



## 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 announcement on 3 October 2023 in relation to the "sale and purchase of shares in EoCell, Inc, in exchange for investment sum from Automotive OEM for electric vehicle battery manufacturing facility and supply construction project".

#### SGX Query 1

We note that EoCell, Inc ("EoCell") has entered into a term sheet with Automotive OEM ("AOEM") on 28 September 2023 whereby AOEM will acquire 44.4% of EoCell's issued shares in exchange for an investment sum of USD200 million ("Considerations") for the production of 2 gigawatt batteries in the United States of America for use with AOEM's own electric vehicles ("EVs"), subject to definitive agreements. Please disclose:

- (a) the details of AOEM, including the official company name, its year and country of incorporation, its size, principal business activity, track record and market share in the production of EVs. Please also disclose the names of the directors and shareholders of AOEM.
- (b) all key terms and conditions as set out in the term sheet and the long stop date for the signing of a definitive agreement. Please also disclose whether payment instructions have been put in place for the remittance of the non-refundable deposit of USD2 million by AOEM and whether the term sheet is legally binding.
- (c) whether there will be a transfer of controlling interest in EoCell to AOEM, the board composition of EoCell and whether AOEM will be appointing any directors to the board of EoCell.
- (d) whether the acquisition of 44.4% of EoCell will be through the issuance of new shares to AOEM or the acquisition of existing shares held by the Company.
- (e) how the Consideration value was determined and whether any valuations were carried out on the 44.4% equity interest in EoCell. To disclose the latest valuation of EoCell, the date of the valuation report and the identity of the valuer.

#### Response to SGX Query 1

- (a) The Term Sheet entered between EoCell and Automotive OEM ("AOEM") is an agreement between two private companies bound by a confidentiality agreement that restricts the release of public information without the consent of both parties. Hence, the Company is unable to disclose the details of AOEM.
- (b) The Term Sheet is legally binding and shall terminate on the earliest to occur of:
  - (i) AOEM failing to pay the US\$2 million payment on or before 31 October 2023;
  - (ii) 90 days following the date of this Term Sheet or such other later date as both parties may agree in writing;
  - (iii) Upon both parties entering into mutually acceptable definitive agreements whose terms and conditions shall supersede the contents of this Term Sheet; or
  - (iv) AOEM at any time may terminate this Term Sheet by giving written notice to EoCell.

EoCell is in active discussions with the AOEM to collect the non-refundable deposit of \$2 million which is due by end of October 2023.

- (c) As the negotiation is still ongoing, we are unable to comment.
- (d) Subject to satisfactory due diligence and mutually acceptable definitive stock purchase agreements, the 44.4% investment will be in the form of issuance of new shares.
- (e) We are not aware of any valuation done in arriving at the 44.4% equity interest in EoCell and as mentioned above, the finalization of this deal is subject to satisfactory due diligence and mutually acceptable definitive agreements.

We are still in the midst of finalising the valuation report on EoCell Inc. for the FY2022 audit.

### **SGX Query 2**

We note that the investment shall only be used for the design, development and construction of an electrical vehicle batteries manufacturing facility to be located within the United States of America and for AOEM where AOEM shall be obliged to satisfy a minimum purchase commitment to support the operation of the facility and AOEM shall have the right of first refusal for the purchase of all batteries manufactured at the facility. Please disclose:

- (a) the number of EVs produced by AOEM in the past and current financial year.
- (b) whether EoCell has identified the location at which the manufacturing facility is to be built. If so, please disclose the details the location, the land cost and the cost of construction of the manufacturing facility and how this will be financed.
- (c) when is the construction expected to commence and complete.
- (d) what are the legal obligations and impact on EoCell's operations arising from the right of first refusal to be granted to AOEM, including its contractual agreements with Morrow Batteries AS.

