



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

THE PROPOSED DISPOSAL OF CERTAIN SUBSIDIARIES

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Advanced Systems Automation Limited (the “**Company**”) wishes to announce that the Company has on 26 February 2021 entered into a sale and purchase agreement (“**SPA**”) with ASTI Holdings Limited (the “**Purchaser**”).

Pursuant to the terms of the SPA, the Company has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Company, 100% of the issued share capital (the “**Sale Shares**”) of Emerald Precision Engineering Sdn. Bhd. (“**Emerald**”), Yumei Technologies Sdn. Bhd. (“**Yumei Technologies**”), Yumei REIT Sdn. Bhd. (“**Yumei REIT**”) and Pioneer Venture Pte. Ltd. (“**Pioneer Venture**”) (collectively, the “**Sale Companies**”) (the “**Proposed Disposal**”).

The Sale Companies are wholly-owned subsidiaries of the Company. Upon completion of the Proposed Disposal (“**Completion**”), the Company shall transfer the Sale Shares to the Purchaser or the Nominee Holding Company (as defined below) designated by the Purchaser and the Sale Companies shall cease to be subsidiaries of the Company.

- 1.2 The Proposed Disposal constitutes:

- (a) an interested person transaction under Chapter 9 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and
- (b) a major transaction under Chapter 10 of the Catalist Rules.

- 1.3 Accordingly, the Proposed Disposal is subject to the approval of the shareholders of the Company (“**Shareholders**”) who are deemed independent under the Catalist Rules (“**Independent Shareholders**”) in respect of the Proposed Disposal. The Company intends to convene an extraordinary general meeting (“**EGM**”) to seek the approval of the Independent Shareholders for the Proposed Disposal, and further information on, *inter alia*, the Proposed Disposal will be provided in a circular to be issued to the Shareholders by the Company in due course.

2. INFORMATION ON THE SALE COMPANIES AND THE PURCHASER

2.1 Emerald

Emerald is a company incorporated in Malaysia on 3 March 2000 and has an issued and paid-up share capital of RM600,000 comprising 600,000 ordinary shares. Emerald is an equipment contract manufacturing services provider in Asia, with a track record in the precision machining of parts and components for semiconductor, hard disk drives and other industries. Emerald's customers are predominantly based in Singapore and Malaysia.

2.2 Yumei Technologies

Yumei Technologies is a company incorporated in Malaysia on 6 December 2005 and has an issued and paid-up share capital of RM500,002 comprising 500,002 ordinary shares. Yumei Technologies is principally engaged in the provision of: (a) die-casting; (b) plastic injection moulding components; and (c) other finishing operations incorporating precision machining, surface finishing and leakage treatment and sub-assembly of mechanical components.

2.3 Yumei REIT

Yumei REIT is a company incorporated in Malaysia on 7 May 2006 and has an issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares. It is the asset management company for Yumei Technologies.

2.4 Pioneer Venture

Pioneer Venture is a company incorporated in Singapore on 1 April 2005 and has an issued and paid-up share capital of S\$1,100,000 comprising 1,000,000 ordinary shares. Pioneer Venture is principally engaged in the manufacturing of fabricated metal products except machinery and equipment. It has over ten (10) years of experience in metal moulding technologies, manufacturing processes and integrated manufacturing solutions.

2.5 Purchaser

The Purchaser is a company incorporated in Singapore and is listed on the Mainboard of the SGX-ST. The Purchaser and its subsidiaries (the "**Purchaser's Group**") own one of the largest semiconductor manufacturing services in the world. The Purchaser's Group provides tape and reel packaging services and integrated circuit programming services to renowned original equipment manufacturers, contract manufacturers and component distributors globally.

The Purchaser holds a direct interest in 5,800,791,930 ordinary shares in the Company, representing approximately 25.98% of the issued and paid-up capital of the Company as at the date of this announcement. As the Purchaser is a controlling shareholder (as defined under the Catalist Rules) of the Company, the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

(a) Purchase Price

The aggregate consideration payable by the Purchaser for the sale and purchase of the Sale Shares is S\$15,500,000 (the "**Purchase Price**"). The Purchase Price comprises:

- (i) a base consideration component of S\$12,500,000 ("**Base Consideration**"), which shall be paid in the manner described in paragraph 3.1(b) below; and

- (ii) an earn-out consideration component of up to S\$3,000,000 (“**Earn-Out Consideration**”), which shall be paid in the manner described in paragraph 3.1(c) below.

