

**JOINT VENTURE WITH SALING SYABAS SDN BHD FOR A PROPOSED PROPERTY  
DEVELOPMENT PROJECT IN KOTA TINGGI, JOHOR**

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**1. INTRODUCTION**

- 1.1. The Board of Directors (the “**Board**”) of Astaka Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect 99.99%-owned subsidiary, Astaka Padu Sdn Bhd (“**APSB**”) has entered into a joint venture agreement with Saling Syabas Sdn Bhd (“**SSSB**”) on 3 October 2016 (the “**JV Agreement**”) in relation to a proposed property development project on certain parcels of land located in Kota Tinggi, Johor, Malaysia, owned by SSSB, with a total land area of 258.48 acres which is free from encumbrances (the “**Bukit Pelali Land**”). Further details on the Bukit Pelali Land are set out in **Appendix A** of this announcement.
- 1.2. Pursuant to the terms of the JV Agreement, APSB and SSSB have incorporated a 51:49 joint venture company in Malaysia, namely, Bukit Pelali Properties Sdn Bhd (the “**JV Co**”) on 3 October 2016, to undertake a development project on the Bukit Pelali Land (the “**JV Co Incorporation**”). Further details on the JV Co Incorporation are set out in paragraph 2 below.
- 1.3. Following the JV Co Incorporation, the JV Co has entered into a conditional joint development agreement and a side letter with SSSB on 3 October 2016 (together, the “**Development Agreement**”) under which SSSB will grant the JV Co a sole and exclusive right to develop the Bukit Pelali Land (the “**Bukit Pelali Project**”) and the absolute right and authority to look for prospective purchasers of the properties offered for sale in the Bukit Pelali Project for an amount not exceeding the sum of Ringgit Malaysia One Hundred and Sixty Five Million (RM165,000,000). Further details of the Development Agreement are set out in paragraph 5 below.
- 1.4. The Group is currently developing One Bukit Sentum, a mixed development which comprises twin towers of service apartments (The Astaka @ One Bukit Senyum), as well as phase two of One Bukit Sentum, which comprises of a shopping mall, grade A office tower, five-star hotel, Johor Bahru City Council’s headquarters, serviced apartments and residences. The Bukit Pelali Project provides an opportunity for the Group to strengthen its property development business by reducing the business risks associated with a single development project and diversifying the Group’s current project development portfolio.

**2. JV CO INCORPORATION AND INITIAL EQUITY CONTRIBUTION**

- 2.1. The JV Co was incorporated with an issued and paid-up capital of RM1.0 million (equivalent to approximately S\$331,278<sup>1</sup>) comprising 1,000,000 ordinary shares (the “**JV Co Shares**”), of which 510,000 JV Co Shares (representing a 51% equity interest in the JV Co) are held by

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<sup>1</sup> Based on the exchange rate of RM3.01861: S\$1 as at the date of this announcement.

<sup>2</sup> Based on the exchange rate of RM0.53127: HK\$1 as at the date of this announcement.

APSB, and the remaining 490,000 JV Co Shares (representing a 49% equity interest in the JV Co) are held by SSSB. The JV Co will be accounted for as an indirect subsidiary of the Company.

- 2.2. The amount of initial equity contribution by each joint venture partner (each, a “**JV Co Shareholder**”) to the issued and paid-up capital of the JV Co was proportionate to their respective equity interests held in the JV Co.

The contribution of RM510,000 (equivalent to approximately S\$168,952<sup>1</sup>) by APSB to the paid-up capital of the JV Co (the “**Initial Equity Contribution**”) was fully paid in cash and financed by internal resources of the Group, and it represents 2.98% of the Group’s latest audited net tangible assets (“**NTA**”) of RM17.10 million<sup>2</sup> as at 30 June 2015.

- 2.3. The principal activity of the JV Co is property and real estate development in Malaysia and it is intended for the JV Co to undertake the Bukit Pelali Project.

