

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

RECEIPT OF A CIVIL JUDGMENT IN RELATION TO LEGAL PROCEEDINGS WITH A SUPPLIER OF THE GROUP

The Board of Directors ("**Board**") of Asiatic Group (Holdings) Limited ("**Company**") refers to its announcements dated 17 February 2022 (the "**Announcement**"), specifically the Company's response to SGX query Q2(a)(iv).

It was previously disclosed in the Announcement that one of our major customers in Cambodia, Electricite Du Cambodge ("**EDC**"), had informed the Group that all payments made to the Group for any outstanding receivables were temporarily withheld pending resolution of a court order given by a supplier of the Group to EDC. Accordingly, the payments withheld by EDC had resulted in the Group also withholding its payments to the same supplier who filed for the court order. At that point in time, the Group was monitoring the situation and deemed that this was not material to the financial position of the Group based on the latest developments as of the date of the Announcement. The Board would like to provide an update to Shareholders on the developments of this matter.

BACKGROUND

As a background, this dispute arose mainly due to the shortening of the power purchase agreement ("**PPA**") between Colben Energy (Cambodia) Limited ("**Colben Cambodia**") and EDC. As announced by the Company on 2 May 2019, Colben Cambodia had signed an amendment agreement on 2 May 2019, to extend the PPA and continue to supply electricity generated from its two 10MW power plants located at Phnom Penh and Sihanoukville respectively to EDC for a period of three (3) years from 1 May 2019 to 30 April 2022 and agreed to the minimum electrical amount that EDC needs to purchase, to 60% from 65% of the contracted capacity.

On 10 February 2021, the Royal Government of Cambodia has requested via EDC to shorten the PPA to 31 August 2021 instead of the initially agreed expiry date of 30 April 2022. During the two meetings with officials from EDC in January and February 2021, EDC informed Colben Cambodia that based on goodwill and in good faith, EDC has extended the PPA term for Colben Cambodia three (3) times. As such, under an amicable condition, the Board, in the best interest of the Company, agreed to the terms as set out in the EDC's Letter to shorten the term of the PPA to end on 31 August 2021. Shareholders can refer to the SGXNET announcement dated 11 February 2021 and subsequent update announcement dated 1 September 2021.

As a result of the shortening of the PPA, Colben Cambodia was not able to fulfil the initial Agreement of Supply of Heavy Fuel Oil Product dated March 2019 ("**Heavy Fuel Agreement**") entered into with Kampuchea Tela Limited ("**Tela**") to fulfil the uptake of fuels until 30 April 2022, in tandem with the initial agreed expiry date under the PPA.

Colben Cambodia has entered into a settlement agreement with Tela dated 7 December 2020. According to the settlement agreement, Colben Cambodia has been paying monthly instalment to Tela with the intention to settle all outstanding amount owing to them by May 2022, and such instalment were paid from the ongoing collections from EDC. As the PPA was terminated prematurely, Colben Cambodia had written to Tela on 14 May 2021 to inform Tela about the shortening of the PPA's period from 30 April 2022 to 31 August 2021. In the same letter, Colben Cambodia had wanted to settle the payment and amount owing to Tela, but despite the ongoing settlement discussion, Tela went ahead with a court order to suspend Colben

Cambodia's account and all EDC payments were halted to Colben Cambodia in June 2021. As at June 2021, the outstanding amount owing to Tela was US\$2,074,530.64.

TIMELINE OF EVENTS

Following the shortening of PPA, Tela, on 4 June 2021, commenced the following legal action through court order to:

- a) Temporarily suspend movement of funds in USD bank accounts of Colben Cambodia;
- b) Temporarily suspend movement of funds in Khmer Riel (KHR) bank accounts of Colben Cambodia; and
- c) Temporarily prohibiting EDC from making payment for the supply of electricity from May 2021 until August 2021 to Colben Cambodia.

On 22 June 2021, the Phnom Penh Municipal Court of First Instance ("**Phnom Penh Court**") issued its ruling no.194 on the above requests by Tela. Responding thereto, on 15 July 2021, Colben Cambodia wrote to Tela for an amicable settlement and a reply was received from Tela on 23 July 2021 rejecting Colben Cambodia's proposed amicable settlement. There was no follow up action on ruling no. 194 subsequent to the rejection by Tela.

Tela commenced another legal action against Colben Cambodia and also named Colben System Pte. Ltd. ("**Colben System**") as a co-defendant in its lawsuit dated 19 October 2021 through a civil case no. 1283 dated 20 October 2021 of Phnom Penh Court. Colben Cambodia and Colben System were not informed on such lawsuit issued against them at this juncture.

