte. Ltd. (the “Target” or “LSO”).** The Target was incorporated in Singapore on 22 August 2023, having its registered address at 16 Kallang Place, #03-02, Singapore 339156. As at the Latest Practicable Date, the Target has an issued and paid-up share capital of S\$300 comprising 300 ordinary shares.

As at the Latest Practicable Date, the shareholders of the Target are the Vendors, details of which are set out in Section 2.1.1 of this Circular.

As at the Latest Practicable Date, the sole director of the Target is Mr. Lim Chen Chong.

- (b) **Lim Shrimp Organization Limited (“LSO BVI”).** LSO BVI was incorporated in the British Virgin Islands on 21 September 2007, having its registered address at Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110. As at the Latest Practicable Date, LSO BVI has 30,000,000 shares issued and fully paid.

As at the Latest Practicable Date, the Target holds 50.0% of the total issued and paid-up share capital of LSO BVI. The remaining 50.0% of LSO BVI is held by Lim Shrimp Corporation Pte. Ltd. (40.0%), Ms. Victoria Lim Yu (3.3%), Mr. Lim Chen Chong (3.3%) and SCS (3.3%). The shareholders of Lim Shrimp Corporation Pte. Ltd. are Ms. Victoria Lim Yu (33.3%), Mr. Lim Chen Chong (33.3%) and SCS (33.3%).

LETTER TO SHAREHOLDERS OF THE COMPANY

As at the Latest Practicable Date, the directors of LSO BVI are Mr. Lim Chen Chong, Mr. Peter Fleming, Mr. Chong Chee Hoong and Mr. Seong Soo Hong.

In addition, LSO BVI holds, as at the Latest Practicable Date, a shareholding interest of approximately 6.7% in LTCP Agriculture Sdn. Bhd. (“**LTCP**”). Pursuant to a licensing agreement entered into between LSO BVI and LTCP dated 17 November 2023, LSO BVI will grant LTCP a non-exclusive licence to use, apply or implement LSO BVI’s proprietary system of processes, procedures, methods, technology and/or know-how for commencing and operating commercial aquatic farming and aquaculture development (the “**Subject IP**”). The consideration for the grant of licence in respect of the Subject IP was to be fully satisfied by the issuance of new shares equivalent to an equity percentage of no less than 6.7% in the capital of LTCP, to LSO BVI.

Pursuant to an operational management agreement dated 15 April 2024 entered into between LSO BVI and LTCP, LSO BVI will, together with LTCP, establish and operate an aquaculture facility for the operation of an aquaculture business in the State of Selangor, Malaysia.

LTCP was incorporated in Malaysia on 2 September 2022, having its registered address at 585, 2nd Floor, Lorong Kemuning 1, Taman Kemuning, 09000 Kulim, Kedah, Malaysia. The remaining 93.3% of LTCP is held by Mr. Lee Chin Chong (46.7%) and Mr. Teo Tze Pin (46.7%). As at the Latest Practicable Date, the sole director of LTCP is Mr. Lee Chin Chong.

2.1.3. Business Overview of the Target Group

As at the Latest Practicable Date, the Target Group is principally involved in the management and operations of, and the technology licensing of operational know-how and expertise to, aquaculture farms.

Please refer to Section 5.2 of this Circular for further information on the Target Group’s business.

2.1.4. Financial information of the Target Group

Based on the unaudited financial statements of the Target Group for the most recently completed financial year ended 31 December 2023⁽¹⁾⁽²⁾⁽³⁾:

⁽¹⁾ All financial information of the Target Group set out in this Circular is based on its unaudited management accounts provided to the Company.

⁽²⁾ As the Target was incorporated on 22 August 2023 as an investment holding company with no business operations other than its shareholding interest in LSO BVI, the financial statements of the Target Group will comprise solely that of LSO BVI, after accounting for the Target’s 50% shareholding interest in LSO BVI. The financial information of LTCP has been excluded in view that (i) LTCP has not commenced operations as at the Latest Practicable Date; and (ii) the Target only has a minority shareholding interest of 6.7% in LTCP.

⁽³⁾ United States Dollars (“**US\$**”) have been translated into Singapore Dollars (“**S\$**”) based on the following exchange rates as quoted by the Monetary Authority of Singapore:

(a) US\$1 : S\$1.3186 for items in the statement of financial position for the Target Group as at 31 December 2023; and

LETTER TO SHAREHOLDERS OF THE COMPANY

- (a) the book value of the Target Group was approximately US\$18.3 million (equivalent to approximately S\$24.1 million) as at 31 December 2023. The Target Group's book value as at 31 December 2023 mainly comprised intangible assets of US\$16.5 million⁽²⁾ (equivalent to approximately S\$21.7 million) (representing 95.4% of the book value), which relate to LSO BVI's proprietary system of processes, procedures, methods, technology and/or know-how for commencing and operating commercial aquatic farming and aquaculture development. Pursuant to an independent appraisal undertaken by Messrs. Valuing IP Sdn. Bhd., an independent valuation firm that specialises in the valuation of intangible assets and commissioned by LSO BVI, the market value of such intangible assets as at 22 October 2023 was US\$34.9 million;
- (b) the NTA of the Target Group was approximately US\$0.8 million (equivalent to approximately S\$1.1 million) as at 31 December 2023; and
- (c) the net profit after tax of the Target Group was approximately US\$0.6 million (equivalent to approximately S\$0.8 million) for the financial year ended 31 December 2023.

2.1.5. Independent Valuation

As at the Latest Practicable Date, there is no available open market valuation of the assets of the Target Group. As such, in connection with the Proposed Acquisition, the Company has appointed FHMH Corporate Advisory Sdn. Bhd. ("**FHMH**" or the "**Independent Valuer**") to perform an independent business valuation of 100% equity interest in the Target. The valuation summary letter dated 26 April 2024 prepared by the Independent Valuer ("**Valuation Summary Letter**") is set out in **Appendix A** to this Circular.

FHMH is the corporate advisory arm of Baker Tilly Malaysia, one of the largest accounting and business advisory firm in Malaysia (Source: <https://www.bakertilly.my/>) and an independent member of Baker Tilly International, a global top 10 professional services network (Source: <https://www.bakertilly.global/about-us>).

Based on the Valuation Summary Letter, which should be read in conjunction with the Valuation Report, FHMH has ascribed the fair market value of 100% equity interest in the Target as at 31 March 2024 ("**Valuation Date**") to be in the range of US\$19.1 million to US\$21.0 million (equivalent to circa S\$25.7 million to S\$28.3 million⁽⁴⁾) with a mid-point of US\$20.0 million (equivalent to circa S\$27.0 million⁽⁴⁾) ("**Fair Market Value**"). The Consideration therefore represents a discount of approximately 25.9% to the mid-point of the Fair Market Value as ascribed by the Independent Valuer. The valuation was conducted in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council, and for the purposes of this paragraph, "Fair Market Value" is defined as "*the price a willing buyer would pay a willing seller in a transaction on the open market as defined by the International Valuation Standards. The concept of market value means the cash equivalent*

(b) US\$1 : S\$1.3431 for items in the statement of comprehensive income for the Target Group for the financial year ended 31 December 2023.

⁽⁴⁾ Based on the exchange rate of US\$1 : S\$1.3476 as quoted by the Monetary Authority of Singapore as at 31 March 2024.

LETTER TO SHAREHOLDERS OF THE COMPANY

price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristic of a buyer or seller.”

The valuation methodology considered and selected by FMMH to evaluate the Fair Market Value of the Target is based on the discounted cash flow to equity (“**FCFE**”) and relative valuation analysis (“**RVA**”). FCFE seeks to value the Target based on its future performance, whereas RVA seeks to compare a company’s implied trading multiple to that of comparable companies to determine the firm’s financial worth based on a set of valuation metrics derived from commonly used financial indicators and applied on the subject company’s historical financial records.

The key assumptions prepared by the Target and considered by the Independent Valuer include (i) the prospective earnings by the Target in the management and operation, as well as sale of farm tanks in relation to the farm projects in Selangor (Malaysia) and Palau; (ii) the inflation rates and gross development product growth rates of the aforementioned countries, where relevant; (iii) the aforementioned key projects materialising within the prescribed timeframe as projected by the Target; and (iv) projected revenue and cash flows from the successful development and ongoing operations of the shrimp processing plants in Selangor (Malaysia) and Sumbawa (Indonesia). After making due enquiries and assessments on the reasonableness of the cash flow forecast and projections, the Independent Valuer is of the opinion that the forecast and projections were reasonably prepared.

Shareholders are advised to read and consider the Valuation Summary Letter issued by the Independent Valuer set out in Appendix A to this Circular in respect of the independent business valuation of 100% equity interest in the Target carefully, in particular the terms of reference, key assumptions, valuation approach, methodology and conclusion of value. The Valuation Report will be set out as a document available for inspection by Shareholders.

2.2. Principal terms of the Proposed Acquisition

2.2.1. Consideration

Subject to the terms and conditions of the SPA, the Consideration for the Proposed Acquisition shall be S\$20.0 million, payable as follows:

- (a) S\$12.0 million by way of the allotment and issuance of 184,615,385 Consideration Shares at the Issue Price; and
- (b) S\$8.0 million in cash, comprising a S\$2.0 million Bridging Loan and S\$6.0 million balance cash payment within six (6) months from the Completion Date (“**Cash Consideration**”). The Company shall have the sole discretion to pay the Cash Consideration in any number of instalments of any amount so long as the entire Cash Consideration is paid in full within six (6) months from the Completion Date.

Please refer to Section 2.2.5 of this Circular for further details on the Bridging Loan.

LETTER TO SHAREHOLDERS OF THE COMPANY

The Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration, *inter alia*, the track record of the Vendors and the key management team of the Target Group in securing projects over the period from 2017 to 2019 (prior to the onset of the COVID-19 pandemic), the projected financial performance of the Target Group and the proposed list of aquaculture farming projects the Target Group has identified and/or secured, and is working to secure in the near future, as well as the Acquisition Bases set out under Section 2.2.2 of this Circular.

The Consideration Shares shall:

- (a) be free and clear of all Encumbrances and together with all rights, benefits, entitlements, title and interest attaching and accruing thereto as at the date of allotment and issuance (including, without limitation, the rights to any dividends or other distributions declared or payable thereon);
- (b) not be subject to any rights of pre-emption, moratorium on disposal by contractual undertaking or otherwise, or under any restrictions by any Relevant Authority restricting the sale and transfer of the Consideration Shares other than as described in SPA;
- (c) rank *pari passu* in all respects with the then existing Shares; and
- (d) be listed and quoted on the Catalist.

2.2.2. Acquisition Bases

The Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration, *inter alia*, the following factors (collectively, the “**Acquisition Bases**”) being satisfied prior to Completion:

- (a) the Issue Price of S\$0.065 per Share;
- (b) the Target Shares representing effectively the entire issued and paid-up share capital of the Target on Completion;
- (c) the business valuation of the Target Group for the purposes of the Proposed Acquisition according to the Valuation Report by the Independent Valuer being in excess of S\$20.0 million. Based on the Valuation Report, the mid-point of the Fair Market Value of the Target as ascribed by the Independent Valuer is US\$20.0 million (equivalent to circa S\$27.0 million⁽⁵⁾). Please refer to Section 2.1.5 of this Circular for further information;
- (d) the Consideration Shares shall constitute not less than 20.0% (or such other percentage as the Parties may mutually agree in writing) of the Enlarged Share Capital. Taking into consideration the issuance of the Introducer Shares, ZICAP Success Shares and ILAW Success Shares, the aggregate Consideration Shares to be issued pursuant to the Proposed Acquisition will amount to 25.32% of the Enlarged Share Capital upon Completion; and

⁽⁵⁾ Based on the exchange rate of US\$1 : S\$1.3476 as quoted by the Monetary Authority of Singapore as at 31 March 2024.

LETTER TO SHAREHOLDERS OF THE COMPANY

- (e) save as otherwise agreed in writing by the Vendors, the Company shall, between the date of the SPA and Completion (both dates inclusive) continue to operate as a going concern.

2.2.3. Source of funds

The Cash Consideration will be funded by the Company's internal resources and through various sources of debt and equity funding programs to be executed, including but not limited to rights issues, and issuance of shares and/or convertible securities to investors.

2.2.4. SPA Conditions Precedent

Completion will be conditional upon the satisfaction or waiver (in accordance with the terms and conditions of the SPA) of, conditions precedent set out in the SPA ("**SPA Conditions Precedent**"), including but not limited to:

- (a) the Company being satisfied with its due diligence investigations into the financial (in particular, the absence of any off-balance sheet liabilities and release from all forms of financial guarantees given by any Target Group Company in favour of any party), legal and business of the Target Group;
- (b) the entry into the Bridging Loan Agreement and the disbursement of the Bridging Loan by the Company to the Vendors (and ultimately the Target) in accordance with the terms of the Bridging Loan Agreement;
- (c) the approvals of the Shareholders having been obtained respectively for the entry into, implementation and completion of, the transactions contemplated in the SPA, and all other transactions in connection therewith and incidental thereto;
- (d) the approvals of the Board having been obtained respectively for the entry into, implementation and completion of, the transactions contemplated in the SPA, and all other transactions in connection therewith and incidental thereto;
- (e) all necessary consents, approvals, confirmations and waivers of the Relevant Authorities or any other person required in connection with the transactions contemplated in the SPA or the entry into and completion of the SPA having been obtained by the Vendors or the Company, as the case may be, such Requisite Regulatory Approvals not having been amended or revoked before the Completion Date, and to the extent that such Requisite Regulatory Approvals are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled; and
- (f) the Acquisition Bases being satisfied.

LETTER TO SHAREHOLDERS OF THE COMPANY

Pursuant to Clause 3.1.3 of the SPA, it is a SPA Condition Precedent for the Shareholders to approve all the Proposed Resolutions except Ordinary Resolutions 3, 4, 5 and 6. However, the Board acknowledges the possibility that Shareholders may approve Ordinary Resolution 1 without necessarily approving the other Proposed Resolutions which relate to the Proposed Acquisition. Therefore, if Shareholders approve Ordinary Resolution 1, Shareholders will be empowering the Directors or any of them to do all things expedient or necessary (including, without limitation, entry into a supplemental agreement to the SPA) to waive the passing of Ordinary Resolutions 8, 9, 10 and 11 as SPA Conditions Precedent and/or otherwise complete the Proposed Acquisition notwithstanding any of Ordinary Resolutions 8, 9, 10 and 11 was not approved by Shareholders.

2.2.5. Bridging Loan

On 24 October 2023, being the same day the SPA was entered into, the Vendors and the Company entered into a bridging loan agreement ("**Bridging Loan Agreement**") pursuant to which the Company shall advance to the Vendors a bridging loan of S\$2.0 million in clear and immediately available funds net of any deductions or bank charges ("**Bridging Loan**") within five (5) Business Days from the closing date of the T1 RCN Issuance. The Bridging Loan will bear interest of 5.0% per annum which will accrue from the date of disbursement until repayment, and shall be paid by the Vendors on the Completion Date or the date the SPA is terminated, whichever earlier.

The Vendors jointly and severally undertake that the Bridging Loan shall be used exclusively for the working capital requirements of the Target Group. Subject to Completion, the principal amount of the Bridging Loan, being S\$2.0 million, shall be set-off from the Cash Consideration payable by the Company to the Vendors. In the event Completion does not take place on the Long-Stop Date and/or the SPA is terminated by either Party or an event of default occurs, the Vendors jointly and severally undertake to immediately (and in any case within fourteen (14) calendar days from demand) return the Bridging Loan and all accrued interest to the Company in full without set-off or counterclaim in clear and immediately available funds. In the event the Bridging Loan and accrued interest is not repaid within the aforementioned prescribed period, default interest of 8.0% per annum shall accrue on the Bridging Loan and outstanding accrued interest, until the Company receives in full the Bridging Loan, outstanding accrued interest and all accrued default interest.

As at the Latest Practicable Date, the Bridging Loan has been disbursed by the Company to the Vendors.

2.2.6. Completion

Completion will take place within fourteen (14) Business Days after the date of the satisfaction or waiver of the SPA Conditions Precedent ("**Completion**"), as the case may be (or at such other later date as the Company and the Vendors may agree in writing), but in any event such date being no later than the Long-Stop Date.

LETTER TO SHAREHOLDERS OF THE COMPANY

2.2.7. Long-Stop Date

Subject to the terms of the SPA, the SPA shall automatically terminate as between the Company and the Vendors at any time on or prior to twelve (12) months from 24 October 2023, being the date of the SPA (“**Long-Stop Date**”), in the event, *inter alia*, any of the SPA Conditions Precedent is or is reasonably likely to become incapable of satisfaction or is not fulfilled and such SPA Conditions Precedent has not been waived (as the case may be) or such other date as may be agreed by the Parties in writing.

2.2.8. Undertakings and Warranties

Each of the Vendors and the Company have provided undertakings and warranties as are customary for transactions of this nature or other similar transactions.

2.2.9. Indemnity

The Vendors undertake that they shall collectively and jointly fully indemnify the Company against, *inter alia*, all losses which may be incurred by the Company as a result of or in connection with any breach of the warranties and undertakings given by the Vendors.

2.2.10. Allotment and Issuance of Introducer Shares, ZICAP Success Shares and ILAW Success Shares

Pursuant to the terms of the SPA, the Company will also be issuing Introducer Shares, ZICAP Success Shares and ILAW Success Shares. Please refer to Sections 7, 8 and 9 of this Circular for further information on the allotment and issuance of Introducer Shares, ZICAP Success Shares and ILAW Success Shares respectively.

2.3. **Rationale of the Proposed Acquisition**

The Board believes that the Proposed Acquisition would be in the interests of the Company for the following reasons:

(a) **Entry into the aquaculture industry with steady revenue stream**

The Proposed Acquisition will present the Company with an opportunity to enter into the aquaculture industry. The Board believes the aquaculture industry is poised for sustained growth particularly in light of the growing consumer demand for healthy, clean and sustainable aquaculture seafood in USA, European Union, United Kingdom, Australia, ASEAN, and China.

Furthermore, the Target Group is well-positioned to capture the following growth trends, opportunities and tailwinds which the aquaculture industry enjoys:

- (i) Increased demand for food security during and arising from the COVID-19 pandemic, from many countries and government agencies. These agencies are urgently strengthening their domestic food supply chain resiliency and security, through multipronged efforts including the development of sustainable aquaculture.

LETTER TO SHAREHOLDERS OF THE COMPANY

- (ii) According to the United Nations' projections, in 2050, the world population will reach 9.7 billion and the food shortage crises will be alarming⁽⁶⁾. This has led to growing interest in many nations on expanding their aquaculture footprint, which will avail the Target Group with additional growth opportunities.
- (iii) Concerns over water contamination. For example, the current and ongoing release of treated wastewater from a nuclear plant by Japan has led to many countries seeking alternate seafood sources from aquaculture instead of wild catch.

The Board is of the view that the Company and with its listed status, can support, enhance and derive value from the Target Group's growth and expansion plans.

(b) **Enhance investment profile of the Shares**

The Proposed Acquisition may allow the Company to turn around its loss-making position. This, together with the positive business outlook for the Target Group, may allow the potential for growth in the market capitalisation of the Company, an overall increase in investor interest and, consequently, improvement in trading liquidity of the Shares.

2.4. ***Pro forma* financial effects of the Proposed Acquisition**

For illustration purposes only, the following is an illustration of the *pro forma* financial effects of the Proposed Acquisition on the Group, based on:

- (a) the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 ("**FY2022**") and the unaudited financial statements of the Target Group for FY2022; and
- (b) the latest announced unaudited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("**FY2023**") and the latest unaudited financial statements of the Target Group for the most recently completed FY2023.

The *pro forma* financial effects as set out herein do not reflect the actual financial results or the future financial performance and condition of the Group, the Target Group and, following Completion, the group comprising the Group and the Target Group ("**Enlarged Group**").

