



SUSTAINABILITY REPORT FY2018

ASTAKA HOLDINGS LIMITED

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About Astaka Holdings Limited

Astaka Holdings Limited (the “Company” or “Astaka”, and together with its subsidiaries, the “Group”) is a leading integrated property developer in the Iskandar region of Johor, Malaysia. Astaka is listed on the Singapore Exchange (SGX:42S).

Seeing the potential that Iskandar region of Johor, Malaysia holds, Astaka’s founders came together with a shared vision to transform the city. Astaka secured prime land in the heart of the city by leveraging on the management’s track record and vast experiences. One Bukit Senyum, the Group’s flagship development now sits on the prime land.

It is envisioned that One Bukit Senyum will transform the skyline of Johor Bahru with its elegance and modernity. Upon completion in 2022, it will be Johor Bahru’s next central business district. The award-winning development includes The Astaka @ One Bukit Senyum; Southeast Asia’s two tallest residential towers, a five-star hotel, branded residences, serviced apartments, a shopping mall, an office tower, and the headquarters of Johor Bahru’s City Council, Menara MJB.

Astaka actively seeks new investment opportunities and potential real estate acquisitions, particularly high-profile or strategically-located land banks to increase its portfolio of iconic projects across the region.

Board Statement

We are pleased to present our inaugural Sustainability Report (the “Report”) for Astaka. This Report summarises our key environmental, social and governance (“ESG”) performance for the financial year ended 30 June 2018 (“FY2018”).

The Board recognises the importance of managing ESG risks and opportunities as part of Astaka’s business strategies and operations. Robust ESG management is key to drive Astaka’s vision to transform the Iskandar region of Johor, Malaysia into a dynamic and economic region as well as create long-term values for our stakeholders. We strongly believe in giving back to the society and so, we measure our success not only in financial performance but also in the impact we create to the environment and communities that we operate in. Besides striving for economic growth through developing quality projects and providing excellent customer service, we are committed to maintaining strong corporate governance as well as supporting the local communities through various charitable initiatives.

Supported by the Sustainability Steering Committee (“SSC”) that comprises the CEO, CFO and COO, the Board oversees the sustainability direction of the Group and has considered sustainability issues as part of the Group’s strategic formulation. The Board had considered and validated the material ESG factors identified by the SSC and overseen the management and monitoring of these material ESG factors, the Group’s sustainability-related performance and the development of this sustainability report.

In this inaugural Sustainability Report, Astaka will start by focusing on material ESG factors identified such as our economic performance, compliance status and community investment. We will continue to refine the focus areas annually to ensure the relevance of the material ESG factors to our business and stakeholders.

The Board is committed to seeing that Astaka makes progress in our sustainability performance to create long-term value for all our stakeholders.

Board of Directors
Astaka Holdings Limited

About This Report

This Report has been prepared with reference to the Global Reporting Initiative Standards (“GRI”) Standards 2016¹. The GRI Standards is one of the most commonly used and globally-recognised reporting frameworks. The GRI Reporting Principles help Astaka to decide the contents to include in its Sustainability Report and enhance its report quality. The GRI Standards also provide clear guidance on indicators to use for performance disclosures. The Report is aligned with the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (the “Catalist Rules”).

The information presented within this Report covers Astaka Holdings Limited and its indirect 99.99%-owned subsidiary, Astaka Padu Sdn. Bhd. for FY2018. The Company will continue to publish the Sustainability Report annually in accordance with the requirements of the Catalist Rules.

Together with Astaka’s annual report, this Report aims to communicate and promote transparent reporting to its stakeholders by providing a holistic overview of the Company’s financial and sustainability performance.

We welcome your feedback and questions to continuously improve our Sustainability Report. If you wish to provide feedback on this Report, please send your comments to shihyi@astaka.com.my.

Astaka’s Sustainability Approach

Astaka acknowledges that sustainability is integral to the Company’s growth, success and viability in the long-term. The Company takes a strategic approach towards sustainability, starting with nurturing a strong sense of community engagement and operating in compliance with the relevant laws and regulations, in addition to its economic performance. For Astaka, the approach stems from using the Company’s core strength and resources to contribute to the community and upholding the highest standards of responsible business conduct. Astaka endeavours to contribute positively to its stakeholders through its sustainability approach.

Sustainability Governance

To effectively manage Astaka’s sustainability performance, Astaka established the SSC, which is responsible for driving the Company’s sustainability objectives and strategy. The SSC is tasked with managing and monitoring the Company’s sustainability performance and developing this Report. The SSC is supported by the Sustainability Task Force (“STF”), of which the members include representatives across different business functions and divisions. The Board provides guidance and oversees the overall sustainability agenda.

Materiality Assessment

Astaka took a three-step materiality assessment process, guided by the GRI Standards Materiality Principle to identify the material ESG factors that are important to both the business and the stakeholders. Astaka had engaged an external consultant in the preparation of this Report to conduct the materiality assessment process. A consultation session was held with the SSC to identify the material ESG factors.

