

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 2024 (“**FY2024**”) (the “**Financial Statements**”), in respect of (i) the potential loss of control of the Company’s subsidiary, Colben Energy (Cambodia) PPSEZ Ltd (“**Colben PPSEZ**”); and (ii) the use of going concern as a basis of accounting.

A copy of the Independent Auditor’s Report and extract of the relevant note 28(c) and note 2(b)(i)(a) of the Financial Statements are annexed to this announcement. Shareholders of the Company are advised to read the Financial Statements in its entirety in the annual report FY2024, which is announced by the Company on the SGXNet in due course.

(i) Potential loss of control of Colben PPSEZ

With regard to the matters pertaining to Colben PPSEZ, the details and updates 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, 1 July 2023, 26 July 2023, 14 August 2023, 12 September 2023, 29 November 2023, 4 March 2024 and 19 June 2024. The Company will make further announcement(s) to update shareholders when there are material updates in respect of the matter.

(ii) The use of going concern as a basis of accounting

The Board understands that the Auditor was not able to ascertain whether the banks will grant any deferment on principal repayment of S\$5.276 million including the Group’s current loans and borrowings. At the same time, the Board also takes into account the following considerations:

- (a) As at the date of this announcement, the Group has unutilised bank facilities of approximately S\$3.6 million.
- (b) As at the date of this announcement, the Group has successfully rolled over approximately S\$8.9 million of the S\$10.7 million short-term loans.
- (c) As at the date of this announcement, the Group continues to fulfil its obligations to the banks.
- (d) Based on the cashflow projection of the Group in the next 12 months, the Management is confident that the operations of the Group will generate a positive cashflow.

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 within the next twelve (12) months, and accordingly, the Board is of the opinion that the use of going concern assumption in preparing the financial statements of the Group for FY2024 is appropriate.

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.

Notwithstanding the foregoing, 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

12 July 2024

*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 Lim Hui Ling, 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 of the Group and the statement of financial position of the Company as at 31 March 2024, 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 material accounting policy information.

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

(1) Potential loss of control of the Company's subsidiary, Colben Energy (Cambodia) PPSEZ Ltd (Note 28(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. CEZ is a material component of the Group.

Notwithstanding this, the Company classified CEZ as a subsidiary and consolidated CEZ in accordance with SFRS (I) 10, Consolidated Financial statements for the financial year ended 31 March 2024. 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.

(2) The use of going concern as a basis of accounting (Note 2(b)(i)(a) – Going concern)

As at 31 March 2024, the Group had total loans and borrowings of \$14,492,000 (Note 15) which comprise current and non-current loans and borrowings of \$10,693,000 and \$3,799,000, respectively. \$14,162,000 of total loans and borrowings is payable to the banks. Management is negotiating with the banks to defer principal repayment of borrowings of \$5,276,000, including the current portion, by a further 12 months from the date of resumption. We are unable to ascertain whether the bank will grant such a deferment notwithstanding that the management is of the view that the Group will continue to receive financial support from the banks.

In the absence of documentary evidence from the bank, we are not able to ascertain whether the use of going concern as a basis of accounting is appropriate.

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)

(2) The use of going concern as a basis of accounting (Note 2(b)(i)(a) – Going concern) (Cont'd)

If the Group is unable to continue in operational existence for the foreseeable future, it 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 financial statements. In addition, the Group may have to reclassify non-current assets and non-current liabilities as current assets and liabilities, respectively. No such adjustments have been made to these financial statements.

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.

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

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 have been properly kept in accordance with the provisions of the Act.

Of those subsidiaries 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 those subsidiaries 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 2024

28 Commitments and contingencies (Cont'd)

Legal claims

- (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 (“CEZ”), 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 CEZ, to take control over CEZ.
2. To remove Mr Tan Boon Kheng from the Director and Chairman of the Board of Directors of CEZ to be tabled thereat as mentioned in the Letter to CEZ.
3. To appoint Mr Wong Pang Nam as Chairman, to be the representative of PPSEZ and to lead and manage CEZ.
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 CEZ’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 CEZ; and (ii) to reject the Request Agendas pertaining to the changes to the composition of the board of directors of CEZ, based on the following grounds:

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

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

2. The Request Agendas pertaining to the request for changes in the composition of the board of directors of CEZ 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 CEZ.

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 CEZ

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

On 27 March 2023, CEZ 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.

28 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 had 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 CEZ. Upon the transfer of shares by PPSEZ or by issuance of new 1,186,772 ordinary shares in CEZ, CEH will effectively own 77% in CEZ against 23% by PPSEZ.

On 29 March 2023, the Group had 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 CEZ held on 14 March 2023.