2.4.1. ***Bases and assumptions***

For the purposes of illustrating the *pro forma* financial effects of the Proposed Acquisition, the financial effects of the Proposed Acquisition were computed based on the following assumptions:

- (a) no adjustments have been made to align any differences that may result from the adoption of different accounting standards and policies by the Group and the Target Group;

⁽⁶⁾ The State of World Fisheries and Aquaculture 2022 (Food and Agriculture Organization of the United Nations, 2022)

LETTER TO SHAREHOLDERS OF THE COMPANY

- (b) as the Target was only incorporated on 22 August 2023 as an investment holding company with no business operations other than its shareholding interest in LSO BVI, the financial statements of the Target Group will comprise solely that of LSO BVI, after accounting for the Target's 50% shareholding interest in LSO BVI. The financial information of LTCP has been excluded in view that (i) LTCP has not commenced operations as at the Latest Practicable Date; and (ii) the Target only has a minority shareholding interest of 6.7% in LTCP;
- (c) the financial effects on the Group's EPS/LPS are computed assuming that the Proposed Acquisition was completed on 1 January 2022 (in respect of FY2022) and 1 January 2023 (in respect of FY2023), respectively;
- (d) the financial effects on the Group's NTA/NTL, NTA/NTL per Share and gearing are computed assuming the Proposed Acquisition was completed on 31 December 2022 (in respect of FY2022) and 31 December 2023 (in respect of FY2023), respectively;
- (e) the financial effects do not take into account any dividend or distributions out of profits that may be declared by the Target Group in respect of FY2022 and FY2023;
- (f) the financial effects do not take into account any additional employee headcount costs the Target Group expects to incur in the near future as it seeks to strengthen its corporate and management team by hiring suitable executives;
- (g) the financial effects have accounted for the effects of the Share Consolidation;
- (h) the financial effects take into account the full conversion (and no cash redemption by the Company) of T1 & T2, amounting to an aggregate amount of S\$5.0 million into new Shares, based on the Maximum Conversion Shares;
- (i) the financial effects do not take into account any accrued interest arising from the Bridging Loan and the Notes;
- (j) the financial effects have accounted for the issuance of the Consideration Shares, Introducer Shares, ZICAP Success Shares and ILAW Success Shares;
- (k) the aggregate amount of funds raised from T1 and T2 of S\$5.0 million is not sufficient to fund the entire Cash Consideration, and a balance Cash Consideration of S\$6.0 million is assumed to be funded through additional debt;
- (l) the financial effects do not take into account any potential impact on the profit or loss or net assets of the Enlarged Group arising from fair value adjustments as a result of acquisition accounting; and
- (m) unless otherwise specified in the relevant notes, expenses in connection with the Proposed Acquisition, including but not limited to professional fees, have been disregarded for the purposes of calculating the financial effects.

LETTER TO SHAREHOLDERS OF THE COMPANY

2.4.2. NTA/(NTL) per Share

Audited as at 31 December 2022	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
(NTL)/NTA attributable to the owners of the Company (S\$'000)	(4,857) ⁽¹⁾	10,790 ⁽²⁾
Number of Shares ('000)	22,324,126	729,014 ⁽⁴⁾
(NTL)/NTA per Share (S\$ cents)	(0.02)	1.48
Unaudited as at 31 December 2023	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
(NTL)/NTA attributable to the owners of the Company (S\$'000)	(7,484) ⁽¹⁾	8,976 ⁽³⁾
Number of Shares ('000)	22,324,126	729,014 ⁽⁴⁾
(NTL)/NTA per Share (S\$ cents)	(0.03)	1.23

Notes:

- (1) Based on the net assets attributable to owners of the Company less intangible assets of the Company.
- (2) Based on (i) the NTA of the Target Group as at 31 December 2022, which comprises solely that of its operating subsidiary, LSO BVI, after accounting for the Target's 50% shareholding interest in LSO BVI amounting to US\$213,918, and based on the exchange rate of US\$1 : S\$1.3446, being the closing exchange rate as at 31 December 2022, (ii) estimated net proceeds from the issuance of T1 Notes and T2 Notes and after deducting the Cash Consideration and the estimated professional fees and expenses arising from the Proposed Acquisition, and (iii) additional debt of S\$6.0 million to fund the balance Cash Consideration of S\$6.0 million.
- (3) Based on (i) the NTA of the Target Group as at 31 December 2023, which comprises solely that of its operating subsidiary, LSO BVI, after accounting for the Target's 50% shareholding interest in LSO BVI amounting to US\$834,984, and based on the exchange rate of US\$1 : S\$1.3186, being the closing exchange rate as at 31 December 2023, (ii) estimated net proceeds from the issuance of T1 Notes and T2 Notes and after deducting the Cash Consideration and the estimated professional fees and expenses arising from the Proposed Acquisition, and (iii) additional debt of S\$6.0 million to fund the balance Cash Consideration of S\$6.0 million.

LETTER TO SHAREHOLDERS OF THE COMPANY

- (4) After accounting for the Share Consolidation and the issuance of the Maximum Conversion Shares, Consideration Shares, Introducer Shares, ZICAP Success Shares and ILAW Success Shares.

2.4.3. EPS/(LPS)

Audited for FY2022	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Profit after tax attributable to Shareholders (S\$'000)	23	179 ⁽¹⁾
Weighted average number of Shares ('000)	22,324,126	729,014 ⁽³⁾
EPS (S\$ cents)	0.0001	0.02
Unaudited for FY2023	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Loss after tax attributable to Shareholders (S\$'000)	(4,251)	(3,417) ⁽²⁾
Weighted average number of Shares ('000)	22,324,126	729,014 ⁽³⁾
LPS (S\$ cents)	(0.019)	(0.47)

Notes:

- (1) Based on the net profit of the Target Group for FY2022, which comprises solely that of its operating subsidiary, LSO BVI, after accounting for the Target's 50% shareholding interest in LSO BVI amounting to US\$112,973, and based on the exchange rate of US\$1 : S\$1.3789, being the simple average daily closing exchange rate for the financial year.
- (2) Based on the net profit of the Target Group for FY2023, which comprises solely that of its operating subsidiary, LSO BVI, after accounting for the Target's 50% shareholding interest in LSO BVI amounting to US\$621,066, and based on the exchange rate of US\$1 : S\$1.3431, being the simple average daily closing exchange rate for the financial year.
- (3) After accounting for the Share Consolidation and the issuance of the Maximum Conversion Shares, Consideration Shares, Introducer Shares, ZICAP Success Shares and ILAW Success Shares.

LETTER TO SHAREHOLDERS OF THE COMPANY

2.4.4. Gearing

Audited as at 31 December 2022		Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Net debt (S\$'000)		16,455	22,668 ⁽²⁾
Shareholders' equity (S\$'000)	equity	(2,726)	10,790 ⁽⁴⁾
Gearing (times) ⁽¹⁾		(6.04)	2.10
Unaudited as at 31 December 2023		Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Net debt (S\$'000)		17,338	24,392 ⁽³⁾
Shareholders' equity (S\$'000)	equity	(7,484)	8,976 ⁽⁴⁾
Gearing (times) ⁽¹⁾		(2.32)	2.72

Notes:

- (1) Gearing is computed based on net debt divided by shareholders' equity. The Company's gearing as at 31 December 2022 and 31 December 2023 is negative as it recorded negative shareholders' equity in each respective financial year.
- (2) After accounting for the Target's 50% shareholding interest in LSO BVI, and based on the exchange rate of US\$1 : S\$1.3446, being the closing exchange rate as at 31 December 2022.
- (3) After accounting for the Target's 50% shareholding interest in LSO BVI, and based on the exchange rate of US\$1 : S\$1.3186, being the closing exchange rate as at 31 December 2023.
- (4) Based on shareholders' equity of the Company as at 31 December 2022 and 31 December 2023 respectively, the NTA of the Target Group as at the respective financial year-ends, and the estimated increase in shareholders' equity pursuant to the full conversion of the T1 Notes and T2 Notes amounting to an aggregate amount of S\$5.0 million and the issuance of the Consideration Shares, Introducer Shares, ZICAP Success Shares and ILAW Success Shares, additional debt of S\$6.0 million to fund the balance Cash Consideration of S\$6.0 million as well as the related share issuance expenses which are accounted for as a reduction from equity or retained earnings.

LETTER TO SHAREHOLDERS OF THE COMPANY

2.5. Catalyst Rules computations and Proposed Acquisition as a major transaction

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules, based on the Group's last announced unaudited consolidated financial statements for the six (6) months ended 30 June 2023 as at the date of the SPA, are as follows:

Base	Relative Figure
<u>Rule 1006(a):</u> Net asset value of assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
<u>Rule 1006(b):</u> Net profits attributable to the assets acquired, compared with the Group's net profits	(8.7%) ⁽²⁾
<u>Rule 1006(c):</u> Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	89.6% ⁽³⁾
<u>Rule 1006(d):</u> Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	53.8% ⁽⁴⁾
<u>Rule 1006(e):</u> 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	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalyst Rules is not applicable to an acquisition of assets.
- (2) The net profit of the Target Group of approximately US\$67,000 (equivalent to approximately S\$91,000 based on the exchange rate of US\$1 : S\$1.3557) for the six (6)-month financial period ended 30 June 2023 will comprise solely that of its operating subsidiary, LSO BVI, after accounting for the Target's 50% shareholding interest in LSO BVI, as the Target was only incorporated on 22 August 2023 as an investment holding company with no business operations other than its shareholding interest in LSO BVI. Under Rule 1002(3) of the Catalyst Rules, net profits means "profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests".

The Group recorded net losses of S\$1,048,000 for the six (6)-month financial period ended 30 June 2023, as announced on 14 August 2023.

LETTER TO SHAREHOLDERS OF THE COMPANY

- (3) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares, or the net asset value (“NAV”) represented by such shares, whichever is higher.

As the Company is in a net liability position as at 30 June 2023, the value of consideration shall be determined based on the market value of the Shares.

Based on the Consideration for the Proposed Acquisition and the Company's market capitalisation as at 18 October 2023, being the last trading date of the Shares preceding the date of the SPA. The market capitalisation of the Company is derived by multiplying 22,324,126,058 Shares (on a pre-consolidated basis, before completion of the Share Consolidation on 11 June 2024) in issue by the volume-weighted average traded price of S\$0.001 on 18 October 2023, being the last trading date of the Shares preceding the date of the SPA.

- (4) Based on the 184,615,385 Consideration Shares to be issued to the Vendors at the Issue Price in part satisfaction of the Consideration, and the 343,448,093 Shares in issue after accounting for the Share Consolidation.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 75% but is less than 100%, the Proposed Acquisition therefore constitutes a “Major Transaction” as defined under Chapter 10 of the Catalist Rules and is subject to the approval of Shareholders at the EGM.

3. DETAILS OF THE PROPOSED RCN ISSUANCE

3.1. Proposed RCN Issuance

The Company had vide an announcement dated 27 October 2023 announced that it had, on 24 October 2023, entered into a Subscription Agreement with the Subscribers in connection with the issue by the Company to the Subscribers of Notes with an aggregate principal amount of up to S\$20.0 million. The Notes was structured to be issued in three (3) Tranches as follows:

- (a) T1 of S\$2.5 million comprising one (1) sub-tranche of S\$2.5 million;
- (b) T2 of S\$2.5 million comprising five (5) equal sub-tranches of S\$500,000 each (“**ST01 to ST05 of T2**”), being the Proposed T2 RCN Issuance; and
- (c) T3 of S\$15.0 million comprising 30 equal sub-tranches of S\$500,000 each (“**ST01 to ST30 of T3**”).

With respect to T1, the Company has raised S\$2.5 million via the issuance of T1 Notes to the Subscribers on 31 October 2023. As at the date of this Circular, the T1 Notes remain outstanding.

LETTER TO SHAREHOLDERS OF THE COMPANY

With respect to T2, subject to receipt of Shareholders' approval, the Company intends to raise up to S\$2.5 million via the issuance of T2 Notes to the Subscribers.

With respect to T3, as announced by the Company on 14 June 2024, in view that Shareholders' approval for the Proposed Acquisition was not obtained in the May 2024 EGM, the conditions precedent for the issuance of T3 Notes have not been met. Accordingly, the Company and the Subscribers have mutually agreed and acknowledged in the First Supplemental SA that the Company **will not undertake any proposed issuance of the T3 Notes**.

The Notes will not be listed and/or quoted on the Catalist or any other stock exchange.

The Notes are convertible at the option of the Noteholders into Shares and/or redeemable at the election of the Company in cash, subject to the terms and conditions as set out in the Subscription Agreement.

The Company and the Subscribers had entered into the First Supplemental SA and the Second Supplemental SA to supplement, amend and modify the Subscription Agreement on these terms:

(a) T1 Notes and T2 Notes

The Subscribers each expressly reserve all rights under the Subscription Agreement and Conditions of the T1 Notes which were subscribed on 31 October 2023.

As at the date of this Circular, T2 Notes have not been issued or subscribed. The Company has the discretion whether to issue ST01 of T2 Notes after the full conversion of T1 Notes.

Without prejudice to, and without waiving any of, its rights under the Subscription Agreement and the Conditions of the T1 Notes, the Subscribers acknowledge that (i) the Company has consulted with the SGX-ST via its Sponsor, and intends to subject the issue and allotment of T1 and T2 Conversion Shares to Shareholders' approval; and (ii) the Company intends to seek Shareholders' approval for the potential transfer of controlling interest to the Subscribers which may arise from the issue of Conversion Shares to them.

The Company and the Subscribers have also agreed to amend the Conversion Price, introduce the Maximum Conversion Shares and Minimum Conversion Price – details of which are set out in Section 3.2 of this Circular.

The Company and the Subscribers have further agreed that the following shall be events of default under the Conditions of the T1 Notes:

- (i) Shareholders' approval for the Proposed Ratification of T1 RCN Issuance, the Proposed T2 RCN Issuance, the Proposed Issuance of Maximum Conversion Shares and the Proposed Transfer of Controlling Interest not being obtained by the Company within one (1) month from the date of the Second Supplemental SA;

LETTER TO SHAREHOLDERS OF THE COMPANY

- (ii) the Company not obtaining the listing and quotation notice in respect of the Maximum Conversion Shares within fourteen (14) days following receipt of Shareholders' approval at the EGM; and
 - (iii) the Company not issuing and allotting the relevant Conversion Shares within two (2) Business Days from a Conversion Notice.
- (b) T3 Notes

In view that the Proposed Acquisition was not approved by Shareholders in the May 2024 EGM, the conditions precedent for the issuance of T3 has not been met.

In view thereof, the Company and the Subscribers has mutually agreed to cancel T3 and any relevant matters relating thereon, in that:

- (iv) the Company will not undertake any proposed issuance of T3;
- (v) the Subscribers will not subscribe for T3; and
- (vi) no Conversion Shares in respect of T3 will be issued by the Company to the Subscribers.

The amendments pursuant to the First Supplemental SA and the Second Supplemental SA apply to both the Subscription Agreement, and the Terms and Conditions of the Notes. The entry into the Second Supplemental SA by the Subscribers is without prejudice to their rights under the T1 Notes existing prior to their entry into the Second Supplemental SA.

Notwithstanding the potential dilutive impact on the Shares if the Notes are converted into new Shares and potential adverse effects on the price and trading volatility of the Shares arising therefrom, the T1 RCN Issuance and the Proposed T2 RCN Issuance are intended to provide the Company with funds to be utilised for the purposes as set out in Section 3.4 of this Circular.

The Board is seeking Shareholders' approval for the Proposed Ratification of T1 RCN Issuance, the Proposed T2 RCN Issuance and the subsequent conversion of the T1 Notes and T2 Notes into Conversion Shares at the Conversion Price, at the EGM.

Under the Conditions of the T1 Notes, the Company's failure to issue and allot the Conversion Shares for the T1 Notes 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. The Board would like to highlight that, in the event:

- (a) the Subscribers exercise their Conversion Right of T1 before (i) the Company obtains Shareholders' approval on the Proposed Ratification of T1 RCN Issuance, the Proposed T2 RCN Issuance, the Proposed Issuance of Maximum Conversion Shares, and the Proposed Transfer of Controlling Interest, and (ii) the SGX-ST grants the listing and quotation notice for the Maximum Conversion Shares, or

LETTER TO SHAREHOLDERS OF THE COMPANY

- (b) Shareholders do not vote in favour of the resolutions in relation to the Proposed Ratification of T1 RCN Issuance, the Proposed T2 RCN Issuance, the Proposed Issuance of Maximum Conversion Shares, and the Proposed Transfer of Controlling Interest, or
- (c) the SGX-ST does not grant the listing and quotation notice for the 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.

3.2. Salient terms of the T1 Notes and T2 Notes

The salient terms of the Notes to be issued pursuant to the T1 RCN Issuance and Proposed T2 RCN Issuance are as follows:

- Issue Size : (a) T1 of S\$2.5 million comprising one (1) sub-tranche of S\$2.5 million; and
(b) T2 of S\$2.5 million comprising five (5) equal sub-tranches of S\$500,000 each.

The Subscribers agreed to subscribe ST01 of T2 on the date falling five (5) Business Days immediately following the fulfilment of the last of the T2 Conditions Precedent (defined herein).

- Notes Issue price (the “**Notes Issue Price**”) : In relation to each sub-tranche of the relevant Tranche, the amount equivalent to 100% of the principal amount of the Notes for such sub-tranche.

- T1 & T2 Maturity Date (“**T1 & T2 Maturity Date**”) : 12 months (1 year) from the Closing Date of T1.

- Method of issue : The Notes will be privately placed to and purchased by the Subscribers. No offering circular or information memorandum will be issued by the Company for the Proposed RCN Issuance.

- Interest : 5.0% interest per annum, payable in cash quarterly in arrears on 31 March, 30 June, 30 September and 31 December in each calendar year.

Each Note shall cease to bear interest on (a) conversion into Shares; or (b) the date of redemption of such Notes; or (c) on T1 & T2 Maturity Date.

LETTER TO SHAREHOLDERS OF THE COMPANY

Issue and subscription : The subscription of T1 is dependent on the fulfilment of the date of T1 Notes T1 Conditions Precedent (defined herein).

Once fulfilled, the Subscribers are obliged to subscribe for T1 on the date falling five (5) Business Days immediately after the last of the T1 Conditions Precedent are fulfilled or such other date as the Company and the Subscribers may agree in writing.

Issue and subscription : The subscription of the ST01 of T2 is dependent on the date of T2 Notes fulfilment of the T2 Conditions Precedent (defined herein).

Once fulfilled, the Subscribers are obliged to subscribe for ST01 of T2 on the date falling five (5) Business Days immediately after the last of the T2 Conditions Precedent are fulfilled or such other date as the Company and the Subscribers may agree in writing.

The Subscribers' obligation to subscribe for ST02 to ST05 of T2 Notes shall be subject to terms and conditions of the Subscription Agreement.

Concurrent : In respect of ST02 to ST05 of T2, at any time prior to full Subscription conversion of the preceding sub-tranche,

(a) the Subscribers shall be entitled (at its sole election) to subscribe for one (1) or more sub-tranches in T2 even though the preceding sub-tranche(s) of T2 have yet to be converted; and

(b) the Company shall be obliged to issue such sub-tranche(s) on or before the 5th Business Day from the date of such written request issued by the Subscribers (or such other date as the Company and the Subscribers may agree in writing), such date being the Closing Date of such subsequent sub-tranche.

Allocation of the Notes : The Subscribers (or the Subscribers' agents) have the right to amongst Subscribers jointly issue an allocation notice to the Company informing the Company of the allocation of the Notes in such sub-tranche subscribed for by the Subscribers.

Specific Shareholders' : The allotment and issue of the Maximum Conversion Shares Approval arising therefrom upon the exercise of the Conversion Right by the Subscribers will be subject to the approval of the Shareholders at the EGM.

Conversion : Subject to and against compliance of the relevant Conditions under the Subscription Agreement:

LETTER TO SHAREHOLDERS OF THE COMPANY

- (a) Any T1 or T2 may be converted into Conversion Shares at the option of the Noteholder from the date on which it is issued up to the close of business on the day falling seven (7) calendar days before the T1 & T2 Maturity Date.
- (b) Subject always to the Maximum Conversion Shares, the number of Conversion Shares to which a Noteholder is entitled on conversion shall be determined by dividing the aggregate principal amount of the T1 or T2 to be converted by the applicable Conversion Price.
- (c) The Company will deliver the Conversion Shares to the order of the person named for that purpose in the Conversion Notice within two (2) Business Days following the Conversion Date.

Conversion Price : 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 where the Conversion Price calculated based on the foregoing formula is lower than the Minimum Conversion Price, the Minimum Conversion Price shall be the Conversion Price.

Minimum Conversion Price : S\$0.01

Conversion Shares : The Notes Issue Price divided by the Conversion Price

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 Shares, which represents approximately 50.00% of the existing issued and paid-up capital of the Company and approximately 23.56% of the Enlarged Share Capital.

Adjustments to the Maximum Conversion Shares : The Maximum Conversion Shares shall be subject to adjustments in the event of stock split and/or consolidation of the Shares (including the Share Consolidation), where such events have taken place.

