

## **ASTI Sets Out ‘Balanced View’ of Exchange With Lawyers of 4 Shareholders Seeking To Remove All Directors 9 Days Before FY021 AGM Required by Law**

- **Requisitioners had used an outdated list to send out notices for Proposed EGM on 22 August; failed to send the notice to auditor Ernst & Young LLP**
- **Requisitioners led by Mr Ng Yew Nam are “usurping the right, power and entitlement of the Directors to scrutinize, attend and conduct” the Proposed EGM, which has been deemed invalid**
- **FY2021 AGM on 31 August 2023 remains the appropriate forum to re-elect directors or to appoint an Auditor for FY2022; but as at 19 August deadline no notices to nominate the proposed directors have been received**

**Singapore, 20 August 2023** – ASTI Holdings (“ASTI” or the “Company”) today set out a ‘balanced view’ of correspondence with lawyers for 4 shareholders seeking to remove the entire board just days before a long-awaited Annual General Meeting for FY2021 (“FY2021 AGM”) at which 4 of 5 current directors would be up for re-election.

The Company also noted the views of the Securities Investors Association (Singapore) (“SIAS”) and welcomed opinions from all shareholders, including the 4 requisitioners, at a proposed SIAS Dialogue to be held on Monday evening ahead of the FY2021 AGM to be held on 31 August 2023.

As SGX Mainboard-listed ASTI has been directed by the SGX to delist, the AGM will minimise disruptions. It will also facilitate the progress of a pre-conditional voluntary general cash offer (“Potential Exit Offer”) which the directors believe remains ‘the only and most advanced exit offer available at the moment.’

The Potential Exit offer is being proposed by Prospera Alliance Pte. Ltd. (“Prospera” or “Potential Offeror”), a consortium backed by Stock Exchange of Thailand-listed Capital Engineering Network Public Company Limited (“CEN”) and a substantial ASTI shareholder, Mr Heah Theare Haw.

ASTI said a letter received on Friday evening from lawyers for Mr Ng New Nam and three other shareholders insisted that an extraordinary general meeting they are calling on Tuesday (“Proposed 22 August EGM”) should proceed despite the Company re-affirming that it is invalid.

The requisitioners’ lawyers have asked the Company to disclose their letter sent on Friday but ASTI said that doing so may prejudice shareholders in view of the ‘highly litigative stance’ adopted by the former. Instead, ASTI set out what it believes is a ‘detailed and balanced view’ by summarising and responding to key arguments.

ASTI said its directors have ‘the fiduciary duty and the onerous burden’ under the Companies Act 1967 and the Constitution to exercise the powers of the Company. These powers include the right to scrutinize whether the Proposed 22 August EGM is properly and validly called, and whether the meeting itself is valid or not.

ASTI’s directors cannot ‘sit idly by’ and allow an EGM to proceed if it is invalid. In their ‘balanced view’ they set out the 3 main issues which they had earlier announced:

1) ASTI disputes the requisitioners’ view that the single act of advertising an EGM notice in The Straits Times and Lianhe Zaobao on 31 July 2023 is sufficient. The requisitioners, in endeavouring to send out notices to shareholders, relied on a shareholder list as at 22 July 2022 received from ASTI on 13 May 2023.

The requisitioners accused ASTI of intentionally providing an outdated shareholder list but the Company pointed out that such a list was received and signed for by a partner for the requisitioners’ lawyers in a letter dated 12 May 2023 which twice cited that the shareholding list was made up as at 22 July 2022.

The requisitioners’ lawyers had written to ASTI last month that while they were not obliged to do so they had “additionally arranged” for physical notices to be despatched. But ASTI said that until 2 August 2023 – past the 31 July 2023 deadline to send such notices for the Proposed 22 August EGM – they had failed or refused to confirm any binding legal provision for getting the shareholding list, despite being repeatedly asked by the Company.

2) The requisitioners had failed and/or neglected to send the Notice of the Proposed 22 August EGM to the auditor of the Company (i.e. Ernst & Young LLP).

3) The requisitioners are “usurping the right, power and entitlement of the Directors to scrutinize, attend and conduct’ the Proposed 22 August EGM. Hence, it is impossible for the meeting to be conducted properly, fairly and otherwise in the best interest of the Company and shareholders.

Lawyers for the requisitioners were wrong to believe that ASTI Directors had no right or power or entitlement at all just because the 4 shareholders were calling for the Proposed 22 August EGM under Section 177 of the Companies Act, nor could the requisitioners ignore any query from the Directors regarding the meeting. “This was also extended to what was, in their belief, excluding the Directors from attending or chairing the Proposed EGM,” ASTI said.

The FY2021 AGM remains the ‘appropriate forum’ to re-elect shareholders and appoint an auditor for the FY2022 results.

At that 31 August 2023 meeting, 4 Directors will be retiring from office and seeking re-election. “This would have been a far better approach for the Requisitioning Shareholders as they could be put up for election and, if they so wished and have adequate voting support from the other shareholders, the candidates so nominated by the Requisitioning Shareholders will have the chance to be voted in as Directors of the Company,” ASTI said.

However, as at the 19 August 2023 deadline to propose appointments no such notices have been sent to the Company by any shareholder. The requisitioners, too, had not sent in any notice to appoint their candidates for election at the FY2021 AGM. If the requisitioners had nominated their candidates for election as Directors at the Proposed FY2021 AGM, it would have achieved substantially all their purposes for attempting to call the 22 August EGM and afforded shareholders to consider and vote on the election and re-election of the Directors.

Subsequent to FY2021, ASTI carried out a major restructuring led by Mr Anthony Loh (the CFO who was given additional duties on 31 December 2021 as Acting CEO). It involved retrenchments at ASTI and its 40.9%-held subsidiary Dragon Group International Limited, ceasing loss-making units, downsizing corporate and administrative functions, and relocating to a smaller office.

These strenuous efforts during the COVID-19 pandemic helped ASTI to record an unaudited profit after tax of S\$3.0 million for FY2022 which sharply reversed the audited loss after tax of S\$11.8 million in FY2021. In May 2023 ASTI distributed a 0.45 Singapore cent tax-exempt one-tier interim dividend for FY2022.

Despite the turnaround, ASTI could not exit the SGX-ST Watch-list by the 5 June 2022 deadline 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 trading from 5 July 2022 pending the completion of an exit offer.

ASTI reiterates that the FY2021 AGM is required to allow the Company to comply with and satisfy the requirements of a Second Notice of Compliance issued by the Singapore Exchange Regulation on 21 July 2023.

Any attempt by the requisitioners to proceed with the invalid Proposed EGM of 22 August 2023 is "likely to cause pandemonium and confusion as to the carrying out of the FY2021 AGM. This will be harmful on the Company's good governance and business, and will be to the detriment of both the Company and the general body of shareholders of the Company," ASTI said.

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**Media & Investor Contact**

Isaac Tang

WhatsApp (Text): (65) 9748 0688

[asti@wer1.net](mailto:asti@wer1.net)