

PROPOSED UNDERTAKING BY ASTI HOLDINGS LIMITED (“ASTI” OR THE “COMPANY”, COLLECTIVELY WITH ITS SUBSIDIARIES, THE “GROUP”) TO FULLY SUBSCRIBE FOR ITS ENTITLEMENT OF 366,006,663 ASA RIGHTS SHARES (“ASTI ENTITLEMENT SHARES”) AND TO SUBSCRIBE FOR UP TO 616,999,616 EXCESS ASA RIGHTS SHARES (“ASTI UNDERTAKING SHARES”) NOT SUBSCRIBED FOR BY OTHER SHAREHOLDERS OF ASA (“ASA SHAREHOLDERS”) UNDER THE PROPOSED RIGHTS ISSUE TO BE UNDERTAKEN BY ADVANCED SYSTEMS AUTOMATION LIMITED (“PROPOSED ASA RIGHTS ISSUE”)

1. INTRODUCTION

- 1.1 The Company wishes to announce that it will, as a controlling shareholder of Advanced Systems Automation Limited (“ASA”), give a conditional undertaking that it will (i) fully subscribe for its entitlement of 366,006,663 ASA Rights Shares (“**ASTI Entitlement Shares**”) and (ii) subscribe for up to 616,999,616 ASA Rights Shares not subscribed for by other ASA Shareholders (“**ASTI Undertaking Shares**”), subject to the fulfilment of certain conditions and on the terms set out in the said undertaking (“**Proposed Undertaking**”).
- 1.2 The Proposed Undertaking is given in connection with the Proposed ASA Share Consolidation and the Proposed ASA Rights Issue (collectively, “**Proposed ASA Transactions**”) announced by ASA on 31 March 2011 (“**Announcement on Proposed ASA Transactions**”). A copy of the Announcement on Proposed ASA Transactions, setting out the fuller details of the Proposed ASA Transactions and the Proposed Undertaking, is attached in Appendix I to this Announcement.

2. RATIONALE FOR THE PROPOSED UNDERTAKING

- 2.1 The Company is ASA’s controlling shareholder holding 30.1% of the issued and paid-up share capital of ASA.
- 2.2 Over the years, the Company has provided cash advances in the form of shareholder's loan to ASA for purposes of working capital. The amount of shareholder's loan (including interest) outstanding and payable on demand, as at 30 September 2011, is approximately S\$29.2 million (“**Shareholder’s Loan**”). This Shareholder’s Loan represents a significant portion of the ASA’s total indebtedness and will impede ASA’s performance.

- 2.3 The Proposed Undertaking is an effort by the Company to support the Proposed ASA Rights Issue which, at the same time, will allow (i) the Company to convert a substantial portion of the Shareholders' Loan into marketable securities, and (ii) ASA to reduce its indebtedness and raise funds for its working capital. As the controlling shareholder of ASA, it is in the Company's interest that ASA's balance sheet and working capital position be improved. The Company's investment in ASA will, upon completion of the Proposed ASA Rights Issue, become more resilient.

3. PROPOSED ASA TRANSACTIONS

3.1 Proposed ASA Share Consolidation

- 3.1.1. As disclosed in the Announcement on Proposed ASA Transactions, ASA intends to carry out the Proposed ASA Share Consolidation prior to the Proposed ASA Rights Issue.
- 3.1.2. Under the Proposed ASA Share Consolidation, every fifteen (15) ordinary shares in the issued and paid-up share capital of ASA ("**ASA Shares**") registered in the name or standing to the credit of the CDP Securities Account (as the case may be) of each ASA Shareholder as at a books closure date to be determined by the board of directors of ASA ("**ASA Share Consolidation Books Closure Date**"), will be consolidated to constitute one (1) consolidated ASA Share ("**Consolidated ASA Share**"), fractional entitlements to be disregarded.
- 3.1.3. As at the date of this announcement, the Company holds 499,100,000 ASA Shares ("**ASTI Existing ASA Shares**") representing 30.1% in the issued and paid-up share capital of ASA, which comprises 1,655,974,289 ASA Shares.
- 3.1.4. On the assumption that the Company does not acquire additional ASA Shares prior to the ASA Share Consolidation Books Closure Date, the Company will hold 33,273,333 Consolidated ASA Shares immediately after the Proposed ASA Share Consolidation.

3.2 PROPOSED ASA RIGHTS ISSUE

- 3.2.1. As disclosed in the Announcement on Proposed ASA Transactions, ASA proposes to undertake the Proposed ASA Rights Issue after the Proposed ASA Share Consolidation. The Proposed ASA Rights Issue is intended to be made on a renounceable non-underwritten basis to entitled ASA Shareholders at the issue price of S\$0.025 for each ASA Rights Share ("**Issue Price**"), on the basis of eleven (11) ASA Rights Shares for every one (1) Consolidated ASA Share held by entitled ASA Shareholders in the post-consolidation issued and paid-up share capital of ASA as at a time and date to be determined by the board of directors of ASA for the purposes of determining ASA Shareholders' entitlements under the Proposed Rights Issue ("**ASA Rights Issue Book Closure Date**").

