

**ASTAKA HOLDINGS LIMITED**  
(Company Registration No.: 200814792H)  
(Incorporated In the Republic of Singapore)

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**SETTLEMENT AGREEMENT IN RELATION TO THE CONTRACT AND LOAN AGREEMENT**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or “**Directors**”) of Astaka Holdings Limited (the “**Company**”) refers to the Company’s announcements dated 5 September 2019, 6 September 2019 and 11 September 2019 (the “**Announcements**”) Unless otherwise defined herein, all capitalised terms used herein shall have the same meanings as defined in the Announcements.

The Board wishes to announce that the Company’s subsidiary, Astaka Padu Sdn Bhd (“**APSB**”), a wholly-owned indirect subsidiary of the Group, has on 1 October 2019, entered into a settlement agreement with China State Construction Engineering (M) Sdn Bhd (“**CSCE**”) in relation to the Contract and Loan Agreement (the “**Settlement Agreement**”).

**2. SETTLEMENT AGREEMENT**

The Settlement Agreement shall constitute the full and final settlement between the APSB and CSCE for all claims and disputes in relation to the Contract and Loan Agreement. A summary of the salient terms and conditions of the Settlement Agreement is set out as follows:

**Payment of Settlement Sum by APSB**

2.1 APSB and CSCE agree that the settlement sum under the Settlement Agreement to settle payment for works done under the Contract up to payment certificate no. 43, and/or the sum due and owing from APSB to CSCE under the Loan Agreement shall be RM74,378,046.43 (“**Settlement Sum**”), which consists of:

- (i) RM63,965,317.46 being the amount due and owing by APSB to CSCE for works done under the Contract up to payment certificate no. 43; and
- (ii) RM10,412,728.97 being the interest calculated from the respective due dates of the interim payment certificates until 31 August 2019 (“**Interest Owed**”).

For the avoidance of doubt, the Settlement Agreement and the Settlement Sum do not and shall not include and/or extend to:

- (a) the sum of RM14,660,829.90 being the 2nd moiety of the retention sum which is due to be released by APSB to CSCE upon the issuance of the certificate of making good defects; and
- (b) any sums which is due and payable from APSB to CSCE under the final account which is to be released in accordance to Paragraph 2.9 below.

- 2.2 APSB shall pay the Settlement Sum to CSCE in the following instalments on or before the respective due date:

No.	Due Date	Amount (RM)
(i)	30.9.2019	RM10,000,000.00
(ii)	31.10.2019	RM3,500,000.00
(iii)	30.11.2019	RM2,500,000.00
(iv)	31.12.2019	RM2,500,000.00
(v)	31.01.2020	RM2,500,000.00
(vi)	29.02.2020	RM2,500,000.00
(vii)	31.03.2020	RM2,500,000.00
(viii)	30.04.2020	RM2,500,000.00
(ix)	31.05.2020	RM2,500,000.00
(x)	30.06.2020	RM43,378,046.31 plus interest on each of the instalments at paragraphs 2.2(i) to (x) to be calculated at the rate of 8.5% per annum from 1.9.2019 to the date of actual payment for each instalments.

- 2.3 A total sum of RM11,500,000.00 had been paid by APSB to CSCE on 12 September 2019 consisting of:

- (i) RM10,000,000.00 being payment of the full instalment under Paragraph 2.2(i) above (inclusive of interest for the period of 1 July 2017 to 31 August 2019); and
- (ii) RM1,500,000.00 being part payment of the instalment under Paragraph 2.2(ii) above (inclusive of interest for the period of 1 July 2017 to 31 August 2019).

- 2.4 In the event of any default of APSB of its payment obligations under the Settlement Agreement, the entire unpaid portion of the Settlement Sum, regardless of whether it has become due under Paragraph 2.2 shall immediately become due and payable by APSB to CSCE. CSCE shall be at liberty to immediately initiate legal proceedings against APSB for the entire unpaid portion of the Settlement Sum without further reference and/or notice to APSB including but not limited to initiating adjudication and/or commencing winding up proceedings against APSB.

- 2.5 In the event that APSB fails to pay CSCE any sum when it falls due under the Settlement Agreement, APSB shall pay CSCE late payment interest of 8.5% per annum calculated from the date the said sum falls due under the Settlement Agreement until full settlement of the sum.

**Release of CSCE's Payment Obligation to the Nominated Sub-Contractors**

- 2.6 APSB agrees to make payments directly to all nominated sub-contractors under the project (the "NSC") and shall discharge and release CSCE from any further, other and remaining payment obligations for works done by all the NSC under the project in relation to the Contract up to payment certificate no. 43. APSB shall keep CSCE harmless and indemnified against any claim for payment made by NSC immediately upon such claim being made by the NSC against CSCE.

- 2.7 APSB shall procure the letters of discharge on or before 31 October 2019 and release from all the NSCs ("**Letters of Release and Discharge**") stating that:
- (i) The NSC agrees and accepts that all remaining payment for works done by the NSC under the project in relation to the Contract up to payment certificate no. 43 ("**Payment for Work Done**") shall be made directly by APSB to the NSC. For the avoidance of doubt, this arrangement shall exclude any other sums due and owing by CSCE to the NSC which are not payment for works, including but not limited to any back charges which CSCE had agreed to pay the NSC;
  - (ii) The NSC shall discharge and release CSCE from the Payment for Work Done that CSCE has under the contract between CSCE and the NSC, irrespective of whether payment has become due; and
  - (iii) The discharge and release of CSCE's payment obligations shall not affect CSCE's right to enforce the contract between CSCE and NSC, and shall not be construed as a discharge of release of NSC's obligations under the contract between CSCE and the NSC.
- 2.8 In the event that APSB fails to procure all the Letters of Release and Discharge on or before 31 October 2019, the entire unpaid portion of the Settlement Sum shall immediately become due and payable by APSB to CSCE and Paragraphs 2.4 and 2.5 above shall apply.

