

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

UPDATE ON THE ARBITRATION AGAINST PPSEZ

The Board of Directors ("**Board**") of Asiatic Group (Holdings) Limited ("**Company**") refers to the announcement dated 19 November 2020 (the "**Announcement**"). Save as expressly stated or the context otherwise requires, capitalized terms shall have the meanings ascribed to them in the Announcement.

Notwithstanding the timing of these events which are explained further below, the Board wishes to announce that:

1. PPSEZ brought a counterclaim for a breach of confidence by the Company's subsidiaries, Colben System Pte Ltd ("**Colben**") and Colben Energy Holdings (PPSEZ) Limited ("**CEZH**"), in disclosing the existence of the Arbitration, and the further details therein, to the Company that are contained in the Announcement (the "**Counterclaim**"). This Counterclaim was first raised in PPSEZ's Response to Notice of Arbitration of 3 December 2020 and then pleaded in its Statement of Defence and Counterclaim of 14 July 2021. On 10 February 2022, PPSEZ quantified its damages flowing from the Counterclaim in the sum of US\$ 5 million; and
2. Colben and CEZH, sought leave to withdraw their claims on 7 January 2022 and on 25 January 2022, received acknowledgement from the tribunal in the Arbitration (the "**Tribunal**") confirming the agreement of the parties to the Arbitration for Colben and CEZH to withdraw their claims in the Arbitration and to pay PPSEZ its costs incurred which are to be determined by the Tribunal.

The main reason for the withdrawal of Colben and CEZH's claims in the Arbitration against PPSEZ was due to the change of the controlling shareholder of PPSEZ. Given the change of PPSEZ's controlling shareholder, the Board believes that withdrawing Colben and CEZH's claims in the Arbitration signifies a unilateral gesture of goodwill extended to PPSEZ in order to start a new business relationship with Royal Group, the new shareholder, afresh on good terms.

Out of an abundance of caution, the Company refrained from announcing the above matters since:

1. the essence of PPSEZ's Counterclaim is the issue of whether Colben and CEZH are allowed to disclose confidential information relating to the Arbitration, including its existence to the Company to allow it to make a market disclosure. The Board made the Announcement in order to comply with its obligation as set out based in the listing rules and with the understanding that Colben and CEZH's disclose confidential information relating to the Arbitration, including its existence contained within the Announcement was an exception to the duty of confidentiality in the Arbitration. In general, confidentiality clauses do not restrict information needed to be given to shareholders based on the prevailing legislation or regulatory requirement.

Therefore, when the Announcement was made, the Board did not contemplate that the disclose confidential information relating to the Arbitration, including its existence by Colben and CEZH to the Company for the purposes of making a market disclosure would be a matter for which PPSEZ would bring a counterclaim on the basis of a breach of the duty of confidentiality.

Since the Counterclaim was initiated against the Company, as mentioned above, out of an abundance of caution, no further announcement was made, notwithstanding the Company's position that its subsidiaries are not in breach of the duty of confidentiality which was the basis of the Counterclaim. This non-disclosure was also premised on the potential of committing further breaches of confidentiality which is the central issue in dispute in PPSEZ's Counterclaim by announcing updates in the Arbitration; and

2. the Tribunal had on 12 January 2022 made an order dismissing PPSEZ's request for leave to announce the status of the Arbitration (the "**Tribunal's Order**"). Since the information that PPSEZ wanted to announce was the same information that Company needed to announce, it was understood that the Company would be in breach of the spirit of the Tribunal's order if it made an announcement. Therefore, the Company refrained from making an update on the status of the Arbitration to avoid breaching the Tribunal's Order, in addition to a potential further breach of confidentiality in respect of PPSEZ's Counterclaim.

On 20 February 2022, Colben's lawyers advised, notwithstanding the above concerns, that the duty of confidentiality on the Company's subsidiaries does not hinder them from disclosing further material developments in the Arbitration to the Company in order for the Company to comply with its continuing obligation to make market disclosures. This advice was rendered after careful consideration of PPSEZ's witness evidence on the Counterclaim which was filed on 10 February 2022, which raised the issue of the Company's nondisclosure of the withdrawal of Colben and CEZH's claims and after reaching an advanced stage of preparations for the evidentiary hearing of the Counterclaim scheduled on 2 March 2022.

Prior to 10 February 2022, due to the limited details of PPSEZ's Counterclaim, in particular the fact that the quantum of the claim was not pleaded, the Company was unable to assess its materiality. The Company is optimistic of defending PPSEZ's Counterclaim.

The damages claimed under the Counterclaim of US\$5 million approximately S\$6.6 million constituted approximately 21.1% of the Group's latest announced unaudited consolidated net assets of S\$31.3 million as at 31 December 2021.

The Board is of the view that the damages amount claimed under the Counterclaim, when awarded in full by the Tribunal, will have a material impact on the financial position of the Group for the financial year ending 31 March 2022. However, the Company will defend vigorously against PPSEZ's Counterclaim based on the available legal advice received.

The Company will continue to provide an update when there are material developments in the Arbitration and the Counterclaim by PPSEZ.

By Order of the Board

Tan Boon Kheng
Managing Director

27 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.