- 3.2.2. Accordingly, based on the Company's holding of 33,273,333 Consolidated ASA Shares after the Proposed ASA Share Consolidation, the Company will be entitled to subscribe for up to 366,006,663 ASA Rights Shares (the "**ASTI Entitlement Shares**").
- 3.2.3. The principal terms of the ASA Rights Issue are set out in section 3.1 of the Announcement on Proposed ASA Transactions as attached in Appendix I to this Announcement.

4. **PROPOSED UNDERTAKING**

4.1 Proposed Undertaking

Pursuant to the Proposed Undertaking, the Company will, subject to conditions set out in section 4.2 below, irrevocably undertake to ASA that, *inter alia*:-

- (i) during the period commencing from the date of the Proposed Undertaking until the issue and allotment of the ASA Right Shares, it will not sell, transfer or otherwise dispose of any of its interests in the ASTI Existing ASA Shares and shall procure that such sale, transfer or disposal is not carried out or otherwise create encumbrances (including, but not limited to, pledging of any ASTI Existing ASA Shares or Consolidated ASA Shares for financing) over such ASTI Existing ASA Shares or Consolidated ASA Shares, as the case may be;
- (ii) based on its holding of ASTI Existing ASA Shares as at the ASA Rights Issue Books Closure Date, to fully subscribe for its entitlement of the 366,006,663 ASA Rights Shares; and
- (iii) to subscribe for up to 616,999,616 excess ASA Rights Shares not subscribed for by other ASA Shareholders.

4.2 The Proposed Undertaking is conditional upon:-

- (i) approval by the shareholders of the Company ("**Shareholders**") of the same at an extraordinary general meeting ("**EGM**") of the Company;
- (ii) the Securities Industry Council ("**SIC**") having granted a waiver to ASTI and its concert parties from the requirement to make a mandatory general offer for the ASA Shares not already owned by them pursuant to the Proposed Undertaking ("**Whitewash Waiver**") and such waiver not being revoked up to the Closing Date (as defined in section 4.3(i) below);
- (iii) a waiver by the ASA Shareholders other than the Company ("**ASA Independent Shareholders**"), by way of an ordinary resolution passed on a poll at a general meeting, of the obligation of ASTI and its concert

parties to make a mandatory general offer for the shares in ASA not already owned by them pursuant to the Proposed Undertaking ("**Proposed Whitewash Resolution**"); and

- (iv) ASA Shareholders approving the Proposed ASA Share Consolidation and the Proposed ASA Rights Issue (which shall include, *inter alia*, the mode of payment for the ASTI Entitlement Shares and the ASTI Undertaking Shares as set out in Section 4.3 below) in one resolution at an EGM to be convened by ASA ("**ASA EGM**").

Please refer to Section 5 below for more details of the Whitewash Waiver and the Proposed Whitewash Resolution.

4.3 Mode of payment for ASTI Entitlement Shares and ASTI Undertaking Shares

Under the terms of the Proposed Undertaking, the subscription of the ASTI Entitlement Shares and the ASTI Undertaking Shares will be settled in the following manner:

- (i) The subscription for the ASTI Entitlement Shares by ASTI shall be settled by way of a cash payment of S\$2.5 million by ASTI to ASA and a set-off against the Shareholder's Loan of S\$6.7 million by ASTI on or before the closing date for the acceptance of and/or excess application and payment for the Proposed ASA Rights Issue ("**Closing Date**").
- (ii) The subscription for the ASTI Undertaking Shares by ASTI shall be settled solely by way of a set-off against the Shareholder's Loan of up to S\$15.4 million after the Closing Date.

- 4.4 The Proposed Undertaking shall lapse if the Proposed ASA Rights Issue is not completed by 30 June 2012.

5. PROPOSED WHITEWASH RESOLUTION

5.1 Pursuant to the Proposed Undertaking, in the event that

- (i). the Company fully subscribes for its entitlement under the Proposed ASA Rights Issue, totaling 366,006,663 ASA Rights Shares; and
- (ii). other ASA Shareholders do not subscribe for their ASA Rights Shares entitlement in full under the Proposed ASA Rights Issue;

the Company will be obliged to subscribe for up to 616,999,616 excess ASA Rights Shares not subscribed for by other ASA Shareholders and will hold in aggregate up to 1,016,279,612 Consolidated ASA Shares, representing 92.95% of the enlarged issued and paid-up share capital of ASA, upon completion of the Proposed ASA Rights Issue.