The Purchase Price was arrived at on an arm’s length and a “willing buyer willing seller” basis, and after taking into account, amongst other factors, the net asset value of the assets of the Sale Companies as well as the Market Value (as defined below) of the Sale Shares as at 30 June 2020 as set out in the Valuation Report (as defined below).

(b) Payment of the Base Consideration

The Base Consideration shall be paid by the Purchaser to the Company as follows:

- (i) upon the execution of the SPA, the Purchaser shall pay an amount of S\$1,000,000 as a refundable deposit (the “**Earnest Deposit**”);
- (ii) on the date on which Completion takes place (the “**Completion Date**”), an amount of up to S\$8,700,000 (representing all monies, including interest, owing by the Company to the Purchaser up to the Completion Date) shall be set-off against the Base Consideration (the “**Set-off**”);
- (iii) on the Completion Date, an amount equivalent to the Base Consideration less the amounts representing: (A) the Earnest Deposit; (B) the Set-off; and (C) the Deferred Consideration (as defined below), which is approximately S\$1,800,000, shall be paid;
- (iv) on Milestone 1 Payment Date (as defined below), a deferred consideration of S\$500,000 shall be paid; and
- (v) on Grand Milestone Payment Date (as defined below), a deferred consideration of S\$500,000 shall be paid (the payments referred to in paragraph 3.1(b)(iv) and paragraph 3.1(b)(v) collectively, the “**Deferred Consideration**”). For the avoidance of doubt, the Deferred Consideration is independent of the Earn-Out Consideration and shall be paid by the Purchaser to the Company regardless of whether any of Milestone 1 (as defined below) and/or the Grand Milestone (as defined below) has been attained.

(c) Earn-Out Consideration

(i) **Milestones**

For the purposes of this paragraph 3.1(c):

- (A) “**Milestone 1**” means the attainment of a net Sale Companies Profit (as defined below) for the financial year ending 31 December 2021 (“**FY2021**”) of not less than S\$1,500,000;
- (B) “**Grand Milestone**” means the attainment of an aggregate net Sale Companies Profit for FY2021 and the financial year ending 31 December 2022 (“**FY2022**”) of not less than S\$3,000,000;
- (C) “**Milestone 1 Payment Date**” means the date falling three (3) months from the date of completion of CAA (as defined below) for FY2021;
- (D) “**Grand Milestone Payment Date**” means the date falling three (3) months from the date of completion of CAA for FY2022;
- (E) “**CAA**” refers to the special consolidated audited financial statements, prepared and derived from the audited consolidated financial statements of the Purchaser and its subsidiaries for the relevant financial year ending 31 December by the Purchaser’s external auditor, of each Sale Company,

as organised and held under YME Holdings Pte Limited (as the Purchaser's nominee) for the relevant financial year ended 31 December prepared in accordance with Singapore Financial Reporting Standards, including the relevant balance sheets, profit and loss accounts, cash flow statements, together with any reports, notes and documents annexed to them. The CAA shall be prepared and completed within ninety (90) days of acceptance of the audited consolidated financial statements of the Purchaser and its subsidiaries by its shareholders in an annual general meeting for the relevant financial year;

- (F) **"FY"** means financial year of the relevant accounts;
- (G) **"Nominee Holding Company"** means a new company known as YME Holdings Pte Limited, specially incorporated by and nominated by the Purchaser to hold the Sale Shares to facilitate the preparation of CAA;
- (H) **"Sale Companies Profit"** means the aggregated amount of profits before tax of the Sale Companies based on the CAA for that relevant financial year;
- (I) **"Sale Companies Loss"** means the aggregated amount of losses before tax of the Sale Companies based on the CAA for that relevant financial year;

For purposes of this paragraph 3.1(c), in calculating the net Sale Companies Profit or net Sale Companies Loss (as the case may be):

- (1) any extraordinary or non-recurring income or sales generated outside the normal course of business and any management fees charged by the Purchaser during FY2021 and FY2022 to the Nominee Holding Company and/or the Sale Companies for the provision of management support (including finance, accounting, legal and compliance support) shall not be taken into account; and
 - (2) any amounts paid as compensation to the chief executive officer of the Nominee Holding Company to be appointed (being Mr Seah Chong Hoe) during FY2021 and FY2022 pursuant to his employment agreement shall be taken into account; and
- (J) **"September 2022 Interim Profit/Loss"** means the profit or loss before tax for the period between 1st January 2022 up to 30th September 2022 based on the unaudited financial statements of the Sale Companies prepared by the Purchaser.

