

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 Foo Kon Tan LLP (the “**Auditor**”), has issued a disclaimer of opinion (“**Disclaimer**”) in their Independent Auditor’s Report in relation to the consolidated audited financial statements of the Group for the financial year ended 31 March 2023 (“**FY2023**”) (“**Financial Statements**”), in respect of (i) the material uncertainties on the Group’s and the Company’s ability to continue as a going concern relating to the financial guarantee given to the lender of the Group’s associate, Maju Intan Biomass Energy Sdn Bhd (“**MJE**”); (ii) the “Expected credit losses” on financial guarantee extended to lender on behalf of MJE; and (iii) the potential loss of control of the Company’s subsidiary, Colben Energy (Cambodia) PPSEZ Ltd (“**Colben PPSEZ**”).

A copy of the Independent Auditor’s Report and extract of the relevant note 2(b)(i)(a) and note 30(c) 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 FY2023, which will be announced by the Company on the SGXNet on or before 16 July 2023.

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 of the view that the Group will continue to receive financial support from the banks. Subsequent to 31 March 2023, the Group has successfully rolled over approximately S\$10.8 million out of S\$11.2 million of short-term loans, and has continued to fulfil its debt obligations;
- (b) The Board has reviewed the cash flows forecast prepared by Management in May 2023, and is confident that the Group will generate positive cash flows from its operations for the next 12 months, supported by its continued stable performance of the Group’s Fire Protection Solutions business; and
- (c) The Company is in the midst of divesting MJE and settling all outstanding amounts owed by the Group to the MJE’s lender by undertaking a Rights Issue, which upon completion, will result in a full discharge of the corporate guarantee provided by the Group and Company to MJE’s lender and a clean exit from MJE, as detailed in the announcements released by the Company on SGXNet on 8 May 2023, 5 June 2023, 22 June 2023, 3 July 2023 and 6 July 2023, and the Company’s circular dated 7 June 2023 (“**MJE Announcements**”).

Further to the MJE Announcements, the Company understands the white knight, Etagreen Management Sdn. Bhd., has submitted a letter to MJE’s lender requesting for extension (“**Extension of Settlement Date**”) of the original settlement deadline of 30 June 2023, in order to allow sufficient time to (i) receive relevant approval and consent from a governmental body for the related matter contemplated in the SPA, which is expected to be received by July 2023; and (ii) complete the Rights Issue, where the proceeds raised would be used as the Group’s Co-Funding (as defined in the MJE Announcements).

Upon considering the above, the Company remains positive that the Extension of Settlement Date will be granted by MJE's lender and work towards the completion of SPA and SSA which will result in the settlement of all outstanding amount owing to MJE's lender and release of corporate guarantee provided by the Group and Company to MJE's lender.

With regards to the matters pertaining to Colben PPSEZ, the details and update have been announced by the Company on the SGXNet on 26 February 2023, 11 March 2023, 15 March 2023, 29 March 2023, 31 March 2023 and 1 July 2023. The Company will make further announcements to update shareholders when there are material updates in respect of the matter.

Therefore, taking the above into consideration, the Board is of the opinion that the Group will be able to fulfil its short term obligations as and when fall due for the next twelve 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 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

11 July 2023

*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 Mr. Joseph Au, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

Independent auditor's report to the members of Asiatic Group (Holdings) Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Asiatic Group (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position for the Group and the statement of financial position of the Company as at 31 March 2023, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company 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

(i) *Going concern relating to financial guarantee given to the lender of Maju Intan Biomass Energy Sdn Bhd*

For the financial year ended 31 March 2023, the Group reported a loss before tax of \$4.2 million. As at that date, the Group's current liabilities (which includes current loan and borrowings of \$11.2 million) exceeded the Group's current assets by \$16.2 million and the Company's current liabilities exceeded the Company's current assets by \$14.7 million. As at 31 March 2023, the Group and the Company have cash and cash equivalents of \$1.7 million and \$72K respectively.

The Group and the Company have provided a financial guarantee to the lender of its associate, Maju Intan Biomass Energy Sdn Bhd ("MJE") in respect of the banking facilities extended to MJE. The lender has appointed receivers on 14 July 2022 and put MJE under receivership. As at that date, the outstanding amounts owed by MJE to its bank amounted to RM85.8 million.

On 11 April 2023, the Company and the new investor, Etagreen Management Sdn. Bhd ("EM"), have agreed to a proposed final settlement amount of RM52.5 million (equivalent to \$15.4 million) which comprised a proposed scheduled repayment terms and a final lumpsum payment of RM39.5 million (equivalent to \$11.6 million) on 30 June 2023. On the date of the auditor's report, the final balance of RM39.5 million has not been settled with request of extension being made to the lender notwithstanding the lender specifying that there will not be any more variations to the terms of the proposed final settlement.