¹ Disclosure 201-1 from GRI 201: Economic Performance 2016
Disclosure 413-1 from GRI 413: Local Communities 2016
Disclosure 419-1 (b) from GRI 419: Socioeconomic Compliance 2016

The consultation session, supported by background research on industry peers and trends, resulted in the identification of three ESG factors considered material to the business – economic performance, local communities and compliance with laws and regulations. These three ESG factors are considered material as Astaka has direct control and influence over the performance and impacts of these factors. The Management is committed to regular review the relevance of its material ESG factors as the business and operations of the Group continue to grow and diversify.



Stakeholder Engagement

Astaka believes that strategic engagement with its key stakeholders is essential to make informed business decisions and assist in the development of business strategies. The Company engages with its stakeholders to better understand their expectations, interests and concerns. The table below describes the engagement methods that Astaka adopts to engage with its key stakeholders.

Key Stakeholders	Key Topics of Concern	Engagement Methods	Frequency
Shareholders	<ul style="list-style-type: none"> • Business and operations performance • Business strategy and outlook 	<ul style="list-style-type: none"> • Release of financial results and announcements, press releases and other relevant disclosures through SGXNet and Astaka’s website • Annual General Meeting 	<ul style="list-style-type: none"> • Throughout the year • Annually
Contractors/ Suppliers/ Consultants	<ul style="list-style-type: none"> • Health and safety • Business performance 	<ul style="list-style-type: none"> • Regular meeting with contractors, suppliers and consultants 	<ul style="list-style-type: none"> • Throughout the year
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Career development • Employee wellbeing 	<ul style="list-style-type: none"> • Induction for new employees • Performance appraisals • Team building and staff activities 	<ul style="list-style-type: none"> • Upon joining the Company • Twice a year • Throughout the year
Local communities	<ul style="list-style-type: none"> • Community investments 	<ul style="list-style-type: none"> • Contributions to support various philanthropic, community and charitable causes 	<ul style="list-style-type: none"> • Throughout the year
Government and regulators	<ul style="list-style-type: none"> • Compliance with mandatory reporting requirements 	<ul style="list-style-type: none"> • Ongoing communication and consultation 	<ul style="list-style-type: none"> • Throughout the year

Our Economic Growth

Economic Performance

Astaka creates value to the business and its stakeholders by delivering strong economic performance and enhancing its business viability in the long-run.

The successful completion of The Astaka @ One Bukit Senyum marks one of Astaka's achievement highlights for FY2018. The project received its Certificate of Completion and Compliance on 26th June 2018. It is a testament of the Company's ability to undertake iconic integrated projects. Astaka is optimistic about the potential of One Bukit Senyum as the Company has obtained the necessary regulatory approval to construct a link tunnel between the development and the Johor Bahru Customs at Bukit Chagar and a competent contractor will be engaged for the construction. The improved connectivity will greatly enhance the development's value upon its expected completion in 2022, which was postponed from 2021 to 2022 due to the softening of the property market in Malaysia.

In addition to its ongoing projects, Astaka's business development team continuously seeks opportunities, new projects and land banks to grow the Company's portfolio. The Management, supported by the finance team, conducts 5-year forecasts to determine the business' sustainability and profitability to make informed decisions regarding investments and land back acquisitions.

The abolishment in 2018 of the Goods and Services Tax and the exemption of construction materials from the new Sales and Services Tax in Malaysia may bode well with the Group as they may result in lower construction costs.

The Group is also on track for the construction and development of its two phases of development comprising terrace houses and shop offices in the Bukit Pelali Township in second quarter of 2019. Meanwhile, the construction and development of MBBJ is on track as well, scheduled for completion in fourth quarter of 2019.

For more information on Astaka's FY2018 economic performance, please refer to the financial statements in pages 50 – 99 of the FY2018 Annual Report.

Our Social Responsibility

Local Communities

Astaka is committed to enhancing the wellbeing of the communities where it operates through philanthropic giving of funds to carefully selected organisations.

Astaka's approach towards enhancing the well-being of the local communities is multi-faceted. The Company has a strong focus on maximising the social impacts for the disadvantaged groups that it engages with. Astaka's philanthropic work focuses mainly on development projects relating to education, health and cancer foundation.

During FY2018, the Company has supported various non-governmental organisations, public institutions and community associations. The following sections provide key snapshots of Astaka's contribution to the local communities in FY2018.

Education

In September 2017, Astaka proudly sponsored the Golf Amal Twrj event organised by Tabung Wakaf Rakyat Johor, a welfare fund that aims to improve the education, economic well-being and health of

2 million Muslims in the state. The fund aims to build more schools, eradicate illiteracy and provide scholarships to deserving students as part of its education initiatives.

Furthermore, as part of its commitment to support the education sector, Astaka had donated to various education institutions including university, primary and secondary schools. Astaka was a Silver sponsor for Universiti Teknologi Malaysia's (UTM's) Royal Gala Dinner 2017. The gala dinner raised funds for the university's UTMcares Fund that provides financial assistance and scholarships to outstanding and underprivileged students.

Astaka also donated to Parents Teachers Associations from various schools such as Sekolah Menengah Sains Sultan Mohamad Jiwa and Sekolah Dato Jaafar. The donations were used to sponsor the schools' participation in national-level competitions such as the Young Inventor's Challenge 2017 and the F1 in School Malaysia Competition.