#### **Final Account**

- 2.9 APSB shall issue the letter of confirmation from the project quantity surveyor confirming the final account to CSCE for the Contract (excluding the works done by the NSC) on or before 30 September 2019 ("**Final Account Letter**").

#### **Extension of Time and Delay Damages**

- 2.10 APSB agrees that CSCE shall be entitled to extension of time up to the date of practical completion being 19 September 2018 and APSB shall not be entitled to any damages or compensation, including the liquidated ascertained damages specified in the Contract, arising from any delay in the execution and completion of the works.

#### **Withdrawal of Payment Claim**

- 2.11 Upon execution of the Settlement Agreement and the delivery of the Letters of Release and Discharge, CSCE shall immediately withdraw the payment claim dated 11 July 2019 for a sum of RM125,347,302.61 in writing ("**Payment Claim**"). All demand, claim, suit or proceedings that CSCE made or commenced against APSB pursuant to the Contract and Loan Agreement prior to the date of the Settlement Agreement shall be deemed to have been withdrawn and discontinued upon execution of this Settlement Agreement.
- 2.12 Save for the obligations under the Settlement Agreement, and the right of the parties to enforce its respective rights under the Settlement Agreement, each party shall release and discharge the other party and neither party shall have any claim against each other arising out of the matters and disputes forming the subject matter of the Settlement Agreement.

### **3. RECONCILIATION OF SETTLEMENT SUM**

- 3.1 Further to the Company's announcement on 11 September 2019, details of the Settlement Sum against the Payment Claim are set out below:

Date of Certificate Claim	No.	Amount Claimed by CSCE on 11.7.2019 (including GST) based on the LOD (RM)	Certificate Amount Sum (including GST) (RM)	Payment made by AP SB (RM)	Amount Owing to CSCE (including GST) based on AP SB's records as at 12.09.2019 (RM)	Breakdown (RM)	
						CSCE portion	NSC portion
Advance payment		-	-	1,870,000.00	(1,870,000.00)	(1,870,000.00)	-
13.01.2016	10	-	20,031,903.97	12,031,903.97	8,000,000.00	8,000,000.00	-
05.12.2016	21	11,978,147.44	28,554,190.00	16,576,042.34	11,978,147.66	11,978,147.66	-
29.12.2016	22	17,126,917.89	17,126,918.00	-	17,126,918.00	17,126,918.00	-
02.02.2017	23	17,427,395.86	17,427,396.00	-	17,427,396.00	17,427,396.00	-
13.06.2018	38	20,533,508.55	20,542,006.00	18,733,329.28	1,808,676.72	-	1,808,676.72
07.08.2018	39	14,844,046.56	14,844,047.00	9,083,746.25	5,760,300.75	-	5,760,300.75
25.09.2018	40	9,883,833.51	9,883,834.00	7,232,048.19	2,651,785.81	-	2,651,785.81
11.10.2018	41	813,847.70	813,847.00	813,847.00	-	-	-
19.12.2018	42	14,660,829.90	14,660,830.00	3,254,702.82	11,406,127.18	8,718,460.44	2,687,666.74
27.03.2019	43	18,078,775.50	18,078,776.00	6,480,122.04	11,598,653.96	2,584,395.36	9,014,258.60
<b>Total</b>		<b>125,347,302.91</b>	<b>161,963,747.97</b>	<b>76,075,741.89</b>	<b>85,888,006.08</b>	<b>63,965,317.46</b>	<b>21,922,688.62</b>

- 3.2 As set out in column 5 of Paragraph 3.1, AP SB has made several payments (in full or in part) in accordance with each certificate amount sum due. Such payments consist of two (2) components: (i) the payment due to the main contractor (being the CSCE portion); and (ii) the payment due to relevant sub-contractors (being the NSC portion).
- 3.3 As set out in Paragraph 2.6 above, AP SB has agreed amongst other things, to release CSCE from any further, other and remaining payment obligations for works done by all the NSC under the project in relation to the Contract up to payment certificate no. 43, and make all payments directly to the NSC. Therefore, any outstanding amount owing to CSCE under certificate claim no. 10, 21, 22, 23, 42 and 43 will only consist of RM63,965,317.46 (being the CSCE portion).
- 3.4 In connection with the above, AP SB and CSCE have agreed pursuant to the terms of the Settlement Agreement, that the Settlement Sum would therefore consist of (i) RM63,965,317.46; and (ii) the remainder of RM10,412,728.97 being Interest Owed.

#### 4. COMPLIANCE WITH THE SETTLEMENT AGREEMENT

- 4.1 AP SB has issued the Final Account Letter on 27 September 2019 in compliance with the Settlement Agreement.
- 4.2 Following the execution of the Settlement Agreement, CSCE has issued a letter of withdrawal to AP SB on 1 October 2019 confirming the withdrawal of (i) the Payment Claim; and (ii) all demand, claim, suit or proceedings that CSCE made or commenced against AP SB pursuant to the Contract and Loan Agreement prior to the date of the Settlement Agreement, against

compliance by APSB's of its obligations in accordance with the Settlement Agreement ("**Withdrawal Letter**").

- 4.3 Notwithstanding the Withdrawal Letter, APSB shall continue to observe its obligations under the Settlement Agreement, and in particular, is in the process of obtaining the Letters of Release and Discharge.

The Company will make the appropriate announcements as and when there are any further material developments on the above matters.

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

Dato Zamani Bin Kasim  
Executive Director and Chief Executive Officer  
2 October 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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