



**ASTI Holdings Limited**

(Incorporated in the Republic of Singapore)

(Company Registration No. 199901514C)

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**RESPONSE BY THE BOARD OF DIRECTORS  
TO QUESTIONS RAISED BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) (“SIAS”)**

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On 26 May 2023, the Board of Directors (“the **Board**”) received an email from SIAS which said it had received feedback from ASTI shareholders expressing concerns. SIAS has directed questions to the Board.

The Board wishes to emphasise that all its members, including its independent directors, have and continue to uphold the highest levels of corporate governance and transparency amid the multiple challenges facing the Company. In summary, the Board reiterates that:

- i) A new valuer is working closely with the Group’s auditors, Ernst & Young LLP (“**EY**”), to achieve a consensus on the valuation of EoCell in order to finalise the audit for FY2021 and hold an AGM. This will allow completion of the FY2022 audit by 30 September 2023, which in turn significantly contributes towards facilitating and expediting a potential Exit Offer;
- ii) An Exit Offer presents the best available option for shareholders as ASTI has been directed by the SGX to delist, with no further avenues for extension. However, while the Board has received a non-binding letter of intent for an Exit Offer, it has no control of this offer, which is subject to prior regulatory approval from the relevant regulators;
- iii) Regarding the composition of the Board, a) the Nominating Committee (“**NC**”) has found Mr Charlie Jangvijitkul suitable for appointment as Independent Director and that b) Dato’ Michael Loh has ceased to have any influence, direct or indirect, in the Board and the Company following his resignation from the Board of Directors on 23 February 2023; and
- iv) In upholding good governance to protect the interest of all shareholders, the Board has and will take all steps to facilitate any EGM that has been validly requisitioned. However, certain shareholders who had proposed an EGM to be held on 5 May 2023 had failed to issue and despatch notices to shareholders within the time allowed by the Constitution. As such, that proposed EGM was deemed invalid.

Following are the answers of the Board to questions from SIAS.

**On the conduct of AGM for FY2021**

The company last held an AGM on 31 May 2021 for the financial year ended 31 December 2020.

**Question 1:** What is the progress made in finalising the financial statements for FY2021?

**Answer:** The Company is currently working with our auditor, EY, and our 2<sup>nd</sup> appointed valuer to finalise the valuation of EoCell (the “**EoCell Valuation**”) and complete the FY2021 audit.

Has the independent valuer finalised the valuation of EoCell and has the audit committee reviewed the valuation?

**Answer:** As the valuation report is yet to be finalised, the audit committee has yet to review it.

## **On the conduct of AGM for FY2021 (Cont'd)**

**Question 2:** What are the reasons that the valuation of EoCell may not be approved by/acceptable to the independent auditor?

**Answer:** As EoCell is a battery start-up company which is still in development stage and is expected to commercialise its product in around 2 years' time, we understand that the impairment analysis performed needs to carefully consider the significant uncertainties of the future business prospects and financial performance of EoCell, including the impact on its share value.

Being a pre-revenue early stage company, EoCell entered into advanced negotiations with different entities to commercialise their proprietary technology. One of which is the commercialisation of engineering solution products with Morrow Batteries AS (Morrow project) and the other is for a potential grant from a government of a country in Eastern Europe to finance the construction of a factory in the country to develop its manufacturing segment for production of materials finished goods and EV battery cells.

EoCell also entered into a non-binding letter-of-intent with a publicly traded special purpose acquisition corporation ("SPAC") for the purposes of consummating a business combination transaction in June 2022. Despite its hindsight nature, the price of a coming listing transaction, if successful, can form a reference of the fair value of EoCell. However, the probability of concluding a SPAC listing, its expected timing and target price are subject to uncertainties as of the date of the valuation.

In lieu of the above, as an early stage company, the fair value of EoCell is highly dependent on its future developments. On the other hand, future improvement and enhancement of an asset's performance is generally excluded for the value-in-use measurement in accordance with SFRS(I) 1-36 Impairment of Assets. A resulting difference between fair value and value-in-use also entails further discussions and clarifications between the valuer, management and auditors. The announced developments subsequent to 31 December 2021 can at best provide a reference to the value market participants place on EoCell. The uncertainties of valuing a startup with an innovative technology that does not have a commercialized product is a challenge to the impairment assessment of the investment in associate - EoCell.

