
ENTRY INTO A LOAN AGREEMENT WITH DMR HOLDINGS SDN BHD AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Astaka Holdings Limited (the “**Company**”) refers to the Company’s announcement dated 14 February 2020 in relation to the loan agreement entered into between the Company’s subsidiary, Astaka Padu Sdn Bhd (“**APSB**” or the “**Borrower**”) and Dato’ Daing A Malek Bin Daing A Rahaman (“**Dato Malek**”) on 14 February 2020, for an unsecured loan in the principal amount not exceeding Ringgit Malaysia Thirty Million (RM30,000,000) in aggregate from Dato Malek to APSB (the “**DM Loan Agreement**”).

2. DMR LOAN AGREEMENT

Following the entry into the DM Loan Agreement and at the request of APSB, APSB has entered into a loan agreement with DMR Holdings Sdn Bhd (“**DMR**” or the “**Lender**”), an associate of Dato Malek, on 17 June 2020, pursuant to which DMR agreed to grant an unsecured loan in the principal amount not exceeding Ringgit Malaysia Nineteen Million (RM19,000,000) (“**Loan**”) for general corporate and working capital purposes (the “**DMR Loan Agreement**”).

3. PRINCIPAL TERMS OF THE DMR LOAN AGREEMENT

Pursuant to the DMR Loan Agreement, the Borrower and the Lender have agreed that the grant of the Loan shall be on, amongst others, the following terms:

Principal Amount	: RM19,000,000
Parties	: Lender : DMR Holdings Sdn Bhd Borrower : Astaka Padu Sdn Bhd
Purpose	: The Borrower shall use the Loan solely for the purposes of general corporate and working capital.
Conditions Precedent	: The Loan shall become available to the Borrower for a period of 12 months or for such period as the Lender may at its absolute discretion agree in writing from time to time and upon the fulfilment of the following conditions by the parties in a manner satisfactory to the Lender (the “ Conditions Precedent ”):- (a) the Lender shall have received the following documents in form and substance acceptable to the Lender:- (i) a certified true copy of the Memorandum and Articles of Association or constitution of the Borrower; (ii) a certified true copy each of the documentary evidence of lodgement of returns of allotment of shares, notification for change in the registered address and (the equivalent to and notification of change in the Register of Directors, Managers

and Secretaries (equivalent to Forms 24, 44 and 49 under the Companies Act 1965 respectively) and such other forms prescribed under the Companies Act, 2016 and required by the Lender;

- (iii) a certified true copy of the Board of Director's resolution of the Borrower authorising the acceptance of the Loan and the execution of the DMR Loan Agreement by the Borrower; and
 - (iv) a request in writing for the utilisation of the Loan in accordance with the requirements as to form, timing and accompanying documents as may be specified by the Lender and otherwise generally in accordance with the Lender's standard terms and conditions applicable to the Loan; and
- (b) the Borrower shall have complied with the other conditions precedent to Drawdown (as hereinafter defined) and utilisation and other terms and conditions as stated in the DMR Loan Agreement.

Drawing

- : Subject to the terms and conditions of the DMR Loan Agreement and to the prior mutual agreement of both the Lender and the Borrower in respect of each drawdown amount, the Borrower may, during the tenure of the Loan, call for a drawdown of the Loan ("**Drawdown**") or any part thereof by giving the Lender a notice in writing in the form set out in Schedule 1 of the DMR Loan Agreement ("**Drawdown Request**") within a minimum of three (3) business days prior to the intended date of funding ("**Drawing Date**").

The Borrower may give any number of Drawdown Requests to the Lender, provided always that the amount of each drawing when aggregated with all previous amounts of Drawdown under the Loan shall not exceed Ringgit Malaysia Nineteen Million (RM19,000,000).

A Drawdown Request shall be irrevocable and the Borrower shall borrow the amount stated in that Drawdown Request on the date specified therein.

Any part of the Loan not drawn and/or utilised at the end of the Repayment Period (as hereinafter defined) shall automatically be cancelled and shall not be available to the Borrower.

Repayment

- : (a) Subject to paragraph (c) below, the Borrower shall repay the Loan and interest thereon within one year from the date of the first Drawing Date ("**Repayment Period**").
- (b) Notwithstanding the Repayment Period as stated in (a) above, the Lender shall at its sole discretion demand from the Borrower for the repayment of the all monies and liabilities owing to the Lender at any time during the tenure of the Loan in which case, the Borrower shall repay the Loan within seven (7) business days from the date of demand made by the Lender.
- (c) Unless the Borrower receives a notice of termination from the Lender not less than thirty (30) days from the last date of the Repayment Period, and provided that no event of default has occurred, the tenure of the Loan shall be extended automatically by each subsequent one (1) year period. Following each such automatic extension, references to the Repayment Period shall also be extended accordingly and the

maturity of the Loan shall be construed as the last day of each relevant extension.

