



(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 responses to SGX's queries announced on 14 July 2023.

### SGX Query 1

Please disclose the identities of the 1st and 2nd EoCell valuers, the professionals involved, their track record and experience, their accreditation with relevant professional valuation bodies and the methodologies applied in the valuation. To disclose which valuation the Company adopted in the preparation of its FY2021 and FY2022 results announced on 23 Feb 2023.

### Response to SGX Query 1

#### First EoCell Valuer – Cushman and Wakefield

The draft valuation as at 31 December 2021 for FY2021 impairment testing was performed by Jack Leung who is a senior financial professional with more than 10 years of experience in the valuation of business and intangible assets and has worked extensively throughout Asia Pacific. He managed numerous business and financial instrument valuations projects in Mainland China, Hong Kong, and the South-east Asia. He is also a specialist in the valuation of a variety of financial instruments for listed companies and pre-IPO companies preparing for listing. Jack is a Chartered Valuer and Appraiser (CVA), Chartered Financial Analyst (CFA), and a Financial Risk Manager (FRM).

#### Methodology applied

In measuring the Recoverable Amount ("**RA**"), being the higher of Value in Use ("**VIU**") and Fair Value less cost of Disposal ("**FVLCOD**") for impairment test in accordance with Singapore Financial Reporting Standard (International) 1-36 ("SFRS(I) 1-36"), the 1<sup>st</sup> valuer considered the Discounted Cash Flow ("**DCF**") method under the Income approach to estimate the VIU and Market approach, namely (i) comparable companies and (ii) comparable transactions methods, to estimate the FVLCOD.

#### Income approach (DCF) – Primary method for VIU, cross-check for FVLCOD

In determining the value from the DCF method, the 1<sup>st</sup> valuer used free cash flow to firm ("**FCFF**"), being the cash flows left over after covering capital expenditure and working capital needs, to assess overall Enterprise Value of the EoCell. Present value of FCFF is a measure of 100% Enterprise Value. The rationale for the DCF method lies in the present value rule - the value of any asset is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Expected incomes from management forecast mainly comprise incomes from engineering solution operations. Cash & cash equivalents, debts, and non-operating payables are added or deducted accordingly whereas applicable. To assess the effects of other future potential incomes, such as grant and licensing income, 3 potential cashflow scenarios based upon the probabilities of other potential future incomes (i.e. 0%, 50% and 100%) were assumed.

### Market approach (comparable companies method) – Primary method for FVL COD

The 1<sup>st</sup> valuer has adopted the Market Approach as the primary approach in determining the Fair Value of EoCell. Under Market Approach, forward Enterprise Value to Sales (“**EV/S**”) multiple was adopted in the valuation, with reference to multiples of comparable companies. The comparable companies were selected based on i) similar industry or focusing on similar products as EoCell; ii) the comparable companies were mostly loss-making as of Valuation Date, which is similar to the Target Company’s financials. EV/S was considered as the Target Company is expected to generate revenue from providing services to external parties in the coming year, even though it is an early-stage company at the R&D stage. Cash & cash equivalents, debts, and non-operating payables are added or deducted accordingly whereas applicable. The 1<sup>st</sup> Valuer adjusted a Discount for Lack of Marketability given the additional costs and risks of liquidation when valuing interest in privately-held companies.

### Market approach (Comparable transactions method) – Cross check for FVL COD

The 1<sup>st</sup> valuer considered recent comparable transactions to cross check a reasonable range of Fair Value of the equity interest in the Target Company. Comparable transactions were selected based on business profile, products offering, size and announcement/completion date. The 1<sup>st</sup> valuer considered transactions and deals from January 2020 to February 2022. The 1<sup>st</sup> valuer included deals after Valuation Date to account for transactions which are in progress but are not completed as at Valuation Date.

### Second EoCell Valuer

Due to the contractual arrangement with the 2<sup>nd</sup> valuer, the Company is unable to disclose the identity of the valuer and details of their draft valuation.

### Valuation adopted

The Company had adopted the draft valuation report from Cushman and Wakefield in its preparation of its FY2021 and FY2022 results announced on 23 February 2023, assuming no material change in the value of equity interests in EoCell between 31 December 2021 and 31 December 2022.

### SGX Query 2

To provide details of the specific line items in the FY2021 and FY2022 financial statements the EoCell valuation will have an impact on. To quantify how much was Eocell valued based on the Company’s reported FY2021 and FY2022 financial statements announced on 23 February 2023.

