ACQUISITIONS AND DISPOSALS :: MAJOR TRANSACTION :: DISPOSAL OF WHOLLY-OWNED SUBSIDIARY BY DRAGON GROUP INTERNATIONAL LIMITED (“DGI”)

* Asterisks denote mandatory information

Name of Announcer *	ASTI HOLDINGS LIMITED
Company Registration No.	199901514C
Announcement submitted on behalf of	ASTI HOLDINGS LIMITED
Announcement is submitted with respect to *	ASTI HOLDINGS LIMITED
Announcement is submitted by *	WOO KWEK KIONG
Designation *	COMPANY SECRETARY
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title *	DISPOSAL OF WHOLLY-OWNED SUBSIDIARY BY DRAGON GROUP INTERNATIONAL LIMITED (“DGI”)
Description	ASTI Holdings Limited (the “Company”) refers to the announcement made by DGI on 13 September 2012 (the “DGI Announcement”) in relation to the proposed disposal of Dragon Technology Distribution Pte. Ltd. (“DTD”) to InflexionPoint Technologies Pte. Limited (the “Disposal”). A copy of the DGI Announcement is attached to this announcement. The Company is currently evaluating the merits of the Disposal and will make a further announcement in relation to the Disposal in due course, including the financial effects of the Disposal (if approved). Shareholder approval will also be sought should the need arise. In the interim, the terms and conditions for the Disposal are set out in the DGI Announcement for shareholders’ reference. By Order of the Board Woo Kwek Kiong Company Secretary Singapore 14 September 2012

Attachments	DGI_Proposed_Disposal_of_Dragon_Technology_Distribution_Pte_Ltd.pdf Total size = **213K** (2048K size limit recommended)

DRAGON GROUP INTERNATIONAL LIMITED
(Company Registration No.: 199306761C)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

THE PROPOSED DISPOSAL OF 100% OF ALL ISSUED AND PAID UP ORDINARY SHARES IN THE SHARE CAPITAL OF DRAGON TECHNOLOGY DISTRIBUTION PTE. LTD.

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1. INTRODUCTION

1.1 The board of directors (the "**Board**") of Dragon Group International Limited (the "**Company**") wishes to announce that the Company had on 13 September 2012 entered into a conditional sale and purchase agreement ("**SPA**") with InflexionPoint Technologies Pte. Limited (the "**Purchaser**") (together with the Company, the "**Parties**") for the proposed disposal (the "**Proposed Disposal**") by the Company of its entire shareholding interest of 44,015,881 ordinary shares in its wholly-owned subsidiary Dragon Technology Distribution Pte. Ltd. ("**DTD**") (the "**Sale Shares**").

1.2 The Proposed Disposal will be effected via the disposal of the Sale Shares for a sum of US$19,400,000. The consideration is based on the consolidated net tangible assets (the "**NTA**") of DTD and its subsidiaries (collectively, the "**Group**") as at the date of the latest accounts of the Group as at 31 March 2012 (the "**Balance Sheet Date**"), and subject to the adjustment mechanism set out in the SPA. Upon completion of the Proposed Disposal in accordance with the SPA ("**Completion**"), DTD will cease to be a subsidiary of the Company. The completion date of the Proposed Disposal (the "**Completion Date**") shall be five (5) business days after the fulfillment of the last of the conditions precedent set out in the SPA, provided that Completion shall not take place after 31 January 2013, unless otherwise mutually agreed by the Parties.

1.3 As each of the relative figure(s) computed under Rules 1006(a) and (c) of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") exceeds 20%, the Proposed Disposal is considered a major transaction under Chapter 10 of the Listing Manual. Please see paragraph 2.6.2 below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting (the "**EGM**") of the Shareholders to be convened. A circular will be despatched to the Shareholders in due course.

2. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

2.1 Information on the Group

DTD is a private company limited by shares incorporated in Singapore on 4 April 1990 and having its registered office at Blk 25, Kallang Avenue #03-06, Kallang Basin Industrial Estate, Singapore 339416. As at the date of this announcement, DTD has an issued and paid-up share capital of S$42,927,378.95 comprising 44,015,881 ordinary shares, entirely held by the Company. The subsidiaries of DTD are set out in the following table:-

Subsidiary	Place of Incorporation	Percentage Shareholding held by DTD
FE-Decibels Electronics Pte Ltd	Singapore	70%
Dragon Technology Distribution Sdn Bhd	Malaysia	100%
FE Global (North Asia) Limited	Hong Kong	100%
Dragon Technology Distribution (HK) Limited	Hong Kong	100%
Flex-In Electronics Limited	Hong Kong	100%
FE Global Hong Kong Limited	Hong Kong	100%
Dragon Trading (Shanghai) Co., Ltd	China	100%
FE Global Electronics Korea Ltd	Korea	100%

Dragon Technology Distribution (Thailand) Co. Ltd is an associated company of DTD.

The Group is primarily involved in the business of sales, distribution and acting as a commission agent for electronic components. Based on the audited accounts of the Group for the financial period ended 31 December 2011, both the net asset value and net tangible asset value of the Group are US$36.6 million and US$31.2 million respectively. The book value attributable to the Sale Shares amounts to US$24.3 million.

2.2 Information on the Purchaser

As at the date of the SPA and this announcement, the Purchaser is InflexionPoint Technologies Pte. Limited, a company incorporated in Singapore, which is a wholly-owned subsidiary of IP Acquisition Corp 2 Limited, a company incorporated in Ireland. The Purchaser is looking to consolidate information technology ("**IT**") channels in Asia and to provide value added IT services. The Purchaser is not related to the Directors or controlling shareholders of the Company.

2.3 Consideration for the Proposed Disposal

2.3.1 The consideration for the sale and purchase of the Sale Shares shall be the sum of US$19,400,000 (based on the NTA of the Group as at 31 March 2012 and subject to the adjustment mechanism set out in the SPA) (the "**Consideration**"). The Consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations taking into account the NTA of the Group as at 31 March 2012.

2.3.2 The Consideration shall be satisfied by the Purchaser in the following manner:-

(a) on the Completion Date, the Purchaser shall pay US$15,520,000 (being 80% of the Consideration before the adjustment mechanism set out in the SPA);

(b) on the first anniversary of the Completion Date, the Purchaser shall pay US$1,940,000 (being 10% of the Consideration before the adjustment mechanism set out in the SPA), provided the NTA on such date is equal to or more than the NTA on the Completion Date; and

(c) on the second anniversary of the Completion Date, the Purchaser shall pay US$1,940,000 (being 10% of the Consideration before the adjustment mechanism set out in the SPA) or (if the 10% payable on the first anniversary of the Completion Date was not paid) US$3,880,000 (being 20% of the Consideration before the adjustment mechanism set out in the SPA) on the second anniversary of the Completion Date, provided the NTA on such date is equal to or more than the NTA on the Completion Date,

in cash or immediately available funds to the Company.

2.3.3 In the event that:-

(a) the NTA in paragraph 2.3.2(b) above is not met on the first anniversary of the Completion Date, the payment under paragraph 2.3.2(b) above shall be rolled over to the second anniversary of the Completion Date. For the avoidance of doubt, where the NTA on the first anniversary of the Completion Date is less than the NTA on the Completion Date, this 10% shall not be payable on the first anniversary of the Completion Date; and

(b) the NTA on the second anniversary of the Completion Date is less than the NTA on the Completion Date, the 10% or the 20% (as the case may be) shall not be payable.

2.3.4 The Consideration is subject to adjustment as follows:-

(a) Within ninety (90) days from the Completion Date, the Purchaser shall engage (at its own cost and expense) the Company's auditors (the "**Auditors**") who shall (a) participate in a physical stock take of all inventory and work-in-progress to be conducted by DTD and (b) conduct an audit of the draft accounts to be prepared by the Company in respect of which the NTA of the Company can be determined. The Auditors shall, thereafter, produce the completion balance sheet and a statement as to the NTA of the Company as at the Completion Date (the "**Completion Balance Sheet**") in accordance with the Financial Reporting Standards issued by the Accounting Standards Council of Singapore and the Company's existing accounting policies as at the Balance Sheet Date and deliver the same to the Parties. In carrying out their work as aforementioned, the Auditors shall act as experts and not as arbitrators and the Auditors' findings shall be binding on the Parties save in the event of manifest error or fraud.