- 5.2 Proposed Whitewash Resolution
Pursuant to Rule 14.1 of the Code, the Company will in such an event be required to make a mandatory general offer for the remaining Consolidated ASA Shares not owned, controlled or agreed to be acquired by it unless the SIC grants the Company and its concert parties a waiver on such requirement and a majority of the ASA Independent Shareholders approves a resolution at the ASA EGM to waive their rights to receive the mandatory general offer from the Company and parties acting in concert with it.
- 5.3 Accordingly, the Proposed Undertaking given by the Company was made conditional upon, *inter alia*, the receipt of the Whitewash Waiver from the SIC and the passing of the Proposed Whitewash Resolution by ASA Independent Shareholders.
- 5.4 ASA, had on behalf of the Company, on 4 October 2011 sought a Whitewash Waiver from the SIC on ASTI's obligation to make a mandatory general offer under Rule 14.1 of the Code.
- 5.5 On 25 October 2011, the SIC waived the requirement for the Company and its concert parties to make the mandatory general offer for the remaining Consolidated ASA Shares not owned, controlled or agreed to be acquired by it in the event the Company and its concert parties increase their shareholdings in ASA by more than 1% in any 6-month period based on the enlarged issued and paid-up share capital of ASA as a result of the Proposed Undertaking, subject to:
- (a) a majority of holders of voting rights of ASA present and voting at an ASA EGM, held before the Proposed ASA Rights Issue, approve by way of a poll, the Proposed Whitewash Resolution to waive their rights to receive a general offer from the Company and its concert parties;
 - (b) the Proposed Whitewash Resolution is separate from other resolutions;
 - (c) the Company, its concert parties and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
 - (d) the Company and its concert parties did not acquire or are not to acquire any ASA Shares or instruments convertible into and options in respect of ASA Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new ASA Shares disclosed in this Announcement):-
 - (i) during the period between the announcement of the Proposed ASA Rights Issue and the date ASA Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the 6 months prior to the announcement of the Proposed ASA Rights Issue, but subsequent to negotiations, discussions or the

reaching of understandings or agreements with the directors of ASA in relation to the Proposed ASA Rights Issue;

- (e) ASA appoints an independent financial adviser to advise the ASA Independent Shareholders of the Proposed Whitewash Resolution;
- (f) ASA sets out clearly in its circular to the ASA Shareholders:-
 - (i) details of the Proposed ASA Rights Issue;
 - (ii) the possible dilution effect to existing holders of voting rights of the subscription for the ASTI Entitlement Shares and ASTI Undertaking Shares by the Company;
 - (iii) the number and percentage of voting rights in ASA as well as the number of instruments convertible into, rights to subscribe for and options in respect of ASA Shares held by the Company and its concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Company as a result of the Company's subscription of the ASTI Entitlement Shares and the ASTI Undertaking Shares;
 - (v) that the Company's subscription for the ASTI Entitlement Shares and the ASTI Undertaking Shares could result in the Company and its concert parties holding ASA Shares carrying over 49% of the voting rights of ASA based on its enlarged issued and paid-up capital and the fact that the Company and its concert parties will be free to acquire further ASA Shares without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (vi) that ASA Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Company and its concert parties at the highest price paid by the Company and its concert parties for ASA Shares in the past 6 months preceding the commencement of the offer;
- (g) the circular by ASA to the ASA Shareholders states that the waiver granted by the SIC to the Company and its concert parties from the requirement to make a general offer under Rule 14 is subject to the conditions stated at paragraph (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the circular that refer to the Proposed Whitewash Resolution;
- (i) to rely on the Proposed Whitewash Resolution, the subscription by the Company for the ASTI Entitlement Shares and the ASTI Undertaking Shares must be completed within 3 months of the date of approval of the Proposed Whitewash Resolution.

6. FREE FLOAT

- 6.1 Rule 723 of the Catalist Rules requires that ASA must ensure that at least 10% of the ASA Shares are held by the public (as defined in the Catalist Rules) at all times.
- 6.2 In the event that less than 10% of the ASA Shares are held by the public following the completion of the Proposed ASA Rights Issue as a result of the Proposed Undertaking, the Company undertakes to make a placement of such number of ASA Shares, if so requested by ASA, as may be necessary to facilitate ASA in complying with Rule 723 of the Catalist Rules.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE SGX-ST LISTING MANUAL

- 7.1 The Proposed Undertaking to subscribe for the ASTI Entitlement Shares and the ASTI Undertaking Shares is tantamount to further investments in ASA.
- 7.2 Based on the latest announced consolidated accounts of the Group for the nine months period ended 30 September 2011 ("9M2011") and the latest announced consolidated accounts of the ASA Group for 9M2011, the relative figures of the Proposed Undertaking computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are set out as follows:

		Subscription of ASTI Entitlement Shares	Subscription of ASTI Undertaking Shares	Cumulative Effects
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable to an acquisition of assets	Not applicable to an acquisition of assets	Not applicable to an acquisition to assets
Rule 1006(b)	Net profit before tax and non-controlling interest ("Net Profit") attributable to the asset acquired for 9M2011 Net profits of the Group for 9M2011 Size of relative figure	S\$0.2million ⁽¹⁾ S\$5.3million 4.1%	S\$0.5million ⁽¹⁾ S\$5.3 million 8.7%	S\$0.7 million ⁽¹⁾ S\$5.3 million 12.8%
Rule 1006(c)	Aggregate value of the consideration payable Company's market capitalization as at 18 November 2011 Size of relative figure	S\$9.2million S\$29.5million ⁽²⁾ 31.1%	S\$15.4 million S\$29.5million ⁽²⁾ 52.4%	S\$24.6million S\$29.5 million ⁽²⁾ 83.4%
Rule 1006(d)	Number of equity securities issued by the Group as consideration for the acquisition, compared with the number of equity securities	Not applicable	Not applicable	Not applicable