### Response to SGX Query 2

Valuation of Eocell may have an impact on the line item “Investment in equity-accounted investees” in the Condensed Balance Sheets and any impairment on the Investment in EoCell will affect the “Other Expenses” in the Condensed Consolidated Income Statement.

The Company reported the valuation of EoCell for FY2021 and FY2022 at US\$15,633,000.

### **SGX Query 3**

To disclose why the Company is unable to finalise its valuation report despite the passage of more than one year, since its announcement on 1 April 2022. To disclose the nature of the outstanding unresolved matters in the valuation report that has caused a delay in the completion of the valuation report.

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

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. On 9 February 2023, we announced that parties to the Proposed SPAC have decided that they will no longer be proceeding with the Proposed SPAC.

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.

The Company is working with the 2<sup>nd</sup> appointed valuer and EY on addressing queries and providing supporting documentation in respect of the valuation.

### **SGX Query 4**

To disclose the date the 2<sup>nd</sup> valuer's report was submitted to the auditors for their review and the date the auditors will sign off their audit opinion on the Company's FY2021 financial statements. Kindly ensure compliance with listing rule 705(2)(d), where applicable.

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

The 2<sup>nd</sup> valuer's final draft report was submitted to the auditors for their review on 9 June 2023 and the Company is addressing queries and providing supporting documentation in respect of the valuation.

We are actively working with the valuers and auditors to finalise the impairment assessment and will provide an update on when the Company's FY 2021 audited financial statements can be issued.

### **SGX Query 5**

Is the valuation report the only outstanding issue preventing the convening of the annual general meetings for FY2021 and FY2022? Please provide the final timeline the Board has set for the resolution of the valuation to enable the audited financial statement to be announced and the annual general meetings to be held.

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

Yes, the valuation report is the only outstanding item. Once the FY2021 audited financial statements can be issued as stated in the response above, we will, subject to shareholder notification requirement, hold the FY2021 annual general meeting thereafter. The FY2022 annual general meeting will be held after the 2022 financial statements have been finalized for issuance.

Nevertheless, the Board will endeavour to hold the FY2021 AGM and FY2022 AGM as soon as practicable.

### **SGX Query 6**

The Company had previously disclosed in the Company's announcement on 28 April 2023 that it expects to finalise the valuation on 30 April 2023. Please explain why the Company had not disclosed by 30 April 2023 that the valuation could not be finalised, as it is material information which will cause the non-fulfilment of the conditions of Takeover LOI and the completion of the audit for the Company to hold its FY2021 and FY2022 AGMs by 31 July 2023 as directed by SGX under its Notice of Compliance. Please explain the lengthy delay given that the Company expected the valuation to be finished just two days after the announcement.

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

When the final draft of valuation report was issued on 9 June 2023, the Company had a reasonable belief that it was still able to hold the AGM for FY2021 by 31 July 2023. However due to EY's request for additional documents, the valuer and EY are unable to complete the valuation report.

### **SGX Query 7**

On 28 April 2023, the Company had disclosed that it was seeking an extension of time to hold its FY2022 AGM. Please explain why the Company failed to announce the outcome of this application when this was rejected on 11 May 2023. Please justify how the Board had fulfilled their duties, inter alia, in disclosing material information, in ensuring that it has promptly sought shareholders' approval for the appointment of its auditors to enable the Company to hold its FY2022 AGM in accordance with the Notice of Compliance issued on 27 April 2023.

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

The Company has, upon receipt of the notification from SGX-ST, instructed the Company Secretary to submit on its behalf to appeal to SGX-ST to reconsider its application for extension of time to hold its FY2022 AGM. Our Company Secretary has on 12 May 2023 submitted our appeal to SGX-ST via discussion board. However, we understand from SGX-ST on 18 July 2023 that such appeal must be made via Stargate Portal and hence, the appeal was not considered submitted. The Company will re-submit its appeal for extension of time to hold its FY2022 AGM.

### **SGX Query 8**

Please disclose when the Company first became aware that it would be unable to convene its FY2021 annual general meetings by 31 July 2023 as directed by SGX in its Notice of Compliance. Accordingly, please disclose why the Company failed to announce its inability to convene its annual general meetings by 31 July 2023, until 14 July 2023 when it responded to queries by the exchange for an update.

