ASTI Holdings Limited

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

DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors (the "**Board**") of ASTI Holdings Limited ("**Company**" and together with its subsidiaries, the "Group") wishes to announce that the Company's independent auditor, Forvis Mazars LLP ("**Mazars**"), has issued a disclaimer of opinion ("**Disclaimer of Opinion**") on the audited financial statements of the Company and the Group ("Audited **Financial Statements**") for the financial year ended 31 December 2022 ("**FY2022**") (the "**Independent Auditor's Report**").

The Independent Auditor's Report, together with the Audited Financial Statements, will form part of the Company's annual report for FY2022 ("**2022 Annual Report**") which will be released on the SGXNet and the Company's corporate website in due course. Shareholders of the Company are advised to read this announcement in conjunction with the 2022 Annual Report.

A copy of the Independent Auditor's Report and an extract of the relevant Notes to the Audited Financial Statements are attached to this announcement for information.

By Order of the Board

Mr Ng Yew Nam
Executive Director & CEO
ASTI Holdings Limited
13 September 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The financial statements of the Group and the Company for the financial year ended 31 December 2021 were audited by another firm of auditors who expressed a disclaimer of opinion on the matters 1 to 3 below which remain unresolved during the course of our audit of the financial statements for the financial year ended 31 December 2022.

1. Impairment assessments – the Group's interests in and amount due from an associate, EoCell Limited ("EoCell")

   As of 31 December 2021, the preceding firm of auditors, based on information available to them then, was unable to obtain a reasonable basis to conclude on the appropriate and reasonableness of the key estimates, inputs, and assumptions used by the then management in estimating the fair value less costs of disposal ("FVLCD") and expected credit loss ("ECL"). As a result, they were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying value of the Group's investment in associate, Eocell and the amount due from Eocell of S$17,922,000 and S$Nil respectively, the corresponding Group's share of results of associate, impairment loss and ECL recognised for the year then ended, and whether any adjustments to those amounts and associated disclosures were necessary.

   Consequent to the current management's restatement of the financials as detailed in Note 42, the carrying value of the Group's investment in EoCell as of 31 December 2021 is S$Nil. The current management has identified indicators of impairment in respect of the Group's investment in EoCell as at 31 December 2021 and has assessed the recoverable amount to be S$Nil then. Their assessment remained the same on the recoverable amount of the investment as of 31 December 2022 and which was hence recorded as S$Nil. The Group also continued to record the amount due from Eocell as of 31 December 2022 as S$Nil.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

1. Impairment assessments – the Group's interests in and amount due from an associate, EoCell Limited ("EoCell") (Continued)

   During the course of our audit, we were unable to access the accounting records of EoCell and in the absence of alternative procedures and other information, we were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness and reasonableness of the key estimates, inputs and assumptions used by the current management in estimating the recoverable amount of the Group's investment in EoCell nor the ECL allowance on the amount due from EoCell as at 31 December 2022 and 2021. Consequently, we were also unable to ascertain the appropriateness of the carrying value of the Group's investment in EoCell and the amount due from EoCell as at 31 December 2022, the corresponding Group's share of results of associate, impairment losses and ECL recognised for the year then ended, and whether any adjustments to these amounts and associated disclosures were necessary. We are also unable to determine whether there would be any adjustments on the current financial year's financial statements as a result from the restatement.

2. Impairment assessments – the Company's interests in and amount due from a subsidiary Dragon Group International Limited ("DGI")

   The Company's cost of investment in and receivables from DGI, a subsidiary, are reported within Investments in subsidiaries and Amounts due from subsidiaries respectively, on the Company's statement of financial position. These are herein referred to as "Investment in DGI" and "Amount due from DGI", respectively.

   The preceding firm of auditors was unable to determine the appropriateness and reasonableness of the recoverable amount and carrying values of DGI's investments in Eocell and Amount due from DGI which were recorded as S$Nil respectively as at 31 December 2021.

