



## ASTI Holdings Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 199901514C)

(the "Company")

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### RESPONSE TO SGX QUERIES

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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 Unaudited Financial Statements for the period ended 30 June 2023 announced on 14 August 2023 ("H1FY2023 results announcement").

#### SGX Query 1

Please provide a breakdown of the amount due from associates for both 1H2023 and 1H2022. Please also disclose the identity of the associates, the nature of the transactions, the terms of the transactions, including repayment, as well as the Board's assessment of the recoverability of the amount due and the basis for such an assessment.

#### Response to SGX Query 1

The amount due from associate refers to the amount due Advanced Systems Automation Limited ("ASA") and the breakdown are as follows: -

	1H2023 (S\$)	1H2022 (S\$)
<u>ASA</u>		
- Interest bearing loans	9,829,387	9,381,101
- Non-trade receivables	1,126,508	856,657
- Impairment loss	(308,314)	(634,942)
Total	10,647,581	9,602,817

The increase in the amount owing was due to corporate support service fees and interest on loans charged. There were no new advances or loans given during this period.

The Company has announced that it has entered into a second addendum on 6 June 2023 to revise the repayment structure. Under the second addendum, the Company and ASA have agreed that the outstanding sums owed under the loan agreement shall now be paid in accordance with the following tranches:

- (a) A sum equivalent to S\$1million to be payable on 31 July 2024;
- (b) A sum equivalent to S\$1million to be payable on 31 July 2025;
- (c) A sum equivalent to S\$2million to be payable on 31 July 2026;
- (d) A sum equivalent to S\$2million to be payable on 31 July 2027;
- (e) A sum equivalent to S\$2million to be payable on 31 July 2028; and
- (f) The balance sum outstanding under the Facility (inclusive of any interest that has accrued) shall be paid on 31 July 2029 (the "Payment Tranches").

Following 31 July 2025, the Company shall have the absolute right to review and amend the payment tranches by notice in writing to ASA at least sixty (60) days before the date of the next nearest payment.

Based on the financial information including forecast for FY2023 and FY2024, the Board is of the opinion that the Company is able to recover the outstanding amount from ASA in tranches. In addition, the Board will review the financial results of ASA and will amend the payment tranches accordingly.

### **SGX Query 2**

It was disclosed on page 21 that finance costs increased mainly due to higher prevailing interest rates and increase in external borrowings in the Group. However, we note from the Condensed Consolidated Cash Flow Statement on page 3 that there were no new proceeds from bank borrowings for the 6 months ended 30 June 2023. Please explain the discrepancy and if applicable, disclose the details of the borrowings, including but not limited to identity of the lender, loan amount, interest rate, loan tenure, repayment terms and where such additional borrowings were recorded in the Group's financial statements.

### **Response to SGX Query 2**

Please refer to Note 7 of Notes to the Condensed Financial Statements on page 14 of the H1FY2023 results announcement for details of the loans.

There was a loan drawn down of USD 7 million by Telford Philippines in Q4FY2022 and this is reflected under "Loans and borrowings" in both Current Liabilities and Non-Current Liabilities thus resulting in an increase in finance cost.

### **SGX Query 3**

As the share of loss of associates amounting to S\$1.16 million was the main reason for the pre-tax loss of the group of S\$375k, please provide a breakdown of the associates which contributed to Group's share of losses of associates of S\$1.16 million. To also provide a review of the performance of these associates, to the extent necessary for a reasonable understanding of the Group's business. Please also include a discussion of the significant factors that affected the turnover, costs, and earnings for the current financial period reported on, including seasonal or cyclical factors and any material factors that affected the cash flow, working capital, assets or liabilities of the associated companies during the current financial period reported on.

### **Response to SGX Query 3**

	Amount (S\$'000)
EoCell Limited	892
ASA	272
<b>Total</b>	<b>1,164</b>

Please refer to ASA Half Yearly Results announced on 14 August 2023. A review of the performance of ASA are disclosed on page 19 and 20 of the Half Year Results Announcement.

EoCell Limited is a battery startup company and is targeting to commercialise its product in another 2 years. They generated some revenue from testing and developing a prismatic cell on a contractual basis from Morrow Batteries. The share of losses from EoCell had increased from \$692,000 in 1H2022 to \$892,000 in 1H2023 mainly due to higher research and development expenses incurred in 1H2023.

#### **SGX Query 4**

Please provide a breakdown of the amount of S\$55.15 million allowance for impairment as noted on page 10, and state the basis for the allowance and how such impairment was determined. To also disclose the market valuation of these.

