

ASIATIC GROUP (HOLDINGS) LIMITED

(Company Registration No: 200209290R)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF SHARES AND ALL CONVERTIBLE BONDS HELD BY COLBEN ENERGY HOLDINGS (MAJU INTAN) LTD IN MAJU INTAN BIOMASS ENERGY SDN BHD TO HUALANG RENEWABLE ENERGY SDN BHD

1. INTRODUCTION

The board of directors (the "**Directors**" or the "**Board**") of Asiatic Group (Holdings) Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Colben Energy Holdings (Maju Intan) Ltd. ("**MJEH**" or "**Vendor**") has on 10 March 2020, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Hualang Renewable Energy Sdn Bhd (the "**Purchaser**") and pursuant to which, the Company agreed to sell to the Purchaser, and the Purchaser agreed to acquire all shares issued in the capital of Maju Intan Biomass Energy Sdn Bhd ("**MIB**") and all rights to the Convertible Bonds (as defined below) held by MJEH (collectively the "**Sale Shares**") on the terms and subject to the conditions of the Sale and Purchase Agreement (the "**Proposed Disposal**").

Upon completion of the Proposed Disposal ("**Completion**"), the Group will cease to have any interest in MIB and MIB will cease to be an associate of the Group.

2. PROPOSED DISPOSAL

2.1. Rationale

The Board considers that the Proposed Disposal to be in the best interest of the Company and its Shareholders, taking into consideration that, among other factors, the Maju Intan Biomass Power Plant held by MIB (the "**Power Plant**") has been loss-making for the past six (6) financial years. The audited financials of MIB for the year ended 31 March 2019 showed negative net worth arising from accumulated losses of RM 40,100,000 or approximately SGD 13,000,000. This had been due to difficulties faced by MIB and the Power Plant in two (2) of its revenue streams, namely certified emission reduction (CER) credits and palm oil.

The Proposed Disposal will allow the Company to cut its losses and re-strategise its financial and capital resources. As a whole, the Group will be able to focus on and expand its existing core business and any business opportunities that may arise in the future which would enhance the long-term interests of the Group and the shareholders of the Company.

2.2. Information on the Purchaser

The Purchaser is incorporated and registered in Malaysia and is an indirect wholly owned subsidiary of Jaya Kuasa Berhad, a public limited company involved in construction, property development and investment.

The Purchaser is in the business of energy development, operations, maintenance engineering and logistics and currently owns two biomass power generation plants of 11.5MW each, processing Empty Fruit Bunch ("**EFB**") of Palm Oil and sell electricity to the Sabah State Electricity Board under the Renewable Energy Power Production Agreement. As far as the Company is aware, the Purchaser is focusing on the development of new renewable energy and looking into opportunities for development of desalination and small hydro and new biogas power generation projects.

The Purchaser is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Purchaser.