ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration Number: 198600740M)

(Incorporated in the Republic of Singapore on 10 April 1986)

RESPONSE TO QUERIES FROM SGX REGCO

The Board of Directors (the "**Board**" or "**Directors**") of Advanced Systems Automation Limited (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the Company's announcement on 6 March 2026 in relation to its unaudited consolidated financial statements for the financial year ended 31 December 2025 ("**FY2025 Results Announcement**"). The Company wishes to announce that it has received queries by the Singapore Exchange Regulation ("**SGX RegCo**") on 9 March 2026 in relation to the FY2025 Results Announcement.

The Board sets out the Company's response to the queries raised by the SGX RegCo as Appendix A.

By Order of the Board
ADVANCED SYSTEMS AUTOMATION LIMITED

NG FOONG HAN
Executive Director
13 March 2026

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*This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange 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 Mr. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

APPENDIX A

SGX RegCo Query 1

We refer to the Company's announcement dated 6 March 2026.

Please provide clarification on the following:

(a) It is stated in relation to the goodwill impairment of S$14.062 million from the acquisition of LSO Organization Holdings Pte. Ltd. ("LSO") that "The reduced value-in-use is in part due to LSO's financial performance lagging that of earlier projections as at 31 December 2025 and the longer than expected gestation period of certain major projects leading to uncertainty as to their future economic value, despite their potential".

We note that the Group's acquisition of LSO was completed on 2 August 2024.

Please clarify (i) the key assumptions which were used in the earlier projections to justify the acquisition of LSO; (ii) whether the Board had conducted due diligence on the acquisition to ensure that the key assumptions were reasonable, and provide details of its due diligence; and (iii) how the actual performance has materially differed from the key assumptions in the earlier projections, and the factors which led to such variation within a short period of time post-acquisition.

Please clarify what post-acquisition review or governance processes were undertaken by the Board to monitor LSO's performance against acquisition assumptions, and when the Board first became aware that such assumptions may no longer be achievable.

Company's Response

(a)(i) and (ii) Key assumptions underlying the acquisition

The acquisition of LSO Organization Holdings Pte. Ltd. ("**LSO Group**") was completed on 2 August 2024. The current Board and management were appointed after completion of the acquisition and were not involved in the evaluation or execution of the transaction.

Accordingly, the current Board does not make representations regarding the detailed assumptions relied upon by the previous Board when approving the acquisition. The Board's responses below are based on information contained in the circular to shareholders dated 5 July 2024 (the "**Circular**") and the records currently available to the Company.

Based on information available to the Company, the acquisition rationale as disclosed in the Circular was supported by an independent valuation of the fair market value of the LSO Group of approximately US$19.1 million to US$21.0 million (equivalent to circa S$25.7 million to S$28.3 million)[1] as at 31 March 2024.

The valuation was derived primarily from projected future cash flows based on management's assumptions and information available at that time and included the anticipated development of:

- aquaculture farming projects in Selangor, Malaysia ("**Selangor Project**") and Palau ("**Palau Project**"); and
- a proposed shrimp processing plant in West Nusa Tenggara, Indonesia ("**Proposed Plant**").

[1] Based on the exchange rate of US$1: S$1.3476 as quoted by the Monetary Authority of Singapore as at 31 March 2024, as obtained from the 5 July Circular.

The basis of the valuation is the fair market value of the LSO Group, 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. This formed part of the commercial rationale for the acquisition.

Based on records available to the Company, the previous Board had undertaken legal and financial due diligence in connection with the acquisition. This included:

- a legal due diligence report dated 31 July 2024 covering material contracts relating to the Selangor and Palau projects; and
- a draft financial due diligence report dated 6 February 2024.

(a)(iii) Variance between projected and actual performance

Subsequent developments indicate that the progress of the Selangor Project and the Palau Project have been slow, while the funding for the Proposed Plant did not materialize in FY 2025. The LSO Group is now considering other funding options for this. As a result, the commencement of revenue-generating activities on the above projects has been delayed.

For the financial year ended 31 December 2025, the aquaculture segment represented by LSO reported:

- unaudited net loss of approximately S$1.3 million, and
- loss before interest, taxation, depreciation and amortisation of approximately S$1.5 million.

This contrasts with the first-year projections referenced in the full valuation report, which estimated:

- profit after tax of approximately US$9.23 million, and
- EBITDA of approximately US$10.64 million.

The variance is primarily attributable to the slower-than-expected progress of the projects described above.

The Board also notes that, prior to the FY2025 Results Announcement, the Company had disclosed in its financial statements for the six months ended on 30 June 2025 ("**HY2025 Results Announcement**") dated 8 January 2026 that the aquaculture segment generated limited revenue and recorded losses at the EBITDA and segment result levels for HY2025. These disclosures had indicated that the aquaculture business, including the LSO operations, had yet to scale up its commercial activities as originally envisaged.

For completeness, the Board notes that the independent valuation referenced in the Circular and the purchase price allocation ("**PPA**") exercise completed on 3 March 2026 were conducted for different purposes and under different frameworks.

The independent valuation estimated the fair market value of the equity interest in LSO as at 31 March 2024 based on projected future cash flows derived from management's assumptions and information available at that time.

In contrast, the PPA exercise was performed post-acquisition for financial reporting purposes under Singapore Financial Reporting Standards (International) and requires the allocation of the actual acquisition consideration to the identifiable assets and liabilities of LSO as at the acquisition date. Under the accounting framework for business combinations, future project pipelines, expected growth opportunities and internally generated capabilities are generally not recognised as separate identifiable assets unless specific recognition criteria are met. Accordingly, any excess of purchase consideration over the fair value of identifiable net assets is recognised as goodwill.