(b) Within five (5) business days of the delivery of the Completion Balance Sheet in accordance with paragraph 2.3.4(a) above:-

(i) if the NTA shown thereon is more than the Consideration, the Consideration shall be adjusted accordingly and an amount equal to the excess shall be paid by the Purchaser to the Company in the proportions of 80%, 10% and 10% on such date, on the first anniversary of the Completion Date and on the second anniversary of the Completion Date respectively; or

(ii) if the NTA shown thereon is less than the Consideration, the Consideration shall be adjusted accordingly, and an amount equal to the shortfall shall be paid by the Company to the Purchaser in the proportions of 80%, 10% and 10% on such date, on the first anniversary of the Completion Date and on the second anniversary of the Completion Date respectively.

2.4 Salient Terms of the SPA

Conditions Precedent

The Completion of the Proposed Disposal is conditional upon the fulfilment (or waiver) of, *inter alia*, the following conditions:-

2.4.1 the clearance by the SGX-ST of the respective circulars of the Vendor and ASTI Holdings Limited in relation to disposal of the Sale Shares, and where there are any conditions imposed by the SGX-ST in relation thereto, such conditions being reasonably acceptable to the Purchaser and if acceptable to the Purchaser, they shall be promptly and fully satisfied by the Vendor and/or ASTI Holdings Limited, as applicable;

2.4.2 the approval of the respective shareholders of the Vendor and ASTI Holdings Limited being obtained for the disposal of the Sale Shares on the terms and subject to the conditions of this Agreement and the change of the Company's and, if applicable, ASTI Holdings Limited's business and risk profile;

2.4.3 the approval of the board of directors of ASTI Holdings Limited for the sale and purchase of the Sale Shares prior to Completion;

2.4.4 the execution of service agreements for the key management of the DTD on terms acceptable to the Purchaser (the "**Service Agreements**");

2.4.5 the execution of a service agreement for Dato' Michael Loh Soon Gnee;

2.4.6 the in-principle approval from the Purchaser's bankers and/or the in-principle approval from the Group's existing bankers regarding the provision of facilities to DTD on and after the Completion Date; and

2.4.7 that DTD has no less than US$15,000,000 in cash and/or in its bank balances.

2.5 Loss on the Proposed Disposal and Use of Proceeds

Based on the latest announced audited financial statements of the Group for the financial year ended 31 December 2011, the book value of the Group is approximately US$36.6 million. The deficit of the proceeds from the Proposed Disposal over the book value of DTD is approximately US$4.9 million.

The Group is expected to record a net loss of approximately US$4.9 million from the Proposed Disposal.

The Company intends to use the proceeds from the Proposed Disposal for, *inter alia*, any one or more of the following:-

(a) mergers and acquisitions, strategic investments, other investments, joint ventures and/or collaborations with third parties as investments; and

(b) general working capital purposes.

2.6 Financial Effects of the Proposed Disposal

2.6.1 Illustrative effects of the Proposed Disposal on the NTA and EPS of the Company

For illustrative purposes only, the pro forma financial effects of the Proposed Disposal on the net tangible asset (the "**Company's NTA**") per share of the Company ("**Share**") and the earnings per Share ("**EPS**") based on the latest announced audited consolidated financial statements of the Group for FY2011 are as follows:-

(a) Effect on Company's NTA per Share

For illustrative purposes only, had the Proposed Disposal taken place on 31 December 2011 and based on the audited consolidated financial statements of the Company as at 31 December 2011 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Company's NTA for FY2011:-

FY2011	**Before the Proposed Disposal**	**After the Proposed Disposal**
NTA (US$'000)	31,185	30,659
Weighted average number of issued shares ('000)	280,102	280,102
NTA per share (US$ cents)	11.13	10.95

