



SUSTAINABILITY REPORT FY2019

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).

Astaka was founded based on the shared vision its founders had of the potential of Johor Bahru. The Group has since been involved in the development of properties in the prime land across the region. The Astaka @ One Bukit Senyum, the Group’s flagship development sits strategically in the heart of Johor Bahru. This luxury condominium development houses 438 luxury suites, including penthouse and duplexes, and hosts multiple facilities such as a swimming pool, sauna, child-care centre and recreational garden.

Two other development projects, Menara Majlis Bandaraya Johor Bahru (“Menara MBBJ”), the construction of a 15-storey Grade A office tower, and Bukit Pelali @ Pengerang (“BPP”), the development of a 363-acre strata township at Pengerang, are similarly situated at strategic locations with high levels of traffic flow. Menara MBBJ is targeted to be completed by December 2019 while BPP is expected to be completed within the next six to eight years.

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

The Board is pleased to present our second Sustainability Report (the “Report”) for Astaka. This Report provides a summary of the management, performance and targets of the material environmental, social and governance (“ESG”) factors identified for the financial year ended 30 June 2019 (“FY2019”).

At Astaka, we believe in aligning our business goals of developing the economy in the Johor region with giving back to society and creating long-term value for our stakeholders. As such, we measure success not only by financial performance, but also by the positive impact we create on the environment and society. Besides striving for economic growth by pursuing quality development projects in the region, we are also committed to maintaining a strong corporate governance structure as well as supporting the local community through various charitable initiatives.

The Board recognises that the key to sustained and robust business growth is the effective management of ESG risks and opportunities as part of Astaka’s business strategies and operations. Supported by the Sustainability Steering Committee (“SSC”), that comprises the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, the Board annually reviews and determines the material ESG factors relevant to the Group and provides oversight for the management, monitoring and reporting of each factor.

Following our first materiality assessment performed for financial year ended 30 June 2018 (“FY2018”), management concluded that the FY2018 material ESG factors are still applicable for FY2019, as Astaka continues to pursue and employ the same business strategy and objectives for FY2019. The review performed by management was submitted and subsequently approved by the Board. Going forward, we will continue to refine these focus areas annually, to ensure alignment with our business and stakeholders.

Subsequent to the financial year ended 30 June 2019, the Company had made announcements on certain matters which had then resulted in the Company applying for a trading suspension and a request for an extension of time to hold its annual general meeting. These matters may have an implication on the Company’s economic performance and governance practice; both of which are identified as material ESG factors. The impact has not been incorporated in this report. More details will only be disclosed upon the completion of an independent review over the relevant matters.

Board of Directors
Astaka Holdings Limited

About This Report

This Report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards 2016¹. The GRI Standards is one of the most widely used sustainability frameworks. The Standards increase transparency by focusing on disclosures relating to management strategies and measurable actions. It also provides guidance for disclosure of material areas that will be of value to the stakeholders of the business. Astaka uses the GRI Reporting Principles to determine the contents of this Report and to enhance its report quality. The GRI Standards also provide clear guidance on indicators to be used for performance disclosures. This 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 in this Report covers the Company and its indirect 99.99%-owned subsidiary, Astaka Padu Sdn. Bhd. for FY2019. This is consistent with the scope determined last year. The Group will continue to publish its sustainability report annually in accordance with the requirements of the Catalist Rules.

This Report aims to improve communication and promote transparent reporting to Astaka’s stakeholders by providing a holistic overview of the Group’s financial and sustainability performance. It should be read together with Astaka’s Annual Report, which will be published in December 2019, following the extension of time granted from SGX-ST and Accounting and Corporate Regulatory Authority.

Feedback directed at improving our sustainability practices are always welcome. Please send your comments to shihyi@astaka.com.my.

Astaka’s Sustainability Approach

Astaka acknowledges that sustainability is vital for the Group’s growth, success and viability in the long-run. The Group adopts a strategic approach towards sustainability and strives to pursue community engagement and compliance with relevant laws and regulations in line with enhanced economic performance. This approach towards sustainability stems from using the Group’s core competencies and resources to contribute positively to the local community. Going forward, Astaka endeavours to continue integrating its sustainability practices into its business activities to create a positive impact on its stakeholders.

