



## ASTI Holdings Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 199901514C)

(the "Company")

---

### RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) FOR ANNUAL GENERAL MEETING ON 31 AUGUST 2023

---

The board of directors (the "**Board**") of ASTI Holdings Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") refers to the Company's annual report for the financial year ended 31 December 2021 and the related documents published on 16 August 2023. The Company has received queries from Securities Investors Association (Singapore) and the Company wishes to provide the Company's response to the queries raised as set out below.

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

#### **Question 1**

In the letter to shareholders and the operations review, it was disclosed that management's goal remains to transform the group "into a profitable business." The group executed a retrenchment exercise and downsized its office in 2021. However, it is noted that the company has accumulated losses of \$(117.6) million as at 31 December 2021.

Accumulated losses were \$(64.9) million in FY2012. The accumulated losses have increased by \$52.7 million in the past decade.

Profit/(loss) attributable to owners of the company in the past is as follows:

FY2012: \$(9,953,000)

FY2013: \$(15,189,000)

FY2014: \$2,857,000

FY2015: \$(20,478,000)

FY2016: \$1,038,000

FY2017: \$(4,397,000)

FY2018: \$24,336,000

FY2019: \$7,200,000

FY2020: \$2,098,000 (restated)

FY2021: \$(7,290,000)

For FY2021, the group recognised revenue of \$54.3 million and a net loss after tax of \$(11.8) million, of which the loss of \$(7.29) million is attributable to owners of the company. The independent auditor has issued a disclaimer of opinion on the audited financial statements of the company and the group for the financial year ended 31 December 2021.

The group organises its operations into two key business segments: Back-end Equipment Solutions and Technologies ("BEST"), which offers solutions in the semiconductor industry's back-end arena, and Distribution and Services, primarily providing semiconductor applications for consumer electronics, computer peripherals, and communication solutions.

- (i) **Can the company provide shareholders with a reminder of the group's competitive advantage in the core businesses, if any, especially in the BEST segment?**
- (ii) **How does the group create value and what are the main products and services?**

The top three customers contributed \$35.5 million out of the group's total revenue of \$54.3 million.

- (iii) **Who are the three major customers of the group in the BEST segment (or what are their profiles)? Has the group managed to increase its key customers' wallet share?**
- (iv) **Has the management of the operating subsidiaries, mainly Telford and Reel, been able to focus on the operations and grow the businesses given the delisting notice, requisition, notices of compliance and the disclaimer of opinion by the independent auditor?**
- (v) **Please also provide an update on the operational status of the group's eight factories and show the utilisation rates.**

#### **Response to Question 1**

- (i) The Group's competitive advantage in the core business lies in having the flexibility and capability to cater to customers' requirements, its technical competency and extensive know-how and experience in semiconductor back-end processes.
- (ii) The Group creates value by providing products and services that serve the requirements of our customers. The Group's main products and services comprise the Back-end Equipment Solutions and Technologies ("BEST") and Distribution and Services. BEST is mainly engaged in provision of solutions and technologies in the back-end (i.e. assembly, test and finishing) arena of the semiconductor industry. The Distribution and Services segment is engaged mainly in the provision of semiconductor applications in consumer electronics, computer peripheral and communication solutions.
- (iii) The Company is of the view that it is not in its ~~the~~ best interests to publicly disclose its top three or major customers. Furthermore, confidentiality obligations also prohibit the Company from making such disclosure.
- (iv) It has been 'business as usual' at the operating subsidiaries, mainly Telford and Reel ("Telford Group"), as the issues relating to delisting notice, requisition, notices of compliance and the disclaimer of opinion by the independent auditor were handled by corporate head office team.
- (v) The Group believes that it is not in its best interests to publicly disclose the operational status and the utilisation rates, taking into consideration the competitive industry in which the Group operates.

## **Question 2**

At the AGM, shareholders are asked to vote on the re-election of four directors, three of whom are newly appointed to the company from between November 2022 and May 2023.