Adjustments to the Conversion Price : The adjustment provisions under the Subscription Agreement are customary provisions based on prescribed formulae in the event of significant adjustments including any consolidation of Shares, rights issue, bonus issue or stock split of the Shares. The Company shall appoint an approved bank (being any

LETTER TO SHAREHOLDERS OF THE COMPANY

reputable bank, merchant bank, financial institution or holder of a capital markets services licence in Singapore that is regulated, licensed or approved by the MAS) or the auditors for the time being of the Company to determine whether the adjustment (or modification or variation, if any) is fair and reasonable. The adjustment provisions are set out in **Appendix B** to this Circular.

Save for the Share Consolidation, the Company undertakes not to carry out or cause to be carried out any corporate transactions which will result in an adjustment to the Conversion Price unless with the prior written consent of the Subscribers, which shall not be unreasonably withheld.

Default Redemption : In the event of the occurrence of any Events of Default (as defined and set out in **Appendix C** to this Circular), the Company shall, upon receipt of a notice in writing from the Noteholders ("**Relevant Notice**"), redeem the outstanding Notes in cash at 118% of the aggregate principal amount of the Notes, together with accrued interest ("**Default Redemption Amount**").

The Default Redemption Amount shall be subject to a default interest on a daily basis at the rate of 3.0% per month (the "**Default Interest**") commencing from the Business Day immediately following the date of the Relevant Notice up to and including the date on which the Noteholder receives full payment of the Default Redemption Amount together with accrued Default Interest.

Non-Default Redemption : Subject to there being no Event of Default, the Company may at any time on or before the T1 & T2 Maturity Date, redeem all or any part of the Notes which have been issued and remain outstanding at 115% of the principal amount of the outstanding Notes in cash together with all accrued interest ("**Non-Default Redemption Amount**").

Redemption in the event the Maximum Conversion Shares has been reached : In the event the Maximum Conversion Shares have been issued, the Noteholder(s) shall issue a written notice to the Company (the "**Redemption Notice**") and the Company shall redeem in cash the outstanding T1 Notes and T2 Notes that are not capable of being converted, at 115% of the principal amount of the outstanding Notes, together with all accrued interest (the "**Redemption Sum**") and pay the Redemption Sum to the Noteholder within fourteen (14) Business Days of the Company's receipt of the Redemption Notice.

LETTER TO SHAREHOLDERS OF THE COMPANY

Conversion and : The Company shall at least one (1) month prior to the
Redemption of T1 & T2 Maturity Date, issue an announcement notifying
outstanding T1 Notes Shareholders of the same and shall dispatch to all
and T2 Notes on T1 & Noteholders, a notice of the T1 & T2 Maturity Date.
T2 Maturity Date

Any remaining T1 Notes and T2 Notes which are not redeemed or purchased, converted or cancelled by the Company on or before the day falling 7 calendar days prior to the T1 & T2 Maturity Date shall be dealt with by the Company in the following manner:

- (a) Any outstanding T1 and/or T2 Notes shall be converted by the Company in accordance with the T1 & T2 Conversion Price on the T1 & T2 Maturity Date.
- (b) If the Company is unable to convert any of the outstanding T1 and/or T2 Notes at any time and from time to time because the conversion of the T1 and/or T2 will result in (A) a breach of the Maximum Conversion Shares and/or (B) the Noteholder and its concert parties (as defined under The Takeover Code) being required to make a general mandatory offer, the Noteholder shall request in writing to the Company to redeem, and the Company shall redeem, in cash the outstanding T1 and/or T2 at the Redemption Sum within 14 Business Days from the date of redemption.

Transfer of the Notes : A Note may be transferred in whole but not in part. The Noteholder shall be entitled at any time and from time to time to transfer the Note(s) registered in its name to any third party and the Company irrevocably consents to such transfer by the Noteholder. The Note may be transferred vide the agreed form set out in the Conditions.

Conditions precedent : The conditions precedent to the closing of T1 to be fulfilled by
to the closing of T1 ("**T1**
Conditions
Precedent") the Company on or before the T1 Fulfilment Date (defined herein) are briefly as follows:

- (a) the approvals of Shareholders obtained by the Company at the extraordinary general meeting of Shareholders for the invitation for subscription, or the issue of the T1 Notes and the allotment and the issue of the Conversion Shares upon the conversion of T1 Notes in and all other matters in relation thereto and in connection therewith, shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being reasonably acceptable to the

LETTER TO SHAREHOLDERS OF THE COMPANY

Subscribers, and to the extent that any such conditions are required to be fulfilled on or before the Closing Date of T1, they are fulfilled;

- (b) the Company has obtained all necessary Corporate Approvals for the Proposed RCN Issuance and the Conversion Shares arising therefrom. In addition, such Corporate Approvals shall not have been amended, withdrawn, revoked or cancelled on or before the Closing Date of T1;
- (c) all necessary Other Approvals (defined herein) relating to the Proposed RCN Issuance and the Conversion Shares arising therefrom (if any) shall have been obtained and such approvals remain valid and subsisting as at the Closing Date of T1;
- (d) all the representations, warranties, undertakings and covenants of the Company as set forth in the Subscription Agreement shall be accurate and correct in all material respects and the Company shall have performed all of its undertakings or obligations under the Subscription Agreement to be performed; and
- (e) delivery of such other approvals, documents, opinions and certificates as may be required or deemed necessary by the Subscribers in relation to the Proposed RCN Issuance.

If any of the above conditions precedent are not satisfied or waived by the Subscribers on or before the T1 Fulfilment Date, the Subscription Agreement shall *ipso facto* cease, and the Company and the Subscribers shall be released and discharged from their respective obligations, save for costs and expenses payable as provided in the Subscription Agreement, indemnity by the Company and any antecedent breaches.

T1 Fulfilment Date ("T1 Fulfilment Date") : The date falling one (1) calendar month from the date of the Subscription Agreement (or such other date as the Company and the Subscribers may agree in writing).

Conditions precedent to the closing of T2 ("T2 Conditions Precedent") : The conditions precedent to the closing of ST01 of T2 to be fulfilled by the Company on or before the T2 Fulfilment Date (defined herein) (where applicable) are briefly as follows:

- (a) the approvals of Shareholders obtained by the Company at the extraordinary general meeting of Shareholders for the invitation for subscription, or the issue, of T2 Notes

LETTER TO SHAREHOLDERS OF THE COMPANY

and the allotment and the issue of the Conversion Shares arising therefrom in and all other matters in relation thereto and in connection therewith, shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being reasonably acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date of ST01 to ST05 of T2, they are fulfilled; and

- (b) SGX-ST having granted or agreed to grant the listing of and permission to deal in the Conversion Shares in respect of the T2 Notes and such approval and permission not subsequently being revoked or withdrawn on or before the Closing Date of ST01 of T2 Notes;
- (a) the completion of the Share Consolidation by the Company;
- (b) the Corporate Approvals for the Proposed RCN Issuance and the Conversion Shares arising therefrom obtained by the Company shall not have been amended, withdrawn, revoked or cancelled prior to each subsequent Closing Date of ST01 to ST05 of T2 having been obtained in form and substance satisfactory to the Subscribers in its sole and absolute discretion and remaining valid and subsisting as at the Closing Date of ST01 of T2;
- (c) all necessary Other Approvals relating to the Proposed RCN Issuance and the Conversion Shares arising therefrom (if any) obtained by the Company shall not have been amended, withdrawn, revoked or cancelled on or prior to the Closing Date of ST01 of T2 having been obtained in form and substance satisfactory to the Subscribers in its sole and absolute discretion and remaining valid and subsisting as at each subsequent Closing Date of ST01 of T2;
- (d) all the representations, warranties, undertakings and covenants of the Company as set forth in the Subscription Agreement shall be accurate and correct in all respects and the Company shall have performed all of its undertakings or obligations under the Subscription Agreement to be performed; and

LETTER TO SHAREHOLDERS OF THE COMPANY

- (e) delivery of such other approvals, documents, opinions and certificates as may be required or deemed necessary by the Subscribers in relation to the Proposed RCN Issuance.

If any of the above T2 Conditions Precedent are not satisfied or waived by the Subscribers on or before the T2 Fulfilment Date, the Subscription Agreement shall *ipso facto* cease, and the Company and the Subscribers shall be released and discharged from their respective obligations, save for costs and expenses payable in relation to the Notes and/or Conversion Shares, indemnity by the Company and any antecedent breaches.

In respect of ST02 to ST05 of T2, the Subscribers shall only be obliged to subscribe for each respective sub-tranche of T2 if:

- (a) all the Corporate Approvals for the Proposed RCN Issuance and the Conversion Shares arising therefrom shall not have been amended, withdrawn, revoked or cancelled on or prior to each Closing Date of ST02 to ST05 of T2 and remains valid and subsisting as at each subsequent Closing Date of ST02 to ST05 of T2;
- (b) the SGX-ST's approval and permission to grant the listing of and permission to deal in the Conversion Shares of the T1 Notes and T2 Notes not subsequently being revoked or withdrawn on or before the subsequent Closing Date of ST02 to ST05 of T2;
- (c) all necessary Other Approvals relating to the Proposed RCN Issuance and the Conversion Shares arising therefrom (if any) shall not have been amended, withdrawn, revoked or cancelled on or prior to each Closing Date of ST02 to ST05 of T2 and remains valid and subsisting as at each subsequent Closing Date of ST02 to ST05 of T2; and
- (d) at each subsequent Closing Date of ST02 to ST05 of T2,
 - (i) all the representations, warranties, undertakings and covenants of the Company including the Warranties set out in this Agreement shall be accurate and correct in all respects at, and as if made on, that Closing Date; and
 - (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before that Closing Date.

LETTER TO SHAREHOLDERS OF THE COMPANY

T2 Fulfilment Date ("**T2 Fulfilment Date**") : One (1) month from the date of the Company obtaining its Shareholders' approval for the Proposed Resolutions at the EGM (or such other date as the Company and the Subscribers may agree in writing).

Authority approvals ("**Authority Approvals**") : Prior to the issue of the Notes and in any event no later than the T1 Fulfilment Date or T2 Fulfilment Date (as the case may be), the necessary approvals and/or consents of SGX-ST or any other Regulatory Authorities in respect of:

- (a) the allotment and issuance of Conversion Shares upon the exercise of the Conversion Right in respect of T1 Notes and T2 Notes, as the case may be;
- (b) the listing and quotation notice from the SGX-ST for the Conversion Shares arising from the T1 Notes and T2 Notes, as the case may be upon the exercise of the Conversion Right by the Subscribers on the Catalist; and
- (c) such other relevant approvals, in relation thereto and in connection therewith,

and in relation thereto, do all such acts and things and execute and file all such documents as may be required, and where any of such Authority Approvals are obtained, such Authority Approvals not having been amended, withdrawn, revoked, rescinded or cancelled prior to the Closing Date.

The Company will be submitting an application, through its Sponsor, to the SGX-ST for the listing of and quotation for the Conversion Shares on the Catalist in respect of the T1 Notes and T2 Notes.

The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Conversion Shares in respect of the T1 Notes and T2 Notes (as and when applicable) on the Catalist.

Corporate approvals ("**Corporate Approvals**") : Prior to the issue of the Notes and in any event no later than the T1 Fulfilment Date, the approval of the Board is obtained for:

- (a) the offer or sale, or invitation for subscription or purchase, or the issue, of the Notes on the Conditions;

LETTER TO SHAREHOLDERS OF THE COMPANY

- (b) the allotment and issue of Conversion Shares upon the exercise of the Conversion Right by the Subscribers in respect of the Notes; and
- (c) all other matters in connection therewith and in relation thereto, and to do all such acts and things and execute and file all such documents as may be required.

In relation thereto, do all such acts and things and execute and file all such documents as may be required, and where any of such Corporate Approvals are obtained, such Corporate Approvals not having been amended, withdrawn, revoked, rescinded or cancelled prior to the Closing Date.

- Other approvals (“**Other Approvals**”) : Prior to the Closing Date of each Note and in any event no later than the T1 Fulfilment Date or T2 Fulfilment Date (as the case may be), apply for and obtain all other necessary approvals, consents, and waivers from any relevant party (other than the Corporate Approvals and Authority Approvals for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscriber of the Notes, allotment and issuance of Conversion Shares upon exercise of the Conversion Right by the Subscriber in respect of the Notes.
- Administrative Fee : An administrative fee of 6% of the aggregate nominal value subscribed of each sub-tranche of the Notes is payable by the Company to ZICOAM on the Closing Date of each sub-tranche of the Notes.
- Subscriber(s) not crossing prescribed 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 Takeover Code) 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.
- Modification to Notes (including Conditions) : Any modification to the Notes (including the Conditions) requires a prior written consent from the Company, majority of the Noteholders and/or Shareholders approval (where required by law). No material alteration shall be made to the Conditions after the issue of the Notes thereof to the advantage of the Noteholders, unless made in accordance with the terms of the Subscription Agreement or first approved by the Shareholders.

LETTER TO SHAREHOLDERS OF THE COMPANY

Subscribers Ability to Terminate : The Subscribers may at its absolute discretion, by notice in writing to the Company, terminate this Agreement at any time before the Closing Date, in any of the following circumstances:

- (a) there shall have come to the notice of the Subscribers any breach of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties, undertakings and covenants set forth in the Subscription Agreement including any of the warranties or the failure to perform any of the Company's representations, warranties, undertakings, covenants or obligations set forth in the Subscription Agreement in any material respect; or
- (b) if any of the conditions precedent has not been satisfied to the reasonable satisfaction of the Subscribers; or
- (c) non-fulfilment of the completion obligations, T1 Conditions Precedent or T2 Conditions Precedent pursuant to the terms set out in the Subscription Agreement; or
- (d) if:
 - (i) there shall have been any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, or affecting the properties, of the Company or any of its Subsidiaries, taken as a whole to perform its obligations under the Subscription Agreement and the conditions of the Notes; or
 - (ii) there shall have been an imposition of a new legal or regulatory restriction (in each case, whether or not having the force of law but, it not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive is addressed) not in effect on the date hereof, or any change in the interpretation of existing legal or regulatory restrictions (in each case, whether or not having the force of law but, it not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive is addressed), that adversely affects the ability of the Company and/or its Subsidiaries, taken as a whole, to perform its obligations under

LETTER TO SHAREHOLDERS OF THE COMPANY

the Subscription Agreement, or the offering, sale or delivery of the Notes or the Conversion Shares which in the Subscribers' reasonable opinion would not be acceptable; or

- (e) an Event of Default has occurred in respect of any convertible securities, notes, bonds or other similar securities of the Company or any of its Subsidiaries which have been issued and outstanding and/or has materially and adversely affected the Company's ability to comply with its obligations under the Subscription Agreement; or
- (f) there shall have been a suspension, or material limitation of trading of any shares of the Company by the SGX-ST for five (5) consecutive Business Days save for trading halts made at the request of the Company for pending corporate announcement(s) or circular(s) pending clearance by SGX-ST or other regulatory or governmental bodies; or
- (g) there shall have been a delisting or an order for delisting or a threatened delisting of the Company from the SGX-ST; or
- (h) an Event of Default has occurred and is continuing; or
- (i) any of the Corporate Approvals, Authority Approvals or Other Approvals, consents or waivers obtained by the Company pursuant to the Subscription Agreement are revoked, rescinded or cancelled prior to the relevant Closing Date or, where any such approvals were obtained subject to any conditions which were required to be fulfilled on or before each Closing Date, they were not fulfilled.

Form and Denomination	:	The Notes will be issued in registered multiples of S\$10,000 and are serially numbered.
Listing	:	The Notes will not be listed on the SGX-ST.
Subscriber's Agent	:	During the subsistence of the Subscription Agreement as long as the Company's obligations remain outstanding under the Agreement, the Subscriber shall be entitled to by delivering a written notice to the Company (" Authorisation Notice "), appoint any authorised agent to act for and on behalf of each of the Subscribers respectively in respect of all its rights, obligations and entitlements set out under the Subscription

LETTER TO SHAREHOLDERS OF THE COMPANY

Agreement with effect from the date set out in the Authorisation Notice.

Governing Law : The Notes will be governed by the laws of Singapore.

The terms of the T1 Notes and T2 Notes have been arrived at between the Company and the Subscribers, taking into consideration the working capital requirements of the Group, prevailing interest rate environment and general market conditions.

3.3. Information on the Subscribers

Shareholders should note that information relating to the Subscribers in this section and elsewhere in this Circular was provided by the Subscribers. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

AOF VCC

AOF VCC (UEN: T22VC0307) is an umbrella variable capital company incorporated in Singapore under the VCC Act acting for and on behalf of and for the account of AOF Singapore Opportunities Fund (Sub-Fund No.: T22VC0307-SF005). AOF Singapore Opportunities Fund is a sub-fund set up under AOF VCC.

Mr. Tan, Mr. Lim Khoon Siong and Mr. Lin Kuan Liang, Nicolas ("**Mr. Lin**") are the directors of AOF VCC. Mr. Tan is also the holder of the sole management share of AOF VCC. The assets and liabilities of AOF VCC have been segregated in accordance with Section 29 of the VCC Act. AOF VCC has appointed ZICOAM to serve as the discretionary investment manager of all its investments. ZICOAM holds a capital markets services licence to conduct fund management activities regulated under the SFA by the MAS.

AOF I

AOF I is an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands in 2016. AOF I is structured as a regulated mutual fund for the purposes of the mutual funds law of the Cayman Islands and is registered with the Cayman Islands Monetary Authority. As AOF I is a collective investment scheme which offers its participating shares to accredited investors in Singapore, AOF I is registered as a restricted foreign scheme with the MAS. Mr. Lin and Mr. Tan are directors of AOF I and Mr. Tan is the holder of the sole management share of AOF I. AOF I has appointed ZICOAM to serve as the discretionary investment manager of all of its investments.

The Subscribers have prior to the entry into the Subscription Agreement, entered into other subscription agreements in regard to subscription of convertible instruments with other listed companies listed in the Asia-Pacific region.

The Company was looking to raise funds to, *inter alia*, fund the Proposed Acquisition, raise general working capital and strengthen its balance sheet amongst others, and was introduced to Mr. Tan. Subsequent to the introduction, the Company decided to enter into the Subscription Agreement with the Subscribers.

LETTER TO SHAREHOLDERS OF THE COMPANY

As at the Latest Practicable Date, the Subscribers do not hold any Shares.

The Subscribers have no business dealings with the Company other than the T1 RCN Issuance and Proposed T2 RCN Issuance. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers and their respective directors or substantial shareholders or associates are not related to any of the Directors, Substantial Shareholders of the Company or their respective associates and there is no connection (including any business relationships) between the Directors or Substantial Shareholders of the Company and each of the Subscribers and their respective directors or substantial shareholders or associates. The Subscribers are subscribing for the Notes solely for investment purposes only. The Subscribers do not fall within any of the prohibited categories set out in Rule 812 of the Catalist Rules to whom the Company is prohibited from issuing the Notes.

None of the directors and shareholders and their respective associates of each of AOF VCC and AOF I are directly or indirectly related to any of the Directors and/or Substantial Shareholders of the Company and their respective associates.

The offer for subscription of the Notes is made under the provisions of Section 272B of the SFA.

3.4. Use of RCN Net Proceeds

The Company intends to raise up to S\$5,000,000 in gross proceeds from the Proposed RCN Issuance.

The net proceeds, after deducting the estimated fees and expenses in connection with the Proposed RCN Issuance, will be approximately S\$[4.7 million] (the "**RCN Net Proceeds**").

The Company intends to use the RCN Net Proceeds in the following manner, as the Directors may deem fit, in the interests of the Company:

Use of RCN Net Proceeds	Approximate Allocation	% of RCN Net Proceeds
Bridging Loan ⁽¹⁾	S\$2,000,000	40.0
General working capital	S\$2,000,000	40.0
Future expansion plans and investments	S\$1,000,000	20.0
Total	S\$5,000,000	100.0

Note:

- (1) The Company has on 31 October 2023 issued and the Subscribers have subscribed for T1 in an aggregate-nominal amount of S\$2.5 million. Of the S\$2.5 million proceeds received by the Company, S\$2.0 million has been lent to the Vendors pursuant to the Bridging Loan, whilst the rest has been utilised for working capital of the Company.

LETTER TO SHAREHOLDERS OF THE COMPANY

Pursuant to the entry into the Supplemental SPA, the Bridging Loan amounting to S\$2.0 million which has been lent to the Vendors will continue to be deemed as part consideration of the Cash Consideration payable by the Company to the Vendors as per the commercial terms of the Proposed Acquisition under the SPA.

The Company will make periodic announcements on the utilisation of the RCN Net Proceeds and specific details of the use of the RCN Net Proceeds from the Proposed RCN Issuance as and when they are materially disbursed and provide a status report on the use of the RCN Net Proceeds in its interim and full-year financial statements issued under the Catalist Rules and the Company's annual report. Where the RCN Net Proceeds have been used for general working capital purposes, the Company will also provide a breakdown with specific details on the use of such net proceeds in the announcements and status reports. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation when such funds are materially disbursed.

