ASTI Holdings Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 199901514C)

FOLLOW UP TO RECEIPT OF NOTICE OF EXTRAORDINARY GENERAL MEETING PURSUANT TO SECTION 177 OF THE COMPANIES ACT 1967 OF SINGAPORE

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(1) THE PROPOSED EXTRAORDINARY GENERAL MEETING PURPORTED TO BE CALLED TO BE HELD ON 5 MAY 2023 IS INVALID AND DOES NOT AND CANNOT CONSTITUTE A PROPER EXTRAORDINARY GENERAL MEETING OF THE COMPANY

(2) FURTHER AND CORRECTIVE INFORMATION RELATING TO STATEMENTS MADE BY THE REQUISITIONING MEMBERS IN EARLIER DOCUMENTS

1. The Board of Directors ("**Board**") of ASTI Holdings Limited ("**Company**") refers to:

   (a) its announcement dated 4 April 2023 in relation to the Notice of Extraordinary General Meeting called by shareholders Mr. Ng Yew Nam, Mr. Lim Chee San, Mr. Toh Cheng Hai and Mr. Ng Kok Hian (the "**Requisitioning Members**") (the "**4 April Announcement**");

   (b) its announcement dated 20 April 2023 in relation to the proposed extraordinary general meeting purported to be called to be held on 5 May 2023 (the "**Proposed EGM**") being invalid and that the Proposed EGM does not and cannot constitute a proper extraordinary general meeting of the Company (the "**20 April Announcement**"); and

   (c) its announcement dated 24 April 2023 in relation to the Proposed EGM being invalid and that the Proposed EGM does not and cannot constitute a proper extraordinary general meeting of the Company, and the receipt by the Company of a further letter dated 21 April 2023 (the "**RM 21 April Letter**") from the Requisitioning Members (the "**24 April Announcement**").

   Terms defined or used in the 24 April Announcement have the same meanings in this Announcement, unless the context otherwise requires.

2. Further to the 24 April Announcement, the Board has also formally replied the RM 21 April Letter, by the Company's letter dated 25 April 2023 to the Requisitioning Members (the "**ASTI 25 April Letter**"). As with the 24 April Announcement, the ASTI 25 April Letter emphasized, among other matters, that:

   - **It is impossible "to POSTPONE" the Proposed EGM as it was an attempted but failed meeting.**

   - **The Requisitioning Members were warned not to take any further step towards any purported "postponement" of the Proposed EGM. Any such step taken by the Requisitioning Members (and/or taken by any other person advising or collaborating with them) would be treated as deliberately disruptive to the orderly conduct of the Company's affairs as well as an attempt to sow confusion on the other shareholders.**

3. In any case, the Board noted that the Requisitioning Members accept that the Proposed EGM cannot be held on 5 May 2023. However, the Requisitioning Members appear to be labouring under the wrong impression that, even though the Proposed EGM is invalid and does not and cannot constitute a proper extraordinary general meeting of the Company, the failed Proposed EGM can be "postponed".

   In their failed endeavour to call the Proposed EGM, the Requisitioning Members had prepared a Circular to Shareholders (the "**Circular**", a copy of which was attached with the 4 April Announcement). Although the Proposed EGM is invalid and does not and cannot constitute a proper extraordinary general meeting of the Company, the Circular itself contained the Requisitioning Members' public statements regarding the Directors of the Company, the Company and its business and affairs. The Directors note that, by stating their intention "to POSTPONE" the Proposed EGM, the Requisitioning Members might (despite the Company's warning against doing so) still be harbouring intentions to attempt to hold the invalid Proposed EGM on another date. Whilst the Circular itself is no longer applicable in that context, its contents nevertheless remain public.

   In this situation, the Board has decided to take the cautious approach of addressing statements made by the Requisitioning Members in the Circular, to the extent the Board considers that these statements are wrong or misleading or give an incomplete picture. The Board also wishes to inform and put forward to the shareholders of the Company the direction of the Company as well as information on certain persons who are associated with the Requisitioning Members in relation to their attempt to call the Proposed EGM.

4. Having carefully considered the Notice of EGM and the Circular, the Board of Directors would draw the attention of all shareholders to, and sets out further information on, the points below for the benefit of the shareholders and for their consideration.