   During the course of our audit, as we were unable to access the accounting records of EoCell and in the absence of alternative procedures and other information, and in view of the potential magnitude of EoCell's financial contribution to and impact on DGI, we were unable to obtain sufficient appropriate audit evidence on the appropriateness of the current management's estimation of the recoverable amounts and hence, the carrying values of the Company's Investment in DGI and Amount due from DGI as S$Nil as at 31 December 2022, and whether any adjustments to these amounts and associated disclosures were necessary. We are also unable to determine whether there would be any adjustments on the current financial year's financial statements as a result from potential opening balance adjustments.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

3. Others

   A key executive director may not have complied with relevant laws and regulations whilst fulfilling the employment arrangement with the Company during the certain years. Based on current management's evaluation and information made available to us, we have not been able to obtain sufficient appropriate audit evidence regarding the Group's and Company's compliance with the relevant laws and regulations to determine whether there could be material impact to the financial statements. Additionally, further review of these or other matters may uncover other information, which have not been brought to our attention, and may require further adjustments or disclosures to the financial statements.

4. ASTI Management Incentive Scheme ("AMIS")

   As detailed in Note 40, AMIS was set up on 14 August 2020 and is in force during the financial year ended 31 December 2022. The Group has disclosed the accruals of variable bonus to key management personnel for the financial year 2022 as contingent liability. We have been unable to obtain sufficient appropriate audit evidence to ascertain the probability of the outflow of resources embodying economic benefits to settle the obligation. Consequently, we are unable to ascertain the appropriateness of the Group's accounting treatment of the accruals.

Other Matter

The financial statements of the Group and the Company for the financial year ended 31 December 2021 were audited by another firm of auditors who expressed a disclaimer of opinion on the financial statements in their report dated 15 August 2023 for the matters 1 to 3 described in the Basis for Disclaimer of Opinion section above.

Responsibilities of management and directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In view of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we are unable to conclude whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lai Keng Wei.

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants

Singapore
11 September 2024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2022 and 31 December 2021.

	2022 S$'000	2021 S$'000	1 January 2021 S$'000
		(Restated)	(Restated)
Loans and borrowings	**11,945**	3,053	3,173
Trade payables and accruals	**10,721**	13,396	11,556
Other payables	**9,683**	5,618	7,039
Lease liabilities	**1,499**	2,448	1,832
Long term payables	**2,412**	2,530	2,665
Less: Cash and short-term deposits	**(25,875)**	(23,849)	(28,917)
Net debt	**10,385**	3,196	(2,652)
Equity attributable to owners of the Company	**63,545**	59,294	70,609
Capital and net debt	**73,930**	62,490	67,957
Gearing ratio	**14%**	5%	(4%)

40. Contingencies

(i) ASTI Management Incentive Scheme ("AMIS")

On 14 August 2020, the previous Board of Directors approved the management incentive scheme of the ASTI Group ("AMIS"). This was to incentivise and reward key management personnel as they strove to improve overall performance of the Group and bring the Group out of the financial watch-list.

For every dollar of increase in income or reduction in expense or cost resulting in lower losses before tax or increase in profit before tax calculated against profit before tax of the previous financial year, 25% thereof will be declared to the key management as variable bonus. All calculations will be based on audited accounts of the Group for the relevant financial years. The AMIS will be in force for financial year 2020 up to and including financial year 2024 (the "Term").

40. Contingencies (Continued)

(i) ASTI Management Incentive Scheme ("AMIS") (Continued)

The variable bonus due under AMIS for each financial year will be accrued and will be paid once ASTI Group reaches profitability unless the Board determines that such payment will be detrimental to the cash flows of the Group. Management has assessed that the profitability criterion is not met and thus such bonuses were not accrued or paid during the year and previous year.

For any financial year within the Term where the change in profit before tax is negative, the Board of Directors reserves the right to claw back any of the variable bonus paid to key management in the previous financial year. The claw back of the bonus paid in the previous financial year is subject to a limit equal up to the quantum of the change in the profit before tax for the financial year that is negative or quantum paid in the previous financial year, whichever is lower.

On 11 August 2023, the previous Board of Directors had approved the termination of the AMIS. Hence, no AMIS bonus will be payable.

(ii) Legal matter relating to claim made by consultant

On 13 May 2024, WER1 Consultants Pte Ltd ("WER1"), through their lawyers, issued a letter for demand for S$37,668 against the Company. WER1 claimed that the sum was due under an Investor Relations & Communications Consultancy Services Agreement. The Company has responded to WER1 to raise queries in respect of the claim.