Pending the deployment of the RCN Net Proceeds, such RCN Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.

The Directors are of the opinion that taking into consideration the Group's present bank facilities, internal resources and operating cash flows and the funds required for the Proposed Acquisition, the working capital available to the Group is not sufficient to meet its present requirements. However, after taking into consideration the Group's present bank facilities, internal resources and operating cash flows and the RCN Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements, as well as to fund the Proposed Acquisition.

3.5. Rationale for the Proposed Ratification of T1 RCN Issuance and Proposed T2 RCN issuance

The Company has already issued, and the Subscriber has already subscribed, the T1 Notes on 31 October 2023. In the absence of the Proposed Ratification of T1 RCN Issuance, the T1 Notes will immediately be repayable in cash.

The Group recorded negative working capital of S\$3.7 million (unaudited) and a net liability position of S\$7.5 million (unaudited) as at 31 December 2023, and had incurred losses of S\$4.2 million (unaudited) for FY2023. The Proposed T2 RCN issuance will enable the Company to strengthen its balance sheet, shore up liquidity, and fund the diversification of its Existing Business by way of, amongst others, acquisitions of other profitable business including but not limited to the Proposed Acquisition, which would enable the Company to further improve its financial performance and position in the near future.

The Proposed T2 RCN issuance will also allow the Company to increase its market capitalisation, and be better positioned to capture additional investor interest and consequently, improve the trading liquidity of its Shares.

For the aforesaid reasons, the Board believes that Shareholders should vote in favour of the Proposed Ratification of T1 RCN Issuance and Proposed T2 RCN Issuance as they are in the best interests of the Company.

LETTER TO SHAREHOLDERS OF THE COMPANY

3.6. Pro forma financial effects of the T1 RCN Issuance and Proposed T2 RCN Issuance

3.6.1. Pro forma financial effects of the T1 RCN Issuance and Proposed T2 RCN Issuance

Shareholders should note that as at the Latest Practicable Date, the actual T1 & T2 Conversion Price is not ascertainable as it is dependent on the future market prices of the Shares during the relevant period of conversion. The Company also has the discretion not to issue the T2 Notes. Accordingly, the total principal amount of Notes to be issued is also not determinable as at the date of this Circular.

The Subscribers are subscribing the Notes for investment purposes only and have no intention of influencing the management of, or exercising control over, the Company. However, assuming the T1 Notes and T2 Notes are issued and fully converted, the maximum number of 171,722,656 Conversion Shares will be issued, which represents approximately 23.56% of the Enlarged Share Capital, thereby resulting in a transfer in Controlling Interest to the Subscribers. Please see further details in Section 4 below for more information on the Proposed Transfer of Controlling Interest in the Company to the Subscribers.

The *pro forma* financial effects pursuant to the T1 RCN Issuance and Proposed T2 RCN Issuance on the Group's NTA/NTL and EPS/LPS are prepared solely for illustrative purposes only, and are based on the following assumptions:

- (a) the latest audited consolidated financial statements of the Group for FY2022 and the latest unaudited consolidated financial statements of the Group for FY2023;
- (b) the full conversion (and no cash redemption by the Company) of the T1 Notes and T2 Notes, amounting to an aggregate principal amount of S\$5.0 million into the T1 Conversion Shares and T2 Conversion Shares, based on the Maximum Conversion Shares; and
- (c) the financial effects exclude any accrued interest arising from the Bridging Loan granted by the Company to the Vendors in respect of the Proposed Acquisition, and the Notes.

Audited as at 31 December 2022	Before the Proposed RCN Issuance	After the issuance of T2 and full conversion of the T1 Notes and T2 Notes into the Maximum Conversion Shares
(NTL)/NTA attributable to the owners of the Company (S\$'000)	(4,857) ⁽¹⁾	143
Number of Shares ('000)	22,324,126	515,168 ⁽²⁾
(NTL)/NTA per Share (S\$ cents)	(0.02)	0.028
EPS for FY2022 (S\$ cents)	0.0001	0.0045

LETTER TO SHAREHOLDERS OF THE COMPANY

Unaudited as at 31 December 2023	Before the Proposed RCN Issuance	After the issuance of T2 and full conversion of the T1 Notes and T2 Notes into the Maximum Conversion Shares
(NTL)/NTA attributable to the owners of the Company (S\$'000)	(7,484) ⁽¹⁾	(2,484)
Number of Shares ('000)	22,324,126	515,168 ⁽²⁾
(NTL)/NTA per Share (S\$ cents)	(0.03)	(0.48)
LPS for FY2023 (S\$ cents)	(0.02)	(0.83)

Notes:

- (1) NTA is based on the net assets attributable to owners of the Company less intangible assets of the Company.
- (2) The above *pro forma* financial effects computation has accounted for the issuance and full conversion of the T1 Notes and T2 Notes into the Maximum Conversion Shares. The total number of Shares includes (i) the existing 343,445,313 Shares; and (ii) the Maximum Conversion Shares being 171,722,656 Conversion Shares.

For the avoidance of doubt, Shareholders should note that nothing in this Circular may be treated as a representation by the Company as to the trading price of the Shares on the SGX-ST during the term of the Notes, any time after the conversion of such Notes, or for any other period of time.

3.6.2. Public float

As at the Latest Practicable Date, the percentage of the issued and paid-up share capital of the Company being held in public hands is approximately 26.48%.

The Subscribers shall not be entitled to exercise its Conversion Right unless written consent of the Company have been obtained in the event the number of Conversion Shares to be issued pursuant to a single exercise of its Conversion Right, when aggregated together with any existing Shares held by the Subscribers, would exceed 15.0% of the then enlarged share capital of the Company. For illustrative purposes only, assuming the Subscribers' equity stake in the Company increases to 14.99% of the Enlarged Share Capital, and there are no changes in shareholdings held by the remaining Shareholders in the Company, the percentage of the issued and paid-up share capital of the Company being held in public hands will amount to approximately 12% of the Enlarged Share Capital of the Company. For the avoidance of doubt, the Enlarged Share Capital for the purposes of computing the illustrative public float includes

LETTER TO SHAREHOLDERS OF THE COMPANY

the Consideration Shares, Introducer Shares, ZICAP Success Shares and ILAW Success Shares, and has assumed the increase of the Subscribers' equity stake in the Company arising from the issuance of the Conversion Shares up to a limit of no more than 14.99% of such Enlarged Share Capital.

In determining whether to give consent, the Company will take into consideration the Group's plans and strategies and the Subscribers' intentions for the Group and such consent, and the resultant transfer in controlling interest, is subject to Shareholders' approval at an extraordinary general meeting.

For the purposes of this paragraph, "**public**" means persons other than: (i) Directors, CEO or Substantial Shareholders or Controlling Shareholders of the Company and its subsidiary companies; and (ii) associates of the persons stated in (i) above.

3.6.3. Accounting treatment of the T1 RCN Issuance and Proposed T2 RCN Issuance

In accordance with the Singapore Financial Reporting Standards (International), the issue of the Notes pursuant to the T1 RCN Issuance and Proposed T2 RCN Issuance by the Company will be recorded in the accounts of the Company as financial liabilities measured at fair value through profit or loss. Costs arising from or incidental to the issue of Notes are charged to the profit and loss statement on an accrual basis. If and when the Notes are converted to Conversion Shares, the principal amount of Notes converted will be added to the Company's shareholders funds.

4. THE PROPOSED TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Under the Catalist Rules, a Controlling Shareholder is a person who directly or indirectly holds 15% or more of the nominal amount of all voting shares in the Company, or a person who in fact exercises control over the Company.

As at the Latest Practicable Date, the Subscribers do not hold any Shares.

For illustrative purpose, assuming (i) the T2 Notes are issued; (ii) the Subscribers exercise their Conversion Right of all T1 Notes and T2 Notes; and (iii) the Company issues the Maximum Conversion Shares to the Subscribers, the Subscribers' shareholding shall increase from nil to 23.56% of the total Enlarged Share Capital. Accordingly, a Controlling Interest may potentially be transferred to the Subscribers arising from the allotment and issue of the Maximum Conversion Shares.

In view of the abovementioned, the Company is seeking Shareholders' approval at the EGM for the Proposed Transfer of Controlling Interest in accordance with Rule 803 of the Catalist Rules.

Shareholders should note that the Subscribers does not become a Controlling Shareholder upon the passing of the resolution for the Proposed Transfer of Controlling Interest. The Subscribers will only become a Controlling Shareholder when their shareholding interest increases to 15% or more of the issued and paid-up share capital of the Company then, at the point of allotment and issuance of the Conversion Shares to the Subscribers. The

LETTER TO SHAREHOLDERS OF THE COMPANY

abovementioned scenario is theoretical as the Subscribers may exercise their Conversion Rights in tranches and may dispose Conversion Shares that they receive prior to exercising of further Conversion Rights.

5. THE PROPOSED DIVERSIFICATION

Shareholders should note that information relating to the Target Group and Vendors in this section and elsewhere in this Circular was provided by the Vendors. The Company and the Directors have not independently verified the information herein and therefore assume no responsibility on their accuracy and correctness.

5.1. Introduction

As at the Latest Practicable Date, the Group is primarily engaged in the manufacturing of automated equipment for the encapsulation in semiconductors (“**Existing Business**”). Notwithstanding the Proposed Acquisition and the Proposed Diversification, the Company will continue to operate as a going concern.

Upon completion of the Proposed Acquisition, the Company will enter into an additional and new line of business with a different revenue stream and business activities. The core business of the Target Group is aquaculture activities, which differs significantly from the Group’s Existing Business. Accordingly, the Proposed Acquisition will result in a change in the Group’s overall risk profile, and the Board is proposing to seek Shareholders’ approval for the Proposed Diversification, which will arise from the Proposed Acquisition.

Shareholders should refer to Section 2 of this Circular for further details on the Proposed Acquisition and the Target Group.

5.2. Information in relation to the Proposed New Business

As at the Latest Practicable Date, the Target Group is principally involved in the management and operations of, and the technology licensing of operational know-how and expertise to, aquaculture farms.

Subject to the Shareholders’ approval being obtained for, *inter alia*, the Proposed Acquisition and the Proposed Diversification, and upon Completion of the Proposed Acquisition, the Group intends to expand its offerings to become a one-stop solution provider in the aquaculture industry. These expanded offerings include:

- (a) technical and management consulting for aquaculture activities, whereby the Target Group will earn management and/or royalty fees based on an agreed percentage of sales and/or earnings of such aquaculture activities undertaken by the relevant project companies;
- (b) the investment in and/or leasing of properties, plant and equipment and related infrastructure in connection with aquaculture activities;
- (c) the management and administration of aquaculture operations (third party and/or self-owned farms), whereby the Group may be entitled to, in addition to the

LETTER TO SHAREHOLDERS OF THE COMPANY

aforementioned management and/or royalty fees, equity stakes in the relevant project companies undertaking the aquaculture operations; and

- (d) any upstream and downstream aquaculture activities including but not limited to the preparation, processing packaging and distribution of seafood products, as well as sales, marketing, and cold chain distribution and logistics,

(collectively, the “**Proposed New Business**”).

As at the Latest Practicable Date, the Target Group manages aquaculture farms in Sumbawa Regency, Nusa Tenggara Barat Province and has entered into operational management contracts to establish and manage aquaculture farms in the State of Airai, Republic of Palau and State of Selangor Darul Ehsan, Malaysia. As at the Latest Practicable Date, LSO BVI has entered into the following key operational agreements:

- (i) an operational management agreement dated 15 April 2024 between LSO BVI and LTCP, whereby LSO BVI will assist LTCP to establish and operate an aquaculture facility in the State of Selangor Darul Ehsan, Malaysia, for the operation of an aquaculture business to culture, farm and sell aquaculture products. LSO BVI also entered into a licensing agreement with LTCP dated 17 November 2023, whereby LSO BVI will grant LTCP a non-exclusive licence to use, apply or implement the Subject IP. The consideration for the grant of licence in respect of the Subject IP was to be fully satisfied by the issuance of new shares equivalent to an equity percentage of no less than 6.67% in the capital of LTCP, to LSO BVI. As at the Latest Practicable Date, the aforementioned new shares in LTCP had been issued to LSO BVI; and
- (ii) an operational management agreement dated 12 January 2024 between LSO BVI and Palau Agriculture & Aquatic Resources, Inc. (“**PAAR**”), whereby LSO BVI will assist PAAR to establish and manage a facility in the Republic of Palau for the operation of an aquaculture business. LSO BVI also entered into a licensing agreement with PAAR dated 12 January 2024, whereby LSO BVI will grant PAAR a non-exclusive licence to use, apply or implement the Subject IP. The consideration for the grant of licence in respect of the Subject IP is to be fully satisfied by the issuance of new shares equivalent to an equity percentage of no less than 50.0% in the capital of PAAR, to LSO BVI. As at the Latest Practicable Date, the aforementioned new shares in PAAR had not been issued to LSO BVI, and is pending among other things, satisfaction of the conditions under the agreement.

The Company presently has no expertise in the Proposed New Business. One of the Vendors, Mr. Lim Chen Chong, and the CEO of the Target and LSO BVI, Mr. Peter Fleming, have had an established track record in investing, building, operating and/or managing shrimp farms globally. The Company will leverage on their expertise and capabilities to ensure the smooth operation and to achieve the desired business outcomes of the Proposed New Business.

Mr. Lim Chen Chong is the Proposed New Director – please refer to Section 6.1 of this Circular for more information on his background and profile.

Mr. Peter Fleming, the CEO of the Target and LSO BVI, has over 40 years of experience in finance and consultancy roles, across a range of industries such as automobile, oil and gas,

LETTER TO SHAREHOLDERS OF THE COMPANY

technology and aquaculture. He started his career in the oil and gas sector with Schlumberger Asia Pacific, Singapore in 1982, and over the years advanced to senior roles, overseeing financial operations. In 1994, he transitioned to General Motors Asia Pacific, Singapore where he led served as project director for a regional finance re-engineering project. He was then promoted to director in charge of processes and systems for the entire Asia Pacific administrative functions. In 2001, he joined Cap Gemini Ernst & Young Consulting in Singapore as Vice President, where he led its Asia Pacific automotive practice. In 2002, he left Cap Gemini Ernst & Young Consulting and established a consulting and training business, where he was the lead consultant, trainer and coach, catering to clients across Asia. He was group chief financial officer of Deskera Holdings, an enterprise resource planning software and related cloud technology solutions firm, leading the overall finance functions from 2014 to 2020. Prior to formally joining LSO BVI, Mr. Peter Fleming has also been involved in the then LSO group of companies in an advisory capacity, providing administrative and finance related functions and operational support on an ad-hoc basis since LSO BVI commenced business. In July 2023, Mr. Peter Fleming was appointed the CEO of the Target and LSO BVI. Mr. Peter Fleming is a Fellow of the Chartered Institute of Management Accountants.

Upon Completion, the Group will enter into an employment agreement with Mr. Peter Fleming, being CEO of the Target and LSO BVI.

5.3. Rationale for the Proposed Diversification

The Proposed Diversification is consequential to the Proposed Acquisition and will enable the Company to enjoy the tailwinds of the aquaculture industry and enhance the investment profile of the Shares, as detailed under Section 2.3 of this Circular.

5.4. Funding for the Proposed New Business

The Board may explore various funding avenues to fund capital expenditure which may be required for the operation and expansion of the Proposed New Business in the future, including but not limited to the Group's internal resources and bank borrowings. In doing so, the Directors will determine the optimal mix of internal funding and bank and/or third-party borrowing, taking into account the cash flow of the Group and the prevailing bank and/or third-party financing costs.

As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments. Any such proposal shall, where applicable, be subject to Shareholders' approval.

5.5. Risk factors associated with the Proposed New Business

The Group could be affected by new risks relating to the Proposed Diversification. Risks may arise from, *inter alia*, economic, business, market and political factors. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

LETTER TO SHAREHOLDERS OF THE COMPANY

To the best of the Directors' knowledge and belief, all the risk factors that are material to the Shareholders in making an informed decision on the Proposed Diversification are set out below. The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Company or are currently not deemed to be material. If any of the considerations and uncertainties described below develop into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Diversification.

Risks related to the Proposed Diversification

(a) *The Group does not have a proven track record in carrying out the Proposed New Business*

The Group does not have a prior established track record in carrying out or implementing the Proposed New Business. There is no assurance that the Proposed New Business will be commercially successful or that post completion of the Proposed Acquisition, the Enlarged Group will be able to derive sufficient revenue to offset the investment, financing or operating costs arising from the Proposed New Business. The Proposed New Business will require capital commitments and may expose the Enlarged Group to unforeseen liabilities or risks associated with its entry to new markets or new businesses. There is no certainty that the Enlarged Group will be able to manage the operating know-how (including the management and administration of aquaculture projects across specific geographies) of the Proposed New Business effectively, and the implementation of the Proposed New Business may not be profitable nor is there certainty the Proposed New Business will generate a return on invested capital above its cost of capital.

The Proposed New Business will also result in the Enlarged Group incurring additional costs, including financial costs of setting up new operations (including hiring individuals with the relevant track record and experience in the field, setting up of sales and marketing functions), capital investments (including capital expenditures in relating to the setting up of farming ponds, processing plants and other supporting infrastructure and systems) and maintaining working capital requirements. If the Enlarged Group does not derive sufficient revenue from or does not manage the costs of the Proposed New Business effectively, the overall financial position and profitability of the Enlarged Group may be adversely affected.

The Proposed New Business does not guarantee the Enlarged Group will be profitable in future or that it will achieve profitability that justifies the investments made. The Target Group could require additional funding and cash resources, which may lead to potential dilutive issuances of equity securities of the Company, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Enlarged Group.

LETTER TO SHAREHOLDERS OF THE COMPANY

(b) *The Enlarged Group may not have the ability or sufficient expertise to execute and integrate the Proposed New Business*

Post completion of the Proposed Acquisition, the Enlarged Group's ability to successfully venture into the Proposed New Business is dependent upon its ability to acquire the knowledge and expertise relevant to the industry and to understand and navigate the Proposed New Business, as well as to successfully integrate the Proposed New Business into the Enlarged Group. Notwithstanding the availability of certain expertise and human resources in the fields required by the Proposed New Business, there is no assurance that (i) the Group's existing employees may be able to implement and manage the Proposed New Business by acquiring the relevant skills and knowledge in a timely manner; (ii) the Target Group's partners/clients (being the farm and project owners) will be able to hire suitable local farmers for the Target Group to leverage on in its operations/management of such farms and projects; and (iii) the Enlarged Group is able to effectively transfer the necessary operational know-how and expertise to such local farmers and engage suitable and experienced local consultants and/or partners with the necessary expertise and domain knowledge to co-manage its aquaculture projects. The Enlarged Group may from time to time, appoint third party professionals, third party contractors and/or foster partnerships with various third parties to assist it in undertaking the Proposed New Business more effectively and efficiently. However, there is no assurance that these third-party professionals and/or contractors will be able to execute the business plans successfully and/or that these partnerships will be successful. Whilst the Company intends to expend necessary resources, including the setting up of a management committee (please refer to Section 6.1 for further details) to integrate the various administrative and corporate functions, as well as internal controls systems, processes and frameworks of the Proposed New Business into the Enlarged Group, there is no assurance that such efforts can be carried out effectively and/or efficiently. As such, the Enlarged Group may not be able to successfully implement and/or integrate the Proposed New Business, and this may adversely affect the Enlarged Group's financial performance, financial position, growth prospects, business operations and profitability.

(c) *The fair market value of 100% equity interest in the Target as at the Valuation Date is subject to various key assumptions, which if subsequently do not materialise, may result in significant and unexpected changes to such Fair Market Value*

The valuation exercise conducted by the Independent Valuer is heavily dependent on assumptions of the future business of the Target as well as the political and economic conditions which the Target Group operate in. These assumptions and considerations are necessarily subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Group. In the event these assumptions and considerations do not materialise in future, the prevailing fair market value of 100% of the equity interest in the Target will differ from the value set out in the Valuation Report.

LETTER TO SHAREHOLDERS OF THE COMPANY

(d) *The Enlarged Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances*

As the Target Group's business model involves entering into operational management agreements with partners/clients to jointly operate and manage aquaculture farms, the Group's expansion into the Proposed New Business will likely involve joint ventures or strategic alliances with third parties. There is no assurance that such joint ventures or strategic alliances or the joint management of such enterprises will be successful. Participation in joint ventures, strategic alliances or other investment opportunities involves numerous risks, including loss of capital or other investments deployed in such ventures, alliances or opportunities, or inability to reach an agreement on key business decisions among the key personnel within the joint venture or strategic alliance, or inability to fulfil certain committed capital, operational or legal obligations. In the event that post completion of the Proposed Acquisition, the Enlarged Group is not able to successfully manage such joint ventures or management or strategic alliances with various third parties, the Enlarged Group's financial performance, business operations, liquidity and profitability will be adversely affected.

