



**ASTI**  
**ASTI Holdings Limited**  
 (Company Registration No. 199901514C)  
 (Incorporated in the Republic of Singapore)  
 (the “Company”)

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**RESPONSES TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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The board of directors (the “Board” or “Directors”) of ASTI Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) refers to the Company’s Q4 2018 announcements dated 31 March 2018 (the “Announcement”).

Unless otherwise defined herein, capitalised terms used herein shall bear the same meaning ascribed to them in the Announcements.

The Company sets out below its responses to queries from the SGX-ST on the Announcement

**SGX Queries:**

**1. Please disclose the following via an SGXNet announcement**

We refer to the Company’s announcement titled, “Financial Statements and Related Announcement: Full Yearly Results” dated 31 March 2019 (the “Announcement”). Please address the following questions in an announcement to be released via SGXNet by **12 April 2019 (Friday)**. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange. Please use the “Response to SGX Queries” template in SGXNet. If our queries have been addressed previously, please contact us to clarify this.

Section 8 of the announcement (pages 10 -11)

(a) Revenue

Please explain the reasons for the 15.8% increase in Group revenue for Q42018 vs Q42017.

The increase is mainly due to higher revenue from Telford Group of 14.7%.

**Revenue**

	3 months ended 31-Dec-18		3 months ended 31-Dec-17		
	\$'000	%	\$'000	%	
Backend Equipment Solutions & Technologies (“BEST”)	18,284	94.7	15,939	95.6	14.7
Distribution & Services	1,021	5.3	727	4.4	40.4
	19,305	100	16,666	100	15.8

(b) Loss before tax

It is stated that Other expenses in Q42017 “included S\$4.8 million on allowance on amount due to associates”.

(i) Please clarify if this is an allowance on amount due from associates and whether the associate refers to Advanced Systems Automation Limited (“ASA”), and provide the reason for making the provision.

Yes, it refers to ASA. Provision was made per auditor request due to continuing losses in ASA in FY2017.

(ii) It is stated in ASA’s circular dated 26 April 2017 in relation to its rights issue that the amount of ASTI Shareholder Loan outstanding was S\$8,261,353, of which approximately S\$5.35 million was to be repaid from the proceeds of the rights issue. This would mean a balance loan amount of approximately S\$3.9 million. Please reconcile this loan balance with the provision of S\$4.8 million.

The difference between provision of S\$4.8M to loan balance of S\$3.9M is due to:

	FY2017 S\$’000
Advance from Telford Shanghai (a subsidiary of ASTI) to Microfit Beijing Technology (a subsidiary of ASA)	205
Interest charges April to Dec 17 on loan from ASTI to ASA	150
Management fees April to Dec 17 from ASTI to ASA	482
Other non trade (rental and other reimbursement)	76
	<u>912</u>

(iii) We note from the cashflow statement that during FY2018, the Group has made a loan of S\$2.4 million to associates. Please disclose if the associate refers to ASA. If so, please disclose the reason for making the loan including the use of the loan proceeds, the repayment terms and the justifications of the Company’s board and audit committee for making the loan to ASA, noting that Dato Michael Loh has a direct interest of 19.9% in ASA and ASA is no longer a subsidiary of the Company.

The Board agree to fund ASA as it has agreed in the past only for that period of time. No further loan was provided to ASA in 2019 and there is no intention to continue funding ASA.

Discussion on how to repay the loan is ongoing.

Dato Michael Loh abstains in the votes on making the loan to ASA.

(c) Profit before tax

It is stated that marketing and distribution expenses for FY2018 decreased by 44.5% from \$2.9 million in FY2017 to \$1.6 million and the decrease was mainly due to the absence of 6 months results from ASA Group. Please clarify whether the restatement of the FY2017 figures is done on the basis that the financial statements of ASA are deconsolidated from those of the ASTI Group from 1 January 2017. If so, please review the reason given for the decline in marketing and distribution expenses.

The restatement of FY2017 figures is done on the basis that the financial statements of ASA are deconsolidated from ASTI Group with effect from June 2017. As such, FY2017 included 6 months results of ASA Group.

(d) Current assets

(i) Please provide a breakdown of the use of net proceeds from the disposal of the STI Group.

	S\$'000
Sales proceed from disposal of STI Group	81,000
Commission to Broker	(18,920)
Legal and professional fees (incl GST)	(2,445)
Dividend payout	(13,095)
Repayment of amount due to STI Group	(10,798)
Repayment of UOB loan	(5,022)
Incentives to employees	(4,000)
Bonus to CEO	(2,182)
Loan to associates (ASA)	(1,600)
Loan to Telford (will be repaid)	(1,050)
Loan to subsidiaries #	(5,218)
ASTI Operating & Capital expenses	(2,688)
Balance of cash proceed from STI disposal as at 12 April 2019	13,983

# The amount of S\$1.9M was loan to Eocell Limited, S\$1.1M to Eoplex and \$2.2M to DGI Eocell Limited will repay US\$3M to DGI once the deal with Yinlong Energy Co is completed

(ii) It is stated in sections 3.2.4 and 3.2.5 of the circular to shareholders on the disposal of STI Group that the Company will make further announcements on the following:

(A) the finalised quantum of the Second Payment (provisionally this amount is S\$9 million) as soon as the Closing Audit of STI Group's financial statements as at 30 June 2018 has been completed; and

The second payment of S\$9M was received on 24<sup>th</sup> Jan 2019 after the Closing Audit of STI Group's financial statements as at 30 June 2018 was completed.

(B) as and when any shortfall between the actual audited profit and the guaranteed profit of STI Group for 2018 and 2019 is determined, as well as whether any part of the Third Payment (amounting of S\$9 million) is released to the Company.

