

Questions and Answers

The following questions from the Minority Shareholders Watch Group (“MSWG”), which were received on 21/08/2023, and the answers were expressed therein.

Q1. *In response to the changing landscape, ATA has been continuously implementing downsizing and cost-cutting measures since the previous financial year. These measures encompass reducing production capacity, divesting excess assets, discontinuing rented factories, optimizing the workforce and stock holdings, and implementing staff re-assignments to enhance efficiency (page 6 of AR2023).*

- (a) *Are there plans to implement additional or more significant measures in FY2024? If so, pls provide further details***
- (b) *What is ATA’s current production capacity and utilization rate?***
- (c) *Given the downsizing and reduced production capacity, how well prepared is ATA to manage new orders if the company secures a significant customer (as with Dyson previously)? What would be the estimated timeframe for ATA to scale up its production capacity to accommodate such a substantial new customer, should one be acquired?***

Board’s Response:

- (a)** These are the main downsizing and cost-cutting measures which have been implemented. There are plans to further streamline and/or re-align the workforce and production facilities to improve efficient use of resources.
- (b)** Our current production utilization rate is currently around 75%.
- (c)** Our production facilities are not at full capacity, and therefore we can cater for new orders for new and existing customers in a very short time.

- Q2. On the International Labour Organisation (ILO) matter (page 7 of AR2023):
ATA engaged an independent third party to conduct an audit of its labour practices, and the findings confirmed ATA's adherence to international and local labour standards. However, is the investigation by the US Customs and Border Protection (CBP) still ongoing, and have there been any definitive outcomes or developments in relation to this matter?**

Board's Response:

As far as we are aware, the US CBP did not conduct any investigation on ATA, nor did we receive any inquiry requests from US CBP for approximately two (2) years since matter was raised by some press releases

- Q3. Through strategic partnerships and careful acquisitions, ATA has attracted business inquiries from the United States, Europe and Australia. These initiatives have the potential to expand the Group's customer base and open doors to exciting prospects for increased market share and revenue growth (page 7 of AR2023).**
- (a) Have there been any positive early outcomes resulting from these initiatives? If so, please provide further details**
- (b) What challenges is ATA currently facing in its efforts to secure a new major customer? Please shed light on the specific concerns that potential customers raise during discussions with ATA. Is the labour allegation a significant factor influencing these conversations?**

Board's Response:

- (a) The Group continues to engage in business development discussions and negotiations with new and potential customers. Several customers are already in qualification phase with us, while a few have already placed orders.
- (b) The main challenges facing businesses currently are market driven, ie low market demand and oversupply situation. The labour allegations are not a significant issue presently.

Business development with any new customer usually takes a longer time due to the business discussions and negotiations, and also for new product qualification.

Q4. By continuously prioritizing research and development in Electronic Manufacturing Services, ATA remains dedicated to providing innovative solutions that address evolving customer needs (page 7 of AR2023)

(a) What are some examples of recent innovations that ATA has introduced to meet evolving customer needs?

(b) What is ATA's projected budget or allocation for research and development in FY2024?

Board's Response:

(a) The Group has worked with customers to develop some new designs, product development and product improvements. We cannot disclose details due to confidentiality agreements with our customers.

(b) The Group has several R&D engineers and plans to expand the team in the coming months due to customer demands and new projects.