To move forward on the impairment assessment on the investment in EoCell, the Company has appointed a 2<sup>nd</sup> valuer to assist management. The aforesaid valuer is working closely with management and EY so that the FY2021 audit can be concluded.

**Question 3:** Was the Board, including the independent directors, aware that it had not conducted the FY2021 AGM by 7 September 2022, which is the extension given by SGX? What are the reasons for the company not submitting an application for a further extension prior to SGX RegCo's NOC?

**Answer:** As announced on 12 July 2022, SGX will not grant any further time extension to the Company in relation to the conduct of its FY2021 AGM. Hence, the Company has not applied for any further extension beyond the fourth application for extension of time to SGX and ACRA made on 25 July 2022.

### **Sale of shares by Dato' Michael Loh Soon Gnee**

As announced on 17 March 2023, the sale of 130,209,600 shares (or 19.89%) by Dato' Loh is subject to the approval of Singapore Exchange Securities Trading Limited pursuant to SGX Mainboard Rule 729.

**Question 1:** Has the sale transaction been completed?

**Answer:** As announced on 19 May 2023, the transfer of shares in the Company from Dato' Michael Loh Soon Gnee ("**Dato' Loh**") to Capital Engineering Network Public Company Limited ("**CEN**") has not been completed and remains subject to the approval of the SGX.

**Question 2:** What is the current role of Dato' Michael Loh Soon Gnee in the group?

**Answer:** Dato' Loh was retrenched as employee on 31 December 2021 as part of a major restructuring to achieve profitability. On 23 February 2023, he relinquished all his roles on the Board of Directors by resigning as Non-Executive Chairman and Non-Executive Director of the Company. In view of these developments, Dato' Loh has ceased to have any influence, direct or indirect, in the affairs of the Board or the Company.

### **Current Board composition**

On 17 May 2023, the company announced the appointment of Mr. Charlie Jangvijitkul. The announcement of appointment can be found here: <https://links.sgx.com/1.0.0/corporate-announcements/FQNBOMM1110ZZ9XH/db305501ec2872b32ebb60af1e54fbd301d059fa63e3b281e6f4647e10c6b836>

**Question 1:** What is the search and nomination process that led to the appointment of Mr. Jangvijitkul? The company is faced with regulatory challenges, including a Notice of Compliance. As disclosed, Mr. Jangvijitkul is a first-time director and would be required to attend training.

**Answer:** Mr. Jangvijitkul was recommended by Mr. Theerachai (a director of the Company). After reviewing his credentials and conducting an assessment through an interview on 5 May 2023, the NC nominated him to be appointed as an Independent Director of the Company (please see further details in reply to Question 2 below).

**Question 2:** How did the nominating committee assess that Mr. Jangvijitkul has the requisite experience and capabilities to assume the duties and responsibilities of an independent director of the company?

**Answer:** As mentioned, the NC conducted an interview session with Mr. Jangvijitkul on 5 May 2023. From that interview and after subsequent checks on Mr. Jangvijitkul were made, members of the NC were satisfied with his background, qualifications and suitability to be appointed as an Independent Director of the Company. In particular, the NC also assessed that his prior work experience from 2001 to 2017 as a Director and Managing Director of a company listed on the Stock Exchange of Thailand ("**SET**"), TCM Corporation Public Company Limited, would be valuable and can contribute to the Company.

As announced on 30 May 2023, ASTI has disclosed that the consortium intending to make the Exit Offer ("**Potential Offeror Consortium**") is Prospera Alliance Pte Ltd, a special purpose vehicle incorporated in Singapore. The two members of the Potential Offeror Consortium are CEN, which is listed on the SET, and Mr. Heah Theare Haw, a substantial shareholder of the Company. The NC has assessed that as an Independent Director with the experience set out above, Mr. Jangvijitkul would be able to advise the Board on rules, regulations and practices of the SET. The Board believes that such advice will be beneficial to the Company given that one of the members of the Potential Offeror Consortium, CEN, is a Thailand-based company and listed on the SET.

### **Current Board composition (Cont'd)**

As an Independent Director having substantial experience in Thailand, Mr. Jangvijitkul would also be able to add value and provide guidance on opportunities available to businesses within the Company and the group in the event that the Exit Offer is successful.

