

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

The Board of Directors (the "**Board**") of Asiatic Group (Holdings) Limited (the "**Company**") and together with its subsidiaries the "**Group**") would like to announce that the Company's independent auditor, Messrs. Ernst & Young LLP (the "**Auditor**"), had included a disclaimer of opinion ("**Disclaimer**") in their Independent Auditors' Report in relation to the consolidated audited financial statements of the Group for the financial year ended 31 March 2020 ("**FY2020**") ("**Financial Statements**"), in respect of the material uncertainty on the Group's and the Company's ability to continue as a going concern.

The Board wishes to highlight that the Auditor's opinion on the Financial Statements is now qualified. A copy of the Independent Auditor's Report and extract of the relevant note 2.2 of the Financial Statements are annexed to this announcement. Shareholders of the Company are advised to read the Financial Statements in its entirety in its annual report FY2020, which will be announced by the Company on the SGXNet in due course.

With respect to the Group's ability to continue as a going concern referred in the Disclaimer, in the opinion of the Board, the Group and the Company are able to continue as a going concern despite the conditions as stated in the Disclaimer 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) As at the date of this announcement, 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.

Therefore, taking the above into consideration, the Board is of the opinion that the Group will be able to fulfil its obligations for the next 12 months. The Board is also 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.

The Board 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

2 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.*

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

Annexure

Asiatic Group (Holdings) Limited and its Subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2020

Independent Auditor's Report to the Members of Asiatic Group (Holdings) Limited

Report on the Audit of the Financial Statements

Disclaimer of 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 2020, 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.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

For the year ended 31 March 2020, the Group incurred a net loss after tax of \$13,461,000. As at that date, the Group's current liabilities (which includes loan and borrowings of \$21,798,000) exceeded the Group's current assets by \$20,534,000, and the Company's current liabilities exceeded the Company's current assets by \$10,477,000. As disclosed in the notes to the financial statements, a subsidiary of the Group did not meet its financial covenants on certain banking facilities (Note 25) and subsequent to year end a supplier of a subsidiary of the Group had written to the subsidiary seeking immediate repayments for overdue balances (Note 22). Further, the Group continue to face uncertainties as a result of the disruptions brought about by the COVID-19 pandemic and at the date of this financial statements, the sale of the Group's interests in Maju Intan Biomass Energy Sdn Bhd is still ongoing. These conditions and events indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.2 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the going concern assumption used in the preparation of these financial statements.

Asiatic Group (Holdings) Limited and its Subsidiaries

Independent Auditor's Report For the financial year ended 31 March 2020

Independent Auditor's Report to the Members of Asiatic Group (Holdings) Limited

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matter referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by the 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

2 September 2020

2.2 Fundamental accounting concept

For the year ended 31 March 2020, the Group incurred a net loss after tax of \$13,461,000. As at that date, the Group's current liabilities (which includes loan and borrowings of \$21,798,000) exceeded the Group's current assets by \$20,534,000 and the Company's current liabilities exceeded the Company's current assets by \$10,477,000. As at 31 March 2020, a subsidiary of the Group did not meet its financial covenants on certain banking facilities (Note 25) and subsequent to year end, a supplier of a subsidiary of the Group (the "Supplier") had written to the subsidiary seeking immediate repayments for overdue balances (Note 22). Further, the Group continue to face uncertainties as a result of the disruptions brought about by the COVID-19 pandemic and at the date of this financial statements, the sale of the Group's interests in Maju Intan Biomass Energy Sdn Bhd ("MJE") is still ongoing. These conditions and events indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

In the opinion of the directors, the Group and the Company are able to continue as a going concern despite the conditions stated above as the directors are confident that the Group will continue to receive financial support from the banks and generate positive cash flows from its operations. As at the date of this financial statements, the Group has commenced discussions with the bank to waive the financial covenants that was not met (Note 25) and is currently in negotiations with the Supplier on a repayment plan (Note 22). 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. Further, as disclosed in Note 14, 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 MJE. Following completion of the transaction, which is expected to occur before 31 March 2021, the Group will be discharged from the corporate guarantees (Note 31) it had provided to financial institutions in support of MJE and is no longer expected to provide further funding to MJE.