#### **Response to SGX Query 4**

Subsidiaries	Valuation	Cost of investment (S\$'000)	Impairment loss (S\$'000)	Carrying Amount (S\$'000)	Status	Reason for impairment
Dragon Group International Limited ("DGI")	At Cost	37,914	(37,914)	-	Active	Loss-making entity
<b>Total Quoted Shares</b>		<b>37,914</b>	<b>(37,914)</b>	<b>-</b>		
EoPlex Limited	At Cost	71	(71)	-	Ceased operation	Loss-making entity
Telford Industries Pte Ltd	At Cost	4,190	(4,190)	-	Active	Loss-making entity
Telford Service (Thailand) Co Ltd	At Cost	558	(558)	-	Property Investment Holdings	Loss-making entity
Reel Service (Philippines), Inc.	At Cost	2,559	(200)	2,359	Active	Impairment made previously when entity is loss-making
Telford SVC Phils, Inc.	At Cost	652	-	652	Active	
Telford Property Management Inc.	At Cost	17	-	17	Active	
Telford Technologies (Shanghai) Pte Ltd	At Cost	2,636	(1,764)	872	Active	Impairment made previously when entity is loss-making
VisionXtreme Pte Ltd	At Cost	1,500	(1,500)	-	Ceased operation	
Micro View Technologies Sdn Bhd	At Cost	1,861	(1,861)	-	Dormant	In process of striking off
Reel Service Ltd	At Cost	7,214	(5,951)	1,263	Active	Impairment made previously when entity is loss-making
Dragon Semiconductor Equipment Co. Ltd	At Cost	1,437	(1,437)	-	Dormant	Loss-making entity
Dividend declared from		(294)	294	-		
<b>Total Unquoted Shares</b>		<b>22,401</b>	<b>(17,238)</b>	<b>5,163</b>		
<b>Total Investments</b>		<b>60,315</b>	<b>(55,152)</b>	<b>5,163</b>		

#### **SGX Query 5**

We note that payable arising from purchase of property, plant and equipment ("PPE") had decreased by S\$5.17 million from S\$5.26 million as at 31 December 2022 to S\$0.10 million as at 30 June 2023.

(a) Please explain the reasons for the decrease of S\$5.17 million and reconcile this to the line items in the financial statements and Note 3 which show that the acquisition of PPE for the 6 months ended 30 June 2023 amounted to a substantially lower amount at S\$1.66m. to disclose where the difference of S\$3.51 million was recorded; and

(b) Please disclose the type of PPE acquired, the identity of the counterparty to whom the payment was made, the capacity of the PPE and the % increase in capacity arising from such acquisition. To also disclose if the directors, shareholders, key management of the counterparty has any relationship to the Company's directors, CEO, substantial shareholders, CAPITAL ENGINEERING NETWORK PUBLIC (CEN) or their respective associates.

#### **Response to SGX Query 5**

(a) As disclosed under Note 3 of our full year FY2022 results, the group acquired assets amounting to S\$19.4 million in FY2022 and most of the transactions were made in 2HFY2022. Part of the purchases were on certain credit terms which resulted in payables of S\$5.17 million as at 31 December 2022 and subsequently repaid in 1HFY2023.

With regards to the acquisition of PPE amounting to S\$1.66 million in 1HFY2023, most of it has been paid for and thus not reflected in Other Payables.

- (b) The type of PPE acquired mainly by Telford Philippines are plant and machinery and building renovations, which are purchased from third party vendors. The Company is not aware that the directors, substantial shareholders and key management of the third party vendors have any relationship to the Company's directors and CEO.

	1H2023	
<u>Purchase of PPE by Telford Philippines</u>	<u>S\$'000</u>	<u>Main Vendors</u>
Land & Building (building renovations)	608.30	FSM Engineering Technology & Services
Plant & Machinery	847.31	Exis Tech Sdn Bhd, Kobelco, Vitrox Technologies Sdn Bhd.

### SGX Query 6

On 18 July 2023, the Group disclosed that "the Company sold its manufacturing arm which manufactures machines that assemble and package components on printed circuit boards for the semiconductor industry on 26 September 2018, and is providing the tape and reel packaging solutions and technologies in the back-end (i.e. assembly, test and finishing) arena of semiconductor industry." To reconcile this statement that the Group is only involved in providing packaging solutions to Note 15 in the Group's Results which discloses that the Group's two strategic business segments comprise Back-end Equipment Solutions and Technologies and Distribution and Services in the back-end arena of the semiconductor industry and the provision of semiconductor application in consumer electronics, computer peripheral and communications solutions.

### Response to SGX Query 6

The manufacturing arm referred to in the announcement on 18 July 2023 is Semiconductor Technologies & Instruments Pte Ltd ("STI"). The principal activities of STI are those of research, design, development, manufacturing and marketing of semiconductor equipment.

The Group has two business segments:

- 1) Back-end Equipment Solutions and Technologies ("BEST"), which is mainly engaged in provision of solutions and technologies in the back-end (i.e. assembly, test and finishing (including packaging solutions)) arena of the semiconductor industry; and
- 2) Distribution and Services, which is engaged mainly in the provision of semiconductor application in consumer electronics, computer peripherals and communication solutions.

### **SGX Query 7**

Please provide an update on the efforts taken to resolve each of the matters set out under the "basis for disclaimer of opinion" section of the independent auditor's report issued for the Group's financial statements for the financial year ended 31 December 2021. Please also provide a confirmation from the Board that the impact of all outstanding issues on the financial statements have been fully disclosed.

### **Response to SGX Query 7**

The Company is currently in discussions with new valuers and will address issues in relation to the valuation of EoCell.

The Company will be engaging with our tax consultant in relation to tax matters as highlighted by Ernst & Young LLP.

The Board is not aware of any other financial impact arising from the outstanding issues other than those disclosed in the financial statements for the year ended 31 December 2021.

**By Order of the Board**  
**ASTI Holdings Limited**

Prof Dr. Kriengsak Chareonwongsak  
Non-Executive Chairman  
28 August 2023