



A-SONIC AEROSPACE LIMITED  
Regn. No. 200301838G

## EXTENSION OF TIME TO MEET WATCH-LIST EXIT REQUIREMENTS

### 1. INTRODUCTION

The Board of Directors of A-Sonic Aerospace Limited (the "**Company**") wishes to refer to the announcement dated 2 June 2017 on the notification from Singapore Exchange Securities Trading Limited ("**SGX-ST**") that the Company would be placed on the watch-list with effect from 5 June 2017.

The Company would be required to take active steps to meet the requirement of Listing Rule 1314 within 36 months (the "**Cure Period**") from 5 June 2017, failing which the SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

The Company had on 6 May 2020 submitted an application to seek the SGX-ST's approval to extend the Cure Period for a period of 12 months (the "**Extension Application**").

### 2. BACKGROUND INFORMATION

#### 2.1 Facts

- (i) The Group has been profitable for the last two (2) financial years ended 31 December 2018 ("**FY 2018**") and 31 December 2019 ("**FY 2019**");
- (ii) The Company's volume weighted price was S\$0.307 per share over the last six (6) months since 6 November 2019, which is above the Singapore Stock Exchange SGX watch list requirement of S\$0.20 per share; and
- (iii) The Group's net worth measured by "Equity Attributable to Equity holders of the Company" ("**NTA**" or "**Net Book Value**") was equivalent to S\$40.160 million (or US\$29.821 million) as at 31 December 2019.

2.2 Despite being profitable for the last two (2) financial years in FY 2018 and FY 2019; with volume weighted average price of S\$0.307 per share for the last six (6) months since 6 November 2019; and Net Book Value of S\$40.160 million as at 31 December 2019, we are still in the SGX watch list. This is solely because we have not achieved the SGX requisite average daily market capitalization of S\$40 million.

## 2.3 Financial Results

		FY 2018	FY 2019	Change +/- (Percentage)
(i)	Profit Before Tax (US\$'000)	812	3,481	+328.7%
(ii)	Profit After Tax (US\$'000)	630	3,107	+393.2%
(iii)	Net Profit Attributable to Equity Shareholders (US\$'000)	1,481	2,533	+71.0%
(iv)	Earnings Per Share ("EPS") (Equivalent S\$ cents) <sup>(1)</sup>	3.4	5.9	+73.5%
(v)	Net Tangible Assets (Attributable to Equity Holders of the Company) ("NTA") (US\$'000)	27,676	29,821	+7.8%
	(Equivalent S\$'000)	37,758 <sup>(2)</sup>	40,160 <sup>(3)</sup>	+6.4%
(vi)	NTA/share (S\$ cents)	64.6	68.7	+6.3%
(vii)	Historical Price Earnings Ratio (Historical) <sup>(4)</sup>	6.6	3.8	N.A. <sup>(6)</sup>
(viii)	Share Price at Discount to NTAB <sup>(5)</sup>	65.2%	67.2%	N.A. <sup>(6)</sup>

Note:

(1) Based on "Profit After Tax Attributable to Equity Holders of the Company" FY 2018 and FY2019.

(2) Based on foreign currency exchange rate on 31 December 2018 (US\$1=S\$1.3643).

(3) Based on foreign currency exchange rate on 31 December 2019 (US\$1=S\$1.3467).

(4) Share price was based on the closing market price of S\$0.225 on 6 May 2020, and earning was based on "Profit After Tax Attributable to the Equity Holders of the Company".

(5) Share price was based on closing market price of S\$0.225 on 6 May 2020.

(6) N.A. = Not applicable

## 3. RATIONALE FOR OUR REQUEST

- 3.1 The management endeavours to strive for our economic sustainability and financial strength in the interest of our shareholders. In summary, management will take steps and measures within our capability to attempt to navigate through the turbulent economic conditions. For example, we attempt to: (i) restructure our business and operations, especially an entity which is incurring losses; and (ii) attempt to increase productivity.
- 3.2 However, our market capitalization is highly correlated to the liquidity of our trading share price. Making it even worse, potential share investors will stay on the sideline due to concerns with the watch-list status and potential delisting, despite improved financial performance and position. Hence, an unenviable situation to achieve a market capitalization of S\$40 million, even though our Net Book Value stood at S\$40.160 million as at 31 December 2019.
- 3.3 Fund managers and share investors are either unable, unwilling, or unlikely, to invest in a Company with the "watch list" stigma. Even with road-shows to fund managers and investors, there is no assurance for them that our share price can cross the S\$0.70 cents share price (from our share price of S\$0.225 cents as at 6 May 2020), despite our net book value per share of approximately S\$0.687 as at 31 December 2019.

3.4 The current global Covid-19 pandemic and existing market condition make it even more difficult for us to achieve the SGX requisite S\$40 million market condition.

**4. SUBMISSION**

In view of the above, we had sought SGX to grant us 12 months extension to the 36-month cure period to attempt to achieve the SGX requisite average daily market capitalization of S\$40 million.

**5. REPLY FROM SGX**

The Company will update via announcement once reply from the SGX-ST has been obtained.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon  
Joint Company Secretary

15 June 2020