

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Introduction

ASTI Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the watch-list under financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 6 June 2019.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide an update on the financial situation of the Company and the Group in respect of the first half year ended 30 June 2023.

Update on Unaudited Financial Performance and Financial Position

The Group reported revenue of \$28.4 million in the first half year ended 30 June 2023 (“**1H2023**”), down by 12.6% or \$4.0 million from \$32.4 million reported in the corresponding period ended 30 June 2022 (“**1H2022**”). Gross profit margin of the Group dropped by 3 percentage-points; from 25% in 1H2022 to 22% in 1H2023.

The Group reported a net loss after tax of \$0.8 million in 1H2023 compared to a net profit after tax of \$2.6 million in 1H2022.

Compared to 31 December 2022, the Group’s net assets have dropped by S\$0.3 million from S\$64.6 million as at 31 December 2022 to S\$64.3 million as at 30 June 2023.

Cash at bank and on hand declined by S\$4.9 million from S\$25.9 million as at 31 December 2022 to S\$21.0 million as at 30 June 2023.

Please refer to our result announcement of the unaudited financial statements of the Group for the first half year ended 30 June 2023, released via SGXNet on 14 August 2023, for full details.

Update on Future Direction and Other Material Development

The Company was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Listing Manual on 6 June 2019. The deadline for the Company to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual (the “**Financial Exit Criteria**”) was 5 June 2022 pursuant to Rule 1315 of the Listing Manual (the “**Deadline**”).

Further to the Company’s announcements on 24 May 2022 and 30 May 2022, and the letter of reconsideration dated 31 May 2022, the Company has been informed by SGX-ST that the Company’s application for an extension of time to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual has been rejected.

As the Company was unable to satisfy the Financial Exit Criteria on or before the expiry of the Deadline, a notification of delisting was issued by SGX-ST (the “**Delisting Notification**”) to the Company on 6 June 2022. Trading of the Company’s securities subsequently ceased on 5pm, 5 July 2022 and will remain suspended until the completion of the exit offer.

Pursuant to Listing Rule 1306, the Company or its controlling shareholder(s) must comply with Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a fair and reasonable exit offer to shareholders.

On 27 April 2023, SGX had issued a Notice of Compliance (“**NOC**”) and directed the Company to convene its Annual General Meetings for financial year ended 31 December 2021 (“**FY2021**”) (“**FY2021 AGM**”) and for financial year ended 31 December 2022 (“**FY2022**”) (“**FY2022 AGM**”) by 31 July 2023.



The Company had on 28 April 2023 submitted the application for extension of time to hold FY2022 AGM to SGX-ST as the Company's auditors can only begin their audit work for FY2022 accounts after the FY2021 accounts have been approved at the FY2021 AGM, hence more time is needed for auditors to finalise the FY2022 accounts. However, on 11 May 2023, the Company was notified by the SGX-ST that they are unable to grant the Company the extension of time to comply with Rule 707(1) of the Listing Manual in respect of the Company's AGM for FY2022, taking into consideration that the Company has been in breach of Rule 707(1) in relation to its FY2021 AGM.

On 20 July 2023, the Company has submitted another application for further extension to 31 August 2023 ("**Further Application**") to hold its FY2021 AGM and 31 October 2023 to hold its FY2022 AGM as Ernst & Young LLP will be retiring upon the conclusion of the FY2021 AGM and a resolution to appoint new auditors will be proposed at the FY2021 AGM. Therefore, the new auditors will require more time to complete the FY2022 audit, hence the Company is unable to hold the FY2022 AGM on the same day as the FY2021 AGM. On 25 July 2023, the Company was notified by the SGX-ST that it has rejected the Further Application. Reasons for SGX-ST's rejection of the Further Application are as follows:

- (a) The Company has been in breach of Rule 707(1) of the Listing Rules in relation to its FY2021 AGM since 7 September 2022;
- (b) The Company has been in breach of Rule 707(1) of the Listing Rules in relation to its FY2022 AGM since 30 April 2023;
- (c) The Company was granted multiple EOTs to remedy the breach with regards to its FY2021 AGM; and
- (d) The Company was issued a Notice of Compliance on 27 April 2023 directing it to hold its FY2021 AGM and FY2022 AGM by 31 July 2023, but announced on 17 July 2023 that it would breach the requirements imposed by the Notice of Compliance. As the Company is already in breach of Rule 707(1) of the Listing Rules and the Notice of Compliance, an extension of time would not remedy the breaches and thus cannot be granted. The Company must remedy the breaches and convene its FY2021 AGM and FY2022 AGM as soon as possible.