Management, together with their lawyer, have assessed the facts and circumstances of the claim and is of the view that the claim is unlikely to be successful, and has determined that it is possible, but not probable, that the claim will succeed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

41. Events occurring after the reporting period (Continued)

(v) Subsequent to the allotment of conversion shares and the completion of proposed acquisition announced by ASA on 25 July 2024, 26 July 2024, 2 August 2024 and 5 August 2024, the Company's interest in ASA has been diluted below 20%. At the date of authorisation of these financial statements, the Group has not completed its assessment of the potential impact of this dilution on its financial statements.

(vi) On 13 August 2024, the Board of Directors of DGI, a 40.98% owned subsidiary of the Company, announced that DGI had passed a board resolution to proceed with a creditors' voluntarily liquidation pursuant to Section 160(1)(b) of the Insolvency, Restructuring and Dissolution Act of 2018 (No. 40 of 2018). DGI has appointed provisional liquidators and will be convening an extraordinary general meeting of its members as well as a meeting of creditors in due course.

Consequently, DGI Group would be considered as a discontinued operations and the entire investment would be accounted for in accordance with SFRS(I) 5. At the date of authorisation of these financial statements, the Group has not completed its assessment of the potential impact of this liquidation on its financial statements.

On 23 August 2024, DGI received a notification from the Singapore Exchange Regulation Pte. Ltd. informing that DGI shares will be delisted from the Official List of the Singapore Exchange Securities Trading Limited with effect from 9 September 2024.

42. Prior year adjustments

Pursuant to queries from the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") pertaining to the audited financial statements of the Group for financial year ended 31 December 2021, the management, which was reconstituted as mentioned in Note 41(iv), has made certain changes to judgments in responding to the queries from ACRA. Accordingly, certain restatements have been made to the prior years' financial statements at the Group and Company as follow:

(a) Consequent to an assessment of impairment of the Group's investment in EoCell, management has restated the Group's figures for the financial year ended 31 December 2021 to fully impair the investment in EoCell; and

(b) In accordance with SFRS(I) 9, management has restated the Group's and Company's amount to measure the ECL of the amount due from ASA using a probability-weighted basis that is determined by evaluating a range of possible outcomes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

42. Prior year adjustments (Continued)

As a result, comparative figures as of 31 December 2021 and 1 January 2021 for the Group's and the Company's statements of financial position, and consolidated statement of profit or loss and other comprehensive income have been adjusted as follow:

	Amount as previously reported	Adjustments		Amount as restated
		From (a)	From (b)	
	S$'000	S$'000	S$'000	S$'000
Company				
As at 1 January 2021				
Statement of financial position				
Non-current asset				
Amounts due from associates	–	–	1,790	1,790
Current asset				
Amounts due from associates	7,913	–	(7,341)	572
Equity				
Accumulated losses	(97,844)	–	(5,551)	(103,395)
As at 31 December 2021				
Statement of financial position				
Non-current asset				
Amounts due from associates	5,580	–	(3,584)	1,996
Current asset				
Amounts due from associates	–	–	1,183	1,183
Equity				
Accumulated losses	(117,608)	–	(2,401)	(120,009)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

42. Prior year adjustments (Continued)

As a result, comparative figures as of 31 December 2021 and 1 January 2021 for the Group's and the Company's statements of financial position, and consolidated statement of profit or loss and other comprehensive income have been adjusted as follow (Continued):

	Amount as previously reported	Adjustments		Amount as restated
		From (a)	From (b)	
	S$'000	S$'000	S$'000	S$'000
Group				
As at 1 January 2021				
Statement of financial position				
Non-current asset				
Amounts due from associates	–	–	1,790	1,790
Current asset				
Amounts due from associates	7,845	–	(6,952)	893
Equity				
Accumulated losses	(44,218)	–	(5,162)	(49,380)
As at 31 December 2021				
Statement of financial position				
Non-current asset				
Amounts due from associates	5,580	–	(3,584)	1,996
Investment in associates	19,788	(17,922)	–	1,866
Current asset				
Amounts due from associates	17	–	1,466	1,483
Equity				
Accumulated losses	(51,508)	(7,277)	(2,118)	(60,903)
Foreign currency translation reserve	614	(68)	–	546
Non-controlling interest	(8,051)	(10,577)	–	(18,628)
Statement of profit or loss and other comprehensive income				
Other (expenses)/income, net	(6,241)	(17,756)	3,044	(20,953)
Foreign currency translation	(87)	(166)	–	(253)