

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

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNOUNCEMENT ON 19 NOVEMBER 2020**

The Board of Directors ("**Directors**") of Asiatic Group (Holdings) Limited ("**Company**", together with its subsidiaries, "**Group**") refer to the announcement dated 19 November 2020 on Filing of Notice of Arbitration (the "**Announcement**").

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

The Directors would like to provide the Company's responses to queries raised by the SGX-ST, in respect of the Announcement (the "**Company's Responses**"):-

<b>SGX Queries</b>	<b>Company's Responses</b>
<p>1. <i>It was stated that the Power Plant principally provides back-up electricity supply to the Customers. Please elaborate on the sequence of events in relation to CEZ's arrangements with Electricite du Cambodge ("<b>EDC</b>") via Transco Energy Cambodia Co Ltd ("<b>TEC</b>") on the supply of electricity from the National Grid, which CEZ would onward supply the electricity to the end customers.</i></p>	<p>The Power Plant commenced operations in late 2008. It soon became clear, however, that there were insufficient customers set up in the Zone for the cost of running the Power Plant as a captive power plant to be viable. With a low demand for power, and variations between low loads (at night time or during holidays for instance) and high loads (during peak hours and the hot season for instance) the Power Plant's engine would continuously run up and down / stop and restart, resulting in excessive operational and maintenance expenses.</p> <p>To balance and stabilise CEZ's supply of power to its Customers in the Zone (that is, to counter / balance the fluctuations in load demand), CEZ's board therefore sought alternative sources to supplement the power supply and decided to purchase power from EDC (the wholly state-owned operator of the national grid).</p> <p>In December 2009, CEZ entered into a power supply service agreement with TEC (the "<b>PSSA</b>") whereby TEC transmits the power from the national grid to CEZ. Under the PSSA, CEZ purchases power from the national grid that is transmitted to CEZ through TEC's power transmission line services. TEC is the only power transmission line services vendor in the area in which the Zone is located, and its transmission line services activities are authorised and licensed by EAC.</p> <p>CEZ then supplies this power to its Customers in the Zone. CEZ is the sole and exclusive supplier of power to the Customers in the Zone.</p> <p>CEZ's tariffs for the distribution of electricity to the Customers in the Zone are regulated by EAC. Prior to EAC's revision of the electricity tariffs that apply in the Zone, by way of a decision dated 30 June 2020 and applicable July 2020 onwards (the "<b>Decision</b>"), the Customers in the Zone would purchase, from CEZ, stable and reliable electricity from the national grid source with the Power Plant's back-up electricity supply feature ("<b>Generator Back-up Electricity Supply</b>"). Pursuant to the Decision, the Customers were</p>

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	<p>given the option to purchase, from CEZ, either: (a) Generator Back-up Electricity Supply; or (b) electricity from the national grid source without the Power Plant's back-up electricity supply feature ("<b>Non Back-up Electricity Supply</b>").</p> <p>To date, with over 100 customers and notwithstanding the power demand in the Zone being more stable, CEZ continues to: (a) purchase power under the PSSA for its distribution within the Zone (for all of its Customers); and (b) use the Power Plant as a back-up generator to ensure a stable and reliable supply of power within the Zone, in the event of any interruption in the supply of power from the national grid (for those Customers that have opted for Generator Back-up Electricity Supply). CEZ does so because the purchase price of electricity from the national grid has become more competitive in recent years, and it is more economical for CEZ to purchase electricity from the national grid than to produce from its own Power Plant, considering in particular the volatility of the price of heavy fuel oil (which is used by the Power Plant to generate electricity).</p> <p>The ability for CEZ's Customers to opt for Non Back-up Electricity Supply, pursuant to the Decision, deprives CEZ from the revenue that it would otherwise generate from the Power Plant's back-up power generation feature, in respect of these Customers.</p>
<p>2. <i>How / Who introduced the Company to TEC</i></p>	<p>In early 2009, CEZ was looking for an alternative sources of power supply for the reasons set out above. Peter Ng Meng Cheng ("Peter Ng"), who was then a director of CEZ, introduced TEC to CEZ, so as to offer TEC's power transmission line services to CEZ. Peter Ng declared to CEZ's shareholders and directors, on 6 February 2009, that he was the director and owner of TEC.</p> <p>TEC was set up in early 2009 to provide electricity transmission line services for the supply of power from the national grid to electricity consumers in areas of Cambodia where the national grid is not sufficiently developed for the transmission of electricity to each local point of consumption. TEC is also licensed by EAC to provide transmission line service to other areas outside of the Zone.</p> <p>On 25 November 2009, Peter Ng transferred his directorship and shareholding in TEC to his son, Kavin Ng Yong Hai ("Kavin Ng"). Peter Ng recused himself, as a director of CEZ, from CEZ's decision-making process to enter into the PSSA with TEC, although he remained involved in the negotiations, on behalf of TEC, as TEC's representative.</p> <p>The PSSA was entered into by CEZ and TEC on 22 December 2009, in the presence of, and witnessed by, the representatives of the Company's joint venture partner, Phnom Penh CEZ Co., Ltd. who sat on CEZ's board of directors.</p> <p>Peter Ng ceases to be a director of CEZ since May 2012. He is a director of Colben System and is the Company's Chief</p>