5. **SUMMARY**

   The further information can be summarised as follows:

   - **Several statements by Requisitioning Members are wrong, or misleading, or give an incomplete picture. Despite the fact that ASTI has reversed several years of losses to record a significantly improved financial performance in FY2022, Requisitioning Members had cited the "adverse developments of the Company and the deteriorating value of the Company's shares" as one of the reasons for the Proposed Resolutions.**

   - **This turnaround in FY2022 was achieved after drastic cost-cutting measures taken by the current Board. Despite this turnaround, the Company was unable to exit the SGX Watch-list because its 6-month average daily market capitalisation was lower than as required and it was unable to obtain further extension of time to meet the criteria for removal from the Watch-list. The Company's shares have been suspended from trading pending the completion of an exit offer.**

   - **Having achieved a positive performance in FY2022, the Board's immediate priority is to secure a fair and reasonable exit offer. The resolutions proposed for the failed Proposed EGM sought to overhaul the composition of its current board of directors; if carried through, this would potentially disrupt operations and financial performance, and be counter-productive to ongoing efforts to secure an exit offer to unlock value for shareholders.**

- **The Board also set out its concerns regarding two candidates (i.e. Mr. Ng Yew Nam and Mr. Soh Pock Kheng) who were proposed by the Requisitioning Members to be appointed as Executive directors (had they been elected at the failed Proposed EGM). These concerns are with regard to the relevance of their professional experience, and their plan to "streamline business functions" and "maximise cost and operational efficiencies" when the Company is profitable and considers a favourable exit offer as its main priority.**

- **The Board also asked the Proposed Directors including Mr. Soh and Mr. Ng if they had a reasonable timeframe in which to achieve a successful exit offer, should they be appointed, and whether they currently have any viable leads to an exit offer. Also, as they aspired to be elected as Directors of the Company, these two candidates were invited to fully disclose the scope of their involvement and reasons for supporting or not supporting any proposed exit offer.**

- **The Board also asked Mr. Ng Yew Nam, the largest shareholder among the Requisitioning Members, to explain to all shareholders the several sale and purchase agreements he entered into in February 2023 (when trading in shares in the Company was still suspended) to acquire 30,676,900 shares in the Company (approximately 4.69%) at S$0.028 per share.**

I. THE GROUP'S FINANCIAL PERFORMANCE

6. In the Circular, the Requisitioning Members highlighted the purported "adverse developments of the Company and the deteriorating value of the Company's shares" as reasons for the Proposed Resolutions. In particular, the Circular highlighted among others that the Company had "failed to meet the SGX-ST's exit criteria of the watch-list" (para 2.1(a)), "had trading in its shares suspended since 5 July 2022" (para 2.1(b)), and "has been loss making from FY2014 to FY2021, other than in FY2018" (para 2.1(e)).

7. The above does not take into consideration the Company's **significantly improved** financial performance in FY2022.

8. The Company was placed on the SGX-ST's watch-list with effect from 6 June 2019, and was required to comply with the watch-list exit criteria by 5 June 2022. Since being placed on the watch-list, the Company undertook various drastic measures with the aim to improve its performance and increase its profitability.

9. In particular, in FY2021, under the direction of its Board (including the Incumbent Directors, Professor Dr Kriengsak Chareonwongsak and Dato' Sri Mohd Sopiyan B Mohd Rashdi), the Company implemented various key cost-cutting measures, including the following:

   a. Carried out an extensive retrenchment exercise, which included various key management personnel to significantly reduce the Group's operating cost, including the Group's then CEO Dato' Michael Loh ("**Dato' Loh**") and the then Group Business Development Director (and a Proposed Director), Mr. Soh Pock Kheng (also known as James Soh) ("**Mr. Soh**"). This resulted in a reduction of S$3.3 million per annum in terms of employees' remuneration, while total retrenchment cost was S$2.3 million, including annual leave encashment of S$0.2 million.

   b. Consolidated its corporate, human resource and administrative operations into a smaller office area and terminating its previous office lease to reduce rental cost.

c. Ceased operations of loss-making divisions within the Group.

d. Undertook steps to reduce the operating cost in Dragon Group International Limited by carrying out a retrenchment exercise.

10. As part of the retrenchment exercise, on 22 December 2021, the Company announced that following the termination of Dato' Loh from his position as Group CEO,[1] Mr. Anthony Loh ("**Mr. Loh**") would be appointed as the Acting CEO with effect from 31 December 2021. Mr. Loh did not receive a salary increment for taking on the additional role of Acting CEO, even as he continues to serve as Chief Financial Officer.

11. These measures undertaken by the Company bore fruit in the following financial year, with the Company's financial performance improving significantly in FY2022 under the Company's new management led by Mr. Loh. The Company generated a profit after tax of approximately S$3.0 million in FY2022, as compared to a loss after tax of S$8.1 million in FY2021. This was contributed by higher revenue from the Group's Tape & Reel packaging services contributed by our Philippines operations, and an overall decrease in the Group's expenses, in particular, staff-related and premises-related expenses arising from cost-cutting measures.[2]

12. This improved financial position had also allowed the Company to declare a tax exempt one-tier interim dividend of 0.45 Singapore cents per share on 23 February 2023 (to be paid on 5 May 2023), its first dividend from operating profit since 2012 (the last dividend declaration announced by the Company on 16 August 2019 was in relation to a one-off gain from the disposal of STI Group in FY2018).

