ASTI Holdings Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 199901514C)

PROPOSED DISPOSAL OF SUBSIDIARY

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1. INTRODUCTION

The Board of Directors ("**Board**") of ASTI Holdings Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that the Company has on 3 November 2021 entered into a conditional sale and purchase agreement ("**SPA**") with Roslan Bin Affandi ("**Purchaser**") for the sale by the Company and the purchase by the Purchaser of RM2,500,000 issued and paid-up ordinary shares ("**Sale Shares**"), representing 100% of the issued share capital of Micro View Technologies Sdn Bhd ("**Micro View**") ("**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER AND MICRO VIEW

2.1 Information on the Purchaser

The Purchaser was previously the Vice President (Operations) of the EoPlex Group & Telford Malaysia and has since left the Group in 30 September 2021. He joined the Group in 2012 and was responsible for the Engineering and Manufacturing operations in EoPlex Group and Telford Malaysia.

The Purchaser is not connected to any of the directors, executive officers or controlling shareholders of the Company.

2.2 Information on Micro View

Micro View is a wholly-owned subsidiary of the Company and was incorporated in Malaysia on 24 September 2004. It was previously engaged in the business of providing chip testing services but has since ceased operations. Micro View has not generated revenue since the cessation of its operations and is not projected to be profitable in the near future.

As the Sale Shares represent the entire equity interest held by the Company in Micro View, the Company will cease to have any interest in Micro View and Micro View will cease to be a subsidiary of the Company following the completion of the Proposed Disposal.

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration

Under the terms of the SPA, the Company shall sell and the Purchaser shall purchase the Sale Shares at a nominal consideration of S$1 ("**Consideration**"), payable in full in cash by the Purchaser.

The consideration for the Proposed Disposal was agreed upon, taking into account the value of the Sale Shares and the non-revenue generating nature of Micro View and the Group's intended restructuring exercise with a view to meeting the exit criteria in Rule 1314 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities and Trading Limited ("**SGX-ST**") for its removal from the Watch-list for companies listed on the Mainboard of the SGX-ST.

3.2 Loan

In connection with the Proposed Disposal, the the Company has extended advances of RM450,000 to Micro View for its capital expenditure and other working capital purposes for a maximum tenure of 10 years from the date of the SPA ("**Loan**"). The interest rate of the Loan is 3.017% per annum as at the date of this Announcement and will be revised quarterly.

3.3 Completion

Completion of Proposed Disposal is expected to take place on the date (each a "**Completion Date**") falling two (2) business days after the day on which the last of the Conditions (as defined below) of the relevant SPA is fulfilled (or waived in accordance with the relevant SPA) ("**Completion**").

3.4 Conditions Precedent

Completion of the Proposed Disposal is subject to the following conditions precedent ("**Conditions**") being fulfilled (or, where applicable, waived in accordance with the relevant SPA):

(a) the capitalisation and discharge in full of RM3,036,185 owing by Micro View to the Company by way of the allottment and issuance of 3,036,185 new ordinary shares in the capital of Micro View to the Company credited as fully paid;

(b) the consent of the landlord of the premises located at 100 N.P., Bayan Lepas Fiz Phase III, Bayan Lepas, 11900 Pulau Pinang (the "**Property**"), currently leased and occupied by Micro View for the release of the Company from its obligations as guarantor under the lease agreement;

(c) approval by the shareholders of the Company in relation to the entry into of the relevant SPA in connection with the sale by the Company and the purchase by the Purchaser of the Sale Shares and entry into any documents and/or transactions to be entered into pursuant to or in connection with the relevant SPA;

(d) all necessary governmental, regulatory and third party consents, approvals and waivers, where required for the transactions contemplated hereunder (including, without limitation, the Singapore Exchange Securities Trading Limited), having been obtained, and such consents, approvals and waivers not having been amended or revoked before the Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Company and the Purchaser; and

(e) there being no breach of any warranty under the relevant SPA.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Board is of the view that the Proposed Disposal is in the best interests of the Group as these allow the Group to exit its investments in Micro View, with a view to restructuring the Group to enable it to meet the exit criteria in Rule 1314 of the Listing Manual for its removal from the Watch-list for companies listed on the Mainboard of the SGX-ST.

Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company and the Shareholders, having regard to the terms of the Proposed Disposal.

5. USE OF PROCEEDS AND LOSS ON THE PROPOSED DISPOSAL

The proceeds from the Proposed Disposal are negligible.