	Subscription of ASTI Entitlement Shares	Subscription of ASTI Undertaking Shares	Cumulative Effects
previously in issue			

Notes:

(1) Based on the latest unaudited announced financial statements for 9M2011, the ASA Group recorded a profit before taxation of S\$0.7 million, of which approximately S\$0.2 million is attributable to the 30.1% shareholdings held by ASTI in ASA and S\$0.5 million attributes to the 92.95% shareholdings to be held by ASTI in ASA in the event that ASTI subscribes for the ASTI Entitlement Shares and ASTI Undertaking Shares. The calculations are purely for illustration purpose in accordance with Rule 1006(b) of the SGX-ST Listing Manual. It should be noted that for the purposes of preparing consolidated financial statements of ASTI, pursuant to paragraph 29 of Financial Reporting Standard ("FRS") No. 28, in the event ASTI subscribes for the ASTI Entitlement Shares only and its shareholdings in ASA remain at 30.1%, the profit attributable to the 30.1% shareholdings held by ASTI will not be accounted for in ASTI's profit or loss.

(2) The Company's market capitalisation is based on the Company's issued and paid-up share capital of 545,609,572 Shares excluding treasury shares and the volume - weighted average share price of S\$0.054 as at 18 November 2011.

7.3 As some of the relative figures under Rule 1006(c) exceed 20%, the Proposed Undertaking is classified as a major transaction as defined in Chapter 10 of the Listing Manual and is subject to the approval of the Shareholders at an EGM.

8. FINANCIAL EFFECTS OF THE PROPOSED UNDERTAKING

The financial effects of the Proposed Undertaking as set out below are purely for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Company following the completion of the Proposed Undertaking.

8.1 Financial effects on the issued and paid-up share capital

As the Proposed Undertaking concerns a rights issue by ASA and will not involve the allotment and issue of any new shares in the Company, it will not have any effect on the number of issued and paid-up share capital of the Company.

8.2 Financial effects on net tangible assets ("NTA")

8.2.1 For the purpose of calculating the financial effects of the Proposed Undertaking on the NTA of the Company, it is assumed that the Proposed Undertaking was completed on 31 December 2010.

	Before Proposed Undertaking	After Proposed Undertaking	
		Subscription of ASTI Entitlement Shares only	Subscription of ASTI Entitlement Shares and ASTI Undertaking Shares ⁽²⁾
NTA ⁽¹⁾ (S\$ million)	106.8	106.8	91.2
Number of Shares	536,032,572	536,032,572	536,032,572
NTA per Share ⁽¹⁾	19.9 cents	19.9 cents	17.0 cents

Notes:

- (1) The NTA includes the portion of NTA that is attributable to the non-controlling interests.
- (2) The NTA is computed on the assumption of a business combination of ASA and ASTI when ASA becomes a subsidiary of ASTI upon ASTI obtaining 92.95% equity interest in ASA from the subscription of the ASTI Entitlement Shares and ASTI Undertaking Shares. A goodwill of S\$15.6 million is recorded arising from the business combination, computed based on costs of business combination (which is, for the purpose of this illustration, equivalent to the consideration payable by ASTI for the subscription of the ASTI Entitlement Shares and ASTI Undertaking Shares) less the book value of the net assets of ASA Group. It should be noted that the goodwill computed above is purely for illustration purposes only and the computation is not consistent with the requirement of FRS 103 whereby goodwill should be determined by taking the costs of business combination less the fair value of identifiable assets and liabilities of the ASA Group. It is currently not practicable to determine the amount of goodwill arising from the business combination based on FRS 103 because the compliance with this requirement would require ASTI to perform a detailed review and analysis of the individual identifiable assets and liabilities of the ASA Group at the date of the business combination. In addition, the public information current available relating to ASA is not sufficient for ASTI to make an assessment of the fair value of identifiable assets and liabilities of the ASA Group and goodwill resulting from the business combination.

8.3 Financial effects on earnings and earnings per share ("EPS")

- 8.3.1. For the purpose of computing the financial effects on the earnings and EPS of the Group after the completion of the Proposed Undertaking, it is assumed that the Proposed Undertaking was completed on 1 January 2010.

	Before Proposed Undertaking	After Proposed Undertaking	
		Subscription for ASTI Entitlement Shares only	Subscription for ASTI Entitlement Shares and ASTI Undertaking Shares
Profit after taxation and non-controlling interests (S\$ million)	14.2	14.2	14.7
Weighted average number of Shares	536,032,572	536,032,572	536,032,572
Earnings per Share	2.6 cents	2.6 cents	2.7 cents

9. INTERESTS OF THE DIRECTORS AND THE SUBSTANTIAL SHAREHOLDERS

9.1 As at the date of this announcement, the interests of the Directors and the Substantial Shareholders of the Company in the issued and paid-up capital of the Company are as follows:-

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Michael Loh Soon Gnee	51,508,000	9.44	57,000,000 ⁽²⁾	10.45	108,508,000	19.89
Charles Cher Lew Siang	8,708,969	1.60	-	-	8,708,969	1.60
Timothy Lim Boon Liat	-	-	99,000 ⁽³⁾	0.02	99,000	0.02
Fong Wai Leong	-	-	-	-	-	-
Peter Lai Hock Meng	-	-	-	-	-	-
Dr. Kriengsak Chareonwongsak	-	-	-	-	-	-
Mandie Chong Man Sui	114,000	0.02	-	-	114,000	0.02

Substantial Shareholders

Dato' Michael Loh Soon Gnee	51,508,000	9.44	57,000,000 ⁽²⁾	10.45	108,508,000	19.89
Heah Theare Haw	-	-	34,570,000 ⁽²⁾	6.34	34,570,000	6.34

Notes:

- (1) Based on the issued and paid-up share capital of ASTI of 545,609,572 Shares excluding treasury shares as at the date of this announcement.
- (2) Shares held through nominees.
- (3) Shares held in the name of spouse.

