



Advanced Systems Automation Limited

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

RESPONSE TO SGX QUERIES

The board of directors (the "**Board**") of Advanced Systems Automation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to provide the following information in response to the queries from the Singapore Exchange Regulation ("**SGX**") in respect of the Company's announcements on 28 October 2023 ("**Announcements**") titled as follows:

- (i) Proposed Acquisition of 100% of the Issued and Paid-Up Share Capital of LSO Organization Holdings Pte. Ltd. ("**Proposed Acquisition**");
- (ii) Proposed Consolidation of Every Sixty Five (65) Existing Ordinary Shares in the Capital of the Company into One (1) Ordinary Share in the Capital of the Company ("**Proposed Share Consolidation**");
- (iii) Proposed Issuance of Bonus Warrants ("**Proposed Bonus Warrants Issue**"); and
- (iv) Proposed Issuance of 5.0% Redeemable Convertible Notes in Aggregate Principal Amount of Up To SGD20,000,000 ("**Proposed RCN Issuance**"),

collectively, the "**Corporate Actions**".

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Announcements.

SGX Query 1

Assuming all of the above Corporate Actions are approved by shareholders of the Company (where required) and completed accordingly:

- (i) What would be the sequence of the Corporate Actions?

Proposed sequence of the Corporate Actions are as follows:

- a) Proposed RCN issuance (T1),
- b) Proposed Share Consolidation,
- c) Proposed Bonus Warrants Issue,
- d) Proposed RCN issuance (T2 and T3), and
- e) Proposed Acquisition.

- (ii) Please set out the conditionality of the Corporate Actions with each other.

The conditionality of the Corporate Actions with each other are as follows:

- a) The Proposed Acquisition is conditional upon the Proposed Share Consolidation, Proposed Bonus Warrants Issue and Proposed RCN Issuance.
- b) T2 and T3 of the Proposed RCN Issuance is conditional upon the Proposed Share Consolidation.
- c) T3 of the Proposed RCN Issuance is conditional upon the Proposed Acquisition.
- d) T1 of the Proposed RCN Issuance, the Proposed Share Consolidation and Proposed Bonus Warrants Issue are not conditional upon any of the Corporate Actions.

- (iii) Please provide a table showing the resultant shareholdings of existing and new directors and substantial shareholders of the Company pursuant to the Corporate Actions.

As the new directors who will be appointed to the Board pursuant to the completion of the Proposed Acquisition have not yet been identified, the Company will provide further information on the shareholding interests of such proposed directors in the Company, at a subsequent date.

Please refer to the table set out in Appendix A below for the resultant shareholdings of existing directors and substantial shareholders of the Company. The Company wishes to clarify that the table set out in Appendix A below presents the resultant shareholdings of existing directors and substantial shareholders of the Company pursuant to (i) the Proposed Share Consolidation; (ii) the Proposed Bonus Warrants Issue; and (iii) the Proposed Acquisition, without taking into account the impact to the shareholding interests of the aforementioned parties arising from the issuance of the Conversion Shares pursuant to the conversion of Notes arising from the Proposed RCN Issuance (“**RCN Shareholding Impact**”). The Company submits that it will not be meaningful to present the RCN Shareholding Impact as the Noteholder is not entitled to exercise his Conversion Rights under the Subscription Agreement, in the event, *inter alia*, the aggregate Conversion Shares held by the Subscribers after the allotment and issuance of Conversion Shares represents 15% or more of the enlarged share capital of the Company.

- (iv) Will there be a transfer of controlling interest under Catalist Rule 803 pursuant to the Corporate Actions?

Please refer to Appendix A, and the response above. There will be no transfer of controlling interest under Catalist Rule 803 pursuant to the Corporate Actions.

SGX Query 2

In relation to the Proposed Acquisition:

- (i) It is stated that “the Target holds 50% of the total issued and paid-up share capital of British Virgin Islands-incorporated Lim Shrimp Organisation Ltd. (“**LSO BVI**”)”.

- (a) Who holds the remaining 50% of LSO BVI?

The remaining 50% of LSO BVI is held by Lim Shrimp Corporation Pte Ltd (40%), Victoria Lim Yu (3.33%), Lim Chen Chong (3.33%) (“**Lim Chen Chong (Djames Lim)**”) and Structured Capital Solutions Inc (3.33%). The shareholders of Lim Shrimp Corporation Pte Ltd are Victoria Lim Yu (33.33%), Lim Chen Chong (Djames Lim) (33.33%) and Structured Capital Solutions Inc (33.33%).

- (b) Is/Are the remaining shareholder(s) of LSO BVI related to the Company, the Group, the Directors or substantial shareholders of the Company and their respective associates?

No.

- (c) Does the remaining shareholder(s) of LSO BVI have any interest in the shares of the Company?