(ii) **Earn-Out Consideration**

The Earn-Out Consideration of up to S\$3,000,000 shall be payable to the Company, subject to and in the manner provided in paragraph 3.1(c)(iii) below, in the event the Sale Companies attain Milestone 1 and/or the Grand Milestone.

(iii) **Determination of Final Earn-Out Consideration and Satisfaction of Grand Milestone**

The payment of any Earn-Out Consideration, if any, as set forth in paragraph 3.1(c)(ii) above shall be conditional upon, and subject to the following (as applicable):

- (A) On Milestone 1 Payment Date, the net Sale Companies Profit or net Sale Companies Loss for FY2021 shall be aggregated with the September 2022 Interim Profit/Loss and in the event, based on the aforesaid aggregation (the result of the aggregation is represented by "**X**"), there is:

- (1) a net profit before tax **equal to or greater than S\$1,500,000**, then Milestone 1 is deemed satisfied, in which event only S\$1,500,000 of the Earn-Out Consideration shall be payable to the Company;
 - (2) a net profit before tax **greater than zero but less than \$1,500,000**, then Milestone 1 is deemed partially satisfied, in which event such portion of the Earn-Out Consideration equal to **X** shall be payable to the Company; or
 - (3) **zero profit or is a net loss before tax**, no portion of the Earn-Out Consideration shall be payable to the Company.
- (B) On the Grand Milestone Payment Date, the net Sale Companies Profit for FY2021 and FY2022 shall be aggregated, and based on the aforesaid aggregation (the result of the aggregation is represented by “**Y**”), there is:
- (1) a net profit before tax **equal to or greater than S\$3,000,000**, the Grand Milestone shall be deemed satisfied, and the remaining Earn-Out Consideration payable to the Company shall be S\$3,000,000 less any payments already made pursuant to paragraph 3.1(c)(iii)(A);
 - (2) a net profit before tax **greater than zero but is less than S\$3,000,000** (i.e. the Grand Milestone is not achieved), then the remaining Earn-Out Consideration payable to the Company shall be an amount equal to **Y** less any payments already made pursuant to paragraph 3.1(c)(iii)(A). Should there have been any partial payment of the Earn-Out Consideration made pursuant to paragraph 3.1(c)(iii)(A) in such amounts that are in excess of **Y**, then the Company shall return any such amounts in excess of **Y** to the Purchaser on the Grand Milestone Payment Date; or
 - (3) **zero profit or is a net loss before tax**, then there should be no Earn-Out Consideration payable to the Company. Should there have been any partial payment of the Earn-Out Consideration made pursuant to paragraph 3.1(c)(iii)(A), the Company shall return any such payments made under paragraph 3.1(c)(iii)(A) to the Purchaser on the Grand Milestone Payment Date.

3.2 Principal Terms of the SPA

(a) Conditions Precedent

The agreement to sell and purchase the Sale Shares is conditional upon satisfaction of, *inter alia*, the following conditions precedent:

- (i) approval of the Independent Shareholders in respect of the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalist Rules;
- (ii) approval of the Shareholders in respect of the Proposed Disposal as a major transaction under Chapter 10 of the Catalist Rules;
- (iii) approval of the shareholders of the Purchaser in respect of the Proposed Disposal pursuant to Chapter 10 of the Listing Manual of the SGX-ST;
- (iv) the Purchaser having undertaken its due diligence investigations in respect of the Sale Companies, including but not limited to business, financial and legal due diligence, and the results of such due diligence being reasonably satisfactory to the Purchaser;

- (v) all relevant regulatory consents or third-party approvals having been obtained in respect of the SPA and the transactions contemplated thereunder;
- (vi) the SPA and the transactions contemplated by the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and any other relevant jurisdictions; and
- (vii) the Purchaser procuring the Nominee Holding Company to, and the Company procuring Mr Seah Chong Hoe to, enter into an employment agreement appointing Mr Seah Chong Hoe as chief executive officer of the Nominee Holding Company with effect from the Completion Date, on substantially the same terms as contained in his employment contract with the Company, subject to Purchaser's prevailing employment policies.