The Group had through its Legal Representative filed a notice of objection against RGPPSEZ with the Cambodia Court and on 27 April 2023, proceeded with an anti-suit injunction and anti-enforcement injunction with Singapore Court (ex parte application in the Singapore High Court, HC/SUM 1216/2023 (“SUM 1216”), for an order that the Injunctions sought in OA 434 be granted on an interim basis, pending the hearing and final determination of OA 434) 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 RGPPSEZ from carrying out any further damaging action relating to the procedurally invalid General Meeting of PPSEZ held on 14 March 2023.

On 25 July 2023, CEZ and Colben System Pte Ltd (“CSPL”) received the Court’s reply allowing the withdrawal of SUM 1216, and re-fixing the case conference to 10 August 2023. A meeting was held on 31 July 2023 between the parties and negotiation is still ongoing. There were no action taken by CSPL as the proposed case conference had been deferred to 3 September 2023 as agreed by both parties.

The case conference for HC/OA 434/2023 (“OA 434”), between CEH PPSEZ, CSPL and RGPPSEZ, that had been fixed on 7 September 2023 has been re-fixed to 30 November 2023.

The hearing relating to the motion to object to the ruling of preservative disposition in Preservative Relief Case No. 166 filed by CEZ that was fixed on 17 August 2023 before the Cambodian Court (“Cambodian Hearing”) had been adjourned until the conclusion of the amicable discussions between parties.

HC/OA 434/2023 (“OA 434”), between CEH PPSEZ and RGPPSEZ had been withdrawn on 27 November 2023 following an agreement where RGPPSEZ had agreed to substantially the same reliefs sought by CEH PPSEZ and CSPL in OA 434, until the issuance of the final award in the Arbitration.

RGPPSEZ and CEH PPSEZ and CSPL had also agreed to exchange roadmaps that will set out their respective proposals to amicably resolve the ongoing dispute between the parties within 4 weeks of the withdrawal of OA 434 on 27 November 2023. The 4 weeks deadline had been subsequently extended to 8 February 2024 by the parties with a view to reach a settlement.

Due to the uncertainty that the ongoing negotiation will lead to a settlement, and to further protect CEH PPSEZ’s and CSPL’s rights in CEZ, CEH PPSEZ and CSPL had on 13 September 2023 commenced an arbitration at the Singapore International Arbitration Centre against RGPPSEZ (the “Arbitration”). The Arbitration seeks to enforce the terms of the SHA and Joint Venture Agreement and, in particular, CEH PPSEZ and CSPL’s rights in the JV Company in relation to the management and running of the JV Company in Cambodia. On 27 February 2024, CEH’s and CSPL’s counsel wrote to SIAC to re-commence the Arbitration.

2(b) Significant judgments 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 judgements 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

As at 31 March 2024, the Group's current liabilities (which includes current loans and borrowings of \$10,693,000 (2023 - \$11,157,000))(Note 15) exceeded the Group's current assets by \$9,344,000 (2023 - \$16,222,000) and the Company's current liabilities (which includes an amount due to a subsidiary of \$10,070,000 (2023 - \$9,180,000))(Note 20) exceeded the Company's current assets by \$11,943,000 (2023 - \$14,701,000).

Developments on rights issue and payment of Settlement Sum with white knight

As disclosed in Note 28, the corporate guarantees provided by the Group included a guarantee of up to RM198.0 million (equivalent to S\$56.9 million) (2023 - RM198.0 million (equivalent to S\$59.8 million)) given to the bank of its associate, Maju Intan Biomass Energy Sdn Bhd ("MJE"), in respect of banking facilities extended to MJE. On 19 September 2023, the Group received a letter from Maybank Islamic Berhad that the Group's obligations and liabilities under the corporate guarantee have been fully discharged.

Following the close of the rights issue on 2 August 2023, the Company raised gross proceeds of approximately S\$4.0 million. Out of the gross proceeds, the Company had utilised S\$0.2 million for the expenses for the rights issue and payment of S\$3.7 million (2023 - S\$1.3 million) to the white knight of MJE. The Company will finance the balance of S\$1.4 million (equivalent to RM5.0 million) payable to the white knight of MJE with its positive cash flows from its operations and unutilised bank borrowings.

Unutilised bank borrowings

As at 31 March 2024, the Group has unutilised bank borrowings of S\$3.6 million (2023 - S\$4.2 million).

Amount due to a subsidiary

As at 31 March 2024, a subsidiary will continue to provide continuing financial support to the Company and not demand payment for the next twelve (12) months from the date of the financial statements for the balance of S\$10,070,000 (2023 - S\$9,180,000) (Note 20) due to the subsidiary.

Notwithstanding the above, in the opinion of the directors, the Group is 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 (12) months.

If the Group and Company are unable to continue in operational existence for the foreseeable future, 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.