No.

(ii) The Target Group is engaged in the business of aquaculture, food processing, sale of food and other ancillary businesses. As such, the Proposed Acquisition will result in the diversification and expansion of the core business by the Company into aquaculture, food processing, sale of food and other ancillary businesses (“**New Business**”) (“**Diversification**”).

(a) Does the Company have the necessary expertise to embark on the Diversification?

The Company will leverage on the expertise and capabilities of the key management team of the Target Group, to ensure the smooth operation and achievement of desired business outcomes of the New Business. Members of the key management team include Mr. Peter Fleming, CEO and Director of LSO BVI and Lim Chen Chong (Djames Lim), Director and Advisor of LSO BVI.

Lim Chen Chong (Djames Lim) has more than 30 years of experience in the development, operation, management of, and commercial track record in shrimp farming and sustainable aquaculture ecosystems. Lim Chen Chong (Djames Lim) also lent his industry expertise and knowledge as a Registered Shrimp Supply Chain Specialist Advisor to the Asian Development Bank (“**ADB**”) since 2008, and was particularly active in advising the ADB on projects between 2020 and 2022. Lim Chen Chong (Djames Lim) was also the President of the Institution of Aquaculture Singapore (a non-profit professional society registered in Singapore with the Registry of Societies, Ministry of Home Affairs) from 2017 to 2019.

(b) What is the track record the Vendors of the New Business?

The Vendors, in particular, Lim Chen Chong (Djames Lim), have established a strong track record in investing, building, operating and managing shrimp farms globally.

In 1987, Lim Chen Chong (Djames Lim) and together with members of his family and through PT Dipasena Citra Darmaja (“**PT Dipasena Group**”), worked with the Government of Indonesia, and the World Bank to design, finance, build and operate the world’s largest shrimp farm located in Lampung Province, Sumatra, Indonesia, covering 350 square kilometers of cultivation area and 30,000 farming ponds. The harvested shrimps were sold domestically, and exported to various countries including Japan. Ownership of the shrimp farm was handed over to the Government of Indonesia in 2007.

Since then, Lim Chen Chong (Djames Lim) and his business associates have embarked on an asset-light strategy and focused on the financing, management (including the introduction of know-how, cultivation techniques and feed processing and management), processing and off-take arrangements of shrimp farms. Lim Chen Chong (Djames Lim) has continued to attract and retain talent and farming expertise, and through various entities established over the years, served and advised many multinational and multilateral organisations, financiers and wealth managers including the World Bank, the ADB, Oman Investment Fund, Hosen Capital, Salim Group Indonesia and New Hope Group China, in shrimp farming and sustainable aquaculture projects spanning across Indonesia, Papua New Guinea, Malaysia, Oman, Timor Leste, the Philippines, Madagascar and Palau.

The onset of the COVID-19 pandemic and various pandemic containment measures imposed by various governments had materially impacted the abovementioned business operations, given the multi-jurisdictional nature of such operations. However, the COVID-19 pandemic also accelerated the demand for food security, and the need by various government agencies to strengthen food safety and their food supply chain resilience and security, through multipronged efforts including the development of sustainable aquaculture.

With an existing network of shrimp buyers, established track record of Lim Chen Chong (Djames Lim) and demand tailwinds as mentioned above, the Company believes the Target Group is well positioned to capture and leverage on existing opportunities, and drive the New Business to achieve desired commercial outcomes.

(iii) How was the purchase consideration of S\$20 million arrived at?

The Consideration was arrived after considering *inter alia*, the track record of the Vendors and the key management team of the Target Group in securing projects over the period from 2017 to 2019 (prior to the onset of the COVID-19 pandemic), the projected financial performance of the Target Group, and the proposed list of shrimp farming projects the Target Group has identified and is working to secure in the near future.

(iv) Would the purchase consideration be adjusted after the business valuation of the Target Group is completed?

In the event the business valuation of the Target Group is below S\$20.0 million, the Company intends to negotiate with the Vendors for an adjustment to the Consideration. Such adjustment is subject to negotiations and agreement by all parties, and if so required, to be determined at a later date.

(v) When was LSO BVI incorporated and when did it commence business?

LSO BVI was registered on 21 September 2007 and commenced business operations on 1 October 2017.

(vi) What due diligence did the Board conduct on the Target Group before entering into the share purchase agreement with the Vendors for the Proposed Acquisition?