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

- (a) Due to the confidentiality agreement, we are unable to comment.
- (b) As the negotiation is still ongoing, we are unable to comment.
- (c) As the negotiation is still ongoing, we are unable to comment.
- (d) There is no first right of refusal granted to the AOEM. EoCell's exclusivity with AOEM pertains to EoCell agreeing not to initiate, engage in, continue or enter into any discussions, negotiations or correspondence with any third party relating to the development or acquisition of a regional battery manufacturing in United States that would render EoCell unable to, or impair its ability to complete the battery manufacturing facility or enter into a supply agreement.

EoCell's current deal with Morrow Batteries AS, a Norwegian company, is to develop best-in-class prismatic battery for the automotive industry and is not affected by the deal with AOEM.

### **SGX Query 3**

We note that in securing EoCell's exclusivity to ensure that there is no third-party interference with the completion of the facility and EoCell's ability to manufacture and supply the batteries to AOEM, AOEM will pay a non-refundable sum of USD2 million by 31 October 2023. Please disclose:

- (a) whether EoCell is liable to refund USD2 million to AOEM if parties are unable to enter into any definitive agreements.
- (b) whether the exclusivity will end upon the commencement of commercial operations of EoCell. If not, please explain.

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

- (a) No. This is a non-refundable payment. However, if parties enter into a Definitive Agreement, the US\$2 million will be offset against the purchase price.
- (b) The exclusivity will end as in our response to Query 1(b).

#### **SGX Query 4**

Please provide further information on how the Company was introduced to the Automotive OEM.

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

The Term Sheet entered between EoCell and Automotive OEM (“AOEM”) is an agreement between two private companies bound by a confidentiality agreement that restricts the release of public information without the consent of both parties. Hence, the Company is unable to disclose the details of AOEM.

#### **SGX Query 5**

It is disclosed that, “AOEM is to acquire 44.4% of EoCell’s issued shares in exchange for an investment sum of USD\$200,000,000.00”. Taking into consideration that the Company owns 40% of EoCell, please clarify the percentage of EoCell’s issued shares which will be acquired from the Company and the corresponding consideration amount.

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

Subject to satisfactory due diligence and mutually acceptable definitive stock purchase agreements, the 44.4% investment will be in the form of issuance of new shares to AOEM and Dragon Group International Limited’s shareholdings in Eocell is expected to be diluted to 22.2%.

#### **SGX Query 6**

It is disclosed that, “The Investment shall only be used, in tandem with other forms of financing available to EoCell, by EoCell for the design, development and construction of a facility manufacturing 2 gigawatt batteries (the “Facility”) for use with electric vehicles (“EVs”), to be located within the United States of America, and estimated to be due for commercial operation 24 months following the Investment.” Taking into consideration that the investment amount can only be used by EoCell which will be 44.4% held by Automotive OEM subsequent to the Investment, please explain how the proposed Investment is in the interest of the Company.

#### **Response to SGX Query 6**

EoCell is currently in development phase which heavily focuses on research and development of battery related technologies and applications. Commencement of commercial operations through cooperation with third party organizations or through investments as in this case would allow EoCell to transcend from battery development stage to commercialisation of its product.

It was disclosed previously that AOEM shall be obliged to satisfy a minimum purchase commitment to support the operation of the manufacturing facility which would make the operation viable.

#### **SGX Query 7**

Please disclose how the investment amount of \$200m is being arrived at.

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

Due to the confidentiality agreement, we are unable to comment.

#### **SGX Query 8**

Please disclose whether there are any material conditions attaching to the transaction, and clarify whether the Company has entered into / intends to enter into other agreements with Automotive OEM.

#### **Response to SGX Query 8**

We are not aware of any other material conditions attached to this transaction other than what we have disclosed above and, in our announcement, dated 3 Oct 2023.

Except for the definitive agreements, we are also not aware of any other agreements EoCell has entered into / intends to enter with AOEM.

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

Prof Dr. Kriengsak Chareonwongsak  
Non-Executive Chairman  
12 October 2023