

ASIATIC GROUP (HOLDINGS) LIMITED
(Company Registration No: 200209290R)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE ANNOUNCEMENT MADE BY THE COMPANY DATED 2 SEPTEMBER 2020 ON THE AUDITOR'S COMMENTS OF ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Board of Directors ("**Directors**") of Asiatic Group (Holdings) Limited ("**Company**", together with its subsidiaries, "**Group**") refer to the announcement dated 2 September 2020 on the Auditor's Comments of Accounts for the financial year ended 31 March 2020 (the "**Announcement**").

Save as expressly stated or the context otherwise requires, capitalized terms shall have the meanings ascribed to them in the Announcement.

The Directors would like to provide the Company's responses to queries raised by the SGX-ST on 8 September 2020, in respect of the Announcement (the "**Company's Responses**"):-

SGX Queries	Company's Responses
1. What is the quantum of financial support that has been secured, i.e. backed by agreements from banks / financial institutions. Please explain how this has changed between FY2019 and FY2020.	The total bank loans obtained by the Group for each of the financial years ended 31 December ("FY") 2019 and 2020 are listed below: • FY2020 total bank loan - S\$20.75 million (secured: S\$15.02 million) • FY2019 total bank loan - S\$21.214 million (secured: \$14.92 million) There is a year-on-year decrease in the quantum of the bank loans obtained by the Group in FY2020 as a result of the repayment of loans. The increase pertaining to the secured portion of the bank loan in FY2020 is in relation to the foreign exchange impact on the loans denominated in foreign currency. There has been no change to the current repayment schedule to the bank(s). The Company remains able to repay its instalment(s) to the bank(s) as and when they become due and payable. (Note: The bank loans are secured by power plant assets, factories and Fixed Deposit)
2. Please elaborate on the financial covenant that was not met. Please update the market as and when the Company has updates with regards the seeking of waiver from the bank on the breach of financial covenant.	The current financial covenant given to a certain subsidiary is a covenant of that the subsidiary's net assets cannot be lower than S\$45 million. Discussions with the bank on the waiver of the financial covenant began subsequent to the release of the Company's unaudited financial results for FY2020, after 29 July 2020. The Company is currently in the advanced stages of discussions with the bank and based on the discussions between the Company and the bank at this point of time, the Board is confident of obtaining such waiver from the bank.

SGX Queries	Company's Responses
3. Please elaborate on the amounts due to the supplier with whom the Company is negotiating a repayment plan on. How material is the amount due to this supplier vis-à-vis the total liabilities and current liabilities of the Group?	The amount outstanding to the supplier as at 31 March 2020 was S\$5.942 million (US\$4.172 million). After repayment to the supplier following the year ended 31 March 2020, the total percentage of the amount outstanding from the supplier compared to the Group's total and current liabilities is computed as follows: • Amount outstanding for settlement: S\$4,236k (US\$ 2.974 million) • Total Liabilities as at 31 March 2020: S\$42.498 million • Total Current Liabilities as at 31 March 2020: S\$37.692million • % of total liabilities: 9.96% • % of current liabilities: 11.24%
4. Please explain how would the above steps help address the continued net current liabilities position of the Group of (S\$20.5m) in FY2020? In FY2019, it was net current liabilities of (S\$19.6m).	The Group reported a net increase in cash and cash equivalents of S\$0.63 million for FY2020 compared to a net decrease in the same of S\$2.82 million for FY2019. Further, the Group was able to generate positive cash flows from its operations which was sufficient to satisfy the immediate daily operational requirements of the Group. The Group's net current liabilities position is mainly due to the utilization of short-term financing on the Group's energy projects. A substantial portion of the Group's current short term loans are revolving in nature and are secured by power plant assets and factory building. Towards the end of FY2020, the Group has successfully rolled over more than S\$19.3 million out of S\$22.6 million of short-term loans. As a result of the foregoing, the Group is not expecting any material or significant changes to its net current liabilities position for FY2021 on the footing that the current economic conditions do not deteriorate further due to the Covid-19 pandemic and/or there being any sudden withdrawal of governmental or banking support during FY2021. Furthermore, the Group is working very hard to source for long-term facilities to replace some of the current short term loans, which is envisaged to improve the net current liabilities position of the Group.
5. Please provide an update on the progress of disposal of MJE. The SPA was entered into on 19 Mar 2020 and the completion of the sale has been delayed twice thus far, first of which was due to Covid-19 and its restrictions.	As announced by the Company on 19 June 2020, the Company and the proposed purchaser, Hualang Renewable Energy Sdn Bhd had mutually agreed that the Conditions Precedent pursuant to the sale and purchase agreement entered between both parties for the proposed disposal of shares and all convertible bonds held in Maju Intan Biomass Energy Sdn Bhd ("MJE") are to be completed within 150 business days from 23 June 2020 (being the Reset Date). The Company will make such further announcements as appropriate to keep shareholders informed of material developments in relation to this matter and in compliance with the Singapore Exchange Securities Trading Limited