(e) *The Proposed New Business is reliant on certain key personnel*

The Enlarged Group's business performance and prospects depend significantly on the experience, abilities, competency and continuous leadership and contribution of Mr. Lim Chen Chong (as the Proposed New Director) and Mr. Peter Fleming (as the CEO of the Target and LSO BVI). Please see Sections 6.1 and 5.2 of this Circular for their respective background and profile.

Whilst the Target Group is, in anticipation of Completion and to support the pursuit of its future growth plans and business strategies, seeking to strengthen its corporate and management team by hiring suitable executives, the loss of Mr. Lim Chen Chong and/or Mr. Peter Fleming (whether as a result of the Group's termination or their resignation) without suitable or timely replacement could materially and adversely affect the Target Group's future plans, growth prospects, business operations and financial performance.

(f) *Goodwill may arise and the impairment of goodwill may materially affect the financials of the Enlarged Group*

Goodwill may arise from the Proposed Acquisition. Any impairment of goodwill in subsequent financial periods may materially affect the income statement and financial position of the Enlarged Group. Upon Completion, the Proposed Acquisition may result in goodwill being recognised in the financial statements of the Enlarged Group for the subsequent financial periods. The goodwill represents an excess of the consideration transferred from the Proposed Acquisition over the fair values of the net identifiable assets and liabilities. The actual goodwill will be determined and accounted for based on the accounting policies of the Enlarged Group. The accounting policies also require the goodwill to be tested for impairment on an annual basis or more frequently if there is indication of impairment. The assessment may lead to an impairment charge to be recorded in the income statements of the Enlarged Group in subsequent financial

LETTER TO SHAREHOLDERS OF THE COMPANY

periods, which could adversely affect the profits, and financial performance and position of the Enlarged Group.

Risks relating to the Proposed New Business

- (a) ***The Target Group's business and operations are subject to governmental and regulatory requirements and risks of revocation or non-renewal of certifications, licences and permits***

The conduct of aquaculture generally requires license and permits by local government authorities. The project owners whom the Target Group collaborates with are responsible for procuring and maintaining certain of these licences and permits.

These licences and permits are generally subject to a variety of conditions which are stipulated within the licences and permits themselves, or under the particular legislation and/or regulations governing the issuing authorities. The continuation of these licences and permits may be subject to annual examinations and/or random inspections by the relevant authorities to ensure that the project premises comply with all relevant regulations of the issuing authority.

Any breach or material non-compliance with the regulations of the issuing authorities may result in suspension, withdrawal or termination of the relevant licences and permits, financial penalties or cessation of the project operations.

There is no certainty that license and permit holders whom the Target Group collaborates with will be able to renew all necessary licences and permits in the future or that they will not be subject to suspension, withdrawal or termination of their licences and permits, despite their best efforts to maintain high standards, and any loss of, or a failure to secure renewal of, a required licence or permit or a failure to comply with regulatory changes, could materially and adversely affect the Target Group's operations, financial performance, growth prospects and results of operations.

- (b) ***The Target Group's operations are dependent on availability and fluctuating market prices of supplies and raw materials***

The operations of the Proposed New Business is dependent on consistent availability and competitive prices of quality supplies and raw materials which range from marine produce such as shrimps and cephalopods, aquaculture related products such as post-larvae, shrimp feed, chemicals and probiotics used in aquaculture shrimp farming, to packing materials for seafood processing operations. The Target Group may experience certain shortages, disruptions and/or delay in supplies and materials due to unforeseen circumstances in the market or competitive pressures.

The Target Group's suppliers may not be able to provide it with adequate or consistent supplies and materials that meet its strict quality specifications and freshness requirements at competitive prices. There can be no assurance that the Target Group will be able to consistently source for its seafood or marine supplies and materials at the specified quality and quantity required and at competitive prices. Any prolonged

LETTER TO SHAREHOLDERS OF THE COMPANY

delay or disruption in the availability of supplies and materials will have a negative impact on the Target Group's operations, financial position and profitability.

(c) *The Target Group may face adverse consequences in the event of failure to ensure food safety and compliance with food safety standards*

The Proposed New Business may involve selling frozen processed seafood for human consumption and as such, any occurrence of food safety issues, whether actual or perceived, may lead to a negative impact on the Target Group's reputation, as well as demand for the Target Group's products in the markets that it serves. Seafood processing activities are exposed to the risk of contamination, which may arise due to a number of reasons which include but are not limited to poor processing hygiene or weak access controls in the processing plants, improper handling or cross-contamination by suppliers, intermediaries or consumers, and inappropriate storage or packing conditions. Inadvertent shipment of contaminated products may result in adverse publicity, product liability or legal claims, product recall and/or penalties, which may include suspension of the Target Group's operations by the relevant authorities and cancellation of future orders from its customers.

(d) *The aquaculture farms which the Target Group operate and/or manage are vulnerable to diseases and biological hazard infections*

The Target Group's aquaculture farming operations are environmentally sensitive, and are highly susceptible to diseases or biological hazards infecting its biological stocks. During the first two (2) months of the shrimp farming process, the post-larvae are most vulnerable to diseases and biological infections. Some examples of these diseases include White Spot Syndrome Virus, Infectious Myonecrosis Virus, and Early Mortality Syndrome, all of which are highly lethal and contagious, which could lead to outbreaks that can lower or wipe out pond yields.

The Target Group has not experienced any severe disruptions to its shrimp farming operations due to diseases and biological infections that materially affected its performance. The Group will take regular and active preventive steps and biosecurity measures such as performing (i) several types of virus test on post larvae before introducing them into the farms, (ii) active monitoring of its farming ponds, (iii) daily testing of water quality to ensure they are within the prescribed parameters, (iv) regular disinfection of equipment to avoid introduction of pathogens from external environment, and (v) sourcing for disease-resistant post-larvae. Notwithstanding the implementation of such measures, there can be no assurance that there would be no onset of severe diseases or biological infections, or pond contamination which may have a significant and adverse impact on the Target Group's aquaculture operations in the future. Any outbreak of such diseases or biological infections will result in a negative impact on the pond yields, and will result in an adverse impact to the Target Group's liquidity, financial position and profitability.

LETTER TO SHAREHOLDERS OF THE COMPANY

(e) *The Target Group is subject to risk of disruptions to its operations*

The aquaculture farming and seafood processing operations which the Target Group manages/operates and/or may manage/operate in future can be disrupted by various factors including but not limited to natural disasters such as fires, floods and severe weather conditions, power failures, unexpected breakdown or malfunction of machinery and equipment, occupational safety and health issues, viral outbreaks industrial accidents and labour disputes.

Many of these disruptions are beyond the Target Group's control and their occurrence (albeit possible to mitigate with putting precautionary measures in place) can have a material adverse impact on the Target Group's financial return from its operations, reputation, liquidity, and business and financial performance.

(f) *The Target Group may be exposed to risk of loss and potential liabilities relating to the Proposed New Business that may not be covered by insurance.*

While the Target Group will, where appropriate, obtain insurance policies to cover losses for the Proposed New Business, including livestock mortality insurance, the insurance obtained may not be sufficient to cover the Target Group's exposure to all potential business and financial losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damages not covered by insurance policies or are in excess of the insured amount would affect the Target Group's profitability. The Target Group may also have to commit additional resources to meet the uninsured losses, which would also adversely affect the financial performance and liquidity of the Target Group in respect of the Proposed New Business.

(g) *Competition from other frozen seafood producers*

The Target Group's clients being the farm owners (and by extension the Target Group) operate in a competitive environment where it faces competition from other frozen seafood players in the markets which it serves. Market players compete on a variety of factors, which include amongst others, integration with existing supply chains, logistics and delivery network, prices, quality and variety of products, and compliance records with respect to local and international food quality and safety standards. Increased competition, overcapacity and industry consolidation may lead to more competitive product pricing that could dampen the demand for the Target Group's clients' seafood products.

There is no assurance that the Target Group's clients and/or the Target Group will be able to successfully compete in the future, failing which there may be a material adverse impact on the Target Group's business, growth prospects, financial position and financial performance.

LETTER TO SHAREHOLDERS OF THE COMPANY

Risks related to global operations and business

(a) *The Group may face risks associated with doing business globally*

As at the Latest Practicable Date, the Target Group operates in Indonesia and has secured operation management contracts to manage aquaculture farms in Malaysia and Palau.

The business of the Target Group in any jurisdiction it operates in is dependent on the quality of its local partners/clients being the farm and project owners, primarily to secure necessary land, access to suitable infrastructure, and regulatory approvals to operate. The prospects of these farms are also heavily dependent on the economic, political, legal, regulatory, social and other conditions in these jurisdictions. The Target Group has no control and can provide no assurance over these matters, and any adverse changes thereto could affect the Target Group's business, results of operations, financial performance and growth prospects.

Furthermore, the risks inherent in doing business globally include but are not limited to unexpected changes in legislation, regulatory requirements and government policies, economic downturns and outlook, potentially adverse tax consequences, legal uncertainty regarding liability and enforceability of contracts, investment restrictions, variable and unexpected changes in local laws and barriers to repatriation of profits and capital, any of which could affect the Target Group's business, results of operations, financial performance and growth prospects.

(b) *The Group is susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses*

The Company's functional and presentation currency is denominated in S\$.

The Target Group generally contracts for a percentage of revenue and/or earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") generated by its partners/clients being the farm and project owners. To the extent their revenue and/or EBITDA are denominated in a currency other than S\$, the Target Group will book and receive such foreign currency as revenue. Any unfavourable fluctuation in foreign exchange rates against the S\$ may thus affect the Enlarged Group's profitability and financial position.

5.6. Application of Chapter 10 of the Catalist Rules

The Proposed Diversification will involve the inclusion of the Proposed New Business into the Group, which is substantially different from the Existing Business, and it is envisaged that the Proposed New Business may change the overall risk profile of the Group. Accordingly, the Company is seeking Shareholders' approval for the Proposed Diversification at the EGM to be convened.

LETTER TO SHAREHOLDERS OF THE COMPANY

Upon Shareholders' approval of the Proposed Acquisition and the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Proposed New Business may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed New Business and which will not change the risk profile of the Group, in an efficient and timely manner without the need to seek Shareholders' approval as and when such potential transactions arise. This will substantially reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Group.

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained, in respect of transactions involving the Proposed New Business:

- (a) which fall within the definition of Rule 1002(1) of the Catalist Rules, Rules 1010 and 1014 of the Catalist Rules will still apply;
- (b) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in the change of control of the Company, Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Proposed New Business), and such acquisitions must be, *inter alia*, made conditional upon approval by Shareholders at a general meeting;
- (c) Practice Note 10A of the Catalist Rules will apply and Shareholders' approval would be required for any transaction (which falls within the definition as set out in Rule 1002(1) of the Catalist Rules) which changes the risk profile of the Company; and
- (d) where any transaction constitutes an "interested person transaction" as defined under Chapter 9 of the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such a transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one (1) transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

LETTER TO SHAREHOLDERS OF THE COMPANY

In accordance with the SGX-ST's recommended practice in relation to diversification of business, if the Group has not operated in the new business space and/or did not provide sufficient information about the new business at the time when it is seeking Shareholders' approval for the diversification mandate, when the Group enters into its first (1st) major transaction as defined under Rule 1014 of the Catalyst Rules (the "**First Major Transaction**") involving the Proposed New Business, or where any of the figures computed based on Rule 1006 of the Catalyst Rules in respect of several transactions involving the Proposed New Business are aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75% but is less than 100%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval at a general meeting. For avoidance of doubt, the Proposed Acquisition, which is the Group's first foray into the Proposed New Business, constitutes a major transaction as defined under Rule 1014 of the Catalyst Rules and is subject to Shareholders' approval at the EGM under the Catalyst Rules. The Company will also be required to comply with any applicable and prevailing Catalyst Rules as amended or modified from time to time.

5.7. Risk management measures and safeguards

The Board recognises the importance of internal control and risk assessment for the smooth running of the Proposed New Business. To better manage the Group's external and internal risks arising from the Proposed Diversification and the Group's entry into the Proposed New Business, the Group will ensure that the Target Group's internal controls and governance procedures, as well as financial, operational, compliance, information technology and risk management procedures are adequate and satisfactory, and well-integrated with the Group's general corporate and governance process and procedures.

Upon Completion, the audit committee of the Company and the Board will:

- (a) review with the management, external and internal auditors on the adequacy and effectiveness of the Target Group's internal control procedures addressing financial, operational, compliance, information technology and risk management systems;
- (b) oversee the implementation and integration of the Target Group's internal controls and governance procedures, as well as financial, operational, compliance, information technology and risk management procedures, with that of the Group; and
- (c) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation, or any other matters which has or is likely to have a material impact on the Group's operating results and/or financial position.

6. THE PROPOSED APPOINTMENT OF THE PROPOSED NEW DIRECTOR

6.1. Proposed appointment to the Board

Upon Completion, the Company proposes to appoint Mr. Lim Chen Chong as a Non-Executive Non-Independent Director.

LETTER TO SHAREHOLDERS OF THE COMPANY

The Company shall also establish a management committee comprising executive and/or non-executive directors (including the Proposed New Director) and key executives of the Target Group (including Mr. Peter Fleming) to manage the Proposed New Business and oversee its effective integration into the Group.

The particulars of the Proposed New Director are as follows:

Name	Age	Address	Proposed Position in the Enlarged Group
Mr. Lim Chen Chong	57	333 River Valley Road, #10-07, Singapore 238365	Non-Executive Non-Independent Director

Mr. Lim Chen Chong, the proposed Non-Executive Non-Independent Director, is the sole director of the Target, and a director of LSO BVI. He has more than 30 years of experience in the development, operation, management of and commercial track record in shrimp farming and sustainable aquaculture ecosystems. Between 1995 and 2005, he was Director of Marketing of PT Dipasena Citra Darmaja, a leading Indonesian aquaculture firm. In 2007, he founded LSO BVI and served as the CEO, spearheading the then LSO group of companies' and related companies' operations into the setting up, development and operations of aquaculture farms. Through the LSO group of companies, Mr. Lim Chen Chong headed the development of aquaculture projects across regions, including Vietnam, Indonesia, the Philippines, Malaysia, Papua New Guinea, Timor Leste and China. Mr. Lim Chen Chong has since stepped down as CEO of LSO BVI in July 2023, and continues to serve as an advisor to LSO BVI. He has also acted as project adviser to global corporations and agencies on the development of aquaculture farms over the years. He is a founding member and former president of the Institution of Aquaculture Singapore. He holds a Bachelor of Business Administration from the University of Miami.

(a) Experience as director of a listed company

Mr. Lim Chen Chong has no prior experience as a director of a company listed on the SGX-ST but he will be completing the applicable mandatory training as prescribed under Schedule 1 of Practice Note 4D of the Catalist Rules to familiarise himself with the roles and responsibilities of a director of a SGX-ST listed company.

(b) Present and past directorships of the Proposed New Director

The list of present and past directorships in all jurisdictions of the Proposed New Director over the last five (5) years up to the Latest Practicable Date is set out below:

LETTER TO SHAREHOLDERS OF THE COMPANY

Name	Present Directorships in all jurisdictions	Past Directorships in all jurisdictions
Mr. Lim Chen Chong	<ul style="list-style-type: none"> • LSO • LSO BVI • Lim Shrimp Corporation Pte. Ltd. • Lim Shrimp Aquapolis Pte. Ltd. • LSO Hainan Pte. Ltd. • Marina City Development Pte. Ltd. • T.K. Lim Realty Pte. Ltd. • UBody Pte. Ltd. • Udetox Holdings Pte. Ltd. • Waterfront Marina Resort Pte. Ltd. • The Biolabs Pte. Ltd. • Cableco Investments Pte. Ltd. • Three S Asset Management Pte. Ltd. • Selectinvestments Pte. Ltd. • PT Gajah Udang • Alethea Marine Culture Sdn. Bhd. 	<ul style="list-style-type: none"> • Modular Tech Pte. Ltd. • Pines Ventures Pte. Ltd. • T.K. Properties Pte. Ltd.

(c) Relationships of the Proposed New Director

As at the Latest Practicable Date, the Proposed New Director does not have any family relationship with the Substantial Shareholders and Directors of the Company.

(d) Appointment of the Proposed New Director

Pursuant to the terms of the SPA, the Vendors shall be entitled to nominate and appoint any number of nominee(s) as directors of the Company following Completion, subject to the nominee(s)'s qualification under the Companies Act and clearance by the Sponsor and where applicable the relevant regulator(s). Mr. Lim Chen Chong is the Vendors' proposed director pursuant to the terms of the SPA.

Save for Mr. Lim Chen Chong, there is no arrangement or understanding with any of the Substantial Shareholders or Directors of the Company or the Target and the Vendors, customers or suppliers or other persons pursuant to which any of them or any person nominated by any of them will be appointed to the Board.

LETTER TO SHAREHOLDERS OF THE COMPANY

6.2. Service Agreement

As no executive directors will be appointed in connection with the Proposed Acquisition, no service agreement of directors will be entered into by the Company in connection with the Proposed Acquisition. Following the appointment of the Proposed New Director to the Board, the Board is of the view that the Board composition and the establishment of the management committee (referenced in Section 6.1 of this Circular) is sufficient to manage and oversee the affairs of the Proposed New Business.

6.3. Material background information

The Proposed New Director is not or was not involved in any of the following events:

- (a) during the last ten (10) years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years after the date he ceased to be a partner;
- (b) during the last ten (10) years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) any unsatisfied judgment against him;
- (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) during the last ten (10) years, judgment entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

LETTER TO SHAREHOLDERS OF THE COMPANY

- (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and
- (k) has ever been the subject of any current or past investigation or disciplinary proceedings or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

7. THE PROPOSED ALLOTMENT OF INTRODUCER SHARES

The Company is seeking the approval of the Shareholders for the allotment and issuance of 15,384,615 new Shares at the Issue Price to the Introducer (“**Introducer Shares**”), with an aggregate value of S\$1.0 million (equivalent to 5% of the Consideration), in consideration for the Introducer’s services solely in respect of the Proposed Acquisition. On the Completion Date, the Company shall allot and issue the Introducer Shares to the Introducer, representing approximately 2.1% of the Enlarged Share Capital.

The Introducer is a company incorporated in Singapore and carries on the business of providing consultancy services. The Introducer’s sole director and shareholder is Mr. Tan. As at the Latest Practicable Date, neither the Introducer nor Mr. Tan holds any Shares in the Company. For completeness, Mr. Tan is also a director and holder of the sole management shares of each Subscriber, namely AOF VCC and AOF I.

LETTER TO SHAREHOLDERS OF THE COMPANY

The Company had entered into an agreement with the Introducer whereby the Company had appointed the Introducer to, and the Introducer had agreed to introduce potential businesses for the Company to acquire, and pursuant thereto, the Introducer had identified the Target which the Vendors were interested to sell to the Company. In consideration of the services provided by the Introducer to the Company as aforesaid, the Company had agreed to pay the Introducer in the Introducer Shares.

The number of Introducer Shares was arrived at after negotiations between the Introducer, Vendors and the Company at arm's length and took into account, *inter alia*, the services provided by the Introducer, which amongst others, included introducing the Vendors and the Target to the Company, assisting in organising and facilitating the negotiations between the Company and the Vendors in connection with the Proposed Acquisition.

The Introducer has confirmed that it and Mr. Tan:

- (a) have no connections (including business relationships) with the Group, the Company, its Directors and Substantial Shareholders and their respective associates, and it is not a person to whom the Company is prohibited from issuing Shares to, as provided by Rule 812 of the Catalist Rules; and
- (b) are not acting in concert with, in collaboration with or co-operating, pursuant to an agreement or undertaking or otherwise, with any Director or Substantial Shareholder of the Company to obtain or consolidate effective control of the Company through the issue of the Introducer Shares (including as contemplated in The Takeover Code).

The Introducer Shares will, upon its allotment and issuance, be credited as fully paid-up and free from all Encumbrances and will rank *pari passu* in all respects with the existing issued Shares save for any rights, benefits, dividends and entitlements the record date of which is before the Completion Date.

8. THE PROPOSED ALLOTMENT OF ZICAP SUCCESS SHARES

The Company is seeking the approval of the Shareholders for the allotment and issuance of 7,692,308 new Shares at the Issue Price to ZICAP ("**ZICAP Success Shares**"), with an aggregate value of S\$500,000, as part payment of ZICAP's management fees as the Financial Adviser to the Company in respect of the Proposed Acquisition, with the remaining fees payable in cash. On the Completion Date, the Company shall allot and issue the ZICAP Success Shares to ZICAP, representing approximately 1.06% of the Enlarged Share Capital.