(b) Long Stop Date

If the conditions precedent in the SPA are not satisfied or waived on or before the expiry of the date falling nine (9) months from the date of the SPA or such later date as the Purchaser and the Company (collectively, the "Parties" and each, a "Party") may mutually agree in writing (the "Long Stop Date"), then the SPA shall lapse and: (i) neither Party shall have any claim against the other under it, save for any claim arising from any antecedent breach of the SPA (other than for a breach of failing to ensure the satisfaction of the conditions precedent under the SPA); and (ii) the Earnest Deposit shall be refunded by the Company to the Purchaser, free of interest, within seven (7) days from the date in which a Party receives a written notification from the other Party that any condition precedent in the SPA is not satisfied or waived by the Long Stop Date.

(c) Delay or Failure to Pay Deferred Consideration

If the Purchaser shall delay or fail to make the payments of the Deferred Consideration in accordance with paragraph 3.1(b)(iv) and paragraph 3.1(b)(v) above, the Company shall be entitled to payments of default interest in accordance with the SPA and, in addition, if the Company shall have to resort to commencing legal proceedings to enforce payments of the Deferred Consideration, the Purchaser shall indemnify and save harmless the Company from and against all reasonable legal costs and expenses incurred in connection with such legal proceedings.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal provides an opportunity for the Company to realise and unlock value in the Sale Companies. By disposing the Sale Companies, it creates an opportune and appropriate time for the Company to consider other potential new operating businesses with good growth potential. In addition, the Company will also be able to reduce the outstanding indebtedness owing by the Company to the Purchaser, by setting off part of the indebtedness from the Base Consideration by way of the Set-off.

The Company is in the midst of exploring a potential acquisition of a new business and will make the necessary announcements in compliance with the Catalist Rules as and when there are material developments in relation to such a potential acquisition.

5. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

5.1 Interested Person Transaction

The Purchaser is a controlling shareholder (as defined in the Catalist Rules) of the Company, and hence is an interested person (as defined under the Catalist Rules).

Pursuant to Rule 906 of the Catalist Rules, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than, 5% of the group's latest audited net tangible asset ("**NTA**") value. The audited NTA of the Company and its subsidiaries ("**Group**") is negative S\$2,202,000 for the financial year ended 31 December 2019. As the Group's audited NTA as at 31 December 2019 is negative, it is not meaningful to adopt the NTA as the basis to compute the materiality thresholds in relation to Rules 905 and 906 of the Catalist Rules. Accordingly, pursuant to Rule 906(3) of the Catalist Rules, the Company had on 17 February 2021, through its Sponsor, applied to the SGX-ST for its approval on the use of the Company's market capitalisation as a benchmark to calculate the relevant threshold in Rules 905 and 906 of the Catalist Rules. The Company had on 22 February 2021 received confirmation from the SGX-ST that it has no objection to the Company's use of market capitalisation as the basis to compute the interested person transaction materiality thresholds under Chapter 9 of the Catalist Rules for the Proposed Disposal.

Based on the Company's market capitalisation as at 31 December 2019, the value of the Proposed Disposal is approximately 69.4% of the Company's market capitalisation. As such, the Proposed Disposal is an interested person transaction which is subject to the approval of the Independent Shareholders, at an EGM to be convened in due course, pursuant to Rule 906(1)(a) of the Catalist Rules.

The Company has appointed RHT Capital Pte. Ltd. as the independent financial adviser (the "**IFA**") to advise the Directors who are considered independent for the purposes of the Proposed Disposal on whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The opinion of the IFA will be set out in the circular to be despatched to the Shareholders in due course.

5.2 Total Value of Interested Person Transactions for the Financial Year

As at the date of this announcement and since the financial year beginning 1 January 2021, the current total value of: (a) all transactions entered into between the Group and the Purchaser, including the Proposed Disposal is S\$15,531,487, which represents approximately 69.6% of the Company's market capitalisation as at 31 December 2019; and (b) all interested person transactions, including the Proposed Disposal is S\$15,550,402, which represents 69.6% of the Company's market capitalisation as at 31 December 2019, excluding transactions less than S\$100,000.

5.3 Audit Committee Statement

The Audit Committee of the Company will be obtaining an opinion from the IFA before forming its view on whether the Proposed Disposal is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders, which will be announced subsequently.

