



A-SONIC AEROSPACE LIMITED
Regn. No. 200301838G

APPLICATION FOR WAIVER OF RULE 838

1. INTRODUCTION

The Board of Directors of A-Sonic Aerospace Limited (the “**Company**”) wishes to announce that the Company had submitted an application to the SGX-ST to seek approval for a waiver of Rule 838. The aforesaid listing rule requires that the “daily weighted average price, adjusted for bonus issue or sub-division of shares (“adjusted price”), will not be less than S\$0.50”.

2 RATIONALE TO APPLY FOR WAIVER OF RULE 838

- 2.1 The minimum trading price (“MTP”) of \$0.20 had been abolished. Hence, in our view Rule 838 is incongruous with the abolishment of MTP.
- 2.2 Rule 838 does not give the same opportunity to companies which are currently trading at lower share prices, compared to companies which are trading at higher share prices. As a result, Rule 838 denies companies with lower trading prices from corporate activities such as bonus issues, or sub-division of shares. There is no economic, commercial, or financial benefit for such an arbitrary distinction.
- 2.3 During this COVID-19 pandemic, companies like ourselves, are already encountering challenges in our business. In the interest of our 5,450 public shareholders, it is critical for us to prepare quick access to raise cash, in anticipation of the uncertain future, as well as the tumultuous economic and financial market.
- 2.4 In view of paragraph 2.3, we plan to adopt a two-pronged approach:
 - (i) Firstly, we attempt to increase the liquidity in our share trading to allow our public shareholders ease in investing, or divesting our shares in the event that they should urgently require cash. We also aim to attract boutique fund managers, and smaller private equity funds, who have appetite for small-cap stocks or “emerging companies” like ourselves; and
 - (ii) Secondly, resulting from the above, it will be helpful to have quick and ready access to the equity capital market. In addition, we need to avail ourselves to a variety of alternative equity market instruments that is most appropriate to our capital structure at the prevailing point in time.

2.5. We believe that our plan outlined in the preceding paragraph is critical to enhance our economic sustainability in the longer term. With more readily access to the capital market, we also cautiously plan to position ourselves for any business development or opportunity that may arise in the aftermath of COVID-19.

3. FINANCIAL INFORMATION

3.1 Our six-months daily weighted average price has been trading at S\$0.27603 cents, with a 52 weeks high of 52 cents and a low of 18.5 cents. Our entire issued share capital comprises only 58.479 million shares, of which 31,741,497 shares are held by a single majority shareholder. Hence, the market free float has only 25,188,017 shares, in the possession of approximately 5,450 other shareholders.

3.2 In the last two (2) audited financial years:

- (i) Our Company and its subsidiaries (the “Group”) was profitable as shown in the table at paragraph 3.3;
- (ii) Our Group’s net tangible assets (“NTA”) stood at an equivalent of S\$40.160 million, or an S\$0.69 per share as at 31 December 2019; and
- (iii) We have paid and declared dividends for two (2) consecutive years, in 2018 and 2019.

3.3 The table below summarises our financial results and position for financial year (“FY”) ended 31 December 2018 and FY2019:

	FY 2018	FY 2019	Change +/- (Percentage/ basis point)
(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) (Equivalent S\$’000) :	27,676 37,758 ⁽²⁾	29,821 40,160 ⁽³⁾	+7.8% +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⁾

Notes:

- (1) Based on "Profit After Tax Attributable to Equity Holders of the Company" FY 2018 and FY 2019.
- (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\$0.315 on 27 February 2020, the date immediately preceding the announcement, and earnings was based on "Profit After Tax Attributable to Equity Holders of the Company".
- (5) Share price was based on closing market price of S\$0.245 on 30 June 2020, the date immediately preceding the announcement.
- (6) N.A. = Not applicable

The Company will update via announcement upon receipt of SGX-ST's response to our application.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

30 June 2020