Information on directors nominated for re-election (Appendix 7.4.1 of the Listing Manual) can be found on pages 19 to 25 of the annual report. The directors do not appear to have professional experience and/or technical expertise in the semiconductor industry.

- (i) **How relevant is the board to the group's operations and how has the board contributed to the growth and development of the operating businesses which are in the semiconductor industry?**
- (ii) **How well-informed are the directors concerning the rules, regulations, and corporate governance applicable to a listed company in Singapore?**
- (iii) **Have Dato' Sri Mohd Sopiyan B Mohd Rashdi, Mr Anthony Loh, Mr Theerachai Leenabanchong, Mr Charlie Jangvijitkul completed the training on the roles and responsibilities of a listed issuer as required for first-time directors?**
- (iv) **On what basis did the nominating committee (NC) determine that the current board composition possesses the requisite qualifications and experience to effectively steer the company through the current turbulent circumstances?**

In addition, the company's chief financial officer, Mr Anthony Loh Sin Hock, was appointed as the acting chief executive officer following the retrenchment of Dato' Michael Loh Soon Gnee as CEO of the company with effect from 31 December 2021.

- (v) **Can the board/NC update on the progress on the search for a qualified and suitably experienced CEO with a proven track record of value creation to lead the group? What is the target profile of the CEO candidate that the board/NC is using in its search for a new CEO?**
- (vi) **Is Mr Anthony Loh Sin Hock related to any former director and/or any substantial shareholder, whether present or formerly?**

## **Response to Question 2**

- (i) As announced on 6 June 2022, the Company was directed by the Singapore Exchange to be delisted, and trading of its shares has been suspended since 5 July 2022 and will remain suspended until completion of an exit offer. The Board's main priority is to secure an exit offer so that all shareholders may be able to monetize their shares which are currently suspended from trading. The current Board includes one director who is nominated by a Potential Offeror. The directors have been doing their best to ensure that the Group meets the requirements set out in the Letter of Intent by the potential offeror.
- (ii) The directors are well-informed of the rules, regulations and corporate governance applicable to a listed company in Singapore. Dr. Kriengsak Chareonwongsak and Dato' Sri Mohd Sopiyan B Mohd Rashdi have both acted as directors of Singapore-listed companies for several years. Mr Anthony Loh has been with Group since 2017 and has been involved in matters concerning rules, regulations, and corporate governance applicable to a listed company. Mr Charlie Jangvijitkul was formerly a director with a listed company in Thailand while Mr Theerachai Leenabanchong is currently a director of a few listed companies in Thailand. Mr Anthony Loh, Mr Charlie Jangvijitkul and Mr Theerachai Leenabanchong had attended and completed the training required for first-time directors of a listed company in Singapore.

- (iii) Yes. The directors have completed the training on the roles and responsibilities of a listed issuer as required for first-time directors.
- (iv) Given that the Company had been directed to delist, a key priority of the Board is to secure an exit offer that is fair and reasonable for all shareholders. The Acting CEO had been tasked by the Board to negotiate with the Potential Offeror and to work towards a successful exit offer. The Acting CEO updates the Board as and when there are material developments.
- (v) As a key priority of the Board is to secure an exit offer that is fair and reasonable, the Board is of the opinion that its emphasis should be directed to this priority.
- (vi) Mr Anthony Loh Sin Hock is **not related** to any former director and/or any substantial shareholders, whether present or formerly.

### **Question 3**

Principle 7 of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore requires that the level and structure of remuneration of the board and key management personnel be appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

As disclosed in the corporate governance report, Dato' Michael Loh Soon Gnee received remuneration of \$1.378 million, before "aggregate payment" of \$1.973 million "pursuant to his employment contract".

The group's financial performance is shown in Question 1 and it was also noted that accumulated losses for the company ballooned from \$(64.9) million in FY2012 to \$(117.6) million as at 31 December 2021.