5.4 Abstention from Voting

The Purchaser, Dato' Michael Loh Soon Gnee and their respective associates (as defined in the Catalist Rules) shall abstain from exercising their voting rights in respect of all the existing issued shares in the capital of the Company owned by them and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

As set out above, the terms of the SPA provides that Mr Seah Chong Hoe shall be appointed as chief executive officer of the Nominee Holding Company with effect from Completion. Accordingly, the Company will, through its Sponsor, consult the SGX-ST as to whether Mr Seah Chong Hoe will be deemed as an interested person (as defined in the Catalist Rules) and consequently whether he will be required to: (a) abstain from exercising his voting rights in respect of all the existing issued shares in the capital of the Company owned by him; and (b) not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

6. THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE CATALIST RULES

6.1 Relative Figures under Rule 1006 of the Catalist Rules

Based on the latest unaudited consolidated financial statements of the Group for the financial period ended 30 June 2020, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	(1,364.4) ⁽¹⁾⁽²⁾
(b)	Net profits ⁽³⁾ attributable to the assets disposed of, compared with the Group's net profits	(138.9) ⁽¹⁾⁽⁴⁾
(c)	Aggregate value of the consideration received compared with the Company's market capitalisation based on the total number of issued shares, excluding treasury shares	34.7 ⁽⁵⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	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

Notes:

⁽¹⁾ This is a negative figure.

⁽²⁾ For purposes of calculating the relative figure under Rule 1006(a) of the Catalist Rules, the aggregated net asset value of Sale Companies of S\$12,607,000 as at 30 June 2020 is divided by the net liability value of the Group of S\$924,000 as at 30 June 2020.

⁽³⁾ "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

⁽⁴⁾ Based on the aggregate unaudited net profits attributable to the Sale Companies for the financial period ended 30 June 2020 of S\$874,000, divided by the Group's unaudited net loss for the financial period ended 30 June 2020 of S\$629,000.

⁽⁵⁾ Market capitalisation of the Company as at 25 February 2021 (based on the volume weighted average price of S\$0.002 per share of the Company on such date), being the last market day on which shares of the Company were traded on the SGX-ST prior to the date of signing of the SPA, is approximately S\$44,648,252.

As the relative figures under Rule 1006(a) and Rule 1006(b) of the Catalist Rules are negative and the absolute relative figures under Rule 1006(a) and Rule 1006(b) of the Catalist Rules exceed 50%, the Proposed Disposal does not fall within the relevant scenarios provided for in paragraphs 4.4(c) and 4.4(d) of Practice Note 10A of the Catalist Rules. Accordingly, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Proposed Disposal is subject to the approval of the Shareholders at an EGM to be held as a major transaction under Chapter 10 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the NTA per share and loss per share (“LPS”) of the Group have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2019. The financial effects below are purely for illustrative purposes.

The financial effects are based on the following assumptions:

- (a) the financial effects of the Proposed Disposal on the NTA per share of the Group are computed based on the assumption that the Proposed Disposal had been effected on 31 December 2019 (being the end of the most recent audited financial year ended 31 December 2019);
- (b) the financial effects of the Proposed Disposal on the LPS is computed based on the assumption that the Proposed Disposal has been effected on 1 January 2019 (being the beginning of the most recent audited financial year ended 31 December 2019); and
- (c) the financial effects take into account the disposals of Microfits Pte Ltd (“**Microfits**”) and ASA Multiplate (M) Sdn Bhd (“**ASA Multiplate**”) as the Shareholders had approved this disposal in the EGM dated 21 December 2020.

7.2 NTA Per Share

The effects of the Proposed Disposal on the audited consolidated NTA per share of the Group for the most recent audited financial year ended 31 December 2019, assuming that the Proposed Disposal had been effected on 31 December 2019, are summarised below:

	Before Proposed Disposal	After Proposed Disposal
Consolidated NTA ⁽¹⁾ (S\$)	(1,949)	(3,534)
Number of shares	22,324,126,058	22,324,126,058
NTA per ordinary share (cents)	(0.01)	(0.02)

Note:

- ⁽¹⁾ NTA is computed based on total assets less total liabilities and intangible assets. The NTA of Microfits and ASA Multiplate are excluded in deriving the consolidated NTA.

7.3 LPS

The effects of the Proposed Disposal on the audited consolidated LPS of the Group for the most recent audited financial year ended 31 December 2019, assuming that the Proposed Disposal had been effected on 1 January 2019, are summarised below:

	Before Proposed Disposal	After Proposed Disposal
Loss attributable to Shareholders ⁽¹⁾ (S\$)	4,558	8,254
Weighted average number of shares	22,324,126,058	22,324,126,058
LPS (cents)	0.02	0.04

Note:

- ⁽¹⁾ The loss attributable to shareholders from Microfits and ASA Multiplate are excluded in deriving the loss attributable to Shareholders of the Company.