Based on the Group's unaudited consolidated financial statements for the six months ended 30 June 2021, the book value attributable to the Sale Shares, is in a net tangible liabilities position of RM2,707,000 (equivalent to approximately S$877,000 based on an exchange rate of S$1 = RM3.0878). Assuming that the Proposed Disposal had been completed on 30 June 2021, the Proposed Disposal would have resulted in an accounting loss of S$71,000.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed pursuant to Rule 1006 of the Listing Manual in respect of the Proposed Disposal are set out below:

Bases in Rule 1006		**Size of Relative Figure**
(a)	Net asset value of the Sale Shares, compared with the Group's net asset value as at 30 June 2021 (S$72.07 million)[(1)]	0.1%
(b)	Net loss[(1)] of S$0.3 million attributable to the Sale Shares, compared with the Group's net loss[(2)] as at 30 June 2021 of S$0.05 million	(622)%
(c)	Aggregate value of the consideration received from the Proposed Disposal compared with the Group's market capitalisation of S$20.30 million[(3)]	n.m.[(4)]
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in the issue	N.A.[(5)]
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A.[(6)]

Notes:

(1) Does not take into account the capitalisation of S$0.9 million owing from Micro View to the Company on 30 June 2021.

(2) "Net loss" means loss before income tax, minority interests and extraordinary items.

(3) The Company's market capitalisation is determined by multiplying the number of ordinary shares in the capital of the Company ("**Shares**") in issue (being 681,966,341 Shares (excluding 27,234,855 treasury shares) by the volume-weighted average price of S$0.031 per Share on 2 November 2021, being the last full Market Day on which Shares were traded preceding the date of the SPAs.

(4) This is not meaningful as the figure is negligible.

(5) This is not applicable as the Proposed Disposal does not involve any issuance of consideration shares.

(6) This is not applicable as the Company is not a mineral, oil and gas company.

Rule 1007(1) of the Listing Manual of the SGX-ST provides that where any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 may still be applicable to the transaction at the discretion of the SGX-ST. The Proposed Disposal involves the disposal by the Company of a loss-making asset, and the Company is itself loss-making, the relative figure computed pursuant to Rule 1006(b) involves a negative figure. Accordingly, the Company will be consulting the SGX-ST that the Proposed Disposal constitutes a "major transaction" as defined under Chapter 10 of the Listing Manual. The Company will make further announcements on any material development in respect of the Proposed Disposal as and when appropriate.

7. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Disposal are for illustrative purposes only and the pro forma financial effects have been prepared based on audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"), being the most recently completed financial year, and on the following key bases and assumptions:

(a) for the purposes of illustrating the financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per Share of the Group, it is assumed that the Proposed Disposal had been completed on 31 December 2020;

(b) for the purposes of illustrating the financial effects of the Proposed Disposal on the Earnings per Share ("**EPS**") of the Group, it is assumed that the Proposed Disposal had been completed on 1 January 2020; and

(c) the NTA per Share is computed based on the 681,966,341 Shares (excluding 27,234,855 treasury shares) in issue as at 31 December 2020, and the EPS of the Group is computed based on the weighted average number of 681,966,341 Shares (excluding 27,234,855 treasury shares) Shares in issue for FY2020.

For the avoidance of doubt, these pro forma financial effects do not take into account (i) any corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 January 2021.

NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to the Shareholders (S$'000)	72,484	72,479
Weighted average number of shares	654,731,486	654,731,486
NTA per Share (cents)	11.07	11.07

EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to the Owners of the Company (S$'000)(1)	4,159	4,305
Weighted average number of shares	654,731,486	654,731,486
EPS (cents)	0.64	0.66

Note:

(1) Does not include controlling interests of Dragon Group International Limited.

8. VALUATION REPORT

Savills (Singapore) Pte Ltd ("**Savills**"), an independent valuer, was commissioned by the Company to provide an independent valuation of Micro View. Based on the valuation report dated 3 November 2021 issued by Savills ("**Valuation Report**"), the Sale Shares is valued at an approximate value of **nil**. The valuation was made primarily using the summation method under the cost approach. In arriving at its opinion, Savills had (i) valued each of the component assets and liabilities of Micro View using the appropriate valuation approaches and methods, (ii) added the value of the component assets and liabilities together and (iii) assessed the discount for lack of marketability to be applied to the value of the component assets and liabilities together, before arriving at the market value of the Sale Shares.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company, if any).

The Directors have not received any notification of interest in the Proposed Disposal from any controlling shareholders of the Company and their respective associates, and are not aware of any controlling shareholders of the Company and their respective associates which has any interests, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company).

10. 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.

11. EGM

If required, the Company will convene an extraordinary general meeting ("**EGM**") to seek the Shareholders' approval for the Proposed Disposal, and a circular containing, *inter alia*, the notice of the EGM and further details of the Proposed Disposal will be separately despatched to the Shareholders.

12. DOCUMENTS FOR INSPECTION

Copies of the SPA and the Valuation Report are available for inspection at the Company's business address at 33 Ubi Avenue 3 Vertex #08-69 Singapore 408868 for a period of three (3) months from the date of this announcement.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and, where appropriate, no material facts have been omitted, the omission of which would make any statement in this announcement misleading and they hereby collectively and individually accept full responsibility.

Where any information in this announcement has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders are advised to exercise caution in trading their shares in the Company as there is no certainty or assurance that the Proposed Disposal will be consummated. The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Dato' Michael Loh Soon Gnee
Executive Chairman & Chief Executive Officer
ASTI Holdings Limited
3 November 2021