

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration No: 200209290R)

(Incorporated in the Republic of Singapore)

**RESPONSE TO QUESTIONS RECEIVED FROM A CURRENT SHAREHOLDER
IN RELATION TO THE ANNUAL REPORT FY2020**

The Board of Directors ("**Board**") of Asiatic Group (Holdings) Limited ("**Company**") and together with its subsidiaries, "**Group**") would like to provide the following information in response to questions in relation to the Company's Annual Report for the financial year ended 31 March 2020 ("**Annual Report**") which were raised by a shareholder (the "**Current Shareholder**"), whose name was entered into the Depositor Register subsequent to the cut-off time provided by the Company in the notice of annual general meeting dated 4 September 2020 for the Company's annual general meeting held on 24 September 2020 ("**AGM**") (being as at seventy-two (72) hours before the Company's AGM ("**Cut-Off Time**").

The Board has verified the status of the Current Shareholder subsequent to the Cut-Off Time and is hereby responding to the questions raised by the Current Shareholder (extracted from his letter in whole), out of goodwill, and publishing the same for the benefit of all shareholders:

| No. | Current Shareholder's Questions | Company's Response |
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| (a) | Please advise if remunerations of \$301 thousand and \$250 thousand paid respectively to your managing director, Mr. Tan Boon Kheng, and his brother, Mr. Tan Boon Siang include any amount of other employment benefits from the Company and/or its subsidiaries in Singapore and other countries. | The breakdown of the remuneration for Mr. Tan Boon Kheng and Mr. Tan Boon Siang are fully disclosed on page 25 of the Company's Annual Report FY2020, which was released to the SGXNet on 4 September 2020. |
| (b) | <u>Note 9</u> Is there a valuation carried out to establish market values of the Leasehold factory buildings and power plant to cover the borrowing exposure. | Periodic valuation was carried out by the Group on the leasehold factory buildings when required by the financial institution. Valuations on power plant assets were carried out as and when required for internal assessment purposes. There is currently no requirement from the financial institution to conduct valuation on power plant assets to cover the borrowing exposure. |

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| (c) | <p><u>Note 10</u></p> <p>Please specify the subsidiary which owes the Company \$4.339 million and justify commercial reasons for “the repayment of the amounts due from the subsidiary... is at the sole discretion of the subsidiary”.</p> | <p>The said subsidiary is Colben System Pte Ltd (“CSPL”).</p> <p>The said repayment arrangement allows the Group to re-capitalise CSPL whilst allowing CSPL to have the flexibility of adjusting its capital structure through repayment of the loans. The arrangement is structured in such a manner that allows CSPL to take into account of its cash flow requirements prior to any repayment which ensures that operations of CSPL is not adversely impacted through repayment of the loan.</p> |
| (d) | <p>Please specify the subsidiaries referred in (c) above and state the percentage of shares owned by the Company and/or transferred to the Company in settlement of \$16.523 million owed by the subsidiaries to the Company.</p> | <p>It was indicated in Note 10 of the Company's Audited Financial Statements that <i>“During the year, the subsidiary novated an amount of \$16,523,000 it had previously advanced to another subsidiary of the Group to the Company in settlement of \$16,523,000 it owed to the Company.”</i></p> <p>The subsidiary mentioned in the statement above, which novated an amount of S\$16.523 million is Colben System Pte Ltd (“CSPL”), and the “another subsidiary of the Group” mentioned in the statement above is Colben Energy (Singapore) Pte. Ltd. (“CESPL”)</p> <p>Both CSPL and CESPL are wholly-owned by the Company.</p> |
| (e) | <p>Colben Cambodia current liabilities amounted to \$34 million but has only current assets \$2.9 million. Please give details of the liabilities and elaborate on the available source(s) of funds for that 85% subsidiary to repay the “short term” financing.</p> | <p>Majority of the current liabilities of Colben Energy (Cambodia) PPSEZ Limited mentioned in Note 10 of the financial statements in the Annual Report relates to intercompany balances. The subsidiary has been generating positive cashflow from operations to fulfil its financing obligations to the bank and other third parties.</p> |
| (f) | <p><u>Note 11</u></p> <p>The Company effectively owns 30% of the equities in Maju Intan Biomass Energy Sdn Bhd (MJE) with Note 11 (1) in the Annual Report 2019 stating <i>inter alia</i> “as at 31 March</p> | |