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

While there were additional requests by the auditors, the Company has been working closely with the auditors and reasonably believed that it could hold the FY2021 AGM by 31 July 2023 prior to 14 July 2023, which is the last date to release the relevant notices and proxy forms (as mentioned above).

The Company announced its inability to convene the FY2021 AGM on 14 July 2023 as 14 July 2023 is the last date for the Company to release the relevant notices and proxy forms in relation to the FY2021 AGM (and provide the requisite notice period) should it be possible to hold the same by 31 July 2023.

### **SGX Query 9**

In the Company's announcement on 14 July 2023, in its response to SGX's Query 1, the Company disclosed that EY has indicated they will not be seeking reappointment and the Company will appoint a new auditor during the AGM for FY2021. Please clarify why the Company had not promptly announced the resignation of its auditors and disclose the date it was informed of EY's decision not to be re-appointed. To explain why this material information was not disclosed in a timely manner.

### **Response to SGX Query 9**

As Ernst & Young LLP ("EY") will be stepping down as auditors upon the finalization and adoption of the FY2021 financial statements at the next Annual General Meeting of the Company ("FY2021 AGM"), the Company will appoint new auditors for FY2022 at the FY2021 AGM.

On 23 February 2023, during the audit committee meeting (the "AC"), EY Audit Partner had informed the AC that EY would not be seeking reappointment.

However, EY has not provided the Company with formal notice of its intent to retire at the conclusion of the FY2021 AGM. Hence, the Company is unable to formally announce EY's intent to retire and the Company's intention to seek the appointment of a new auditor.

### **SGX Query 10**

The Company had disclosed in its response to SIAS on 1 June 2023 that it will hold its FY2022 AGM by 30 September 2023. To disclose why the Company did not provide an immediate announcement when they became aware that EY had resigned and whether they will be able to hold their FY2022 AGM by 30 September 2023. To also explain why the Board did not immediately seek shareholders' approval for the appointment of a new auditor to enable their FY2022 to be held by 30 September 2023 as committed.

### **Response to SGX Query 10**

As EY will be stepping down as auditors upon the finalization and adoption of the FY2021 financial statements at the FY2021 AGM, the Company is not able to appoint a new auditor until the FY2021 AGM has been held, and to propose the resolution to appoint new auditors at the FY2021 AGM.

### **SGX Query 11**

The Company announced on 14 and 28 March 2022 that EoCell had entered into a Master Development Agreement on 2 February 2022 ("Agreement") with Morrow Batteries AS ("Morrow") to commercialize a best-in-class prismatic battery for the automotive industry. Please disclose status updates on this agreement as the Company had disclosed then that "Work pursuant to the Agreement has commenced" and that for "the financial effects of the Agreement on the Company. The share of losses from EoCell for FY2022 to FY2024 may reduce significantly." The Company had disclosed on 14 March 2023 announcement that "The Company will keep Shareholders informed of any material developments in this regard and will make such further announcements as and when appropriate." Please explain why updates on the status of this contract were not disclosed in a timely manner.

### **Response to SGX Query 11**

The Company is not aware of any further development in relation to the Master Development Agreement with Morrow other than work pursuant to the Agreement has commenced.

The Company has in its FY2022 results announcement disclosed in the Condensed Consolidated Income Statement that the share of loss of equity-accounted investees had significantly reduced from S\$3,119,000 in FY2021 to S\$1,457,000 in FY2022.

### **SGX Query 12**

Based on the announcement made by SET listed CAPITAL ENGINEERING NETWORK PUBLIC ("CEN") on 23 May 2023, the potential offeror is interested in ASTI as an "investment in semiconductor business". However, in its announcement on 12 June 2023 the Company disclosed as a clarification to the Straits Times that it is no longer in the semiconductor business. Please disclose the discrepancies in disclosures and whether CEN is aware that the Company is not in the semiconductor business.

### **Response to SGX Query 12**

As announced on 12 June 2023, 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. The Company remains in the semiconductor business and the Potential Offeror is aware of the Company's business.

### **SGX Query 13**

Please tabulate the dates of appointments of all the directors on the Board, the date of their last re-election, the dates when they are required to be put up for re-election under the listing rules and under the Company's constitution. To disclose whether the Board intends to submit them for re-election in view that they will not be holding their FY2021 and FY2022 AGMs on 31 July 2023 as required. If so, please provide the date it intends to do so.

