



ADVANCED SYSTEMS AUTOMATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198600740M)

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- (I) **THE PROPOSED CONSOLIDATION OF EVERY THREE HUNDRED AND SEVENTY-FIVE (375) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE (“CONSOLIDATED SHARE”) IN THE CAPITAL OF THE COMPANY**
- (II) **PROPOSED BONUS ISSUE OF UP TO 19,843,667 FREE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW CONSOLIDATED SHARE AT AN EXERCISE PRICE OF S\$0.25 FOR EACH NEW CONSOLIDATED SHARE AND ON THE BASIS OF ONE (1) WARRANT FOR EVERY THREE (3) EXISTING CONSOLIDATED SHARES HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED**
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A. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Advanced Systems Automation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that:

- (a) the Company proposes to undertake a share consolidation of every three hundred and seventy-five (375) existing issued ordinary shares (“**Shares**”) in the capital of the Company (the “**Existing Shares**”) held by shareholders of the Company (the “**Shareholders**”) as at a books closure date to be determined by the Directors at a later date (the “**Share Consolidation BCD**”) into one (1) ordinary share in the capital of the Company (each a “**Consolidated Share**”), fractional entitlements to be disregarded (the “**Proposed Share Consolidation**”); and
- (b) subject to completion of the Proposed Share Consolidation and assuming (i) the Company has an issued share capital comprising 59,531,002 Consolidated Shares following the completion of the Proposed Share Consolidation; and (ii) no new Shares are issued by the Company from the effective date of completion of the Proposed Share Consolidation up to the Bonus Warrants BCD (as defined below) (both dates inclusive), the Company also proposes to undertake a bonus issue (“**Proposed Bonus Warrants Issue**”) of up to 19,843,667 free warrants (“**Warrants**”, and each a “**Warrant**”), with each Warrant carrying the right to subscribe for one (1) new Consolidated Share (“**Warrant Share**”) during the Exercise Period (as defined below) at an exercise price of S\$0.25 for each Warrant Share (“**Exercise Price**”), to be credited and allotted to the Shareholders on the basis of one (1) Warrant for every three (3) existing Consolidated Shares held by the Shareholders as at the books closure date to be determined by the Directors (“**Bonus Warrants BCD**”), fractional entitlements to be disregarded.

Shareholders should note that if completion of the Proposed Share Consolidation does not take place, the Proposed Bonus Warrants Issue will not proceed.

B. THE PROPOSED SHARE CONSOLIDATION

B.1 INFORMATION ON THE PROPOSED SHARE CONSOLIDATION

- B.1.1 Under the Proposed Share Consolidation, every three hundred and seventy-five (375) Existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder or Depositor (as the case may be) as at the Share Consolidation BCD will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded on the Catalist board (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in board lots of 100 Consolidated Shares (or such smaller board lots as are traded on the SGX-ST from time to time).

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Existing Shares as at the Share Consolidation BCD, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be aggregated and/or dealt with in such manner as the Board may, in its absolute discretion, deem appropriate in the interests of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.

A Shareholder who holds less than three hundred and seventy-five (375) Existing Shares as at the Share Consolidation BCD will not be entitled to any Consolidated Shares and will no longer be a Shareholder upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of three hundred and seventy-five (375) Shares as at the Share Consolidation BCD.

There are 1,901 Shareholders holding less than three hundred and seventy-five (375) Shares each as at 30 April 2021. These Shareholders will no longer be Shareholders upon completion of the Proposed Share Consolidation. Collectively, they hold 310,859 Shares in aggregate. Based on the market price of the Share as at 14 June 2021 (being the last market day preceding this announcement) of S\$0.001, the total market value of the Shares owned by the 1,901 Shareholders is S\$310.86. Assuming that each of the Shareholders holds three hundred and seventy-four (374) Shares (collectively 710,974 Shares) and that the market price of the Share is S\$0.001, the monetary entitlement of each of the 1,901 Shareholders is S\$0.37. As the amount due to each Shareholder is small, it is not economical to disburse the funds or Shares to the Shareholders, and it is likely the associated costs involved in the disbursement would far outweigh the benefits.

- B.1.2 As at the date of this announcement, the Company has an issued and paid-up share capital of S\$148,841,000 comprising 22,324,126,058 Existing Shares. The Company has no treasury shares. On the assumption that there will be no new Shares issued by the Company up to the Share Consolidation BCD and no fractions of Consolidated Shares arising from the Proposed Share Consolidation, and subject to Shareholders’ approval being obtained for the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$148,841,000 comprising 59,531,002 Consolidated Shares (with no treasury shares) following the completion of the Proposed Share Consolidation.

