ADVANCED SYSTEMS AUTOMATION LIMITED

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

COMPLETION OF INTERNAL AUDIT ON PAST INTERESTED PERSONS TRANSACTIONS

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1 Introduction

1.1 The board of directors (the "**Board**") of Advanced Systems Automation Limited ("**Company**" and together with its subsidiaries, collectively the "**Group**") refers to the Company's following announcements:

(a) the announcement dated 1 July 2020 (the "**IPT Announcement**") in relation to, *inter alia*, the proposed ratification of the loan agreements with ASTI Holdings Limited ("**ASTI**") (each an "**ASTI Loan**" and together, the "**ASTI Loans**"), proposed ratification of corporate support services received by the Company from ASTI (the "**ASTI Corporate Support Services**"), proposed adoption of a general mandate for the ASTI Corporate Support Services (the "**IPT General Mandate**") and proposed entry into the new loan agreement with Dato' Michael Loh Soon Gnee as an interested person transaction within the meaning of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**") ("**Interested Person Transactions**" or "**IPTs**");

(b) the notice of compliance issued by the Singapore Exchange Regulation (the "**SGX RegCo**") to the Company on 1 July 2020 (the "**Notice of Compliance**");

(c) the circular dated 4 February 2021 issued by the Company (the "**IPT Circular**") in relation to, *inter alia*, the proposed ratification of the ASTI Loans, the proposed ratification of the ASTI Corporate Support Services, the proposed adoption of the IPT General Mandate, the entry into a new consolidated loan agreement with ASTI, a new loan agreement with Dato' Michael Loh Soon Gnee and a new loan agreement with Mr. Seah Chong Hoe, each as an Interested Person Transaction; and

(d) the announcement dated 19 February 2021 on the results of the extraordinary general meeting in relation to the IPT Circular.

1.2 Electronic copies of the abovementioned documents and announcements are available on the website of the SGX-ST at http://www.sgx.com.

1.3 *Capitalised terms used herein, but not otherwise defined, shall have the meaning ascribed to them in the IPT Circular*.

2 Appointment of Internal Auditor and SGX RegCo Directives

2.1 As stated in the IPT Announcement, the Company had appointed Foo Kon Tan Advisory Services Pte Ltd as their new internal auditor ("**Internal Auditor**") to undertake a comprehensive review of its past IPTs, including the ASTI Loans, the ASTI Corporate Support Services, and other transactions which may be deemed as IPTs under Chapter 9 of the Catalist Rules (the "**Internal Audit**").

2.2 As stated in the Notice of Compliance, SGX RegCo had directed the Company to, *inter alia*, carry out the following:

(a) in relation to the ongoing Internal Audit of past IPTs:

(i) the Company is to procure the Internal Auditor to report concurrently to SGX RegCo and the Audit Committee. SGX RegCo shall have the right to require the Internal Auditor to report solely to SGX RegCo, if required;

(ii) the Company to disclose via SGXNET, the findings of the Internal Audit on the past IPTs; and

(iii) the Audit Committee to review the findings of the Internal Audit and announce on SGXNET, specific plans and timelines to implement the recommendations of the Internal Auditor. The Audit Committee is also required to update shareholders on how it is satisfied that there are adequate and effective internal controls over IPTs,

(b) the Audit Committee is to include in the scope of annual internal audits, IPTs and the processes and procedures to monitor, track, disclose and/or seek approval for IPTs, for as long as the Group enters into IPTs.

2.3 In relation to section 2.2(a)(i) above, the Company has since procured the Internal Auditor to report concurrently to SGX RegCo, Sponsor and the Audit Committee. The scope of work covered by the Internal Auditors is set out in section 3 of this announcement.

2.4 In relation to section 2.2(a)(ii) above, the Board wishes to inform that the Internal Auditor had completed the Internal Audit and had issued the final report dated 15 October 2021 to the Board, Sponsor and SGX RegCo ("**IA Report**"). A copy of the executive summary of the IA Report is set out in Appendix A to this announcement. Copies of the full IA Report will be made available for shareholders' inspection during the normal business hours at the Company's registered office.

2.5 In relation to section 2.2.(a)(iii) above, the Audit Committee has reviewed the findings of the IA Report, the Company's existing IPT policy, review procedures and processes recommended by the Internal Auditor and is satisfied that there are adequate and effective internal controls over IPTs. For more details, please refer to section 4 of this announcement.

2.6 In relation to section 2.2(b) above, the Audit Committee will include IPTs and the processes and procedures to monitor, track, disclose and/or seek approval for IPTs, into the scope of annual internal audits. For more details, please refer to section 5 of this announcement.

