



ASTI Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 199901514C)
(the "Company")

RESPONSE TO SGX QUERIES

The board of directors (the "**Board**") of ASTI Holdings Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") would like to provide the following information in response to the queries from the Singapore Exchange Securities Trading Limited ("**SGX**") in respect of the Company's announcement on 11 December 2023 in relation the "entry into non-binding MOU by subsidiary's associated company".

SGX Query 1

The non-binding Memorandum of Understanding with Medicox Co. Ltd. ("**Medicox**") provides, inter alia, that EoCell Inc. ("**EoCell**") and Medicox will establish a joint venture ("**JV Co**") with an initial capital of USD800,000 with EoCell and its affiliate nominee contributing USD440,000 and Medicox USD360,000. The purpose of the JV Co is to perform, amongst others, manufacturing services in the lithium-ion battery space and to secure funding to set up a manufacturing facility. Please disclose:

- (a) the details on the businesses and industry in which Medicox operates, its paid-up capital and track records;
- (b) how the capital contribution into the JV Co of USD440,000 by EoCell and its affiliate nominee will be funded;
- (c) the identity of the "affiliate nominee" and the split between EoCell and the affiliate nominee for the 55% interest in the JV Co to be established;
- (d) the affiliate nominee's roles and responsibilities in the JV Co to be established;
- (e) what is the estimated time and cost to set up the JV Co and the manufacturing facility and how will this be funded; and
- (f) whether there is any connection (including business relationship) amongst the affiliate nominee, EoCell, the Company, its Directors and substantial shareholders.

Response to SGX Query 1

- (a) Medicox (KRX 054180) current existing businesses include manufacturing of ship building materials and manufacturing of engines for heavy industries. It also engages in display, alternative energy and trading business and is looking to expand into new businesses including battery cell manufacturing.

See public listing information for greater details.

<https://www.reuters.com/markets/companies/054180.KQ>

<https://www.barrons.com/market-data/stocks/054180/financials?countrycode=kr>

- (b) EoCell will fund the USD440,000 capital contribution from existing cash flows, which may include proceeds from the USD1 million engineering service agreement from Medicox, and potentially outside debt or equity.
- (c) EoCell expects to open a fully owned Korean subsidiary to perform engineering services to support the EoCell-Medicox JV. EoCell and EoCell's Korean Subsidiary combined are expected to own 55% of the JV (subject to further negotiations). Neither the name of the subsidiary nor the ownership split (between EoCell and EoCell's Korean Subsidiary) for the JV has been determined.
- (d) Engineering services to support the EoCell-Medicox JV.
- (e) The final negotiations, definitive agreement and set-up of the JV are expected to take 90 days. Construction of the battery factory and installation of equipment are expected to take up to two years, and will be funded by the capital contributions of both parties and Medicox's USD28 million investment into the JV.
- (f) None.

SGX Query 2

The Engineering Services Agreement with Medicox provides, inter alia, that EoCell shall provide certain battery engineering services for research and development related to lithium-ion batteries and Medicox shall be responsible for providing necessary staff to support EoCell's personnel. Medicox shall also remunerate EoCell USD1 million within 5 working days of the date of the ESA. Please disclose:

- (a) how the Company is assured that Medicox is equipped with the relevant resources, skills and expertise to render the support to EoCell;
- (b) whether EoCell has received the USD1 million remuneration from Medicox and started providing the services under the ESA. If not, please provide a status update of the ESA and disclose whether EoCell is entitled to terminate the ESA;
- (c) the service agreement period;
- (d) whether there are any other amounts payable from Medicox to EoCell, other than the remuneration of USD1 million and proposed contribution of up to USD28m to fund the JV Co's operations;
- (e) the expected amounts payable from EoCell;
- (f) how will the research and development cost be funded; and
- (g) it is also disclosed that, "Under the ESA, any Intellectual Property Rights ("IP") are to be retained by the respective Parties, and any derivative works developed by the respective Parties, regardless of use of either Parties' IP, shall remain with the respective Parties." Taking into consideration the above, please disclose how the risk and rewards of the joint venture will be determined.

Response to SGX Query 2

- (a) Medicox main responsibilities include the legal set-up of the JV and to provide access to Korean Industrial customers, both of which they are well suited to perform.
- (b) The USD1 million advance payment for engineering services was received (less 16.5% Korean withholding tax).
- (c) 90 days.

- (d) Per the MOU, Medicox must pay a USD1 million deposit to EoCell within 90 days. If the deal successfully completes, EoCell will transfer this deposit to the JV. However, this deposit is non-refundable and will be retained by EoCell in the event Medicox backs out of the deal.
- (e) No payables from EoCell. Per the MOU, EoCell will invest USD440,000 capital contribution into the JV, subject to final negotiations.
- (f) R&D for the ESA will be funded from the USD1 million fee.
- (g) The JV is intended for the Korean market only. EoCell retains all rights to their core markets of USA, Europe and Other Asia countries.

SGX Query 3

We note that EoCell had, on 28 September 2023, entered into an exclusive term sheet with Automotive OEM (“AOEM”) where AOEM will acquire 44.4% of EoCell’s issued shares in exchange for a USD200 million investment to be used for the design, development and construction of a facility manufacturing 2 gigawatt batteries for electric vehicles. Pursuant to the term sheet, AOEM shall pay EoCell a non-refundable sum of USD2 million by 31 October 2023. Please disclose:

- (a) whether EoCell has already received the non-refundable sum of USD2 million in full;
- (b) the status of the term sheet and whether parties have entered into any definitive agreements; and
- (c) whether exclusive contractual agreement with AOEM permits EoCell to enter into any agreements with third parties.

Response to SGX Query 3

- (a) EoCell has not received the USD2 million non-refundable payment.
- (b) The AOEM deal has been delayed waiting for the AOEM to complete their funding. Once AOEM completes their funding and pays the USD2 million non-refundable payment, negotiations of the definitive agreement and completion of the USD200 million investment will commence.
- (c) Per the AOEM Term Sheet, EoCell has the privilege and rights to enter into agreements with third parties as long as they do not prevent EoCell from completing the USD200 million agreement with the AOEM. At this time, EoCell does not contemplate entering into any third party agreements that would prevent completing the AOEM deal.

By Order of the Board
ASTI Holdings Limited

Prof Dr. Kriengsak Chareonwongsak
Non-Executive Chairman
3 January 2024