On 8 September 2022, Colben Cambodia received an invitation dated 25 August 2022 to attend Court on 19 September 2022 in relation to the execution of the civil judgment no. 127 issued on 9 February 2022 by the Phnom Penh Court for civil case no. 1283 which Colben Cambodia and Colben System were unaware of. No notice in writing of the purported civil judgment nor any notice of the court proceedings was received by Colben Cambodia and Colben System since July 2021. As Colben System was never a contractual party under the Heavy Fuel Agreement, other than making fuel purchase payments on behalf of Colben Cambodia, the Group was of the view that the court proceedings would require further representation from Colben Cambodia's solicitors.

Accordingly, Colben Cambodia and Colben System through their solicitor made representation to the Phnom Penh Court on 19 September 2022 raising no objection given by the Phnom Penh Court on the amount owing to Tela of US\$2,074,530.64, and to release the US\$1,047,964.93, being the amount receivables from EDC to Tela as this was part of Colben Cambodia's payment to Tela. However, objection was given in writing that Colben System, as it is not a party to the Heavy Fuel Agreement, should not be named as a co-defendant and also to cancel the court ruling no.194 dated 22 June 2021 that prevented Colben Cambodia from operating its USD and KHR accounts. Colben Cambodia and Colben System also requested copies of all civil judgment and proceedings issued to Colben Cambodia and Colben System since July 2021 as none of the representatives from Colben Cambodia and Colben System had received any notice in writing in relation to the above civil judgment and proceedings leading to the issuance of civil judgment no. 127.

CURRENT STATUS

The civil judgment no. 127 from the Phnom Penh Court dated 9 February 2022 came as a surprise to Colben Cambodia. The Board took some time with their Cambodia's solicitors to obtain their Court files and in making all their documentation translation from Khmer to English languages.

On 2 November 2022, Colben Cambodia finally received translated copies of the civil judgment no. 127 dated 9 February 2022 issued by the Phnom Penh Court listing the following amounts or actions to be taken by Colben Cambodia and Colben System (as a co-defendant):

- a) Repayment of USD2,074,530.64 to Tela;
- b) To pay a penalty interest at the rate of 2% per month on the amount of USD2,074,530.64 from June 2021 until the outstanding amount is fully repaid;
- c) An order that Colben Cambodia and Colben System to pay damages, compensations, and legal service fees of USD10,000, and any claim above this amount shall be dismissed;
- d) Declare provisional execution of the above (a) of the judgment; and
- e) Litigation costs shall be borne by Colben Cambodia and Colben System.

As it was public holiday in Cambodia for the period from 7 to 9 November 2022, the Board was only able to understand and assess the purported civil judgment order against Colben Cambodia and Colben System after these dates.

As at the date of this announcement, the Board is of the view that as Colben System was never a party to the Heavy Fuel Agreement, it should not be named as a co-defendant in the said civil judgment. The Board is also of the view that the penalty interest was excessive given that had Tela not initiated Court ruling prohibiting EDC's bank to release money owing to Colben Cambodia by EDC, a substantial portion of the debt would have been paid; also, Tela rejected Colben Cambodia's proposal for an amicable settlement of the remaining debt.

The Board is seeking legal advice as none of the representatives from Colben Cambodia and Colben System had received any notice in writing in relation to the above civil judgment and proceedings leading to the issuance of that judgment. Shareholders should take note that the civil judgment dated 9 February 2022, which was heard on 28 January 2022, was conducted without any solicitors representing Colben Cambodia and Colben System in attendance. Our representatives were only notified of the invitation to attend the court execution proceeding on 19 September 2022.

The Board is also currently assessing the financial impact of the civil judgment no. 127 dated 9 February 2022. Based on the facts presented to them as at the date of this announcement, the Board deems that this is not material to the financial position of the Group as the hearing and the issuance of civil judgment was done without the presence of Colben Cambodia or Colben System or solicitors representing them. However, if Tela were to enforce their request for the repayment of the outstanding amount in full, within a short period of time, there may be a possibility that this repayment will have a significant impact on the Group's financial position. The Board needs to have legal advice before making any other decision on the enforceability of the civil judgment no. 127 from the Phnom Penh Court dated 9 February 2022.

CAUTION IN TRADING

The Company will continue to make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Tan Boon Kheng
Managing Director

14 November 2022

*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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