The Company has not received the 3<sup>rd</sup> payment amount of S\$9M as the guaranteed profit of STI Group for 2018 and 2019 has not been determined.

(e) Consolidated Statement of Cash Flows Position

(i) Please provide details of the S\$5 million loan made to an external party.

The loan was made to STI Group to ease their cash flow while waiting for cash injection from their new holding company and new credit facilities. It was repaid in December 2018.

(ii) Please provide details on the advances of S\$5 million and S\$0.2 million received from an external party and a non-controlling interest for capital injection.

The advance of S\$5M was provided by the purchaser of STI Group, Shanghai Pudong Science and Technology Investment for us to loan to STI Group. This S\$5M is part of the Second Payment of S\$9M which was due to the Group upon completion of the Closing Audit of STI Group's financial statements as at 30 June 2018. The audit has since been completed and the balance amount of S\$4M was received on 24<sup>th</sup> Jan 2019.

The amount of S\$0.2M was received from Nanjing Treasure Boat Relic Park Management who owns 40% of Nanjing DTB Development Co., Ltd. The amount was part of the cash injection into Nanjing DTB Development Co. Ltd.

Section 1(a) of the announcement (page 2)

(f) The Company's circular to shareholders on the disposal of the STI Group states that the net gain on disposal is estimated to be S\$48,076,000 (section 5.2 of the circular). Please reconcile this figure with the actual gain on disposal of S\$34,530,000 as shown under Additional Information of the results announcement.

Difference in Net Gain on Disposal	As disclosed in circular dated 12 July 2018 to Shareholders	As released in Q4 2018 announcement	Remarks
	<b>S\$'000</b>	<b>S\$'000</b>	
Consideration	90,000	90,000	
Less :			
Success fees to brokerage firm	(17,200)	(18,920)	Difference is due to China VAT of 10%
Legal and Professional fees	-	(2,900)	
Stamp duties		(17)	
Net assets of STI Group	(24,724)	(33,633)	Amount of \$24,724 is as at 31/12/2017 Amount of \$33,633 is as at 26/09/2018
	<b>48,076</b>	<b>34,530</b>	

(g) Please explain what gave rise to the gain on deemed disposal of associate **(S\$1,636,000)** and the loss on disposal of subsidiaries **(S\$2 million)** reported in Q42018.

On 4 December 2018, ASA Group issued 6,500,000,000 new shares in the capital of Advanced Systems Automation Limited to a Mr. Seah Chong Hoe to acquire the entire issued and paid-up share capital of (i) Yumei Technologies Sdn. Bhd. ("Yumei Tech"), (ii) Yumei REIT Sdn. Bhd. ("Yumei REIT") and (iii) Pioneer Venture Pte. Ltd. ("PVPL"). Following the share issuance, the Company's ownership interest in ASA was diluted by 11%, from 37% to 26%. The dilution in interest resulted in a gain of S\$1,636,000 being recognised in profit or loss.

The Loss on disposal of \$2 million is professional fee due to a consultancy firm in relation to disposal of STI Group which was accounted in 4Q 2018.

Section 1(b)(i) of the announcement (page 3)

(h) Please disclose the nature of other receivables amounting to S\$4,915,000 (under Non-current assets) and S\$22,720,000 (under current assets)

The total amount of Other receivables (Non-current assets and Current Assets) is made up of the following items:

	FY2018 S\$'000
Tax recoverable	283
Consideration receivable from disposal of STI Group	18,000 #
Amount due from a Director	8,000 *
Deposits	347
Sundry debtors	1,005
	27,635

# S\$9M was received on 24 Jan 2019. Balance is due upon meeting profit guarantee.

\* In view of a director informing the Board of his decision to relinquished his position in the Company, the Remuneration Committee ("RC") on 31 March 2019 deliberated on the bonus that was approved and paid out to the director in 2018 and revised the figure to S\$2.182M. The director has since returned the difference.

(i) Explain why despite the disposal of STI Group, the remaining Group's trade payables and accruals increased from S\$26,164,000 to S\$27,487,000. Please provide a breakdown of accruals.

	FY2018 S\$'000	FY2017 S\$'000
Trade payables – third parties	10,020	13,434
Accrual of staff cost and bonus	6,480	6,549
Provision for accrued leave	155	635
Provision for statutory fee	463	581
Provision for professional fee	482	506
Provision for professional fee in relation to STI disposal	2,000	0
Advances from purchaser of STI Group #	5,000	0
Accrued of staff claim	63	207
Expenses for Nanjing [related to DGI Group]	1,689	1,653
Interest expense	26	526
Others - OPEX	1,109	2,073
	<u>27,487</u>	<u>26,164</u>

# As of 24 Jan 2019, this amount has been recognised as 2nd payment from disposal STI Group and will not be reflected going forward.

#### Section 10 of the announcement (page 12)

(j) Please provide the board's commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group for the next 12 months. The commentary should give sufficient details for shareholders and investors to have a reasonable understanding of the business risks and prospects.

ASTI remains cautious about its prospects for the next 12 months. Our performance may be affected by the markets uncertainties arising from the looming trade disputes.

We are continuously looking for a new business to further improve our financial results.

(k) Please provide the disclosure required under Rule 704(13) of the SGX-ST Listing Manual in relation to persons occupying a managerial position who is a relative of a director or CEO or substantial shareholder. If there are no such persons, the Company must give a negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kenneth Loh	31	Son of Executive Chairman, Dato' Michael Loh Soon Gnee	Manager, Admin/HR/IT	Promoted to Manager

By Order of the Board

Dato' Michael Loh Soon Gnee  
Executive Chairman & Chief Executive Officer  
ASTI Holdings Limited  
12<sup>th</sup> April 2019