
RESPONSE TO SGX-ST QUERIES ON THE COMPANY'S ANNOUNCEMENT DATED 6 JANUARY 2020 IN RELATION TO AN EMPHASIS OF MATTER ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 ("ANNOUNCEMENT")

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 Announcement. The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") had on 8 January 2020 raised certain queries in relation to the Announcement, and the Company would like to address the queries as follows:

Question 1:

To address / explain the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.

Company's response:

The Board believes the Group has the ability to continue as a going concern.

Reference is made to page 9 of the Announcement, being an extract of Note 2 to the audited financial statements for the financial year ended 30 June 2019, with the following explanation which is replicated below:

The Group incurred a net loss of RM113.7 million for the year ended 30 June 2019 and, as of that date, the Group recorded development properties amounting to RM400.7 million, representing the completed properties held for sale and future phases of land to be developed. Due to the slowdown in the property market in Malaysia, the Group may not be able to generate sufficient operating cash flows for the next twelve months to cover its operating costs and settle its current liabilities.

Notwithstanding the above, the financial statements have been prepared on a going concern basis. To support the financial statements having been prepared on going concern basis and to ensure the adequacy of funds required to meet the Group's obligations and working capital needs, the Group has prepared a 18-month consolidated cash flow forecast from 1 July 2019. In preparing the 18-month consolidated cash flow forecast, the Group exercised judgement and made certain key assumptions including the followings:

- (i) *The Group has reached a settlement agreement with the main contractor of a project on 1 October 2019 to settle the remaining outstanding balances of RM74,379,000 (inclusive of interests) in instalments until 30 June 2020. Following the execution of the settlement agreement, the main contractor has issued a letter of withdrawal to the Group confirming the withdrawal of its claim of RM125,347,303 and all demands and claims that it had made against the Group.*

- (ii) *The Group is able to sell its completed properties and launch the new projects as planned during the forecast period.*

The above matters represent a material uncertainty that may cast a significant doubt on the ability of the Group and the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business. However, taking into consideration that the controlling shareholder of the Company has undertaken to provide the necessary financial support to the Group to enable it to continue its operation and to pay its debts as and when they fall due, the directors of the Company believe that the Group and the Company will be able to continue operations in the foreseeable future, and that the preparation of the accompanying consolidated financial statements on a going concern is appropriate.

Question 2:

To address/explain the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.

Company's response:

For the reasons set out in the Company's response to Question 1, the Board is of the opinion that the Company's securities should not be suspended pursuant to Listing Rule 1303(3).

Question 3:

The Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's response:

The Board confirms that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner upon resolution of the issues leading to the Company's voluntary suspension of trading of its shares as disclosed in its announcement dated 5 September 2019, as to the best of their knowledge, all material information relating to the Group has been disclosed as of the date of this announcement via SGXNet.

BY ORDER OF THE BOARD

Dato' Zamani Bin Kasim
Executive Director and Chief Executive Officer

10 January 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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