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

ASTI Says Requisitioners' Call for Board Overhaul Could Disrupt Operations After Recent Financial Turnaround, and Be Counter-Productive to An Exit Offer

Singapore, 27 April 2023 – ASTI Holdings ("ASTI" or the "Company") said today that any attempt to overhaul the composition of its current board of directors would potentially disrupt operations and financial performance after a recent turnaround, and be counter-productive to ongoing efforts to secure an exit offer to unlock value for shareholders.

The directors were responding to the 53-page 3 April 2023 Circular released by four shareholders – Mr. Ng Yew Nam ("Mr. Ng"), Mr. Lim Chee San, Mr. Toh Cheng Hai and Mr. Ng Kok Hian – who had requisitioned to replace the current board of SGX Mainboard-listed ASTI with new directors. The directors consider several statements in the circular to be "wrong or misleading or give an incomplete picture".

While the requisitioners had highlighted "adverse developments…and the deteriorating value of the Company's shares", the directors said ASTI had declared an interim dividend of 0.45 Singapore cent for the financial year ended 31 December 2022 ("FY2022") – its first from operating profits in a decade – after recording a profit after tax of S$3.0 million that reversed a pre-tax loss of S$8.1 million in FY2021.

The Board said the FY2022 turnaround led by Mr. Anthony Loh (the CFO who was given additional duties on 31 December 2021 as Acting CEO) was achieved after retrenchments at ASTI and its 40.9%-held subsidiary Dragon Group International Limited ("DGI"), ceasing loss-making units, downsizing corporate and administrative functions and relocating to a smaller office.

Notably, the Directors added, the cost-cutting included reducing the remuneration of the then CEO, Dato' Michael Loh and the then Group Business Development Director Mr. James Soh ("Mr. Soh") which reduced total employee remuneration by S$3.3 million per year. The latter is one of two candidates proposed by the requisitioners as incoming executive directors.

Mr. Soh was ASTI's Vice President of Business Development from 2019 up to his retrenchment in 2021, a tenure which coincided with the Company's recent loss-making years. He was concurrently the Vice President of Business Development at DGI. In FY2020, Mr. Soh was ASTI Group's highest-earning employee (excluding the CEO and directors) with an annual remuneration range of S$500,000 to S$599,999. In FY2019, he was one of the top four earners in the Group, with annual remuneration of between S$250,000 to S$499,999, ASTI said.

Despite the FY2022 performance, ASTI could not meet the deadline of 5 June 2022 to exit the SGX-ST Watch-list as its six-month average daily market capitalisation was short of the S$40 million threshold. After several attempts to extend the deadline were rejected, ASTI's shares were suspended from 5 July 2022 pending the completion of an exit offer. ASTI is currently in discussions with Thailand-listed Capital Engineering Network Public Company Limited on a potential exit offer.

"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," ASTI said.

An overhaul of the management team and the removal of Acting CEO Mr. Anthony Loh "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" ASTI added.

ASTI also expressed concerns relating to the two persons that the requisitioners had proposed as incoming executive directors – Mr. Ng and Mr. Soh.

ASTI directors believe Mr. Ng has limited experience managing a listed company and "in navigating the company through the delisting and exit offer processes." While the requisitioners' circular had cited Mr. Ng as the current managing director of iTrue Technologies Pte. Ltd. and iTrue China Private Limited, a search of the ACRA business registry did not find any company registered under the latter name. ASTI urged shareholders to seek clarification as to whether there may be any other omissions, errors, or inconsistencies in the information provided by Mr. Ng in the Circular.

As to the other proposed executive director, Mr. Soh – a former Vice President of Business Development of the Company – who is now a business consultant to ASTI "had on several occasions declined the Board's various invitations to familiarise himself with the Company's business". Also, he has no prior understanding of the Company's tape and reel business operations in the Philippines, the Directors said.

The Directors also asked if the Proposed Directors including Mr. Soh and Mr. Ng had "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 announced last week that the Extraordinary General Meeting originally proposed to be held on 5 May 2023 ("Proposed EGM") was invalid and does not and cannot constitute a proper EGM as the requisitioners had failed to despatch relevant documents to shareholders on time.

The Board warned requisitioners "not to take any further step towards any purported 'postponement' of the Proposed EGM", and that such actions "would be treated as deliberatively disruptive… as well as an attempt to sow confusion on the other shareholders."

The Board also "exhorts the Requisitioning Shareholders as well as Mr. Soh to be "transparent and forthcoming", and requested that 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… the price(s) he agreed to pay for the shares in question, and his motivations for so doing despite the fact that the trading of shares in the Company is suspended."

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Media & Investor Contact
Isaac Tang
WhatsApp (Text): (65) 9748 0688
asti@wer1.net