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 today entered into a conditional sale and purchase agreement ("**SPA**") with PT. Adika Maju Pratama ("**Purchaser**") for the sale by the Company and the purchase by the Purchaser of 73,300,000 ordinary shares ("**Sale Shares**"), representing approximately 21.1% of the issued share capital of Dragon Group International Limited ("**Dragon Group International**", and together with its subsidiaries and associated companies, the "**DGI Group**") ("**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER AND DRAGON GROUP INTERNATIONAL

2.1 Information on the Purchaser

The Purchaser is a private company limited by shares incorporated under the laws of Republic of Indonesia on 3 August 2020 and is primarily engaged in the business of investment holding and the acquisition of distressed companies or assets.

The beneficial owners of the Purchaser are Ruben Partogi and Budi Aris who hold 99% and 1% shareholdings in the Purchaser, respectively. None of the Purchaser, its shareholders and its directors is connected to any of the directors, executive officers or controlling shareholders of the Company.

2.2 Information on Dragon Group International

Dragon Group International was incorporated in Singapore on 13 October 1993 and was subsequently listed on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (then known as SGX SESDAQ) in September 1994 and transferred its listing to the Mainboard of the SGX-ST in September 1998. The principal business activities of DGI Group comprise (i) distribution of electronic components and test consumables; (ii) supply of semiconductor equipment, materials and tooling; and (iii) a joint venture project for the construction of the Dragon Treasure Boat (a replica of Admiral Zhenghe's treasure boat which sailed across the world during the Ming Dynasty). DGI Group is also engaged in the development of battery and storage solutions through its shareholding interest in an associated company, EoCell Limited.

As the Sale Shares represent 21.1% of the equity interest held by the Company in Dragon Group International, following completion of the Proposed Disposal, the Company will hold 19.9% of the equity interest in Dragon Group International and Dragon Group International will cease to be a subsidiary of the Company and will be accounted for as investment in quoted shares 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 consideration of S$21,000 ("**Consideration**"), payable in full in cash by the Purchaser.

The consideration for the Proposed Disposal was agreed upon after arm's length negotiations, on a willing-seller and willing-buyer basis, and, taking into account the indicative result as set out in Section 8 below 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 SGX-ST for its removal from the Watch-list for companies listed on the Mainboard of the SGX-ST.

3.2 Completion

Completion of the Proposed Disposal is expected to take place on the date (each a "**Completion Date**") falling five (5) business days after the day on which the last of the Conditions (as defined below) of the SPA is fulfilled (or waived in accordance with the SPA) ("**Completion**"), provided that such date shall not be later than 30 December 2022.

3.3 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 SPA):

(a) approval by the shareholders of the Company in relation to the entry into of the SPA in connection with the Proposed Disposal;

(b) all necessary governmental, regulatory and third party consents, approvals and waivers, where required for the transactions contemplated hereunder (including, without limitation, the SGX-ST), 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

(c) there being no breach of any warranty under the 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 this allows the Group to exit its investments in Dragon Group International, 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 Company intends to utilise the proceeds from the Proposed Disposal for the general working capital requirements of the Group.

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 assets position of US$666,000 (equivalent to approximately S$895,000 based on an exchange rate of S$1 = US$0.7441). Assuming that the Proposed Disposal had been completed on 30 June 2021, the Proposed Disposal would have resulted in loss on disposal of S$2,734,000 for the Group. In addition, as a result of the Proposed Disposal of 21.1% of the equity interest in DGI, the company will cease to have control over DGI upon the completion of the Proposed Disposal. This will result in a further loss on deemed disposal of DGI of S$24,328,000.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

For the purposes of Chapter 10 of the Listing Manual of the SGX-ST, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST based on the latest announced consolidated financial statements of the Group for 6 months ended 30 June 2021 are set out below:

Bases in Rule 1006		**Relative Figures for the Proposed Disposal**
(a)	Net asset value of the Sale Shares, compared with the Group's net asset value as at 30 June 2021	1.2% (1)
(b)	Net profits(2) attributable to the Sale Shares, compared with the Group's net loss as at 30 June 2021	(977.8)% (3)
(c)	Aggregate value of the consideration received from the Proposed Disposal compared with the Group's market capitalisation(4)	0.1%
(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 (5)	N.A.(5)
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves (6)	N.A.(6)

Notes:

(1) For purposes of calculating the relative figure under Rule 1006(a) of the Listing Manual of the SGX-ST, the net asset value of the DGI Group as at 30 June 2021 is US$666,000 (equivalent to approximately S$895,000 based on an exchange rate of S$1 = US$0.7441). The net asset value of the Group as at 30 June 2021 is S$72,066,000.

(2) "Net profits" means profit or loss before income tax, non-controlling interests and extraordinary items.

(3) Based on the unaudited financial statements of the Group for the 6 months ended 30 June 2021, the net loss attributable to the DGI Group, based on a shareholding interest of 21.1% in DGI which ASTI is proposing to dispose, is S$440,000 (based on an exchange rate of S$1 = US$0.7441). The net loss attributable to the Group is approximately S$45,000.

(4) The Company's market capitalisation is determined by multiplying the number of ordinary shares in the capital of the Company ("**Shares**") in issue (being 654,731,486 Shares (excluding 27,234,855 treasury shares) by the volume-weighted average price of S$0.032 per Share on 14 December 2021, being the last full Market Day on which Shares were traded preceding the date of the sale and purchase agreement entered into in respect of the Proposed Disposal.

(5) This is not applicable as none of the Proposed Disposal involves any issuance of consideration shares.

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

The relative figure computed pursuant to Rule 1006(b) of the Listing Manual involves negative figures. Rule 1007(1) of the Listing Manual provides that where any of the relative figures computed pursuant to Rule 1006 involves negative figures, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 of the Listing Manual or if not so provided, at the discretion of the SGX-ST. Pursuant to paragraph 4.6 of Practice Note 10.1 of the Listing Manual, the Proposed Disposal does not fall within the situations in paragraphs 4.3(e) and 4.4(e), accordingly, the Proposed Disposal constitutes a "major transaction" as defined under Chapter 10 of the Listing Manual and is subject to the approval of the Shareholders at an extraordinary general meeting of the Company ("EGM") to be held.

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 654,731,486 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 654,731,486 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	69,286
Weighted average number of shares	654,731,486	654,731,486
NTA per Share (cents)	11.07	10.58

EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to the Owners of the Company (S$'000)	4,159	2,456
Weighted average number of shares	654,731,486	654,731,486
EPS (cents)	0.64	0.38

8. VALUATION REPORT

For the purpose of the Proposed Disposal, the Company has commissioned Cushman & Wakefield VHS Pte Ltd ("**Independent Valuer**") to conduct an independent valuation of 100% equity interest in the capital of DGI Group ("**Independent Valuation**"). The Independent Valuer adopted the cost/asset approach as its primary approach with reference made to market approach (where applicable) and the indicative result of 100% equity interest in the capital of DGI Group as at 30 September 2021 is US$nil. Further details of the Independent Valuation will be set out in the circular for the Proposed Disposal to be issued by the Company to the shareholders of the Company in due course.

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. CIRCULAR AND EGM

The Company will be convening an EGM in due course 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 despatched to the Shareholders in due course.

12. DOCUMENTS FOR INSPECTION

A copy of the SPA is 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
15 December 2021