(b) Effect on EPS

For illustrative purposes only, had the Proposed Disposal taken place on 1 January 2011 and based on the audited consolidated financial statements of the Company as at 31 December 2011 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Company's EPS for FY2011:-

FY2011	**Before the Proposed Disposal**	**After the Proposed Disposal**
Earnings attributable to equity holders of the Company (US$'000)	853	(3,210)
Weighted average number of issued shares ('000)	280,102	280,102
EPS (US$ cents)	0.30	(1.15)

2.6.2 Relative Figures Computed[1] on the Bases Set Out in Rule 1006 of the Listing Manual

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	69%
Rule 1006(b)	Net profits[2] attributable to the assets acquired or disposed of, compared with the group's net profits	(20.3%)[3]
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation[4] based on the total number of issued shares excluding treasury shares	86.6%
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Note(s):-

(1) The figures computed here are based on the results for the financial period ended 30 June 2012 which was announced on 8 August 2012.

(2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) The net profits attributable to the assets disposed of is US$252,000 and the group's net losses are US$1,240,000.

(4) Under Rule 1002(5) of the Listing Manual, the market capitalisation of the Company is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA.

As each of the relative figures calculated under Rules 1006(a) and (c) of the Listing Manual is more than 20%, the Proposed Disposal is considered a major transaction under Chapter 10 of the Listing Manual, and is therefore subject to Shareholders' approval.

2.7 Rationale for the Proposed Disposal

2.7.1 The semi-conductor industry has experienced a significant downturn since the second half of 2007 as well as unexpected events such as the floods in Bangkok and the nuclear meltdown in Japan, which have further affected the industry in a negative fashion.

2.7.2 The Proposed Disposal will unlock the value of the assets in DTD and allow the Company to re-strategise its financial and capital resources. With the Proposed Disposal, the Company will substantially reduce its liabilities, improve its gearing and have more working capital to fund its operations, expand into other businesses and undertake new investment opportunities that may arise in the future, which may result in higher value to the Shareholders. The Company is considering its options in relation to other business ventures and more information will be provided to the Shareholders at the appropriate juncture.

3. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Subject to paragraph 4 of this announcement below, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company.

4. DETAILS OF ANY SERVICE CONTRACTS

4.1 Dato' Michael Loh Soon Gnee ("**Dato' Michael Loh**"), a director of the Company, and the key management of DTD are to each enter into service agreements with DTD as conditions precedent to the Completion of the Proposed Disposal.

4.2 The service agreements for the key management of DTD shall not place such key management in a worse-off position compared to their existing service agreements with DTD.

4.3 The key terms of Dato' Michael Loh's service agreement are as follows:-

Term of appointment:	Five (5) years
Remuneration:	Base salary to be agreed + Bonus equivalent to 12.50% of the Company's EBITDA per year
Share options:	12.50% of the Company's share capital, to be issued over the five-year term
Acceleration:	In the event that Dato' Michael Loh's appointment is terminated by the Purchaser for any reason (other than for cause) prior to the expiry of the five-year term, the entire remuneration amount (including but not limited to the share options) shall be accelerated and paid and/or vested to Dato' Michael Loh on the date of such termination.

5. FINANCIAL ADVISER

While there is no strict necessity to appoint a financial adviser for the Proposed Disposal as it is a major transaction, the Company will be appointing a financial adviser to the Company in respect of the Proposed Disposal. The identity of the financial adviser will be disclosed in the circular to be despatched in the Shareholders in due course.

6. EXTRAORDINARY GENERAL MEETING ("EGM") AND CIRCULAR

As set out in paragraph 2.6.2 of this announcement above, the relative figures calculated under each of Rules 1006(a) and (c) of the Listing Manual is more than 20%. Pursuant to Rule 1014 of the Listing Manual, the Company has to obtain Shareholders' approval for the Proposed Disposal. A circular containing further details on the Proposed Disposal and enclosing a notice of EGM in connection therewith will be despatched to the Shareholders in due course.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months commencing from the date of this announcement.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Dato' Michael Loh Soon Gnee
Executive Chairman & CEO
13 September 2012