Consequently, the lender may call on the financial guarantee provided by the Group and the Company, resulting in potential credit losses. The Group and the Company are unable to quantify the estimated credit losses had the proposed final settlement been not acceded to.

These conditions and events indicate the existence of multiple material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as a going concern.

Notwithstanding the above, the Group has prepared the financial statements on a going concern basis based on the reasons as disclosed in Note 2(b)(i)(a) Going Concern to the financial statements. However, 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.

Independent auditor's report to the members of Asiatic Group (Holdings) Limited (Cont'd)

Report on the Audit of the Financial Statements (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

(i) *Going concern relating to financial guarantee given to the lender of Maju Intan Biomass Energy Sdn Bhd (Cont'd)*

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company 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 on the Group's and Company's Statement of Financial Position. In addition, the Group and the Company may have to reclassify the non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the financial statements.

The audit opinion for the financial statements for the previous financial year was disclaimed for similar reason.

(ii) *"Expected credit losses" (ECL) on financial guarantee extended to lender on behalf of MJE*

For the financial year ended 31 March 2022, the Group and the Company had not assessed the ECL arising from the financial guarantee extended to the lender on behalf of MJE because it was unable to quantify the financial guarantee exposure that the lender would be claiming against the Company. Consequently, we were unable to ascertain the adequacy of the ECL to be provided by the Group and the Company and the adjustment, if any, that was required.

The audit opinion for the financial statements for the previous financial year was disclaimed for the above reason.

The effects of the matter have been adjusted in the current period but require a modification to the auditor's opinion because of the effects of the unresolved matter on the comparability of the corresponding figures.

(iii) *Potential loss of control of the Company's subsidiary, Colben Energy (Cambodia) PPSEZ Ltd (Note 30(c))*

Colben Energy (Cambodia) PPSEZ Limited ("CEZ") is a 49% indirect subsidiary of the Company (Note 4). On 14 March 2023, the other shareholder of CEZ, with equity interest of 51%, unilaterally held a General Meeting to remove one of the representatives of the Company as a director and chairman of CEZ and to remove the same representative as the authorised signatory of CEZ's bank accounts. The Company is challenging these decisions made via its legal representative.

Notwithstanding this, the Company classified CEZ as a subsidiary (Note 4) and consolidated CEZ in accordance with SFRS (I) 10, Consolidated Financial statements for the financial year ended 31 March 2023. Arising from this unilateral decision made by the other shareholder, we are unable to ascertain and determine if the Company continues to have control over CEZ, and accordingly, is unable to determine whether CEZ is appropriately classified and consolidated as a subsidiary (Note 4).

Independent auditor's report to the members of Asiatic Group (Holdings) Limited (Cont'd)

Report on the Audit of the Financial Statements (Cont'd)

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 Companies Act, 1967 (the 'Act') and Singapore Financial Reporting Standards (International), 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 Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters 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 matters 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 those affected subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Of another subsidiary incorporated in Singapore of which we are the auditors, in our opinion, the accounting and other records required by the Act to be kept by that subsidiary 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 Ho Teik Tiong.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
11 July 2023

2(b) Significant judgment and use of estimates

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

(i) Significant judgement used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Going concern

For the year ended 31 March 2023, the Group incurred a net loss after tax of \$4,554,000 (2022 - \$11,406,000). As at that date, the Group's current liabilities (which includes current loan and borrowings of \$11,157,000) exceeded the Group's current assets by \$16,222,000 (2022 - \$10,679,000) and the Company's current liabilities exceeded the Company's current assets by \$14,701,000 (2022 - \$9,863,000).

2(b) Significant judgment and use of estimates (Cont'd)

(i) Significant judgement used in applying accounting policies (Cont'd)

(a) Going concern (Cont'd)

As disclosed in Note 30, the corporate guarantees provided by the Group and Company included a guarantee of RM198.0 million (2022: RM195.5million) given to the bank of its associate, Maju Intan Biomass Energy Sdn Bhd (“MJE”), in respect of banking facilities extended to MJE. As at 31 March 2022, the outstanding amounts owed by MJE to its bank amounted to RM85.8 million.