### 3. **KEY TERMS OF THE JV AGREEMENT**

#### 3.1. Board of the JV Co

As of the date of this announcement, the board of the JV Co (the “**JV Co Board**”) consists of 2 directors, namely Dato Zamani Bin Kasim (“**Dato Zamani**”), the Executive Director and Chief Executive Officer of the Company, representing APSB and Dato MD. Naim Bin Nasir representing SSSB. Under the terms of the JV Agreement, APSB is entitled to appoint 3 directors to the JV Co Board and SSSB is entitled to appoint 2 directors to the JV Co Board. APSB will be appointing Abd Aziz Bin Daing Rahman and Daing Abd Rahim Bim Daing A Rahman (both of whom are also directors of APSB) as its other representatives on the JV Co Board while SSSB will appoint its remaining director to the JV Co Board once a suitable candidate has been found. The chairman of the JV Co Board is Dato Zamani who does not have a casting vote. For further details in the event of a deadlock, please refer to paragraph 3.5 below.

#### 3.2. Management of the JV Co

The day-to-day affairs of the JV Co shall be directed, controlled and managed by a management committee consisting of one representative from each of APSB and SSSB.

The APSB representative shall be responsible for the plan and design of the Bukit Pelali Project, the project management and supervision of the Bukit Pelali Project, the sourcing and engagement of third party consultants, the obtaining of financing for the Bukit Pelali Project and advertisement, promotion and marketing of the Bukit Pelali Project. The SSSB representative shall be responsible for obtaining all relevant approvals from the relevant authorities as may be necessary to carry out the Bukit Pelali Project and maintaining all permits, licenses, consents and approvals as may be necessary to carry out the Bukit Pelali Project.

#### 3.3. Reserved Matters of the Board of the JV Co

Certain matters in relation to the JV Co will require the unanimous approval of all directors of the JV Co, including but not limited to, (i) the entry into of any transactions, arrangements or agreements with any shareholder or director of the JV Co or any person connected with such shareholder or director; (ii) any change in the issued share capital of JV Co or any other capital exercise which may result in the change of existing shareholding of the JV Co; (iii) interest on

shareholder loan to be extended by the JV Co Shareholders to the JV Co; and (iv) any security or guarantee from the JV Co Shareholders to procure the JV Co's borrowings from banks or other financial institutions.

#### 3.4. Pre-emption Rights

The JV Co Shareholders have pre-emption rights in respect of the transfer of JV Co Shares. Any JV Co Shareholder who wishes to transfer any JV Co Shares (the "**Transferor**") is required to offer the JV Co Shares to the other JV Co Shareholder (the "**Transferee**") before transferring the JV Co Shares to a third party on terms no more favourable than those offered to the Transferee. Any such transfer of JV Co Shares to the Transferee will be subject to the approval of the shareholders of the Company, if necessary, under the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), in particular Chapter 9 (Interested Person Transactions) and Chapter 10 (Acquisitions and Realisations) of the Catalist Rules. In the event such approval of the shareholders of the Company is not obtained, the Transferor will be able to transfer its JV Co Shares to a third party on terms no more favourable than those offered to the Transferee.

#### 3.5. Deadlock

Any deadlock between the JV Co Shareholders will first be referred to a meeting of the JV Co Board for resolution, failing which the matter shall be referred to the chief executive officers of the JV Co Shareholders for resolution. In the case of a deadlock that cannot be resolved by the respective chief executive officers, the JV Co Shareholders may opt for a secret ballot to be conducted by the auditors of the JV Co in which the JV Co Shareholders shall each submit a closed secret bid at an undisclosed price for which the JV Co Shareholder is willing to buy out the other JV Co Shareholder's shareholding in the JV Co. The JV Co Shareholder with the higher bid price (the "**Higher Bid Price Shareholder**") shall be entitled and obliged to purchase the shareholding in the JV Co of the JV Co Shareholder with the lower bid price (the "**Lower Bid Price Shareholder**") at its higher bid price and the Lower Bid Price Shareholder shall be bound to sell its shareholdings in the JV Co at the higher bid price to the Higher Bid Price Shareholder. Any such transfer of JV Co Shares shall be subject to the approval of shareholders of the Company, if necessary, under the Catalist Rules, in particular Chapter 9 (Interested Person Transactions) and Chapter 10 (Acquisitions and Realisations) of the Catalist Rules.

