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**") refers to the announcement dated 2 June 2017 that the Company would be placed on the watch-list of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 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.

On 15 June 2020, the Company had announced that an application had been made to the SGX-ST to seek approval to extend the Cure Period for a period of 12 months (the "**Extension Application**").

2. EXTENSION OF TIME GRANTED BY SGX-ST

The Company is pleased to announce that the SGX-ST has on 30 June 2020 approved the Extension Application of the Cure Period to 4 June 2021. The SGX-ST's approval is subject to the following:

a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of announcement, the Company must make an update announcement when the conditions have all been met; and

b) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company.

3. RATIONALE FOR SEEKING EXTENSION OF TIME

3.1 The Company's Consolidated Pre-tax Profit

The Group has been profitable for the last two (2) financial years ended 31 December 2018 ("**FY 2018**") and 31 December 2019 ("**FY 2019**") as shown in the table below:

			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**)[(1)]	:	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[(2)]	40,160[(3)]	+6.4%
(vi)	NTA/share (**S$ cents**)	:	64.6	68.7	+6.3%
(vii)	Historical Price Earnings Ratio (Historical)[(4)]	:	7.2	4.2	N.A.[(6)]
(viii)	Share Price at Discount to NTAB[(5)]	:	62.1%	64.3%	N.A.[(6)]

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$0.245 on 30 June 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$0.245 on 30 June 2020.
(6) N.A. = Not applicable

3.2 Share Price Trading At 64% Discount to Net Book Value as at 30 June 2020

(i) Item (v) of the above table as shown that 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.

(ii) Despite being:

(a) profitable for the last two (2) financial years in FY 2018 and FY 2019; and

(b) Net Book Value of S$40.160 million as at 31 December 2019, or an equivalent Net Book Value per share of 68.7 cents, 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 over the last six (6) months.

4. RATIONALE FOR OUR REQUEST

4.1 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.

4.2 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.

4.3 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$0.245 cents as at 30 June 2020), despite our net book value per share of approximately S$0.687 as at 31 December 2019.

4.4 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 capitalization over the last six (6) months.

5. SATISFACTION OF CONDITIONS

Following the release by the Company of this announcement, the Company confirms that the Conditions have been satisfied.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

30 June 2020