The ZICAP Success Shares will, upon its allotment and issuance, be credited as fully paid-up and free from all Encumbrances and will rank *pari passu* in all respects with the existing issued Shares save for any rights, benefits, dividends and entitlements the record date of which is before the Completion Date.

9. THE PROPOSED ALLOTMENT OF ILAW SUCCESS SHARES

The Company is seeking the approval of the Shareholders for the allotment and issuance of 6,153,846 new Shares at the Issue Price to ILAW ("**ILAW Success Shares**"), with an aggregate value of S\$400,000, as part payment of ILAW's professional fees as the legal adviser to the

LETTER TO SHAREHOLDERS OF THE COMPANY

Company in respect of the Proposed Acquisition, with the remaining fees payable in cash. On the Completion Date, the Company shall allot and issue the ILAW Success Shares to ILAW, representing approximately 0.84% of the Enlarged Share Capital.

The ILAW Success Shares will, upon its allotment and issuance, be credited as fully paid-up and free from all Encumbrances and will rank *pari passu* in all respects with the existing issued Shares save for any rights, benefits, dividends and entitlements the record date of which is before the Completion Date.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

10.1. Interests in Shares

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of Directors' shareholdings and the register of Substantial Shareholders kept by the Company, were as follows:

<u>Director</u>	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	%
Seah Chong Hoe	17,948,723	5.23	-	-
Dato' Sri Mohd Sopiyan B Mohd Rashdi	-	-	-	-
Mandi Chong Man Sui	-	-	-	-
Steven Shen Hing	-	-	-	-
<u>Substantial Shareholder</u>				
Lee Su Hui Lena	-	-	76,923,076 ⁽²⁾	22.40
Dato' Michael Loh Soon Gnee	68,376,068	19.91	-	-
ASTI Holdings Limited	89,242,952	25.98	-	-

Notes:

- (1) Percentage of shareholding is calculated based on 343,445,313 Shares as at the Latest Practicable Date.
(2) Deemed interested in 76,923,076 Shares held by nominees.

10.2. Interests in the Proposed Resolutions

Save for the information disclosed in this Circular, none of the Directors or the Substantial Shareholders or their respective associates has any interest, direct or indirect, in the Proposed Resolutions (other than through their capacity as Directors or Shareholders as disclosed in Section 10.1 of this Circular).

11. DIRECTORS' RECOMMENDATION

Having considered and reviewed, *inter alia*, the terms of the SPA, the rationale for the Proposed Resolutions, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, the Directors are of the view that the Proposed Resolutions are in the best interests of the Company and its Shareholders, and they accordingly recommend that Shareholders vote in favour of all of the Proposed Resolutions as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS OF THE COMPANY

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which set out on EGM - 1 of this Circular, will be held at 77 Robinson Road, #06-03 Robinson 77, Singapore 068898 on 20 July 2024 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy (including appointing the Chairman of the EGM as the proxy) to attend and vote at the EGM on their behalf, should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event to arrive at the registered office of the Company at 3014 Ubi Road 1, #02-282, Kampong Ubi Industrial Estate, Singapore 408702, not less than seventy-two (72) hours before the time fixed for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him/her from attending and voting in person at the EGM if he/she so wishes in place of his/her proxy.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears on the Depository Register maintained by the CDP at least seventy-two (72) hours before the time fixed for the EGM or any adjournment thereof.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

15. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

16. CONSENTS

Independent Valuer, FHMH Corporate Advisory Sdn. Bhd.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the issue of the Valuation Summary Letter as set out in **Appendix A** to this Circular, and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS OF THE COMPANY

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 3014 Ubi Road 1, #02-282, Kampong Ubi Industrial Estate, Singapore 408702, during normal business hours, for three (3) months from the date of this Circular:

- (a) the Constitution of the Company;
- (b) the SPA and Supplemental SPA;
- (c) the Bridging Loan Agreement;
- (d) the Subscription Agreement;
- (e) the First Supplemental SA and Second Supplemental SA;
- (f) the Valuation Summary Letter;
- (g) the Valuation Report;
- (h) the annual report of the Company for FY2022; and
- (i) the unaudited consolidated financial statements of the Group for FY2023.

Yours faithfully,

For and on behalf of the Board of Directors of
Advanced Systems Automation Limited

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Chairman

APPENDIX A: VALUATION SUMMARY LETTER

26 April 2024

The Board of Directors
ADVANCED SYSTEMS AUTOMATION LIMITED
33, Uni Avenue 3
#08-69 Vertex
Singapore 408868

Dear Sirs,

INDEPENDENT BUSINESS VALUATION (“VALUATION”) OF 100% EQUITY INTEREST IN LSO ORGANISATION HOLDINGS PTE LTD (“LSO HOLDINGS” OR “TARGET COMPANY”) IN RELATION TO THE PROPOSED ACQUISITION OF LSO HOLDINGS BY ADVANCED SYSTEMS AUTOMATION LIMITED (the “PROPOSED ACQUISITION”)

This Summary highlights only the pertinent information of the Valuation. Shareholders are advised to read carefully the contents of the Circular and the information contained herein.

1. INTRODUCTION

Advanced Systems Automation Limited (the “**Company**” or “**ASA**”) intends to diversify its business to aquaculture by acquiring the entire stake of the Target Company. Target Company is an investment holding company that holds 50% stake in Lim Shrimp Organisation Ltd (“**LSO BVI**”), a subsidiary registered in the British Virgin Islands. The Target Company currently has three (3) shareholders, Lim Chen Chong, Victoria Lim Yu and Structured Capital Solutions Inc (“**Structured Capital**”), where each hold 33.33% of the Target Company. Following the completion of the Proposed Acquisition, the Company will hold 100% of the shareholding interest in the Target Company, and the Target Company will become a direct wholly owned subsidiary of the Company.

FHMH Corporate Advisory Sdn Bhd (“**FHCA**”) was engaged by the Board of Directors of ASA (“**Board**”) to conduct a Valuation to determine the fair market value of 100% equity interest in LSO Holdings as at 31 March 2024 (“**Date of Opinion**”).

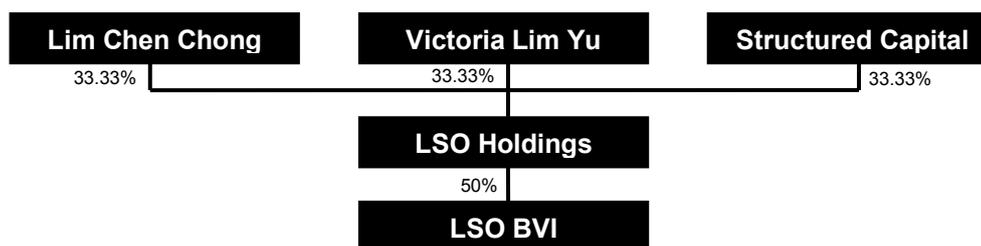
The business valuation was carried out in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council. We note that this valuation letter has been prepared for the purpose of disclosure as an appendix to the Circular to Shareholders of the Company to be issued in relation to the Proposed Acquisition.

The letter is a summary containing information from our valuation report dated 26 April 2024 (the “**Valuation Report**”). Accordingly, this letter and its contents should be read in conjunction with the full text in the full Valuation Report.

2. BACKGROUND INFORMATION OF THE TARGET COMPANY

Incorporated in 22 August 2023, under the Companies Act 1967 of Singapore, LSO Holdings functions as an investment holding firm, with its subsidiary, LSO BVI, engaged in the business of aquaculture, food processing, and sale of food. The Target Company has an existing and paid-up capital of SGD300 representing 300 ordinary shares.

The corporate structure of the Target Company with its shareholders and subsidiary is summarised as follows;



3. TERMS OF REFERENCE

The basis of our opinion is the fair market value which is defined as the price a willing buyer would pay a willing seller in a transaction on the open market as defined by the International Valuation Standards. The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristics of a buyer or seller.

4. SCOPE AND LIMITATIONS OF REVIEW

FHCA was not involved in the formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition. Our role as the Independent Business Valuer does not extend to expressing an opinion on the commercial merits of the Proposed Acquisition and this remains solely the responsibility of the Board of the Company, although we may draw upon their views in arriving at our opinion.

As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Valuation and/or any corporate exercise contemplated by the parties.

The Board and Management are responsible to make available to us all relevant information pertaining to the Valuation, including informing us of any material changes in the subject matters which may have an impact on our opinion. Our work includes holding discussions and making enquiries with the Management regarding representations made on the Target Company. We rely on the Management's oral and written representations and in no event shall we, our partners, principals, directors, shareholders, agents or employees be liable for any misrepresentations by the Management. Our procedures and inquiries did not include any verification work that constitutes an audit on the information that we have relied upon in preparing this report. Further, certain information relied upon are only representation provided by the Management.

With regard to the Future Financials (as defined herein) furnished to us by the Management, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgement by the Management on the future financial performance of the Target Company and of which the Management is solely responsible for the bases and assumptions and the preparation and presentation of the same. The preparation of this Letter is based upon market, economy, industry and other conditions prevailing as at the Date of Opinion, as well as publicly available information and information provided to us by the Company. Such conditions may change significantly over a relatively short period of time. No representation or warranty, whether expressed or implied, is given by FHCA that the information and documents provided will remain unaltered subsequent to the issuance of this Letter.

We have obtained a responsibility statement from the Management that all material facts, financial and other information essential to our evaluation have been disclosed to us and that they have seen this Letter and they, individually and collectively, accept full responsibility for the accuracy of such information contained in this Letter, and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

We note that the forecast and projections were prepared on the best effort basis to the best knowledge of the management of LSO Holdings and LSO BVI. After making due enquiries and assessments on the reasonableness of the cash flow forecast and projections, we are of the opinion that the forecast and projections were reasonably prepared.

5. VALUATION METHODOLOGY

We had considered that the Cost Approach was not suitable for the valuation of the Target Company as the Target Company is engaged in the business of aquaculture, food processing, and sale of food. The value of the Target Company will be derived from its future operating income and not its current assets. As such, we had determined that the Income Approach was the most appropriate valuation approach to value 100% equity interest of the Target Company. We have also adopted the Market Approach as a cross-check to the Income Approach.

Discounted FCFE Methodology

Discounted cash flow to equity (“**FCFE**”) Methodology is a valuation method which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the equity holders of a company. We note that the Target Company does not have any surplus cash nor idle assets.

$$\text{Equity value} = \frac{\text{Present value of Projected FCFE based on the Future Financials}}{(1+DR)^1} + \frac{\text{Terminal value}}{(1+DR)^n}$$

$$V_0 = \frac{FCFE_1}{(1+DR)^1} + \frac{FCFE_n}{(1+DR)^n} + \frac{FCFE_{TV}}{(DR-g)}$$

Where:

V_0 = Value today

$FCFE_1$ = Expected FCFE in year 1

$FCFE_{TV}$ = Terminal year FCFE

DR = Discount rate derived using the CAPM

n = represent time, in years into the future

g = terminal year growth rate

The cost of equity takes into account a combination of risk factors associated with the industry in which the Target Company is involved in, namely, the systematic risk, i.e. the inherent market risk such as the interest rate fluctuation, and the capital structure, i.e. the financing risk. These risks are translated into the cost of equity which is built upon the CAPM. The cost of equity formula is as follows:

$$\text{Cost of equity} = \text{Risk-Free Rate} + [\text{Re-gearred Beta} \times (\text{Market Return} - \text{Risk-Free Rate})] + \text{small cap premium} + \text{Alpha}$$

In arriving at the appropriate discount rate, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the betas of available comparable companies which are primarily involved in aquaculture, fish farming, food processing that are listed on global bourses, and have been listed for more than one (1) year and are profit making (“**Comparable Companies**”) with relevant adjustments made taking into consideration the gearing and the risk profile as well as other risk factors that may affect the Target Company.

Our valuation is based on various assumptions with respect to the Target Company, including their respective present and future conditions, business strategies and the environment in which they operate. These assumptions are based on information that we have been provided and discussion with the Company and Management reflecting the current expectations on current and future events.

Among other assumptions that are stated in the Valuation Report, the key assumptions are as follows:

- i) The Target Company's forecast for the financial period from 1 July 2024 to 30 June 2029 ("**Future Financials**") as prepared by the Management and trend of the industry as disclosed in the Circular have been considered;
- ii) Revenue is generated through management fees from the management of two (2) aquaculture farms in Selangor, Malaysia and Palau and operating revenue from the operations of the two (2) processing plants in Selangor, Malaysia and Sumbawa, Indonesia. Management fees will be generated through a combination of (i) rates charged on the revenue and EBITDA of the farms, which are in line with LSO BVI's historical projects, and (ii) dividends declared by the farm to LSO BVI. The corresponding cost of sales are from the respective farms and processing plants. Management had projected a 3% year-on-year increase in revenue from the respective farms and processing plants, which is in line with the inflation rate in the respective countries where operations are taking place;
- iii) The Management had estimated that the capital expenditure is for the operations of the two (2) processing plants and is expected to be incurred in Year 1 for setting up the operations and subsequently further incurred in Year 3 and Year 4 to accommodate the increased production. Management has also forecasted a 5% replacement capital expenditure annually;
- iv) The costs and expenses the respective farms and processing plants has been projected to increase 3% YoY which is in line with the inflation rate in the respective countries where operations are taking place;
- v) The range of CAPM from 22.78% to 24.78% with a base CAPM of 23.78% was considered;
- vi) A terminal growth of 2.5% was projected taking into consideration that the external factors that may directly and indirectly affect the business of the Target Company;
- vii) There will be no significant changes in the principal activities, key management personal, operating policies, accounting and business policies presently adopted by the Management Further, the projects set out in the key assumptions above (namely, the aquaculture farms in Selangor, Malaysia, and Palau, as well as the processing plants in Selangor, Malaysia and Sumbawa, Indonesia) are expected to materialise within prescribed timeframe as projected by the Management;
- viii) The Future Financials have been prepared based on prevailing economic conditions and information available as at the date of its preparation and does not encompass any assessment of the potential for future changes in the economic conditions in Singapore, Malaysia, Indonesia, and Palau;
- ix) There will be no significant changes to the prevailing economic, political and market conditions in Singapore and elsewhere that will have direct and indirect effects on the activities of the Target Company and performance of the Target Company;
- x) There will be no material changes to the present legislation and Government's regulations and other operation regulations or restrictions affecting the activities or the market in which the Target Company operates and all projects set out in the key assumptions above (namely, the aquaculture farms in Selangor, Malaysia, and Palau, as well as the processing plants in Selangor, Malaysia and Sumbawa, Indonesia) will be operated in line with local legislation and Government's regulations;
- xi) Other than as set out above, there will be no significant changes in the credit period for the trade receivables, trade payables turnovers nor inventory turnover days of the Target Company;

- xii) The statutory income tax rate and other relevant duty and tax rate will remain at their respective existing rates with no significant changes in the bases of taxation and there will be no significant changes in the structure which would adversely affect the cash flows of the Target Company;
- xiii) There will be no material adverse effect from service disruptions, equipment or network breakdown or other similar occurrences, wars, epidemic, terrorist attacks and other natural risks, both domestic and foreign, which will adversely affect the operations, income and expenditure of the Target Company;
- xiv) There will be no substantial inherent uncertainties, such as disease outbreaks affecting livestock, shifts in consumption trends, price variability, and oversupply which will adversely affect the operations, income and expenditure of the Target Company;
- xv) The rate of inflation will not fluctuate significantly from their projected levels, which are benchmarked against the respective historical average inflation rate;
- xvi) The exchange rate between USD and the various currencies in which the Target Company may derive its income/expenses in will not fluctuate significantly from their projected levels;
- xvii) There will be no significant changes in wages, supplies, administration, overhead expenses and other costs other than those forecast and projected;
- xviii) There will be no termination of any significant agreements or contracts from which the legal rights accrue to the Target Company. Such agreements or contracts are assumed to be formalised and entered into based on the terms set out above, and/or renewed based on current terms upon expiry;
- xix) There will be adequate supply of manpower and other relevant resources for its business activities;
- xx) Target Company has obtained all necessary licenses, approvals, permits, land titles and classifications, for the management, development and operation of the aquaculture farms in Selangor, Malaysia, and Palau, as well as the processing plants in Selangor, Malaysia and Sumbawa, Indonesia, as well as the sale to prospective investors of the shrimp tanks and sea cucumber ponds; and
- xxi) There will be no major legal proceedings against the Target Company which will adversely affect the activities or performance of the Target Company.

Evaluation of the fair market value of LSO Holdings

In the evaluation of the fair market value of the Target Company, based on the Discounted FCFE Methodology using the Future Financials as provided by the management of the Target Company and the inputs from the Comparable Companies, the following were noted:

CAPM Inputs

Net Debt/Equity Ratio of Comparable Companies	26.85%
Risk-Free Rate ^[1]	3.12%
Equity Risk Premium ^[2]	4.60%
Re-gear Beta ^[3]	1.03
Small Cap Premium ^[4]	3.81%
Venture Capital Risk Premium ^[5]	12.1%
Cost of Equity derived using CAPM	23.78%
Fair Market Value of LSO BVI	USD40.01 million
LSO Holdings ownership on LSO BVI	50%
Fair Market Value of the LSO Holdings	USD20.00million

Notes:

- [1] Based on the risk-free rate for Singapore as extracted from World Government Bond website. This risk-free rate is based on the yield of ten (10) years Singaporean Government Securities (“SGS”) as at the LTD as the MGS is considered a risk-free investment in Singapore with 10 years being the length of a typical economic cycle.
- [2] Based on the equity risk premium for Singapore as extracted from <https://www.cfedu.info/discount-rate#:~:text=Equity%20risk%20premium%20for%20the,risk%20premium%20is%20not%20>.
- [3] Re-gear beta is arrived at based on the median net debt/equity ratio of Comparable Companies
- [4] A small cap premium of 3.81% was included to derive the discount rate using CAPM to account for unsystematic risks. Extracted from Ibbotson SBBI 2013 Valuation Yearbook
- [5] Considering that LSO BVI is expanding its business operation and do not have any historical track record, we have opted to apply a venture capital risk premium. Venture capital risk premium was extracted from <https://caia.org/blog/2021/07/06/understanding-the-southeast-asia-venture-capital-risk-premium> which adopted a model by Luis E. Pereiro that considered illiquidity, probability of failure and control capabilities of the venture capital asset class.

6. CONCLUSION

It should be recognised that the valuation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgement. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the fair market value of LSO Holdings, FHCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the Target Company’s future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

We have applied the Market Approach to value the Target Company for cross-checking purpose. Price to earnings (“P/E”) multiple method was applied to value the business. In computing the implied P/E multiple, the Future Financials’ average profit after tax (“PAT”) was utilised. Due to limited historical operations of the Target Company, relying solely on historical PAT as a metric may not provide a comprehensive assessment of its future performance potential. Considering the Target Company’s operations in the future, it would be more appropriate to utilise average forecasted PAT.

FHCA had used the Discounted FCFE Methodology to access the fair market value of LSO Holdings.

- (i) **Based on the Discounted FCFE Methodology, the fair market value of the entire equity interest in the Target Company range from USD19.08 million to USD20.98 million with a mid-point of USD20.03 million.**
- (ii) **The implied P/E Multiple based on the fair market value of LSO Holdings against the Future Financials’ average PAT is below the median and range of P/E Multiples of Comparable Companies.**

7. RESTRICTIONS

Save for the purpose stated herein, this report cannot be relied upon by any party other than the Company. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this report, in whole or in part. We are not required to give testimony or to be in attendance in court with reference to the opinion herein provided. Neither FHCA nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this report, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this report, or any part hereof.

Should FHCA become aware of any significant change affecting the information contained in this report or have reasonable grounds to believe that any statement in this report is misleading or deceptive or have

reasonable grounds to believe that there is material omission in this report, we will immediately notify the Board of the Company.

