A-SONIC AEROSPACE LIMITED
Regn. No. 200301838G

APPLICATION TO SEEK APPROVAL FROM SGX-ST FOR FURTHER EXTENSION OF TIME TO MEET WATCH-LIST EXIT REQUIREMENTS

1. INTRODUCTION

1.1 The Board of Directors of A-Sonic Aerospace Limited (the "**Company**") wishes to refer to the announcement dated 19 May 2021, in relation to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") approval to extend the current approved Cure Period which will expire on 4 June 2022 (the "**Extension Application**"). Pursuant to the SGX-ST Listing Rules, an application to seek extension must be submitted at least one (1) month before the expiry date of 4 June 2022.

1.2 As at the date of this announcement the Company still has not met the requisite average daily market capitalisation of S$40 million over the last six (6) months, despite that:

(i) Scored a historic record high "Turnover" of US$459.648 million, an increase of 74.8% (US$196.720 million) in the financial year ended 31 December 2021 ("**FY 2021**"), compared to US$262.928 million for the financial year ended 31 December 2020 ("**FY 2020**");

(ii) The Company and its subsidiaries (the "**A-Sonic Group**" or the "**Group**") have been profitable for the last four (4) financial years ended 31 Dec 2018 ("**FY 2018**"), 31 December 2019 ("**FY 2019**"), 31 December 2020 ("**FY 2020**"), and 31 December 2021 ("**FY 2021**"). We posted "Profit Before Tax" of US$10.650 million (S$14.303 million) in FY 2021;

(iii) We achieved an operating profit (excluding non-recurrent items) of US$9.420 million (S$12.651 million) in FY 2021;

(iv) The Group's net worth measured by "Equity Attributable to Equity holders of the Company" ("**NTA**" or "**Net Book Value**") was equivalent to S$57.099 million (or US$42.277 million) as at 31 December 2021, exceeding the SGX-ST required market capitalisation of S$40 million. This represents approximately Singapore cents 97.6 per share;

(v) Our consolidated "Cash & Cash Equivalent" was S$53.265 million as at 31 December 2021, ie. more than the SGX-ST required market capitalisation of S$40 million. This translates to approximately Singapore cents 91.1 per share; and

(vi) The Company has paid and/or declared dividend for the four (4) financial years ("**FYs**"), since FY 2018, FY 2019, FY 2020, and FY 2021.

1.3 In view that we are on the SGX watch list SOLELY because of not having achieved the requisite average daily market capitalisation of S$40 million over the last six (6) months, we have, on 22 April 2022, submitted an application to the SGX-ST to further extend the Cure Period for a period of another 12 months (the "**Further Extension Application**").

1.4 As at the date of this Announcement, our average daily market capitalisation was $38.329 million over the last six (6) months.

1.5 A summary of our key financial data for the last four (4) FYs are shown in the table below.

Key Financial Data

		FY 2018	FY 2019	FY 2020	FY 2021
(i) Turnover (**US$'000**)	:	218,751	204,908	262,928	459,648
(**Equivalent S$'000)**	:	295,008[1]	279,269[2]	362,078[3]	617,307[4]
(ii) Profit Before Tax (**US$'000**)	:	812	3,481	7,920	10,650
(**Equivalent S$'000)**	:	1,095[1]	4,744[2]	10,907[3]	14,303[4]
(iii) Operating Profit (excluding non-recurrent income and income generated by activities outside the ordinary course of business) (**US$'000)**	:	246	2,727	1,703	9,420
(Equivalent S$'000)	:	332[1]	3,717[2]	2,345[3]	12,651[4]
(iv) Profit After Tax (**US$'000**)	:	630	3,107	7,638	9,100
(**Equivalent S$'000)**	:	850[1]	4,235[2]	10,518[3]	12,221[4]
(v) Net Profit Attributable to Equity Holders of the Company (**US$'000**)	:	1,481	2,533	6,327	6,617
(**Equivalent S$'000**)	:	1,997[1]	3,452[2]	8,713[3]	8,887[4]
(vi) Earnings Per Share ("EPS") (**Equivalent S$ cents**)[5]	:	3.4	5.9	14.9	15.2
(vii) Net Assets (Attributable to Equity Holders of the Company) ("NTA") (**US$'000**)	:	27,676	29,821	36,241	42,277
(**Equivalent S$'000**)	:	37,758[1]	40,160[2]	47,914[3]	57,099[4]
(viii) "Cash and cash equivalent" per share (**Equivalent S$ cents)**	:	57.1[1]	48.0[2]	69.3[3]	91.1[4]
(ix) NTA/share (**Equivalent S$ cents**)	:	64.6[1]	68.7[2]	81.9[3]	97.6[4]
(x) Historical Price Earnings Ratio (Historical)[6] (**times**)	:	15.9x	9.2x	3.6x	3.6x
(xi) Share Price at Discount to NTA[7] (**%**)	:	16.4%	21.4%	34.1%	44.7%
(xii) Bank Gearing (**%**) (Bank borrowing/NTA)	:	15.1%	14.4%	4.8%	0.2%
(xiii) Total Dividends in relation to financial year results (**S$ cents**), comprising:		1.0	1.0	0.375	5.8
(a) Dividend (**S$ cents**); and	:	1.0	1.0	0.375	1.0
(b) Special Dividends (**S$ cents**)	:	-	-	-	4.8

Notes:
(1) Based on foreign currency exchange rate on 31 December 2018 (End rate at US$1=S$1.3643 & Ave rate at US$1= S$1.3486).
(2) Based on foreign currency exchange rate on 31 December 2019 (End rate at US$1=S$1.3467 & Ave rate at US$1= S$1.3629).
(3) Based on foreign currency exchange rate on 31 December 2020 (End rate at US$1=S$1.3221 & Ave rate at US$1= S$1.3771).
(4) Based on foreign currency exchange rate on 31 December 2021 (End rate at US$1=S$1.3506 & Ave rate at US$1= S$1.3430).
(5) Based on "Net Profit Attributable to Equity Holders of the Company" FY 2018, FY 2019, FY 2020 and FY 2021.
(6) Share price was based on the closing market price of S$0.54 on 25 February 2022, and earning was based on "Net Profit Attributable to the Equity Holders of the Company".
(7) Share price was based on closing market price of S$0.54 on 25 February 2022.

2. RATIONALE FOR OUR REQUEST

2.1 The management endeavours to strive for our economic sustainability and financial strength in the interest of our shareholders. In summary, management will take steps and measures within our capability to attempt to navigate through the turbulent economic conditions. For example, we attempt to: (i) restructure our business and operations, especially an entity which is incurring losses; and (ii) attempt to increase productivity.

2.2 However, our market capitalization is highly correlated to the liquidity of our trading share price. Making it even worse, potential share investors will stay on the sideline due to concerns with the watch-list status and potential delisting, despite improved financial performance and position. Fund managers and share investors are either unable, unwilling, or unlikely, to invest in a Company with the "watch list" stigma. The current uncertain global market conditions make it even more difficult for us to achieve the SGX requisite S$40 million. Hence, an unenviable situation to achieve a market capitalization of S$40 million, even though our Net Book Value stood at S$57.099 million as at 31 December 2021.

2.3 **The Company would like to remind all shareholders that there is no assurance that the SGX-ST will grant the abovementioned extension. As such, shareholders of the Company are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.**

ISSUED BY ORDER OF THE BOARD

Hue Su Li
Joint Company Secretary

22 April 2022