The Group entered into a restructuring framework agreement with Lecca Group Pte. Ltd. (“Lecca”) on 10 May 2022 for the sale and purchase of at least 85% of the shares in MJE, discharge by MJE’s bank of existing security they hold and fundraising of up to \$3 million by the Group from Lecca or its associates. On 6 July 2022, the debt restructuring proposal submitted by Lecca to MJE’s bank was rejected via a letter in writing from MJE’s bank solicitor, Messrs. Ramesh Dipendra Jeremiah Law for failing to comply with the following terms and conditions imposed by MJE’s bank where MJE’s bank had agreed to withhold legal action against MJE and the security parties until 31 May 2022:

- (i) submission of substantive and concrete documentary evidence acceptable to the MJE’s bank with regard to the source of financing in relation to the proposed full and final settlement of the said banking facilities, together with the payment of non-refundable deposit of RM2,000,000, both by 31 May 2022; and
- (ii) submission of documentary evidence with regards to concurrence/ consent by Tenaga Nasional Berhad, Energy Commission and other authorities as required on changes of shareholdings of MJE, by 30 April 2022.

MJE’s bank had vide its email dated 5 July 2022 informed MJE that they were not agreeable to the debt settlement proposal as set out in a letter dated 25 May 2022 issued by Lecca’s representative. Accordingly, a letter of demand dated 6 July 2022 (the “Letter of Demand”) was served in writing to the Company and which was received on 7 July 2022, demanding the repayment of RM122,176,395.90 (calculated as at 30 June 2022) (the “Repayment Amount”) inclusive of profit and late payment charges within 7 days from the receipt of the Letter of Demand, failing which, the MJE’s bank have been instructed to proceed with legal proceedings against MJE, and/or other security parties; and/or take any action as their client thinks fit.

As the Repayment Amount is substantial and may have a material impact on the going concern of the Company, Lecca has, through its representative, submitted a revised counter proposal to MJE’s bank on 8 July 2022 to seek their approval to consider a revised settlement sum as the full and final settlement to the amount owing by MJE. On 13 July 2022, MJE’s bank rejected Lecca’s counter proposal and instead appointed Dato’ Adam Primus Varghese bin Abdullah and Macpherson Anak Simon as Receivers and Managers (the “Receivers”) of all the assets and undertakings of MJE with effect from 14 July 2022. The Company received a copy of the notification letter of the appointment of the Receivers on 14 July 2022.

2(b) Significant judgment and use of estimates (Cont'd)

(i) Significant judgement used in applying accounting policies (Cont'd)

(a) Going concern (Cont'd)

The Company received a notification from the Receivers that MJE's bank had on 11 April 2023 given their acceptance to the Receivers on the settlement proposal of RM52,500,000 (the "Settlement Sum") proposed by the Receivers subject to, inter alia, the following terms and conditions:

- (i) The bank deposit of RM4,000,000 MJE has with MJE's bank will be applied as repayment to MJE's bank;
- (ii) Payment of RM500,000 by the individual guarantors, namely Tan Boon Kheng and Tan Boon Yew to MJE's bank by 30 April 2023 ("Individual Guarantors' Payment");
- (iii) RM48,000,000 be repaid in accordance with an agreed schedule ("Balance") and the final lumpsum payment of RM39,500,000 by 30 June 2023;
- (iv) settlement of all costs pertaining to the settlement arrangement including but not limited to the cost of the Receivers, the discharge of securities ("Costs"); and
- (v) Consent from Credit Guarantee Corporation ("CGC") on the settlement arrangement. CGC is a government organisation in Malaysia which provided a limited guarantee under the incentive programme offered in Malaysia for investment in green energy for the loan took up by MJE previously.

On 8 May 2023, the Company's wholly owned subsidiary, Colben Energy Holdings (Maju Intan) Ltd ("CEH"), MJE and Etagreen Management Sdn. Bhd. ("EM"), the white knight, have formalised the funding needs for MJE to repay the Settlement Sum. The key terms of the arrangement are as follows:

- (i) CEH will waive its rights to the pre-paid advance to MJE of RM4 million ("Advance"). The Advance was previously deposited in the bank account of MJE in August 2022 to facilitate the negotiation with MJE's Bank.
- (ii) Out of the Balance amounting to RM48.5 million, CEH will assist MJE to pay RM14.5 million to MJE's Bank ("CEH's Share of the Settlement Sum");
- (iii) CEH will pay for 50% of the Costs ("CEH's Share of the Costs"), which is estimated by the Company to be RM1,000,000;
- (iv) Payment of RM500,000 by the individual guarantors, namely Tan Boon Kheng and Tan Boon Yew to MJE's Bank by 30 April 2023, which had been duly completed ("Individual Guarantors' Payment");
- (v) EM will take over MJE for a nominal cash consideration of RM10.00; and
- (vi) EM will subscribe to new shares in the capital of MJE. The subscription sums will be applied as repayment to MJE's Bank and working capital of MJE.

