

## ASTAKA HOLDINGS LIMITED

(Company Registration No.: 200814792H)

(Incorporated in the Republic of Singapore)

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- (I) RECEIPT OF LETTERS OF DEMAND;
  - (II) PRIOR YEAR ADJUSTMENT ARISING FROM LATE INTEREST PAYMENT; AND
  - (III) INDEPENDENT REVIEW BY ERNST & YOUNG ADVISORY PTE LTD
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### 1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Astaka Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 29 August 2019 (the “**Results Announcement**”) in relation to the unaudited consolidated results of the Group for the year ended 30 June 2019.

### 2. LETTERS OF DEMAND FOR THE REPAYMENT OF OUTSTANDING AMOUNT

Pursuant to a letter of award dated 18 December 2014 (“**Letter of Award**”) and a construction agreement dated 2 August 2015 (together with the Letter of Award, the “**Contract**”) between Astaka Padu Sdn Bhd (“**APSB**”), a wholly-owned indirect subsidiary of the Group and China State Construction Engineering (M) Sdn Bhd (“**CSCE**”), APSB had engaged the services of CSCE to carry out certain construction works as the main contractor. As of 28 February 2017, a sum of RM46,532,461.19 remained due and owing by APSB to CSCE under the letter of award and construction agreement.

By way of a loan agreement dated 12 April 2017 (the “**Loan Agreement**”) between, amongst others, APSB and CSCE, CSCE agreed to grant an interest-free loan to APSB equivalent to the sums owing by APSB to CSCE under the Contract (the “**Loan**”) on the terms and conditions of the Loan Agreement. The Loan is secured against certain land parcels located in Bukit Pelali, Pengerang owned by Bukit Pelali Properties Sdn Bhd, a joint venture of APSB

The Loan is required be repaid on or before 30 June 2017 (the “**Due Date**”) or upon APSB’s receipt of written demand from CSCE at any time after the date of the Loan Agreement, whichever is earlier. In the event that APSB is unable to repay the Loan on such repayment date, CSCE shall upon receipt of APSB’s written request grant APSB a final extension of time until 30 September 2017 to repay the Loan, provided that late interest shall be charged at the rate of 8.5% per annum on the outstanding Loan amount calculated from the expiry of the Due Date (or such period as stated in the written demand) until the date of full repayment of the Loan. APSB did not make a formal request to CSCE for such final extension.

The Loan has not been fully repaid as of the date of this announcement. As disclosed in the Results Announcement, the amounts owing from APSB to CSCE under the Loan as of 30 June 2019 is RM46,532,000.

APSB has received letters of demand (the “**Letters of Demand**”) dated 2 October 2018, 1 February 2019 and 11 July 2019 from the solicitors representing CSCE for the recovery of the outstanding sum due and owing from APSB to CSCE under the Contract amounting to RM125,347,302.61 and interest thereon as provided for under the Contract. The entire Board was made aware of the Letters of Demand after the release of the Results Announcement.

The Company is currently in negotiations with CSCE for the grant of a further extension of time for the repayment of the Loan and will make further announcements in due course when there are material developments.

### **3. PRIOR YEAR ADJUSTMENT**

Pursuant to the Loan Agreement, APSB is subject to a late interest payment amounting to RM3.955 million on the outstanding Loan amount in the financial year ended 30 June 2018. The late interest payment on the outstanding Loan amount from 1 July 2017 to 30 June 2018 had not been accounted for in the financial year ended 30 June 2018 and accordingly, a prior year adjustment would need to be made in relation to the audited consolidated results of the Group for the financial year ended 30 June 2018.

The late interest payment of RM3.9 million paid by APSB to CSCE in the financial year ended 30 June 2019 has been reflected in the Results Announcement.

### **4. INDEPENDENT REVIEW**

The Board was only informed of the oversight resulting in the need for a prior year adjustment on 29 August 2019, after it had provided its in-principle approval to the Results Announcement, subject to further clarifications to be provided by the management, at the Board meeting held on 27 August 2019.

In consultation with the Company's Sponsor, the Board intends to appoint Ernst & Young Advisory Pte Ltd as an independent reviewer to undertake a review of the matters that may have given rise to the oversight as well, including any lapses in internal controls ("**Independent Review**").

It is expected that the scope of the Independent Review will include, amongst others, reviewing the nature and circumstances of the oversight, assessing the financial impact, identifying any lapses or weaknesses in internal and financial reporting controls and procedures, breaches in applicable rules, laws and regulations, and making recommendations on remedial measures to be taken by the Group.

### **5. VOLUNTARY TRADING SUSPENSION**

The Company is currently reviewing the above matters, including whether there will be any going concern issues arising from the Letters of Demand, and will be requesting for a voluntary suspension of the trading of its shares pending the resolution of the Letters of Demand, the prior year adjustment to be made, and the satisfactory conclusion, and address, of any issues raised by the Independent Review to be undertaken.

The Company will make further announcements when it has any material updates in relation to the above matters and will update shareholders of the Company as and when appropriate.

### **ON BEHALF OF THE BOARD**

**Dato Zamani Bin Kasim**  
**Executive Director and Chief Executive Officer**  
**5 September 2019**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*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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