



ASTI Holdings Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 199901514C)

(the "Company")

RESPONSE TO SGX QUERIES

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 full year results announcement filed on 1 March 2022.

SGX Query 1

We note that the Group's investment in associates dropped from S\$22.5m to S\$6.9m during the year mainly due to a write down in value of EoCell Limited from S\$20.5m to S\$5.0m. Please (i) provide more information on why Eocell's value had fall by S\$15 million; (ii) disclose the total investment costs paid by the Company to-date for and amounts due from Eocell; (iii) disclose the identities of the other shareholders of Eocell; (iv) disclose the reasons for the increase in amounts due from associates from S\$7.8m to S\$9.5m as well as the identities of the associates to whom the advances were extended.

Response to SGX Query 1

- (i) The Company had engaged Cushman and Wakefield VHS Pte Ltd ("**Valuer**") to perform valuation of 100% equity interest in Dragon Group International Limited together with its subsidiaries and associates ("**DGI Group**") as at 30 September 2021 ("**Valuation Date**") for the proposed disposal of Company's shareholding in DGI Group ("**Independent Valuation**") as announced on 15 December 2021.

For the Independent Valuation, Valuer has adopted cost/asset approach where assessment of revalued net asset value of DGI Group's assets which includes the investment in associates (namely 40% equity interest in EoCell). Based on preliminary assessment, the indicative range of 40% equity interest in EoCell as at the Valuation Date ranges from US\$3.0 million to US\$4.3 million and the Company has decided to adopt the mid-range value as the value of EoCell in our books.

The indicative range of EoCell is current at the Valuation Date and is still a draft result which may change subject to the review of the Management, Board and/or the authorities. Further, the indicative range, if finalised may also change as a result of factors that the Valuer could not reasonably have been aware of as at the Valuation Date.

- (ii) To-date the Company had invested US\$5.988 million in EoCell and the amounts due from EoCell as at 31 December 2021 is US\$2.991 million.

- (iii) The other key shareholders of EoCell are YinLong Energy Co. Ltd (40%) and KSMC Limited (20%).
- (iv) The increase is fully attributed to amounts due from associate, Advanced System Automation Limited (“ASA”) due to:
- Conversion of the deposit on the proposed acquisition of Yumei Group and Emerald Precision to interest bearing loan after the termination of the sales and purchase agreement of S\$1 million;
 - Corporate Support Service Fee of S\$0.18 million;
 - Interest on loan of S\$0.19 million;
 - Advances of S\$0.2 million; and
 - Others amounting to S\$0.1 million.

SGX Query 2

Please provide a breakdown of the Company's share of losses of associates of S\$3,137m.

Response to SGX Query 2

The Company’s share of losses arises from EoCell of S\$3.055 million and from ASA of S\$0.082 million.

SGX Query 3

We note from the cash flow statement that the proceeds from disposal of PPE was nil while the loss on disposal amounted to S\$0.53m. Please disclose the type of PPE disposed, the identities of the purchasers, whether the purchasers and their shareholders (where applicable) have any relationships or are associated with the directors, substantial shareholders of the Group, and / or their respective associates. Where there are such connections, please disclose the identities of the purchasers and details of the disposals.

Response to SGX Query 3

The Company would like to clarify that the proceeds from disposal of PPE is S\$440,000. This was disclosed in the Condensed Consolidated Cash Flow Statement under investing activities on page 8 of the results announcement on 1 March 2022.

Type of PPE disposed

Name of Subsidiaries	PPE Disposal/Written-off (Net Book Value)				Loss on Disposal/Written-off/Proceeds		
	Plant and Machinery	Office Equipment	Motor Vehicles	Total	(Gain)/loss on Disposal	PPE written off	Proceeds on disposal
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASTI Holdings Limited	(683)	(1)	-	(684)	553	1	(130)
Telford SVC. Phils., Inc.	(152)	-	(4)	(155)	(6)	-	(161)
Telford Service Sdn. Bhd.	(4)	-	-	(4)	(12)	-	(16)
Telford Technologies (Shanghai) Pte Ltd	(1)	(0)	-	(1)	(1)	1	(1)
Reel Service (Philippines), Inc.	(123)	-	-	(123)	(10)	-	(132)
Dragon Group International Limited	-	(2)	-	(2)	-	2	0
	(963)	(3)	(4)	(970)	525	4	(440)

The purchasers are:

- (i) The PPE under ASTI Holdings Limited were disposed to Roslan bin Affandi for S\$130,000 as part of the disposal of Micro View Technologies Sdn Bhd announced on 3 November 2021.
- (ii) The PPE under Telford Service Sdn Bhd were disposed to Aeroton Technologies Sdn Bhd.
- (iii) The PPE under Telford SVC Phils., Inc. were equipment parts wrongly taken up as PPE and was subsequently expensed off to repair and maintenance. This was reflected as Disposal in our full year results announcement on 1 March 2022. We will make necessary adjustment to be reflected in our Annual Report.
- (iv) The PPE under Reel Service (Philippines), Inc were disposed to Telford SVC. Phils., Inc.

As far as the Company is aware, other than intercompany transactions within the Group, the purchasers do not have any relationships with its directors, substantial shareholders of the Group, and/or their respective associates.

SGX Query 4

We note that the Group acquired assets amounting to S\$7.541m and disposed of assets amounting to S\$1.782m. Please provide a summary of the assets acquired and disposed of, including the type of PPE and where applicable, the identities of the subsidiaries that purchased or disposed of the PPE, and any gains or losses in connection with such acquisition and disposal. We further note that depreciation increased from S\$5.5m to S\$6m in FY2021. Please provide more details for the increase in depreciation.

Response to SGX Query 4

Breakdown of additional property, plant and equipment – by subsidiaries

Name of Subsidiaries	Addition of Property, Plant and Equipment						Total
	Freehold land and building	Leasehold land and building	Furniture and fittings	Plant and Machinery	Office Equipment	Motor Vehicles	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
ASTI Holdings Limited	-	-	63	683	2	-	748
Micro View Technologies Sdn Bhd	-	-	-	130	-	-	130
Reel Service Limited	(6)	-	16	37	11	-	59
Telford Industries Pte Ltd	-	-	-	-	4	-	4
Telford SVC. Phils., Inc.	-	718	349	4,739	163	32	6,002
Telford Service (Melaka) Sdn. Bhd.	-	-	-	2	19	32	53
Telford Service Sdn. Bhd.	-	-	7	72	12	-	91
Telford Service (Thailand) Co. Ltd	281	-	-	-	-	-	281
Telford Technologies (Shanghai) Pte Ltd	-	-	-	1	6	-	7
Reel Service (Philippines), Inc.	-	-	15	77	16	58	166
	275	718	451	5,741	234	122	7,541

Breakdown of Disposed PPE by subsidiaries

Disposal/Written off on PPE	At Cost					Accumulated Depreciation				
	Furniture and Fittings	Plant and Machinery	Office Equipment	Motor Vehicles	Total	Furniture and Fittings	Plant and Machinery	Office Equipment	Motor Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Name of Subsidiaries										
ASTI Holdings Limited	(72)	(683)	(14)	-	(769)	72	-	13	-	85
EoPlex Limited	(256)	-	-	-	(256)	256	-	-	-	256
Telford Industries Pte Ltd	-	(12)	(25)	-	(37)	-	12	25	-	36
Telford SVC. Phils., Inc.	-	(160)	-	(21)	(181)	-	9	-	17	26
Telford Service (Melaka) Sdn. Bhd.	(4)	-	(4)	-	(8)	4	-	4	-	8
Telford Service Sdn. Bhd.	-	(158)	-	-	(158)	-	154	-	-	154
Telford Technologies (Shanghai) Pte Ltd	(1)	(16)	(10)	-	(27)	1	15	10	-	26
Reel Service (Philippines), Inc.	-	(306)	-	(34)	(340)	-	184	-	34	217
Dragon Group International Limited	-	-	(6)	-	(6)	-	-	4	-	4
	(333)	(1,336)	(59)	(54)	(1,782)	333	373	57	51	813

Disposal/Written off on PPE	Net Book Value				
	Furniture and Fittings	Plant and Machinery	Office Equipment	Motor Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Name of Subsidiaries					
ASTI Holdings Limited	-	(683)	(1)	-	(684)
EoPlex Limited	-	-	-	-	-
Telford Industries Pte Ltd	-	-	(0)	-	(0)
Telford SVC. Phils., Inc.	-	(152)	-	(4)	(155)
Telford Service (Melaka) Sdn. Bhd.	-	-	-	-	-
Telford Service Sdn. Bhd.	-	(4)	-	-	(4)
Telford Technologies (Shanghai) Pte Ltd	-	(1)	(0)	-	(1)
Reel Service (Philippines), Inc.	-	(123)	-	-	(123)
Dragon Group International Limited	-	-	(2)	-	(2)
	-	(963)	(3)	(4)	(970)