The following due diligence was undertaken by representatives of the Board, prior to entering into the SPA:

- (a) met and held discussions with the Vendors to better understand the business and operations, as well as the track record of the Target Group and the Vendors;
- (b) reviewed the historical management accounts and financial statements of the Target Group;
- (c) reviewed the financial projections and proposed list of shrimp farming projects that the Target Group has identified and is working to secure in the near future, to gain an initial understanding of the viability of the New Business; and
- (d) engaged ZICO Capital Pte. Ltd. ("**ZICO Capital**") as the financial adviser in respect of the Proposed Acquisition. Members of the ZICO Capital transaction team had conducted site visits to the Target Group's key areas of operations in Sumbawa Island, West Nusa Tenggara, Indonesia.

The Board wishes to inform that the Company will appoint professional advisers to undertake the necessary due diligence investigations into the financial, legal and business operations of the Target Group. The satisfactory completion of such due diligence investigations is a condition precedent to completion of the Proposed Acquisition.

(vii) It is stated that "On the Completion Date, such new directors nominated by the Vendors in their discretion shall be appointed....".

(a) How many directors can the Vendors nominate for appointment to the Board?

Two directors.

(b) Will the director(s) be designated as executive/non-executive/independent?

One executive director and one non-independent director.

SGX Query 3

In relation to the Proposed Share Consolidation and Proposed Bonus Warrants Issue:

- (i) What is the Company's rationale for undertaking the Proposed Share Consolidation followed by the Proposed Bonus Warrants Issue?

There has been hardly any trading of the Company's Shares and the Shares have mostly traded at S\$0.001 prior to the Announcements, due to a lack of interest in the Shares. It is unlikely that Shareholders will exercise their Warrants if they are unable to trade the Shares at a price that can possibly be higher than the Exercise Price of S\$0.045. The Company has therefore decided that the Proposed Bonus Warrants Issue will only proceed if the Proposed Share Consolidation is completed.

- (ii) How was the share consolidation ratio of 65 existing shares into 1 consolidated share determined?

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.

We believe the share consolidation ratio of 65 existing Shares into 1 Consolidated Share would be able to achieve an optimal price level with a wider trading band and bring about improvements in the trading liquidity of the Shares, which will allow price discovery and a better reflection of the growth and business potential of the Company, particularly in view of the Proposed Acquisition and the New Business.

SGX Query 4

In relation to the Proposed RCN Issuance:

- (i) How were the maximum number of conversion shares for each of the T1, T2 and T3 Notes arrived at?

The Company had assumed conversion from the Notes to new Shares at an average price of S\$0.0325 (at a 50% discount to the theoretical adjusted VWAP of S\$0.065 per Consolidated Share), and in any case will allow the T1 and T2 Notes to be allotted and issued under the general share issue mandate granted by shareholders of the Company at the Company's annual general meeting held on 28 June 2023.

- (ii) How was the Company introduced to Mr Tan Choon Wee?

The Company's current management has had prior working relationship with Mr Tan Choon Wee since 2019.

- (iii) Is there any introducer's fee payable to Mr Tan Choon Wee or the party that introduced Mr Tan Choon Wee to the Company?

No introducer's fee is payable to Mr Tan Choon Wee or any other party for the Proposed RCN Issuance. For the avoidance of doubt, an introducer's fee is payable to Advance Capital Partners Pte Ltd (UEN: 200506044H), whose sole shareholder and director is Mr Tan Choon Wee, in consideration for its introductory services rendered to the Company for the Proposed Acquisition. Please refer to paragraph 4.5 of the Company's announcement on the Proposed Acquisition for more information.

By Order of the Board

Dato' Sri Mohd Sopiyan B. Mohd Rashdi

Chairman

Advanced Systems Automation Limited

1 November 2023

This announcement has been prepared by Advanced Systems Automation Limited and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and 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. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

Appendix A

	As at the date of the announcements on 28 October 2023		After the Proposed Share Consolidation, Issuance of new Shares arising from the Proposed Acquisition, and Issuance of new Shares from exercise of Warrants ⁽¹⁾	
	No. of shares	%	No. of shares	%
<u>Director</u>				
Seah Chong Hoe	1,166,667,000	5.23%	23,333,340	3.53%
<u>Substantial Shareholders</u>				
ASTI Holdings Limited	5,800,791,930	25.98%	116,015,838	17.57%
Dato' Michael Loh Soon Gnee	4,444,444,444	19.91%	88,888,888	13.46%
Lee Su Hui Lena	5,000,000,000	22.40%	99,999,999	15.14%
	16,411,903,374	73.52%	328,238,065	49.71%
<u>Vendors</u>				
Lim Chen Chong	-	-	61,538,461	9.32%
Victoria Lim Yu	-	-	61,538,461	9.32%
Structured Capital Solutions Inc	-	-	61,538,461	9.32%

Note:

1. After accounting for (i) the Proposed Share Consolidation, (ii) issuance of the Consideration Shares, Introducer Shares, ZICAP Success Shares and ILAW Success Shares, and (iii) full exercise of the warrants pursuant to the Proposed Bonus Warrants Issue.