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| | <p>2018, the Group in support of ("MJE") agreed to defer the collection of trade receivables from ("MJE") till the cash flow of MJE permits. The Group also agreed to recover the unbilled amounts of construction in progress" Please state:</p> <p>a. amount of the "trade receivables" as of 31 March 2018.</p> | <p>a. Amount: S\$17.271 million as of 31 March 2018.</p> |
| | <p>b. collection actions instituted by the Group to recover the "trade receivables".</p> | <p>b. Collection actions have been placed on hold in view of the impending disposal of interest in MJE. Please refer to the Company's announcement dated 10 September 2020 for further details.</p> |
| | <p>c. reason/s for the writing off the amount in (a).</p> | <p>c. Impairment assessments have been made pursuant to the proposed disposal of shares and all convertible bonds held by Colben Energy Holdings (Maju Intan) Ltd in Maju Intan Biomass Energy Sdn Bhd ("MJE") as announced on 11 March 2020, resulting in full impairment of trade receivables & advances from an associate, MJE. Please refer to the Company's announcement dated 11 March 2020 for further details, including, the rationale for the aforementioned proposed disposal.</p> |
| (g) | <p><u>Note 17</u></p> <p>Please furnish detailed particulars of "sundry debtors \$1.066 million along with confirmation that no amount is owing by the Company's Director(s) or related person(s).</p> | <p>Sundry debtors consist of mainly advances and deposits to suppliers and receivables from sundry sales to customers. No amount is due from the Company's Directors or related persons.</p> |
| (h) | <p><u>Note 25</u></p> <p>Please state the Company's source(s) of funds to repay the loans and borrowings of \$21.798 million along with reasons to pay "non guaranteed bonds" when they are 0% coupon.</p> | <ul style="list-style-type: none"> The loans and borrowings are secured by power plant assets and factory building. Subsequent to the financial year ended 31 March 2020, the Group has successfully rolled over majority of the short-term loans. Non-guaranteed bond was paid as it was due for repayment. |

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| (i) | <p><u>Note 27</u></p> <p>Performance share plan: please elaborate on the reasons and basis for the issue of "free shares" when the Company incurred losses in succession years 2019 and 2020 and advise if Directors are entitled to the "awards".</p> | <p>Since the date of approval of the Asiatic Performance Share Plan 2013 ("Plan") until the date of this announcement, the Company has not granted any awards to the employees and directors pursuant to the Plan.</p> |
| (j) | <p><u>Note 31</u></p> <p>Please advise:</p> <p>a. whether the "Corporate guarantees amounting to USD10.6 millionto secure banking facilities granted to its subsidiaries ... and a corporate guarantee of RM195.5 million ... to secure banking facilities granted to an associate" are likely to be enforced and if so, sources of funds for the repayments.</p> | <p>The Company will make the necessary announcement with regards to the corporate guarantees in accordance to the Catalist Rules of the SGX-ST, as and when required and confirms that there are no material developments with respect to these corporate guarantees.</p> |
| | <p>b. In relation to (a), please state the identity of "an associate" along with commercial justifications for the Company to provide such material "guarantee/s" for only "an associate".</p> | <ul style="list-style-type: none"> • Name of the associate: Maju Intan Biomass Energy Sdn Bhd. • Guarantees were provided by the Company and other joint venture partners and directors as they believed that the project would be a success. |
| (k) | <p><u>Note 32 (b)</u></p> <p>Please advise if the "financial liabilities" of \$37 million are to be repaid "within 1 year or less" and the Company's sources of funds for the repayment.</p> | <p>Majority portion of loan and borrowings are revolving in nature and rolled over accordingly after the financial year ended 31 March 2020. Trade and other payables are repaid through cashflow from operations.</p> |
| (l) | <p><u>Note 33(b)</u></p> <p>Please cite IFRS to account for "Keyman insurance \$161K under other investments".</p> | <p>The key-man insurance meets the definition of a financial asset and is accounted at fair value in accordance with the requirements of SFRS (I) 9.</p> |
| (m) | <p><u>Note 35(a)</u></p> <p>The "Power-related" (Plant(s)) incurred losses of \$17.235 million and \$13.300 million for the respective FYs 2019 and 2020. Please comment if it is possible and if so an estimate of the years required for the Company to recover the sum of aggregated</p> | <p>Majority of the power-related segment losses pertains to impairment of financial assets and investments related to MJE.</p> <p>Please refer to the Company's announcements dated 11 March 2020, 13 March 2020, 9 April 2020 and 19 June 2020 with regards to the proposed</p> |

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| | losses amounting to \$30,535 million along with commercial merits for not disposing the "plant(s)" to contain, and hopefully, ensure that there will be no recurrent losses for the ensuing years. | disposal of shares and convertible bonds in MJE to allow the Group to cut its losses and re-strategise its financial and capital resources. |

The Company strives to give investors and its shareholders a balanced and understandable assessment of its performance, position and prospects through the continued efforts in disclosing material and relevant information of the Group through SGXNet from time to time (the "**Announcements**").

Investors are advised to read these Announcements in order to have a holistic view of the Group's performance, position and prospects and minimize the incidence of repetitive questions.

Shareholders are reminded in future to take note on the Cut-Off Time at every general meeting and to submit their questions and/or proxy forms accordingly.

By Order of the Board

Tan Boon Kheng
Managing Director

23 October 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.*

The contact person for the Sponsor is Ms. Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.