- B.1.3 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of fractional entitlements.
- B.1.4 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting (the "EGM") to be convened, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be based on their holdings of Existing Shares as at the Share Consolidation BCD.

B.2 RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders having taken into consideration the following:

(a) Reduction of volatility of the Share price

The absolute price of the Shares of the Company traded on the Catalist have been closing at a low level, with the last traded Share price ranging between S\$0.001 and S\$0.002 in the past 6 months before the date of this announcement.

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, lowly-priced shares are generally more susceptible to speculation and market manipulation, which may result in excessive Share price volatility. The Board believes that the Proposed Share Consolidation may serve to reduce the percentage transaction cost for trading in each board lot of Shares, as well as reduce the volatility of the Share price and fluctuations in the Company's market capitalisation.

(b) Increase in the market interest and attractiveness of the Company and its Shares

In the past 6 months before the date of this announcement, the Shares have primarily been traded on the Catalist at S\$0.001, which is the lowest possible trading price on the Catalist. Based on the current outstanding 22,324,126,058 Shares at the trading price of S\$0.001, the market capitalisation of the Company is approximately S\$22.3 million. However, as at 31 December 2020, the Company is in negative equity of S\$1.9 million with reported losses of S\$3.9 million.

It is expected that, all other things being equal, the theoretical trading price of each Consolidated Share would be higher than the trading price of each Existing Share. The Board believes that the Proposed Share Consolidation may allow the Shares to trade at a wider trading band (instead of being at or close to the lowest trading price of S\$0.001) that will enable investors to better price the Shares and the Company's market capitalisation in a manner that more accurately reflects the actual financial condition of the Company.

This may increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, thus providing a more diverse shareholder base. In addition, the Board believes that a wider trading band and any improvement in liquidity of the Shares arising from the Proposed Share Consolidation will also facilitate corporate actions involving the issuance of Shares by the Company, including through any convertible debt instruments that are convertible into Shares as mentioned in the Company's announcement on 9 June 2021. For the avoidance of doubt, the Company has not entered into any legally binding definitive agreement in relation to any convertible debt instruments as at the date of this announcement. The Board is currently looking at all possible means of fund raising and will update Shareholders accordingly.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

B.3 APPROVALS AND CONDITIONS

The Proposed Share Consolidation is subject to, *inter alia*, receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist board of the SGX-ST and approval of the Shareholders by ordinary resolution of the Proposed Share Consolidation at an EGM to be convened.

An application will be made to the SGX-ST, via the Company's sponsor ("**Sponsor**"), for permission to deal in and for the listing and quotation of the Consolidated Shares on the Catalist board of the SGX-ST in due course. The Company will make the relevant announcement(s) to notify Shareholders when the listing and quotation notice from SGX-ST is obtained. The listing approval from SGX-ST is not to be taken as an indication of the merits of the Consolidated Shares, the Company and/or its subsidiaries.

C. THE PROPOSED BONUS WARRANTS ISSUE

C.1 RATIONALE OF THE PROPOSED BONUS WARRANTS ISSUE

The Board believes that the Proposed Bonus Warrants Issue will reward Shareholders for their continued participation in and support for the Company by providing the Shareholders with an opportunity to increase their equity participation in the Company and participate in the future growth of the Company. In addition, the proceeds arising from the exercise of the Warrants will potentially increase the Company's capital base, strengthen its balance sheet and provide additional financial flexibility and liquidity to the Group.

C.2 USE OF PROCEEDS FROM EXERCISE OF WARRANTS

Subject to completion of the Proposed Share Consolidation, and assuming that (i) the Company has an issued share capital comprising 59,531,002 Consolidated Shares following the completion of the Proposed Share Consolidation; and (ii) no new Shares are issued by the Company from the effective date of completion of the Proposed Share Consolidation up to the Bonus Warrants BCD (both dates inclusive), if all the 19,843,667 Warrants issued are duly exercised within the Exercise Period (as defined below), the Company will receive gross proceeds of approximately S\$4,960,917. The estimated net proceeds from the exercise of the Warrants, after deducting the estimated expenses of the Proposed Bonus Warrants Issue, will amount to approximately S\$4,900,000 ("**Net Proceeds**").

The Company intends to utilise the entire Net Proceeds for working capital purposes. On completion of the disposal of the Company's entire shareholding interest in its wholly-owned subsidiaries Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn Bhd., Yumei REIT Sdn. Bhd. and Pioneer Venture Pte. Ltd. to ASTI Holdings Limited as announced by the Company on 27 February 2021, the Company will receive cash of approximately S\$1.8 million (after deducting amounts representing the deposit, set off and deferred consideration). The Company will require working capital for such period that it continues being listed on the SGX-ST, for purposes such as payment of professional fees, and to explore other opportunities to increase shareholder value.

