

**APPROVAL FROM SGX-ST FOR
EXTENSION OF TIME TO MEET WATCH-LIST EXIT REQUIREMENT**

1. APPROVAL GRANTED BY SGX-ST

1.1 A-Sonic Aerospace Limited (the “**Company**”) is pleased to announce that SGX-ST has on 19 May 2021 approved the further extension application of the cure period to 4 June 2022 to meet the SGX-ST watch list exit requirement (“**Further Extension Application**”). The SGX-ST’s approval is subject to the following conditions (“**Conditions**”):

- 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.

1.2 Following the release by the Company of this announcement, the Company has confirmed to SGX-ST that the Conditions have been satisfied.

2. RATIONALE FOR SEEKING EXTENSION OF TIME

2.1 The Company’s Consolidated (the “A-Sonic Group”) Results

		FY 2018	FY 2019	FY 2020
(i)	Profit Before Tax (US\$’000)	812	3,481	7,920
	(Equivalent S\$’000)	1,095 ⁽¹⁾	4,744 ⁽²⁾	10,907 ⁽³⁾
(ii)	Profit After Tax (US\$’000)	630	3,107	7,638
	(Equivalent S\$’000)	850 ⁽¹⁾	4,235 ⁽²⁾	10,518 ⁽³⁾
(iii)	Net Profit Attributable to Equity			
	Holders of the Company	1,481	2,533	6,327
	(US\$’000) (Equivalent S\$’000)	1,997 ⁽¹⁾	3,452 ⁽²⁾	8,713 ⁽³⁾
(iv)	Earnings Per Share (“EPS”)			
	(Equivalent S\$ cents) ⁽⁴⁾	3.4	5.9	14.9

(v) Net Assets (Attributable to Equity Holders of the Company) ("NA") (US\$'000)	:	27,676	29,821	36,241
(Equivalent S\$'000)	:	37,758 ⁽¹⁾	40,160 ⁽²⁾	47,914 ⁽³⁾
(vi) NA/share (S\$ cents)	:	64.6 ⁽¹⁾	68.7 ⁽²⁾	81.9 ⁽³⁾
(vii) Historical Price Earnings Ratio ⁽⁵⁾	:	20.1	11.6	4.6
(viii) Share Price at Premium/ (Discount) to NA ⁽⁶⁾	:	6.0%	(0.3)%	(16.4)%
(ix) Bank Gearing Ratio (Bank borrowing)	:	15.1%	14.4%	4.8%

Notes:

(1) Based on foreign currency exchange rate on 31 December 2018 (End rate at US\$1=S\$1.3643 & Ave rate at US\$1= S\$1.3486).

(2) Based on foreign currency exchange rate on 31 December 2019 (End rate at US\$1=S\$1.3467 & Ave rate at US\$1= S\$1.3629).

(3) Based on foreign currency exchange rate on 30 December 2020 (End rate at US\$1=S\$1.3221 & Ave rate at US\$1= S\$1.3771).

(4) Based on "Net Profit After Tax Attributable to Equity Holders of the Company" FY 2018, FY 2019 and FY 2020.

(5) Share price was based on the closing market price of S\$0.685 on 26 April 2021, and earning was based on "Net Profit After Tax Attributable to the Equity Holders of the Company".

(6) Share price was based on closing market price of S\$0.685 on 26 April 2021.

2.2 Steps and Measures Taken

2.2.1 Management has taken steps and measures to strive for our economic sustainability and financial strength – taking all steps and measures to manage through the economic conditions. For example, we have: (i) restructured our business and operations in relation to any entity operating under "A-Sonic Logistics" brand name which incurs losses; and (ii) manage our operating costs to increase productivity.

2.2.2 We relentlessly adhere to the above guiding principle, and managed to achieve:

- (i) Profits for the last (3) financial years ended 31 December 2018, 2019 and 2020 ("FY 2018, FY 2019, and FY 2020" respectively);
- (ii) Our tangible net worth, measured by our "Net Assets (Attributable to Equity holders of the Company)" stood at S\$47.914 million /or US\$36.241 million as at 31 December 2020 (ie. exceeding the SGX-ST market capitalization of S\$40 million to exit the SGX-ST watch list);
- (iii) Paid / declared dividends for the last three (3) FYs, since FY 2018, FY 2019 and FY 2020;
- (iv) Our Group's "Cash and cash equivalents" stood at approximately S\$40.521 million as at 31 December 2020, which is more than its existing market capitalization of S\$39.181 million as at 5 May 2021. This translates to cash of S\$0.6929 per share as at 31 December 2020, compared to its existing share price of S\$0.67 per share as at the close of 5 May 2021; and
- (v) Our Group's total bank borrowing stood at S\$2.320 million as at 31 December 2020 representing a bank gearing ratio of 4.8%.

- 2.2.3 Management endeavours to manage the business based on prudent commercial decision and actions. These are borne out by the financial results and financial strength of the Group.
- 2.2.4 Despite the above, we are still on the SGX-ST watch list SOLELY because we have not achieved the SGX-ST requisite average daily market capitalization of S\$40 million. Market capitalization is substantially subject to external market forces, and the market's perception. Fund managers are not willing, unable, or cannot invest in a company with a "watch list" stigma. Their fiduciary mandates do not allow it. Therefore, road shows to institutional investors and the likes is not an option for us at this point in time. The market perception of our SGX-ST Watch List "stigma" limits our reach to institutional investors.
- 2.2.5 Therefore, it is beyond management's realm to provide assurance that we would be able to achieve a market capitalization in excess of S\$40 million to exit the SGX-ST watch list. Management will, however, definitely continue to strive and evaluate additional actions we can take in 2021 and beyond, to strengthen our fundamental business foundation, and to create a more economically sustainable A-Sonic Group for tomorrow.

3. BACKGROUND INFORMATION

- 3.1 The Company was placed on the watch-list of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 5 June 2017.
- 3.2 On 30 June 2020, the Company had announced that the SGX-ST had approved the extension of the 36 months (the "**Cure Period**") for a period of 12 months till 4 June 2021.
- 3.3 On 27 April 2021, the Company had announced the application to SGX-ST for a Further Extension Application for another twelve (12) months, and SGX-ST has on, 19 May 2021, granted approval as indicated in paragraph 1.1 above in this Announcement.

ISSUED BY ORDER OF THE BOARD

Seoh Choon Hong
Joint Company Secretary

19 May 2021