13. Full details of the Group's financial performance can be found in the Group's unaudited Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022 ("**FY2022 Interim Financial Statements**"), as announced on 23 February 2023.

14. Unfortunately, however, the Company was unable to meet the watch-list exit criteria by the due date of 5 June 2022, due to its FY2021 net losses and its lower-than-required 6-month average daily market capitalisation. The SGX-ST had also rejected the Company's various applications for an extension of time to meet the criteria. As a result, on 6 June 2022, the **SGX-ST had directed the Company to be delisted**, and trading in the Company's shares were suspended from 5 July 2022 until the completion of an exit offer.

II. FUTURE DIRECTION

15. The Company's positive performance in FY2022 puts it in a stronger position to secure a fair and reasonable exit offer for shareholders as part of its **directed delisting**. This remains the Board's immediate priority, and it is presently working hard to secure the same in order to maximise value to the Company's shareholders.

16. As stated in the Company's announcements dated 5 October 2022, 11 November 2022, 11 January 2023 and 13 February 2023, the Company had been in discussions with 2 substantial shareholders, namely Mr. Soh and Dato' Loh to explore possible exit offers to shareholders. Mr. Soh subsequently notified the Company that he would not be exploring the exit offer at present. The Company was also made to understand that Dato' Loh was in discussion with Capital Engineering Network Public Company Limited ("**CEN**") on a potential exit offer.

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[1] Following his termination as CEO, Dato' Loh remained as Director and Chairman of the Company until his announced retirement from these positions on 23 February 2023. For FY2022, the proposed director's fees in respect of Dato' Loh's appointment as Director and Chairman is S$60,000 per annum.

[2] "Other expense" (i.e. expenses other than costs of sales) decreased from S$20,567,000 in FY2021 to S$13,696,000 in FY2022.

17. As announced by the Company on 23 February 2023, the Board has approached CEN to enquire on its interest in a potential exit offer. The discussions between the Company and CEN are ongoing and there is no certainty or assurance that any transaction will materialise from the current discussions. The Company will make the appropriate announcements in compliance with the Listing Manual of the SGX-ST in the event of any material developments.

18. The Board is of the view that an overhaul in the compositions of both the Board and Company's Management Team at this juncture (including the removal of Mr. Loh as Executive Director and Acting CEO) would potentially disrupt the Company's operations and affect the Group's financial performance moving forward. The Proposed Resolutions would also be counter-productive to the Board's efforts to secure an exit offer in the near future.

III. THE PROPOSED DIRECTORS

19. As stated at paragraph 8 of the 4 April Announcement, as the Board had insufficient information to determine whether the proposals of the Requisitioning Members were in the best interests of the Company, the Company had invited them to provide information on how their proposals would lead to the betterment of shareholder's value. This included how each of the Proposed Directors could provide value to the Company.

20. The Board also wishes to set out certain concerns it has in relation to Mr. Ng Yew Nam ("**Mr. Ng**") and Mr. Soh's proposed appointments as executive directors, and invites the Requisitioning Members, or the Proposed Directors, to provide better clarity on the same.

21. The Circular lists Mr. Ng's credentials as follows:

    a. Mr. Ng is currently the managing director of iTrue Technologies Pte. Ltd. ("**iTrue Technologies**"), and the "Group will be able to leverage on Mr. Ng's wealth of experience, track record of success and network of business partners in the passive components manufacturing industry".

    b. Concurrent to his appointment as managing director of iTrue Technologies, Mr. Ng is also currently the managing director of iTrue China Pte. Ltd. ("**iTrue China**") (from 2019 to present). No other past working experience and occupations over the past 10 years were listed.

22. The Board has conducted a search of the ACRA business registry and there was no company registered under the name of iTrue China. As the Company is not in a position to conduct exhaustive searches of business registries outside of Singapore, Shareholders may wish to seek clarification as to whether there may be any other omissions, or errors, or inconsistencies in the information provided by Mr. Ng in Appendix B to the Circular.

23. The Circular lists Mr. Soh's credentials as follows:

    a. Mr. Soh is a director of Vansonic (Singapore) Pte. Ltd. ("**Vansonic (Singapore)**") and was also the Vice President of Business Development in the Company from 2019 to 2021 "where he oversaw the Business Development Department of the Group", which "will put him in good stead in managing the business functions of the Group".

    b. Apart from his position as director of Vansonic Singapore, Mr. Soh is presently also listed as director of VS Solutions (Singapore) Pte. Ltd. and BAK New Power (Singapore) Pte. Ltd., and a non-executive and non-independent director of Dragon Group International Limited ("**DGI**").

