

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

**RESPONSES TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING
LIMITED ON THE ANNOUNCEMENTS MADE BY THE COMPANY**

The Board of Directors ("**Board**") of Asiatic Group (Holdings) Limited ("**Company**", together with its subsidiaries, "**Group**") refer to the Company's announcement made on 14 February 2022 in relation to the resignation of auditors, and announcement made on 9 February 2022 in relation to its third quarter results for the financial period ended 31 December 2021 (the "**Announcements**").

Save as expressly stated or the context otherwise requires, capitalized terms shall have the meanings ascribed to them in the Announcements.

The Board of the Company would like to provide the Company's responses to queries raised by the SGX-ST on 15 February 2022, in respect of the Announcements (the "**Company's responses**") as follows:-

SGX Queries	Company's Responses
1. We refer to the Company's announcement on 15 Feb 2022, in relation to the resignation of their auditors, Ernst & Young LLP.	
a) What are the reasons resulting in the resignation of Ernst & Young LLP (" EY ")? Are the Audit Committee and Sponsor satisfied that there are no other reasons for the resignation of EY as auditors.	The reason for the resignation of EY was upon the Company's decision to have the proposed change of its auditors following the Board and the Audit and Risk Committee of the Company ("ARC") having considered the proposal by Management to effect cost savings without any compromise to quality of its external audit function. Accordingly, the Company has written to EY on the intention on the change of auditors, and EY has accordingly sought approval from the ACRA to resign as Auditors of the Company before the end of their term of office. The ARC is satisfied that there are no other reasons for the resignation of EY as auditors other than those disclosed above. Save as disclosed for the reasons above, nothing has come to the attention to the Sponsor in relation to any other reasons for the resignation of EY as the Company's auditors.

