

**Issuer:** Advanced Systems Automation Limited

**Security:** Advanced Systems Automation Limited

**Meeting details:**

Date: 30 April 2018

Time: 1.30 p.m.

Venue: Block 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416

## Company Description

Advanced Systems Automation Limited, an investment holding company, engages in the design, manufacture, and sale of automatic molding machines and other back-ended assembly equipment for the semiconductor industry in China, South East Asia, the United States, Europe, and internationally. The company operates through two segments, Equipment and Equipment Contract Manufacturing Services. It is also involved in the design and manufacture of precision tools, dies, and molds; and precision engineering and fabrication assembly of electromechanical components and parts for the semiconductor, healthcare, and scientific industries. The company engages in the thermal coating and surface finishing of electronics products; and electroplating of semiconductor products. Further, it is involved in the fabrication of tooling, dies, and related molding of spares parts, as well as other related business. The company was founded in 1978 and is based in Singapore. (Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5TY](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5TY))

1. Even with the increase in revenue to \$31.3 million in FY2017, the group reported a net loss attributable to owners of the company of \$(5.5) million in FY2017 as compared to net loss of \$(2.8) million in FY2016.

Looking at the segments, the losses were:

- Equipment: \$(2.71) million, \$(1.6) million, \$(3.3) million and \$(1.6) million in 2017 to 2014 respectively
- Equipment Contract Manufacturing Services: \$(2.6) million, \$(1.3) million, \$(14.7) million and a profit of \$0.5 million in 2017 to 2014 respectively

Cash flows used in operating activities were \$(3.1) million, \$(2.2) million, \$(3.4) million and \$(1.9) million in 2017 to 2014 respectively.

Shareholders' equity stood at \$19.8 million in 2014 before being run down to \$(146,000) in FY2016, prior to the rights issue in 2017.

**Given that the semi-conductor industry has picked up over the past 2-3 years on the back of increased demand for IoT, AI and autonomous driving, would the board, especially the independent directors, consider driving a strategic review to re-assess the group's strengths, core competencies, management's ability and financial position before the proposed transaction to acquire Yumei Technologies Sdn. Bhd. and its associated companies (together forming the new semiconductor business to be acquired)?**

2. In Note 1 (page 16 – Corporate Information), the company has disclosed that following the completion of the Company's rights issue exercise on 14 June 2017, ASTI Holdings Limited has ceased to be the holding company of the Company.

- Can board elaborate further on the impact of ASTI Holdings Limited ceasing to be the holding company of the Company?**
- Is there any impact other than the classification of amounts due to holding company/related parties?**
- Should the transaction with the vendor of Yumei Technologies Sdn. Bhd. proceed, would there be a change in the controlling shareholder?**
- What is the level of commitment from ASTI Holdings and from the Executive Chairman/Chief Executive Officer?**
- Can the remuneration committee confirm if there are termination clauses in the contracts of the group's key management personnel?**

3. The board comprises 5 directors of whom the chairman is an executive director and the remaining 4 are independent directors (IDs).

Of the 4 IDs, Dato' Khor Gark Kim and Mr Mohd. Sopiyan B. Mohd. Rashdi have served as IDs of the Company for more than nine years since their initial appointments in 2006 and 2007 respectively.

The nominating committee comprises Dr Kenneth Yu Keung Yum (as chairman), Mohd. Sopiyan B. Mohd. Rashdi and Dato' Khor Gark Kim.

- (i) Given that the two directors (who are subject to particularly rigorous review of their independence) are both members of the NC, can the NC state how effective it was in discharging its duties?**
- (ii) Can the NC confirm that no director was involved in the review of his own independence?**

Notwithstanding that the NC and the board are of the view that the two above- mentioned long tenured directors remain independent, Guideline 2.4 of the 2012 Code of Corporate Governance calls for the board to “also take into account the need for progressive refreshing of the Board”.

- (iii) Following the appointment of Dr Kenneth Yu Keung Yum and Dr Tan Jok Tin as independent directors, what are the company’s other near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**