As and when the Net Proceeds are materially utilised, the Company will make the necessary announcements on SGXNET and whether such use is in accordance with the stated use in this announcement. Where there is any material deviation in the use of the Net Proceeds from the stated use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of such Net Proceeds in the Company's interim and full year financial statements and the Company's annual report. Pending the deployment of the Net Proceeds for the uses identified above, the Net Proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

C.3 PRINCIPAL TERMS OF THE PROPOSED BONUS WARRANTS ISSUE

C.3.1 Terms of the Warrants

- (a) **Deed Poll.** The Warrants, to be credited and allotted free to the Shareholders, will be in registered form and be constituted in an instrument by way of a deed poll ("**Deed Poll**") that sets out the terms and conditions of the Warrants and which may from time to time be amended or supplemented.
- (b) **Exercise Price; Exercise Period.** Each Warrant will, subject to the terms and conditions to be set out in the Deed Poll, carry the right to subscribe for one (1) Warrant Share at an Exercise Price of S\$0.25 for each Warrant Share payable in cash during the period commencing on and including the date six (6) months from the date of listing of the Warrants on the Catalist and expiring at 5:00 p.m. on the market day immediately preceding the third (3rd) anniversary of the date of issue of the Warrants ("**Exercise Period**"). Any Warrant which remains unexercised at the end of the Exercise Period shall thereafter lapse and cease to be valid for all purposes.

An announcement on the expiry of the Warrants will be made through SGXNet and a notice will be sent to all Warrantholders at least one (1) month before the expiry of the Exercise Period.

- (c) **Adjustments.** The Exercise Price and/or the number of Warrants will be subject to adjustments under certain circumstances in accordance with the terms and conditions to be set out in the Deed Poll.
- (d) **Listing on Catalist.** An application will be made by the Company, through the Sponsor, to obtain SGX-ST's approval for the dealing in, listing of, and quotation for, the Warrants and the Warrant Shares on the Catalist board of the SGX-ST. An announcement on the outcome of the application will be made in due course. The listing of and quotation for the Warrants and the Warrant Shares on the Catalist, if approved, is expected to be subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of the Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.

- (e) **Status of Warrant Shares.** The Warrant Shares arising from the exercise of Warrants will rank *pari passu* in all respects with the then existing issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls on or after the relevant exercise date of the Warrants, save as may be otherwise provided for in the Deed Poll. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.
- (f) **Alteration to Terms.** No material alteration to the terms of the Warrants after the issue thereof to the advantage of the holder of a Warrant (“**Warrantholder**”) and prejudicial to the Shareholders shall be made, unless the alterations are made pursuant to the terms and conditions of the Warrants or the prior approval of Shareholders at a general meeting has been obtained.
- (g) **Governing Law.** The terms of the Warrants will be governed by the laws of Singapore.

C.3.2 Size of the Proposed Bonus Warrants Issue

As at the date hereof, the Company has 22,324,126,058 Shares that have been issued and are fully paid-up. None of the Shares are subject to moratorium. Assuming (i) the Proposed Share Consolidation is completed, (ii) the Company has an issued share capital comprising 59,531,002 Consolidated Shares (“**Post-Consolidation Issued Share Capital**”) following the completion of the Proposed Share Consolidation; and (iii) no new Shares are issued by the Company from the effective date of completion of the Proposed Share Consolidation up to the Bonus Warrants BCD (both dates inclusive), the Proposed Bonus Warrants Issue will comprise up to 19,843,667 Warrants and assuming that these Warrants are exercised in full, a total of 19,843,667 Warrant Shares may be issued, representing up to 33% of the Post-Consolidation Issued Share Capital.

C.3.3 Trading of Odd-lots

All fractional entitlements to the Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders (as defined herein) and will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Shareholders should note that subject to the requirement of the SGX-ST, the Warrants are quoted on the Catalist in board lot sizes of 100 Warrants. Following the Proposed Bonus Warrants Issue, Shareholders who hold odd lots of the Warrants (i.e. less than 100 Warrants) and who wish to trade in odd lots on the Catalist should note (where applicable) the setting up of the Unit Share Market of the SGX-ST to allow for trading of odd lots.