Yours faithfully,
For and on behalf of
FHMH CORPORATE ADVISORY SDN BHD



ANDREW HENG
Director
CVA Certification No: 10031



DING SU LYNN
Director

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

1. The adjustments to the Closing Price for the purposes of determining the Conversion Price of T1 and T2 as set out in Conditions 10.5-10.13, Schedule 3C of the Subscription Agreement are reproduced below.
2. The extract of Condition 10.5 is set out below:
 - (a) if the Company shall (i) make a Stock Split, (ii) consolidate the outstanding Shares into a smaller number of shares, or (iii) re-classify any of the Shares into other securities of the Company, then the Closing Price shall be appropriately adjusted so that the Noteholders, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 10.5(a), shall be entitled to receive the number of the Shares and/or other securities of the Company which it would have held or have been entitled to receive after the happening of any of the events described above had such Notes been converted immediately prior to the happening of such event (or, if the Company has fixed a prior record date for the determination of the Shareholders entitled to receive any such Shares or other securities issued upon any such Stock Split, consolidations or re-classification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Closing Price made with effect from the date of the happening of such event (or such record date) or any time thereafter. An adjustment made pursuant to this Condition 10.5(a) shall become effective immediately on the happening of the relevant event or, if a prior record date is fixed therefore, immediately after the record date; PROVIDED THAT in the case of a relevant transaction which must, under the applicable laws of Singapore, be submitted for approval to a general meeting of the Shareholders or to a meeting of the board of directors of the Company before being legally effective, and which is so approved after the record date fixed for the determination of the Shareholders entitled to receive such Shares or other securities, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to a day immediately after such record date.

If the Company shall make a Stock Split, consolidation of the outstanding Shares and/or re-classification of the Shares, and the record date therefore is also:-

- (aa) the record date for the issue of any rights or warrants which requires an adjustment of the Closing Price pursuant to Conditions 10.5(b) or 10.5(c), or
- (bb) the date of issue of any securities convertible into or exchangeable for the Shares which requires an adjustment of the Closing Price pursuant to Condition 10.5(e), or
- (cc) the day immediately before the date of issue of any Shares which requires an adjustment of the Closing Price pursuant to 10.5(f), or
- (dd) the date of issue of any rights or warrants which requires an adjustment of the Closing Price pursuant to Condition 10.5(g),

then (except where such Stock Split gives rise to a retroactive adjustment of the Closing Price under this Condition 10.5(a)) no adjustment of the Closing Price in respect of such Stock Split, consolidation of the outstanding Shares and/or re-classification of the Shares shall be made under this Condition 10.5(a), but in lieu thereof an adjustment shall be made under Conditions 10.5(b), (c), (e), (f), (g) or (h), as the case may be, by including in item

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

"NS" (in the case of Condition 10.5(h), "NS1", "NS2" and "NS3") of the formula described therein the aggregate number of additional Shares to be delivered pursuant to such Stock Split, consolidation of the outstanding Shares and/or re-classification of the Shares, as the case may be;

- (b) if the Company shall grant, issue or offer to the holders of the Shares rights or warrants entitling them to subscribe for or purchase the Shares:-
- (i) at a consideration per Share receivable by the Company (determined as provided in Condition 3) which is fixed on or prior to the record date mentioned below and is less than 95% of the prevailing market price per Share on such record date; or
 - (ii) at a consideration per Share receivable by the Company (determined as aforesaid) which is fixed after the record date mentioned below and is less than 95% of the prevailing market price per Share on the date in Singapore the Company fixes the said consideration,

then the Closing Price in effect (in a case within (i) above) on the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within (ii) above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:-

$$NCDP = OCDP \times \frac{OS + v}{OS + NS}$$

where:-

"NCDP" = the Closing Price after such adjustment.

"OCDP" = the Closing Price before such adjustment.

"OS" = the number of Shares outstanding (having regard to Condition 10.7) at the close of business in Singapore (in a case within (i) above) on such record date or (in a case within (ii) above) on the date the Company fixes the said consideration.

"NS" = the number of Shares to be issued on exercise of such rights or warrants at the initial subscription or purchase price.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 3) would purchase at such prevailing market price per Share specified in (i) or, as the case may be, (ii) above.

Such adjustment shall become effective (in a case within (i) above) immediately after the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within (ii) above) immediately after the day upon which the Company fixes the said consideration but retroactively to immediately after the record date for the said determination.

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase Shares, any such rights or warrants and/or Shares which are not subscribed for or purchased by the persons entitled thereto are offered to and/or subscribed for by others (whether as placees or members of the public or pursuant to underwriting arrangements or otherwise), no further adjustment shall be required or made to the Closing Price by reason of such offer and/or subscription;

- (c) if the Company shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:-
- (i) at a consideration per Share receivable by the Company (determined as provided in Condition 3) which is fixed on or prior to the record date mentioned below and is less than 95% of the prevailing market price per Share on such record date; or
 - (ii) at a consideration per Share receivable by the Company (determined as aforesaid) which is fixed after the record date mentioned below and is less than 95% of the prevailing market price per Share on the date in Singapore the Company fixes the said consideration,

then the Closing Price in effect (in a case within (i) above) on the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within (ii) above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:-

$$NCDP = OCDP \times \frac{OS + v}{OS + NS}$$

where:-

"NCDP" and "OCDP" have the meanings ascribed thereto in Condition 10.5(b).

"OS" = the number of Shares outstanding (having regard to Condition 10.7) at the close of business in Singapore (in a case within (i) above) on such record date or (in a case within (ii) above) on the date the Company fixes the said consideration.

"NS" = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial subscription or purchase, and conversion or exchange, price or rate following exercise of such rights or warrants.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 10.6) would purchase at such prevailing market price per Share specified in (i), or, as the case may be, (ii) above.

Such adjustment shall become effective (in a case within (i) above) immediately after the record date for the determination of Shareholders entitled to receive such rights or warrants or (in a case within (ii) above) immediately after the day upon which the Company fixes the said consideration but retroactively to immediately after the record date for the said

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

determination.

If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any such securities convertible into or exchangeable for Shares which are not subscribed for or purchased by the persons entitled thereto are offered to and/or subscribed for by others (whether as placees or members of the public or pursuant to underwriting arrangements or otherwise), no further adjustment shall be required or made to the Closing Price by reason of such offer and/or subscription;

- (d) if the Company shall distribute to the holders of Shares evidences of its indebtedness, ordinary shares of the Company (other than Shares arising from the conversion of the Notes), assets (excluding annual dividends or interim dividends) or rights or warrants to subscribe for or purchase securities (other than those rights and warrants referred to in Conditions 10.5(b) and 10.5(c)), then the Closing Price in effect on the record date for the determination of Shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:-

$$NCDP = OCDP \times \frac{CMP - fmv}{CMP}$$

where:-

"NCDP" and "OCDP" have the meanings ascribed thereto in Condition 10.5(b).

"CMP" = the prevailing market price per Share on the record date for the determination of Shareholders entitled to receive such distribution.

"fmv" = the fair market value (as determined by the Company or, if pursuant to applicable Singapore law such determination is to be made by application to a court of competent jurisdiction, as determined by such court or by an appraiser appointed by such court, and in any case described in a statement delivered by the Company to the Noteholder) of the portion of the evidences of indebtedness, shares, assets, rights or warrants so distributed applicable to one (1) Share.

In making a determination of the fair market value of any such rights or warrants, the Company shall consult an independent merchant bank or financial adviser (who shall act as an expert) selected by the board of directors of the Company and shall take fully into account the advice received from such bank or adviser. Such adjustment shall become effective immediately after the record date for the determination of Shareholders entitled to receive such distribution, Provided, however, that (i) if such distribution must, under applicable Laws, be approved by a general meeting of Shareholders or a meeting of the board of directors of the Company before being legally made, and if such distribution is so approved after the record date fixed for the determination of Shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (ii) if the fair market value of the evidences of indebtedness, shares, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of Shareholders entitled to receive such distribution, such adjustment shall,

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

immediately upon such fair market value being determined, become effective retroactively to immediately after such record date;

- (e) if the Company shall issue any securities convertible into or exchangeable for Shares (other than the Notes or in any of the circumstances described in Condition 10.5(c) and Condition 10.5(f)) or where such securities are issued to the vendors of assets being acquired for full value by the Company and the consideration per Share receivable by the Company (determined as provided in Condition 3) shall be less than 95% of the prevailing market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such convertible or exchangeable securities is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting), then the Closing Price in effect on the date of the issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:-

$$NCDP = OCDP \times \frac{OS + v}{OS + NS}$$

where:-

"NCDP" and "OCDP" have the meanings ascribed thereto in Condition 10.5(b).

"OS" = the number of Shares outstanding (having regard to Condition 10.7) at the close of business in Singapore on the date of such issue.

"NS" = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 10.6) would purchase at such prevailing market price per Share.

Such adjustment shall become effective immediately after the calendar day in Singapore corresponding to the calendar day at the place of issue upon which such convertible or exchangeable securities shall be issued;

- (f) if the Company shall issue any Shares (other than Shares issued to shareholders of any corporation which merges into the Company upon such merger in proportion to their shareholding in such corporation immediately prior to such merger and other than Shares issued on exercise of the conversion rights attaching to the Notes or pursuant to a scrip dividend or pursuant to an exercise of any rights attached to securities the issue of which had given rise to an adjustment under sub-paragraph (e) of this Condition or did not require any adjustment pursuant to these Conditions) and the consideration per Share receivable by the Company (determined as provided in Condition 3) shall be less than 95% of the prevailing market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting), then the Closing Price in effect on the date of the issue of such additional Shares shall be adjusted in

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

accordance with the following formula:-

$$NCDP = OCDP \times \frac{OS + v}{OS + NS}$$

where:-

"NCDP" and "OCDP" have the meanings ascribed thereto in Condition 10.5 (b).

"OS" = the number of Shares outstanding (having regard to Condition 10.7) at the close of business in Singapore on the day immediately prior to the date of issue of such additional Shares.

"NS" = the number of additional Shares being issued as aforesaid.

"v" = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 10.6) would purchase at such prevailing market price per Share.

Such adjustment shall become effective as at the date in Singapore on which the Company issues such additional Shares;

- (g) if the Company shall issue any rights or warrants to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares (other than the Notes and any rights or warrants granted, issued or offered to the holders of Shares or pursuant to the terms of any securities) and the consideration per Share receivable by the Company (determined as provided in Condition 3) shall be less than 95% of the prevailing market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such rights or warrants is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting), then the Closing Price in effect on the date of the issue of such rights or warrants shall be adjusted in accordance with the following formula:-

$$NCDP = OCDP \times \frac{OS + v}{OS + NS}$$

where:-

"NCDP" and "OCDP" have the meanings ascribed thereto in Condition 10.5(b).

"OS" = the number of Shares outstanding (having regard to Condition 10.7) at the close of business in Singapore on the date of such issue.

"NS" = the number of Shares to be issued on exercise of such rights or warrants at the initial subscription or purchase price, or upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate following exercise of such rights or warrants.

"v" = the number of Shares which the aggregate consideration receivable by

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

the Company (determined as provided in Condition 3) would purchase at such prevailing market price per Share on the date in Singapore on which the Company fixes such consideration (or the date on which the board of directors of the Company fixes the consideration, as appropriate).

Such adjustment shall become effective immediately after the calendar day in Singapore corresponding to the calendar day at the place of issue upon which such rights or warrants shall be issued;

- (h) if the Company shall issue securities of a type falling within Conditions 10.5(e), (f) or (g) above which otherwise require an adjustment to the pursuant thereto and the date of issue of such securities, in the case of Condition 10.5(e) or (g), or the day immediately prior to such date of issue, in the case of Condition 10.5(f), (in each case, the "relevant date") is also the relevant date in respect of securities of another type or types (including a different tranche or issue of a same type) falling within Conditions 10.5(e), (f) and/or (g) which otherwise require an adjustment to the Closing Price pursuant thereto (all such securities being hereafter referred to as "Securities"), then any adjustment of the Closing Price shall not be made separately under each such sub-paragraph but in one calculation in accordance with the following formula:-

$$NCDP = OCDP \times \frac{OS + v1 + v2 + v3}{OS + NS1 + NS2 + NS3}$$

where:-

"NCDP" and "OCDP" have the meanings ascribed thereto in Condition 10.5(b).

"OS" = the number of Shares outstanding (having regards to Condition 10.7) at the close of business in Singapore on the relevant date.

"NS1" = the number of Shares to be issued upon conversion or exchange of any convertible or exchangeable securities (included within the Securities) at the initial conversion or exchange price or rate.

"NS2" = the number of any additional Shares (included within the Securities) being issued.

"NS3" = the number of Shares to be issued on exercise of any rights or warrants (included within the Securities) at the initial subscription or purchase price, or upon conversion or exchange of any convertible or exchangeable securities at the initial conversion or exchange price or rate following exercise of such rights or warrants.

"v1" = the number of Shares which the aggregate consideration receivable by the Company for such convertible or exchangeable securities (determined as provided in Condition 3) would purchase at the prevailing market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such convertible or exchangeable securities is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the Board of the Directors of the Company

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

fixes the consideration to be recommended at such meeting).

"v2" = the number of Shares which the aggregate consideration receivable by the Company for the issue of such additional Shares (determined as provided in Condition 3) would purchase at the prevailing market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting).

"v3" = the number of Shares which the aggregate consideration receivable by the Company for the issue of the total number of Shares to be issued on exercise of such rights or warrants and (if applicable) upon conversion or exchange of such convertible or exchangeable securities (determined as provided in Condition 3) would purchase at the prevailing market price per Share on the date in Singapore on which the Company fixes the said consideration (or, if the issue of such rights or warrants is subject to approval by a general meeting of Shareholders, on the date in Singapore on which the board of directors of the Company fixes the consideration to be recommended at such meeting).

Any such adjustment shall become effective immediately after the calendar day in Singapore corresponding to the calendar day at the relevant place of issue which is the relevant date.

For the avoidance of doubt, this Condition 10.5(h) does not supersede the provisions of Conditions 10.5 (e), (f) and (g); and

- (i) if the Company makes a Capital Distribution which does not fall within paragraphs (a) to (h) above, the Closing Price shall be adjusted by multiplying the Closing Price in force immediately before such Capital Distribution by the following formula:-

$$\frac{X - Y}{X}$$

where:-

"X" is the prevailing market price per Share on the last Business Day preceding the date on which the Capital Distribution is publicly announced; and

"Y" is the fair market value on the date of such announcement, as determined in good faith by an independent investment bank or investment adviser licensed or approved by the MAS selected by the Company, and acting as an expert, of the portion of the Capital Distribution attributable to one (1) Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made.

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

3. The extract of Conditions 10.6-10.13 is set out below:

10.6 For the purposes of any calculation of the consideration receivable pursuant to Conditions 10.5(b), (c), (d), (e), (f), (g), (h) above, the following provisions shall be applicable:-

- (a) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash, PROVIDED THAT in no case shall any deduction be made for any commissions or any expenses paid or incurred by or on behalf of the Company for any underwriting of the issue or otherwise in connection therewith;
- (b) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by the board of directors of the Company (and in making such determination the board of directors of the Company shall consult an independent merchant bank or financial adviser in Singapore selected by the board of directors of the Company and approved by the Majority Noteholders (such approval not to be unreasonably withheld or delayed) and shall take fully into account the advice received from such bank or adviser) or, if pursuant to applicable Singapore such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;
- (c)
 - (i) in the case of the issue of securities convertible into or exchangeable for Shares, the aggregate consideration to be determined in accordance with (a) and (b) above receivable by the Company shall be deemed to be the consideration to be determined in accordance with (a) and (b) above for any such securities plus the additional consideration to be determined in accordance with (a) and (b) above (if any) to be received by the Company upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate; and
 - (ii) in the case of the issue of rights or warrants to subscribe for securities convertible into or exchangeable for Shares, the aggregate consideration receivable by the Company shall be the consideration to be determined in accordance with (a) and (b) above (if any) received by the Company for any such rights or warrants plus the additional consideration to be received by the Company upon (and assuming) the exercise thereof at the initial subscription or purchase price and (if applicable) upon the following conversion or exchange of such securities at the initial conversion or exchange price or rate. The consideration per Share receivable by the Company shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate (if applicable) following the exercise of such rights or warrants;
- (d) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Company shall be deemed to be the consideration (if any) received by the Company for any such rights or warrants plus the additional consideration to be received by the Company upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

each case to be determined in the same manner as provided in sub-paragraphs (a) and (b) above), and the consideration per Share receivable by the Company shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such exercise at the initial subscription or purchase price; and

- (e) if any consideration referred to in the foregoing provisions of this Condition 3 is receivable in a currency other than S\$, such consideration shall, in any case where there is a fixed rate of exchange between S\$ and the relevant currency provided for the purposes of the issue of such Shares or the conversion or exchange of such securities or the exercise of such rights or warrants, be translated into S\$ for the purposes of this Condition 3 at such fixed rate of exchange and shall, in all other cases, be so translated at the mean of the exchange rate quotations (being quotations for the cross rate through United States dollars if no direct rate is quoted) by a major merchant bank in Singapore for buying and selling spot units of the relevant currency by telegraphic transfer against S\$ on the date as at which such consideration is required to be calculated.
- 10.7 If, at the time of computing an adjustment (the "**later adjustment**") of the Closing Price pursuant to any of Condition 10.5(b) to Condition 10.5(h) (inclusive), the Closing Price already incorporates an adjustment to reflect the issue of such Shares, rights or warrants to subscribe for or purchase such Shares or other securities convertible into or exchangeable for such Shares, but such Shares are not outstanding at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such Shares shall be deemed to be outstanding for the purposes of making such computation to the extent that the number of the Shares so deemed to be outstanding exceeds the actual number of Shares in issue as a result thereof at the time of making such computation.
- 10.8 No adjustment of the Closing Price shall be required unless such adjustment would result in an increase or decrease in such price of at least one tenth (1/10) of one (1) Singapore cent. Any adjustment which by reason of this Condition 10.8 is not required to be made shall be carried forward in any subsequent adjustment. All calculations (including, without limitation, calculations of the Closing Price and the current market price per Share) under this Condition 10 shall be made to the fourth decimal place.
- 10.9 Any reference in Condition 10.5 to the date on which the consideration is "fixed" shall be construed as a reference to the first day on which such consideration in a cash amount can be ascertained, where the consideration is originally expressed by reference to a formula and not then ascertainable in a cash amount.
- 10.10 [DELETED].
- 10.11 Whenever the Closing Price is adjusted as provided herein, the Company shall promptly notify the Noteholders setting for the VWAP after such adjustment and setting forth a brief statement on the facts requiring such adjustment and the effective date thereof, PROVIDED THAT where a notice has been given of such adjustment pursuant to Condition 10.5, and such notice shall have correctly stated any information required to be given pursuant to this Condition 10.11, then such notice shall, as to such information, satisfy the requirements of this Condition 10.11.
- 10.12 [DELETED].

**APPENDIX B: ADJUSTMENTS TO THE CLOSING PRICE OF THE CONVERSION PRICE OF
T1 NOTES AND T2 NOTES**

10.13 All Notes which are redeemed or converted will forthwith be cancelled by the Company and may not be reissued or resold.