2(b) Significant judgment and use of estimates (Cont'd)

(i) Significant judgement used in applying accounting policies (Cont'd)

(a) Going concern (Cont'd)

In view of the foregoing, CEH and EM have entered into a share purchase agreement ("SPA") dated 8 May 2023 where CEH will transfer all of its 30% shareholdings in MJE to EM for a nominal consideration of RM10.00. Under the SPA, CEH has also agreed to pay MJE's bank the CEH's Share of the Settlement Sum and the CEH's Share of the Costs. Concurrently, MJE will enter into a share subscription agreement ("SSA") with EM at a later date where EM will subscribe to a total of RM65 million of new shares (ordinary and redeemable preference) in MJE ("MJE Capital Injection"). The balance owing to MJE's bank of an estimated sum of RM32.5 million (after the repayment of the Advance, CEH's Share of the Settlement Sum and CEH's Share of the Costs) will be repaid by MJE using the proceeds from the MJE Capital Injection. Any excess from the MJE Capital Injection after settling with MJE's Bank will be deployed at the absolute discretion of EM given that MJE will become wholly owned by EM by then. For the avoidance of doubt, neither CEH, the Company nor the Group will be subscribing for any shareholdings in MJE.

As EM will be organising MJE's repayment of the Settlement Sum to MJE's Bank, the parties have agreed that CEH will transfer the CEH's Share of the Settlement Sum and the CEH's Share of the Costs to EM. Under the SPA, CEH has irrevocably agreed and undertaken to pay EM the relevant amounts within six (6) months from Completion of the SPA. MJE's Bank will not allow any transfer of issuance of MJE shares until full payment of the Settlement Sum by 30 June 2023. As such, the Company is protected since the amount will only be paid to EM after Completion of the SPA (which will occur after the Settlement).

The waiver of CEH's rights to the Advance, CEH's Share of the Settlement Sum and CEH's Share of the Costs are collectively referred to as the ("Group's Co-Funding"). The total amount of the Group's Co-Funding is RM19.5 million, and it represents the total amount of financial assistance CEH is providing to MJE in its settlement with MJE's Bank. Given that the Advance of RM4 million will be applied as repayment to MJE's Bank, the remaining amount to be accounted for by the Company is RM15.5 million (equivalent to \$4.77 million). As at the date of this report, the final balance of RM39.5 million has not been settled with request of extension of 30 June 2023 settlement date being made to the lender.

As announced in the Company's announcement dated 31 March 2023 in relation to a proposed rights issue ("Proposed Rights Issue"), the maximum amount of proceeds to be raised in the Proposed Rights Issue is \$6.1 million. The Company will apply the proceeds from the Proposed Rights Issue to fund the CEH's Share of the Settlement Sum and CEH's Share of the Costs, which amounts to RM15.5 million (equivalent to \$4.77 million) as explained above. In the event that the proceeds raised from the Proposed Rights Issue only amounts to \$3.3 million in the Minimum Subscription Scenario, the Company will finance the shortfall payment of \$1.47 million with its positive cash flow from operations and unutilised borrowings currently available to the Group.

The above matters represent material uncertainties which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

2(b) Significant judgment and use of estimates (Cont'd)

(i) *Significant judgement used in applying accounting policies (Cont'd)*

(a) Going concern (Cont'd)

Notwithstanding the above, in the opinion of the directors, the Group and the Company are able to continue as a going concern as the directors are of the view that the Group will continue to receive financial support from the banks and generate positive cash flows from its operations in the next twelve months. Furthermore, the Company is positive that the extension of the 30 June 2023 settlement date will be granted by MJE's bank and the SPA and SSA will be completed which will result in the settlement of all outstanding amount owing to MJE's Bank and release of corporate guarantees provided by the Group and Company to MJE's bank.

If the Group and Company are unable to continue in operational existence for the foreseeable future or complete the settlement with MJE's bank, the Group and Company 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 on the Group and Company's balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments has not been reflected in the financial statements.

30 Commitments and contingencies (Cont'd)

Legal claims (Cont'd)

(c) Provisional Court Order for the implementation of resolutions passed by joint venture partner, Phnom Penh SEZ Plc, (“PPSEZ”)

On 21 February 2023, the Group was notified by the joint venture partner of Colben Energy (Cambodia) PPSEZ Limited (“Colben PPSEZ”), a 49% indirect subsidiary of the Company, held by Colben Energy Holdings (PPSEZ) Limited, a 95% indirect subsidiary of the Company, to call for a shareholders’ meeting to be held on 14 March 2023 to vote on the following (amongst other matters):

1. To agree to PPSEZ, which is officially amended to Royal Group Phnom Penh SEZ Plc, as shareholders of 51% of the shares of Colben PPSEZ, to take control over Colben PPSEZ.
2. To remove Mr Tan Boon Kheng from the Director and Chairman of the Board of Directors of Colben PPSEZ to be tabled thereat as mentioned in the Letter to Colben PPSEZ.
3. To appoint Mr Wong Pang Nam as Chairman, to be the representative of PPSEZ and to lead and manage Colben PPSEZ.
4. To appoint Mr Hiroshi Uematsu as a director.
5. To remove Mr Tan Boon Kheng and appoint Mr Hiroshi Uematsu in place of Mr Tan Boon Kheng as authorised signatory to all Colben PPSEZ’s banking accounts.