On 21 July 2023, SGX had issued a second Notice of Compliance ("**2nd NOC**") and directed the Company to convene a physical Extraordinary General Meeting ("**EGM**") in Singapore by 31 August 2023. Under the 2nd NOC, at the minimum the EGM should be held to table resolutions to:

- (a) Re-appoint any Director that has not been submitted for re-appointment within the last 3 years, in compliance with Rule 720(5) of the Mainboard Rules;
- (b) Appoint a New Auditor pursuant to Rule 712(3) of the Mainboard Rules to minimize any further delay to the preparation of the audited financial statements for FY2022 and the conduct of the FY2022 AGM;
- (c) (expressed as a matter of good governance) subject the remaining Directors that were appointed after the last Annual General Meeting for re-appointment by the shareholders of the Company.

The Company is currently working with Ernst & Young LLP to finalise the FY2021 accounts by 15 August 2023 and intends to hold the FY2021 AGM on 31 August 2023.

The Company confirmed that they will be complying with the Second NOC issued to hold its AGM/EGM by 31 August 2023. The Company has taken all necessary steps to appoint its new auditors and is currently in the midst of onboarding process with the new auditors and intends to hold its FY2022 AGM by 31 October 2023.

The Company had provided several updates on the developments regarding potential exit offers in its announcements on 5 October 2022, 11 January 2023, 13 February 2023, 17 March 2023, 14 May 2023, 19 May 2023, 30 May 2023, 10 July 2023, 20 July 2023, 24 July 2023 and 31 July 2023, 9 August 2023, 10 August 2023 and 11 August 2023.

On 14 May 2023, the Company announced that it has, on 12 May 2023, received an unsolicited, non-binding letter of intent ("**LOI**") from a consortium of two parties (collectively, the "**Potential Offeror Consortium**"). The LOI states the Potential Offeror Consortium's genuine interest in making a possible pre-conditional voluntary general cash offer (the "**Potential Offer**") through a special purpose vehicle (the "**Potential Offeror**") for all the issued ordinary shares in the capital of the Company (each a "**Share**"), other than Shares held by the Company in treasury and Shares held directly or indirectly by the Potential Offeror Consortium.

The Potential Offeror is Prospera Alliance Pte. Ltd., and that the members of the Potential Offeror Consortium are Capital Engineering Network Public Company Limited (a company listed on the Stock Exchange of Thailand) and Mr. Heah Theare Haw (who is as at the date hereof a substantial shareholder of the Company) which was announced on 30 May 2023.

The Company has announced that the LOI sets out the basis on which the Company and the Potential Offeror Consortium have agreed to continue discussions for the implementation of the Potential Offer and does not constitute a legally binding agreement, save for, inter alia, limited exclusivity and confidentiality undertakings on 10 July 2023.

The Company and the Potential Offeror have entered into a further Supplemental Letter on 8 August 2023 to amend the terms of the LOI. As announced by the Company on 9 August 2023, this amendment extends the deadline for delivery of the FY2021 Audited Statements from 23 June 2023 to 15 August 2023.

The deadline under the non-binding LOI to hold FY2022 AGM is 30 September 2023. However, the Company has sought extension of time to 31 October 2023.

Subject to certain conditions as stated in the announcement, the “LOI does not, and is not intended to, constitute a firm intention to make an offer for the purposes of Rule 3.5 of the Code” and the making of the Potential Offer is subject to the entry into mutually acceptable definitive agreements by the Offeror Consortium and the Company, and the terms and conditions thereof. The Board is considering the Potential Offer and the terms of the LOI, and discussions are currently taking place between the Board and the Potential Offeror Consortium. Shareholders should note that no definitive agreements have been entered into and there is no certainty that the Potential Offer will be consummated or that any steps will be taken in furtherance of the Potential Offer.

The Board is closely monitoring the situation, and if and when the Company receives further information in relation to the foregoing, the Company will, in compliance with its disclosure obligations under the SGX-ST Listing Manual and Singapore Code and Take-overs and Mergers, promptly make the relevant disclosures as required.

By Order of the Board

Dr. Kriengsak Chareonwongsak
Chairman
ASTI Holdings Limited
14 August 2023