

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration No.: 200209290R)

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST - EMPHASIS OF MATTER BY THE AUDITORS ON THE FINANCIAL STATEMENTS AS OF AND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 ("FY2017")

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, the Board of Directors of Asiatic Group (Holdings) Limited (the "**Company**") and together with its subsidiaries the "**Group**") wishes to announce that the Company's Auditors, Messrs Ernst & Young LLP, had included in their Independent Auditor's Report an Emphasis Of Matter ("**EOM**") on a "material uncertainty related to going concern" in respect of the Group's financial statements for FY2017 (the "**Financial Statements**"). Ernst & Young LLP's opinion is not qualified in respect of the matter.

Please refer to the Independent Auditors' Report of the Financial Statements which is attached to this announcement.

With respect to the Group's debt obligations referred in the EOM, the current portion of term loan amounted to S\$12.8 million as of 31 March 2017. The Group has successfully rolled over approximately S\$10.9 million subsequent to the year end, and has continued to fulfill its debt obligations. Further, a substantial portion of the term loans has been secured by the Group's power plant assets and factory building. The Group has generated positive cash flow from operating activities (approximately S\$3.1 million for FY2017), and as at the end of FY2017, the Group was in a net asset position of S\$64.1 million.

Taking the above into consideration, the Board of Directors is of the opinion that the Group will be able to fulfil its obligations for the next 12 months. The Board of Directors also confirms that, to the best of their knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

The Board of Directors of the Company wishes to advise the shareholders and investors of the Company to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers. .

BY ORDER OF THE BOARD

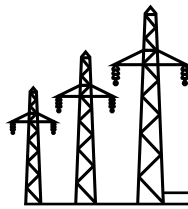
Tan Boon Kheng
Managing Director

Date: 7 July 2017

This announcement (the "Announcement") has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of the Announcement.

This Announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of the Announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in the Announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



INDEPENDENT AUDITOR'S REPORT

To The Members of Asiatic Group (Holdings) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asiatic Group (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2017, the statements of changes in equity of the Group and the Company 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.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements. The Group has scheduled repayment terms with the banks for the next 12 months from the date where these financial statements were approved of which the Group may not have sufficient cash flows to fulfil those debt obligations. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows from operations and receive continued financial support from banks. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.



To The Members of Asiatic Group (Holdings) Limited

Key Audit Matters (cont'd)

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Assessment of allowance for doubtful debts

Trade receivable balances are significant to the Group because of the magnitude of the balance sheet position of S\$5.59 million as at 31 March 2017 and assessment for allowance for doubtful debts requires significant management's judgement. Accordingly, we have determined this to be a key audit matter.

We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging to identify collection risks. We performed audit procedures, amongst others, sending trade receivable confirmations, and reviewing for collectability by way of obtaining evidence of subsequent receipts from the trade receivables. As assessing the valuation of trade receivables requires significant management judgment, we reviewed management's assumptions used to calculate the allowance for doubtful debt, notably through analysis of ageing of receivables, assessment of significant overdue individual trade receivables via obtaining evidence of receipts from the trade receivables subsequent to the year end, reviewing historical payment patterns and correspondence with customers on expected settlement dates. We reviewed the appropriateness of the Company's disclosures on the trade receivables in Note 15 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

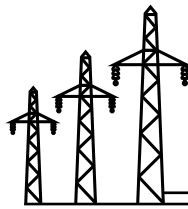
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 FRSs, 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 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.



INDEPENDENT AUDITOR'S REPORT

To The Members of Asiatic Group (Holdings) Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT



To The Members of Asiatic Group (Holdings) Limited

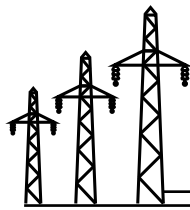
Report on other legal and regulatory requirements

In our opinion, 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 Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
7 July 2017



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

1. Corporate information

Asiatic Group (Holdings) Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 65 Joo Koon Circle, Singapore 629078.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The Group mainly operates in Singapore, Cambodia, Vietnam and Malaysia.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000) as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Fundamental accounting concept

The Group has scheduled repayment terms with the banks for the next 12 months from the date where these financial statements were approved of which the Group may not have sufficient cash flows to fulfil those debt obligations. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. In the opinion of the directors, the Group is able to continue as a going concern as the directors are of the view that the Group will be able to generate positive cash flows from operations and receive continued financial support from banks for a period of 12 months from the date these financial statements were approved.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.