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b) Please confirm if there were disagreements with EY on accounting treatments or other material accounting related matters in the last 12 months. If so, please provide details.	The Company confirmed that there was no disagreement with EY on accounting treatments or other material accounting related matters in the last 12 months.																						
c) Please confirm if there are circumstances connected with the resignation of EY that should be brought to the attention of shareholders.	The Company confirmed that there are no circumstances connected with the resignation of EY that should be brought to the attention of shareholders.																						
d) Please provide more information regarding the new auditor that the company has identified.	The Company has identified one of Singapore's top audit firms as the Company's new auditors, who had provided its consent to act as its auditors whilst the Company is currently awaiting the professional clearance by EY. The incoming auditors has clients listed on the SGX-ST as well as in other international capital markets.																						
e) We note that the Company's financial year-end is 31 March. When will the appointment of this new auditor take effect?	The Company is working towards the timeline to hold the extraordinary general meeting before the financial year ended 31 March 2022 to seek shareholders' approval for the change of auditors.																						
2. We also refer to the Company's announcement of its 3Q financial results ended 31 Dec 2021 on 11 Feb 2022.																							
a) The Group recorded approximately S\$7.6 million of trade and other receivables as at 31 Dec 2021, accounting for 45% of the Group's current assets. Please disclose:	i. <table border="1"> <thead> <tr> <th>Nature</th><th>31-Dec-21</th></tr> </thead> <tbody> <tr> <td>Trade receivables</td><td>6,468,960</td></tr> <tr> <td>Deposits</td><td>201,447</td></tr> <tr> <td>Advances to supplier</td><td>619,651</td></tr> <tr> <td>Sundry receivables</td><td>307,069</td></tr> <tr> <td>Total</td><td>7,597,127</td></tr> </tbody> </table> ii. <table border="1"> <thead> <tr> <th>Aging</th><th>31-Dec-21</th></tr> </thead> <tbody> <tr> <td>Not past due</td><td>2,895,151</td></tr> <tr> <td>Less than 31 days</td><td>1,222,407</td></tr> <tr> <td>31 to 60 days</td><td>885,314</td></tr> <tr> <td>61 to 90 days</td><td>742,472</td></tr> </tbody> </table>	Nature	31-Dec-21	Trade receivables	6,468,960	Deposits	201,447	Advances to supplier	619,651	Sundry receivables	307,069	Total	7,597,127	Aging	31-Dec-21	Not past due	2,895,151	Less than 31 days	1,222,407	31 to 60 days	885,314	61 to 90 days	742,472
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continues to transact with these customer(s); vi. How long are the debts outstanding and in which period the sales were reported; vii. Any impairment made on the trade and other receivables; and viii. The Board's assessment of the recoverability of the remaining trade and other receivables.	<table border="1" data-bbox="810 230 1315 353"> <tr> <td data-bbox="810 230 1161 293">More than 91 days</td><td data-bbox="1161 230 1315 293">723,616</td></tr> <tr> <td data-bbox="810 293 1161 353">Total</td><td data-bbox="1161 293 1315 353">6,468,960</td></tr> </table> iii. There are no payment terms for deposits, advances to supplier and sundry receivables. Deposits will be refunded when the related services are terminated with the suppliers. For advances to supplier, it will be reclassified and recorded as an inventory or an expense upon the suppliers fulfilling their performance obligations. iv. Due to the financial impact of the Pandemic, the Group has experienced a delay in customer's repayment. The Group continues to monitor the repayment frequency of the customers and may take legal action for the recovery of some of the receivables in the event of any further delay in repayment. One of our major customers in Cambodia, Electricite Du Cambodge ("EDC"), has informed us that all payments made to the Group for any outstanding receivables was temporarily withheld pending resolution of a court order given by a supplier of the Group to EDC. Accordingly, the payment withheld by EDC has resulted in the Group also withholding its payment to the same supplier who filed for the court order. The Group is monitoring the situation and has deemed that this is not material to the financial position of the Group based on the current developments. v. Yes. They are major customers mainly from Cambodia such as EDC. Aside from EDC with whom the Power Purchase Agreement ("PPA") has been terminated, the Company continues to transact with the other customers. vi. Except for the outstanding amount owing from EDC due to reasons explained in part 2(a)(iv), the outstanding debts from the other major customers vary across the aging bracket with the majority in the "Not past due" category. The sales reported are related to the current financial period ended 31 Dec 2021. vii. Yes. There is an impairment of \$176,000 made on the trade and other receivables.	More than 91 days	723,616	Total	6,468,960
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	viii. The Board is of the view that there is no recoverability issue for the remaining trade and other receivables and will continue to monitor the collection and assess if further impairment is required.
b) As at 31 Dec 2021, the Group's current liabilities stand at S\$27.2 million, with cash and bank balance of only S\$1.4 million. Please disclose the Board's assessment on the following: i. Whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$27.2 million, including its bases of assessment; and ii. How the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations. iii. Please also disclose the pro-active actions which the management plans to take to ensure that the Group's financial position remains strong.	i. Short term liabilities mainly consist of loans and borrowings amounting to \$15.8 million. Subsequent to 31 December 2021, the Group has rolled over \$13.5 million out of the \$15.8 million loan. For the remaining undue short-term loans of approximately S\$2.3 million, the Group is also confident to continue rolling over when they fall due and has continued to fulfil its debt obligations. Furthermore, the Group has been able to generate a positive cashflow from its operations of \$1.5 million for the 3 months ended 31 Dec 2021 which provides support to the Group's investing and financing activities. In addition to the Group positive cashflow from its operations for the period, the Group has continued to obtain financial support from the banks which improved the cash and bank balance to S\$3.4 million as at 31 December 2021. ii. The Company intends to fulfil its significant payment obligations in the next 12 months using the cash balances and cashflows from its operations. The Company will also seek to obtain continued support from the banks to roll over the short-term loans. iii. The management prepares cash flows forecast proactively to be presented to the Board for review. In addition, the management also engages the Board actively to provide updates on the current financial position of the Group and when significant events that occur that could potentially affect the cashflow of the Group. This includes events such as drawdown of a new term loan.

By Order of the Board

Tan Boon Kheng
Managing Director

17 February 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.*

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