SGX Queries	Company's Responses
	Listing Manual Section B: Rules of Catalist (" Catalist Rules ").
6. Please provide an update on all letter of demands / writs of summons etc, received thus far.	As announced by the Company on 20 March 2020, Colben Energy Holdings(Maju Intan) Ltd, an indirect wholly-owned subsidiary of the Company had on 18 March 2020 received a writ of summons from Guan Heng Construction Sdn Bhd (the "Plaintiff") for recovery of their principal sum for civil & construction, piling cost, accrued interest and any other cost amounting to approximately RM3.646 million. As further announced by the Company on 22 June 2020, Colben Energy Holdings (Maju Intan) Ltd had, through Messrs. Najah Ariffin & Co., filed a Statement of Defence and Counterclaim against the Plaintiff. There is no further development subsequent to the Company's announcement on 22 June 2020. As the matter has now been put to the High Court of Malaya in Ipoh, State of Perak, the Company will make such further announcements as appropriate to keep shareholders informed of material developments in relation to this matter and in compliance with the Catalist Rules. Save as disclosed above, there are no other letter of demand and/or writs of summons received by the Group.
7. Please provide the Board's opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.	As announced by the Company on 2 September 2020 with respect to the Group's ability to continue as a going concern, in the opinion of the Board, the Group and the Company are able to continue as a going concern as: (a) The Board is confident that the Group will continue to receive financial support from the banks and generate positive cash flows from its operations; (b) The Group has commenced discussions with the bank to waive the financial covenant that was not met, and is confident of obtaining such waiver from the bank; (c) The Group is currently in negotiations with a supplier on a repayment plan; (d) The series of fiscal measures introduced by the Singapore government in 2020 to ease the financial strain on businesses impacted by COVID-19 are expected to provide some relief to the Group; and (e) The Group had entered into a sale and purchase agreement on 19 March 2020 with Hualang Renewable Energy Sdn Bhd for the sale of the Group's interest in Maju Intan Biomass Energy Sdn. Bhd. ("MJE"). Following completion of the transaction, which is expected to occur before 31 March 2021, the Group will be discharged from the corporate guarantees it had provided to financial institutions in support of MJE and is no longer expected to provide further funding to MJE.

SGX Queries	Company's Responses
	Therefore, taking the above into consideration, the Board is of the opinion that the Group will be able to fulfil its obligations and to continue as a going concern for the next 12 months. Taking into consideration on the information provided in items 1 to 7 above, the Board is of the opinion that the Company's shares should not be suspended from trading pursuant to Rule 1303(3) of the Catalist Rules.
8. Please provide the Board's confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.	The Board is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirms that all material disclosures have been provided for trading of the Company's shares to continue.

By Order of the Board

Tan Boon Kheng
Managing Director

10 September 2020

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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