Health and Cancer Foundation

Astaka passionately cares for improving the health of the community in which it operates in. The Company is a loyal donor to the Tunku Laksamana Johor Cancer Foundation. The foundation aims to assist, provide relief and care for cancer patients and their families while promoting public awareness in the prevention, early detection and treatment of cancer. In FY2018, the Company provided sponsorship for the Tunku Laksamana Johor Cancer Foundation Laksamana Run, a charity run organised by the foundation. The event drew a crowd of 3,000 participants and raised a total of RM 644,790.

Astaka also channelled donations towards sponsoring events that benefit the health of the community in Johor such as school sports day events, golf challenge tournaments as well as supported the Royal Malaysian Police Sports Council to participate in the World Police and Fire Games 2017 in Los Angeles which is a biennial Olympic-style competition.

Other Causes

Apart from contributing to the main philanthropic focus areas above, Astaka is committed to helping communities in-need and with disadvantaged backgrounds and other selected beneficiaries. During FY2018, the Company extended sponsorships to various organisations including the Johor Cerebral Palsy Association, Association of Veteran Fire and Rescue Department of Malaysia and the Johor Heritage Foundation.

Astaka strives to continue to support organisations that are in-need going forward. The senior management will continue to review and select the beneficiaries to maximise the social impacts to the local communities conscientiously and on an on-going basis.

To progress Astaka's local community's initiative, the Company targets to organise a minimum of two volunteer programmes to engage with charity homes and non-governmental organisations in the forthcoming year. Aside from supporting organisations that are in need, the programmes aim to promote the spirit of volunteerism amongst its employees.



We take corporate social responsibility seriously, making sure that participating in these social impact activities truly help those from disadvantaged backgrounds and to have a lasting positive impact on the community.

*Dato' Zamani bin Kasim
Executive Director and Chief Executive Officer*

Our Governance

Compliance with Laws and Regulations

Astaka strives to maintain high standards of corporate governance and proactively manages the risk exposures through the monitoring and ongoing review of the internal controls in the business processes.

Astaka believes that sound corporate governance will drive sound business decision making and deliver strong business performance. The Company conducted its business with reference to the Code of Corporate Governance 2012 in FY2018 and has put in place policies and practices to manage the risks of non-compliance with the relevant laws and regulations.

The Company adopts a zero-tolerance approach towards fraud and established a Whistle-blowing Policy to encourage reporting of potential irregularities in matters related to financial reporting or other matters in confidence. The policy clearly defines the proper reporting channels and appropriate course of action to ensure independent investigations. The policy also enables whistle-blowers to

report in good faith, with confidence that they will be treated fairly and protected from reprisal for making such reports. The process is overseen by the Chairman of the Audit Committee.

Furthermore, the Company firmly believes that sound corporate governance stems from strong leadership that is committed to maintaining high standards of corporate governance within the Group. Orientation programmes are organised for new Directors upon their appointment and include briefing on the Group's structure, business strategies and operations, as well as the respective duties and obligations of the Directors. For first-time Directors of a listed company, they are required to undertake training as prescribed under the Catalist Rules and in the areas of accounting, legal and industries which the Group operates in, where relevant. Throughout the year, the Directors undertake continuous trainings related to relevant new laws, regulations and commercial risks to effectively discharge their duties.

As part of the risk management process, compliance trainings related to human resources and finance laws are provided to the Human Resources and Finance departments to raise their awareness and keep them up-to-date on the latest laws and regulations. The project teams work closely with consultants to ensure that ongoing projects are operating in compliance with the relevant laws and regulations, including seeking professional sign off for the required documentations for submission to the local authorities.

In addition to management practices, the Company engages an independent audit firm to assess the robustness and effectiveness of its internal processes and practices. The assessment is conducted on a yearly basis and the auditor reports directly to the Audit Committee on its findings. Observations and recommendations from the internal audit are captured and action plans are developed to address the issues. In FY2018, there were zero incidents of non-compliance with the applicable laws and regulations. The Company strives to maintain this performance in the forthcoming year.

Please refer to the Corporate Governance Report in pages 25 – 41 of the FY2018 Annual Report for more details on the Company's corporate governance framework and practices.

Our Environmental Approach

Sustainable Development

Astaka recognises the importance of managing and minimising the business's environmental impacts as a responsible corporate citizen.

As an integrated developer, Astaka adopts a phased approach to positively contribute to the environment. The Company designs its development projects in accordance with the Green Building Initiative ("GBI") certification. The GBI is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment. One Bukit Senyum has put in its GBI submission and targets to achieve GBI Gold rating.

Apart from designing sustainable developments, the Company had appointed property manager company, Knight Frank Property Management Sdn. Bhd. to monitor and manage the energy consumption of its completed residential property. The air-conditioning system for the residential tower lobby is switched off from 12am to 6am daily to reduce the energy consumption during the night.

Astaka is constantly looking to incorporate sustainable practices into its developments and operations, as the Company recognises the value that these practices create for its customers and business in the long-run.