9.2 As at the date of this announcement, the interests of the Directors and the Substantial Shareholders of the Company in the issued and paid-up capital of ASA are as follows:-

Directors	Direct Interest		Deemed Interest	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
Dato' Michael Loh Soon Gnee ⁽²⁾	-	-	499,100,000	30.14
Charles Cher Lew Siang	-	-	-	-
Timothy Lim Boon Liat	-	-	-	-
Fong Wai Leong	-	-	-	-
Peter Lai Hock Meng	-	-	-	-
Kriengsak Chareonwongsak	-	-	-	-
Mandie Chong Man Sui	-	-	-	-

Substantial Shareholder

Dato' Michael Loh Soon Gnee ⁽²⁾	-	-	499,100,000	30.14
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Notes:

- (1) Based on the issued and paid-up share capital of ASA of 1,655,974,289 Shares as at the date of this announcement.
- (2) Dato' Michael Loh Soon Gnee is deemed to be interested in all the ASA Shares held by ASTI by virtue of Section 7 of the Companies Act.

10. FINANCIAL ADVISER

The Company has appointed DMG & Partners Securities Pte Ltd as Financial Adviser to the Company in relation to the Proposed Undertaking.

11. CIRCULAR TO SHAREHOLDERS

A circular to the Shareholders containing, *inter alia*, the notice of the EGM and the terms and conditions of the Proposed Undertaking will be despatched to the Shareholders in due course.

12. DISCLOSURE OF INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the disclosure under Section 9 of this Announcement, none of the Directors or Substantial Shareholders have any direct or indirect interests in the Proposed Undertaking.

13. DIRECTORS' RESPONSIBILITY STATEMENT

13.1 The Directors (including those who may have delegated detailed supervision of this Announcement) have collectively and individually reviewed and approved the issue of this Announcement, and collectively and individually accept full responsibility for the accuracy of the information contained in this Announcement.

13.2 The Directors also confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are, as at the date of this Announcement, fair and accurate in all material respects and that there are no other material facts, the omission of which would make any statement in this Announcement misleading.

13.3 Where information relating to the Proposed ASA Share Consolidation and the Proposed ASA Rights Issue has been extracted from published or otherwise available sources or is otherwise based on information obtained from ASA,

the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, reflected or reproduced in this Announcement. The Directors have not undertaken any independent verification of the information furnished by ASA.

14. **DOCUMENTS AVAILABLE FOR INSPECTION**

The Proposed Undertaking may be inspected at the registered office of the Company at Block 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416 during normal business hours from the date of this Announcement up to and including the date of the EGM.

Issued By the Order of the Board

Woo Kwek Kiong
Company Secretary

Date: 21 November 2011



ADVANCED SYSTEMS AUTOMATION LIMITED

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

- (A) **PROPOSED SHARE CONSOLIDATION OF EVERY FIFTEEN (15) ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE**
- (B) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,214,381,135 NEW ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF \$0.025 FOR EACH RIGHTS SHARE, ON THE BASIS OF ELEVEN (11) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE IN THE POST-CONSOLIDATION ISSUED SHARE CAPITAL OF THE COMPANY**

I. INTRODUCTION

- I.1 The board of directors (the "**Board**") wishes to announce that the Company proposes to undertake the following transactions:-
- (i) a share consolidation of every fifteen (15) existing ordinary shares in the issued share capital of the Company (the "**Existing Shares**") held by shareholders as at the Share Consolidation Books Closure Date (as defined below), into one (1) ordinary share in the issued share capital of the Company (the "**Consolidated Share**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**"); and
 - (ii) a renounceable non-underwritten rights issue of up to 1,214,381,135 new ordinary shares in the issued share capital of the Company (the "**Rights Shares**") at an issue price of \$0.025 for each Rights Share, on the basis of eleven (11) Rights Shares for every one (1) Consolidated Share held by Entitled Shareholders (as defined below) as at the Rights Issue Books Closure Date (as defined below), fractional entitlements to be disregarded (the "**Proposed Rights Issue**").
- I.2 The Proposed Share Consolidation and the Proposed Rights Issue are subject to, *inter alia*, the approval of shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting (the "**EGM**") to be convened by the Company in due course.
- I.3 The Company will be appointing Collins Stewart Pte. Limited ("**Collins Stewart**") as the manager for the Proposed Rights Issue.
- I.4 In support of the Proposed Rights Issue, ASTI Holdings Limited ("**ASTI**"), a controlling shareholder of the Company, intends to provide an undertaking (the "**Proposed Undertaking**") that it will:-
- (i) subscribe for its full entitlement of the Rights Shares, which is 366,006,663 Rights Shares (the "**ASTI Entitlement Shares**"); and

- (ii) subscribe for up to 616,999,616 Rights Shares not subscribed for by other Shareholders (the "**ASTI Undertaking Shares**").