Sustainability Governance

To effectively manage its sustainability performance, Astaka established the SSC, which is responsible for driving the Group’s sustainability objectives and strategy. The SSC is tasked with managing and monitoring the Group’s sustainability performance, reporting to the Board on sustainability issues arising and developing the annual sustainability report. The SSC is further supported by the Sustainability Task Force (“STF”), which comprises representatives from different functions and divisions. The Board sets the overall sustainability agenda and provides guidance and oversight for the execution of this agenda by the SSC and STF.

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

Materiality Assessment

For FY2018, an external consultant was engaged to facilitate the SSC through the materiality assessment process to identify the material ESG factors important to both the business and its stakeholders. Astaka adopted a three-step materiality assessment process, guided by the GRI Standards Materiality Principle. The same external consultant was retained to review the material ESG factors with management for FY2019. Management concluded that the existing material ESG factors are still applicable for FY2019, as Astaka continues to pursue and employ the same business strategy and objectives from FY2018.

The three material ESG factors are economic performance, local communities and compliance with laws and regulations. These ESG factors are considered material as Astaka has direct control and influence over the performance and impacts of these factors. Management will continue to review the relevance of these material factors annually, to ensure alignment to any changes to the business or operations. Astaka has also disclosed in this Report as a non-material ESG factor, some of the environmental initiatives taken to promote sustainable development, to enhance transparency of Astaka’s environmental efforts.

Stakeholder Engagement

Astaka believes that effective engagement and management of its stakeholders is crucial for formulating business strategies and for making informed business decisions. The Group actively engages its stakeholders to better understand their expectations, interests and concerns. The table below describes the engagement methods employed by Astaka to engage 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 • Competency and technical training 	<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 Group • 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 Training and updates of latest changes in laws, regulations and accounting and reporting standards 	<ul style="list-style-type: none"> Throughout the year
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Our Economic Growth

Economic Performance

During the year, the Group focused on its ongoing development project, Menara MBBB, and selling the remaining units at The Astaka. Menara MBBB, a 15-storey Grade A office tower, is located within the Group's flagship development, One Bukit Senyum.

The Group has reported net loss for FY2019, based on the Group's unaudited full year financial statements announced by the Company on 29 August 2019. The net loss was mainly attributable to, *inter alia*, impairment loss on the carrying value of the unsold units on The Astaka, additional development costs incurred mainly for the additional and touch-up works to The Astaka, increase in marketing expenses in relation to the organisation of events and roadshows for selling and promoting of The Astaka and BPP, and provision of late payment interests on the amount owing to the main contractor of The Astaka project. To provide a holistic understanding of Astaka's economic performance, this Report should be read in conjunction with the financial statements and other information contained in the Company's upcoming annual report for FY2019, to be published in December 2019 ("FY2019 Annual Report"). We would also like to bring to your attention that further announcements will be made when we have material updates in relation to matters relating to the receipt of letters of demand, prior year adjustment arising from late interest payment, and the independent review on matters including the inadvertent error/omission of the recording of the interest expense and the associated loan agreement.

For more information on Astaka's economic performance, please refer to the Chairman's Statement, the CEO's Statement as well as the financial statements in the upcoming FY2019 Annual Report.

As reported in the last sustainability report for FY2018 released by the Company in April 2019, Astaka's business development team continuously seeks opportunities, new projects and land banks to grow the Company's portfolio.

Our Social Responsibility

Local Communities

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

Astaka focuses on giving back to the local communities in which it operates. The Company aims to enhance the wellbeing of these communities while developing the economy in the region. During FY2019, Astaka achieved its target of organising two volunteer programmes to engage with charity homes and non-governmental organisations, to give back to the community in that region. The following sections provide key snapshots of Astaka's contribution to the local communities in FY2019.

Distribution of Bubur Lambuk

On 2 June 2019, 17 employees from Astaka Padu Sdn Bhd gathered at Kampung Bukit Raja, in Pengerang, to distribute Bubur Lambuk (Malayian spiced congee) to the villagers in the Kampung during the month of Ramadan (fasting). Bubur Lambuk is a traditional dish eaten during the fasting month and serves as a comfort food for most Malaysians.

This event was organized as a joint effort between Astaka Padu Sdn Bhd and the villagers at Kampung Bukit Raja. It was a full day event where 500 packs of Bubur Lambuk were packaged and distributed to five different areas – namely, Bukit Raja Mosque, Sungai Rengit Mosque, Bukit Gelugor Surau, Bukit Raja Laut Surau and Kampung Pelali Village.