### **Non-binding letter of intent from a consortium of two parties**

**Question 1:** Who is leading the negotiation with the potential offeror consortium? How was the potential offeror consortium introduced to the group?

**Answer:** Following the directed delisting notice from the SGX, the Board of Directors has received various expressions of interest for a potential Exit Offer. The Company has been working with a few parties including Mr. Soh Pock Kheng (a substantial shareholder), a company listed on a stock exchange in the People's Republic of China, and two separate parties based in Thailand.

The Potential Offeror Consortium was introduced by Dato' Loh in the second half of 2022. As mentioned above, Dato' Loh stepped down as Non-Executive Chairman and Non-Executive Director on 23 February 2023 and thereafter has no further role in the Board. The Acting CEO and CFO, Mr. Anthony Loh ("**Mr. Loh**"), is leading the negotiation in consultation with financial advisors on the valuation of the Group. Mr. Loh (who is not related to Dato' Loh) provides regular updates on developments relating to any potential Exit Offer to the Board of Directors of the Company.

**Question 2:** What is the level of involvement by the independent directors to facilitate the potential offer and to maximise the value for shareholders, especially minority shareholders?

**Answer:** The independent directors have provided valuable guidance during efforts undertaken by the Company to restructure and reduce costs so as to improve the prospects of achieving a successful Exit Offer which can result in enhancement of shareholder value. These efforts led to the sharp reversal to profit in FY2022 compared to the loss in FY2021.

After the directed delisting notice from SGX, the independent directors' priority – beyond the aforesaid restructuring – has been to guide the Board and management to secure a successful Exit Offer which can maximise value for all shareholders. In this regard, the independent directors have consistently emphasised corporate governance and transparency throughout the process.

**Question 3:** Will the company be able to complete the audit of its financial statements for FY2021 and FY2022 by 23 June 2023 and 30 September 2023 respectively, as required by the potential offeror?

**Answer:** The Board, the members of whom include the Independent Directors, is currently focusing on the finalisation of the EoCell Valuation and completion of the FY2021 audit within the timeline required by the Potential Offeror. In addition, the Board is also working to expedite the FY2022 audit, in light of the Potential Offeror's request for confirmation that the Company's audited financial statements for FY2022 be prepared and issued by 30 September 2023. The Board is of the view that focusing its efforts on meeting the above deadlines would significantly contribute towards facilitating and expediting the Potential Offer.

**Non-binding letter of intent from a consortium of two parties (Cont'd)**

**Question 4:** At the same time, has the Board, especially the independent directors, carried out any due diligence on the potential offeror to assess their ability and commitment to crystallise a potential offer for shareholders?

**Answer:** The Board emphasises that it does not have control over whether, and the manner in which, the Potential Offer is made. The Board notes that notwithstanding the ability of the Potential Offeror to meet its obligations under an Exit Offer, such an offer can still be made unilaterally by the Potential Offeror. Nonetheless, the Potential Offeror Consortium has annexed to the Letter of Intent (“LOI”) statements from foreign brokerages and banks reflecting the cash balances of members of the Potential Offeror Consortium. The Board, including the independent directors wishes to highlight that it has not verified the aforesaid statements and that it is unaware of how much of these balances will be earmarked for purposes of the Potential Offer. The aforesaid statements have been provided by the Potential Offeror Consortium as evidence of its genuine interest in making the Exit Offer.

Has the potential offeror requested to carry out any due diligence on the group and if so, has the potential offeror signed any non-disclosure agreement?

**Answer:** A member of the Potential Offeror Consortium is currently carrying out a due diligence exercise on the Group. That member has signed a non-disclosure agreement with the Company.

**Question 5:** What are the requirements to be met before the potential offeror gives a notice of firm intention to make the offer?

**Answer:** As set out in the Company’s announcement dated 14 May 2023, the Potential Offeror has indicated that the Potential Offer is subject to, *inter alia*, certain rulings, confirmations and/or consents to be obtained from the Securities Industry Council (“SIC”) and/or the SGX, as well as certain timelines in respect of the delivery, preparation and/or issuance of the Company’s financial results. Please refer to the Company’s response to question 3 under this section “***Non-binding letter of intent from a consortium of two parties***” for more information on the requirements relating to the delivery, preparation and/or issuance of the Company’s financial results.