In view of the above Proposed Undertaking, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

1.5 The Proposed Undertaking by ASTI in respect of the ASTI Entitlement Shares and the ASTI Undertaking Shares are each conditional upon, *inter alia*:-

- (i) the Securities Industry Council ("**SIC**") having granted a waiver to ASTI and parties acting in concert with it from the requirement to make a mandatory general offer for the shares in the Company not already owned by them pursuant to the Proposed Undertaking; and
- (ii) a waiver by the Shareholders, by way of an ordinary resolution passed on a poll at a general meeting, of the obligation of ASTI and parties acting in concert with it to make a mandatory general offer for the shares in the Company not already owned by them pursuant to the Proposed Undertaking (the "**Whitewash Resolution**").

1.6 **Settlement of ASTI Entitlement Shares and the ASTI Undertaking Shares**

The proposed subscription for the ASTI Entitlement Shares by ASTI shall be settled by way of a cash payment of S\$2.5 million from ASTI to the Company, and a set-off against the Shareholder Loan of S\$6.7 million by ASTI.

The proposed subscription for the ASTI Undertaking Shares by ASTI shall be settled solely by way of a set-off against the Shareholder Loan of up to S\$15.4 million by ASTI.

2. **PROPOSED SHARE CONSOLIDATION**

2.1 **Details of the Proposed Share Consolidation**

- 2.1.1 Under the Proposed Share Consolidation, every fifteen (15) Existing Shares registered in the name, or standing to the credit of the CDP securities account (as the case may be), of each Shareholder as at a books closure date to be determined by the Board (the "**Share Consolidation Books Closure Date**") will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.
- 2.1.2 The Proposed Share Consolidation will be made effective the Market Day immediately following the Share Consolidation Books Closure Date whereupon the register of members and the depository register will be updated to reflect the number of Consolidated Shares held by each Shareholder and each depositor based on the Existing Shares held by each Shareholder as at the Share Consolidation Books Closure Date.
- 2.1.3 To the extent it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the sale of aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation. As the net proceeds of the sale of fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in dispatching such proceeds to Shareholders the net proceeds arising therefrom (if any) shall be retained for the benefit of the Company. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 1,000 Consolidated Shares.
- 2.1.4 As at the date of this Announcement, the total number of existing issued and paid-up shares is 1,655,974,289 shares. On the assumption that there will be no new shares issued by the Company up to the Share Consolidation Books Closure Date, following the implementation of the Proposed Share Consolidation, the Company will have an issued and paid up share capital of 110,398,285 Consolidated Shares, fractional interests to be disregarded.

- 2.1.5 The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company and 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 will have no effect on the shareholders' funds of the Company or its subsidiaries.
- 2.1.6 Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.
- 2.1.7 Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holding of the number of Existing Shares as at the Share Consolidation Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded in this connection.

2.2 **Rationale for the Proposed Share Consolidation**

- 2.2.1 Given the large number of Existing Shares of the Company in issue and the size of the Proposed Rights Issue, the Company intends to carry out the Proposed Share Consolidation prior to the Proposed Rights Issue.
- 2.2.2 The Proposed Share Consolidation will also rationalise the share capital of the Company by reducing the number of shares outstanding and the trading price per Consolidated Share should theoretically be higher than the trading price per Existing Share. A higher trading price will result in a reduction in the percentage transaction cost for trading in each board lot of shares, which may in turn generate greater interest in the shares of the Company, making them more attractive to investors, including institutional investors thus providing a more diverse shareholder base. Accordingly, the Directors believe that the Proposed Share Consolidation should be beneficial to the Company and its Shareholders.

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

2.3 **Conditions precedent for the Proposed Share Consolidation**

The Proposed Share Consolidation is conditional upon the following:-

- (a) the in-principle approval of the SGX-ST for the listing and quotation of the Consolidated Shares on Catalist being obtained and not having been withdrawn or revoked on or prior to the completion of the Proposed Share Consolidation; and
- (b) the Proposed Share Consolidation being approved by Shareholders at the EGM to be held in due course.

The Proposed Share Consolidation will also be subject to the conditions (if any) of the in-principle approval of the SGX-ST for the listing of and quotation for the Consolidated Shares on Catalist.

3. **PROPOSED RIGHTS ISSUE**

3.1 **Principal Terms of the Proposed Rights Issue**

- 3.1.1 The Company is proposing to issue up to 1,214,381,135 Rights Shares pursuant to the Proposed Rights Issue in order to raise net proceeds of up to approximately S\$30.1 million.
- 3.1.2 The Proposed Rights Issue is intended to be made on a renounceable basis to Entitled Shareholders (as defined below) on the basis of eleven (11) Rights Shares for every one (1) Consolidated Share held by Shareholders in the post-consolidation issued share capital of the Company as at a time and date to be determined by the Board for the purposes of

determining Shareholders' entitlements under the Proposed Rights Issue (the "**Rights Issue Books Closure Date**").

