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 Instern Pte. Ltd. ("**Purchaser**") for the sale by the Company and the purchase by the Purchaser of 300,000,000 ordinary shares ("**Sale Shares**"), representing approximately 85% of the issued share capital of EoPlex Limited ("**EoPlex**") ("**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER AND EOPLEX

2.1 Information on the Purchaser

The Purchaser is a private company limited by shares incorporated under the laws of Singapore on 26 November 2021 and is primarily engaged in the business of investment holding. The Purchaser is wholly-owned by Mr. Roslan bin Affandi who was previously the Vice President (Operations) of the EoPlex Group & Telford Malaysia and has since left the Group in 30 September 2021. He joined the Group in 2012 and was responsible for the Engineering and Manufacturing operations in EoPlex Group and Telford Malaysia.

None of the Purchaser, its sole shareholder and its director(s) is connected to any of the directors, executive officers or controlling shareholders of the Company.

2.2 Information on EoPlex

EoPlex is a wholly-owned subsidiary of the Company and was incorporated in Hong Kong on 21 January 1998. It was previously engaged in the business of the development of advanced chip packaging and related technologies but has since ceased operations. EoPlex has not generated revenue since the cessation of its operations on September 2020 and is not projected to be profitable in the near future.

As the EoPlex Sale Shares represent the entire equity interest held by the Company in EoPlex, the Company will cease to have any interest in EoPlex and EoPlex will cease to be a subsidiary of the Company 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 nominal consideration of S$1 ("**Consideration**"), payable in full in cash by the Purchaser.

The consideration for the Proposed Disposal was agreed upon, taking into account the value of the Sale Shares and the non-revenue generating nature of EoPlex 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 Singapore Exchange Securities and Trading Limited ("**SGX-ST**") for its removal from the Watch-list for companies listed on the Mainboard of the SGX-ST.

3.2 Loan

In connection with the Proposed Disposal, the Company has converted advances of S$39,294,284.77 utilised by EoPlex for its capital expenditure and other working capital purposes into a loan for a maximum tenure of 10 years from the date of the SPA ("**Loan**"). The interest rate of the Loan is 3.017% per annum as at the date of this Announcement and will be revised quarterly.

3.3 Completion

Completion of the Proposed Disposal is expected to take place on the date ("**Completion Date**") falling two (2) 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**").

3.4 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) written waivers of pre-emption rights from the other shareholders of EoPlex, in respect of the Proposed Disposal;

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

(c) all necessary governmental, regulatory and third party consents, approvals and waivers, where required for the transactions contemplated hereunder (including, without limitation, the Singapore Exchange Securities Trading Limited), 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

(d) 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 these allow the Group to exit its investments in EoPlex, 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 proceeds from the Proposed Disposal are negligible.

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 liabilities position of US$30,146,000 (equivalent to approximately S$40,516,000 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 an accounting loss of S$5,239,000 for the Group.

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	(56.2)%[(1)]
(b)	Net loss[(2)] attributable to the Sale Shares, compared with the Group's net loss as at 30 June 2021	(2484.4)%[(3)]
(c)	Aggregate value of the consideration received from the Proposed Disposal compared with the Group's market capitalisation[(4)]	N.M.[(5)]
(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	N.A.[(6)]
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A.[(7)]

Notes:

(1) For purposes of calculating the relative figure under Rule 1006(a) of the Listing Manual of the SGX-ST, the net liabilities value of the Proposed Disposal as at 30 June 2021 is US$30,146,000 (equivalent to approximately S$40,516,000 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 loss" means loss before income tax, minority 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 Proposed Disposal is S$1,118,000. 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$0.0293 per Share on 17 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) "N.M." means not meaningful.

(6) This is not applicable as the Proposed Disposal does not involve any issuance of consideration shares.

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

The relative figures computed pursuant to Rule 1006(a) and (b) of the Listing Manual each exceed 20% and involve 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	66,644
Weighted average number of shares	*654,731,486*	*654,731,486*
NTA per Share (cents)	*11.07*	*10.18*

EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to the Owners of the Company (S$'000)[(1)]	*4,159*	*(233)*
Weighted average number of shares	*654,731,486*	*654,731,486*
EPS (cents)	*0.64*	*(0.03)*

Note:

(1) Does not include controlling interests of Dragon Group International Limited.

8. VALUATION REPORT

Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**"), an independent valuer, was appointed by the Company to provide an independent valuation of EoPlex Limited ("EoPlex"). Based on the valuation report dated 6 December 2021 issued by Savills ("**Valuation Report**"), the Sale Shares is valued at nil. The valuation was made using the Summation Method under the Cost Approach. In arriving at its opinion, Savills had i) valued each of the component assets and liabilities of EoPlex using the appropriate valuation approaches and methods; ii) added the value of the component assets and liabilities together; and iii) assessed the discount for lack of marketability (if applicable) to be applied to the value of the component assets and liabilities together to arrive at the market value of 100% equity interest in EoPlex.

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

Copies of the SPA and the Valuation Report are 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
18 December 2021