3 Internal Audit Report on Past IPTs

3.1 Pursuant to the Notice of Compliance, the Internal Auditors had undertaken a review of the Company's past IPT non-compliances for the following periods:

(a) 1 January 2015 to 31 December 2015 (FY2015);

(b) 1 January 2016 to 31 December 2016 (FY2016); and

(c) 1 January 2017 to 31 December 2017 (FY2017).

3.2 The scope of work under the IA Report was as follows:

(a) to review and identify control gaps or lapses which resulted in non-compliances with Chapter 9 of the Catalist Rules;

(b) to obtain the list of Interested Persons and the list of Entities-At-Risk for FY2015, FY2016 and FY2017 from the Company;

(c) to perform key-word searches on the following sub-ledgers of the respective Entities-At-Risk for FY2015, FY2016 and FY2017 to identify any previously undisclosed IPTs based on identified Interested Persons:

(i) sales ledger;

(ii) purchase ledger;

(iii) accounts receivable ledger;

(iv) accounts payable ledger;

(v) fixed assets ledger;

(vi) loans/borrowings;

(vii) interest income/expense; and

(viii) rental income/expense,

(d) to perform key-word searches across the general ledger of the Entities-At-Risk for FY2015, FY2016 and FY2017 to identify any other significant undisclosed transactions with identified Interested Persons;

(e) to assess whether IPTs were carried out at arm's length through a review of management's comparison of quotes or other publicly available market information. Where comparative quotations or market information were not available, the Internal Auditor was to discuss with management on alternative procedures;

(f) to review follow-up actions with management, where necessary, for any identified undisclosed transactions; and

(g) to assess and report on the financial impact of non-compliance with Chapter 9 of the Catalist Rules.

3.3 The list of Entities-at-Risk included:

(a) the Company;

(b) Microfits Pte Ltd ("**MPL**")

(c) Microfits (Beijing) Technology Co., Ltd ("**MBTCL**");

(d) Dragon Microfits Sdn. Bhd.

(e) ASA Multiplate (M) Sdn Bhd; and

(f) Emerald Precision Engineering Sdn Bhd.

Note:
(i) MBTCL was disposed in October 2018 and the Company was unable to provide the accounting records for this review.

3.4 The Group's NTA and the respective materiality thresholds under Rules 905 and 906 of the Catalist Rules for the financial years under review in the IA Report were as follows:

Financial Year	**Audited NTA of the Group or Market Capitalisation ("MC") as at the prior year ($)**	**Threshold 1 (3%)** (1) **($)**	**Threshold 2 (5%)** (2) **($)**
2015	NTA: 17,768,000	533,040	888,400
2016	NTA: 2,090,000	62,700	104,500
2017	MC: 7,912,063(3)	237,362	395,603

Note:

(1) A listed company is required under Rule 905 of the Catalist Rules to make an immediate announcement for an Interested Person Transaction of a value equal to, or exceeding:
   (a) 3% of the listed company's latest audited consolidated NTA; or
   (b) 3% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same Interested Person during the same FY.

(2) A listed company is required under Rule 906 of the Catalist Rules to make an immediate announcement and seek its shareholder's approval for an Interested Person Transaction of a value equal to, or exceeding:
   (a) 5% of the listed company's latest audited consolidated NTA; or
   (b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same Interested Person during the same FY.

(3) Upon consultation with SGX-ST, through the Sponsor, SGX-ST had advised the Company to adopt the market capitalisation for the respective FYs to determine the materiality thresholds according to Rules 905 and 906 of the Catalist Rules as the NTA for the respective FYs had been negative.

4 Audit Committee's Review of the Findings in the IA Report and Internal Controls over IPTs

4.1 The Audit Committee has reviewed the findings in the IA Report and notes that the past IPTs from FY2015 to FY2017 as mentioned in the IA Report had been isolated events that have since ceased. Currently, the IPTs that the Company or Group are involved are:

(a) the ASTI Loans;

(b) the New Loans;

(c) the ASTI Corporate Support Services, for which the Company has obtained the IPT General Mandate; and

(d) the engagement of Yumei Plastic Pte Ltd ("**Yumei**") (as the Interested Person) by Pioneer Venture Pte Ltd ("**PV**")(as the Entity-at-Risk) for storage and packaging services, office facilities and utilities at the monthly service fee of S$8,000 and annual service fee of S$96,000 (the "**PV IPT**").

4.2 The Board wishes to inform that the Internal Auditor has performed the annual IPTs review for FY2020 (the "**FY2020 IPT Review**") and has found that:

(a) the Company had not obtained comparative quotations for the PV IPT. The Company has since obtained a comparative quotation on 8 October 2021, quoting a monthly service fee of S$8,600 for storage and packing services and office facilities which is higher than Yumei's monthly service fee; and

(b) the Company had not included an IPT between MPL and Telford Industries Pte Ltd for rent and electricity charges amounting to S$68,955 in the Company's IPT Register. The aforementioned IPT has since ceased with effect from 31 October 2020 and the Company will ensure that all IPTs are recorded in the IPT Register in the future.