In the event that such approval of the shareholders of the Company is not obtained, the Lower Bid Price Shareholder shall be entitled and obliged to purchase the Higher Bid Price Shareholder's shareholding in the JV Co at its lower bid price and the Higher Bid Price Shareholder shall be bound to sell its shareholdings in the JV Co at the lower bid price to the Lower Bid Price Shareholder. Such transfer of JV Co Shares shall also be subject to the approval of shareholders of the Company, if necessary, under the Catalist Rules. In the event that such approval of the shareholders of the Company is not obtained within 6 months from the date of the bid notice, the JV Co Shareholders shall procure that the JV Co be wound up or liquidated.

#### 3.6. Financing

In the event that the JV Co requires financing for its business, the JV Co shall use all commercially reasonable efforts to obtain such financing on commercially reasonable terms in the following descending order of preference:

- (a) external borrowings from third parties, and to the extent any guarantee is required from the JV Co Shareholders, it will be provided in proportion to their respective shareholding percentages;
- (b) loans from the JV Co Shareholders in proportion to their respective shareholding percentages; and
- (c) capital injection by way of subscription for shares for cash in proportion to their respective shareholding percentages.

### 3.7. Distribution of Profits

Any distribution of profits of the JV Co, through a declaration of dividends or otherwise, shall be in proportion to the respective shareholding percentages of the JV Co Shareholders.

## 4. **JV CO INCORPORATION AND INITIAL EQUITY CONTRIBUTION AS INTERESTED PERSON TRANSACTIONS**

- 4.1. The Company's controlling shareholder, Dato Daing A Malek Bin Daing A Rahaman ("**Dato Malek**"), has a 95% equity interest in SSSB while the remaining 5% equity interest in SSSB is held by the Company's Executive Director and Chief Executive Officer, Dato Zamani. Accordingly, SSSB is considered an associate of Dato Malek and therefore an "interested person" under Rule 904(4)(b) of the Catalist Rules. The directors of SSSB are Dato Malek and Dato Zamani. The effective equity interest of Dato Malek in the JV Co is 80.49%.
- 4.2. As APSB is a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange, it is considered an "entity at risk" pursuant to Rule 904(2)(b) of the Catalist Rules.
- 4.3. Accordingly, the JV Co Incorporation and the Initial Equity Contribution are regarded as "interested person transactions" pursuant to Rule 904(6)(f) of the Catalist Rules.
- 4.4. The audit committee of the Company (the "**Audit Committee**") is of the view that (i) the risks and rewards of the JV Co are in proportion to the equity of each shareholder of the JV Co; and (ii) the terms of the JV Agreement are not prejudicial to the interests of the Company and its minority shareholders.
- 4.5. The JV Co Incorporation and the Initial Equity Contribution are not expected to have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the current financial year ending 30 June 2017 ("**FY2017**").

## 5. **KEY TERMS OF THE DEVELOPMENT AGREEMENT**

- 5.1. Pursuant to the Development Agreement, SSSB shall grant the JV Co the sole and exclusive right to develop the Bukit Pelali Land and the JV Co shall have the absolute right and authority to look for prospective purchasers of the properties offered for sale in the Bukit Pelali Project.
- 5.2. The respective rights and obligations of SSSB and the JV Co in the Development Agreement are subject to and conditional upon the fulfillment of the following conditions precedent:

- 5.2.1. board of directors' and shareholders' resolutions (if required) of the JV Co or the Company having been obtained for the entry into, implementation and completion of, the transactions contemplated in the Development Agreement; and
- 5.2.2. board of directors' and shareholders' resolutions (if required) of SSSB having been obtained for the entry into, implementation and completion of, the transactions contemplated in the Development Agreement,

(the "**Conditions Precedent**").