Disposal/Written off on PPE	Proceeds on Disposal					Gain/(Loss) on Disposal				
	Furniture and Fittings	Plant and Machinery	Office Equipment	Motor Vehicles	Total	Furniture and Fittings	Plant and Machinery	Office Equipment	Motor Vehicles	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Name of Subsidiaries										
ASTI Holdings Limited	-	(130)	-	-	(130)	-	553	-	-	553
EoPlex Limited	-	-	-	-	-	-	-	-	-	-
Telford Industries Pte Ltd	-	-	-	-	-	-	-	-	-	-
Telford SVC. Phils., Inc.	-	(161)	-	-	(161)	-	(10)	-	4	(6)
Telford Service (Melaka) Sdn. Bhd.	-	-	-	-	-	-	-	-	-	-
Telford Service Sdn. Bhd.	-	(16)	-	-	(16)	-	(12)	-	-	(12)
Telford Technologies (Shanghai) Pte Ltd	-	(1)	-	-	(1)	-	(1)	-	-	(1)
Reel Service (Philippines), Inc.	-	(99)	-	(34)	(132)	-	(10)	-	-	(10)
Dragon Group International Limited	-	-	-	-	-	-	-	-	-	-
	-	(407)	-	(34)	(440)	-	521	-	4	525

Depreciation had increased from S\$5,521,000 in FY2020 to S\$6,014,000 in FY2021 mainly due to the additional plant and machineries purchased by Telford SVC. Phils., Inc.

SGX Query 5

The Company's cost of investments in subsidiaries as at 31 Dec 2021 is S\$63.0m. This amount has been written down to S\$7.91m. Please provide more details on which subsidiaries have been written down, as well as the amounts of and reasons for each impairment. Please also disclose which of the Company's subsidiaries have ceased operations, are dormant, or loss-making, the original cost of each of the Company's investments, advances outstanding and due from each of these subsidiaries, the provisions made/ impairment to investment costs and advances and reconcile the amounts to the net balance of S\$7.91m. Please also separately highlight which subsidiary was impaired during FY2021 resulting in the impairment charge of S\$986,000, the reasons for impairment, and the basis for determining the recoverable amount.

Response to SGX Query 5

Since FY2018, the carrying amount of cost of investments in subsidiaries had been written down to S\$7.91 million.

The details of cost of investment and impairment are as follow:

Name of Subsidiaries	Cost at Opening S\$'000	Addition S\$'000	Cost at Closing S\$'000	Provision at Opening S\$'000	Addition S\$'000	Provision at Closing S\$'000	Carrying amount S\$'000	Status	Reason for impairment
Unquoted shares									
Eoplex Limited	71	-	71	(71)	-	(71)	-	Cease operation	Loss-making entity
Telford Industries Pte Ltd	4,190	-	4,190	(4,190)	-	(4,190)	-	Active	Loss-making entity
Telford Service (Thailand) Co. Ltd	558	-	558	(558)	-	(558)	-	Property investment holdings	Loss-making entity
Reel Service (Philippines), Inc.	2,559	-	2,559	(201)	-	(201)	2,359	Active	Impairment made previously when entity is loss-making
Telford SVC. Phils., Inc.	652	-	652	-	-	-	652	Active	
Telford Property Management Inc	17	-	17	-	-	-	17	Active	
Telford Technologies (Shanghai) Pte Ltd	5,384	-	5,384	(1,764)	-	(1,764)	3,620	Active	Impairment made previously when entity is loss-making
VisionXtreme Pte Ltd	1,500	-	1,500	(1,500)	-	(1,500)	-	Dormant	In process of striking off
Micro View Technologies Sdn Bhd	875	986	1,861	(875)	(986)	(1,861)	-	Cease operation	Loss-making entity
Reel Service Limited	7,214	-	7,214	(5,950)	-	(5,950)	1,263	Active	Impairment made previously when entity is loss-making
Dragon Semiconductor Equipment Co. Ltd	1,437	-	1,437	(1,437)	-	(1,437)	-	Dormant	Loss-making entity
Dragon Rises Limited	0	-	0	-	-	-	0	* Cease operation	In process of striking off
ASTI HK Limited	0	-	0	-	-	-	0	* Investment holding company	
Telford Holdings HK Limited	0	-	0	-	-	-	0	* Investment holding company	
Less: Dividend income declared from	(294)	-	(294)	-	-	-	-		
	24,162	986	25,148	(16,546)	(986)	(17,532)	7,910		
Quoted shares									
Dragon Group International Limited	37,915	-	37,915	(37,915)	-	(37,915)	-	Active	Loss-making entity
	62,077	986	63,063	(54,461)	(986)	(55,447)	7,910		