(collectively, the “Request Agendas”)

On 10 March 2023, the Group has sent a legal letter through to representative of PPSEZ (i) to reject the Letter calling for the General Meeting of Colben PPSEZ; and (ii) to reject the Request Agendas pertaining to the changes to the composition of the board of directors of Colben PPSEZ, based on the following grounds:

1. The Letter was served by the PPSEZ Representative in his capacity as a director of Colben PPSEZ, and on the letterhead of Colben PPSEZ, which was procedurally invalid based on the Law on Commercial Enterprise 2003 and the Statute of PPSEZ, where the General Meeting of Colben PPSEZ can only be called by the majority of the member of the board of directors of Colben PPSEZ or by the chairman of Colben PPSEZ.

The PPSEZ Representative who issued the Letter is not representing the majority of the member of the board of directors of Colben PPSEZ, and is not the chairman of Colben PPSEZ.

2. The Request Agendas pertaining to the request for changes in the composition of the board of directors of Colben PPSEZ is not in accordance with the Shareholders Agreement relating to PPSEZ that was entered into by CEH and PPSEZ on 6 October 2008 (“SHA”), where the SHA stated that the provisions of the SHA shall prevail over the statute of Colben PPSEZ.

It was indicated in the SHA that any changes or removal of any director can only be made by the shareholder that appointed him/her, and accordingly, only CEH is able to remove Mr Tan Boon Kheng as Director and Chairman of Colben PPSEZ

However, on 14 March 2023, PPSEZ unilaterally held a General Meeting of the shareholders of Colben Energy (Cambodia) PPSEZ Limited (“Colben PPSEZ”) at Colben PPSEZ’s office. No representative from Colben Energy Holdings (PPSEZ) Limited (“CEH”) was present at the purported meeting,

On 27 March 2023, Colben PPSEZ received a provisional court order (Provisional Disposition No.128) from the representative of PPSEZ issued in Khmer language. The Legal Representative had translated the court order translated into English on 28 March 2023 and understood that this provisional court order was applied with the Phnom Penh Court of First Instance to implement the resolutions that were passed at the procedurally invalid General Meeting.

30 Commitments and contingencies (Cont'd)

Legal claims (Cont'd)

(c) Provisional Court Order for the implementation of resolutions passed by joint venture partner, Phnom Penh SEZ Plc, (“PPSEZ”) (Cont'd)

On the same day, the Group has through CEH gave a formal notice to PPSEZ to exercise its full rights under the SHA and the related agreements, to convert all the outstanding loan owed by PPSEZ immediately to CEH for an outstanding amount of US\$5.934 million (the “Loan”) (equivalent to \$7.890 million) to 1,186,772 ordinary shares of a par value of US\$5 per share, either by way of a transfer of shares from PPSEZ to CEH, or failing which, new shares will be issued to CEH by Colben PPSEZ. Upon the transfer of shares by PPSEZ or by issuance of new 1,186,772 ordinary shares in Colben PPSEZ, CEH will effectively own 77% in Colben PPSEZ against 23% by PPSEZ.

On 29 March 2023, the Group has through its Legal Representative filed a notice of objection against PPSEZ with the Cambodia Court to object to the provisional court order issued by the Phnom Penh Court of First Instance to implement the resolutions that were passed at the procedurally invalid General Meeting and to stop PPSEZ from carrying out any further damaging action relating to the procedurally invalid General Meeting of Colben PPSEZ held on 14 March 2023.

The Group has also through its Legal Representative sent a notice in writing to the Council for the Development of Cambodia (“CDC”), Ministry of Commerce of Cambodia (“MOC”) and its Cambodia bankers to take preventive measures against the proposed invalid resolutions passed at the General Meeting of Colben PPSEZ which was not held according to the requirements of the Law on Commercial Enterprises (as amended) and pursuant to the terms and conditions of the SHA and the joint venture agreement dated 21 October 2006 and amended on 6 November 2007 (collectively, the “JVA”).