## Maximising shareholder value

**Question 1:** Given that the potential offer is non-binding, are the independent directors exploring other avenues to maximise shareholder value given that SGX-ST has issued the company the notification of delisting?

**Answer:** The Board, including the independent directors, remains mindful of the non-binding nature of the Potential Offer and continues to seek out other potential offers and to consider viable opportunities to maximise shareholder value. The Board refers to its response to question 2 under the section “**Non-binding letter of intent from a consortium of two parties**” above, relating to the Company’s efforts to obtain an Exit Offer that would maximise value for the shareholders.

In addition to Potential Offer, the Board has written to one of the substantial shareholders of the Company to enquire whether he is interested in making an Exit Offer. The Board will give due consideration to each potential Exit Offer that is brought to its attention.

Without limiting the abovementioned efforts, the Board, including the Independent Directors, has as of this date and, based on the information available to the Board thus far, assessed the Potential Offer to be the most viable option.

As mentioned above, in view of the SGX’s notification of delisting, the Board, including the independent directors, is currently focusing on the finalisation of the EoCell Valuation and completion of the FY2021 audit. In addition, the Board is also working to expedite the review of the FY2022 audit, in light of the Potential Offeror’s request for confirmation that the Company’s audited financial statements for FY2022 will be prepared and issued by 30 September 2023. The Board is of the view that focusing their efforts on finalising such audited results will significantly contribute towards facilitating and expediting the Potential Offer.

**Question 2:** Specifically, what did the independent directors do to facilitate the requisition of an EGM by shareholders of the company?

**Answer:** The Board of Directors, whose members include the Independent Directors, has acted and will continue to act in the best interest of the Company and for the benefit of the general body of the shareholders of the Company, keeping in view the importance of good governance and respecting the rights of all shareholders. In this light, the Board has taken all required steps to facilitate any EGM validly requisitioned by its shareholders.

On 3 April 2023, certain shareholders wrote to the Company to call a proposed EGM to be held on 5 May 2023, pursuant to section 177 of the Companies Act. The Board had promptly made the necessary SGXNet announcement, as well as responded and engaged those shareholders (through their lawyers) for such purpose. However, those shareholders failed to fulfil their responsibility to issue and despatch proper notices of the EGM (to be sent to all the shareholders of the Company) within the time allowed by the Constitution of the Company (i.e. by 13 April 2023). According to a letter sent to the Company late on 17 April 2023 by the lawyers for those shareholders, there had been no such issuance and despatch of the proper notices.

Consequently, as those shareholders have failed to call the proposed EGM properly and therefore have not made a valid requisition under section 177 of the Companies Act, the EGM as proposed by them is invalid and cannot be held. In exercise of its duties to the Company and for the benefit of the general body of shareholders of the Company, the Board therefore promptly confirmed and notified this to all shareholders of the Company by a SGXNet announcement made on 20 April 2023.



### **Exit Offer**

**Question:** Can the Board confirm an Exit Offer?

**Answer:** The Board is not in the position to confirm that an Exit Offer will definitely be made. The Board emphasises that the LOI is non-binding, and wishes to reiterate that, as announced on 19 May 2023, that the LOI is not intended to constitute a firm intention to make an offer. Accordingly, there is no certainty that the Potential Offer will be launched or consummated or that any steps will be taken in furtherance of the Potential Offer. The Board will announce the receipt of any Exit Offer once it is received. Nonetheless, the Board notes that as previously announced, the Potential Offeror Consortium has stated in the LOI that as evidence of their genuine interest in making the Potential Offer, they “have engaged professional financial and legal advisers in connection with the Potential Offer” and “have earmarked funds for the purposes of the Potential Offer, as reflected in the bank and security statements of the Potential Offeror Consortium.” The LOI, as mentioned, annexed statements from foreign brokerages and banks reflecting the cash balances of members of the Potential Offeror Consortium. The Board wishes to highlight that it has not verified the aforesaid statements and that it is unaware of how much of these balances will be earmarked for purposes of the Potential Offer.

### **BY ORDER OF THE BOARD**

Prof Dr. Kriengsak Chareonwongsak  
Non-Executive Chairman  
1 June 2023