
RELEASE OF INDEPENDENT FACT-FINDING REPORT

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Astaka Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 5 September 2019 and the responses to SGX queries announced on 10 September 2019 and 11 September 2019 (the “**Announcements**”), in relation to, *inter alia*, an Independent Fact-Finding exercise (the “**Exercise**”) conducted by Ernst & Young Advisory Pte Ltd (“**EY**”).

The Board wishes to inform shareholders that EY has completed the abovementioned Exercise. The full Independent Fact-Finding Report is released together with this announcement.

Unless otherwise defined, all capitalised terms shall bear the same meanings as ascribed to them in the Announcements.

2. BACKGROUND

- 2.1 On 29 August 2019, after the Board had provided its in-principle approval to the Results Announcement at the Board meeting held on 27 August 2019, the Board was informed of a late interest payment on an outstanding loan between, amongst others, the Company’s subsidiary, Astaka Padu Sdn Bhd (“**APSB**”) and China State Construction Engineering (M) Sdn Bhd (“**CSCE**”) (the “**Loan**”) for the period from 1 July 2017 to 30 June 2018 which had not been accounted for in the financial year ended 30 June 2018, and a prior year adjustment would need to be made to the audited consolidated results of the Group for the financial year ended 30 June 2018 (“**Prior Year Adjustment**”). The Board was also subsequently informed of the letters of demand dated 2 October 2018, 1 February 2019 and 11 July 2019 (“**Letters of Demand**”) received by APSB from the solicitors representing CSCE.
- 2.2 In consultation with the Company’s then sponsor, PrimePartners Corporate Finance Pte Ltd, the Board had decided to appoint EY as an independent reviewer to undertake the Exercise to review the aforementioned matters that may have given rise to the oversight, including any lapses in internal controls.
- 2.3 The purposes of the Exercise are, amongst others, (i) to understand the facts and circumstances surrounding the Letters of Demand, the Loan, and the Prior Year Adjustment, and the adequacy of controls of the Company, and (ii) to further strengthen the Group’s policies and procedures.
- 2.4 The Board would like to clarify that the Exercise conducted is **not** a special audit, and is conducted on a voluntary basis.

3. RECOMMENDATIONS AND NEXT STEPS

- 3.1 The internal control observations and recommendations by EY are set out in Appendix 6 of the Independent Fact-Finding Report.
- 3.2 Management is committed to rectify the internal control weaknesses as identified by EY and implement the relevant internal controls recommended by EY within three (3) months from the date of this announcement. Please note that the lifting of the Company’s trading suspension will only be upon satisfactory implementation of these internal controls.

- 3.3 The Board will continue to take necessary actions to safeguard the interests of the shareholders and the Group, and update shareholders of any material developments as and when necessary.

BY ORDER OF THE BOARD

Khong Chung Lun
Executive Director and Chief Executive Officer
3 April 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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