



ASTI Holdings Limited

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

**DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR
ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors (the “**Board**”) of ASTI Holdings Limited (“**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, Ernst & Young LLP (“**EY**”), has issued a disclaimer of opinion (“**Disclaimer of Opinion**”) on the audited financial statements of the Company and the Group (“**Financial Statements**”) for the financial year ended 31 December 2021 (“**FY2021**”) (the “**Independent Auditor’s Report**”).

The basis for the disclaimer of opinion is contained in the Independent Auditor's Report. Please refer to the copy of the Independent Auditor’s Report attached herein for further details.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report, the Financial Statements and the Company’s Annual Report for FY2021 in their entirety and to exercise caution when dealing in the shares of the Company.

The shares of the Company have been suspended from trading on the SGX-ST since 5 July 2022.

**By Order of the Board
ASTI HOLDINGS LIMITED**

Dr. Kriengsak Chareonwongsak
Non-Executive and Non-Independent Chairman
16 August 2023

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

**Independent Auditor's Report to the Members of
ASTI Holdings Limited**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer Opinion

Impairment assessments – the Group's interests in an associate, EoCell Limited ("EoCell")

As at 31 December 2021, the carrying value of the Group's investment in associate, EoCell that is held through the Group's subsidiary, Dragon Group International Limited ("DGI"), is S\$17,922,000. As the Group applies equity accounting method to account for its investment in EoCell, the Group recorded S\$2,604,000 as its share of EoCell's loss for the year in the consolidated income statement for the year ended 31 December 2021. The details are disclosed in Notes 7 and 12, to the financial statements.

Management has assessed that there were indicators of impairment in respect of the Group's investment in and amounts due from EoCell as at the reporting date. Management has determined the recoverable amount of the Group's investment in EoCell by estimating its fair value less costs of disposal ("FVLCD") using the market approach and the expected credit losses ("ECL") on the amounts due was estimated based on management's expectations of future recovery.

Determining the FVLCD and ECL at the reporting date requires the use of accounting estimates which involve heightened level of estimation uncertainty and complexity due to the technological, market and economic uncertainties over future developments in the fast-changing nature of the industry that EoCell operates in. Although management had sought assistance from external valuers to assist in the impairment assessment, the external valuers have not finalised their valuation reports as at the date of this report.

Pursuant to the assessments, the Group recorded share of losses of S\$2,604,000 during the year to carry the investment in EoCell at S\$17,922,000 as at 31 December 2021 and a full ECL allowance of S\$3,217,000 to write down the amounts due from EoCell to zero as at 31 December 2021.

Based on information available to us, we have not been able to obtain a reasonable basis to conclude on the appropriateness and reasonableness of the key estimates, inputs and assumptions used by management in estimating the FVLCD and ECL as at 31 December 2021. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying value of the Group's investment in EoCell and the amounts due from EoCell as at 31 December 2021, the corresponding Group's share of results of associates, impairment loss and ECL recognised for the year then ended, and whether any adjustments to these amounts and associated disclosures were necessary.

Impairment assessments – the Company's interests in a subsidiary Dragon Group International Limited ("DGI")

The Company's cost of investment in and receivables from DGI, a subsidiary, are reported within Subsidiaries and Amounts due from subsidiaries, respectively, in the Company's balance sheet (Notes 7 and 12 to the financial statements). These are herein referred to as "Investment in DGI" and "Amounts due from DGI", respectively. As at 31 December 2021, the carrying values of the Company's Investment in DGI and Amounts due from DGI are both zero due to accumulated impairment charge of S\$37,914,000 and ECL of S\$15,093,000 as at 31 December 2021, including ECL of S\$2,062,000 recognised during the year ended 31 December 2021. Management has considered the financial position and future cash flows of DGI and has assessed that as at 31 December 2021, the recoverable amount of the Company's Investment in DGI is nil, and full ECL provision is required for the Amounts due from DGI. DGI's investments in EoCell as mentioned in the preceding sub-section represent a substantial proportion of DGI's financial position and has significant impact on DGI's future cash flows.

As mentioned in the preceding sub-section, we were unable to determine the appropriateness and reasonableness of the recoverable amount and carrying values of DGI's investments in EoCell as at 31 December 2021. Consequently, we were also unable to obtain sufficient appropriate audit evidence on the appropriateness of estimating the recoverable amount and recording the carrying values of the Company's Investment in DGI and Amounts due from DGI as zero as at 31 December 2021, and the corresponding ECL recognised during the year, and whether any adjustments to these amounts and associated disclosures were necessary.

Others

We noted that a key executive director was located overseas in 2021 whilst fulfilling the employment arrangement with the Company. Based on management's evaluation and information available to us, we have not been able to obtain sufficient appropriate audit evidence regarding the Group's and Company's compliance with the relevant tax and other laws and regulations to determine whether there could be material impact to the financial statements. Additionally, further review of these or other matters may uncover other information, which have not been brought to our attention, and may require further adjustments or disclosures to the financial statements.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Beng Lee, Ken.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
15 August 2023