Prepayment : (a) Borrower may prepay (without interest or penalty) the Loan and interest thereon in whole or in part provided that:-

(i) the Borrower pays all interest (whether capitalised or not) accrued on the Loan up to the date of prepayment together with such prepayment; and

(ii) in the event the Loan is to be prepaid in full, the Borrower has given the Lender not less than 1 month's notice.

(b) Any notice given in (a) above shall be irrevocable and the amount of prepayment mentioned in such notice shall become due and payable on the date of prepayment specified in the relevant notice.

Interest : (a) Until such time as the Borrower shall repay the whole of the Loan, the Borrower shall pay to the Lender interest at the rate of eight per cent (8%) per annum (the "**Interest**") on any principal amount outstanding for the time being of the Loan ("**Outstanding Tranche**"). The Interest shall be calculated on the basis of the actual number of days elapsed in a year. For avoidance of doubt, no interest shall be charged on any accrued interest.

(b) The interest period for each Outstanding Tranche shall start on the relevant Drawing Date.

Utilisation conditions : If:

(a) no event of default in the DMR Loan Agreement has occurred or would occur as a result of the utilisation of the Loan;

(b) the Conditions Precedent have been fulfilled by the Borrower to the satisfaction of the Lender;

(c) each of the representations and warranties set out under the DMR Loan Agreement remains accurate as at the date of utilisation as if given on that date by reference to the facts and circumstances then existing; and

(d) there has been no change in circumstances or law which may affect the ability of the Lender to grant the Loan or which may increase the costs to the Lender in doing so,

then, subject to the provisions of the DMR Loan Agreement, the Borrower may on a business day during the tenure of the Loan make a Drawdown and/or utilise and/or continue to utilise the Loan.

Security : None

Costs and Expenses : Borrower shall pay the costs and expenses incurred in connection with the negotiation, preparation and execution of the DMR Loan Agreement including the legal fee and stamp duty, whichever is applicable.

Assignment : None of the parties shall assign any of its rights and benefits under the DMR Loan Agreement without the prior written consent of the other party.

Governing Law : The DMR Loan Agreement shall be governed by and construed in accordance with the laws of Malaysia.

4. RATIONALE FOR THE LOAN

The weak sentiment surrounding the Malaysian residential property sector and disruption caused by the COVID-19 pandemic has resulted in the Group's need for more funds for its general corporate and working capital. Following APSB's entry into the DM Loan Agreement on 14 February 2020, the Group had explored further financing options; however, in light of present market conditions, there are limited financing options available to the Group. The DMR Loan Agreement is considered the most viable option as the Loan is unsecured and is made available to APSB immediately. In addition, the fixed interest rate of 8% per annum is within the range of several secured loans which the Group currently has. Therefore, having reviewed the terms of the DMR Loan Agreement, the Board is of the view that the Loan is in the interests of the Company and APSB.

The Audit Committee shall review the terms, rationale and benefits of the Loan prior to the Repayment Date to determine if the Loan continues to be in the interests of the Company and APSB or if the Loan should otherwise be repaid on the Repayment Date, and where necessary, comply with the relevant Catalist Rules for the extension.

5. INFORMATION ON THE LENDER

The Lender is DMR Holdings Sdn Bhd (Registration No.: 199701029427 (444926-V)), a company incorporated in Malaysia and having its registered office at No. 22-1, Jln Padi Emas 1/4, Uda Business Centre, 81200 Johor Bahru, Johor, Malaysia. DMR is wholly-owned by Dato Malek, who has a direct and deemed interest in approximately 66.74% of the share capital of the Company and is, therefore, a controlling shareholder of the Company. Accordingly, the Lender is an associate of Dato Malek, and deemed to be an "interested person" for the purposes of Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

6. CHAPTER 9 OF THE CATALIST RULES

Based on the latest audited consolidated financial statements of the Company for the financial year ended 30 June 2019, the Group's latest audited net tangible assets (the "**NTA**") is approximately RM109.9 million. Assuming that the Loan is fully drawn down on the date of the DMR Loan Agreement at a fixed interest rate of 8% per annum and repaid in full one (1) year from the date of the first Drawing Date, the transaction value of the Loan is RM1.52 million, being the interest payable on such Loan.