- 5.3. If the Conditions Precedent are not fulfilled or waived within three (3) months from the date of the Development Agreement, then (i) the JV Co and SSSB may by mutual consent in writing extend the time period to satisfy the Conditions Precedent, or (ii) either the JV Co or SSSB shall be entitled to rescind the Development Agreement by giving the other party 30 days' written notice in writing.
- 5.4. In consideration for SSSB entering into the Development Agreement and granting the JV Co the sole and exclusive right to develop the Bukit Pelali Land, the JV Co shall pay SSSB 12% of the cash proceeds received from the individual purchasers of the properties in the Bukit Pelali Project (the "**Cash Proceeds**"), such amount to be capped at and shall not exceed the sum of Ringgit Malaysia One Hundred and Sixty Five Million (RM165,000,000, equivalent to approximately S\$54.66 million<sup>1</sup>) (the "**Consideration**").
- 5.5. Upon the fulfilment of the Conditions Precedent, the JV Co will pay the sum of Ringgit Malaysia Twenty Million (RM20,000,000, equivalent to approximately S\$6.63 million<sup>1</sup>) (the "**Performance Deposit**") to SSSB which shall form part of the Consideration. The Consideration payable by the JV Co to SSSB shall first be offset against the Performance Deposit already paid to SSSB before further payments of the Consideration are made by the JV Co to SSSB.
- 5.6. The Consideration was arrived at following arm's length negotiations taking into account the indicative valuation of the Bukit Pelali Land provided by Knight Frank Malaysia Sdn. Bhd., such valuation being RM171,000,000 (equivalent to approximately S\$56.65 million<sup>1</sup>). Knight Frank Malaysia Sdn. Bhd. has been appointed by SSSB to value the Bukit Pelali Land and to issue a valuation report on the Bukit Pelali Land (the "**Valuation Report**") which will be reproduced in the circular setting out information on the Bukit Pelali Project to be despatched to the Company's shareholders in due course.
- 5.7. The payment of the Performance Deposit is intended to be funded via equity contributions by each JV Co Shareholder to the issued and paid-up capital of the JV Co, proportionate to their respective equity interests held in the JV Co. The proportionate contribution payable by APSPB to the paid-up capital of the JV Co, including the Initial Equity Consideration, is RM10,200,000 (the "**Total Equity Contribution**") which represents approximately 59.65% of the latest audited Group NTA of RM17.10 million<sup>2</sup> as at 30 June 2015. APSPB intends to pay the Total Equity Contribution in cash from the internal resources of the Group.
- 5.8. The remaining Consideration of up to RM145,000,000 (less the Performance Deposit) will be financed from the Cash Proceeds.
- 5.9. The JV Co intends to fund the Bukit Pelali Project through external borrowings from third parties (including and banks and other financial institutions), as well as loans or capital injections from each JV Co Shareholder proportionate to their respective equity interests held in the JV Co.

5.10. The Bukit Pelali Project is in the ordinary course of business of the Group (i.e. the business of property and real estate development) and does not constitute a transaction under Chapter 10 of the Catalist Rules.

## **6. THE ENTRY INTO THE DEVELOPMENT AGREEMENT AS AN INTERESTED PERSON TRANSACTION**

6.1. As explained in paragraph 4.1 above, SSSB is considered an associate of the Company's controlling shareholder, Dato Malek, and is therefore as an "interested person" under Rule 904(4)(b) of the Catalist Rules.

6.2. As the JV Co is a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange, it is considered an "entity at risk" pursuant to Rule 904(2)(b) of the Catalist Rules.

6.3. Accordingly, the entry of the JV Co into the Development Agreement, specifically the payment of the Consideration by the JV Co to SSSB for the grant of a sole and exclusive right to develop the Bukit Pelali Land to the JV Co, is regarded as an "interested person transaction" as defined in Chapter 9 of the Catalist Rules.

6.4. The portion of the maximum Consideration attributable to APSB in proportion to its equity interest in the JV Co of RM84,150,000 (equivalent to approximately S\$27.88 million<sup>1</sup>) represents approximately 492.11% of the latest audited Group NTA of RM17.10 million<sup>2</sup> as at 30 June 2015.

6.5. As the value of maximum portion of the Consideration attributable to APSB in proportion to its equity interest in the JV Co exceeds 5% of the latest audited Group's NTA, the Company will be seeking the approval of its shareholders for the Bukit Pelali Project pursuant to Rule 906(1) of the Catalist Rules at an extraordinary general meeting of the Company ("**EGM**") to be convened.

6.6. Pursuant to Rule 919 of the Catalist Rules, Dato Malek will abstain, and will procure that his associates will abstain, from voting on the resolution(s) approving the entry into the Development Agreement, and from accepting any appointments as proxies at the EGM to be convened unless specific instructions as to voting are given by the shareholders.