[the remainder of this page is intentionally left blank]

APPENDIX C: EVENTS OF DEFAULT OF THE NOTES

For so long as there are any Notes outstanding, if any of the following events (each, an “**Event of Default**”) occurs: -

- (a) for so long as there are any Notes outstanding, any of the approvals, consents and/or waivers including the Corporate Approvals, Authority Approvals and Other Approvals required to be obtained by the Company under the Subscription Agreement in respect of the transactions contemplated therein were not obtained or are amended, withdrawn, revoked, rescinded or cancelled;
- (b) where any of the approvals, consents and/or waivers including the Corporate Approvals, Authority Approvals and Other Approvals required to be obtained by the Company under the Subscription Agreement in respect of the transactions contemplated therein were obtained subject to any conditions which were required to be fulfilled, such conditions were not fulfilled;
- (c) there is a default in any payment by the Company, and such default in payment is not remedied by the Company within seven (7) Business Days from the due date of such payment;
- (d) the Company does not obtain Shareholders’ approval for all the RCN Resolutions within one (1) month from the date of the Second Supplemental SA;
- (e) the Company does not obtain the listing and quotation notice in respect of the Maximum Conversion Shares within fourteen (14) days following receipt of Shareholders’ approval of the RCN Resolutions;
- (f) the Company fails to deliver the Conversion Shares within three (3) Business Days from the Conversion Date;
- (g) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation (including the payment of the principal and/or interest in respect of the Notes and performance of its obligations to allot and issue Shares arising from the conversion of the Notes as and when a Noteholder exercises its Conversion Rights in accordance with the Conditions,), contained in the Notes and on its part to be performed or observed, and such default is not remedied by the Company within seven (7) Business Days from the date the Company becomes aware of the default and such a Noteholder does not waive its rights pursuant to such default;
- (h) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation the terms of which have previously been approved in writing by Noteholders holding more than half of the outstanding principal amount of Notes or which is approved by the Shareholders, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the Notes;
- (i) a resolution is passed or an order of a court of competent jurisdiction is made that any Subsidiary be wound up or dissolved otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (ii) below) the terms of which have previously been approved in writing by (1) the Majority Noteholders; and (2) the Shareholders, as the case may be, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another Subsidiary of the

APPENDIX C: EVENTS OF DEFAULT OF THE NOTES

Company, upon which the continuing corporation assumes the entire obligations of the relevant Subsidiary, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or the Subsidiary are distributed to the Company and/or such Subsidiary;

- (j) an encumbrancer takes possession of or a receiver is appointed for the whole or a material part of the assets or undertaking of the Company and/or a Subsidiary;
- (k) (i) the Company or any Subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy law) or is unable to pay its debts as and when they fall due, or (ii) the Company or any Subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraph (g) or (i) above) ceases or through an official action of the board of directors of the Company or any Subsidiary, as the case may be, threatens to cease to carry on its business, and such action has a material adverse effect on the Group;
- (l) proceedings shall have been initiated against the Company or any Subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of fourteen (14) calendar days;
- (m) the Company or any Subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or a decree of commencement of composition or reorganisation or other similar procedures or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on the Company and such proceedings have not been discharged or stayed within a period of seven (7) Business Days;
- (n) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any Subsidiary, which is material in its effect upon the operations of either the Company or such Subsidiary, as the case may be, and is not discharged within fourteen (14) calendar days thereof;
- (o) the delisting or an order for delisting or threatened delisting of the Shares from the SGX-ST or a suspension of trading save for any trading halt by the Company pending corporate announcements, or material limitation of the Shares on the SGX-ST for a period of five (5) consecutive Business Days or more;
- (p) for so long as there are any Notes outstanding, the Company engages in any transaction with any hedge fund operating or originating from any part of the world without the prior written consent of the Noteholder; or
- (q) any credit facilities granted to the Company or any of its Subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Group's ability to carry on their business operations or on the Company's ability to perform its obligations under this Agreement,

APPENDIX C: EVENTS OF DEFAULT OF THE NOTES

If an Event of Default under paragraphs (a)-(q) of this Appendix C occurs, then any Note may, by notice in writing (the "**Relevant Notice**") given to the Company by the Noteholder thereof, be declared immediately due and payable at 118% of its principal amount, together with accrued interest as set out in the Conditions, without further formality ("the **Default Redemption Amount**"). Interests shall accrue on the Default Redemption Amount on a daily basis at the rate of 3.0% per month (the "**Default Interest**") commencing from the Business Day immediately following the date of the Relevant Notice up to and including the date on which the Noteholder receives full payment of the Default Redemption Amount, together with accrued Default Interest.

For the purposes of this Appendix C: -

"**Accounts**" means Company's latest published financial report on 31 December 2022 thereafter the most recent unaudited interim accounts of the Company as delivered to the SGX-ST or published on SGXNet;

"**Borrowings**" means, without duplication, at any time, as stated in the Accounts (i) all obligations of the Company or any of its Subsidiaries for borrowed money, (ii) all obligations of such person evidenced by notes, the Notes, notes or other similar instruments, (iii) all obligations of such person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such person as lessee which are capitalised in accordance with the accounting principles under which the Accounts are prepared, (v) all obligations of such person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) all non-contingent obligations of such person to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument and (vii) all borrowings of others guaranteed by the Company or a Subsidiary;

"**Net Worth**" means, at any time, as stated in the Accounts, the aggregate of the amounts shown in the Accounts as paid up or credited as paid up on the issued share capital of the Company and standing to the credit of retained earnings and other capital and revenue reserves and includes minority interests therein; less any amount which is attributable to any debit balance in its statement of profit and loss as shown in the relevant Accounts to the extent not already charged against retained earnings; and

"**Subsidiary**" means a company more than 50% of the outstanding voting stock of which is now or hereafter owned by the Company, by one or more other Subsidiaries or by the Company and one or more other Subsidiaries (and, for this purpose, "**voting stock**" means stock or shares having voting power for the election of directors, managers or trustees of such company, other than stock or shares having such power by reason of the happening of a contingency).

[the remainder of this page is intentionally left blank]

NOTICE OF EXTRAORDINARY GENERAL MEETING

ADVANCED SYSTEMS AUTOMATION LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

All capitalised terms used in this Notice of Extraordinary General Meeting which are not defined herein shall have the same meaning ascribed to them in the circular to the Shareholders of the Company dated 5 July 2024 (“Circular”).

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Advanced Systems Automation Limited (the “**Company**”) will be held at 77 Robinson Road, #06-03 Robinson 77, Singapore 068898 on Saturday, 20 July 2024 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions as set out below.

SHAREHOLDERS SHOULD NOTE THE CONDITIONALITIES FOR THESE RESOLUTIONS, WHEREBY:

- (A) ORDINARY RESOLUTIONS 1, 2 AND 7 ARE INTER-CONDITIONAL – MEANING IF ANY OF ORDINARY RESOLUTIONS 1, 2 AND 7 ARE NOT PASSED, NONE WILL BE PASSED.**
- (B) ORDINARY RESOLUTIONS 3, 4, 5 AND 6 ARE INTER-CONDITIONAL – MEANING IF ANY OF ORDINARY RESOLUTIONS 3, 4, 5 AND 6 ARE NOT PASSED, NONE WILL BE PASSED.**
- (C) ORDINARY RESOLUTIONS 8, 9, 10 AND 11 ARE CONDITIONAL ON ORDINARY RESOLUTION 1 BUT NOT VICE VERSA – MEANING IF ORDINARY RESOLUTION 1 IS NOT PASSED, NONE OF ORDINARY RESOLUTIONS 8, 9, 10 AND 11 WILL BE PASSED, BUT IF ANY OF ORDINARY RESOLUTIONS 8, 9, 10 AND 11 IS NOT PASSED, ORDINARY RESOLUTION 1 WILL NOT BE DEEMED TO NOT HAVE BEEN PASSED.**

ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 2 and 7:

- (a) the entry by the Company into the SPA (as supplemented via a supplemental agreement dated 1 July 2024) and all the transactions contemplated thereby, be approved, confirmed and ratified, and adopted;
- (b) in the event any of Ordinary Resolutions 8, 9, 10 and 11 are not approved by Shareholders, the Directors (or anyone of them) be and are hereby authorised to, subsequent to the EGM, do all such acts and things as they or each of them may consider expedient or necessary (including, without limitation, entering into a supplemental agreement to the SPA) to waive the passing of Ordinary Resolutions 8, 9, 10 and 11 as SPA Conditions Precedent and/or otherwise complete the Proposed Acquisition notwithstanding any of Ordinary Resolutions 8, 9, 10 and 11 was not approved by Shareholders; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors (or anyone of them) be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or each of them may consider expedient or necessary or in the interests of the Company to give effect to this resolution.

ORDINARY RESOLUTION 2: THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 7:

- (a) the proposed allotment and issuance to the Vendors of an aggregate 184,615,385 Consideration Shares in such proportion as directed by the Vendors, credited as fully paid-up, at the Issue Price of S\$0.065 per Consideration Share in accordance with the terms of the SPA (as supplemented via a supplemental agreement dated 1 July 2024), be and is hereby approved; and
- (b) the Directors (or anyone of them) be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or each of them may consider expedient or necessary or in the interests of the Company to give effect to this resolution.

ORDINARY RESOLUTION 3: THE PROPOSED RATIFICATION OF ISSUANCE OF TRANCHE 1 ("T1") NOTES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 4, 5 and 6:

- (a) the issuance of T1 Notes with an aggregate principal amount of up to S\$2,500,000 to the Subscribers, subject to the Conditions set out in the Subscription Agreement (as supplemented via a 1st supplemental letter dated 14 June 2024 and a 2nd supplemental letter dated 1 July 2024), be and are hereby approved and ratified;
- (b) such T1 Notes to be convertible to Conversion Shares at the Conversion Price to be determined in accordance with the Conditions;
- (c) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit; and
- (d) any and all actions previously or hereafter taken in the name of and on behalf of the Company by any Director in connection with or related to the transactions contemplated under or undertaken in connection with the issuance of T1 Notes, including the execution, delivery and performance of all agreements (including any amendments thereto) and other documents necessary to effect the issuance of T1 Notes or such matters, be, and hereby are, affirmed, approved and ratified in all respects.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 4: THE PROPOSED ISSUANCE OF TRANCHE 2 (“T2”) NOTES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 3, 5 and 6, approval be and is hereby given to the Directors or any of them:

- (a) to issue T2 Notes with an aggregate principal amount of up to S\$2,500,000 to the Subscribers, subject to the Conditions set out in the Subscription Agreement (as supplemented via a 1st supplemental letter dated 14 June 2024 and a 2nd supplemental letter dated 1 July 2024), such T2 Notes to be convertible to Conversion Shares at the Conversion Price to be determined in accordance with the Conditions; and
- (b) to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

ORDINARY RESOLUTION 5: THE PROPOSED ALLOTMENT AND ISSUANCE OF MAXIMUM CONVERSION SHARES UPON CONVERSION OF T1 NOTES AND T2 NOTES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 3, 4 and 6:

- (a) approval be and is hereby given to the Directors or any of them to allot and issue to the Subscribers, in accordance with the Conditions of the Subscription Agreement (as supplemented via a 1st supplemental letter dated 14 June 2024 and a 2nd supplemental letter dated 1 July 2024):
 - (i) such number of Conversion Shares as may be required or permitted to be allotted and issued on the conversion of the T1 Notes and T2 Notes, at the time of conversion, subject to and otherwise in accordance with the Conditions, whereby such Conversion Shares when allotted and issued shall rank *pari passu* in all respects with the then existing shares of the Company, save as may be provided in the Conditions;
 - (ii) on the same basis as paragraph (a)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the T1 Notes and T2 Notes upon the adjustment of the Conversion Price in accordance with the Conditions; and
- (b) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 6: THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE SUBSCRIBERS

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 3, 4 and 5:

- (a) Pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given for the transfer of controlling interest in the Company to the Subscribers arising from the Proposed Issuance of Maximum Conversion Shares.
- (b) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

ORDINARY RESOLUTION 7: THE PROPOSED DIVERSIFICATION

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolutions 1 and 2:

- (c) subject to compliance with the Catalist Rules requiring approval from Shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to undertake the Proposed New Business for the purpose of or in connection with the Proposed Diversification on such terms and conditions, including from time to time,
- (d) investing in, purchasing or otherwise acquiring, any such assets, businesses, investments and shares/interests in any entity, as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal or to effect the Proposed Diversification; and
- (e) the Directors (or anyone of them) be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or each of them may consider expedient or necessary or in the interests of the Company to give effect to this resolution.

ORDINARY RESOLUTION 8: THE PROPOSED APPOINTMENT OF LIM CHEN CHONG AS A DIRECTOR OF THE COMPANY

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1, Lim Chen Chong be and is hereby appointed as a Non-Executive Non-Independent Director of the Company with effect from Completion of the Proposed Acquisition.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 9: THE PROPOSED ALLOTMENT AND ISSUANCE OF INTRODUCER SHARES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1:

- (a) the proposed allotment and issue of 15,384,615 Introdncer Shares at the Issue Price of S\$0.065 per Introdncer Share to the Introdncer in consideration of the Introdncer's services to the Company in respect of the Proposed Acquisition be and is hereby approved; and
- (b) the Directors (or anyone of them) be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or each of them may consider expedient or necessary or in the interests of the Company to give effect to this resolution.

ORDINARY RESOLUTION 10: THE PROPOSED ALLOTMENT AND ISSUANCE OF ZICAP SUCCESS SHARES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1:

- (a) the proposed allotment and issuance of 7,692,308 ZICAP Success Shares at the Issue Price of S\$0.065 per ZICAP Success Share to ZICAP as part payment of ZICAP's professional fees as the financial adviser to the Company in respect of the Proposed Acquisition be and is hereby approved; and
- (b) the Directors (or anyone of them) be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or each of them may consider expedient or necessary or in the interests of the Company to give effect to this resolution.

ORDINARY RESOLUTION 11: THE PROPOSED ALLOTMENT AND ISSUANCE OF ILAW SUCCESS SHARES

RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1:

- (a) the proposed allotment and issuance of 6,153,846 ILAW Success Shares at the Issue Price of S\$0.065 per ILAW Success Share to ILAW as part payment of ILAW's professional fees as the legal adviser to the Company in respect of the Proposed Acquisition be and is hereby approved; and
- (b) the Directors (or anyone of them) be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or each of them may consider expedient or necessary or in the interests of the Company to give effect to this resolution.

By Order of the Board of Directors
of **Advanced Systems Automation Limited**

Theng Searn Por
Company Secretary
Singapore, 5 July 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) **The EGM will be held in a wholly physical format. There will be no option for members to participate in the EGM by electronic means.** Printed copies of this Notice of EGM and the accompanying instrument appointing a proxy or proxies ("**Proxy Form**") and the request form for the Circular will be sent by post to members and published on the Company's corporate website at the URL <http://www.asa.com.sg> and the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

- (2) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation which each proxy has been appointed shall be specified in the instrument.

"**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

- (3) A member can appoint the Chairman of the meeting as his/her/its proxy, but it is not mandatory. A proxy need not be a member of the Company.
- (4) The instrument appointing a proxy(ies) and/or representative(s) must be submitted to the Company in the following manner:
- (a) if sent by post, be mailed to ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282, Kampong Ubi Industrial Estate, Singapore 408702; or
- (b) if submitted electronically, be sent via email to the Company at egm@asa.sg.

in either case, not less than seventy-two (72) hours before the time appointed for holding the EGM.

Notwithstanding the above, the Chairman of the EGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the EGM.

A member who wishes to submit a Proxy Form can either use the printed copy of the Proxy Form which is sent to him/her/it by post or download a copy of the Proxy Form from the SGXNet or the Company's corporate website, which may be accessed at the respective URLs <https://www.sgx.com/securities/company-announcements> and <http://www.asa.com.sg>, and subsequently, to complete and sign the Proxy Form before submitting it by (a) post to the address provided above, or (b) scanning and sending it to the email address provided above.

Completion and submission of the Proxy Form by a shareholder will not prevent him/her/it from attending, speaking and voting at the EGM if he/she/it so wishes. The appointment of a proxy(ies) for the EGM shall be deemed to be revoked if the member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant Proxy Form, to the EGM.

Please refer to the detailed instructions set out in the Proxy Form.

- (5) Members may raise questions at the EGM or submit questions related to the ordinary resolutions to be tabled for approval at the EGM, in advance of the EGM. Members who would like to submit questions in advance of the EGM may do so in the following manner:
- (a) if sent by post, be mailed to ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282, Kampong Ubi Industrial Estate, Singapore 408702; or
- (b) if submitted electronically, be sent via email to the Company at egm@asa.sg.

in either case, by 5.00 p.m. on 12 July 2024 (the "**Questions Submission Cut-Off Date**").

NOTICE OF EXTRAORDINARY GENERAL MEETING

Members submitting questions are requested to state: (i) their full name; (ii) their identification/registration number; (iii) contact telephone number; (iv) email address; and (v) the manner in which they hold shares (if you hold shares directly, please provide your CDP account number, otherwise, please state if you hold your shares through the CPFIS or the SRS, or a relevant intermediary shareholder), failing which, the Company shall be entitled to regard the submission as invalid.

The Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the EGM. The responses to substantial and relevant questions raised by members on or before the Questions Submission Cut-Off Date will be published on the SGXNet and the Company's corporate website at the URL <http://www.asa.com.sg> by 3.00 p.m. 15 July 2024, being at least forty-eight (48) hours prior to the closing date and time for the lodgement of the Proxy Form. The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (relating to the resolutions to be tabled for approval at the EGM) received after the Questions Submission Cut-Off Date which have not already been addressed prior to the EGM, as well as those substantial and relevant questions received during the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

- (6) Relevant Intermediaries who wish to attend the EGM, or to appoint proxy(ies) to vote at the EGM should not use the Proxy Form and should instead approach their respective Relevant Intermediaries as soon as possible for the proxy(ies) appointment.

CPF/SRS investors who wish to vote at the EGM may attend the EGM in person physically, or may appoint the Chairman of the Meeting or such other person as their proxy to vote. The CPF/SRS investors who wish to appoint the Chairman of the Meeting or such other person as their proxy should not use the Proxy Form. Instead, they should approach their respective CPF agent banks and/or SRS operators to submit their votes at least seven (7) working days before the EGM (by 10 July 2024), in order to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form for voting on their behalf. CPF/SRS investors are requested to contact their respective CPF agent banks and/or SRS operators for any queries they may have with regard to the appointment of proxies for the EGM.

Personal Data Privacy

"**Personal data**" in this Notice of EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012 of Singapore, which includes his/her name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**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 notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

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.

PROXY FORM

ADVANCED SYSTEMS AUTOMATION LIMITED

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

PROXY FORM - EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this form)

IMPORTANT:

1. The Extraordinary General Meeting ("EGM") will be held physically at 77 Robinson Road, #06-03 Robinson 77, Singapore 068898 on Saturday, 20 July 2024 at 3.00 p.m.. There will be no option for shareholders to participate by electronic means. Printed copies of the Notice of EGM dated 5 July 2024 and this Proxy Form will be sent by post to shareholders.
2. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the EGM.
3. Investors who hold Company's shares through relevant intermediaries (including CPF/SRS investors) who wish to vote should approach their relevant intermediaries (including their respective CPF agent banks/SRS approved banks) to submit their voting instructions at least seven (7) working days before the date of the EGM).
4. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes to this Proxy Form.

PERSONAL DATA PRIVACY

By submitting this Proxy Form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 July 2024.

*I/We _____ (Name) _____ (NRIC/Passport No./Co. Regn No.)
of _____ (Address)

being a *member/members of **ADVANCED SYSTEMS AUTOMATION LIMITED** ("Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/them, the Chairman of the Extraordinary General Meeting ("EGM"), as *my/our *proxy/proxies to attend, speak and vote on *my/our behalf at the EGM of the Company to be held at 77 Robinson Road, #06-03 Robinson 77, Singapore 068898 on Saturday, 20 July 2024 at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the proposed resolutions to be proposed at the EGM as hereunder indicated. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" for each resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, not to vote on that resolution.

Unless otherwise defined, all capitalized terms in the table below shall have the same meaning as ascribed to them in the circular to shareholders of the Company dated 5 July 2024.

PROXY FORM

No.	Resolutions relating to	By way of poll		
		For	Against	Abstain
1.	Ordinary Resolution 1: Proposed Acquisition			
2.	Ordinary Resolution 2: Proposed Allotment and Issuance of Consideration Shares			
3.	Ordinary Resolution 3: Proposed Ratification of Issuance of Tranche 1 Notes			
4.	Ordinary Resolution 4: Proposed Issuance of Tranche 2 Notes			
5.	Ordinary Resolution 5: Proposed Allotment and Issuance of Maximum Conversion Shares upon Conversion of Tranche 1 Notes and Tranche 2 Notes			
6.	Ordinary Resolution 6: Proposed Transfer of the Controlling Interest in the Company to the Subscribers			
7.	Ordinary Resolution 7: Proposed Diversification			
8.	Ordinary Resolution 8: Proposed Appointment of Lim Chen Chong as a Director of the Company			
9.	Ordinary Resolution 9: Proposed Allotment and Issuance of Introducer Shares			
10.	Ordinary Resolution 10: Proposed Allotment and Issuance of ZICAP Success Shares			
11.	Ordinary Resolution 11: Proposed Allotment and Issuance of ILAW Success Shares			

Dated this _____ day of July 2024

Total Number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
Or Common Seal or Corporate Shareholder

**Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

NOTES TO PROXY FORM:

1. A member of the Company should insert the total number of shares of the Company ("**Shares**") held. If the member has Shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of Shares. If the member has Shares registered in his/her/its name in the Register of Members of the Company (maintained by or on behalf of the Company), he/she/it should insert the number of Shares. If the member has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy shall be deemed to relate to all the Shares held by the member of the Company.
2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two (2) proxy(ies), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

"**Relevant Intermediary**" means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the CPF Board established by the Central Provident Fund Act 1953 of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A member can appoint the Chairman of the meeting as his/her/its proxy but this is not mandatory. A proxy need not be a member of the Company.
 5. This form of proxy, duly executed, must be submitted to the Company in the following manner:
 - (a) if sent by post, be mailed to ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282, Kampong Ubi Industrial Estate, Singapore 408702; or
 - (b) if submitted electronically, be sent via email to the Company at egm@asa.sg.

in either case, not less than seventy-two (72) hours before the time appointed for the EGM.

6. This form of proxy must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where this form of proxy is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

General:

The Company shall be entitled to reject this form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this form of proxy. In addition, in the case of members whose Shares entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing a proxy(ies) lodged if such members, being the appointor, are not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this form of proxy to attend and vote at the EGM of the Company and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 July 2024.