Accordingly, all findings in the FY2020 IPT Review have been resolved by the management of the Company and all recommendations in the IA Report have been implemented.

4.3 As at the date of this announcement, the Company is, apart from the past IPTs mentioned in the IA Report, compliant with the Catalist Rules relating to IPTs, and the Board and Audit Committee are not aware of any other IPTs, since FY2015, which warrant disclosure under the Catalist Rules that have not been disclosed to the public. The Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls on IPTs are adequate and effective.

5 Annual Reviews by Internal Auditor

5.1 The internal auditor of the Group will continue to, on an annual basis, conduct a review of the IPTs (including the ASTI Corporate Support Services and New Loans), which will include the adherence with the IPT policy and review procedures for the monitoring, tracking, disclosing and seeking approvals for IPTs (including the ASTI Corporate Support Services and the New Loans and the adequacy of the review procedures under the IPT General Mandate and the New Loans and other IPTs (if any)). The Audit Committee shall review the findings in the internal audit report to ensure that, *inter alia*, the IPTs (including ASTI Corporate Support Services and the New Loans) have been conducted in accordance with the review procedures and that the relevant approvals have been obtained.

5.2 In addition, the Group will undertake, on an annual basis, a review of the internal procedures to ensure that all relevant management and finance staff of the Group are fully informed of and familiar with the nature and classification of Interested Person Transactions, as well as the compliance and disclosure obligations under the Catalist Rules and relevant laws and regulations.

6 Caution in Trading

Shareholders and potential investors of the Company should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Dato' Sri Mohd Sopiyan B. Mohd Rashdi
Chairman
Advanced Systems Automation Limited
20 October 2021

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

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

APPENDIX A

1. Executive Summary

1.1 We noted that the past IPT non-compliances were attributable to the absence of an IPT policy and IPT register. Management has established an IPT policy and a register of Interested Person(s) to identify and record all interested persons since 1 July 2019.

1.2 According to Chapter 907 of the Catalist Rules, an issuer must disclose the aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) in its annual report.

The following IPTs are aggregated as the transactions relate to the rental of premise from Telford Industries Pte Ltd. The aggregated value of $108,000 is above the disclosure threshold of $100,000 and was not disclosed in the FY2015 annual report.

S/N	Transaction Type	Interested Person	EAR	FY2015 ($)
1	Rental charges	Telford Industries Pte Ltd	Microfits Pte Ltd	99,000*
2	Electricity charges	Telford Industries Pte Ltd	Microfits Pte Ltd	9,000^
Total				**108,000**

**Rental charge of $11,000 per month from Jan to Sep 2015.*
^Electricity charge of $1,000 per month from Jan to Sep 2015.

This is not in compliance with Chapter 907 of the Catalist Rules. In view that the value of the aforementioned IPT is below 3% and 5% of ASA's audited net tangible assets in FY2014, immediate announcement and shareholder approval is not required under Chapters 905 and 906 of the Catalist Rules respectively.

1.3 According to Chapter 719(1) of the Catalist Rules, an issuer should have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. In view of the issues noted in 1.1. and 1.2 above, it appears that ASA did not establish adequate and effective internal controls over compliance risk management. This is not in compliance with Chapter 719(1) of the Catalist Rules.

1.4 We noted weaknesses in the documentation and justification to support the value of the following IPTs that were not included in the IPT Register:

S/N	Transaction Type	Interested Person	EAR	FY2015 ($)	FY2016 ($)	FY2017 ($)
1	Rental charges	Telford Service Sdn. Bhd.	* Dragon Microfits Sdn. Bhd.	4,766	14,009	14,306
2	Rental charges	Telford Industries Pte Ltd	^ Microfits Pte Ltd	99,000	-	16,511
3	Electricity charges	Telford Industries Pte Ltd	^ Microfits Pte Ltd	9,000	-	-
4	Security and telephone recharges	Semiconductor Technologies & Instruments Pte Ltd ("STI")[#]	Microfits Pte Ltd	15,247	18,162	18,640
5	Sales	Telford Service Sdn. Bhd.	Microfits Pte Ltd	2,200	-	-

Transactions 1, 4 and 5 above are not aggregated as the amounts are individually below $100,000.

1. Executive Summary (Cont'd)

Notes

** DMSB ceased operations in February 2019 and the IPT ceased with effect from 28 February 2019*
^ IPT ceased with effect from 31 October 2020 and MPL was disposed in January 2021
 # STI was disposed in September 2018 and the IPT ceased with effect from 30 September 2018

1.5 Recommendations:

- IPTs should be monitored and tracked in the IPT Register.
- IPTs should be supported with adequate documentation and justifications.