C.3.4 Eligibility of Shareholders to Participate in the Proposed Bonus Warrants Issue

- (a) **Entitlement to Warrants.** The Warrants to be issued pursuant to the Proposed Bonus Warrants Issue will be credited and allotted to Shareholders whose names appear in the records of the Central Depository (Pte) Limited (the “**CDP**”) or the Register of Members of the Company, as the case may be, as at the Bonus Warrants BCD, with registered addresses in Singapore or who have, at least three (3) consecutive market days prior to the Bonus Warrants BCD, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (“**Entitled Shareholders**”). The Proposed Bonus Warrants Issue will be made on the basis of one (1) Warrant for every three (3) Consolidated Shares held by the Entitled Shareholders as at the Bonus Warrants BCD, fractional entitlements to be disregarded. Entitled Shareholders will be issued Warrants on the basis of their shareholdings as at the Bonus Warrants BCD.

- (b) **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than in Singapore, the Warrants will NOT be offered or credited or allotted (as the case may be) to Shareholders with registered addresses outside Singapore as at the Bonus Warrants BCD and who have not, at least three (3) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Warrants which would otherwise be allotted to Foreign Shareholders will, if practicable, be sold on the Catalist and the net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to the respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register or the Register of Members (as the case may be) as at the Bonus Warrants BCD and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such amount will be retained for the sole benefit of the Company or otherwise dealt with as the Directors may, in their absolute discretion, deem fit and no Foreign Shareholders shall have any claim whatsoever against the Company or CDP or the Directors or share registrar of the SGX-ST and their respective officers in respect of such sales or the proceeds thereof, of such entitlements to the Warrants.

Where such Warrants are sold on the Catalist, they will be sold at any such price or prices as the Company, may in its absolute discretion, decide and deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP or the Directors or share registrar of the SGX-ST and their respective officers in respect of such sales.

- (c) **Entitlements not taken up; Fractional entitlements.** Any entitlements to the Warrants not taken up for any reason and fractional entitlements to the Warrants which are disregarded and not allotted to the Entitled Shareholders will be aggregated and sold on the Catalist for the benefit of the Company or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

C.4 APPROVAL FOR THE PROPOSED BONUS WARRANTS ISSUE

The Proposed Bonus Warrants Issue is subject to, *inter alia*, the following conditions:

- (a) the listing and quotation notice from the SGX-ST for the listing of and quotation for all the Warrants and Warrant Shares on the Catalist;
- (b) there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants; and
- (c) approval of the Shareholders by ordinary resolution of the Proposed Bonus Warrants Issue at an EGM to be convened.

D. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors (other than in his capacity as director or shareholder of the Company, as the case may be) of the Company has any interest, direct or indirect in the Proposed Share Consolidation or the Proposed Bonus Warrants Issue. To the best of the knowledge of the Board, there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Proposed Share Consolidation or the Proposed Bonus Warrants Issue.

E. APPLICATION TO THE SGX-ST

The Company, through the Company's Sponsor, will be submitting an application together with the conforming documents to the SGX-ST for the listing of, dealing in and quotation of:

- (a) the Consolidated Shares arising from the Proposed Share Consolidation; and
- (b) the Warrants and Warrant Shares arising from the Proposed Bonus Warrants Issue,

on the Catalist of the SGX-ST. The Company will make the relevant announcement(s) on the outcome of the application in due course.

The date for the Share Consolidation BCD and the Bonus Warrants BCD respectively will only be fixed and announced after the SGX-ST has approved the Proposed Share Consolidation and the Proposed Bonus Warrants Issue (as the case may be).

F. DESPATCH OF CIRCULAR

The Company will be seeking specific approval from the Shareholders at an EGM of the Company to be convened to approve the Proposed Share Consolidation and the Proposed Bonus Warrants Issue.

A circular setting out the details of, and other relevant information pertaining to, the Proposed Share Consolidation and the Proposed Bonus Warrants Issue, together with the notice of EGM, will be despatched to Shareholders in due course.

In view of the exemption accorded under Regulation 31(1)(a) of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, there will not be any prospectus, profile statement or offer information statement issued by the Company in relation to, and for the purpose of, the Proposed Bonus Warrants Issue.

G. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Share Consolidation and Proposed Bonus Warrants Issue are subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Share Consolidation or the Proposed Bonus Warrants Issue will be completed or that no changes will be made to the respective terms thereof. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

H. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof and that this announcement constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, the Proposed Bonus Warrants Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

I. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company with respect to the Proposed Share Consolidation and the Proposed Bonus Warrants Issue as and when appropriate.

By Order of the Board

ADVANCED SYSTEMS AUTOMATION LIMITED

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Chairman
Advanced Systems Automation Limited
17 June 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.