

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 2016 ("FY2016")

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, have included an "emphasis of matter" in their Independent Auditors' Report relating to the Group's negative working capital position (current assets less current liabilities) in respect of the Group's financial statements for FY2016 (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 continued financial support from banks, a substantial portion of the term loans has been secured by fixed charges over the Group's power plant assets and factory building. Subsequent to FY2016, the Group has successfully rolled over approximately S\$10.6 million of short term loans. As at end FY2016, the Group is in a net asset position of S\$62.3 million.

Based on the above facts presented, 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 2016

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 Financial Statements

We have audited the accompanying financial statements of Asiatic Group (Holdings) Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 38 to 93, which comprise the balance sheets of the Group and the Company as at 31 March 2016, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.2 to the financial statements. The Group's current liabilities exceeded its current assets by S\$8.11 million. 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.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
7 July 2016

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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.

2.2 Fundamental accounting concept

As at 31 March 2016, the Group's current liabilities exceeded its current assets by S\$8.11 million (2015: S\$12.32 million). 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 despite its net current liabilities position 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.