6.7. As at the date of this announcement, the aggregate value of all transactions entered into by the Group with Dato Malek and his associates (including the Initial Equity Contribution) for FY2017 amounts to approximately RM10,446,000 (equivalent to approximately S\$3.46 million<sup>1</sup>), representing approximately 61.09% of the latest audited Group NTA. Taking into consideration the portion of the maximum Consideration attributable to APSB in proportion to its equity interest in the JV Co of RM84,150,000, the aggregate value of all transactions entered into with Dato Malek and his associates for FY2017 amounts to approximately RM94,596,000 representing approximately 553.19% of the latest audited Group NTA.

6.8. The Company will appoint an independent financial adviser (the "**IFA**") to the Audit Committee to opine on whether the financial terms of the Development Agreement are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

6.9. The Audit Committee will consider the opinion of the IFA and form a view which will be set out in the circular setting out information on the Bukit Pelali Project (as an interested person transaction) to be despatched to the Company's shareholders in due course.

## 7. FURTHER INFORMATION

A circular setting out information on the Development Agreement and the Bukit Pelali Project (which shall reproduce the Valuation Report) together with a notice of the EGM to be convened will be despatched to the Company's shareholders in due course.

Copies of the JV Agreement and the Development Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

## 8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the transactions (save for their respective shareholdings in the Company).

## BY ORDER OF THE BOARD

Dato Zamani Bin Kasim  
Executive Director and Chief Executive Officer

4 October 2016

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**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (+65) 6229 8088.

## Appendix A

### Bukit Pelali Land

As at the date of this announcement, SSSB owns the following plots of land located in the District of Kota Tinggi in the State of Johore, Malaysia under the following master titles described in the table below:

<b>PTD NO.</b>	<b>HSD No</b>	<b>TENURE</b>	<b>Ownership Restriction</b>	<b>LAND USE</b>	<b>SIZE (acres)</b>
5318	36806	Leasehold (25 May 2115)	Malay Reserve	Agriculture	5.362
5312	36815	Leasehold (25 May 2115)	N/A	Agriculture	24.965
895	36809	Leasehold (25 May 2115)	N/A	Agriculture	42.447
5311	36811	Leasehold (25 May 2115)	N/A	Agriculture	22.133
4912	36813	Leasehold (25 May 2115)	N/A	Agriculture	35.010
4901	36812	Leasehold (25 May 2115)	N/A	Agriculture	41.061
2921	36808	Leasehold (25 May 2115)	Malay Reserve	Agriculture	112.818
5975	36807	Leasehold (25 May 2115)	Malay Reserve	Agriculture	15.741
5310	36814	Leasehold (25 May 2115)	N/A	Agriculture	8.357
4830	36810	Leasehold (25 May 2115)	<b>N/A</b>	Agriculture	55.487
				<b>Total</b>	<b>363.38</b>

SSSB has applied for the sub-division of the plots of land located on the master titles described in the table above under a master plan that was approved and endorsed by District Council of Kota Tinggi on 15 June 2016 (the “**Approved Master Plan**”).

The Bukit Pelali Land comprises of the plots of land located on the following land titles, some of which have yet to be issued as at the date of this announcement, with a total area measuring approximately 258.48 acres:

<b>PTD NO.</b>	<b>HSD No</b>	<b>TENURE</b>	<b>Ownership Restriction</b>	<b>LAND USE</b>	<b>SIZE (acres)</b>
5988 - 6006	To be confirmed	Leasehold (25 May 2115)	To be confirmed	To be confirmed	0.87
6007 – 6013 6015 – 6018 13149 - 13152 13154 13156	36898 - 36915	Leasehold (25 May 2115)	N/A	Building	209.97
6019 – 6023	To be confirmed	To be confirmed	To be confirmed	To be confirmed	38.2
6040 – 6082	To be confirmed	To be confirmed	To be confirmed	Rumah Mampu Milik Johor (RMMJ) Shoplot	1.35
6083 – 6306	To be confirmed	To be confirmed	To be confirmed	RMMJ Terrace	8.09
				<b>Total</b>	<b>258.48</b>

The land titles for the plots of land under the Approved Master Plan highlighted in grey have not been issued as at the date of this announcement, and SSSB has undertaken to procure the issuance of the land titles under the Approved Master Plan as soon as practicable.