Details of all interested person transactions for FY2020 (as at the date of this announcement and other than the Loan) are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during FY2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Dato Malek	Controlling Shareholder	RM3,292,914 ⁽¹⁾	Not applicable
Sharikat Sukma Kemajuan Dan Perusahaan Sdn Bhd ("Sharikat Sukma")	An associate of Dato Malek	– ⁽²⁾	Not applicable
Sukma Consortium Sdn Bhd ("Sukma Consortium")	An associate of Dato Malek	– ⁽³⁾	Not applicable
Saling Syabas Sdn Bhd ("SSSB")	An associate of Dato Malek	RM6,279,465 ⁽⁴⁾	Not applicable

Notes:

- (1) Dato Malek had extended loans in aggregate outstanding principal amount of RM52,322,839 to the Group, comprising of (i) RM22,322,839 at a fixed interest rate of 4% per annum; and (ii) RM30,000,000 pursuant to the DM Loan Agreement at a fixed interest rate of 8% per annum, repayable on demand. Assuming that such outstanding amounts remain unpaid in FY2020 and is extended by each subsequent one year period, the value of these transactions, being the interest payable on the outstanding loans for FY2020 is approximately RM3,292,914 (equivalent to approximately S\$1,074,478, based on an exchange rate of RM1 : S\$0.3263).
- (2) Sharikat Sukma had extended a loan in principal amount of RM3,293,863 to the Group at a fixed interest rate of 4% per annum repayable on demand. Assuming that the loan remains unpaid in FY2020 and as there are no fixed repayment terms, the value of this transaction, being the interest payable on the loan for FY2020 is approximately RM131,755 (equivalent to approximately S\$42,992, based on an exchange rate of RM1 : S\$0.3263).
- (3) The Group owes Sukma Consortium an aggregate amount of RM1,683,165, at a fixed interest rate of 4% per annum repayable on demand. Assuming the amount remains unpaid in FY2020 and as there are no fixed repayment terms, the value of this transaction, being the interest payable on the outstanding amount for FY2020 is approximately RM67,327 (equivalent to approximately S\$21,969, based on an exchange rate of RM1 : S\$0.3263). In addition, the Group rents its office premises from Sukma Consortium where an aggregate amount of RM246,000 (equivalent to S\$80,270, based on an exchange rate of RM1 : S\$0.3263) is paid or payable to Sukma Consortium for the rental of office premises from 1 July 2019 to 30 June 2020.
- (4) This comprises the amount payable by the Group to SSSB as at 31 March 2020 for the sole and exclusive right to develop the Bukit Pelali land, which was approved by Shareholders at an extraordinary general meeting on 16 December 2016 (please refer to the Company's circular to Shareholders dated 29 November 2016 for further details).

Accordingly, the aggregate value of all interested person transactions (excluding transactions of a value of less than S\$100,000) entered into by the Group and Dato Malek and his associates for FY2020 is approximately RM9,572,379 (equivalent to S\$3,123,467, based on an exchange rate of RM1 : S\$0.3263), representing approximately 8.71% of the Group's NTA. Pursuant to Rule 905(2) of the Catalist Rules, an immediate announcement of the Loan and all future transactions entered into with Dato Malek and his associates during FY2020 must be made.

Pursuant to Rule 906(1)(b) of the Catalist Rules, in determining whether Shareholders' approval is required to be sought for an interested person transaction, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

As the aggregate value of all interested person transactions (including the Loan but excluding the transaction with SSSB which has been approved by Shareholders and transactions of a value less than S\$100,000) entered into by the Group and Dato Malek and his associates for FY2020 is approximately RM4,812,914 (equivalent to S\$1,570,454, based on an exchange rate of RM1 : S\$0.3263), representing approximately 4.38% of the Group's NTA. Accordingly, no Shareholders' approval is required to be sought for the Loan.

7. AUDIT COMMITTEE STATEMENT

The Audit Committee, having considered, the terms, rationale and benefits of the Loan, is of the view that the Loan is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in his capacity as Director or Shareholder of the Company) nor (as far as the Directors are aware) substantial Shareholders of the Company has any interest (other than their respective shareholdings in the Company), direct or indirect, in the DMR Loan Agreement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The DMR Loan Agreement is available for inspection during normal business hours at the Company's registered office at 3 Temasek Avenue, #21-21, Centennial Tower, Singapore 039190, for a period of three (3) months from the date of this announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the DMR Loan Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

ON BEHALF OF THE BOARD

Khong Chung Lun
Executive Director and Chief Executive Officer
17 June 2020

This announcement has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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