- 3.1.3 The issue price of S\$0.025 for each Rights Share represents a discount of approximately 66.7% to the theoretical closing price on a consolidated basis of S\$0.075 per share (based on the closing price of S\$0.005 per share) on the SGX-ST on 30 March 2011, being the last trading day prior to the date of this Announcement.
- 3.1.4 The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Consolidated Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls on or before the date of allotment and issue of the Rights Shares.
- 3.1.5 The Proposed Rights Issue is proposed to be offered to Shareholders whose registered addresses with the Company's share registrar or the Central Depository (Pte) Limited ("**CDP**") as the case may be, are in Singapore as at the Rights Issue Books Closure Date, or who have, at least three (3) Market Days prior to the Rights Issue Books Closure Date, provided to the Company's share registrar or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Entitled Shareholders**"). They will be entitled to participate in the Proposed Rights Issue and will receive the offer information statement to be issued by the Company in connection with the Proposed Rights Issue (the ("**OIS**") together with the appropriate application forms and accompanying documents at their respective Singapore addresses.
- 3.1.6 Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradable on Catalist to be announced by the Company in compliance with the Catalist Rules.
- 3.1.7 Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.
- 3.1.8 Fractional entitlements to any Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Board, in their absolute discretion, deem fit in the interests of the Company.
- 3.1.9 In the allotment of excess Rights Shares, preference will be given to the Shareholders for the rounding of odd lots, and substantial Shareholders who have an interest directly or indirectly in 5% or more of total number of issued shares of the Company and Directors will rank last in priority.
- 3.1.10 For practical reasons and in order to avoid any violation of relevant legislation applicable in countries other than Singapore, the Proposed Rights Issue shall only be made in Singapore and the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Rights Issue Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to the Company's share registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the OIS and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.
- 3.1.11 The OIS and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited by CDP to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. The Company further reserves the right to reject any acceptances of the Rights Shares and/or applications

for excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

- 3.1.12 If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares, which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred.
- 3.1.13 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 their respective shareholdings or, as the case may be, the number of Consolidated Shares entered against their names in the Depository Register as at the Rights Issue Books Closure Date and sent to them at their own risk by ordinary post without interest or any share of revenue or other benefit arising therefrom, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Board may, in their absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company, Collins Stewart, CDP, the Central Provident Fund Board ("**CPF Board**") or the Company's share registrar in connection therewith.

Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, Collins Stewart, CDP, CPF Board or the Company's share registrar in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of the Rights Shares, the Rights Shares represented by such provisional allotments will be issued to satisfy excess applications or dealt with in such manner as the Board may, in their absolute discretion, deem fit and no Foreign Shareholder shall have any claim whatsoever against the Company, Collins Stewart, CDP, CPF Board or the Company's share registrar in connection therewith. Shareholders should note that special arrangements described above will apply only to Foreign Shareholders.

- 3.1.14 The terms and conditions of the Proposed Rights Issue are subject to such changes as the Board may deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the Circular (as defined below) and the OIS to be despatched by the Company to Entitled Shareholders in due course.

3.2 Purpose of the Proposed Rights Issue

- 3.2.1 ASTI, a controlling shareholder of the Company, had been providing cash advances in the form of shareholder's advances to the Company for purposes of its working capital. As at the date of this Announcement, the amount of shareholder's advances (including interest) outstanding and payable on demand is approximately S\$28.4 million ("**Shareholder Loan**"). This Shareholder Loan represents a significant part of the total liability of the Company.

The Company is proposing to undertake the Proposed Rights Issue following the Proposed Share Consolidation to strengthen the capital base of the Company and to substantially reduce the Shareholder Loan. With a stronger capital base and a substantial portion of the Shareholder Loan repaid, the Company would thereby reduce its borrowing costs. Further, with the improved working capital position, the Group would be able to capitalize on strategic growth opportunities in semiconductor equipment and equipment contract manufacturing services businesses and allow the Group greater financial flexibility to meet future working capital needs.

- 3.2.2 In the maximum subscription scenario (the "**Maximum Subscription Scenario**"), assuming the Proposed Rights Issue is fully subscribed and based on 1,214,381,135 Rights Shares to be issued, the net proceeds of the Proposed Rights Issue, after deducting estimated expenses of approximately S\$0.3 million, is expected to be approximately S\$30.1 million ("**Maximum Rights Proceeds**").
- 3.2.3 In the minimum subscription scenario ("**Minimum Subscription Scenario**") based on 983,006,279 Rights Shares to be issued and assuming that:-
- (i) ASTI subscribes for the ASTI Entitlement Shares pursuant to the Proposed Undertaking;
 - (ii) none of the other shareholders of the Company subscribe for their entitlements to the Rights Shares; and
 - (iii) ASTI subscribes for the ASTI Undertaking Shares pursuant to the Proposed Undertaking;

the net proceeds of the Proposed Rights Issue, after deducting estimated expenses of approximately S\$0.3 million, is expected to be approximately S\$24.3 million ("**Minimum Rights Proceeds**").