This event not only provided the villagers in the surrounding areas with food, but more importantly served as a bonding event between the employees and the villagers, allowing the employees of Astaka Padu Sdn Bhd to forge friendships and build a stronger sense of responsibility towards the community in which they work in.





Kechara Soup Kitchen Charity Programme

In April 2019, employees from Astaka Padu Sdn Bhd took part in the Kechara Soup Kitchen Charity Programme, a two-day programme organised by Kechara Soup Kitchen, aimed at reaching out to the homeless and marginalized. The two-day programme was jointly sponsored by four organisations, Astaka Padu Sdn Bhd, Universiti Teknologi Malaysia, Somerset Medini Iskandar Puteri and Persatuan Pengajian Yuan Man, and the volunteers of this programme comprised staff from these organisations.

On the first day, six employees from Astaka Padu Sdn Phd joined the other volunteers to reach out to homeless beneficiaries. They assisted to register the beneficiaries, provide medical services, distribute food as well as refer jobs to the beneficiaries. These activities were aimed at ensuring that the homeless beneficiaries had their basic needs met and at empowering them to be self-sufficient. Over 80 homeless people benefited from the activities on day one.



On the second day, 12 employees from Astaka Padu Sdn Phd joined the other volunteers to supply groceries to the marginalized community in Selesa Jaya. This activity aimed at providing the needy families registered under the Kechara Soup Kitchen food bank initiative with their day-to-day sustenance. The 12 employees were tasked with delivering the bags of groceries to these families. 20 such families benefited from the groceries distributed by the employees on that day.



Going forward, Astaka strives to continue supporting local organisations and communities. Management recognises the importance of giving back and selects beneficiaries to maximise the social impact such initiatives have on local communities. This volunteerism spirit is further promoted to all levels of employees, by strongly encouraging employees to be involved in these initiatives.

For FY2020, the Company targets to organise a minimum of two volunteer programmes to engage with charity homes and non-governmental organisations.

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 recognises that sound corporate governance is fundamental to strong business performance. In particular, business continuity is contingent on abiding by the relevant laws and regulations in the region. The Group conducts its business with reference to the Code of Corporate Governance 2018 and has developed policies and procedures to manage the risks of non-compliance with relevant laws and regulations. To ensure compliance with relevant laws and regulations, trainings are provided to

the Human Resource and Finance departments to raise their awareness and update the employees on the latest regulatory developments. Additionally, project teams work closely with consultants to ensure that ongoing projects are operating in compliance with relevant laws and regulations. An example includes obtaining professional sign-off on required documents for submission to the local authorities.

The Group also adopts a zero-tolerance approach towards fraud. The Whistle-blowing Policy is in place to encourage reporting of potential irregularities related to financial reporting. The policy clearly articulates the proper reporting channels and appropriate courses of action to allow for independent investigations. The policy also protects the whistle-blower from negative repercussions, by ensuring that whistle-blowers who act in good faith will be treated fairly and protected from reprisal. This process is overseen by the Chairman of the Audit Committee.

The Group acknowledges the matters relating to the ongoing independent review by an independent firm, which will assess any lapses and/or weaknesses in internal controls and non-compliance to the applicable laws and regulations. The Company will make further announcements when it has any material updates in relation to the above matters.

For more information on Astaka's Corporate Governance performance, please refer to the Corporate Governance section of the FY2019 Annual Report, to be published in December 2019.

Our Environmental Approach

Sustainable Development

Astaka recognises the importance of managing and minimising the business's environmental impact in being a responsible corporate citizen.

As an integrated developer, Astaka recognises the environmental impact of its business and strives to contribute positively to the environment. The Group adheres closely to the Green Building Initiative (GBI) certification requirements when designing its development projects. The GBI is Malaysia's nationally-recognised green rating tool aimed at promoting sustainability in the property development industry.

Apart from designing sustainable developments, Astaka also looks to enhance sustainability over the lifetime of the properties developed. The Company appointed property manager company, Knight Frank Property Management Sdn. Bhd. to monitor and manage the energy consumption of its completed residential property. For example, the air-conditioning system for the residential tower lobby is switched off from 12am to 6am daily to reduce energy consumption during the night. Astaka also invested in a Building Management System for the property, to optimise energy efficiency of the buildings, example by setting air-conditioning temperatures to an optimal temperature of 24 degrees celsius. Training is also provided to project management teams, to educate them on the use of the Building Management Systems.

Astaka continues to incorporate sustainable practices into its developments and operations as the Company recognises the long-term value these practices create for both customers and the business alike.