8. LOSS ON DISPOSAL AND USE OF PROCEEDS

Based on the latest unaudited consolidated financial statements of the Group for the financial period ended 30 June 2020 (“1H2020”) and the consolidated financial statements of the Group for FY2019, the relevant financial information of the Sale Companies are as follows:

Sale Companies	FY2019 (S\$)	1H2020 (S\$)
Revenue	12,884,000	6,654,000
Net Profit/(Loss)	1,289,000	874,000
Net Tangible Assets/(Liabilities)	12,130,000	12,632,000
Net Assets/(Liabilities)	12,130,000	12,632,000
Book Value	12,130,000	12,632,000

As disclosed above, the Purchase Price is S\$15,500,000 and the book value of the Sale Shares as at 30 June 2020 is approximately S\$12,632,000. Accordingly, the excess of the proceeds over the book value of the Sale Shares is approximately S\$2,868,000.

It is expected that the Proposed Disposal will result in an estimated net loss of S\$1,973,000.

The estimated amount of net proceeds from the Proposed Disposal, after deductions for transactional expenses and Set-off, is S\$6,665,000. Subject to the requirements under Rule 1017 of the Catalist Rules, including placing 90% of the Company's cash and short-dated securities (including the proceeds from the Proposed Disposal) into an escrow account, the Group intends to deploy the net proceeds, after deductions for transactional expenses, for the purposes of operating expenses of the Group such as compliance costs, audit fees and listing fees.

9. VALUATION REPORT

In connection with the Proposed Disposal, the Company has appointed an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. (the “**Independent Valuer**”), to assess and determine the value of the Sale Shares. Based on the valuation report dated 10 November 2020 issued by the Independent Valuer (the “**Valuation Report**”), the Market Value of the Sale Shares as at 30 June 2020 is approximately between S\$15,400,000 and S\$16,600,000. “**Market Value**” refers to the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at the Market Value of the Sale Shares, the Independent Valuer has adopted the following valuation approaches:

- (a) in valuing the Sale Shares in relation to Emerald, Pioneer Venture and Yumei Technologies, the Independent Valuer adopted the discounted cash flow method under the income approach as its primary method. The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset; and
- (b) in valuing the Sale Shares in relation to Yumei REIT, the Independent Valuer adopted the summation method under the cost approach as its primary method. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved.

The Company intends to obtain an updated valuation report from the Independent Valuer and details from the updated valuation report will be set out in the circular to Shareholders.

10. COMPLETION OF THE PROPOSED DISPOSAL

Upon Completion, the Company will cease to hold any operating business and the Company will become a cash company as defined under Rule 1017 of the Catalist Rules. Accordingly, the Company will have to comply with the requirements pursuant to Rule 1017 of the Catalist Rules and place 90% of its cash and short-dated securities (including the proceeds from the Proposed Disposal) into an escrow account. The Company will also be subject to Rule 1303(2) of the Catalist Rules where the SGX-ST may at any time suspend trading of the shares of the Company.

11. CIRCULAR AND EGM

The Company will be convening an EGM to seek the Shareholders' approval for the Proposed Disposal, and a circular containing, *inter alia*, the notice of the EGM and details of the Proposed Disposal will be despatched to the Shareholders in due course.

12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Each of the following Directors and/or controlling shareholders (as defined in the Catalist Rules) of the Company has declared their interest, direct or indirect, in the Proposed Disposal as follows:

- (a) the Purchaser is a controlling shareholder of the Company;
- (b) Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi is an independent director of the Company and the Purchaser;
- (c) Dato' Michael Loh Soon Gnee is a controlling shareholder of the Company and also a controlling shareholder, director and executive chairman of the Purchaser; and
- (d) Mr Seah Chong Hoe, who is currently Chief Executive Officer, Director and a controlling shareholder of the Company, will be appointed as chief executive officer of the Nominee Holding Company with effect from Completion. In addition, Mr Seah Chong Hoe is also a director of each of Yumei Technologies, Yumei REIT and Pioneer Venture.

Save as disclosed above, none of the Directors or the controlling shareholders (as defined in the Catalist Rules) of the Company has any interest, direct or indirect, in the Proposed Disposal, otherwise than through their interests in shares of the Company.

13. DIRECTORS' SERVICE CONTRACTS

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the Valuation Report are available for inspection at the registered office of the Company at 25, Kallang Avenue, #06-01, Singapore 339416, during normal business hours for three (3) months from the date of this announcement.

15. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out above, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Chairman
Advanced Systems Automation Limited
27 February 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.

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