### **Response to SGX Query 13**

Directors	Date of Initial Appointment	Date of Last Re-election	FY2021 AGM
Dr Kriengsak Chareonwongsak	12-Aug-11	31-May-21	
Anthony Loh Sin Hock	11-Nov-22	-	To stand for re-election at the FY2021 AGM
Dato' Sri Mohd Sopiyan B Mohd Rashdi	1-May-18	15-Aug-19	To stand for re-election at the FY2021 AGM
Charlie Jangvijitkul	15-May-23	-	To stand for re-election at the FY2021 AGM
Theerachai Leenabanchong	23-Feb-23	-	To stand for re-election at the FY2021 AGM

#### **SGX Query 14**

On the date of the signing of the LOI, the condition relating to the date of delivery of audited FY2021 financial statements of 23 June 2023 had been exceeded. Please confirm that the Potential Offer Letter of Intent has lapsed. If not, please disclose why the Company and the Potential Offeror did not include a date that the Company will be able to fulfil but instead signed the Letter of Intent ("LOI") with the conditions that had failed on the date the LOI was signed.

#### **Response to SGX Query 14**

The Company had executed the LOI with a view of expediting the Potential Offer, and to demonstrate to the Potential Offeror the Company's intent to proceed with the Potential Offer. As such, the Company had executed the LOI notwithstanding that the date had been exceeded.

It was the intention of the Company to, after an announcement is made on the delay in the release of the audited FY2021 financial statements, to approach the Potential Offeror for extension of the date.

The Company understands that the Potential Offeror is agreeable to extending the deadline for the delivery of the unqualified FY2021 audited financial statements to 15 August 2023.

#### **SGX Query 15**

Please disclose the status of the negotiations between the Company and the Potential Offeror for the extension of the deadline of 23 June 2023 for the delivery of audited FY2021 financial statements. Will the Offeror be willing to accept audited financial statements with modified opinion in the event that the auditors do not agree with the EoCell valuation as reported by the Company?

#### **Response to SGX Query 15**

Please see the Company's response to the SGX Query 14.

#### **SGX Query 16**

In the Company's response to SGX Query 4, the Company disclosed that the LOI will be subject to "the Company's confirmation that the audited financial statements of the Company for the financial year ended 31 December 2022 ("FY2022") will be prepared and issued by 30 September 2023." In view of the Company's knowledge of FY's resignation for FY2022, please provide the timetable, milestones and dates to demonstrate how the Company will be able to hold its FY2022 AGM by 30 September 2023 as required under the LOI.

#### **Response to SGX Query 16**

The Company is planning to hold the AGM for FY2022 within 2 months after the AGM for FY2021 is held and will negotiate the Potential Offeror accordingly.

Separately, the Company understands that the Potential Offeror is agreeable to extending the deadline for the delivery of the unqualified FY2021 audited financial statements to 15 August 2023 and to hold FY2021 AGM by 31 August 2023.

### **SGX Query 17**

In the Company's announcement on 14 July 2023 to the response to SGX's Query 4, it was disclosed that the LOI would be subject to "certain rulings and confirmations to be obtained from the SIC and the Singapore Exchange Securities Trading Limited (the "SGX-ST")". Please disclose what these certain rulings relate to and whether the application to the SIC in relation to the exit offer include the structure of the exit offer that will be in cash as required under Listing Rule 1309. To also disclose what rulings and confirmations would be sought from SGX and when will such applications be made.

### **Response to SGX Query 17**

An application has been made to the SIC (as noted in the Company's announcement dated 19 May 2023). However, please note that the Potential Offeror is not at liberty to disclose the contents of the SIC application as this relates to material price sensitive information relating to the Proposed Offer.

The Board notes from the LOI that the Potential Offeror Consortium intends for the offer price to take into account the valuation of the Company and the requirements under the Rule 1309 of the Listing Manual of the SGX, *inter alia*, that an exit offer must be fair and reasonable and include cash alternative as the default option.

The Company will approach SGX-ST for the approval of transfer of Dato' Michael Loh's shares to Capital Engineering Network Public Company Limited once the Potential Offeror has made a firm offer.

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

Prof Dr. Kriengsak Chareonwaongsak  
Non-Executive Chairman  
18 July 2023