



Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Advanced Systems Automation Limited

Stock code: 5TY

Meeting details:

Date: 31 May 2021

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As highlighted in the letter to shareholders, the company announced in February 2021 its intention to dispose of all its operating subsidiaries, Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn. Bhd. (“Yumei Tech”), Yumei REIT Sdn. Bhd. (“Yumei REIT”) and Pioneer Venture Pte. Ltd. (“Pioneer Venture”) to a controlling shareholder of the company, ASTI.

This follows the disposal of Microfits Pte. Ltd. (“MPL”) and ASA Multiplate (M) Sdn. Bhd. (“ASAM”) on 20 January 2021 and 31 December 2020 respectively. Upon completion of the proposed disposal, the company will cease to hold any operating business and will become a cash company as defined under Rule 1017 of the Catalist Rules.

- (i) **Can the board clarify if the decision to dispose of Emerald Precision, Pioneer Venture and the Yumei companies was made by ASTI and if it was already taken when the company announced its intention to dispose of MPL and ASAM?**
- (ii) **What deliberations did the board have on the consequence of being designated a cash company should the proposed disposal of the operating subsidiaries succeed?**

The acquisition of Yumei Tech, Yumei REIT and Pioneer Venture Pte. was only completed on 4 December 2018. The board had justified the acquisition in 2018 based on the following:

The proposed acquisition also results in the contribution of new skill sets in die-casting and plastic injection moulding for the group, enabling it to offer a more comprehensive value proposition to a broader customer base across a wider region. The company wishes to tap on the strong customer base of the Target Companies, resulting in synergy of the Target Companies’ businesses with the business of the group. In addition, the Target Company has a business presence in Malacca, which is complementary to the locations in which the group conducts its business.

- (iii) **Did the group realise the benefits and synergies from the acquisition in the past two years, i.e. FY2019 and FY2020? If not, in what ways did the performance of the acquired companies deviate from management’s projection?**
- (iv) **Did the acquired companies (i.e. Yumei companies and Pioneer Venture) meet the profit guarantee of \$3 million for the period from 1 March 2018 to 29 February 2020?**

Q2. The company has stated its intention to acquire a new business as it proceeds with the disposal of the existing operations. Given the financial position of the group, it will likely result in a reverse takeover or a very substantial acquisition.

- (i) **Is the company carrying out the search for a new business in a systematic and professional manner, possibly through investment bankers and professional advisors/brokers?**
- (ii) **Given that the executive director and chief executive officer, Mr Seah Chong Hoe, is the vendor of the Yumei companies and Pioneer Venture and is overseeing the operations, who is leading the search for the new business?**
- (iii) **For the company's search for a new business, what is the sector/industry and geographical focus?**
- (iv) **What advantages/benefits/value-add can the company confer to the new business? Furthermore, how does it look to compete with direct listing and/or the possible means of listing through SPACs?**

The company has accumulated losses of \$(148.7) million (page 9).

- (v) **What are the investment criteria used in the search for the new business? What guidance has the board given to management in the search for a new business that can deliver sustainable long-term value to all shareholders, especially minority shareholders?**

Q3. On 1 July 2020, the Singapore Exchange Regulation (SGX Regco) issued a Notice of compliance to the company as it had not sought shareholders' approval even though it engaged ASTI (deemed an Interested Person) for the provision of corporate support services from 2010 to 2020 without the approval or mandate from shareholders.

It is noted that the interested persons transactions (IPTs) crossed 5% of the group's net tangible assets in certain years from FY2010 to FY2019. However, the company did not announce nor obtain shareholders' approval due to "an inadvertent oversight by the company".

The notice and the circular of the EGM were published on 4 February 2021.

- (i) **Can the company elaborate further on the nature and scope of the "ASTI Corporate Support Services"?**

- (ii) **Are the company, its officers and the board of directors familiar with the listing rules? If so, how was it possible that the “inadvertent oversight” persisted for 10 years?**

With regard to the ASTI Loans interest payments, it was noted that the company had interpreted the professional advice received that the disclosure of the interest payments is not required if each individual transaction (being the monthly interest payment) was below S\$100,000.

- (iii) **Can the board disclose if management had presented the interpretation of the professional advice to the board and if the board had explicitly approved the interpretation of the professional advice? If not, had the board deliberated on the issue of the ASTI loans and the associated interest payments in past board meetings?**
- (iv) **How can the board and the company assure shareholders that they are familiar with the listing rules and will act in the best interests of all shareholders (especially minority shareholders) as the company searches for a new business that will likely result in a RTO/VSA?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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