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	Operating Officer for the Company's other two power plant operations in Cambodia.
<p>3. <i>Who are the shareholder(s) of TEC? Are they related to directors / controlling shareholders of the Company? Please elaborate on the background and credentials of TEC.</i></p>	<p>The ultimate sole shareholder of TEC is Kavin Ng, holding his shares in TEC through Transco Energy Limited.</p> <p>He is the son of Peter Ng. Neither Peter Ng nor Kavin Ng is a director or controlling shareholder of the Company. Kavin Ng and Peter Ng are also unrelated to any of the directors or controlling shareholders of the Company. Peter Ng is a director of Colben System, a wholly-owned subsidiary of the Company. Kavin Ng is not an employee of the Company or its subsidiaries.</p> <p>As none of the directors or controlling shareholders of the Company have any interest, direct or indirect, in TEC, the PSSA as well as transactions between CEZ and TEC are not interested person transactions as defined under the Listing Rules.</p> <p>Regarding the background and credentials of TEC:</p> <ol style="list-style-type: none"> <li>1. TEC was founded by Peter Ng. TEC is the sole transmission line services provider in the area in which the Zone is located. Peter Ng was the sole director and shareholder of TEC until November 2009. He was then replaced as director and shareholder of TEC by Kavin Ng.</li> <li>2. Peter Ng is a Singaporean national residing in Cambodia for many years. Peter Ng notably set up the Singapore Business Association in Cambodia in 1993, and was president of the Singapore Club Cambodia for many years. Peter Ng has strong credentials and recognition in the Singapore business community in Cambodia. Peter Ng was highly recommended to the Asiatic Group by Singapore's ambassador to Cambodia at the time for his understanding of the Cambodian business environment and strong contacts in the public and private sectors.</li> </ol>
<p>4. <i>Is it possible for CEZ to obtain its electricity directly from TEC's source (i.e. from the national grid) rather than go through TEC? Is CEZ eligible to apply to EAC to be a licensed power transmission line service vendor to purchase power directly from the national grid? Please explain your response.</i></p>	<p>From the outset of the power plant joint venture with PPSEZ, CEZ's role and investment in the Zone is that of an independent power producer, and not that of a transmission line services provider.</p> <p>However, PSSEZ and CEZ have applied to Cambodia's Ministry of Mines and Energy and EAC to buy electricity directly from GS10, the national grid substation. These requests were however rejected.</p>
<p>5. <i>What is the Audit &amp; Risk Committee ("ARC")'s views and basis as to whether there is any conflict of interest arising from Peter Ng's involvement in the Group's</i></p>	<p>The ARC has reviewed and noted that Peter Ng is the father of Kavin Ng and is of the view there is no conflict of interest. Peter Ng was not involved in the final decision making of the agreement as the decision was jointly made between CEZ and PPSEZ, and the agreement signed between CEZ</p>

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<p><i>Cambodian operations and in TEC (directly or indirectly through Kavin Ng)?</i></p>	<p>and TEC were witnessed by the joint venture partner, PPSEZ.</p> <p>TEC is the sole authorised licensed power transmission line service vendor designated by EAC for the zone that CEZ operates in. The PSSA and other transactions between CEZ and TEC are purely operational, arms-length matters for CEZ. All electricity tariffs agreed between CEZ and TEC are regulated by EAC.</p> <p>Based on the above, the ARC is of the view that the PSSA and other transactions with TEC are not detrimental to the Company.</p> <p>Furthermore, the ARC reviews at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems. The ARC is supported by external auditors (Ernst &amp; Young LLP) and internal auditors (Nexia TS Risk Advisory Pte Ltd), which both conduct an annual review of the effectiveness of the Company and its subsidiaries' material internal controls and risk management systems.</p>

**By Order of the Board**

Tan Boon Kheng  
Managing Director

10 December 2020

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*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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