* amount less than S\$1,000

The amount due from subsidiaries and impairment are as follow:

Name of Subsidiaries	Trade S\$'000	Non Trade S\$'000	Loan S\$'000	Interest S\$'000	Sub-Total S\$'000	Less: Impairment S\$'000	Total S\$'000	Reason for impairment
ASTI (USA) Inc.	-	8,262	352	-	8,614	(8,614)	-	Dormant and loss-making entity
Eoplex Limited	-	11	39,294	299	39,604	(39,604)	-	Cease operation and loss-making entity
Telford Service (Thailand) Co. Ltd	-	27	622	-	649	(649)	-	Loss-making entity
Telford Industries Pte Ltd	514	82	7,948	246	8,790	(794)	7,996	
Telford Property Management Inc	-	1	-	-	1	-	1	
Telford Technologies (Shanghai) Pte Ltd	-	9	66	-	75	-	75	
ASTI HK Limited	-	410	-	-	410	(410)	-	Investment holding company and no activity
Telford Holdings HK Limited	-	11	-	-	11	(11)	-	Investment holding company and no activity
Micro View Technologies Sdn Bhd	-	51	146	-	197	(197)	-	Cease operation and loss-making entity
Dragon Semiconductor Equipment Co. Ltd	-	144	-	-	144	(144)	-	Dormant and loss-making entity
Dragon Group International Limited	174	630	13,793	572	15,168	(15,168)	-	Loss-making entity
	687	9,637	62,221	1,117	73,662	(65,591)	8,072	

Pursuant to the Sales and Purchase Agreement on the proposed disposal of Micro View Technologies Sdn Bhd ("**Micro View**"), the Company had capitalized the advances of RM3,036,185 (S\$986,000) (which had been fully impaired earlier by the Company) into equity and hence, the cost of investment for Micro View had increased during FY2021 by S\$986,000. As the Company is going to dispose Micro View for a nominal consideration of S\$1 and also it is loss-making, the Company had impaired the additional cost of investment in Micro View. There is no profit and loss impact as the additional impairment of cost of investment in Micro View will be offset by the write-back of impairment on the advances to Micro View.

SGX Query 6

Please disclose what has been done by the Company to exit the watch-list and how such efforts have helped the Company in moving towards such goal. Please also provide more information on the Company's plans moving forward to exit the watch-list by June 2022, apart from disposing of loss-making subsidiaries / associates at significant losses to the Group.

Response to SGX Query 6

As announced in our Quarterly Update Pursuant to Rule 1313(2) of The Listing Manual on 1 March 2022, the Company is in the process of disposing its loss-making entities and disposing part of its stake in DGI. The Company has also taken other steps which include:

- Carrying out a retrenchment exercise, which includes retrenching the Group's Chief Executive Officer, Group Administrative Officer, Group General Counsel, Vice President (Operations) of EoPlex Group & Telford Malaysia, Group Business Development Director, Overseas and Vice President, Business Development, International Market which will reduce the operating cost significantly.
- Consolidating corporate, human resource and administrative operations into smaller office area and terminating previous office lease and thus reducing rental cost.
- The Company had also ceased operations of loss-making divisions within the Company eg Eoplex, Micro View, Dragon Rises Limited and VisionXtreme Pte Ltd. The Company is in the process of striking off VisionXtreme Pte Ltd and Dragon Rises Limited.
- The Company has also undertaken the steps to reduce the operating cost in Dragon Group International Limited by carrying out a retrenchment exercise which includes retrenching its Acting CEO, Group Business Development Director and Vice President for Operations.

The Company is in the process of drafting an application for the extension of time to exit watch-list pursuant to Rule 1315 of the Listing Manual of the Singapore Exchange Securities Trading Limited and will submit the application soon.

By Order of the Board

Dato' Michael Loh Soon Gnee
Non-Executive Chairman
ASTI Holdings Limited
8 March 2022