24. Mr. Soh's previous appointment as Vice President of Business Development in the Company from April 2019 up to his retrenchment in 2021 coincided with the Company's recent loss-making years. Mr. Soh was concurrently the Vice President of Business Development in DGI and also received remuneration from DGI in such a capacity. In FY2020, Mr. Soh was the Group's highest earning employee (excluding the CEO and directors) with an annual remuneration range of S$500,000 to S$599,999,[3] and in FY2019, he ranked among the top 4 earners in the Group, with an annual remuneration of between S$250,000 to S$499,999.[4]

25. The Board further highlights that in his present capacity as Business Consultant of the Company, for which he is remunerated, Mr. Soh had on several occasions declined the Board's various invitations to familiarise himself with the Company's business. In particular, Mr. Soh had failed to attend, among others, a planned trip (which had been rescheduled multiple times at his request) to the Company's main production plant in the Philippines (operated by Telford SVC, Phils. Inc. ("**Telford Philippines**")), and a planned budget meeting in Thailand for the Company's main subsidiaries. Telford Philippines is the Company's main operating arm which contributed to the positive financial performance in FY2022.

26. The Board would refer the shareholders to the questions set out at paragraph 8 of the 4 April Announcement. In addition, the Board would highlight the following concerns on which the Requisitioning Members and/or the Proposed Directors are requested to provide better clarity to the shareholders:

    a. How the Proposed Directors (in particular, Mr. Soh and Mr. Ng, who are proposed to be designated as Executive Directors, if elected, even assuming that the Proposed EGM had been validly called and held) plan to "streamline business functions" and "maximise cost and operational efficiencies" in the Company should they be appointed, especially given that at this juncture, the Company is profit-making and its main priority is to secure a favourable exit offer. Specifically,

        i. In relation to Mr. Ng, how his experience as managing director of iTrue Technologies which appears to be a much smaller scale compared to the Company; and

        ii. In relation to Mr. Soh, how his past and current track record with the Company and/or DGI's business performance

        will put each of them in good stead to be appointed as directors and key management of the Company.

    b. How the Proposed Directors including Mr. Soh and Mr. Ng would work towards securing an exit offer as soon as practicable, in compliance with the **DIRECTED DELISTING**. In particular, whether the Proposed Directors have a reasonable timeframe in which they aim to achieve a successful exit offer should they be appointed, whether they currently already have viable leads on an exit offer and whether they would be prepared to share these with the Company now that the Requisitioning Members have failed to call the Proposed EGM. The Board notes in this regard that Mr. Ng is also a substantial shareholder of the Company, and had, after the Company's directed delisting, entered into several sale and purchase agreements in February 2023 to acquire a total of 30,676,900 shares (approximately 4.69% of total number of voting shares) in the Company at the consideration of S$0.028 per share.

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[3] Company Annual Report for FY2020, Appendix 1 (Corporate Governance Report) at page 11.

[4] Company Annual Report for FY2019, Appendix 1 (Corporate Governance Report) at page 9. The remuneration figures disclosed by the Company in its Annual Reports includes remuneration received by the employee from the Company and the other companies within the Group (including DGI).

c. In relation to Mr. Ng, given his limited experience in managing a listed company, whether he would be as familiar as the Board in matters relating to the relevant laws and regulations, and in navigating the Company through the delisting and exit offer processes.

27. The Board exhorts the Requisitioning Members as well as Mr. Soh to be transparent and forthcoming. In this regard, as previously informed by the Company in the 20 April Announcement, Mr. Ng should be transparent as to his possession or control of, or access to, one or more shareholding list(s) of the Company, or else he should issue an unequivocal denial. He should also explain the several sale and purchase agreements he entered into in February 2023 (referred to in paragraph 26(b) above), the price(s) he agreed to pay for the shares in question, and his motivations for so doing despite that fact that trading of shares in the Company is suspended.

    Since both Mr. Ng and Mr. Soh aspire to be elected as Directors of the Company, each of them should, to the extent either or both had involvement in any previous attempts to put up any exit offer to the shareholders of the Company, make a full disclosure to the shareholders of the Company of the scope of their respective involvement and their respective reason(s) for supporting or not supporting any proposed exit offer (whether intended then to be made by either or both of them or by any other person).

28. Shareholders are advised to exercise caution when dealing or trading in the shares of the Company. Shareholders are advised to read this announcement and any further announcements by the Company carefully. When in doubt as to the action they should take, shareholders should consult their stock brokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

PROF. DR KRIENGSAK CHAREONWONGSAK
NON-EXECUTIVE CHAIRMAN
ASTI Holdings Limited
27 April 2023