- (i) **Please elaborate further on how the remuneration practices are aligned to shareholders' interests. Specifically, can the remuneration committee (RC) help shareholders understand if the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation (Principle 7 of the Code of Corporate Governance 2018)?**
- (ii) **What is the total shareholder return from FY2012 to FY2021 and what was the total remuneration paid to the then-executive chairman and CEO?**

Dato' Michael Loh Soon Gnee was paid over \$3.35 million in FY2021. However, the remuneration table shows him receiving \$1.378 million in remuneration, while the company explained in the foot note added that the remuneration for Dato' Michael Loh Soon Gnee (as shown in the table below) does not include the aggregate payment of \$1,973,270 pursuant to his employment contract.

Directors	Remuneration (\$S'000)	Fees* (%)	Fixed Salary (%)	Bonus (%)	Share-Based Compensation (%)	Benefits & Allowance (%)	Total (%)
Dato' Michael Loh Soon Gnee <sup>1</sup>	1,378	5%	86%	0%	N.A.	9%	100%

(Source: company annual report)

The company further stated the following:

*In respect of Dato' Michael Loh Soon Gnee's termination as CEO of the Company, Dato' Michael Loh Soon Gnee was entitled to an aggregate payment of S\$1,973,270 pursuant to his employment contract which has since been approved by the Board and the RC, which consists of (i) S\$1,378,270 (as announced by the Company on 22 December 2021), (ii) approximately S\$510,000 as payment in lieu of notice and (iii) a contractual bonus of S\$85,000 for FY2020 paid in FY2021.*

- (iii) **What is the justification to split up the payments to Dato' Michael Loh Soon Gnee and to reflect them as such?**
- (iv) **What were the key terms of the director's employment contract dated 8 August 2020 and what were the main changes compared to the prior contract? What deliberations did the board have on the inclusion of a clause on termination benefits and what were the justifications to include one?**
- (v) **Could the board, particularly the independent directors, provide clarification to help shareholders better understand whether the practices are in compliance with Section 168(1A) of the Companies Act? How was the termination payment amount determined, and how can the board/RC assure shareholders that these amounts were not set to avoid the need for shareholders' approval?**

### **Response to Question 3**

- (i) In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate Executive Directors and key management personnel to successfully run the Company in the long term, and to align their interests with those of shareholders. This includes linking rewards to corporate and individual performance.

For instance, the Board approved in August 2020 the ASTI management incentive scheme ("AMIS") to incentivise and reward key management personnel as they strive to improve the overall performance so as to bring the Group out of the financial watch-list.

- (ii) Total shareholder return from FY2012 to FY2021 is (\$0.2658). The total remuneration paid to the then-executive chairman and CEO for the period from FY2013 to FY2021 was \$24.2 million.
- (iii) The table breaking down the components of the remuneration received by each director does not cover certain payments made to Dato' Michael Loh Soon Gnee (such as payment in lieu of notice). The Company has decided to indicate the payment of S\$1,973,270 separately to provide a clearer picture and disclosure to shareholders.
- (iv) During the RC Meeting on 20 December 2021, the RC Chairman (Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi) and the RC Members (Dr. Daniel Yeoh Ghee Chong, Dr. Kriengsak Chareonwongsak and Dato' Ahmad Rasidi Bin Hazizi) had deliberated on the termination compensation structure of Dato' Loh Soon Gnee ("**Dato' Loh**") and Dato' Loh's last date of service with the Group. After much deliberation, the RC reached agreement and recommended to the Board to pay Dato' Loh an aggregate amount of S\$1,378,270 instead of Dato' Loh's contractual entitlement of S\$2,040,750. The Board (excluding Dato' Loh who abstained from voting) accepted the RC's recommendation and approved the termination compensation to be paid to Dato' Loh. All the RC Members approved the termination compensation terms, as discussed on the RC/Board Meeting held 20 December 2021, in writing.
- (v) All the previous compensation of Dato' Michael Loh had been approved at every AGM. The key board consideration at that time was to ensure they could negotiate a termination package that could be agreed upon by both parties as the Company needed to be restructured in time to exit the watch list, while Dato' Michael Loh needed to be compensated for loss of his salaried employment.

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

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