The impairment assessment reflects updated information regarding the progress and timing of the projects described above and does not represent a reassessment of the independent valuation itself, which was prepared for a different purpose and based on the information available at the time.

Nonetheless, the Board highlights that LSO BVI continues to maintain an active pipeline of aquaculture consultancy projects, wherein LSO BVI has submitted several proposals and are pending entry into definitive agreements with the clients. Further disclosures will be made when there are material developments.

Post-acquisition governance and monitoring

The current Board was appointed after completion of the acquisition and has since undertaken a comprehensive review of LSO's operations, financial position and contractual arrangements. Mr Lim Chen Chong ("**Mr Lim**"), a Director of LSO BVI and a Non-Executive and Non-Independent Director of the Company, continues to lend his expertise and advice to the LSO Group. As well, he has been providing the Board with updates on the LSO Group since the beginning of this year.

Since assuming office, the current Board has implemented measures to strengthen governance and oversight, including:

- reviewing LSO's accounting records and aligning its accounting policies with those of the Group;
- identifying and reconciling inter-company balances and related party transactions; and
- implementing enhanced delegation of authority and governance procedures across the Group.

The Board wishes to highlight that the operating agreements relating to the Selangor and Palau projects remain subsisting, valid and enforceable, and the Company continues to work with relevant stakeholders to progress these initiatives.

The Board notes that the Company had received various drafts of the PPA report in 2025, however a definitive draft dated 15 January 2026 was only provided, after the Company addressed certain queries by the valuer. As such, the Company could only definitively determine the impact of the PPA results on the Group's and Company's accounts. For the same reason, the results of the PPA report could not be incorporated into the Company's Annual Report 2024 and the unaudited financial results for the six months ended on 30 June 2025, which were released on 1 December 2025 and 8 January 2026 respectively. The Company also could not legally rely on a draft report for its purposes until the valuer finalizes and signs off on it, which occurred only on 3 March 2026.

The Board further notes that the proposed disposal of the LSO Group for consideration of up to S$13,000,000, pursuant to the conditional sale and purchase agreement announced on 30 January 2026, will provide evidence that there remains market value attributable to the Company's interest in the LSO Group.

The Board first became aware that certain acquisition assumptions may no longer be achievable during the preparation of the Company's FY2024 annual report and disclosed the relevant developments in the Company's announcement dated 1 November 2025. The financial impact of such developments was subsequently determined following completion of the PPA exercise and finalisation of LSO's accounts.

The Board remains cautiously optimistic about the prospects of LSO and will continue to strengthen governance, management oversight and operational controls within the Group.

SGX RegCo Query 2

(b) Please provide details of the Board's expectations of the future operational and financial performance of LSO, including bases.

Company's Response

The Board receives periodic updates on LSO's activities and project developments. Mr Lim continues to provide strategic advice in relation to LSO's business and introduces potential business opportunities and partners, particularly in relation to aquaculture consultancy projects and the Palau Project.

In addition, Mr Hong Seong Soo, an Independent Director of the Company, also serves as a director of LSO BVI, providing an additional level of oversight.

Since the issues disclosed in the Company's announcement dated 1 November 2025, the Company has undertaken a review of LSO's accounting records and implemented measures to strengthen financial controls, including assigning dedicated accounting personnel to review LSO's accounting records and reconciling inter-company balances and related party transactions.

The Board is cautiously optimistic regarding LSO's prospects, noting that further revenue contribution will depend on the progress of the Palau Project and other aquaculture consultancy opportunities currently under discussion.

SGX RegCo Query 3

(c) Please explain the reasons for the 37% increase in provision for credit loss from S$538,000 for FY2024 to S$735,000 in FY2025.

Company's Response

The increase in provision for credit loss is due to the estimated credit loss matrix implemented by the LSO Group subsequent to acquisition, where receivables that are overdue by more than four months after an initial 30-day credit term, are immediately fully or 100% provided for. Conversely, receivables that are less than five months overdue are provided for at rates of 3% to 50%, depending on the exact age bracket of the receivable. The full amount of provision for credit loss relates entirely to LSO's receivables.

SGX RegCo Query 4

(d) Please clarify details of the familial relationship between Lim Wee Beng and the interested persons of the Company, and provide the direct and deemed interests of these individuals in the Company's shares.

Company's Response

Lim Wee Beng Eddie ("**Mr WB Lim**") is the father of Lim Yu Victoria, a substantial shareholder of the Company. Evonne Koh (Xu Yi Fan) is the spouse of Mr WB Lim and the mother of Lim Yu Victoria.

Mr WB Lim currently serves as Senior Advisor to the Company and also to LSO BVI.

The direct and deemed interests of the relevant persons in the shares of the Company are set out below.

Name	Direct Interest	Deemed Interest
Lim Yu Victoria	153,846,155 shares (9.24%)	Nil
Lim Wee Beng Eddie	7,422,456 shares (0.44%)	20,000,000 shares (1.20%) – interest held by spouse

Name	Direct Interest	Deemed Interest
Evonne Koh (Xu Yi Fan)	20,000,000 shares (1.20%)	7,422,456 shares (0.45%) – interest held by spouse

Percentages are calculated based on the Company's issued and paid-up share capital of 1,705,144,341 shares.