Proposed Use of Rights Proceeds	Maximum Rights Proceeds (\$ million)	Minimum Rights Proceeds (\$ million)
The repayment of the Shareholder Loan	22.1	22.1
General working capital purposes	8.0	2.2
Total	30.1	24.3

- 3.2.4 In the opinion of the Directors, no minimum amount must be raised by the Proposed Rights Issue.
- 3.2.5 The Directors are of the opinion that, after taking into consideration the Company's internal resources and operating cash flows, the working capital available to the Company and its subsidiaries is sufficient to meet its present requirements.
- 3.2.6 Pending the deployment of the net proceeds from the Proposed Rights Issue, such net proceeds may be deposited with banks and/or financial institutions or used for investment in short-term money markets or debt instruments or used for other purposes on a short-term basis as the Board may deem appropriate in the interests of the Company. The Company will make periodic announcements on the utilisation of such proceeds from the Proposed Rights Issue, as and when funds are materially disbursed and provide a status report on the use of the proceeds in the Company's annual report.

3.3 **Conditions precedent for the Proposed Right Issue**

- 3.3.1 The Proposed Rights Issue is conditional upon, *inter alia*, the following:-
- (a) the SIC having granted a waiver to ASTI and parties acting in concert with it from the requirement to make a mandatory general offer for the shares in the Company not already owned by them pursuant to the Proposed Undertaking;
 - (b) Shareholders approving the Whitewash Resolution;

- (c) the in-principle approval of the SGX-ST for the dealing in, and for listing of and quotation for the Rights Shares on the Catalist being obtained and not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;
- (d) the Proposed Rights Issue being approved by the Shareholders at the EGM; and
- (e) the lodgment of the OIS with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore ("**MAS**"). The OIS will be lodged with the SGX-ST and despatched to Entitled Shareholders in due course.

The Proposed Rights Issue will also be subject to the conditions (if any) of the in-principle approval of the SGX-ST for the listing of and quotation for the Rights Shares on Catalist.

- 3.3.2 The Company will be seeking the approval of the SGX-ST for the listing and quotation of the Rights Shares in due course.

4. WAIVER FROM A MANDATORY GENERAL OFFER FROM THE SECURITIES INDUSTRY COUNCIL

ASTI will hold approximately 92.95% of the issued share capital of the Company after the completion of the Proposed Rights Issue as a result of the allotment and issue of the ASTI Entitlement Shares and the ASTI Undertaking Shares, assuming none of the other Shareholders subscribes for Rights Shares under the Proposed Rights Issue.

Accordingly, ASTI will, under Rule 14 of The Singapore Code on Take-Over and Mergers (the "**Takeover Code**"), be required to make a mandatory general offer for all the remaining shares in issue not already owned, controlled or agreed to be acquired by them. It is a condition precedent of the Proposed Undertaking (as mentioned in paragraphs 1.4 and 1.5 of this Announcement) that the SIC grants ASTI and parties acting in concert with it, and does not revoke or repeal such grant, a waiver of their obligation to make a mandatory general offer under Rule 14 of the Takeover Code and that the Shareholders (other than ASTI and parties acting in concert with it) approve at a general meeting of the Company the Whitewash Resolution.

5. FREE FLOAT

Rule 723 of the Catalist Rules states that the Company must ensure that at least 10% of its Shares are held by the public (as defined in the Catalist Rules) at all times.

In the event that less than 10% of the post-rights issue Consolidated Shares are held by the public pursuant to the Proposed Undertaking by ASTI, ASTI intends to undertake a placement of such number of Consolidated Shares as may be necessary to comply with Rule 723 of the Catalist Rules.

6. INDEPENDENT FINANCIAL ADVISER

The Company will be appointing SAC Capital Private Limited as the independent financial adviser to the Directors (save for Dato' Michael Loh) of the Company in connection with the Whitewash Resolution and their letter of advice will be set out in the Circular (as defined below) to be despatched to Shareholders in due course.

7. CIRCULAR TO SHAREHOLDERS

A circular to the Shareholders containing, *inter alia*, the notice of the EGM and the terms and conditions of the Proposed Share Consolidation and the Proposed Rights Issue (the "**Circular**") will be despatched to the Shareholders in due course. Thereafter, the OIS will

be lodged with the SGX-ST acting as agent on behalf of MAS and despatched by the Company to the Entitled Shareholders in due course following the EGM, if the Proposed Rights Issue is approved at the EGM.

8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for:-

- (i) the Proposed Undertaking as mentioned in paragraph 1.4 above; and
- (ii) the fact that Dato' Michael Loh Soon Gnee (a director and executive chairman of the Company) is deemed to be interested in all the Shares held by ASTI Holdings Limited by virtue of Section 7 of the Companies Act,

none of the Directors or substantial Shareholders have any direct or indirect interests in the Proposed Share Consolidation and the Proposed Rights Issue.

9. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement insofar as it relates to the Company and to the Proposed Share Consolidation and the Proposed Rights Issue are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

DATO MICHAEL LOH SOON GNEE
Executive Chairman
Advanced Systems Automation Limited
31 March 2011

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Collins Stewart Pte. Limited has not independently verified the contents of this announcement.

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.

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