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## RESPONSE TO SGX-ST QUERIES

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The Board of Directors (the “**Board**” or the “**Board of Directors**”) of Astaka Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the recent announcement dated 9 February 2021 made by the Company on the unaudited second quarter financial statements and dividend announcement for the period ended 31 December 2020 (the “**Announcement**”). The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) had on 10 February 2021 raised certain queries in relation to the Announcement, and the Company would like to address the queries as follows:

### Question 1

**It is noted that the Company has a net cash outflow from operating activities of RM9.058m and a net profit of RM366,000 for the financial period ended 31 December 2020. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company’s net profit position for the financial period/year.**

Company’s response:

Although the Group has received the certificates of completion and compliance for the Bukit Pelali Properties (“**BPP**”) projects, majority of the collections remained as “Trade receivables” as at 31 December 2020. This resulted in the Group recording a net cash outflow used in its operating activities for the financial period ended 31 December 2020.

### Question 2

**Given the Group’s significant liabilities of RM416.9m of which RM416.8m are current liabilities and the Group only has cash and cash equivalents of only RM10.98m, and noting that the Company incurred net profits of only RM366,000 for 6MFY2021, please disclose the Board’s assessment**

- (i) on whether the Company’s current assets are adequate to meet the Company’s short term liabilities of RM416.8m, 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.**

Company’s response:

Having reviewed the cash flow projection of the Group and assessed the reasonableness of the assumptions used in the budgeted cash flow, the Board of Directors is of the opinion that the Group is able to meet the Company’s short-term liabilities and fulfil its significant payment obligations in the next 12 months based on the following:

- The Group has recorded development properties of RM454.9 million as at 31 December 2020. Given the closure of international borders and possibility of further extension of the current Covid-19 containment measures in Malaysia, it is expected that the sale of the development properties of the Group will continue to remain slow. However, the management of the Group (“**Management**”) will continue its digital marketing efforts to sell its completed properties to free up capital;
- Following the receipt of certificates of completion and compliance for the BPP projects, the Group expects to receive approximately RM9.7 million, which was not due as at 31 December 2020 under the terms of the sale and purchase agreements, by the third quarter ending 31 March 2021.

Between 31 December 2020 and the date of this announcement, the Group has already received RM8.9 million;

- The Group is currently in discussion with several commercial banks in Malaysia to obtain bank financing facilities for working capital purposes and is actively sourcing for alternative financing options. For avoidance of doubt, a review will be conducted by the Board and the Management on the terms and benefits of all financing options available to the Group (including shareholder's loans) before any financing facilities offered by the commercial banks will be accepted;
- The Group has agreed with several of its creditors on a monthly payment schedule (collectively known as the "**Payment Schedules**"). As of the date of this announcement, the Group is on track in fulfilling the payment obligations under the Payment Schedules with its contractors and consultants. The Group will continue to engage its creditors on payment plans as well as contra payments with its property units;
- A significant portion of the current liabilities relates to amount owing to related parties of approximately RM100.45 million, which includes, *inter alia*, the loan provided by the Company's controlling shareholder, Dato' Daing A Malek Bin Daing A Rahman ("**Dato' Malek**") and his associate, DMR Holdings Sdn Bhd ("**DMR**"), pursuant to the various loan agreements entered into with Astaka Padu Sdn Bhd ("**APSB**"), a subsidiary of the Company (collectively known as the "**Loan Agreements**"). Pursuant to the Loan Agreements, the loans are either repayable within one year (unless automatically extended) or on demand, and are hence classified as current liabilities in the statement of financial position. However, as disclosed in the Company's annual report for the financial year ended 30 June 2020, Dato' Malek has undertaken to provide the necessary financial support to the Group to enable it to continue its operations and to pay its debts as and when they fall due. Accordingly, it is unlikely that the term of the Loan Agreements will not be automatically extended beyond the initial one-year period and/or Dato' Malek will demand for repayment of the amounts owned by APSB to Dato' Malek and his associates within the next 12 months; and
- DMR has recently granted an unsecured loan in the principal amount of not exceeding RM60 million to APSB for working capital purposes (please refer to the circular dated 9 October 2020 for more details). As at the date of this announcement, the Group has drawn down RM15.7 million of the loan under the loan agreement with DMR, with RM44.3 million available for drawdown.

## BY ORDER OF THE BOARD

Khong Chung Lun  
Executive Director and Chief Executive Officer

16 February 2021

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*This announcement has been prepared by the Company and reviewed by the Company's 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 Catalist.*

*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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